

CITY OF YUBA CITY
STAFF REPORT

Date: July 19, 2022
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation By: Ben Moody, Public Works & Development Services Director

Summary

Subject: Yuba City Landscape Maintenance District No.1 (Stabler Lane/Garden Highway Area) Resolution of Intent

Recommendation: A. Adopt the following Resolutions to continue the Maintenance District, pursuant to the Landscaping and Lighting Act of 1972:

- Resolution Approving the Engineer's Report, Yuba City Landscape Maintenance District No. 1
- Resolution of Intention to Order Improvements, Yuba City Landscape Maintenance District No. 1

B. Set a Public Hearing for August 16, 2022 at 6:00 PM to establish assessments for FY 22/23

Fiscal Impact: Receipt of assessments and expenditures of funds for Landscape Maintenance District No. 1.

Purpose:

To continue to provide Lighting and Landscape Maintenance throughout the City pursuant to the provisions of the Landscaping and Lighting Act of 1972 and Article XIID of the California Constitution.

Council Strategic Goal:

Levying Yuba City Landscape Maintenance District No. 1 (LLMD No. 1) addresses the City Council's Strategic Goal of maintaining infrastructure, as levying (LLMD No. 1) will ensure that landscaping and associated items are maintained and in operation.

Background:

The City annually levies and collects a special assessment in order to maintain and service landscaping that provides special benefit to the parcels identified in Landscape Maintenance District 1 (Attachment 2, Exhibit A). The assessments were approved by the property owners of record through a protest ballot proceeding at the time the District was formed.

District 1 includes the Stabler Lane area (A) and Garden Highway area (B, B_1, and B_2). Zones A and B do not have provisions for a cost of living adjustment (COLA) and have historically been charged the maximum levy allowed in order to cover the expenses. Zones B_1 and B_2 are recently formed zones of benefit and do have provisions for a COLA which is based on the Consumer Price Index from January to January.

In previous years, the expenditures in District No. 1 exceeded the revenue due to increasing costs and the lack of COLA provisions, creating negative Reserve Fund Balances.

The City has addressed these negative fund balances with aggressive cost-cutting measures and transfers from the General Fund and Streets and Road Fund. The City has reduced professional services, water, and administration expenses, allowing the revenue to exceed the expenditures in District No. 1.

The City previously attempted to modify District No. 1 to include the COLA provisions, but residents within the District opposed the modification. Without the ability to increase rates, the cost to maintain the district has exceeded revenues received from the assessments. In order to restore maintenance levels, the City could again approach property owners about approving an assessment increase through a Proposition 218 process.

Analysis:

The Engineer’s Annual Report has been prepared and is on file in the City Clerk’s office. The report describes the District, the improvements therein, the method of assessment, and the proposed assessment for each parcel. The Resolution approving the Annual Report and the Resolution of Intention to order improvements are required by state law to continue the District. The proposed action in this report sets a public hearing for the Council meeting to be held on August 16, 2022 to establish assessments for the coming year.

Fiscal Impact:

The proposed assessments for Fiscal Year 22/23 are shown in Attachment 3.

The projected revenue, expenditures, and cash balance, which include capital reserve, for the Districts are as follows:

| <u>District – Zone of Benefit</u> | <u>Revenue</u> | <u>Expenditures</u> | <u>Projected Reserve Fund Balance as of 7/1/23*</u> |
|-----------------------------------|----------------|---------------------|---|
| 1 - A | \$22,007 | \$19,546 | \$2,975 |
| 1 – B** | \$66,250 | \$64,987.76 | \$29,778 |

*The Projected Reserve Fund Balance is the total of the Capital Replacement Reserve plus the Operating Reserve.

**Dollar amounts for both Zones of Benefit B, B_1, and B_2 are included within “1-B” row of table.

The reserve balance in Zone of Benefit B consists of General Fund transfers that were unspent from previous years. Staff recommends maintaining this reserve balance to cover unforeseen expenses that may come up throughout the year. Moving forward, the City may be required to reduce maintenance levels in District No. 1, or utilize General Fund Gateway Maintenance Transfer funds to maintain previous years’ level of maintenance.

Alternatives:

1. Council may direct the modification of the assessment amounts which will affect future revenue

and expenditure amounts in FY 22/23, or cancel the District and find alternative funding sources to maintain the landscaping.

2. Council may direct City staff to follow legal procedures in order to modify District No. 1 to include an adjustment to match current expenditures with COLA provisions to avoid revenue shortfalls in the future.
3. Council may direct other fund sources to supplement the District revenues based on previous Fiscal Year expenditures. In previous fiscal years, the average expenditure dollar amount in Zone of Benefit B was approximately \$100,000 with revenues being approximately \$65,000.

Attachments:

1. Attachment 1 - Resolution LLMD 1 Approve Engineer's Report
2. Attachment 2 - Resolution LLMD 1 Set Public Hearing Date
3. Exhibit A - District Maps LLMD 1
4. Attachment 3 - Proposed Assessments - LLMD 1 Intent
5. Attachment 4 - Engineer's Report

Prepared By:

Josh Wolffe
Associate Civil Engineer

Submitted By:

Diana Langley
City Manager

ATTACHMENT 1

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
APPROVING THE ENGINEER'S REPORT FOR THE YUBA CITY
LANDSCAPE MAINTENANCE DISTRICT NO. 1 (STABLER LANE/GARDEN
HIGHWAY AREA)**

WHEREAS, the City Council of the City of Yuba City previously formed Landscape Maintenance District No. 1 ("District"), pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code (commencing with Section 22500) (the "Act"); and

WHEREAS, on July 5, 2022, pursuant to the provisions of the Act, the City Council initiated proceedings by adopting a Resolution describing improvements and ordering the City Engineer to file a report with regard to the District for the 2022-2023 Fiscal Year; and

WHEREAS, the City Engineer has prepared and filed a written report with the City Clerk entitled "City of Yuba City, Landscape Maintenance District No. 1, Zone of Benefit A, Zone of Benefit B, Zone of Benefit B_1, Zone of Benefit B_2, 2022/2023 Engineer's Annual Levy Report" (the "Engineer's Report") as called for in said Resolution and under and pursuant to said Act, which report has been presented to this City Council for consideration; and

WHEREAS, said City Council has duly considered said Engineer's Report and each and every part thereof, and finds that each and every part of said report is sufficient, and that no portion of the report requires or should be modified in any respect.

WHEREAS, the City Council desires to formally approve the Engineer's Report, as filed, pursuant to Section 22623 of the Act.

