

FY 2023-24

ENGINEER'S REPORT

Orangevale Recreation and Park District

Landscape and Lighting Assessment District

June 2023

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Introduction

On June 29, 1992, the Board of Directors of the Orangevale Recreation and Park District ("Park District") adopted Resolution Number 92-06-51 Ordering Formation of the Orangevale Landscaping and Lighting Assessment District ("Assessment District") to levy and collect assessments. The Assessment District was initially formed for the following purposes: (1) to provide funds for the construction of new capital improvements within the District contained in the District's Capital Improvement Master Plan consisting of a community center, swimming pool, soccer and other athletic fields, playground renovations consistent with the Americans with Disabilities Act, restroom construction, and miscellaneous improvements to the District's various park sites distributed throughout the geographical area of the District; and (2) to fund the maintenance, repair and replacement of the capital improvement projects constructed with assessment proceeds for the useful life of those capital improvements, which useful life exceeds the 20-year term of repayment of the bonds; and (3) to pay the cost of servicing such capital improvements constructed with assessment proceeds including the costs of water, gas, and other utilities; and (4) to fund the cost of construction and maintenance of additional capital improvement projects consisting of park and recreational facilities on a pay as you go basis.

At the time the Assessment District was formed in 1992, the Park District had been experiencing a revenue shortfall that was due to declining property tax revenues. In fiscal years 1991-92 and 1992-93 the State of California enacted new legislation shifting a significant portion of property tax revenue away from special districts such as the Park District to Educational Revenue Augmentation Funds established in each county (hereinafter ERAF's) to help fund the State's obligation to fund education according to the requirements of Proposition 98. The Park District lost the amount of \$1,012,654 in property tax revenue in the first year of this tax shift to ERAF's, which revenue loss forced the Park District to postpone projects, reduce recreational programs and cut staffing for park maintenance. This annual property tax revenue loss has continued each year to the present time.

Since its formation, the Assessment District has funded the construction of all of the capital improvements specified in the District's 1992 Capital Improvement Master Plan through the issuance of Certificates of Participation in the amount of \$4,720,000 secured by a pledge of the assessment revenues (the "Bonds"), and agreed to repay the principal amount of those Bonds plus interest over a 20-year term from the assessment revenues levied and collected annually within the Assessment District. Since its formation, the Assessment District has also utilized a portion of the assessment revenues to fund the continuing maintenance, repair and replacement of the improvements constructed with such assessment proceeds as those maintenance requirements arise. In fiscal year 2014-15 the assessment proceeds will be used to pay for a portion of the continuing costs of maintenance, repair, and replacement of portions of the District's park and recreational capital improvements, and the servicing of those improvements.

Assessment Continuation Procedures

This Engineer's Report ("Report") was prepared to establish the budget for the capital improvements, maintenance and services expenditures that are proposed to be funded by the proposed 2023-24 assessments, to determine the special benefits received from the park maintenance and capital improvement projects by real property within the Park District, and to specify the method of assessment apportionment to lots and parcels within the Park District. This Report and the proposed assessments have been made pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "Act") and Article XIIC and XIID of the California Constitution (Proposition 218).

In each year for which the assessments will be levied, the District Board must direct the preparation of an Engineer's Report, budgets and proposed assessments for the upcoming fiscal year. After the Engineer's Report is completed, the Board may preliminarily approve the Engineer's Report and proposed assessments and establish the date for a public hearing on the continuation of the assessments. This Report was prepared pursuant to the direction of the Board adopted on February 16, 2023.

If the Board approves this Engineer's Report and the proposed continuation of the assessments by resolution, a notice of assessment levies must be published in a local paper at least 10 days prior to the date of the public hearing. The resolution preliminarily approving the Engineer's Report and establishing the date for a public hearing is used for this notice.

Following the minimum 10-day time period after publishing the notice, a public hearing will be held for the purpose of allowing public testimony about the proposed continuation of the assessments for fiscal year 2023-24. This hearing is currently scheduled for June 15, 2023. At this hearing, the Board will consider approval of a resolution confirming the assessments for fiscal year 2023-24. If so confirmed and approved, the assessments will be submitted to the County Auditor/Controller for inclusion on the property tax rolls for Fiscal Year 2023-24.

Plans & Specifications

For fiscal year 2023-24, the District proposes to use the assessment proceeds to pay the costs of maintaining, repairing and replacing portions of its park and recreational facilities to ensure that such facilities retain their high quality through the term of their useful lives after the construction costs of those facilities have been paid.

The work and improvements (“Improvements”) proposed to be undertaken by the Orangevale Recreation and Park District’s Landscaping and Lighting Assessment District (the “Assessment District”) and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein. In addition to the definitions provided by the Landscaping and Lighting Act of 1972, (the “Act”) the work and improvements are generally described as follows:

Installation, maintenance and servicing of public recreational facilities and improvements, including, but not limited to, turf and play areas, landscaping, ground cover, shrubs and trees, irrigation systems, drainage systems, lighting, fencing, entry monuments, basketball courts, tennis courts, gymnasium, running tracks, swimming pools, other recreational facilities, security guards, graffiti removal and repainting, and labor, materials, supplies, utilities and equipment, as applicable, at each of the locations owned, operated or maintained by the Orangevale Recreation and Park District. Any plans and specifications for these improvements will be filed with the District Administrator of the Orangevale Recreation and Park District and are incorporated herein by reference.

As applied herein, “Installation” means the design and construction of recreational improvements, including, but not limited to, land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks and drainage, lights, playground equipment, play courts, recreational facilities and public restrooms.

“Maintenance” means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of any improvement, including repair, removal or replacement of all or any part of any improvement; providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste, and the cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

“Servicing” means the furnishing of electric current, or energy, gas or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements; or water for the irrigation of any landscaping, the operation of any fountains, or the maintenance of any other improvements.

Fiscal Year 2023-24 Estimate of Cost and Budget

	<i>Total Budget</i>
Project Budget Fiscal Year 2023-24	
1 Capital Improvement Projects	
Total Capital Improvements	\$489,000
2 Maintenance and Service Expenditures	
A Agricultural Supplies and Services	\$24,500
B Utilities	\$216,000
C Chemicals	\$56,000
D Security	\$25,000
E Fuel	\$24,000
F Other Expenses	\$200,700
G Other Professional Services	\$38,000
Total Maintenance and Service Expenditures	\$584,200
3 Incidental Expenditures	
A Engineering/Accounting Expenditures	\$15,100
B Legal Services	\$10,000
Total Incidental Expenditures	\$25,100
4 Debt Service	
A Interest Expense	\$0
B Bond Principal Repayment	\$0
C Tax/Lic/Assessments	\$1,300
Total Debt Service	\$1,300
5 Salaries and Benefits	
A Salaries and Benefits	\$1,056,000
Total Costs for Installation, Maintenance and Servicing for Fiscal Year 2023-24	\$2,155,600
Total benefit of Improvements	\$2,155,600
Single Family Equivalent (SFEs)	13,534
Benefit received per SFE unit	\$159.27
Less:	
District Contribution for General Benefits	\$1,077,800
District Contribution toward Special Benefits	\$509,367
Estimated Assessment Revenues for Fiscal Year 2023-24	\$568,433
Budget Allocation to Property	
Total Assessment Budget	\$568,433
Single Family Equivalent Benefit Units	13,534.12
Assessment per Single Family Equivalent Unit	\$42.00

Assessment District Debt

The park and recreation improvements constructed within the assessment district and listed on Table 1 have been financed through issuance of Certificates of Participation by Orangevale Recreation and Park District known as Orangevale Recreation and Park District Certificates of Participation 1992 Series A and Refunding Certificates of Participation 1996 Series A (the “Bonds”).

