



CITY OF SALINAS

ENGINEER'S REPORT

MONTE BELLA MAINTENANCE DISTRICT

FISCAL YEAR 2019-20

MONTEREY COUNTY, CALIFORNIA

June 4, 2019

PREPARED BY



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TABLE OF CONTENTS

Engineer's Certification.....	1
Part I - Overview	4
Part II - Plans and Specifications	5
Part III – Cost Estimate.....	10
Part IV – District Benefits	15
Part V – Method of Apportionment.....	18
Part VI – Assessment Diagram	21
Part VII – Assessment Roll.....	22
Appendix A – District Boundaries	23
Appendix B – Monte Bella Capital Improvement Plan	24
Appendix C – Assessment Roll	25



ENGINEER'S CERTIFICATION

AGENCY: THE CITY OF SALINAS

PROJECT: MONTE BELLA MAINTENANCE DISTRICT

TO: THE CITY COUNCIL OF THE
CITY OF SALINAS
STATE OF CALIFORNIA

ENGINEER'S REPORT FOR FISCAL YEAR 2019-20

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, Article XIIID of the California Constitution (Proposition 218), and the Proposition 218 Omnibus Implementation Act and in accordance with the Resolution of Initiation, adopted by the City Council of the City of Salinas, State of California, in connection with the proceedings for:

MONTE BELLA MAINTENANCE DISTRICT

(Hereinafter referred to as the "District"),

I, K. Dennis Klingelhofer, authorized representative of the District, the duly appointed Assessment Engineer submit the following Report which consists of the following seven (7) parts and Appendices:

PART I

Overview: Provides the background and reason for the District.

PART II

Plans and Specifications: Plans and specifications for the improvements are as set forth on the lists thereof, attached hereto, and are on file in the Office of the City Engineer and are incorporated herein by reference.

PART III

Cost Estimate: An estimate of the costs of the proposed improvements, including incidental costs and expenses in connection therewith, is as set forth on the lists thereof, attached hereto, and are on file in the Office of the City Clerk and incorporated herein by reference.

PART IV

District Benefits: A discussion of the benefits provided by the District identifies, separates and quantifies the general and special benefits received by each parcel in the District, for the services received and the improvements provided.

PART V

Method of Apportionment: The method of apportionment of assessments, indicating the proposed assessment of the net amount of the costs and expenses of the improvements to be assessed upon the several lots and parcels of land within the District, in proportion to the estimated benefits to be received by such lots and parcels.

PART VI

Assessment Diagram: The Diagram of the District Boundaries showing the exterior boundaries of the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Monterey for the fiscal year to which this Report applies. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

PART VII

Assessment Roll: An assessment of the estimated cost of the improvements on each benefited lot or parcel of land within the District.

Appendices

Appendix A	District Boundaries
Appendix B	Monte Bella Capital Improvement Plan
Appendix C	Assessment Roll

In conclusion, it is my opinion that the costs and expenses of the District have been assessed to the lots and parcels within the boundaries of the District in proportion to the estimated benefits to be received by each lot or parcel from the services provided and in conformance with the assessment methodology adopted by the City Council for the levying of assessments.

DATED: June 4, 2019

 **Harris & Associates**

A handwritten signature in blue ink, reading "K. Dennis Klingelhofer", written over a horizontal line.

K. Dennis Klingelhofer, P.E., Assessment Engineer
R.C.E. No. 50255
Engineer of Work
County of Monterey
State of California



PART I – OVERVIEW

The City of Salinas (the “City”) established the Monte Bella Maintenance District to provide a source of funding for the on-going maintenance of the amenities that were installed for the benefit of the parcels located in the Monte Bella development (the “Development”) and within the District. The District was created under Article II, Chapter 21C of the City of Salinas Municipal Code and the Landscaping and Lighting Act of 1972 of the State of California. As required, the City prepares an Engineer’s Report annually and holds a public hearing to allow property owners within the District to address the City Council prior to the annual levy of the assessments.

This Engineer’s Report (the “Report”) sets forth the proposed assessments for Fiscal Year 2019-20 for the Monte Bella Maintenance District (the “District”). The District was created in 2004, after the passage of Proposition 218 in 1996, which established Article XIID of the State Constitution and the District is subject to the legal requirements of Proposition 218. The District assessments include built-in inflationary factor based on the annual change in the Consumer Price Index (“CPI”). The assessment may be levied each year up to the maximum assessment rates. Proposed assessments that are greater than the maximum assessment rates require a property-owner vote approving of the new rates before being levied. For Fiscal Year 2019-20, the maximum assessment rates are increasing by the inflation factor of 4.0%. Part V of this Report provides a discussion of the inflation factor in more detail.

The estimated cost of maintenance services for Fiscal Year 2019-20 are detailed in Part III of this Report. All assessable parcels identified as being within the District share in both the cost and the benefits of the improvements. The costs and expenses associated with the improvements in the District are equitably spread among all benefiting parcels within the District and only parcels that receive special benefit from the improvements are assessed in proportion to benefit received. The funds collected from the assessments are dispersed and used for the services and operation provided within the District. A discussion of District benefits is provided in Part IV of this Report, the method of apportioning District costs to the parcels of land within the District is provided in Part V of this Report and Appendix C lists the assessment amount for each parcel in the District for Fiscal Year 2019-20.



