



CITY OF SALINAS

ENGINEER'S REPORT

NORTH/EAST AREA MAINTENANCE DISTRICT

LANDSCAPE AND LIGHTING DISTRICT NO. 1

LANDSCAPING ASSESSMENT DISTRICT 88-3

FISCAL YEAR 2019-20

MONTEREY COUNTY, CALIFORNIA

June 4, 2019

PREPARED BY



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ENGINEER'S CERTIFICATION

AGENCY: THE CITY OF SALINAS

PROJECT: NORTH/EAST AREA MAINTENANCE DISTRICT
LANDSCAPE AND LIGHTING DISTRICT NO. 1
LANDSCAPING ASSESSMENT DISTRICT 88-3

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:

**NORTH/EAST AREA MAINTENANCE DISTRICT
LANDSCAPE AND LIGHTING DISTRICT NO. 1
LANDSCAPING ASSESSMENT DISTRICT 88-3**

(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 and Improvements
- Appendix B North/East Area 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 North/East Area 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 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 North/East Area Maintenance District (the “District”). Since the District was created prior to the passage of Proposition 218 in 1996, which established Article XIII D of the State Constitution, the District was “grandfathered” meaning it was not subject to the legal requirements of Proposition 218 as long as the assessments remained at rates equal to or less than the maximum assessment rates that were in place in 1996. Since the assessment rate that was levied in 1996 would not be adequate in future years to maintain the desired levels of maintenance services as a result of inflation and the increasing age of the improvements within the District, the City conducted a property owner assessment ballot in accordance with Proposition 218 in 1999 to increase rates and add an annual rate escalator. The annual rate escalator is based on the annual change in the cost of construction (20-city average as published in the Engineering News Record (“ENR”)). This allows the assessment rate to be increased annually to offset the impacts of inflation. A majority of the property owners voted in favor of the assessment rates and the addition of the inflation factor allowing for the annual escalation of rates. For Fiscal Year 2019-20, the maximum assessment rates are increasing by the inflation factor of 2.34%. 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. As shown in the proposed FY 2019-20 budget, assessment revenues will be approximately \$200,000 greater than budgeted expenses, which will be used to fund the operating reserve fund and the capital reserve fund.

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 and the furnishing of services and materials for the District improvements including any and all public landscaping and irrigation improvements on landscaped medians islands within the District, including the 30-foot wide park strips of land between the curb and right-of-way, cul-de-sac median landscaping, jogging paths, planter walls public lighting and associated improvements as allowed under the Salinas Municipal Code and the Lighting and Landscape Act of 1972 (the "Act").

In addition, the District also funds the maintenance of the channel improvements within Gabilan Creek and Natividad Channel in accordance with NPDES requirements of the City of Salinas stormwater permit, as allowed under the Salinas Municipal Code. The continued maintenance of these improvements shall be budgeted and reviewed each fiscal year and fully or partially funded through the annual assessments.

Appendix A shows the location of the improvements, which are summarized below.

Open Space and Right-of-Way Improvements

The improvements consist of crosswalks, signs and median strips located along the following street segments:

| Site | Description and Location |
|----------------------------|--|
| Gabilan Creek Right-of-Way | The right-of-way is 100 linear feet in width and 9,200 linear feet in length beginning 3,800 linear feet northerly of East Laurel Drive going northerly to Boronda Road |
| Open Space | Includes the storm water detention facility, open space bluff and sloping ground areas including all open space easement areas, which have been landscaped and granted to the City of Salinas a permanent open space easement including Natividad Creek Park |
| Tower Line Right-of-Way | Includes PG&E tower line right-of-way from approximately Constitution Boulevard to Boronda Road subsequent to landscaping and granting of an open space easement to the City of Salinas over lands for public use |

Landscaping Improvements

Landscaping improvements, include landscaping, such as trees, shrubs, grass and ornamental vegetation and appurtenant facilities, irrigation and drainage devices located on medians, appurtenant strips of land that are approximately 30 feet wide and planter walls along both sides of the roadway except for Williams Road which includes the medians improvements on the west side of the roadway only. The street segments are described in the following table. Distances given in linear feet are approximate.