NOW, THEREFORE, be it resolved by the City Council of the City of Yuba City as follows:

1. The above recitals are true and correct, and are hereby incorporated herein by this reference.
2. The City Council finds that the Engineer's estimate prepared by the City Engineer of the itemized costs and expenses of said work and of the incidental expenses in connection therewith, contained in said Engineer's Report be, and each of them are hereby, preliminarily approved and confirmed.
3. The City Council finds that the diagram showing the District referred to and described in said Engineer's Report, the boundaries of the subdivisions of the land within said District, is the same as existed at the time of passage of said Resolution and is hereby preliminarily approved and confirmed.
4. The City Council finds that the proposed assessment upon the subdivisions of land in said District is in proportion to the estimated benefit to be received by said subdivisions, respectively, from the work and incidental expenses as contained and detailed in the Engineer's Report, which is hereby preliminarily approved and confirmed.

5. The City Council hereby approves the “City of Yuba City, Landscape Maintenance District No. 1, Zone of Benefit A, Zone of Benefit B, Zone of Benefit B_1, Zone of Benefit B_2, 2022/2023 Engineer’s Annual Levy Report.” Said report shall serve as the Engineer’s Report for the purposes of subsequent proceedings for Landscape Maintenance District No. 1.
6. This Resolution shall take effect immediately.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 19th day of July, 2022

AYES:

NOES:

ABSENT:

Dave Shaw, Mayor

ATTEST:

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

ATTACHMENT 2

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS
WITHIN YUBA CITY LANDSCAPE MAINTENANCE DISTRICT NO. 1
(STABLER LANE/GARDEN HIGHWAY AREA) PURSUANT TO THE
LANDSCAPING AND LIGHTING ACT OF 1973, PART 2 OF DIVISION 15 OF
THE CALIFORNIA STREETS AND HIGHWAYS CODE, AND APPOINTING A
TIME AND PLACE FOR HEARING OBJECTIONS THERETO**

WHEREAS, the City of Yuba City is a municipal corporation duly created and existing pursuant to the Constitution and laws of the State of California; and

WHEREAS, the Landscaping and Lighting Act of 1972 (“Act”) requires the review of annual assessment of existing Districts; and

WHEREAS, the City Council of the City of Yuba City previously formed Yuba City Landscape Maintenance District No. 1 (“District”), pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code (commencing with Section 22500) (the “Act”); and

WHEREAS, assessments levied within the District provide revenue for the purposes of the servicing, operation, maintenance, repair, and replacement of the designated turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, entryway monuments, and associated appurtenant facilities located within the streetscape (perimeter landscaping) surrounding the developments; and

WHEREAS, on July 5, 2022, pursuant to the provisions of the Act, the City Council initiated proceedings by adopting a Resolution describing improvements and ordering the City Engineer to file a report with regard to the District for the 2022-2023 Fiscal Year; and

WHEREAS, in accordance with Article 4 of Chapter 1 of the Act, the Engineer prepared and filed such report (the “Engineer’s Report” with the City Clerk, and the City Clerk has presented the Engineer’s Report to the City Council; and

WHEREAS, on July 19, 2022, the City Council adopted a Resolution approving the Engineer’s Report as filed, pursuant to Section 22623 of the Act; and

WHEREAS, in accordance with Section 22624 of the Act, the City Council now desires to declare its intention to levy and collect the assessments within the District for Fiscal Year 2022-2023, and to call a public hearing thereto.

NOW, THEREFORE, be it resolved by the City Council of Yuba City as follows:

1. The above recitals are true and correct, and are hereby incorporated herein by this reference.
2. The City Council hereby (1) finds that the public interest and convenience requires, and (2) declares its intention to order, the levy of and collection of assessments against the assessable lots and parcels of property within an existing assessment district designated Yuba City Landscape Maintenance District No. 1 ("District"), pursuant to the provisions of the Act, for the fiscal year commencing July 1, 2022 and ending June 30, 2023, to pay for the costs and expenses of the improvements described below in Section 4 of this Resolution.
3. The boundaries of the District are generally located and depicted in "Exhibit A" attached hereto.
4. The proposed improvements are briefly described as follows: the servicing, operation, maintenance, repair, and replacement of the designated turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, entryway monuments, and associated appurtenant facilities located within the streetscape (perimeter landscaping) surrounding the developments.
5. The assessments to be levied and collected against the assessable lots and parcels of property within the District for Fiscal Year 2022-23 are proposed to increase from the assessments levied and collected for Fiscal Year 2021-22.
6. By previous resolution, the City Council directed the City Engineer to prepare and to file an Engineer's Report pursuant to the provisions of the Act. The Engineer has prepared and filed a written report with the City Clerk that is titled "City of Yuba City, Landscape Maintenance District No. 1, Zone of Benefit A, Zone of Benefit B, Zone of Benefit B_1, Zone of Benefit B_2, 2022/2023 Engineer's Annual Levy Report" and by previous resolution the City Council approved the Engineer's Report as filed. Reference is made to the Engineer's Report on file in the Office of the City Clerk and open to public inspection for a full and detailed description of the improvements, the boundaries of the District, and the proposed assessments upon assessable lots and parcels of land within the District. The Office of the City Clerk is located at 1201 Civic Center Boulevard, Yuba City, CA 95993
7. Notice is hereby given that the City Council designates August 16, 2022 at 6:00 p.m., in the City Council Chambers, City Hall, 1201 Civic Center Boulevard, Yuba City, CA, as the date, time, and place for the hearing of protests or objections to the levy of the proposed assessments in connection with the District. All interested persons shall be afforded the opportunity to hear and be heard. The City Council shall consider all oral statements and all written protests or communications made or filed by any interested person. Prior to the conclusion of the hearing, any interested person may file a written protest with the City Clerk or, having previously filed a protest, may file a written withdrawal of that protest. A written protest shall state all grounds of objection. A protest by a property owner shall contain a description sufficient to identify the property owned by the signer. Written protests may be delivered in person to the City Clerk or may be mailed to the City Clerk at City Hall, 1201 Civic Center Boulevard, Yuba City, CA 95993. Any written protest

that is mailed must be received at City Hall at or prior to 4:30 p.m. on August 16, 2022

8. The City Clerk shall give notice of the aforesaid date, time, and place of the hearing in accordance with law.

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 19th day of July, 2022.