PART II – PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Salinas, and those which may be subsequently constructed, will be operated, serviced and maintained as generally described as follows:

The assessments provide a dedicated source of funding for the maintenance and operation of the District improvements, including landscaping along the street corridors within the Development and along portions of Sconberg Parkway, Freedom Parkway and Williams Road that are directly adjacent to the Development.

Other improvements maintained by the District include local street lighting (including energy costs), routine street maintenance and associated appurtenances located within the public right-of-ways.

All of the improvements are allowed under the Salinas Municipal Code and the Lighting and Landscape Act of 1972 (the "Act"). The continued maintenance of these improvements shall be budgeted and reviewed each fiscal year and fully or partially funded through the annual assessments.

There are four distinct types of improvements in the District which are street landscaping, street lighting, park, open space and detention basin landscaping, and street maintenance. Each type of improvement is budgeted and assessed as a District benefit zone ("Benefit Zone").

Street Landscaping

The District provides maintenance, servicing and operation of approximately 458,075 square feet of landscaping along the street corridors within the Monte Bella Development and along portions of Sconberg Parkway, Freedom Parkway and Williams Road that are directly adjacent to the Development. The street landscaping improvements include, but are not be limited to, ground cover, trees and shrubs, and irrigation systems within the street right of ways. Maintenance, servicing and operation includes the costs of necessary repairs, replacements, water, electrical current, trimming and pruning, care supervision and any and all other items necessary for the proper maintenance and operation of the improvements. The following locations include street landscaping improvements that are maintained by the District.



Street	Landscaping Area
Monte Bella Boulevard	Both sides of the roadway between Sconberg Parkway and Williams Road
Tuscany Boulevard	Both sides of the entire length of the roadway
Padova Drive	Both sides of the entire length of the roadway
Penne Way	Both sides of the entire length of the roadway
Palermo Drive	Both sides of the entire length of the roadway
Williams Drive	The southeast side of the roadway between Freedom Parkway and the southwestern corner boundary of the District
Freedom Parkway	The southwest side of the roadway between Williams Road to Sconberg Parkway and on the center island of Freedom Parkway between Williams Road and Bardin Road
Sconberg Parkway	The northwest side of the roadway between Freedom Parkway and Bardin Road

The District also provides routine tree pruning services within the landscaped areas of the boulevards and local streets of the District and within the Park. The improvement costs associated with tree trimming will be assessed to the benefited District parcels and reserved for over an anticipated five year pruning cycle.

Street Lighting

The District currently provides maintenance, servicing and operation of 311 street lights (for the current development) out of 359 street lights (for the complete build-out of the Development). Maintenance, servicing and operation includes the costs of necessary repairs, replacements, care supervision and any and all other items necessary for the proper maintenance and operation of the improvements. The following table shows the number of street lights by lumens that are currently in operation and the number of street lights by lumens that will be in operation when the Development is built-out:

Street Light Type	<u>Number of Street Lights Operating</u>	
	Currently	At Build-Out
6,300 Lumens	289	327
9,500 Lumens	21	30
22,000 Lumens	<u>1</u>	<u>2</u>
Total Lights:	311	359

A map containing the location of the street lighting and traffic signal facilities is on file in the office of the Director of Development and Engineering Services for the City and is made part of this Report by reference.

Park, Open Space and Detention Basin Landscaping

The District provides maintenance, servicing and operation of 8.2 acres of park landscaping, 6,816 square feet of local open space landscaping and 65,190 square feet of detention basin landscaping that will also serve as a local park. This maintenance, servicing and operation is in accordance with NPDES requirements of the City of Salinas stormwater permit. Maintenance, servicing and operation includes the costs of necessary repairs, replacements, water, electrical current, trimming and pruning, care supervision and any and all other items necessary for the proper maintenance and operation of the improvements. The following is the location for the park, open space and detention basin landscaping improvements.

Amenity	Landscaping Area	Location
Neighborhood Park	8.20 Acres	The neighborhood park is located east of Monte Bella Boulevard between Tuscany Boulevard and Palermo Drive
Open Space	0.16 Acres	Three open space areas are located at the southeast end of Del Monte Avenue, the east end of Courtside Drive and the east end of Argentine Drive
Detention Basins	1.50 Acres	One on-site detention basin is located on the southwest corner of Monte Bella Boulevard and Sconberg Parkway. There are two off-site detention basins. One is located adjacent to the on-site detention basin across Sconberg Parkway and the other is located at the southeasterly corner of Williams Road and Freedom Parkway

A map containing the location of the park, open space and retention basin landscaping is on file in the office of the Director of Development and Engineering Services for the City and is made part of this Report by reference.

Street Maintenance

The District provides maintenance, servicing and operation of 1,751,355 square feet of street improvements within the Development. Maintenance, servicing and operation include the costs of necessary repairs, replacements, scheduled slurry sealing and overlays, care supervision and any and all other items necessary for the proper maintenance and operation of the improvements. The collector streets and the local streets within the District are listed below.