| Street | Segment |
|------------------------|---|
| Constitution Boulevard | From East Laurel Drive northerly 10,100 feet to Boronda Road |
| Independence Boulevard | From Constitution Boulevard northerly 5,700 feet to Boronda Road |
| Nantucket Boulevard | From Independence Boulevard easterly to Constitution Boulevard |
| Boronda Road | From Natividad Road easterly 14,500 to Williams Road |
| Freedom Parkway | From Constitution Boulevard easterly 6,800 feet to Williams Road |
| Nogal Drive | From a line 800 feet south of Freedom Parkway north 400 feet |
| Rider Avenue | Starting 1,200 feet south of Freedom Parkway northerly 3,700 feet to Boronda Road |
| North Sanborn Road | Starting 1,900 feet south of Freedom Parkway northerly 3,700 feet to Boronda Road |
| Towt Street | From Freedom Parkway westerly 900 feet to Mae Avenue |
| Williams Road | Starting 1,300 feet south of Freedom Parkway northerly 3,500 feet to Boronda Road |

PART III – COST ESTIMATE

Estimated costs for Fiscal Year 2019-20 for the construction, operation, servicing and maintenance of the facilities described in Part II 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 | \$316,170 | \$234,663 | \$217,416 | \$217,416 | \$217,416 |
| Tree Trimming and Other Maintenance | 60,000 | 60,000 | 61,800 | 63,654 | 65,564 |
| In-House Inspection - Open Space and Creek Maintenance | 67,340 | 66,976 | 68,985 | 71,055 | 73,186 |
| Supplies and Contingencies ³ | 500 | 0 | 500 | 515 | 530 |
| Subtotal Maintenance: | \$444,010 | \$361,639 | \$348,701 | \$352,640 | \$356,697 |
| <u>Utilities</u> | | | | | |
| Landscape Water | \$155,000 | \$160,810 | \$165,635 | \$170,604 | \$175,722 |
| Landscape Lighting Controllers/Electricity | 2,000 | 1,733 | 1,785 | 1,839 | 1,894 |
| Subtotal Utilities: | \$157,000 | \$162,544 | \$167,420 | \$172,443 | \$177,616 |
| <u>Administrative Expenses</u> | | | | | |
| Agency Administration | \$80,000 | \$47,588 | \$49,016 | \$50,486 | \$52,001 |
| Professional Fees ⁴ | 14,855 | 14,855 | 15,301 | 15,760 | 16,233 |
| City Collection Fee ⁵ | 41,430 | 41,430 | 41,430 | 41,430 | 41,430 |
| Subtotal Administrative Expenses: | \$136,285 | \$103,873 | \$105,747 | \$107,676 | \$109,664 |
| Capital Improvements ⁶ | \$77,000 | \$77,000 | \$0 | \$0 | \$0 |
| TOTAL EXPENDITURES: | \$814,295 | \$705,056 | \$621,868 | \$632,759 | \$643,976 |
| REVENUE AND LEVY ADJUSTMENTS | | | | | |
| Balance to Levy | \$802,300 | \$802,300 | \$820,100 | \$836,502 | \$853,232 |
| Operating Reserve From/(To) | (67,374) | (174,244) | (53,120) | 3,883 | 3,883 |
| Capital Reserve From/(To) | 77,000 | 77,000 | (147,552) | (210,115) | (215,677) |
| Additional City Contribution | 0 | 0 | 0 | 0 | 0 |
| Estimated Interest Earnings | 2,369 | 0 | 2,440 | 2,489 | 2,539 |
| TOTAL REVENUE AND LEVY ADJUSTMENTS | \$814,295 | \$705,056 | \$621,868 | \$632,759 | \$643,976 |
| DISTRICT STATISTICS | | | | | |
| Total Parcels | 4,143 | 4,143 | 4,143 | 4,143 | 4,143 |
| Total Parcels Levied | 4,143 | 4,143 | 4,143 | 4,143 | 4,143 |
| ASSESSMENT RATES ⁷ | | | | | |
| Low-Density Parcel Assessment | \$197.22 | \$197.22 | \$201.83 | \$205.87 | \$209.99 |
| Medium-Density Parcel Assessment | \$118.22 | \$118.22 | \$120.99 | \$123.41 | \$125.87 |
| High-Density Parcel Assessment | \$78.88 | \$78.88 | \$80.73 | \$82.34 | \$83.99 |
| Maximum Low-Density Parcel Assessment | \$197.22 | \$197.22 | \$201.83 | \$205.87 | \$209.99 |
| Maximum Medium-Density Parcel Assessment | \$118.22 | \$118.22 | \$120.99 | \$123.41 | \$125.87 |
| Maximum High-Density Parcel Assessment | \$78.88 | \$78.88 | \$80.73 | \$82.34 | \$83.99 |
| ASSESSMENT REVENUE | | | | | |
| Total Assessments Levied | \$802,300 | \$802,300 | \$820,100 | \$836,502 | \$853,232 |
| Assessment Revenue at Maximum Rates | \$802,300 | \$802,300 | \$820,100 | \$836,502 | \$853,232 |
| Capacity for Additional Revenue | \$0 | \$0 | \$0 | \$0 | \$0 |
| FUND BALANCE INFORMATION | | | | | |
| <u>Operating Reserve Fund</u> | | | | | |
| Estimated Beginning Operating Reserve Fund Balance | \$78,978 | \$78,978 | \$255,592 | \$316,379 | \$321,988 |
| Operating Reserve Surplus/(Deficit) | 67,374 | 174,244 | 53,120 | (3,883) | (3,883) |
| Interest (3%) | 2,369 | 2,369 | 7,668 | 9,491 | 9,660 |
| Projected Year Ending Operating Reserve Fund Balance: | \$148,722 | \$255,592 | \$316,379 | \$321,988 | \$327,765 |
| <u>Capital Reserve Fund</u> | | | | | |
| Estimated Beginning Capital Reserve Fund Balance | \$76,615 | \$76,615 | (\$385) | \$147,156 | \$357,271 |
| Capital Reserve Fund Adjustment | (77,000) | (77,000) | 147,552 | 210,115 | 215,677 |
| Interest (3%) | 0 | 0 | (12) | 0 | 0 |
| Projected Year Ending Capital Reserve Fund Balance: | (\$385) | (\$385) | \$147,156 | \$357,271 | \$572,948 |
| Projected Year Ending Combined Fund Balance: | \$148,337 | \$255,207 | \$463,535 | \$679,259 | \$900,713 |