In order to facilitate the issuance of the Bonds and the funding of the District’s Capital Improvement Master Plan, the Board, in Resolution 92-06-51, opted to levy an annual installment assessment which, under the Landscaping and Lighting Act of 1972 (Streets & Highways Code, § 22500 et seq.) (the “Act”) is a procedure for financing capital improvements, the cost of which exceeds the amount of assessment revenue that can be collected in any single fiscal year. The annual installment assessment levied by the Board of Directors in this Resolution is a one-time assessment to be levied in annual installments through fiscal year 2012-13 sufficient to pay the principal and interest on the outstanding Bonds. The provisions of the Act specifically allow the Board to assess an annual installment assessment on a one time basis to be collected over any period of time less than thirty (30) years. The Bonds were used to finance the costs of the construction of the Capital Improvement Plan and were secured by a pledge of 100% of all assessment revenues for repayment of principal and interest on the Bonds.

This pledge of 100% of the assessment revenues for principal and interest payments on the Bonds was facilitated by the requirement in the Bond documents that the District establish a “Special Lease Payment Fund” and deposit all assessment revenues collected each year into the Special Lease Payment Fund administered by the Bond trustee. The trustee is then authorized to utilize the assessment revenues deposited into the Special Lease Payment Fund to make principal and interest payments on the Bonds when due. This is the mechanism which ensures that the District’s irrevocable pledge of 100% of its assessment revenues to bond payments provides a security interest and first lien on such assessment revenues in favor of the bondholders. The assessment revenues on deposit in the Special Lease Payment Fund are not subject to levy, attachment, or lien by or for the benefit of any creditor of the District, and the District is prohibited from pledging those assessment revenues to any other obligation other than the principal and interest on the Bonds. The District also promised in the bond documents not to reduce the amount of its assessments while any of the Bonds are outstanding and unpaid.

To the extent that assessment revenues on deposit in the Special Lease Payment Fund exceed the principal and interest payments owing on the Bonds in any year, then the bond trustee is authorized to release those excess assessment revenues back to the District to be utilized to fund maintenance, repair, replacement, and servicing expenditures required by the District to maintain all park and recreational improvements in good condition throughout their useful life.

Upon full repayment of the principal and interest on the Bonds in fiscal year 2012-13, District legal counsel has opined that the Board of Directors of District has the discretion to levy annual assessments thereafter based on an annual budget of expenditures for the Assessment District for each ensuing fiscal year for additional capital improvements, additional maintenance, repair or replacement of existing capital improvements, and the payment of servicing costs of those improvements pursuant to the provisions of the Landscaping and Lighting Act of 1972 (the "Act"), Proposition 218 and Articles XIII C and D of the California Constitution so long as the amount of assessments per parcel and the methodology of assessment initially established by the Board in 1992 is not changed. The Act authorizes continuing assessments on an annual basis after a public hearing upon a majority vote of the District's Board of Directors each year.

Exemption From Proposition 218

The districtwide assessment district was formed and the District issued its bonds secured by assessment revenues in 1990, prior to the passage of Proposition 218, the Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and now comprises Articles XIII C and XIII D of the California Constitution. Proposition 218 provides that all assessments levied by local governments after the adoption of Proposition 218 in 1996 must comply with the following two criteria: (1) assessments must be demonstrated to provide "special benefits" to the parcels of real property upon which the assessment is levied, and not for general benefit to the public and society at large, including non-property owners such as tenants and visitors to District Facilities; and (2) no assessment may be imposed on any parcel of real property which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.

The assessment levied by the districtwide assessment district prior to the passage of Proposition 218 in 1996 is exempt as an assessment existing on the effective date of Article XIII D imposed exclusively to repay bonded indebtedness of which the failure to pay would violate the contract impairment clause of the United States Constitution (See Cal. Const., art. XIII D, 5(c)). The assessment district's Certificates of Participation 1992 Series A, and the District's Refunding Certificates of Participation 1996 Series A, all represent contractual obligations to which the District pledged 100% of the assessment revenues received in the assessment district. The District's contractual pledge to levy and collect all of the assessments within the assessment district to pay principal and interest on the Certificate of Participation obligations are protected from impairment by the prohibition against impairment of the obligation of contract contained in the United States Constitution. (See section entitled Assessment District Debt.)

In addition, Government Code section 53753.5, which is part of the Proposition 218 Omnibus Implementation Act, provides that this exemption means that all such assessments in the assessment district are exempt from "the procedures and approval process" defined in Section 4 of Article XIII D. Section 53753.5(c)(2) goes on to state that the definition of exemption from the "procedures and approval process" means exemption from the requirements to separate general benefit from special benefit, and the requirement to assess publicly owned parcels within the assessment district.

In addition, Government Code section 53753.3(b)(4) specifically provides that any subsequent increases in such assessment district assessments must comply with such procedures and approval processes except for those assessments which preexist the adoption of Proposition 218 and are exempt since the proceeds of such assessments are pledged to pay bonded indebtedness. Therefore, any subsequent increases in the assessments pledged to debt are also exempt from the procedures and approval processes of Article XIII D.

Despite this exemption from the requirements of Proposition 218 to separate general benefit from special benefit, this Engineer's Report nevertheless demonstrates that the assessments levied in the assessment district are limited to funding special benefits to property within the assessment district, and any potential general benefit to the public and others not paying assessments has been excluded in the calculation of the assessments and the funding of the assessment district budget.

Method of Apportionment

Method of Apportionment

This section of the Engineer's Report includes an explanation of the benefits to be derived from the installation, maintenance and servicing of park facilities throughout the Park District, and the methodology used to apportion the total assessment to properties within the Assessment District.

The Assessment District consists of all Assessor Parcels within the boundaries of the Orangevale Recreation and Park District. The method used for apportioning the assessments is based upon the proportional special benefits conferred to the properties over and above the general benefits conferred to real property in the Assessment District or to the public at large. Special benefit is calculated for each parcel in the Assessment District using the following process:

- Identification of all benefit factors derived from the Improvements
- Calculation of the proportion of these benefits that are special and general, and quantification of the general benefits
- Determination of the relative special benefit per property type
- Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; property type, property characteristics, improvements on property and other supporting attributes

Discussion of Benefit

Assessments can only be levied based on the special benefit to property conferred by the capital improvements or services funded with the assessment revenue. This special benefit to assessed real property must be demonstrated to be over and above any general benefits. Proposition 218 has clarified that the assessment levied by the Park District must comply with the following two criteria: (1) assessments must be demonstrated to provide "special benefit" to the parcels of real property upon which the assessment is levied, and not for general benefit to the public and society at large, including nonproperty owners such as tenants and visitors to district facilities; and (2) no assessment may be imposed on any parcel of real property which exceeds the reasonable costs of the proportional special benefit conferred on that particular parcel.

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the installation, maintenance and servicing of landscaping improvements to be provided with assessment proceeds. These categories of special benefit are derived from the statutes passed by the California Legislature and other studies which describe the types of special benefit received by property from maintenance and improvements of park and recreational facilities such as those proposed by the assessment district. These types of special benefit are summarized below. Specifically, the Legislature at Public Resources Code section 5506 states its intent that land acquisition, improvement and services by a park district specifically benefit the properties assessed and the persons paying those assessments in the following respects.

When the assessments were first formed in 1992, the Engineer's Report and Board established the following special benefits from the assessments:

1. Enhanced recreational opportunities and expanded access to recreational facilities for all residents, customers and guests.
2. Protection of open space, views, scenery and other resources values and environmental benefits enjoyed by residents, employees, customers and guests and preservation of public assets maintained by the Park District.
3. Increased economic activity.
4. Expanded employment opportunity.
5. Reduced cost of local government in law enforcement, public health care, fire prevention and natural disaster response.
6. Specific enhancement of property values.