Collector Streets	Monte Bella Boulevard Tuscany Boulevard Padova Drive Penne Way Palermo Drive
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Local Streets	<ul style="list-style-type: none"> • Arezzo Circle • Bellagio Way • Bologna Court • Bologna Way • Campania Drive • Campinia Way • Canelli Court • Capri Way • Cassino Circle • Cassino Way • Etna Circle • Genoa Circle • Genoa Way • Marsala Circle • Marsala Way • Modena Street • Napoli Circle • Palermo Court 	<ul style="list-style-type: none"> • Penne Circle • Piazza Circle • Piazza Drive • Pisa Circle • Rossano Circle • Rossano Court • Rossano Way • Sardinia Drive • Siena Way • Spoleto Court • Spoleto Street • Spoleto Way • Trivoli Way • Tuscany Circle • Tuscany Way • Venice Way • Verona Court • Verona Way
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Slurry sealing and overlay schedules are largely dependent on the extent of use and deterioration of the streets and the composition of the street material used. It has been determined that the slurry sealing of the streets will be required after the first five years and every eight years thereafter. The street overlay has been determined to be required on a twenty year cycle. A reserve has been established for the cost of these major maintenance and repair projects and funded through the annual assessments.

PART III – COST ESTIMATE

Estimated costs for Fiscal Year 2019-20 for the construction, operation, servicing and maintenance of the facilities described in Part III are shown in the following table.

	Adopted Budget FY 2018-19	Projected Expenses FY 2018-19	Proposed Budget FY 2019-20	Forecasted Budget FY 2020-21	Forecasted Budget FY 2021-22
EXPENDITURES ¹					
<u>Maintenance</u>					
Landscaping ²	\$62,000	\$35,321	\$24,300	\$24,300	\$24,300
Street Sweeping	9,500	0	9,785	10,079	10,381
In-House Inspection - Street Light Maintenance	59,290	59,494	61,069	62,901	64,788
Other Maintenance, Supplies and Contingencies	63,000	283	64,890	66,837	68,842
Subtotal Maintenance:	\$193,790	\$95,097	\$160,044	\$164,116	\$168,310
<u>Utilities</u>					
Landscape Water	\$20,000	\$18,080	\$20,600	\$21,218	\$21,855
Landscape Lighting Controllers/Electricity	1,400	1,056	1,442	1,485	1,530
Street Lighting Electricity	0	0	0	0	0
Subtotal Utilities:	\$21,400	\$19,136	\$22,042	\$22,703	\$23,384
<u>Administrative Expenses</u>					
Agency Administrative Expenses	\$17,000	\$12,563	\$17,510	\$18,035	\$18,576
Professional Fees ³	8,300	2,274	8,549	8,805	9,070
City's Collection Fee ⁴	7,080	7,080	7,780	7,780	7,780
Subtotal Administrative Expenses:	\$32,380	\$21,917	\$33,839	\$34,621	\$35,426
<u>Capital Improvements ⁵</u>	\$611,000	\$611,000	\$0	\$0	\$0
TOTAL EXPENDITURES:	\$858,570	\$747,151	\$215,925	\$221,440	\$227,121
REVENUE AND LEVY ADJUSTMENTS					
Balance to Levy	\$532,121	\$0	\$532,121	\$542,763	\$553,619
Operating Reserve From/(To)	0	0	0	0	0
Capital Reserve From/(To)	292,562	747,151	(342,323)	(358,504)	(375,549)
Additional City Contribution	0	0	0	0	0
Estimated Interest Earnings	33,887	0	26,127	37,180	49,051
TOTAL REVENUE AND LEVY ADJUSTMENTS	\$858,570	\$747,151	\$215,925	\$221,440	\$227,121
DISTRICT STATISTICS					
Total Parcels	717	717	787	787	787
Total Parcels Levied	708	708	778	778	778
Total EBU	688.58	688.58	844.58	844.58	844.58
ASSESSMENT RATES ⁶					
Levied Rate Per EBU	\$802.20	\$802.20	\$802.20	\$802.20	\$802.20
Maximum Rate Per EBU	\$1,166.03	\$1,166.03	\$1,212.67	\$1,249.05	\$1,286.52
ASSESSMENT REVENUE					
Total Assessments Levied	\$657,265	\$657,265	\$657,265	\$657,265	\$657,265
Assessment Revenue at Maximum Rates	\$802,905	\$802,905	\$1,024,198	\$1,054,924	\$1,086,571
Capacity for Additional Revenue	\$145,640	\$145,640	\$366,933	\$397,659	\$429,306
FUND BALANCE INFORMATION					
<u>Operating Reserve Fund</u>					
Beginning Operating Reserve Fund Balance	\$137,599	\$137,599	\$141,727	\$145,979	\$150,358
Operating Surplus/(Deficit)	0	0	0	0	0
Interest (3%)	4,128	0	4,252	4,379	4,511
Projected Year Ending Operating Reserve Fund Balance:	\$141,727	\$137,599	\$145,979	\$150,358	\$154,869
<u>Capital Reserve Fund</u>					
Beginning Capital Reserve Fund Balance	\$991,975	\$991,975	\$729,172	\$1,093,371	\$1,484,676
Capital Reserve Fund Adjustment	(292,562)	(747,151)	342,323	358,504	375,549
Interest (3%)	29,759	0	21,875	32,801	44,540
Projected Year Ending Capital Reserve Fund Balance:	\$729,172	\$244,824	\$1,093,371	\$1,484,676	\$1,904,765
Projected Year Ending Combined Fund Balance:	\$870,899	\$382,423	\$1,239,350	\$1,635,034	\$2,059,634