AYES:

NOES:

ABSENT:

Dave Shaw, Mayor

ATTEST:

Ciara Wakefield, Deputy City Clerk

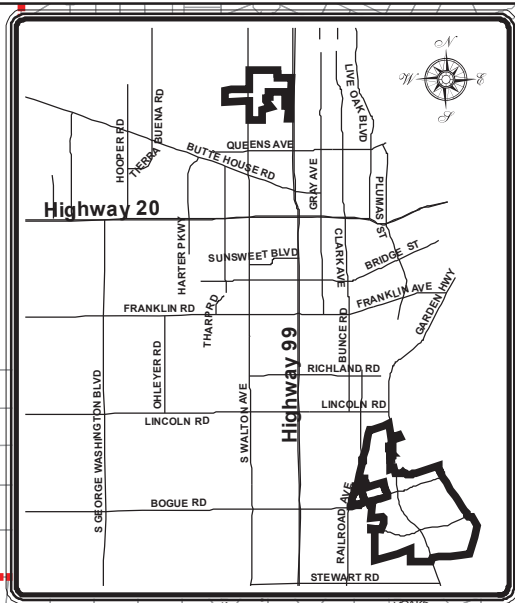
APPROVED AS TO FORM
COUNSEL FOR YUBA CITY

Shannon L. Chaffin, City Attorney
Aleshire & Wynder, LLP

Attachment(s):

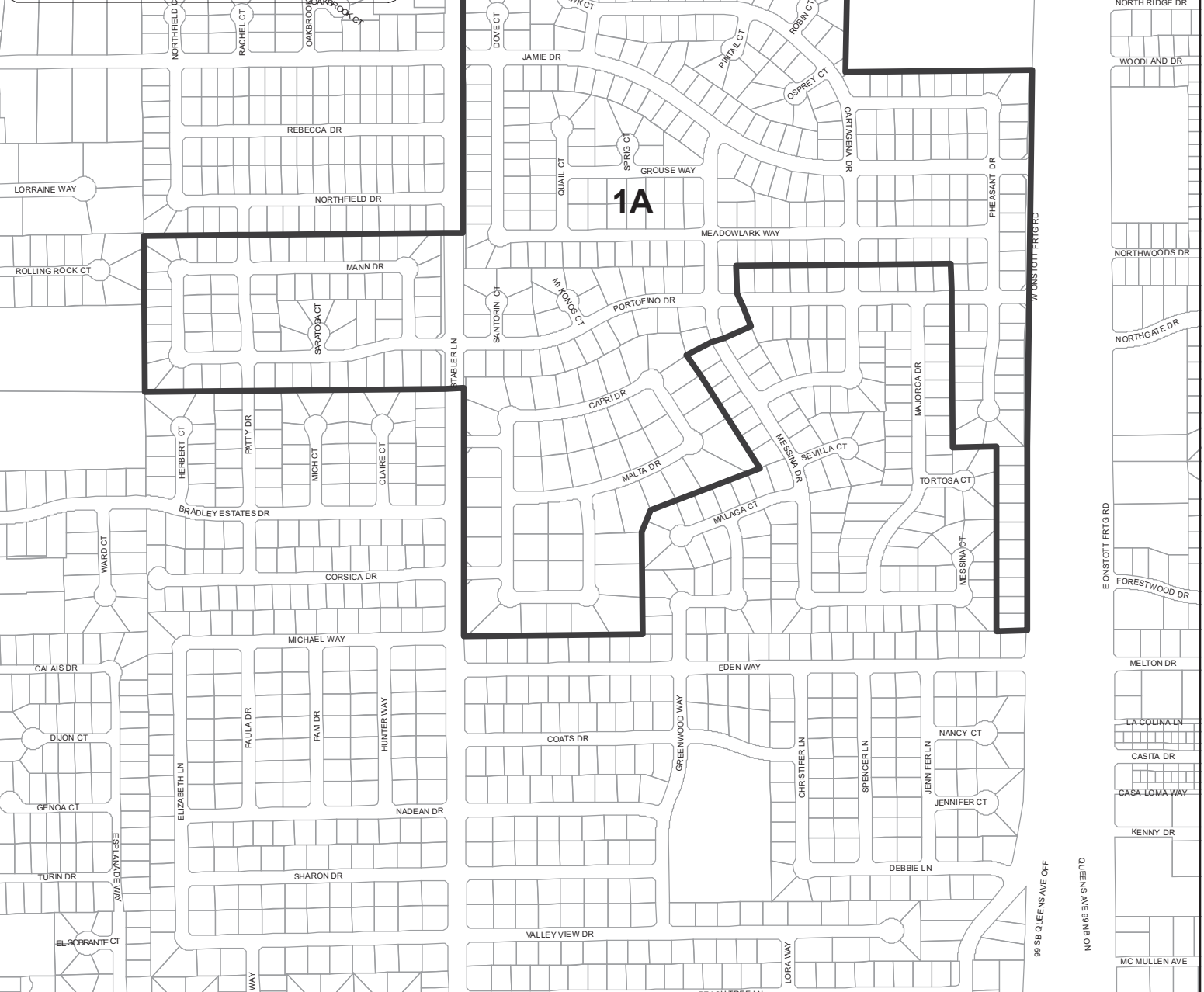
Exhibit A – District Map

EXHIBIT A



Legend

- Maintenance Districts
- City Limits



**Lighting & Landscape
Maintenance District No. 1
Zones of Benefit**

99 58 QUEENS AVE OFF
QUEENS AVE 99B ON
HWY 99
99 58 QUEENS AVE OFF

MANCHESTER WAY
BRISTOL CT
SANTA BARBARA WAY
CAMDEN WAY
NORTH RIDGE DR
WOODLAND DR
NORTHWOODS DR
NORTHGATE DR
FORESTWOOD DR
MELTON DR
LA COLINA LN
CASITA DR
CASA LOMA WAY
KENNY DR
MC MULLEN AVE





Legend

- Maintenance Districts
- City Limits



**Lighting & Landscape
Maintenance District No. 1
Zones of Benefit**



ATTACHMENT 3

DISTRICT 1 PROPOSED ASSESSMENTS

| District | Zone of Benefit | FY 2022/23 Proposed Levy Rate (\$) | Change From Previous Year (\$) | Maximum Levy Rate Allowed (\$) |
|----------|-----------------|--|--------------------------------------|--------------------------------------|
| 1 | A | \$56.72 | \$0.00 | \$56.72 |
| | B | \$29.50 | \$0.00 | \$29.50 |
| | B_1 | \$36.58 | \$2.54 | \$36.59 |
| | B_2 | \$334.80 | \$23.29 | \$334.81 |

ATTACHMENT 4



City of Yuba City

Landscape Maintenance District No. 1

Zone of Benefit A
Zone of Benefit B
Zone of Benefit B_1
Zone of Benefit B_2

2022/2023 ENGINEER'S ANNUAL LEVY REPORT

Initiation Meeting: June 21, 2022
Intent Meeting: July 19, 2022
Public Hearing: August 16, 2022

27368 Via Industria
Suite 200
Temecula, CA 92590
T 951.587.3500 | 800.755.6864
F 951.587.3510

www.willdan.com



ENGINEER'S REPORT AFFIDAVIT

City of Yuba City
Sutter County, State of California

Yuba City Landscape Maintenance District No. 1

This Report describes the District including the improvements, budgets, parcels and assessments to be levied for Fiscal Year 2022/2023, as they existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Sutter County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District.