For more discussion see the section entitled Special Benefits below.

The legislative history behind Proposition 218, the adoption by the Legislature of the Proposition 218 Omnibus Implementation Act and appellate case law interpreting the provisions of Proposition 218 demonstrate the analysis that the Board of Directors of the Assessment District must undertake in order to determine the amount of special benefit to assessed real property from the park and recreation facilities and maintenance funded by assessment revenues, and the limitation that such assessments should not exceed the costs of the proportional special benefit to each such parcel as required by Proposition 218.

The State of California Legislative Analyst's impartial analysis of Proposition 218 states that first, local governments must estimate the amount of "special benefit" landowners receive, or would receive, from a capital improvement project or service. If such a capital improvement project or service provides both special benefits to that parcel of real property and general benefits to members of the public and nonproperty owners such as tenants and visitors, then the District may charge landowners only for the cost of providing the special benefit. The District must use general revenue such as property taxes and user fees to pay the remaining portion of the costs of a project or service. Second, the District must ensure that no property owner's assessment is greater than the cost to the District to provide those capital improvements or maintenance services to benefit that particular owner's property.

The District, by means of this Engineer's Report, must estimate the amount of "special benefit" landowners receive from the park and recreation facilities and maintenance, repair and replacement services funded with assessment revenues. If these park and recreational facilities and maintenance, repair and replacement services provide both special benefits to property owners within the District and general benefits to nonproperty owners such as tenants and visitors, then the District must quantify the special benefit properties received from those park and recreational improvements and maintenance and repair services, and also quantify the amount of general benefit received by nonproperty owners such as tenants and visitors from such improvements and maintenance services.

In addition, Section 22573 of the Landscaping and Lighting Act of 1972 provides as follows:

"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."

Five recent court cases construing the assessment provisions of Proposition 218 demonstrate the process that the District must utilize to satisfy Proposition 218's special benefit and proportionality requirements.

Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority

The first of those cases is the Supreme Court’s decision in Silicon Valley Taxpayers Association v. Santa Clara County Open Space Authority (2008) 44 Cal.4th 431. That case dealt with an open space assessment. The Court emphasized that the Engineer’s Report must demonstrate distinct benefits to particular properties above and beyond those which the general public using and enjoying the open space receives. The Court also noted that such special benefits would likely result from factors such as proximity, improved access, and views.

Dahms v. Downtown Pomona Property and Business Improvement District

A similar holding can be found in the Court of Appeals 2009 decision upholding the business improvement district assessment to fund supplemental municipal services in the case of Dahms v. Downtown Pomona Property and Business Improvement District (2009) 174 Cal.App.4th 708. In that case, the Court held that services provided to assessed property including security, street maintenance, and marketing, promotion and special events for property owners within the Assessment District were all special benefits conferred on parcels within the Assessment District because they “affected the assessed property in a way that is particular and distinct from their effect on other parcels and that real property in general and the public at large do not share.” The Court further held that under Proposition 218, the cap on the total assessment is the entirety of the reasonable cost of the special benefit conferred on all parcels by the improvements and services funded by assessment revenue. The Court also noted that if special benefits themselves produce certain general benefits to the public at large, the value of those general benefits need not be deducted before the caps on the special benefits which the assessments provide are calculated. Therefore, the Court concluded that security, maintenance, and special event services specially benefit property within an Assessment District and may be apportioned according to the cost of providing those services without respect to the cost of generating general benefits.

Beutz v. County of Riverside

The case of *Beutz v. County of Riverside* (2010) 194 Cal.App.4th 1516 dealt with an assessment under the Landscaping and Lighting Act of 1972 and concluded that Proposition 218 permits assessments to fund maintenance, repair and replacement of park and recreational facilities when supported by an adequate Engineer's Report. The Court concluded that park and recreational improvements, maintenance, and park and recreational services confer special benefit on property. However, the Court noted that the Engineer's Report in that case did not separate and quantify the degree of special benefit to properties being assessed for such services, as opposed to the general benefit conferred on members of the public such as nonproperty owners, tenants and visitors from such park improvements and services. The Court noted that the nature and extent of general and special benefits from the park improvements and maintenance services must be quantified in relationship to each other based on credible solid evidence.

Golden Hill Neighborhood Association v. City of San Diego

In the recent Court of Appeal case of *Golden Hill Neighborhood Association v. City of San Diego* (2011) 199 Cal.App.4th 416, the city levied an assessment under the Landscaping and Lighting Act for maintenance services consisting of trash removal, sidewalk sweeping and washing, landscaping, graffiti abatement and trail and canyon beautification. The Court implicitly found that such services do provide special benefit to the property being assessed from those services pursuant to the requirements of Proposition 218. However, similar to the *Beutz* decision, which was issued after the creation of the Engineer's Report for the Golden Hill assessment, the Court found that the Engineer's Report must specifically quantify the special and general benefits from the assessment.

Bonander v. Town of Tiburon

In the Court of Appeal case of Bonander v. Town of Tiburon, the town of Tiburon formed an assessment district to fund the cost of moving overhead utility lines underground. The engineer identified special benefits of improved aesthetics, increased safety, and improved service reliability. The degree of benefit to an individual property was dependent on proximity to existing overhead utility lines. The assessment district was divided into three zones. The Court found that undergrounding of utility lines did constitute a special benefit conferred on real property and it is a proper subject for assessment. The Court also found that it is permissible to conclude that all properties in a district benefit equally from a certain type of special benefit, and therefore assess all such properties an equal assessment amount. The Court concluded that just because a particular benefit is conferred equally upon all properties in an assessment district does not compel the conclusion that such benefit is not tied to particular parcels of property. Finally, the Court found that Proposition 218 requires that the proportional special benefit derived by each parcel shall be determined depending on the entirety of the capital cost of a public improvement, or its maintenance and operation expenses, and not just as costs incurred in each zone. The Court noted that Proposition 218 requires the amount of the assessment to be proportional to the benefits conferred on the property, not the costs incurred.

Compliance with Current Law

This Engineer's Report, and the process used to establish these proposed assessments are consistent with the case law described above and with the requirements of Articles XIII C and XIII D of the California Constitution based on the following factors:

1. The fact that the park and recreational facilities and maintenance, repair and replacement services for those improvements have some general benefit to the public at large including non-property owners, tenants and visitors, does not mean that they do not also have a special benefit to property owners whose parcels are assessed. While many government facilities and services may provide public benefits, when special benefits can be identified, they may be separated from general public benefits and their costs imposed as assessments on the properties to which those special benefits accrue.

2. This Engineer's Report is consistent with Beutz, Dahms and Greater Golden Hill cases because the Improvements will directly benefit property in the Assessment District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The fact that the park and recreational facilities and maintenance repair replacement services have some general benefit to the public at large does not mean that they do not also have special benefit to property owners whose parcels are assessed.
3. The Engineer's Report is also consistent with the Bonander decision because the Assessments have been apportioned based on the entirety of the capital cost of the Improvements and based on proportional special benefit to each property in each zone.

Special Benefits

This Engineer's Report, in the following sections, identifies the special benefits for the various types of properties within the Assessment District which are proposed to be assessed. This Report also quantifies the special and general benefits from the assessments. A description of the types of special benefits conferred on real properties within the District by the park and recreational facilities and maintenance funded with assessment revenues follows.

These special benefit factors are derived from Legislative findings and intent established in statute before the adoption of Proposition 218 as specified above, and as such, must be harmonized with the provisions of Proposition 218 in implementing the assessments.