¹ Proposed expenditures for FY 19-20 and projected expenditures for FY 20-21 and FY 21-22 are 3% greater than budgeted expenditures for the previous fiscal year unless noted otherwise.

² Budgeted landscaping costs for FY 19-20 through FY 21-22 is contracted amount with Smith & Enright.

³ Budgeted professional fees cost for FY 19-20 through FY 21-22 is contracted amount with Harris & Associates.

⁴ Budgeted City collection fee for FY 19-20 through FY 21-22 is based on fee of \$10 per assessed parcel.

⁵ Source: City Council Adopted Capital Improvement Plan for FY 17-18 to FY 22-23 for the District as shown in Appendix B.

⁶ FY 2018-19, maximum assessment rates are increased by 4.0%, which is equal to the increase in CPI for the San Francisco region from April 2018 to April 2019.
For FY 2020-21 and FY 2021-22, maximum assessment rates are increased by 3% from the previous year.



Benefit Zones

The table below presents proposed Fiscal Year 2019-20 expenditures for each Benefit Zone and totals for the District.

	Street Landscaping	Street Lighting	Parks and Open Space Landscaping	Street Maintenance	Total Budget FY 2019-20
EXPENDITURES ¹					
<u>Maintenance</u>					
Landscaping	\$10,908	\$0	\$13,392	\$0	\$24,300
Street Sweeping	0	0	0	9,785	9,785
In-House Inspection - Street Light Maintenance	0	61,069	0	0	61,069
Other Maintenance, Supplies and Contingencies	<u>29,128</u>	<u>0</u>	<u>35,762</u>	<u>0</u>	<u>64,890</u>
Subtotal Maintenance:	\$40,036	\$61,069	\$49,154	\$9,785	\$160,044
<u>Utilities</u>					
Landscape Water	\$9,247	\$0	\$11,353	\$0	\$20,600
Landscape Lighting Controllers Electricity	647	0	795	0	1,442
Street Lighting Electricity	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Utilities:	\$9,894	\$0	\$12,148	\$0	\$22,042
<u>Administrative Expenses</u>					
Agency Administration	\$4,582	\$4,173	\$4,582	\$4,173	\$17,510
Professional Fees	2,237	2,037	2,237	2,037	8,549
City Collection Fee	<u>2,036</u>	<u>1,854</u>	<u>2,036</u>	<u>1,854</u>	<u>7,780</u>
Subtotal Administrative Expenses:	\$8,855	\$8,064	\$8,855	\$8,064	\$33,839
<u>Capital Improvements ²</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL EXPENDITURES:	<u>\$58,786</u>	<u>\$69,133</u>	<u>\$70,157</u>	<u>\$17,849</u>	<u>\$215,925</u>
REVENUE AND LEVY ADJUSTMENTS					
Balance to Levy	\$144,570	\$51,033	\$257,931	\$203,731	\$657,265
Operating Reserve From/(To)	0	0	0	0	0
Capital Reserve From/(To)	(92,227)	17,087	(200,494)	(191,834)	(342,323)
Additional City Contribution	0	0	0	0	0
Estimated Interest Earnings	<u>6,443</u>	<u>1,013</u>	<u>12,719</u>	<u>5,952</u>	<u>26,127</u>
TOTAL REVENUE AND LEVY ADJUSTMENTS	<u>\$58,786</u>	<u>\$69,133</u>	<u>\$70,157</u>	<u>\$17,849</u>	<u>\$215,925</u>
DISTRICT STATISTICS					
Total Parcels	787	787	787	787	787
Total Parcels Levied	778	778	777	778	778
Total EBU	844.58	844.58	783.08	844.58	844.58
ASSESSMENT RATES ³					
Levied Rate Per EBU	\$171.17	\$60.42	\$329.38	\$241.22	\$802.20
Maximum Rate Per EBU					\$1,212.67
ASSESSMENT REVENUE					
Total Assessments Levied	\$144,570	\$51,033	\$257,931	\$203,731	\$657,265
Assessment Revenue at Maximum Rates					\$1,024,198
Capacity for Additional Revenue					\$366,933
FUND BALANCE INFORMATION					
<u>Operating Reserve Fund</u>					
Beginning Operating Reserve Fund Balance	\$37,088	\$33,775	\$37,088	\$33,775	\$141,727
Operating Surplus/(Deficit)	0	0	0	0	0
Interest (3%)	<u>1,113</u>	<u>1,013</u>	<u>1,113</u>	<u>1,013</u>	<u>4,252</u>
Projected Ending Operating Reserve Fund Balance:	\$38,201	\$34,789	\$38,201	\$34,789	\$145,979
<u>Capital Reserve Fund</u>					
Beginning Capital Reserve Fund Balance	\$177,669	\$0	\$386,892	\$164,612	\$729,172
Capital Reserve Fund Adjustment	92,227	(17,087)	200,494	191,834	342,323
Interest (3%)	<u>5,330</u>	<u>0</u>	<u>11,607</u>	<u>4,938</u>	<u>21,875</u>
Projected Ending Capital Reserve Fund Balance:	\$275,227	(\$17,087)	\$598,992	\$361,383	\$1,093,371
Projected Year Ending Combined Fund Balance:	<u>\$313,427</u>	<u>\$17,702</u>	<u>\$637,193</u>	<u>\$396,172</u>	<u>\$1,239,350</u>