The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 19th day of July, 2022.

Willdan Financial Services
Assessment Engineer

By: _____

Tony Thrasher
Senior Project Manager
District Administration Services

By: _____

Tyrone Peter
PE # C 81888



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I. OVERVIEW

A. INTRODUCTION

The City of Yuba City (“City”) annually levies and collects special assessments to maintain and service landscape improvements that provide special benefit to the Yuba City Lighting and Landscape Maintenance District (“District”). The District is annually levied pursuant to the *Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code* (“1972 Act”). The District assessments were approved by the property owners of record through a protest ballot proceeding at the time the District was formed in compliance with the substantive and procedural requirements of the California Constitution Article XIID (“Article XIID”).

This Engineer’s Annual Levy Report (“Report”) has been prepared in accordance with the provisions of Chapter 3, Section 22622 of the 1972 Act. This Report describes the District, the improvements therein, any annexations or other modifications to the District including any substantial changes to the improvements, the method of apportionment, the boundaries of the District, and financial information including the district budgets and proposed annual assessments for Fiscal Year 2022/2023. The proposed assessments are based on the historic and estimated costs to maintain the improvements that provide a direct and special benefit to properties within the District. The costs of improvements and the annual levy including all expenditures, deficits, surpluses, revenues, and reserves are assessed to each parcel within the District proportionate to the parcel’s special benefits.

For the purposes of this Report, the word “parcel” refers to an individual property assigned its own Assessor Parcel Number (“APN”) by the County of Sutter (“County”) Assessor’s Office. The County Auditor/Controller uses APNs and specific fund numbers to identify properties assessed for special district benefit assessments on the tax roll.

Pursuant to Chapter 3, beginning with Section 22620 of the 1972 Act, the City Council shall conduct a noticed annual public hearing to consider all public comments and written protests regarding the District. Following the annual public hearing and review of the Report, the City Council may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report and confirmation of the assessments contained therein, the City Council will by resolution: order the improvements to be made and confirm the levy and collection of assessments pursuant to Chapter 4, Article 1, beginning with Section 22640 of the 1972 Act. The assessment rates and method of apportionment described in this Report define the assessments to be applied to each parcel within the District for Fiscal Year 2022/2023.

The assessments as approved will be submitted to the County Auditor/Controller to be included on the property tax roll for each parcel within the District. If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid APN for the current fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate contained in this Report as approved by the City Council.

B. COMPLIANCE WITH CURRENT LEGISLATION

On November 6, 1996, California voters approved Proposition 218 by a margin of 56.5% to 43.5%. All assessments described in this Report and approved by the City Council are prepared in accordance with the 1972 Act and are in compliance with the provisions of the California Constitution Article XIID (Proposition 218).

Pursuant to the California Constitution Article XIID Section 5, certain existing assessments are exempt from the substantive and procedural requirements of Article XIID Section 4 and property owner balloting for the assessments is not required until such time that the assessments are increased. Specifically, the City determined that all improvements and the annual assessments originally established for the District were part of the conditions of property development and approved by the original property owner (developer). As such, pursuant to Article XIID Section 5(b), all the property owners approved the existing District assessments at the time the assessments were created (originally imposed pursuant to a 100% landowner petition). Therefore, the pre-existing assessment amounts are exempt from the procedural requirements Article XIID Section 4.

The District has been formed pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code. Pursuant to the 1972 Act, an annual Public Hearing is conducted by the City Council to accept property owner and public comments, to review the Engineer's Annual Levy Report prior to approving the annual assessments to be levied on the County tax rolls. The assessments described in this Report have been prepared in accordance with the Act.

The City affirms that the assessments contained in this report for Zones A and B, were imposed in accordance with a consent and waiver by 100% of the property owners as part of the original development approval for the properties within the District. Therefore, the City has determined that pursuant to Article XIID Section 5(b) the maximum assessment previously approved and levied for these Zones prior to the passage of Proposition 218 are considered exempt, provided the assessments are not increased above these previously approved maximum assessment rates.

The proposed annual levy of assessments for fiscal year commencing July 1, 2022 and ending June 30, 2023 (Fiscal Year 2022/2023) as described in this Report have been prepared and made pursuant to the provisions of the 1972 Act and are consistent with the assessments previously approved and adopted by the City Council. The assessments described herein for Fiscal Year 2022/2023 do not exceed the maximum assessment rates authorized and are therefore in compliance with the provisions of the California Constitution Article XIID.

II. PLANS AND SPECIFICATIONS

A. DESCRIPTION OF THE DISTRICT

The District is comprised of four benefit areas: Zone of Benefit A (North Stabler Lane Area), Zone of Benefit B (South Yuba City Area), Zone of Benefit B-1 (Clark Pest Control and 1441 Garden Highway) and Zone of Benefit B-2 (Dollar General).

The Zone of Benefit A (“Zone A”) benefits parcels consisting of 79 residential lots in the Greenwood Acres Unit 1 and Unit 4 subdivisions, 66 residential lots in Oak Tree Estates, 172 residential lots in the Pheasant Pointe Subdivision and 71 residential lots in the Greenwood Estates Unit 7 subdivision.

The Zone of Benefit B (“Zone B”) benefits parcels consisting of 319 residential lots in the Southwind and Southland Village Subdivisions, 101 lots in the River Bend Subdivision, 31 present and future residential lots in River Pointe Subdivision, 757 present and future equivalent dwelling units in the River Run Subdivisions, 618 present residential lots in the River Oaks subdivisions, 420 present and future residential lots in the Walnut Glen Subdivisions, 75 lots in Diamond Point Subdivision and 64 present and future residential lots in the Southpointe Subdivision. The River Run Subdivision has 194 equivalent dwelling units of R-3 and 276 equivalent units of Commercial based on 20 equivalent dwelling units per acre.