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 New Image.

³ Budgeted supplies and contingencies cost equals \$500 for FY 19-20 is increased by 3% from the budgeted amount for FY 18-19.

⁴ Budgeted professional fees cost for FY 19-20 through FY 21-22 is contracted amount with Harris & Associates.

⁵ Budgeted City collection fee for FY 19-20 through FY 21-22 is based on fee of \$10 per assessed parcel.

⁶ Source: City Council Adopted Capital Improvement Plan for FY 17-18 to FY 22-23 for the District as shown in Appendix B.

⁷ For FY 2019-20, maximum assessment rates are increased by 2.34%, which is equal to the change in the Engineering News Record Construction Cost Index (20-City Average) from April 2018 to April 2019. For FY 2019-20 and FY 2020-21, maximum assessment rates are increased by 2% from the previous year.

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.
- Tree Trimming and Other Maintenance. Includes all contracted labor, material and equipment required to properly maintain trees and other improvements, such as irrigation systems, drainage systems, water features and ornamental lighting systems within the District.
- In-House Inspection. Costs related to Inspectors on City staff who provide services such as construction work monitoring, project documentation, inspection and testing during the construction phase of a project.
- 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 ornamental lighting and irrigation facilities.

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 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 Assessed Parcels.

Assessment Rates

Low-Density Parcel Assessment. The assessment rate levied on Low-Density Parcels.

Medium-Density Parcel Assessment. The assessment rate levied on Medium-Density Parcels.

High-Density Parcel Assessment. The assessment rate levied on High-Density Parcels.

Maximum Low-Density Parcel Assessment. The maximum assessment rate that can be levied on Low-Density Parcels.

Maximum Medium-Density Parcel Assessment. The maximum assessment rate that can be levied on Medium-Density Parcels.

Maximum High-Density Parcel Assessment. The maximum assessment rate that can be levied on High-Density Parcels.

Assessment Revenue

Total Assessments Levied. The total amount levied on all assessed parcels in the District.

Assessment Revenue at Maximum Rates. The total amount that can be levied on all assessed parcels 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.