Glossary of Budget Items

A glossary of definitions for the multi-year budget table is provided below.

Expenditures

Maintenance

- Landscaping. Includes all contracted labor, material and equipment required to properly maintain the landscaping improvements within the District.
- Street Sweeping. Includes all contracted labor, material and equipment required to properly maintain the streets within the District.
- In-House Inspection - Street Light Maintenance. Includes all repair and replacement costs required to operate the local street lighting, including costs related to Inspectors on City staff who provide services such as construction work monitoring, project documentation, inspection and testing during of a project.
- Other Maintenance, Supplies and Contingencies. Includes unforeseen costs of supplies and repairs that are not included in the yearly maintenance contracts. This may include repair of damaged amenities due to vandalism, storms, frost and planned upgrades of the improvements including all renovation costs. Examples of upgrades are replacement of plant materials and/or renovation of irrigation or ornamental lighting systems.

Utilities

- Landscape Water. The cost of water required for the operation and maintenance of landscaping facilities.
- Landscape Lighting Controllers/Electricity. The cost of electricity required for the operation and maintenance of ornamental lighting and irrigation facilities.
- Street Electricity. The cost of electricity required for the operation and maintenance of street lights.

Administrative Expenses

- Agency Administration. The cost to the City for providing the coordination for District service, operations and maintenance, responding to public concerns and education, and administering the annual levy including, but not limited to the costs associated with City staff salaries and benefits for time utilized for District purposes, the costs of resource materials or any other administrative expenses or fees associated with the District
- Professional Fees. The costs of contracting with professionals to provide services specific to the levy administration and any additional administrative, legal or engineering services specific to the District.

- City Collection Fee. The cost to collect District assessments, including the fee the County charges to collect the assessments on the property tax bills. The charge is \$10 per levied parcel.
- Capital Improvements. The amount planned for constructing, repairing or replacing capital items in the District based on the capital improvement plans in the City's Adopted Capital Improvement Plan for Fiscal Year 2017-18 to Fiscal Year 2022-23, which are summarized in Appendix B of this Report.

Revenue and Levy Adjustments

Balance to Levy. The total assessment amount that is levied in a Benefit Zone or in the District.

Operating Reserve From/(To). The amount transferred from the Operating Reserve Fund to make up for all or part of a funding deficit in the District or the amount of the funding surplus in the District that is transferred to the Operating Reserve Fund.

Capital Reserve From/(To). The amount transferred from the Capital Reserve Fund to pay current year capital expenditures or the amount transferred to the Capital Reserve Fund to pay for future planned capital expenditures.

Additional City Contribution. The amount, if any, that the City contributes to the District to help cover the cost of services in the District.

Estimated Interest Earnings. The combined estimated annual interest to be earned on funds held in the Operating Reserve Fund and the Capital Reserve Fund.

District Statistics

Total Parcels. The total number of parcels within the boundaries of the District.

Total Parcels Levied. The total number of parcels that are in a Benefit Zone or in the District.

Total EBU. The total number of equivalent benefit units that are in a Benefit Zone or in the District.

Assessment Rates

Levied Rate per EBU. The rate per equivalent benefit unit levied in a Benefit Zone or in the District.

Maximum Rate per EBU. The maximum rate per equivalent benefit unit that can be levied in the District.

Assessment Revenue

Total Assessments Levied. The total amount levied on all assessed parcels in a Benefit Zone or in the District.

Assessment Revenue at Maximum Rates. The total amount that can be levied on all assessed parcels in a Benefit Zone or in the District.

Capacity for Additional Revenue. If the total assessments levied are less than assessment revenue at maximum rates, this is the additional amount of revenue can be generated if the assessments are increased up to the maximum rates.

Fund Balance Information

Operating Reserve Fund. The fund utilized to operate the District from the time period of July 1 (beginning of the fiscal year) through December when the County provides the City with the first installment of assessments collected from the property tax bills, thereby eliminating the need for the City to transfer funds from non-district accounts to pay for District charges during the first six (6) months of the fiscal year.

Capital Reserve Fund. The fund used to collect a portion of the total cost of a major improvement over several years, thereby reducing the short-term financial impact to the property owners.

