

**CITY OF FONTANA
LANDSCAPE MAINTENANCE DISTRICT NO. 1
PRELIMINARY ENGINEER'S REPORT**

SECTION 1. AUTHORITY FOR REPORT

This report is prepared in compliance with the requirements of Article 2, Chapter 3, Section 22623 of the Streets and Highway Code, State of California (Landscaping and Lighting Act of 1972). In November of 1996, the voters of California passed Proposition 218 which added Articles XIIC and XIID to the California Constitution. These Constitutional provisions affect the procedural and approval requirements for the levy of assessments. Among other things, the requirements provide that assessed parcels of real property must receive a special benefit from assessments. Assessments are also subject to majority protest requirements. These requirements apply, unless an assessment district meets certain exemptions set forth in Proposition 218.

The following assessments are exempt from the procedures and approval process of Article XIID of the California Constitution;

- A. Any assessment imposed exclusively to finance the capital costs or maintenance and/or operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control; or
- B. Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed.

Annexation Nos. 1 through 5, 7, 8, 10, 14, 15, 16, 22, 23, 25, 26, 26A, 29 through 31, 33, 35 through 41, and 43 of the City of Fontana Landscape Maintenance District No. 1 qualify as an existing assessment exempt under exemption "A" described above. This conclusion has been reached using the definitions provided by the Office of the Controller for the State of California and the Guidelines Relating Gas Tax Expenditures published by the division of local government affairs.

Annexation Nos. 38 through 41 and 43 of the City of Fontana Landscape Maintenance District No. 1 also qualify as an existing assessment exempt under exemption "B" described above in that the assessment district was originally formed and the assessment was consented to by all of the persons owning all of the parcels subject to the assessment at the time the assessment was initially imposed. The proposed assessments for the 2021-2022 Fiscal Year for Maintenance District No. 1 fall within this exemption because they are merely the annual levy for assessments previously consented to by property owners.

SECTION 2. GENERAL DESCRIPTION

This report deals with the annual assessment for annexations of Landscape Maintenance District No. 1. The District consists of the original subdivision and numerous annexations (subdivision) since the formation of LMD No. 1. Areas to be included in the work program are the landscape areas identified on the assessment diagrams for each annexation. An Annual Engineer's Report will be prepared and approved by the City Council defining the specific work programs for each year and the estimated cost for each year. The normal process will be the dedication of the areas to the City, followed by landscaping by the developer, and, after a period of maintenance by the developer, the acceptance for maintenance by the Landscape Maintenance District. Ordinarily, there will be a time lapse from the original dedication until the District actually begins maintaining the landscaped areas.

SECTION 3. PLANS AND SPECIFICATIONS

The plans and specifications and installation for all landscaping will be completed by the developers at their cost for the individual areas to be maintained within each subdivision and be approved by the City's Public Works Department. Said plans and specifications show and describe the general nature, location and extent of the existing and proposed improvements to be maintained and/or serviced during the fiscal year and are available for public inspection. The plans and specifications also indicate the class and type of improvements to be maintained and/or serviced for each zone within the District.

Detailed maintenance activities on the areas to be maintained by the District include:

The repair, removal or replacement of all or any part of any improvement, providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing or treating for disease to injury, the removal of trimmings, rubbish, debris, and other solid waste, the maintenance, repair and replacement as necessary of all irrigation systems, and the removal of graffiti from walls immediately adjacent to the cultivated areas.

SECTION 4. ESTIMATED COSTS

No costs will be incurred by the District for original improvement construction. The estimated maintenance cost, for assessment purposes is based upon estimated areas for maintenance, the number of annexations, the number of completed dwelling units and current dollars. The projected costs have been provided by the City of Fontana's Public Works Department. The projected total costs for Fiscal Year 2021-2022 are \$989,660.

The total amount of reserve for cash flow and contingency is \$494,830 and \$148,449, respectively

The net amount to be assessed upon assessable lands within the District, being the total maintenance costs, as referred to the above, increased or decreased, whichever the case

may be, by any surplus, deficit, contribution, reserve or annual installment is \$913,806.

SECTION 5. ASSESSMENT DIAGRAM

The "Map of Original Formation of Landscape Maintenance District No. 1" and the assessment diagrams of subsequent annexations, indicating by said boundary line the extent of the territory included within the assessment district, are on file in the City of Fontana and by this reference are made part of this report. The assessment diagram identifies each annexation by a distinctive number. For a detailed description of the lines and dimensions of any lot or parcel, reference is hereby made to the County Assessor's maps, which maps shall govern for all details concerning the lines and dimensions of such lots or parcels

SECTION 6. METHOD OF APPORTIONMENT OF ASSESSMENT SPREAD

The law requires that the assessments levied be based on the benefit the properties receive from the maintenance of the improvements. The statutes do not specify the method or formula that should be used in the special assessment district proceedings. The responsibility rests with the Engineer of Work, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation.