The Zone of Benefit B-1 (“Zone B-1”) benefits four commercial parcels located at 1288 Garden Highway and 1441 Garden Highway.

The Zone of Benefit B-2 (“Zone B-2”) benefits two commercial parcels located at 1500 and 1510 Garden Highway.

B. DESCRIPTION OF THE IMPROVEMENTS

The District improvements provide for the ongoing maintenance and servicing of landscaping improvement areas adjacent to Zone A, Zone B, Zone B-1 and Zone B-2 as shown on the Assessment Diagrams on file with the City Clerk. Maintenance improvements may include but are not limited to: turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, entryway monuments, and associated appurtenant facilities located within the streetscape (perimeter landscaping)

surrounding the developments. Servicing improvements may include, but are not limited to: electricity, water for irrigation of any landscaping, and the operation of fountains.

The annual cost and expenses of providing the landscape maintenance and servicing in Zone A, Zone B, Zone B-1 and Zone B-2 are estimated separately and are apportioned equally to all lots, developed or undeveloped, within each Zone.

III. METHOD OF APPORTIONMENT

A. GENERAL

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

The formula used for calculating assessments in the District therefore reflects the composition of the parcels, and the improvements and services provided, to fairly apportion the costs based on estimated benefit to each parcel.

In addition, pursuant to the Article XIID Section 4, a parcel’s assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel and provides that only special benefits are assessable and the District must separate the general benefits from the special benefits.

B. BENEFIT ANALYSIS

Each of the improvements and the associated costs has been carefully reviewed and the corresponding assessments have been proportionately spread to each parcel based on special benefits received from the improvements. The installation of the improvements was part of the conditions of property development. The property owners approved the corresponding assessments for the ongoing maintenance and servicing of the improvements through a property owner protest ballot.

Special Benefits — the method of apportionment (assessment methodology) is based on the premise that each of the assessed parcels within the District

receives benefit from the improvements maintained and financed by annual assessments. Specifically, the assessments are for the maintenance of landscaped improvements installed as part of the original development. The desirability of properties within the District is enhanced by the presence of well-maintained landscaping in close proximity to those properties.

The special benefits associated with the local landscaping improvements are specifically:

- Enhanced desirability of properties through association with the improvements.
- Improved aesthetic appeal of properties within the Zones providing a positive representation of the area.
- Enhanced adaptation of the urban environment within the natural environment from adequate green space and landscaping.
- Environmental enhancement through improved erosion resistance, and dust and debris control.
- Increased sense of pride in ownership of property within the District resulting from well-maintained improvements associated with the properties.
- Reduced criminal activity and property-related crimes (especially vandalism) against properties in the District through well-maintained surroundings and amenities including abatement of graffiti.
- Enhanced environmental quality of the parcels within the Zones by moderating temperatures, providing oxygenation and attenuating noise.

General Benefits - the improvements to be provided and maintained by the District are a direct result of property development within the District and would otherwise not be required or necessary. Developers typically install local improvements to enhance the marketability and value of properties within the development and/or as conditions of development. In either case, the improvements are clearly installed for the benefit of the properties being developed and not for the benefit of surrounding properties outside the District boundaries. Although local development improvements (by virtue of their location) may be visible to surrounding properties, any benefit to surrounding properties is incidental and cannot be considered a direct and special benefit. Furthermore, most developments within the City typically have various landscaping and lighting improvements specifically associated with their development and these improvements are funded by properties within those developments.

At the time of formation of the Assessment District, the majority of the benefit was special, and there was a small general benefit. The engineer of record between Fiscal Year 2012/2013 and Fiscal Year 2015/2016, further quantified this small general benefit.

The specific language from the most recent Engineer’s Report used to describe General Benefit is as follows:

The maintenance and servicing of these improvements is also partially refunded, directly and indirectly from other sources including Yuba City, Sutter County and the State of California. This funding comes in the form of grants, development fees, special programs, and general funds, as well as direct maintenance and servicing of facilities (e.g. curbs, gutters, streets, drainage systems, etc.) This funding from other sources more than compensates for general benefits, if any, received by the properties within the Assessment District.

The General Benefits from this assessment may be quantified as illustrated in the following table.

| Benefit Factor | Relative Weight | General Benefit Contribution | Relative General Benefit |
|--|------------------------|-------------------------------------|---------------------------------|
| Creation of parcels | 90 | 0% | 0 |
| Extention of recreation area | 2 | 10% | 0.2 |
| Proximity to improved parks and recreation facilities | 2 | 10% | 0.2 |
| Access to improved parks, open space and rec areas | 2 | 10% | 0.2 |
| Improved views | 2 | 10% | 0.2 |
| Improved nighttime visibility and safety from streetlights | 2 | 20% | 0.4 |
| Totals | 100 | | 1.2 |
| <i>Total Calculated General Benefit</i> | | | <i>1.2%</i> |

As a result, Yuba City will contribute at least 1.2% of the total budget from sources other than the assessment. This contribution offsets any general benefits from the Assessment Services.

This general benefit contribution is the sum of the following components:

Yuba City owns, maintains, rehabilitates and replaces curb and gutter along the border of the Assessment District improvements. This curb and gutter serves to support, contain, retain, manage irrigation flow and growth, and provide a boundary for the improvements. The contribution from the City towards general benefit from the maintenance, rehabilitation and replacement of the curb and gutter is conservatively estimated to be 1%.

Yuba City owns and maintains a storm drainage system along the border of the Assessment District improvements. This system serves to prevent flooding and associated damage to the improvements, and manage urban runoff including local pollutants loading from the improvements. The

contribution from the City towards general benefit from the maintenance, and operation of the local storm drainage system is conservatively estimated to be 1%.

Yuba City owns and maintains local public streets along the border of the Assessment District improvements. These public streets provide access to the improvements for its enjoyment as well as efficient maintenance. The contribution from the City towards general benefit from the maintenance of local public streets is conservatively estimated to be 1%.

The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid for by non-assessment funds, this “annuity” can be used to offset general benefit costs, and is conservatively estimated to contribute 25%.