PART IV – DISTRICT BENEFITS

Authorizing Legislation

The Salinas Municipal Code and the Landscape and Lighting Act (the “Act”) allows the City to establish maintenance districts for the purpose of providing certain public improvements which provide a special benefit to the parcels, including the construction, maintenance, and servicing of street lights, traffic signals, and landscaping facilities. The Salinas Municipal Code expands the types of improvements to be maintained to include “sanitary sewer system facilities, storm drainage facilities and any other works, utility or appliances necessary or convenient for providing any other public service”.

Section 22573 of the Act requires that maintenance assessments be levied according to benefit rather than according to the assessed value of property. This section states:

“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.”

— Streets and Highways Code Section 22573

Furthermore, Section 22574 of the Act permits the designation of zones of benefit within any individual assessment district if “by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements.”

Proposition 218

On November 5, 1996, Proposition 218, the “Right to Vote on Taxes Act,” was approved by California voters on the statewide ballot, which added Article XIIID to the California Constitution requiring that a parcel’s assessment must not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Proposition 218 provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. In addition, Proposition 218 also requires that publicly owned property which benefits from the improvements be assessed, unless there is clear and definite evidence that those properties receive no special benefit. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways, public greenbelts and public parkways.

The amount to be assessed may be apportioned by any formula or method which fairly distributes the amount among all assessable lots or parcels. Additionally, it’s required that the City separate the general benefits from the special benefits, because only special benefits may be assessed. The quantification and separation of general benefit from special benefits follows.

General Benefits

Since the District improvements are entirely located within the Development or immediately adjacent to the benefited parcels, it has been determined that there is little or no general benefit to the public at large.

Special Benefits

The method of apportionment (assessment methodology) approved at the time the District was formed 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 improvements installed as part of the original improvement. The desirability of properties within the District are enhanced by the presence of street lights and well-maintained streets and landscaping in close proximity to those properties.

Landscaping. The special benefits associated with the park, open space and street landscaping improvements are specifically:

- Enhanced desirability of properties through association with the improvements within the area.
- Improved aesthetic appeal of properties 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, dust and debris control and reduced noise and air pollution.
- Increased sense of pride in ownership of property resulting from well-maintained improvements associated with the properties.
- Reduced vandalism and criminal activity resulting from well-maintained surroundings and amenities.
- The special enhancements of the properties that results from the above benefits.

Street Lighting. The special benefits associated with the street lighting improvements are specifically:

- Enhanced deterrence of crime and the aid to police protection.
- Increased nighttime safety on roads and streets.
- Improved ability of pedestrians and motorists to see.
- Improved ingress and egress to property.
- Reduced vandalism and other criminal act and damage to improvements or property.

- Improved traffic circulation and reduced nighttime accidents and personal property loss.
- Improved aesthetic appeal of properties providing a positive representation of the area.

Street Maintenance. The special benefits associated with the street lighting improvements are specifically:

- Improved traffic safety within the community.
- Improved ingress and egress to property.
- Improved protection of property and life that accompanies well maintained streets.
- Improved aesthetic appeal of the streets providing a positive representation of the area and desirability of the property.

All of the preceding special benefits contribute to a specific enhancement and desirability of each of the assessed parcels within the District.



PART V – METHOD OF APPORTIONMENT

The Method of Assessment outlines the formula by which property that receives special benefit from the improvements and services provided will be assessed annually. The costs associated with the maintenance and operation of the landscaping and irrigation improvements including the Engineer's Report, printing and mailing legal assessment notices, County collection fees and legal fees and appurtenances are spread to all developed and undeveloped parcels on a pro-rata area development unit.

Equivalent Benefit Units

Although there are no single family detached residential unit or lot in the District, this property type has been selected as the basic unit for calculation of special taxes and is defined as one Equivalent Benefit Unit (EBU) as this is common practice in developing special tax methodologies.

Every land-use is converted to EBU's. Government-owned are assigned EBU's based on lot size. Undeveloped parcels are assigned EBU's based on lot size unless a final map showing the approved number of residential units for the parcel has been approved, in which case the average single family lot is .12 acres, the conversion factor for the parcels is 8.33 EBU per acre.

The EBU method is seen as the most appropriate and equitable method of spread of benefit to each parcel from the improvements since it is based on land-use type and parcel size. A methodology has been developed to calculate the EBU's for non-residential parcels. Property within the District is assigned to one of the following categories and assigned EBU's as follows:

Single Family Residential (SFR). Parcels zoned, or approved for single family detached home residential uses are assigned 1 EBU per dwelling unit, including vacant parcels.

Government Owned (GOV). Parcels owned by a government entity, such as public schools and utilities, area assessed in the same manner as privately owned parcels. In converting government owned properties to EBU's, the EBU Factor used is equal to the residential dwelling unit density 8.33 dwelling units per acre.

Undeveloped/Vacant (GOV). For parcels that are undeveloped or vacant, are assigned EBU's based on lot size at a rate of 8.33 equivalent benefit units per acre unless a final map with lots approved for single family residential units, in which case the assigned EBU's are equal to the number of approved single family units shown on the final map.