The applicable provisions of Proposition 218 regarding assessments were described in the Silicon Valley Taxpayers Association decision described above, which provides specific guidance that parks and recreational areas may confer the following special benefits:

- Proximity to recreational and open space
- Expanded or improved access to recreational and open space
- Views of recreational and open space

The Silicon Valley Taxpayers Association decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. This decision also provides specific guidance that park improvements constitute a direct advantage and special benefit to property that is proximate to a park or open space, the improvement of which is funded by an assessment:

the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).

In summary, from the case law interpreting Proposition 218 requirements regarding such assessments, the District's assessments fund specific park and recreation improvements, maintenance and servicing costs that can be described by additional special benefit categories as summarized as follows:

- Proximity to improved parks and recreational facilities.
- Access to improved parks, open space and recreational areas.
- Improved views.
- Enhanced recreational opportunities

The grounds for validity of the foregoing special benefit categories are supported by the following evidence:

Benefit Factors

Enhanced recreational opportunities and expanded access to recreational areas for all property owners, residents, employees and customers throughout the Assessment District.

Residential properties specifically benefit from the enhanced recreational opportunities provided by the Improvements made throughout the four planning quadrants of the Assessment District. These include, among others, new parks and open spaces, areas for nature based recreational activities, and higher levels of maintenance of parks, recreation areas, and trails than would be provided in absence of the assessment.

In "Trends: Parks, Practice and Program" by Love, L. and Crompton, J. (1993) the authors found that:

"The provision of parks and recreation services play an influential role in a community's economic development efforts. When companies choose to set up business or relocate, the availability of recreation, parks and open space is high on the priority list for site selection. Recreation and parks have a significant influence on people's preferred living locations."¹

The "Outdoor Recreation Coalition of America's 1993 State of the Industry Report" found that:

"From rock climbing to biking to backpacking, the outdoor recreation industry -- worth at least \$132 billion annually to the U.S. economy-- is growing by leaps and bounds. The biggest and most noticeable effect has been on public lands:

Visits to parks and other spaces increased by well over 100 million in the last decade just as funding dwindled.”²

All properties within the assessment district will specially benefit from the assessments that will be used to expand, protect and maintain public recreational lands, parks, open space areas, trails and other public resources.

Increased economic activity.

The Assessment District creates expanded and improved parks and recreation areas that are also better maintained. This specifically increases the desirability of the area and enhances recreational and wildlife education opportunities, which, in turn, leads to expanded use. Expanded use and activities facilitated by new and existing parks and open space areas brings greater numbers of visitors into the area who can utilize the services of businesses within the Assessment Districts. The visitors to the Park District’s open space will be more likely to shop and eat locally. Increased use leads to increased economic activity in the area, which is a special benefit ultimately to residential, commercial, industrial and institutional property located within the assessment district.

“California’s public parks generate more than \$35 million annually from businesses for local events. Visitors to public parks and outdoor recreation areas support approximately 235,000 jobs in California’s economy.”³

“Numerous studies demonstrate that linear parks can increase property values, which can in turn increase local tax revenues. Spending by residents on greenway-related activities helps support recreation-oriented businesses and employment, as well as other businesses that are patronized by greenway users. Greenways often provide new business opportunities and locations for commercial activities like bed and breakfast establishments, and bike and canoe rental shops. Greenways are often major tourist attractions which generate expenditures on lodging, food, and recreation-oriented services. Finally, greenways can reduce public expenditures by lowering the costs associated with flooding and other natural hazards.”⁴

“Although the chief reason for providing outdoor recreation is the broad social and individual benefits it produces, it also brings about desirable economic effects. Its provision enhances community values by creating a better place to live and increasing land values. In some underdeveloped areas, it can be a mainstay of the local economy. And it is a basis for big business as the millions and millions of people seeking the outdoors generate an estimated \$20 billion a year market for goods and services.”⁵

“People are spending increasing amounts of money on recreation. In California people spent an average of 12 percent of their total personal consumption on recreation and leisure, which was the third largest industry in the state. Also, many recreational activities that can be pursued in locally protected areas (such

as biking, hiking, bird-watching, cross country skiing, and canoeing) entail equipment costs that support local businesses, providing new jobs and tax revenue.”⁶

Expanded employment opportunity.

Improved recreational areas and public resources foster business growth, which in turn creates additional employment opportunities for Assessment District residents. In addition, the assessments expand local employment opportunities by funding new projects that may create the need for additional construction or maintenance jobs.

Improved and well-maintained parks, open space and recreational areas also provide business properties with an opportunity to attract and keep employees due to the benefits provided by these areas.

Non-residential properties also will specifically benefit from the maintenance and improvement of parks, recreation areas and open space areas in many ways. Employees will have additional wildlife and recreation areas to utilize for exercise, recreational activities, picnics, company gatherings or other uses. These Improvements, therefore, enhance an employer's ability to attract and keep quality employees. The benefits to employers ultimately flow to the property because better employees improve the business prospects for companies and enhanced economic conditions specially benefit the property by making it more valuable.

The California Park and Recreation Society, in 1997 found that:

“Recreation and park amenities are central components in establishing the quality of life in a community, a business’ main resource is their employees for whom quality of life is an important issue. The availability and attractiveness of local parks and programs influences some companies relocation decisions and the presence of a park encourages real estate development around it.”⁷

Enhanced protection of property through reduction of the risk of fire and reduced cost of local government in law enforcement, public health care and natural disaster response.

The assessment also benefits properties in the Assessment District by funding maintenance services and park safety and security patrols that preserve the level of special benefits from park and open space in the Assessment District and protect the public’s parks, recreational facilities and open space resources by reducing the risk of damage or harm and maintaining public access to these important public resources.

Improved and well-maintained recreational areas and open space lands can also serve to improve public safety and reduce the cost to local government by providing a healthy alternative for youth and adult activities. Studies have shown that adequate park and recreation areas and recreation programs help to reduce crime and vandalism.

“Natural parks and open space require few public services - no roads, no schools, no sewage, no solid waste disposal, no water, and minimal fire and police protection.”⁸

“Exercise derived from recreational activities lessens health related problems and subsequent health care costs. Every year, premature deaths cost American companies an estimated 132 million lost work days at a price tag of \$25 billion. Finding and training replacements costs industry more than \$700 million each year. In addition, American businesses lose an estimated \$3 billion every year because of employee health problems.”⁹

High quality recreational and open space areas allow residents and employees in the Assessment District to enjoy activities close to home, thereby not spending time driving to other areas. Moreover, parks, open space and trails in these lands promote healthy activities that help to reduce the cost of health care. Such cost reduction frees public funds for other services that benefit properties.

All of these factors ultimately specially benefit property within the Assessment District by specifically reducing the risk of damage to property, and specifically making the property within the assessment district more usable and desirable and ultimately, more valuable.

Specific enhancement of property values due to Enhanced quality of life and desirability of the area.

The assessments will provide funding to maintain, improve and preserve parks, recreational facilities and open space areas that otherwise may not be preserved for the public benefit. Additional development, and the congestion it causes, reduces the desirability of property within the Assessment District. Therefore, improved open space areas and public wildlife areas enhance the overall quality of life and desirability of properties within the Assessment District. This is a special benefit to residential, commercial, industrial and other properties.

The Presidents Commission on American's Outdoors (1987) found natural beauty was the single most important factor in deciding tourist destination.¹⁰

“The importance of quality-of-life in business location decisions has been repeatedly verified in the literature. (Boyle, 1988; Bramlage, 1988, Carn & Rabianski, 1991; Conway, 1985; Epping, 1986; Sarvis, 1989; Tosh, et.al., 1988)”¹¹

“Home buyers over age 55 considering a move were surveyed about the amenities that ‘Would seriously influence them in selecting a new community’ ”¹² the following results were found:

Amenity	Group	% Seeking Amenity	Rank on List
Walking and jogging trails	55+	52	1
Walking and jogging trails	55+ >\$75k per year	65	
Outdoor spaces	55+	51	2
Outdoor spaces (park)	55+, moving to suburbs	55	
Open Spaces	55+	46	4

Extensive park and open space, nature lands and wildlife areas are one of the most important public resources and features for property owners in the Assessment District. Therefore, the acquisition and preservation of park and open space properties is a very important feature for property owners in the Assessment District that enhances the quality of life and desirability of property located in the Assessment District.