The Engineer of Work then makes his recommendation on the annual levy of assessments, and the final authority and action rests with the City Council after hearing all testimony and evidence presented at the public hearing. Upon the conclusion of the public hearing, the City Council must make the final action in determining whether or not the assessment spread has been made in direct proportion to the benefits received.

It is necessary to identify the benefit that the maintenance of improvements will render the properties within the boundaries of each annexation within the LMD No. 1. The basis of an assessment formula for the landscape maintenance district must consider not only the cost of maintenance, but the beneficiaries of the landscaped area. The determination of benefit should take into consideration the following:

1. The purpose of the landscaping is to provide an aesthetic impression for an entire area.
2. The maintained landscaping benefits all properties in the development/annexation (sub-division tract).
3. Lots not adjacent to the landscaped area benefit by the uniform maintenance and appearance. All lots not abutting the landscaped area benefit equally.
4. The assessment for the lots abutting the landscaped area should be given a surcharge to recognize proximity and support benefit.

In further making the analysis, it is necessary that the property owners receive a special and direct benefit distinguished from the general public. Each annexation may utilize a different formula for the determination of the benefits to be received by the property owners. Two annexations of commercial properties are assessed based on lot sizes. Some annexations share the landscaping benefits equally. Most annexations utilize a formula with a ten (10) percent surcharge charged to the lots adjacent to improvements. Based on the determination of benefits, the following ASSESSMENT FORMULAS were utilized for the 2021-2022 assessment:

FORMULA FOR ANNEXATIONS WITH ADJACENT AND NON-ADJACENT PROPERTIES

P = Total yearly assessment
A = Quantity of adjacent lots
L = Quantity of interior lots
N = Assessment of interior lots
Q = Assessment of adjacent lots

$$\frac{P}{(A \times 1.10) + L} = N$$

$$N \times 1.10 = Q$$

FORMULA FOR ANNEXATIONS WITH EQUAL BENEFITS

P = Total yearly assessment
A = Number of lots
Q = Assessment for each lot

$$\frac{P}{A} = Q$$

FORMULA FOR ANNEXATIONS BASED ON LOT SIZES

P = Total yearly assessment
Q = Assessment per lot
T = Total acreage of all lots to be assessed
A = Acreage of each lot

$$\frac{P \times A}{T} = Q$$

*Current annual assessment rates for each individual annexation to Landscape Maintenance District No. 1 can be found in Exhibit A of this report.

SECTION 7. **ASSESSMENT**

I, the appointed Engineer of Work, by virtue of the power vested pursuant to the "Landscaping and Lighting Act of 1972", being Division 15, Part 2, of the California Streets and Highways Codes, commencing with Section 22500, and by order of the legislative body, hereby make the following assessment to cover the estimated costs and expenses of the maintenance work for the improvements within the Landscape Maintenance District No. 1 for the Fiscal Year commencing on the 1st day of July, 2021 and ending on the 30th of June, 2022. Said estimated costs and expenses are generally as follows:

Cost of Maintenance	\$ 989,660
Renovation	0
Cash Flow Reserve	494,830
Contingency Reserve	148,449
Reserve for Capital Replacement	<u>600,000</u>
Full Cost Recovery	\$ 2,232,939
Less: Est. Beginning Fund Balance	<u><1,319,133></u>
Balance to Assess	\$ 913,806

I do hereby assess and apportion the net amount of the costs and expenses upon the several parcels of land represented by the City to be within LMD No.1 liable therefore and benefited thereby, in proportions to the estimated benefits that such parcel receives, respectively, from said maintenance of the works of improvement and appurtenances, and said parcels are hereinafter numbered and set forth to correspond with the numbers as they appear on the County Assessment Roll.

The Assessment Schedule hereby refers to the County Assessment Roll for a description of the lots or parcels, and said Roll shall govern for all details concerning the description of the lots or parcels.

The net amount to be assessed upon the lands has been spread and apportioned by a formula in accordance with the benefits received by each parcel, and in my opinion, said costs and expenses have been apportioned in direct relationship to the benefits received from the maintenance of the improvements.

Date: May 24, 2021



John G. Egan
John G. Egan
Assessment Engineer
R.C.E. 14853