In the case of APN 153-671-010-000, assessable acreage has been reduced from 13.48 to 7.38, to exclude the open space acreage associated with this parcel. Additionally, this parcel will not be assessed for the maintenance, servicing and operation of District's park and open space landscaping improvements.

Exempt (EXE). Exempt property is determined to receive no direct and special benefit from the District improvements and is therefore not assessed. Public Parks and Open space parcels within the District, although not exempt under Article XIID Section 4, will not be assessed since the landscape benefit contributed by Public Park and Open Space parcels is considered to be equal to or greater than the benefit received by the parcels from other District Improvements.

There total number of (EBU) for each type of District improvement is shown in the following table:

<i>Improvement Type</i>	EDUs
<i>Street Landscaping</i>	844.58
<i>Street Lighting</i>	844.58
<i>Park and Open Space Landscaping</i>	783.08
<i>Street Maintenance</i>	844.58

Assessments

The maximum assessment rate is subject to annual escalation to account for inflation.

Annual Inflation Factor

The maximum annual assessment rate will increase each year based on the annual change in the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-Hayward area measured from April to April. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum annual assessment rate without receiving property owner approval for the increase pursuant to Article XIII D of the California State Constitution. The annual inflation factor to be applied to the maximum assessment rate from Fiscal Year 2018-19 in determining the maximum assessment rate for Fiscal Year 2019-20 is 4.0%.

Maximum Assessment Rate

The maximum assessment rate for Fiscal Year 2019-20 equals:

$$FY\ 2019-20\ Maximum\ Assessment\ Rate = FY\ 2018-19\ Maximum\ Assessment\ Rate \times Annual\ Inflation\ Factor$$

$$FY\ 2019-20\ Maximum\ Assessment\ Rate = \$1,166.03\ per\ EBU \times 1.04 = \$1,212.67\ per\ EBU$$

Annual Assessment Rate

For each Benefit Zone, the assessment rate required such improvement type is calculated as follows:

$$Assessment\ Rate = Balance\ to\ Levy \div Total\ Equivalent\ Benefit\ Units$$

For the District, the assessment rate required is calculated by adding the assessment rates of the four Benefit Zones:

	Fiscal Year 2019-20 Assessments				
	<u>Street</u> <u>Landscaping</u>	<u>Street</u> <u>Lighting</u>	<u>Parks and Open Space</u> <u>Landscaping</u>	<u>Street</u> <u>Maintenance</u>	<i>District</i> <u>Total</u>
<i>Total Assessment</i>	\$144,570	\$51,033	\$257,931	\$203,731	\$657,265
÷ <i>Total EBUs</i>	844.58	844.58	783.08	844.58	
= <i>Rate per EBU</i>	\$171.17	\$60.42	\$329.38	\$241.22	\$802.20

The Fiscal Year 2019-20 assessment rate is equal to 66.2% of the maximum assessment rate.



PART VI – ASSESSMENT DIAGRAM

The District assessment diagram is on file with the City's Office of the City Clerk and is available for public inspection.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Monterey for the fiscal year to which this Report applies. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

Monte Bella Maintenance District Boundaries

A reduced copy of the Assessment Diagram is provided as Appendix A.