In 1999, based upon Section 5 which states that “subsequent increases in such assessments shall be subject to the procedures and approval process...” required by Proposition 218, a proposed assessment rate increase was presented to the property owners in the North/East Area Maintenance District. The assessment increase was approved including the addition of an escalator to offset the impact of inflation.

Any future assessment rate increase greater than the maximum as allowed will require the approval of property owners.

General Benefits

When the existing District assessments were reviewed prior to the proposed increase in the assessment rate and the addition of the escalator in 1999, it was determined that there was no general benefit. Based upon that finding, the total cost has been apportioned to parcels within the district in proportion to the special benefit each parcel receives.

Special Benefits

The method of apportionment (assessment methodology) approved at the time the assessments were increased in 1999 was based on the premise that each of the assessed parcels within the District receives a special benefit from the improvements maintained and funded by annual assessments. Specifically, the assessments are for the maintenance of improvements installed as part of the original development and increase the desirability of properties within the District based upon the presence of well-maintained landscaping and other improvements which serve or are in close proximity to those properties.

The special benefits associated with maintenance of open space, creeks and 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.

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

Non-Assessed Parcels

Within the boundaries of the District, there are several types of properties that are not assessed based upon the assessment methodology that was adopted when the District was formed. These parcels include:

- Publicly owned parcels that are reserved as Public Open Space or are developed as City Parks for active recreation and are maintained and serviced by the District.



- Publicly owned wetland parcels.
- Certain Public Utility parcels.
- Privately owned open space parcels.
- Privately owned "sliver" parcels that have resulted from a lot line adjustment with an adjacent larger parcel. The adjacent larger parcel, of which these "sliver" parcels are a part, are assessed at the Single-Family Unit rate.

Any proposed assessment rate increase in the future will require consideration of whether the non-assessed parcels receive special benefits or not, and assessments must be levied on any parcel that is deemed to receive special benefits.



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. District 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.

Development Classification

Assessed parcels are classified as either developed or undeveloped based on the following definitions:

Developed Parcel. All assessed parcels with roadway and public street improvements that have been completed or bonded and in which a final map has been filed as of the January 1st date prior to commencement of the current fiscal year are classified as Developed Parcels.

Undeveloped Parcel. All other assessed parcels are classified as Undeveloped Parcels.

Residential Development Density

Based upon the approved density for residential parcels when each subdivision was approved, residential parcels are assigned to a density category based on the following:

Low-Density Parcel. All parcels approved with a density of less than six residential units per acre are categorized as Low-Density Parcels ("LOW") are assigned 1.0 Benefit Unit per parcel.

Medium-Density Parcel. All parcels approved with no less than six residential units per acre and no more than 15 residential units per acre are categorized as Medium-Density Parcels ("MED") are assigned 0.6 Benefit Units per parcel.

High-Density Parcel. All parcels that are zoned or developed with no less than 16 residential units per acre and no more than 22 residential units per acre are categorized as High-Density Parcels ("HIGH") are assigned 0.4 Benefit Units per parcel.

Non-Assessed Parcels

Non-Assessed Parcels ("NON") include proposed and existing community open space or neighborhood parklands, open space, creek, flood control or utility easement parcels and common area parcels within condominium developments since they will not receive a special benefit from the improvements.



Benefit Units

Developed Parcels and Undeveloped Parcels are deemed to receive special benefit from the improvements and have special benefit conferred upon them it as a result of the maintenance and operation of the improvements.

All Developed Parcels and Undeveloped Parcels are assigned benefit units as follows:

Developed Parcel Benefit Units. The following benefit units are applied in determining a parcel's maximum assessment rates:

| | | |
|------------------------------|---|------------------------------------|
| <i>Low-Density Parcel</i> | = | <i>1.0 Benefit Unit per parcel</i> |
| <i>Medium-Density Parcel</i> | = | <i>0.6 Benefit Unit per parcel</i> |
| <i>High-Density Parcel</i> | = | <i>0.4 Benefit Unit per parcel</i> |

Undeveloped Parcel Benefit Units. The benefit units for Undeveloped Parcels that are zoned residential is based on the same benefit units assigned to Developed Parcels based on approved tentative map, or on the basis of maximum allowable units per net acre if no tentative map has been filed.