Therefore, the total General Benefit is conservatively quantified at 1.2%, which is more than offset by the total non-assessment contribution towards general benefit of 28%.⁽¹⁾

C. ASSESSMENT METHODOLOGY

For each of the zones of benefit, the level of special benefit received by each parcel in the zone is considered to be the same. Therefore, the estimated annual cost of the improvements for Zone A, Zone B, Zone B-1 and B-2 are determined separately and are apportioned equally to all parcels, developed or undeveloped, within each Zone.

Non-assessable lots or parcels include areas of public streets and other roadways (typically not assigned an APN by the County), dedicated public easements, open space areas and rights-of-ways including public greenbelts and parkways, utility rights-of-ways, common areas, landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that cannot be developed or has specific development restrictions. These types of parcels are considered to receive little or no benefit from the improvements and therefore are not assessed.

D. ASSESSMENT RANGE FORMULA

Any new or increased assessments require voting, certain noticing, and meeting requirements. Article XIID added specific requirements including an assessment ballot and weighted tabulation of the ballots to determine if majority protest exists at the Public Hearing. In Fiscal Year 1993/1994, the Brown Act (*Government Code Section 54954.6(o)*) changed the definition of the term “*new or increased assessment*” to exclude certain conditions. These conditions included “*any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency and approved by the voters in the area where the assessment is imposed.*” This definition for a new or

increased assessment was also addressed in Senate Bill 919 (the Proposition 218 implementation statutes).

The purpose of establishing an assessment range formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments.

(1) SCI Consulting Group (September 2015). City of Yuba City Landscape Maintenance Assessment District No. 1 Engineer's Report, Fiscal Year 2015-16. pgs 13-16.

The District does not have an approved formula for increasing the assessment rates on an annual basis for Zone A or Zone B. Therefore, there has been no change to the assessment rates for FY 2022/2023 from the prior year for Zone A and Zone B. However, the District does have an approved formula for increasing the assessment rates on an annual basis for Zone B-1 and Zone B-2.

Generally, if the proposed annual assessment (levy per unit or rate) for the current fiscal year is less than or equals to the "Maximum Assessment" (or "Adjusted Maximum Assessment"), then the proposed annual assessment is not considered an increased assessment. The Maximum Assessment is equal to the initial Assessment approved by property owners adjusted annually by the following criteria:

- 1) Each fiscal year, the Maximum Assessment will be recalculated.
- 2) The new adjusted Maximum Assessment for the year represents the prior year's Maximum Assessment adjusted by the percentage change from the previous year to the current year based on the "All Urban Consumers" Consumer Price Index, US City Average (CPI), as compiled by the United States Department of Labor Statistics. Effective Fiscal Year 2017/2018, the CPI month for annual adjustment has changed to January.
- 3) The Maximum Assessment is adjusted each year independently from the annual assessment. While the actual amount assessed may fluctuate each year, the maximum will continue to be increased and in any given year, the assessment may be applied at the Maximum Assessment.

The Maximum Assessment is adjusted annually and is calculated independently of the District's annual budget and proposed annual assessment. Any proposed annual assessment (rate per equivalent dwelling unit) less than or equal to this Maximum Assessment is not considered an increased assessment, even if the proposed assessment is greater than the assessment applied in the prior fiscal year. The City Council may reduce or freeze the Maximum Assessment at any time by amending the Engineer's Annual Report.

Although the Maximum Assessment will normally increase each year, the actual District assessments may remain virtually unchanged. The Maximum

Assessment adjustment is designed to establish a reasonable limit on District assessments. The Maximum Assessment calculated each year does not require or facilitate an increase to the annual assessment and neither does it restrict assessments to the adjustment maximum amount. If the budget and assessments for the fiscal year does not require an increase, or the increase is less than the adjusted Maximum Assessment, then the required budget and assessment may be applied without additional property owner balloting. If the budget and assessments calculated requires an increase greater than the adjusted Maximum Assessment, then the assessment is considered an increased assessment. To impose an increased assessment, the City Council must comply with the provisions of Article XIID Section 4(c) of the California Constitution, which requires a public hearing and certain protest procedures including mailed notice of the public hearing and property owner protest balloting. Property owners through the balloting process must approve the proposed assessment increase. If the proposed assessment is approved, then a new Maximum Assessment is established for the District. If the proposed assessment is not approved, the City Council may not levy an assessment greater than the adjusted Maximum Assessment previously established for the District.

IV. DISTRICT BUDGET FY 2022/2023

The following provides the proposed budget and associated maximum assessment for Zone A and Zone B, and the increased maximum assessment for Zone B-1 and Zone B-2 commencing in fiscal year 2022/2023. This budget includes the City's estimate of anticipated expenditures, deficits, surpluses, revenues, and reserve fund balances associated with providing appropriate and adequate annual maintenance and operation of the improvements associated with each zone. The resulting maximum assessment rate established for each zone is based on the budget information presented herein and shall be used to calculate each parcel's proportional assessment obligation in accordance with the method of apportionment outlined in this Report.

Based on the budget information on the following page, the maximum assessment rate for Zone A and Zone B shall remain unchanged from the prior year at \$56.72 and \$29.50 per EBU, respectively. The maximum assessment rate for Zone B-1 will be \$36.59 per EBU for Fiscal Year 2022/2023 and the maximum assessment rate for Zone B-2 will be \$334.81 per EBU for Fiscal Year 2022/2023.