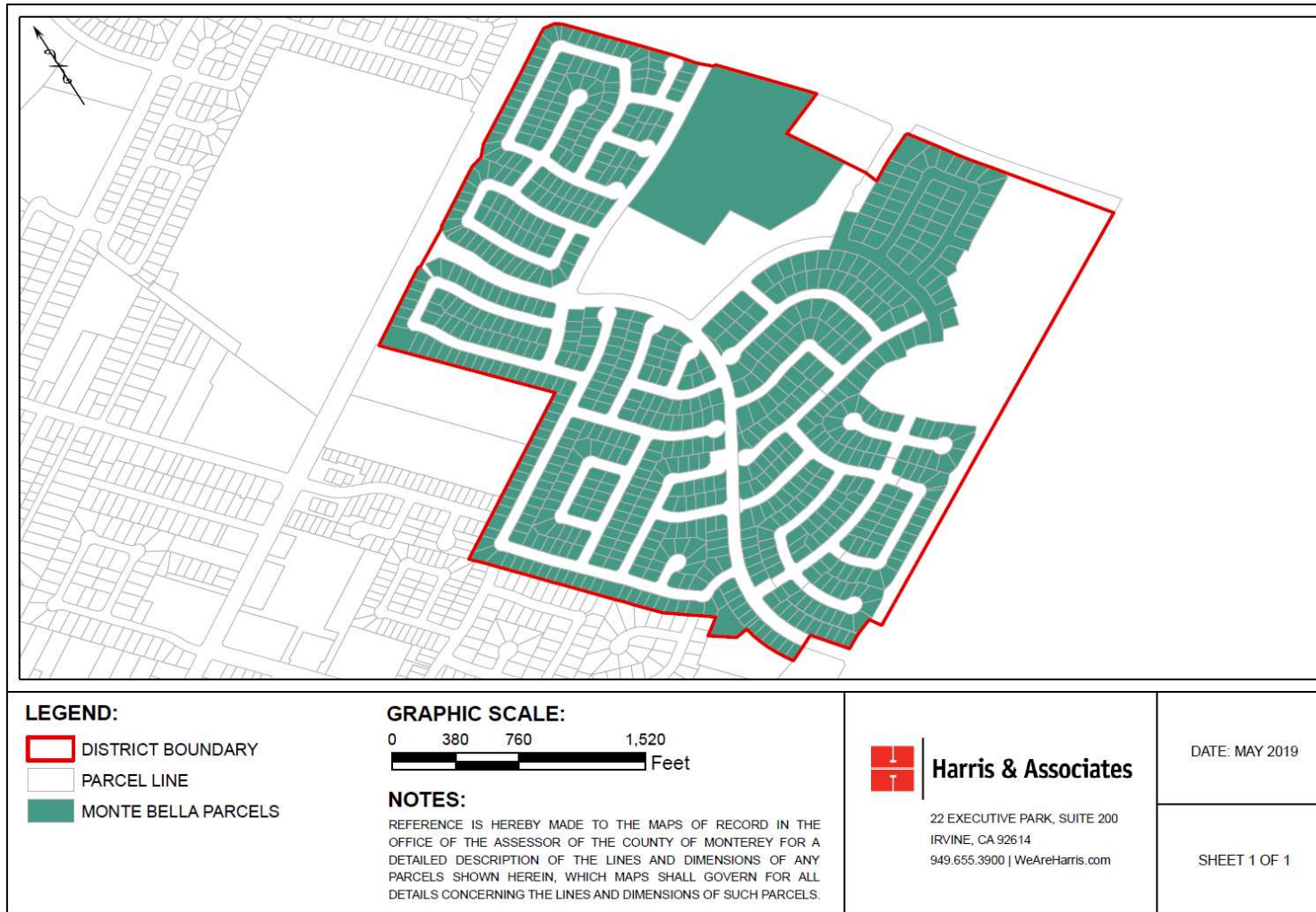
PART VII – ASSESSMENT ROLL

The assessment set forth for each parcel is shown on the Assessment Roll for the District is provided on the following pages and submitted separately, as "Assessment Roll for City of Salinas, Monte Bella Maintenance District, Fiscal Year 2019-20", which is provided under separate cover, and is on file in the Office of the City Clerk.

The Assessment Roll, shown in Appendix C, lists all assessed parcels within the boundaries of the District.

A list of names and addresses of the owners of all parcels within this District is shown on the last equalized Property Tax Roll of the Assessor of the County of Monterey, which by reference is hereby made a part of this report. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the office of the City Clerk of the City of Salinas.

APPENDIX A – DISTRICT BOUNDARIES





APPENDIX B – MONTE BELLA CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PROJECT

Project: Monte Bella Subdivision Improvements

Department: Engineering and Transportation

Project Number: 9120

Project Description and Location:

Resurface streets including residential traffic striping/signs, curb, gutter, sidewalks. Desilt/repair detention basins by Williams Road and Bardin Elementary School. Excavate, haul, improve agricultural runoff ditch, including "beehive" inlets, along Freedom Parkway and Sconberg Parkway. Street, park, school joint use landscaping/irrigation. Maintain park restrooms, play equipment, parking. Maintain and replace street lights as necessary. Wheel cleaner grates at Freedom Parkway.

Completion Schedule:

Start Date
01 JUL 2011

Completion Date
30 JUN 2019

Estimated Annual Operating Budget Cost/Savings

☐ Personnel ☐ Equipment/Supplies ☐ Maintenance ☐ Other

Estimated Annual Costs <Savings>:

Date Costs <Savings> Will Occur:

Fiscal Impact:

Wheel cleaner grates, desilting/detention basins and ditches will be worked in fiscal year 2014-15. Slurry Seal/stripping, street/park/sidewalk/landscape will be done in fiscal year 2018-19. This project does not affect the General Fund.

PROJECT COSTS	Prior Years	17-18	18-19	19-20	20-21	21-22	22-23	TOTAL
External Services								
1. Other Professional Services	60,000		50,000					110,000
Internal Services								
1. Regular Pay	78,000		20,000					98,000
2. Regular Pay-Inspection	25,000		10,000					35,000
3. Computer Aided Design	4,000		6,000					10,000
Construction/Acquisition								
1. Improvements	1,905,200		450,000					2,355,200
Other Project Costs								
1. Contingencies	176,000		40,000					216,000
2. Administrative Overhead	88,000		35,000					123,000
TOTAL COST	2,336,200		611,000					2,947,200

PROJECT FUNDING	Prior Years	17-18	18-19	19-20	20-21	21-22	22-23	TOTAL
1. Monte Bella Maint District	2,261,200		611,000					2,872,200
2. Const Asst Fund-Bengard Farms	75,000							75,000
TOTAL FUNDING	2,336,200		611,000					2,947,200



APPENDIX C – ASSESSMENT ROLL

The Assessment Roll is shown on the following pages.