In addition, the assessments provide funding to significantly expand, improve and maintain the public parks, open space lands, recreational areas, wildlife and nature habitats, wildlife corridors and other public resources. The Improvements funded by the assessments also specifically benefit properties by limiting urban sprawl and large lot development that negatively impacts existing improved properties in the Assessment Districts. In turn, property values are specifically enhanced by the availability of expanded, improved, safe, preserved and maintained parks and open space lands within a community. Values of commercial and industrial property increase based on these same elements and the enhanced economic activity derived from the greater quantity and quality of public resources in the area.

The correlation between enhanced property values and expanded and well-maintained open space areas and recreational areas has been documented. The United States Department of the Interior, National Park Service determined that:

“An investment in parks and recreation helps reduce pollution and noise, makes communities more livable, and increases property value. Parks and recreation stimulate business and generate tax revenues. Parks and recreation help conserve land, energy and resources. Public recreation benefits all employers by providing continuing opportunities to maintain a level of fitness throughout

one's working life, and through helping individuals cope with the stress of a fast-paced and demanding life.”¹³

Additionally, the National Recreation and Park Association, in June 1985, stated:

“The recreation value is realized as a rise in the value of land and other property in or near the recreation area, and is of both private interest to the landowner and others, holding an economic stake in the area, and of public interest to the taxpayers, who have a stake in a maximum of total assessed values.”¹⁴

Moreover, the Supreme Court of California and the United States Supreme Court have found that improved and well-maintained park facilities confer special benefits to property by enhancing property values. In *Knox v. City of Orland*,⁴ Cal.4th 132, 143 (1993) the Supreme Court of California found that:

*“Plaintiff's basic argument that a special assessment is never appropriate to fund park improvements is unconvincing. Significantly, plaintiff's attempt to differentiate between street lights, sewers, sidewalks and flood control as constituting proper subjects for special assessment, and public parks as matters of such a general nature as to not justify a special assessment, is virtually identical to an argument rejected nearly a century ago by the United States Supreme Court in *Wilson v. Lambert*.”¹⁵*

In *Wilson v. Lambert* (1898) the United States Supreme Court stated:

“The residents and property holders in the District of Columbia must be regarded as coming within the class of beneficiaries; and, so far from being injured by the declaration that the park shall also have national character, it is apparent that thereby the welfare of the inhabitants of the Assessment District will be promoted. Whatever tends to increase the attractiveness of the City of Washington, as a place of permanent or temporary residence, will operate to enhance the value of private property situated therein or adjacent thereto.”¹⁶

In addition, professional property appraisers and instructional books on the subject find that well-maintained public recreational grounds and areas enhance property values in a community. Enhancement value is the tendency of open space to enhance the property value of adjacent properties. It is also explicitly recognized by federal income tax law:

U.S. Treasury regulation Sec. 14(h)(3)(i) requires that the valuation of a conservation easement take into account (i.e., be offset by) any resulting increase in the value of other property owned by the donor of the easement or a related person. Section 14(h)(4) sites as an example a landowner who owns 10 one-acre lots and donates an easement over eight of them: “By perpetually restricting development on this portion of the land, (the landowner) has ensured that the two remaining acres will always be bordered by parkland, thereby increasing their fair market value.”

The special benefits from the Improvements are further detailed below:

Proximity to improved parks and recreational facilities, and zones of benefit

According to the industry-standard guidelines established by the National Park and Recreation Association (the “NPRA”), neighborhood parks in urban areas have a service area radius of generally one-half mile and community parks have a service area radius of approximately two miles. Sacramento County also provides similar to slightly larger park service area radii guidelines. The service radii for neighborhood parks and neighborhood green spaces were specifically established to give all properties within this service radii close proximity and easy walking access to such public land areas. Since proximate and accessible parks serve as an extension of the usable land area for property in the service radii and since the service radii was specifically designed to provide close proximity and access, the parcels within this service area clearly receive a direct advantage and special benefit from the Improvements - and this advantage is not received by other properties or the public at large.

An analysis of the service radii for the Improvements finds that all properties in the Assessment District enjoy the distinct and direct advantage of being close and proximate to one or often multiple parks within the Assessment District, and lie within the recommended service radius for such facilities. The benefiting properties in the Assessment District therefore uniquely and specially benefit from the Improvements.

Only the specific properties within close proximity to the Improvements are included in the Assessment District. All properties within each of the four planning quadrants of the Assessment District enjoys unique and valuable proximity and access to the Improvements within the established service radii, discussed above, that the public at large and property outside the Assessment District do not share.

The Board has determined that the location, nature and function of the proposed projects combine to provide substantially equal benefit to all parcels of real property within a particular land use category, regardless of the location of that property within the boundaries of the Assessment District.

The reasons for this determination are as follows:

1. The capital development plan provides for major new and/or expanded and renovated neighborhood park and recreational facilities in each of the four planning quadrants utilized by the Park District, disbursed equally throughout the geographic area comprising the proposed Assessment District. The total area served by the Park District is approximately sixteen square miles. Each of these planning quadrants contains an average area of approximately four square miles. The maximum distance from a parcel of real property to a new or expanded neighborhood park and recreational facility in the northwest quadrant is 1.5 miles. In the northeast quadrant, the distance is approximately 1.6 miles. The distance is 1.5 in the southwest quadrant and 1 mile in the southeast quadrant. Therefore, all parcels of real property within the proposed Assessment District are located within an average maximum one and one-half mile radius from a new or expanded neighborhood park and recreational facility constructed, maintained and improved with assessment proceeds.
2. The most significant of these projects is a fourteen-acre community park with a 12,000 square foot community center with pool, located in the geographic center of the Assessment District and easily accessible to all residents of the District. All parcels of real property within the proposed Assessment District are located within a two-and-one-half mile radius of the proposed community center, well within the Sacramento County planning guidelines for such community centers.

The boundaries of the Assessment District have been carefully drawn to include the properties in the Orangevale Recreation and Park District that are proximate to the proposed Improvements and that would materially benefit from the Improvements. The Assessment District is coterminous with the District boundaries. As the properties in the District have developed over time, regional and neighborhood parks have been strategically located throughout the community as it has been built out. Park size and location have been carefully incorporated into the design of the community, consistent with the NPRA and Sacramento County park planning guidelines. Now, with a mature community, all parcels in the District are located in close proximity to at least one park. It therefore is appropriate to provide a District-wide Assessment District because all parcels benefit similarly.

In the Assessment District, the advantage that each parcel receives from the Improvements is direct, and the boundaries are narrowly drawn to include only parcels that benefit from the Assessment. Since all parcels in the Assessment District have good access, additional proximity is not considered to be a factor in determining benefit within the Assessment District. Therefore, zones of benefit are not justified or needed within the Assessment District.

Access to improved parks, open space and recreational areas

Since all of the parcels within the Assessment District enjoy close access to the Improvements, they directly benefit from the unique close access to improved parks, open space and recreation areas that are provided by the Assessments. This is a direct advantage and special benefit to property in the Assessment District.

Improved views

The Park District, by maintaining the landscaping at its park, recreation and open space facilities provides improved views to properties in the Assessment District. The properties in the Assessment District enjoy close and unique proximity, access and therefore views of the Improvements; therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Assessment District.

General versus Special Benefit

Article XIII C of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to “separate the general benefits from the special benefits conferred on a parcel.” The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section.