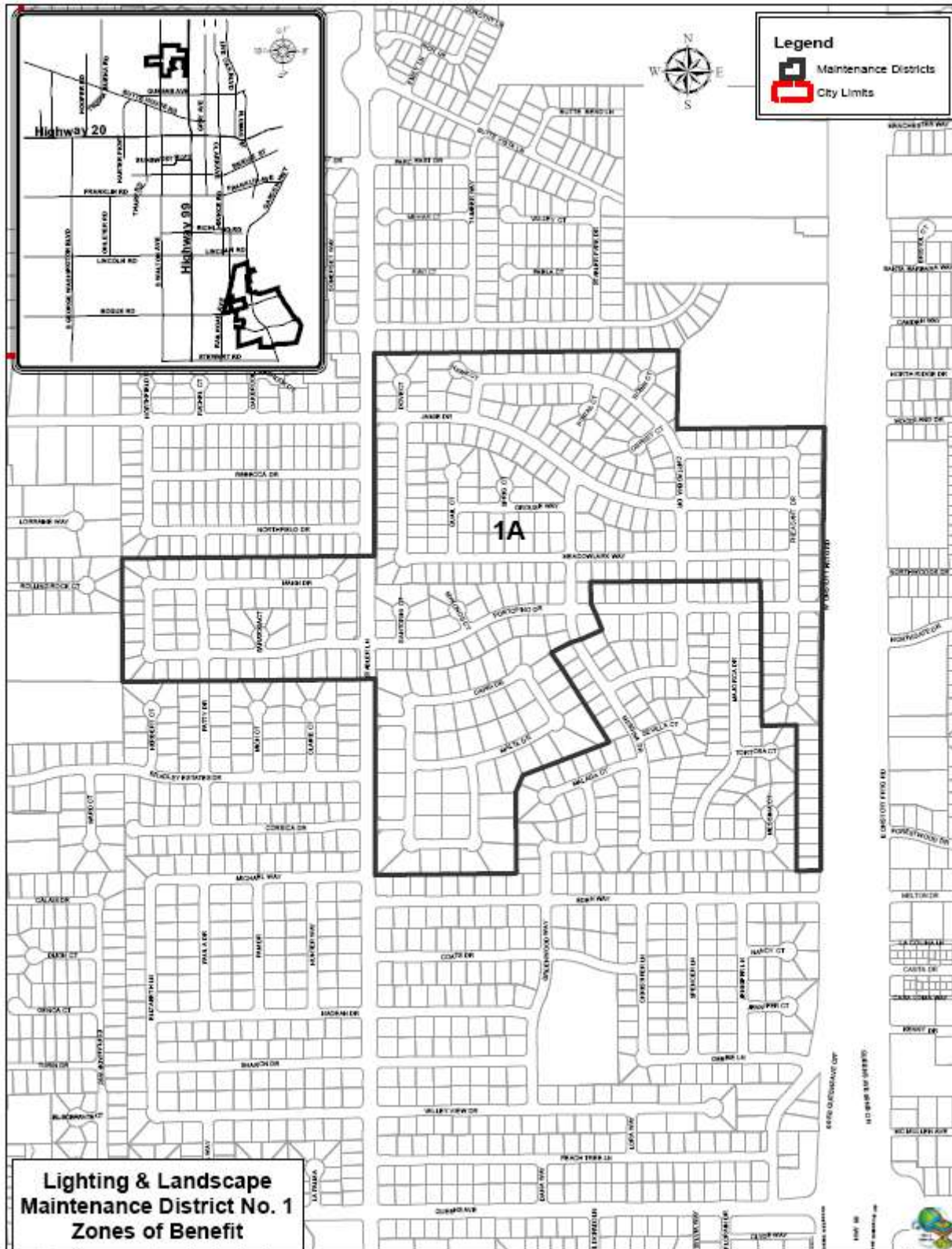
| BUDGET ITEM | Zone 1A | Zone 1B | Zone 1B1 | Zone 1B2 | Zone 1B Total | Total |
|--|--------------------|--------------------|-----------------|-----------------|--------------------|--------------------|
| DIRECT COSTS | | | | | | |
| Heat/Power Utility | \$118.57 | \$459.79 | \$1.02 | \$2.34 | \$463.15 | \$581.72 |
| Street Lights Power Utility | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Professional Services | 12,647.31 | 37,302.18 | 82.97 | 189.80 | 37,574.94 | 50,222.26 |
| Water Utility | 5,957.07 | 21,463.31 | 47.74 | 109.21 | 21,620.26 | 27,577.33 |
| Materials & Supplies | 210.00 | 1,531.61 | 3.41 | 7.79 | 1,542.81 | 1,752.81 |
| LMD Lights | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Landscape Labor | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Direct Costs Subtotal | \$18,932.95 | \$60,756.89 | \$135.14 | \$309.14 | \$61,201.16 | \$80,134.11 |
| ADMINISTRATION COSTS | | | | | | |
| City Administration Costs | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Willdan Financial Services Administration Fees | 625.07 | 3,168.24 | 7.05 | \$16.12 | 3,191.40 | 3,816.47 |
| County Administration Fee | 116.40 | 590.88 | 1.31 | \$3.01 | 595.20 | 711.60 |
| Miscellaneous Administration Expenses | 0.00 | 0.00 | 0.00 | \$0.00 | 0.00 | 0.00 |
| Administrative Costs Subtotal | \$741.47 | \$3,759.11 | \$8.36 | \$19.13 | \$3,786.60 | \$4,528.07 |
| CAPITAL IMPROVEMENT EXPENSES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| LEVY BREAKDOWN | | | | | | |
| Total Direct and Admin. Costs | \$19,674.42 | \$64,516.00 | \$143.50 | \$328.26 | \$64,987.76 | \$84,662.18 |
| Operating Reserve Collection | 2,332.94 | 1,841.11 | 4.10 | 9.37 | 1,854.57 | 4,187.51 |
| Capital Reserve Collection | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Levy Breakdown Subtotal | \$22,007.36 | \$66,357.11 | \$147.59 | \$337.63 | \$66,842.34 | \$88,849.70 |
| LEVY ADJUSTMENTS | | | | | | |
| Operating Reserve Contribution | \$0.00 | 0.00 | 0.00 | 0.00 | \$0.00 | \$0.00 |
| Capital Reserve Contribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Additional City Contribution | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Estimated Interest Earnings | 0.00 | (554.41) | (1.23) | (2.82) | (558.47) | (558.47) |
| Rounding Adjustment | 0.00 | 0.00 | (0.04) | (0.01) | (0.05) | (0.05) |
| Levy Adjustments Subtotal | \$0.00 | (\$554.41) | (\$1.27) | (\$2.83) | (\$558.52) | (\$558.52) |
| BALANCE TO LEVY | \$22,007.36 | \$65,802.70 | \$146.32 | \$334.80 | \$66,283.82 | \$88,291.18 |
| OPERATING RESERVE | | | | | | |
| Estimated Balance at June 30, 2022 | \$641.96 | \$6,873.06 | \$15.29 | \$34.97 | \$6,923.31 | \$7,565.28 |
| FY2022/2023 Collection/(Contribution) | 2,332.94 | 1,841.11 | 4.10 | 9.37 | 1,854.57 | 4,187.51 |
| GF Gateway Maintenance Transfer | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Estimated Balance at June 30, 2023 | \$2,974.90 | \$8,714.16 | \$19.38 | \$44.34 | \$8,777.89 | \$11,752.79 |
| CAPITAL IMPROVEMENT RESERVE | | | | | | |
| Estimated Balance at June 30, 2022 | \$0.00 | \$20,847.56 | \$46.37 | \$106.07 | \$21,000.00 | \$21,000.00 |
| FY2022/2023 Collection/(Contribution) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Estimated Balance at June 30, 2023 | \$0.00 | \$20,847.56 | \$46.37 | \$106.07 | \$21,000.00 | \$21,000.00 |
| DISTRICT STATISTICS | | | | | | |
| Total Parcels | 388 | 1,980 | 4 | 2 | 1,986 | 2,374 |
| Total Parcels Levied | 388 | 1,980 | 4 | 2 | 1,986 | 2,374 |
| Total EBU | 388.00 | 2,230.60 | 4.00 | 1.00 | 2,235.60 | 2,623.60 |
| Levy per EBU (2022/2023) | \$56.72 | \$29.50 | \$36.58 | \$334.80 | | |
| Maximum Levy per EBU - 2021/2022 | \$56.72 | \$29.50 | \$34.04 | \$311.51 | | |
| CPI Increase per EBU (7.48%) | N/A | N/A | \$2.55 | \$23.30 | | |
| Maximum Levy per EBU - 2022/2023 | \$56.72 | \$29.50 | \$36.59 | \$334.81 | | |
| Maximum Levy Amount - 2022/2023 | \$22,007.36 | \$65,802.70 | \$146.36 | \$334.81 | \$66,283.87 | \$88,291.23 |