The benefit units for Undeveloped Parcels that are not zoned for residential uses is as follows:

$$\begin{aligned} \text{Benefit Units} &= \text{Parcel Acreage} \times \text{Floor Area Ration} \div \text{Equivalent Residential Unit Area} \\ \text{Benefit Units} &= \text{Parcel Acreage} \times 32\% \div 4,000 \text{ square feet} \end{aligned}$$

Assessments

The maximum assessment rate is subject to annual escalation to account for inflation as follows:

Annual Inflation Factor. The annual inflation factor for the District is indexed based on the Engineering News Record's (ENR) average construction cost index for twenty (20) cities, which is published each April in ENR's construction economics issue. The annual inflation factor to be applied to the maximum assessment rate from Fiscal Year 2018-19 for Fiscal Year 2019-20 is 2.34%

Maximum Assessment Rate. The maximum assessment rate for Fiscal Year 2019-20 is equals:

FY 2019-20 Maximum Assessment Rate = FY 2018-19 Maximum Assessment Rate x Annual Inflation Factor

$$\text{FY 2019-20 Maximum Assessment Rate} = \$197.22 \times 1.0234 = \$201.83$$

Maximum Assessment Rate by Density. The maximum assessment rate for Fiscal Year 2019-20 based on density is as follows:

$$\begin{aligned} \text{Maximum Assessment Rate by Density} &= \text{Benefit Factor} \times \text{Maximum Assessment Rate} \\ \text{Low-Density Parcel Maximum Assessment Rate} &= 1.0 \times \$201.83 = \$201.83 \text{ per unit} \\ \text{Medium-Density Parcel Maximum Assessment Rate} &= 0.6 \times \$201.83 = \$120.99 \text{ per unit} \\ \text{High-Density Parcel Maximum Assessment Rate} &= 0.4 \times \$201.83 = \$80.73 \text{ per unit} \end{aligned}$$

Assessments. By applying the maximum assessment rates adding the City Collection Fee determines the assessment amount for the District as shown in the following table:

| <i>Land Use Classification</i> | Total Parcels | Total Units | Assessment Per Unit | Total Assessment | Total City Fee | Total Levy Amount |
|--------------------------------|--------------------------|------------------------|--------------------------------|-----------------------------|---------------------------|------------------------------|
| <i>Low-Density Parcels</i> | 2,445 | 2,812 | \$201.83 | \$567,539 | \$24,450 | \$591,989 |
| <i>Medium-Density Parcels</i> | 1,671 | 1,701 | \$120.99 | \$205,773 | \$16,710 | \$222,483 |
| <i>High-Density Parcels</i> | 26 | 66 | \$80.73 | \$5,368 | \$260.00 | \$5,628 |
| <i>Non-Assessed Parcels</i> | <u>76</u> | <u>76</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> | <u>\$0.00</u> |
| Totals: | 4,218 | 4,218 | | \$778,680 | \$41,420 | \$820,100 |



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.