In other words:

Total Benefit	=	General Benefit	+	Special Benefit
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There is no widely accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not “particular and distinct” and are not “over and above” benefits received by other properties. The SVTA decision provides some clarification by indicating that general benefits provide “an indirect, derivative advantage” and are not necessarily proximate to the improvements.

In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

The starting point for evaluating general and special benefits is the current, baseline level of service. The baseline level of service is defined as the extent and level of park and recreation facilities that would exist in absence of the assessments. The assessment funds Improvements “over and above” this general, baseline level and the general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

General Benefit	=	Benefit to Real Property Outside the Assessment District	+	Benefit to Real Property Inside the Assessment District that is Indirect and Derivative	+	Benefit to the Public at Large
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Special benefit, on the other hand, is defined in the state constitution as “a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large.” The SVTA decision indicates that a special benefit is conferred to a property if it “receives a direct advantage from the improvement (e.g., proximity to a park).” In this assessment, as noted, properties in the Assessment District have close and unique proximity, views and access to the Improvements and uniquely improved desirability from the Improvements and other properties and the public at large do not receive significant benefits because they do not have proximity, access or views of the Improvements. Therefore, the overwhelming proportion of the benefits conferred to property is special, and is only minimally received by property outside the Assessment District or the public at large.

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer’s Report and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer’s Report fund improvements and services directly provided within the Assessment District and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments. However, in this Report, the general benefit is more conservatively estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

Calculating General Benefit

In this section, the general benefit is conservatively quantified.

Benefit to Property Outside the Assessment District

Properties within the Assessment District receive almost all of the special benefits from the Improvements because properties in the Assessment District enjoy unique close proximity and access to the Improvements that is not enjoyed by other properties or the public at large. However, certain properties within the proximity/access radius of the Improvements, but outside of the boundaries of the Assessment District, may receive some benefit from the Improvements. Since this benefit is conferred to properties outside the Assessment District boundaries, it contributes to the overall general benefit calculation and will not be funded by the Assessments.

The properties outside the Assessment District and within the proximity radii for neighborhood or community parks in the Assessment District may receive some benefits from the Improvements. Since these properties are not assessed for their benefits because they are outside of the area that can be assessed by the District, this is form of general benefit to the public at large and other property. A 50% reduction factor is applied to these properties because they are all geographically on only one side of the Improvements and are over twice the average distance from the Improvements compared to properties in the Assessment District.

The general benefit to property outside of the Assessment District is calculated as follows with the parcel and data analysis performed by SCI Consulting Group.

Assumptions:

11,563 parcels outside the district but within either 0.5 miles of a neighborhood park or 2.0 miles of a community park within the Assessment District

11, 816 parcels in the Assessment District

50% relative benefit compared to property within the Assessment district

Calculation

General Benefit to Property Outside the Improvement District =

$$(11,563/(11,563+11,816))*0.5 = \mathbf{24.7\%}$$

Although it can reasonably be argued that Improvements inside, but near the Park District boundaries are offset by similar park and recreational improvements provided outside, but near the Park District's boundaries, we use the more conservative approach of finding that 24.7% of the Improvements may be of general benefit to property outside the Assessment District.

Benefit to Property within the Assessment District

The “indirect and derivative” benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Improvements are clearly “over and above” and “particular and distinct” when compared with the baseline level of service and the unique proximity, access and views of the Improvements enjoyed by benefiting properties in the Assessment District.

Nevertheless, the SVTA decision indicates there may be general benefit “conferred on real property located in the district” A measure of the general benefits to property within the Assessment area is the percentage of land area within the Assessment District that is publicly owned and used for regional purposes such as major roads, rail lines and other regional facilities because such properties, while physically within the Assessment District, are used for regional purposes and could provide indirect benefits to the public at large. Approximately 2.5% of the land area in the Assessment District is used for such regional purposes, so this is a measure of the general benefits to property within the Assessment District.

Benefit to the Public at Large

In *Beutz*, the Court opined that general benefits from parks and recreation facilities could be quantified by measuring the use of parks and recreation facilities by people who do not live within the assessment boundaries. This Report uses this general benefit measure as the third component of our overall general benefit quantification. Therefore, the general benefit to the public at large can be estimated by the proportionate amount of time that the Park District's parks and recreational facilities are used and enjoyed by individuals who are not residents, employees, customers or property owners in the Park District¹. SCI has conducted numerous surveys of similar parks and recreation districts in the Sacramento area and other areas in California and has determined that use by the public at large is nearly always less than 20%. Moreover, a second quantification of benefits to the public at large is based on solid, credible evidence consisting of District records which document the percentage of participants in the District's recreation programs conducted within the District's park and recreational facilities who reside within the District and the percentage of those who utilize the District's recreational programs and services and reside outside of the District. The percentage of participants in the District's recreation programs who do not reside within the Assessment District provides another estimate of the percentage of general benefit to the public at large. This analysis found that 20% of recreation program participants do not reside in the District. Based on this data and analysis, we conclude that the general benefits to the public at large equal 20%.

Total General Benefits

Using a sum of these three measures of general benefit, we find that approximately 47.2% of the benefits conferred by the Improvements may be general in nature and should be funded by sources other than the assessment.

¹ . When District facilities are used by those individuals, the facilities are not providing benefit to property within the Park District. Use under these circumstances is a measure of general benefit. For example, a non-resident who is drawn to utilize the Park District facilities and shops at local businesses while in the area would provide special benefit to business properties as a result of his or her use of the Improvements. Conversely, one who uses Park District facilities but does not reside, work, shop or own property within the Park District boundaries does not provide special benefits to any property and is considered to be a measure of the general benefits.

General Benefit Calculation

$$\begin{aligned}
 & 24.7\% \text{ (Outside the Assessment District)} \\
 + & 2.5\% \text{ (Property within the Assessment District)} \\
 + & 20.0\% \text{ (Public at Large)} \\
 = & 47.2\% \text{ (Total General Benefit)}
 \end{aligned}$$

Although this analysis finds that 47.2% of the assessment may provide general benefits, the Assessment Engineer establishes a requirement for a minimum contribution from sources other than the assessments of 50.0%. This minimum contribution above the measure of general benefits will serve to provide additional coverage for any other possible general benefits.

The Assessment District's total budget for installation, maintenance and servicing of the Improvements is \$2,155,600. Of this total budget amount, the District and other partner agencies and contributors will contribute \$1,587,167 from sources other than the assessments. This contribution equates to approximately 73.6% of the total budget for installation, maintenance and servicing of the park and recreational improvements and constitutes more than the measure of 50.0% general benefits from the Improvements.

Benefit Finding

As extensively described in this Report, the assessment funds will be used to improve, maintain and preserve a well distributed set of important local resource lands and improvements in the Assessment District. Any general benefits from the Improvements to the public at large or property in the Assessment District are more than offset by the District's contributions, which are well above the cost of the Improvements providing special benefits to property in the Assessment District. Therefore, this Engineer's Report finds that the Improvements are a significant, tangible benefit that should reasonably and rationally confer more special benefit to properties in the Orangevale Recreation and Park District than the assessment rate of \$42.00 per benefit unit.

Method of Assessment

The second step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated a SFE value, which is each property's relative benefit in relation to a single family home on one parcel. In this case, the "benchmark" property is the single family detached dwelling which is one Single Family Equivalent or one SFE.

Assessment Apportionment

To estimate the relative benefit to each land use class from the proposed improvements, a point system was created prior to Proposition 218 utilizing the single family residential parcel as the "benchmark property". A Benefit Assessment Matrix, illustrating relative scoring of points by land use class and the grandfathered benefit categories and the total points for each land use class, is set forth at the Benefit Assessment Matrix Section of this Report, and indicates the point scoring and totals for each land use class.