Appendix A - DISTRICT BOUNDARY MAPS

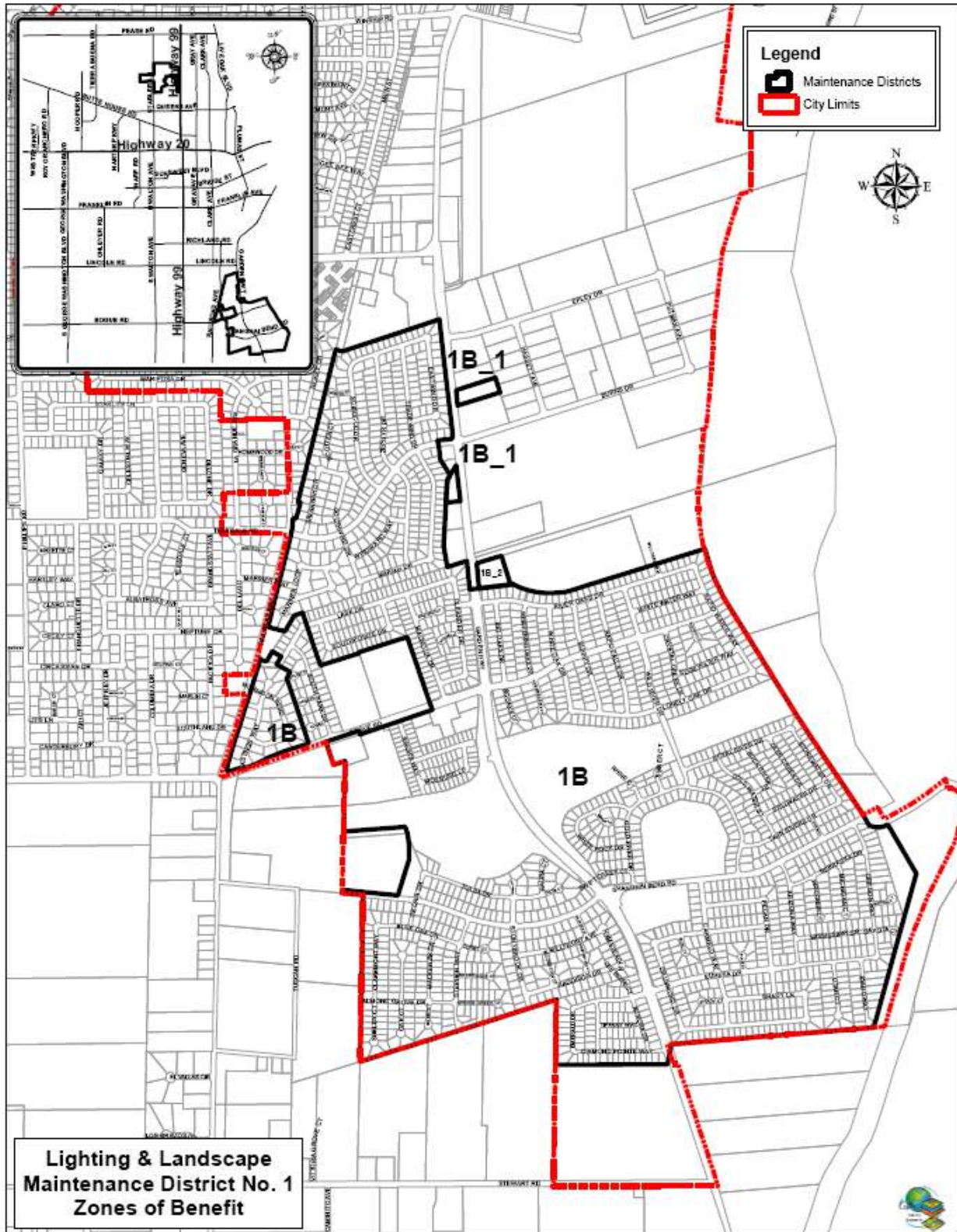
The original assessment diagrams including the diagrams for the zones of benefit for the District were previously approved and submitted to the City in the format required by the 1972 Act. These diagrams are on file in the Office of the City Clerk and by reference are made part of this Report.

The following is a reproduction of the County Assessor's Parcel Map associated with each subdivision and Zone.

Yuba City Landscape Maintenance District No. 1 Zone of Benefit A



Yuba City Landscape Maintenance District No. 1 Zone of Benefit B



Appendix B - 2022/2023 ASSESSMENT ROLL

The parcel identification for each lot or parcel within the District shall be the assessor's parcel number (APN) as shown on the Sutter County Assessor's map for the year in which this Report is prepared.

A listing of parcels assessed within this District, along with the assessment amounts, is included on the following page. If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the current fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate approved in this Report. Therefore, if a single parcel has changed to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate rather than a proportionate share of the original assessment.

Non-assessable lots or parcels include areas of public streets and other roadways (typically not assigned an APN by the County), dedicated public easements, open space areas and rights-of-ways including public greenbelts and parkways, utility rights-of-ways, common areas, landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that cannot be developed or has specific development restrictions. These types of parcels are considered to receive little or no benefit from the improvements and are therefore are not assessed.