North/East Area Maintenance District Boundaries

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



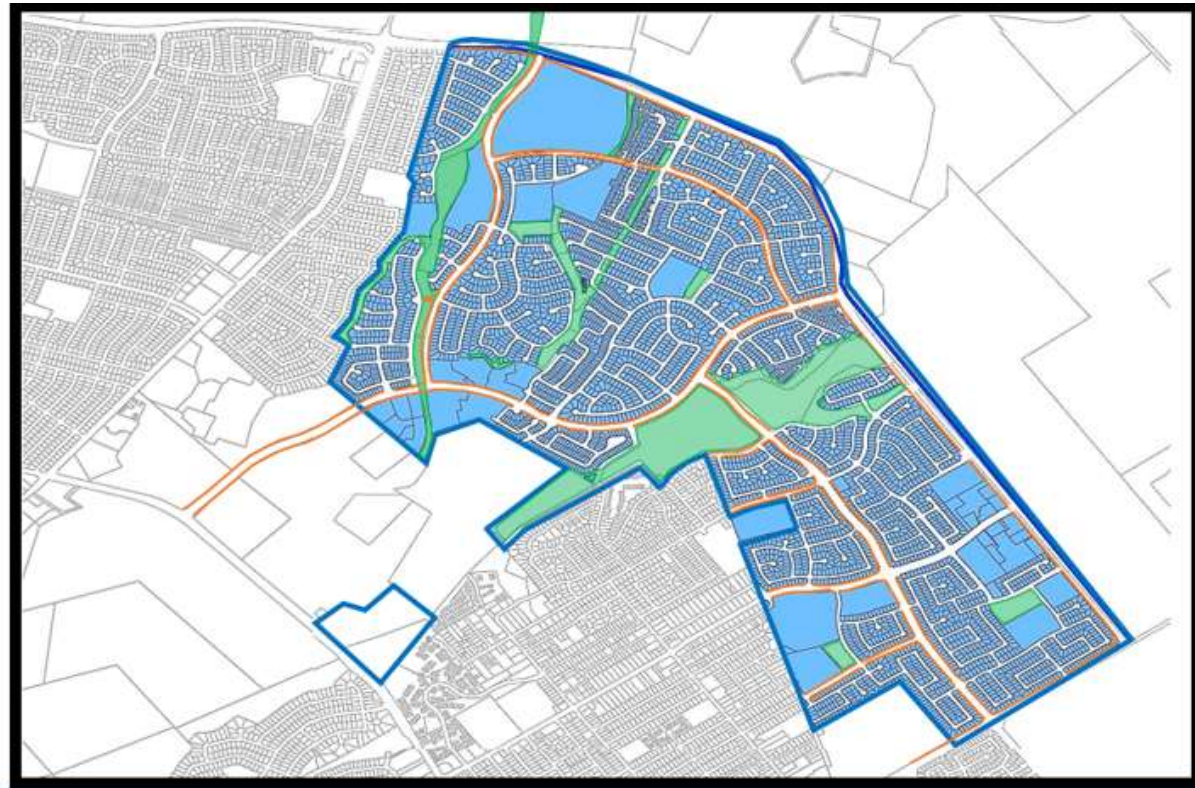
PART VII – ASSESSMENT ROLL

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, North/East Area 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 AND IMPROVEMENTS



LEGEND



Assessed Parcels



Open Space, Storm Drain and Right-of-Way Improvements



District Boundary



Landscaping Improvements



APPENDIX B – NORTH/EAST AREA CAPITAL IMPROVEMENT PLAN

CAPITAL IMPROVEMENT PROJECT

Project: North/East Maint Improvement District

Department: Engineering and Transportation

Project Number: 9053

Project Description and Location:

Maintain public landscaping & irrigation at park strips, cul-de-sac median islands, jogging paths, planter walls, riprap, detention ponds, bank protection, bridge, appurtenant water mains & irrigation systems, ornamental water, electric current, spraying and debris removal.

Completion Schedule:

Start Date
01 JUL 2018

Completion Date
30 JUN 2020

Estimated Annual Operating Budget Cost/Savings

☐ Personnel ☐ Equipment/Supplies ☐ Maintenance ☐ Other

Estimated Annual Costs < Savings > :
Date Costs < Savings > Will Occur:

Fiscal Impact:

Funds are available in the North/East Maintenance District CIP Reserves account. 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 | | | 50,000 | 5,000 | | | | 55,000 |
| Internal Services | | | | | | | | |
| 1. Regular Pay | | | 7,000 | 7,000 | | | | 14,000 |
| Construction/Acquisition | | | | | | | | |
| 1. Improvements | | | | 95,000 | | | | 95,000 |
| Other Project Costs | | | | | | | | |
| 1. Contingencies | | | 5,000 | 5,000 | | | | 10,000 |
| 2. Administration/Contingencies | | | 15,000 | 16,000 | | | | 31,000 |
| TOTAL COST | | | 77,000 | 128,000 | | | | 205,000 |

| PROJECT FUNDING | Prior Years | 17-18 | 18-19 | 19-20 | 20-21 | 21-22 | 22-23 | TOTAL |
|-------------------------------|-------------|-------|--------|---------|-------|-------|-------|---------|
| 1. N E Salinas Landscape Dist | | | 77,000 | 128,000 | | | | 205,000 |
| TOTAL FUNDING | | | 77,000 | 128,000 | | | | 205,000 |

Note: The capital improvement plans for Fiscal Year 2019-20 have been adjusted to reflect no planned spending for capital improvements in North/East Area for 2019-20. Surplus assessment revenue will be used to replenish the capital reserve fund of the district.



APPENDIX C – ASSESSMENT ROLL

The Assessment Roll is shown on the following pages.