The Board has determined that the location, nature and function of the proposed projects combine to provide substantially equal benefit to all parcels of real property within a particular land use category, regardless of the location of that property within the boundaries of the assessment district.

The following is a brief description of the resulting assignment of points for each land use class:

Land Use Classes

Land Use Class A: Single Family Residential /Condominium Parcels

This is the "benchmark property" for determining benefit, which will be conferred on each parcel by the proposed projects to be constructed with assessment proceeds. A base rating of five (5) points has been assigned for single family residential parcels with respect to the following benefits: enhanced recreation opportunities Benefit Category 1); preservation of open space, scenery and cultural assets Benefit Category 2); expanded employment opportunities (Benefit Category 4); reduced costs of local government for law enforcement and public healthcare (Benefit Category 5); and increased property values Benefit Category 6). No points were assigned for Category 3 regarding economic activity as residential properties were viewed as not receiving any such benefit. Benefit Category 3 describes a direct economic benefit to commercial and industrial properties, and is not applicable to single family residential parcels. Therefore, each single-family residential parcel was assigned a point total of twenty-five (25) points.

Condominium parcels were judged to benefit the same as single family residential parcels in these benefit categories, and therefore the same point total of twenty-five (25) points was assigned to condominium parcels and they are included as part of the single family residential land use class. Condominium parcels will be assessed on a per unit basis since the ownership of condominium units is carried on the Sacramento County Assessor's records on a per unit basis.

Land Use Class B: Multi-Residential and Apartment Parcels

Multi-residential and apartment parcels are reported on the Sacramento County Assessor's records by the number of multi-family dwelling units on each parcel. Each multi-family dwelling unit was judged to benefit the same from the proposed improvements as will a single family residential parcel with respect to enhanced recreational opportunities (Benefit Category 1), preservation of open space, scenery and cultural assets (Benefit Category 2), expanded employment opportunities (Benefit Category 4), and increased property values (Benefit Category 6).

However, unlike single family residential/condominium parcels, multi-residential and apartment parcels were judged to receive some benefit in the form of increased economic activity resulting in the attraction of customers, most notably prospective tenants, which could be expected to occur as a result of expanded and improved park and recreational facilities available for use by prospective tenants. Therefore, a point total of two (2) was assigned to multi-residential and apartment parcels in Benefit Category 3. With respect to Benefit Category 5, reduced costs of local government for law enforcement and public healthcare, multi-residential and apartment parcels were judged to benefit somewhat less than the single family residential/condominium parcels because some multi-residential units provide their own private security services.

Therefore, three (3) points were assigned in Benefit Category 5 for multi-residential and apartment parcels. Each multi-residential or apartment unit was therefore assigned a total of twenty-five (25) points.

Land Use Class C: Mobile Home Residential Parcels

Mobile home residential parcels were judged to benefit essentially the same as single-family residential/condominium parcels and multi-residential and apartment parcels in all benefit categories. A base rating of three (3) points has been assigned for each benefit category. Therefore, each such parcel is assigned a total of fifteen (15) points.

Land Use Class D: Commercial Property

The commercial land use class has been broken down into various subcategories consisting of retail stores, service stations, restaurants, hotel/motel, theaters, recreation, private golf course/country club, shopping center, other commercial/service sector and other commercial/product sector.

Commercial parcels are judged to benefit substantially less than do single family residential/condominium parcels with respect to the enhanced recreational opportunities afforded by the proposed improvements (Benefit Category 1). Therefore, two (2) points were assigned to the commercial land use class in that category. Commercial properties were also perceived to benefit less than single family residential/condominium parcels with respect to the benefit of preservation of open space, scenery and cultural assets (Benefit Category 2) and only one (1) point was assigned to the commercial land use category in this Benefit Category 2.

On the other hand, commercial properties will benefit from construction and maintenance of the proposed improvements in terms of the increased economic activity and the attraction of customers and clients that will result benefit Category 3) and thus five (5) points were assigned to the commercial land use category in this Benefit Category 3, whereas single family residential/condominium parcels received zero points in this Benefit Category 3. In Benefit Category 4 regarding expanded employment opportunities, commercial properties are also assigned five (5) points upon the rationale that the increased business activity generated by construction of new park and recreational facilities and expanded recreational programs will not only make the community a better place to live, but it will also make it a better place to work, making it easier for a local business to attract and keep quality employees.

Commercial properties were judged to benefit somewhat less (4 points) than single family residential/condominium parcels with respect to the benefit of reduced cost of local government for law enforcement or public healthcare, primarily because most commercial parcels within the assessment district are not located in close proximity to District facilities and therefore the effects of the District's expanded security program will benefit commercial property somewhat less than residential properties.

With respect to the benefit of increased property value (Benefit Category 6) commercial properties were perceived to benefit to the same extent, although in a slightly different way, than single family residential parcels and five (5) points were assigned to the commercial land use category in Benefit Category 6. Values of commercial properties increase based on (a) increased economic and business activity generated by the construction of the proposed park and recreational improvements; and (b) the increased volume of business generated by expanded recreational activities and special events facilitated by such new and refurbished facilities which creates a greater number of users of the facilities who will also utilize the services of businesses within the Assessment District boundaries.

These considerations lead to a point total of twenty-two (22) points for the commercial land use class which is slightly less than the twenty-five (25) points assigned to the single family residential/condominium class. This reflects the fact that commercial properties are judged to benefit less than residential properties from the construction of the proposed improvements once all of the potential benefits to real property from the proposed improvements are evaluated.

Land Use Category E: Industrial and Mini Storage Parcels

Industrial and mini storage parcels have been judged to benefit less than will commercial properties from the construction of the proposed improvements. Such parcels only benefit incidentally from the enhanced recreational opportunities benefit Category 1) and preservation of open space, scenery and cultural assets (Benefit Category 2). Therefore, such parcels have been assigned a rating of one (1) point in each of those benefit categories. However, industrial and mini storage parcels were assigned a point rating of three (3) in Benefit Category 3, the benefit of increased economic activity, since the construction of the proposed improvements will benefit some local industries in the areas of construction supplies, hardware, etc. Such parcels will probably benefit less than retail commercial parcels from the increased economic activity generated by greater numbers of users of the proposed park and recreational improvements to be constructed. With respect to expanded employment opportunity Benefit Category 4), a rating of one (1) point was assigned since mini storage employment opportunities are negligible and industrial employment opportunities are driven by market factors unrelated to usage by people who also utilize the park and recreational improvements and the expanded recreation opportunities afforded by those facilities. Industrial parcels have been assigned a rating of two (2) in Benefit Category 6 regarding increased property value which is less than the five (5) points assigned in this category to commercial property because industrial parcels are not judged to increase in value as a result of construction of the proposed improvements to the same extent as will commercial properties. Industrial properties will not experience increased economic activity generated by users of the proposed facilities as will commercial properties, and therefore the value of such industrial parcels will be affected to a smaller degree than will the value of commercial parcels. With respect to the reduced cost of local government for law enforcement and public healthcare (Benefit Category 5), industrial and mini storage parcels were only assigned a rating of two (2), less than all other land use classes. Such parcels are perceived to benefit less in this area since many such parcel owners provide their own security and because industrial and mini storage uses are perceived to generate less law enforcement activity and cost than do commercial properties, particularly retail properties. On the other hand, industrial parcels should benefit from reduced costs of public healthcare in the same way and to the same general extent as will commercial properties. Therefore, a rating of two (2) points was assigned to industrial/mini storage uses in this Benefit Category 5.

The total point score for industrial/mini storage parcels is ten (10) points per assessable unit, reflecting the fact that these parcels will benefit less from the proposed improvements than will the other land use classes.

Land Use Class F: Exempt Parcels

This land use class includes all parcels which are classified as exempt from real property tax by the Sacramento County Tax Assessor and includes all parcels classified as exempt from this type of assessment by the Landscaping and Lighting Act of 1972. Therefore, vacant properties will not be assessed until they are put to some use. At the time that they are put to use, they will be assessed based on the land use category into which the vacant property falls.

Properties owned by governmental entities such as the federal government, State government, and other special districts, such as water districts, school districts, and fire districts, also will not be assessed. It has been determined that these parcels are not the type of property for which the park and recreational facilities funded with assessment proceeds were planned, designed, constructed, operated and maintained. The Board has determined that these publicly owned properties do not receive the same special benefits from the construction of these facilities as do the other land use classes described above. In addition public schools have entered into joint use agreements with the District which provide economic value to the District which offsets the cost of any incidental special benefits received by these publicly owned parcels. Likewise, property consisting of a railroad, gas, water, or electric utility right-of-way shall not be assessed, since such utility-related property is not deemed to benefit at all from the construction of the proposed improvements. Finally, properties owned by churches, vacant and agricultural parcels will not be assessed.

Since the exempt land use class receives a zero point rating in all benefit categories, it is not included in the Benefit Assessment Matrix.

Non-Residential Assessment Units

In order to equalize the assessment among residential and non-residential land use classes in terms of the area of land to be benefited by the construction of the proposed improvements, an assessment methodology has been used to convert the acreage of each non-residential parcel into an equivalent number of single family residential parcels that could have been developed on each non-residential parcel but for the commercial and/or industrial use to which the parcel has been put. Approximately eighty-eight percent (88%) of the parcels within the proposed Assessment District are traditional single-family residential subdivision lots. The average gross density of these subdivisions is approximately 3.6 gross dwelling units per acre. Assuming ten percent (10%) of the gross acreage of a subdivision is consumed in public streets, the average net density of these subdivisions is approximately 4.0 dwelling units per net acre and the average residential lot size is approximately one-quarter acre. Accordingly, the number of assessment units for each commercial and industrial parcel has been determined by dividing the parcel acreage of each parcel by four. Therefore, each commercial and industrial parcel within the Assessment District will be assessed on a quarter acre basis and each one-quarter acre of each commercial and/or industrial parcel will generate a separate assessment. This methodology equalizes the assessment and the distribution of benefit between residential and non-residential parcels by insuring that each non-residential assessment unit represents essentially the same land area to be benefited by the construction of the improvements with assessment proceeds as the average single family residential parcel.

Benefit Factor Index

The Assessment Matrix also shows the Benefit Factor Index for each land use category. Since a single family residential parcel is the "benchmark property", the relative scores of all other land use classes were related to the benchmark by indexing. A single family residential parcel was assigned a relative Benefit Factor Index of 1.00. The Benefit Factor Index for other land use classes was determined by dividing the point total for each particular land use class by the point total for the single family/condominium residential class.

Assessment Per Parcel

The total number of units (either dwelling unit or one-quarter acre parcel count) for each land use class was multiplied by its respective Benefit Factor Index to determine the number of Single Family Equivalent (SFE) assessment benefit units for each land use class. The sum of the Assessment Units for all land use classes was then divided into the annual assessment amount to determine a Base Assessment.

The final assessment per parcel was determined by multiplying the Base Assessment times the SFE units for the parcel.

Benefit Assessment Matrix

In an effort to categorize the special benefit that each parcel of land would receive by the formation of a landscaping and lighting assessment district and the levying of an assessment to cover the improvements intended, a matrix of impacts was developed. The matrix follows this section. The matrix was developed as follows.

The determining factor as to how a benefit was derived was the use of the land as determined by the Sacramento County Assessor's Department. Each parcel is assigned a one digit code based upon the use of the property and in most cases, the zoning of the land. Using the Assessor's Code numbers, the various uses of land within the District boundaries were broken down into five different uses. It was determined that there are six different ways that a parcel of land can be benefited by enhancing the park system. Each different category of land use is affected differently by these types of benefit.

Each type of benefit was applied to each category of use and rated on a scale of one to five, with five being the most intense level of benefit. The number of points assigned by the rating is shown on the following page. The points for the six types of benefit were tallied and an overall number was determined for each category of land use. The resultant number is then used in assigning the annual assessment to the various parcels of land within the District boundaries. An annual check is made of property usage to ensure that the latest information is used in assigning the assessment levy.

**ORANGEVALE LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
FISCAL YEAR 2022-23 ASSESSMENT
BENEFIT ASSESSMENT MATRIX**

	Land Use Classes				
	Per Unit			Per 1/4 Acre	
	Single Family/ Condominium	Multi-Family	Mobile Home	Commercial	Industrial/ Mini-Storage
1 Enhanced recreation opportunities and expanded access to recreation facilities for residents, customers and guests	5	5	5	2	1
2 Preservation of open space, wildlife, scenery, views and other environmental benefits enjoyed by residents, customers and guests; protection of historical and cultural assets of the region.	5	5	5	1	1
3 Increased economic activity resulting in the attraction of customers and guests.	0	2	0	5	3
4 Expanded employment opportunities.	5	5	5	5	1
5 Reduced cost of local government in law enforcement and public health care.	5	3	3	4	2
6 Increased property values.	5	5	4	5	2
Total Points	25	25	22	22	10
Units/ 1/4 Acre	10,677	1,752	414	780	136
Benefit Factor Index	1.00	1.00	0.88	0.88	0.40
Single Family Equivalent Units (SFE)	10,677.00	1,752.00	364.32	686.40	54.40
Total SFE Units			13,534.12		
Annual Assessment Amount			\$568,433.04		
Base Assessment			\$42.00		
Assessment per Unit	\$42.00	\$42.00	\$36.96	\$36.96	\$16.80
Assessment per SFE	\$42.00	\$42.00	\$42.00	\$42.00	\$42.00
Assessment Subtotals	\$448,434.00	\$73,584.00	\$15,301.44	\$28,828.80	\$2,284.80
Total Assessment			\$568,433.04		

Assessment

WHEREAS, on February 16, 2023 the Board of the Orangevale Recreation and Park District adopted its resolution initiating proceedings for the levy of assessments within the Assessment District and authorizing the Orangevale Recreation and Park District, County of Sacramento, California, pursuant to the provisions of the Landscaping and Lighting Act of 1972 and Article XIID of the California Constitution (collectively “the Act”), to proceed with the proposed levy of assessments;

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the assessment district and an assessment of the estimated costs of the improvements upon all assessable parcels within the assessment district, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under said Act and the order of the Board of said Orangevale Recreation and Park District, hereby make the following assessment to cover the portion of the estimated cost of said improvements, and the costs and expenses incidental thereto to be paid by the assessment district.

The amount to be paid for said improvements and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2023-24 is generally as follows:

SUMMARY COST ESTIMATE		FY 2023-24 Budget
Capital Improvements and Maintenance Expenditures	\$1,073,200	
Incidental Expenses	\$25,100	
Debt Service	\$1,300	
Salaries and Benefits	\$1,056,000	
TOTAL BUDGET		\$2,155,600
Less: Contributions		
District Contribution for General Benefits		(\$1,077,800)
District Contribution toward Special Benefits		(\$509,367)
NET AMOUNT TO ASSESSMENTS		\$568,433

As required by the Act, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment District. The distinctive number of each parcel or lot of land in the said Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is made upon the parcels or lots of land within the Assessment District in proportion to the special benefits to be received by the parcels or lots of land, from said improvements.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Sacramento for the fiscal year 2023-24. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of said County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2023-24 for each parcel or lot of land within the said Assessment District.

Dated: June 9, 2023

Engineer of Work



By _____

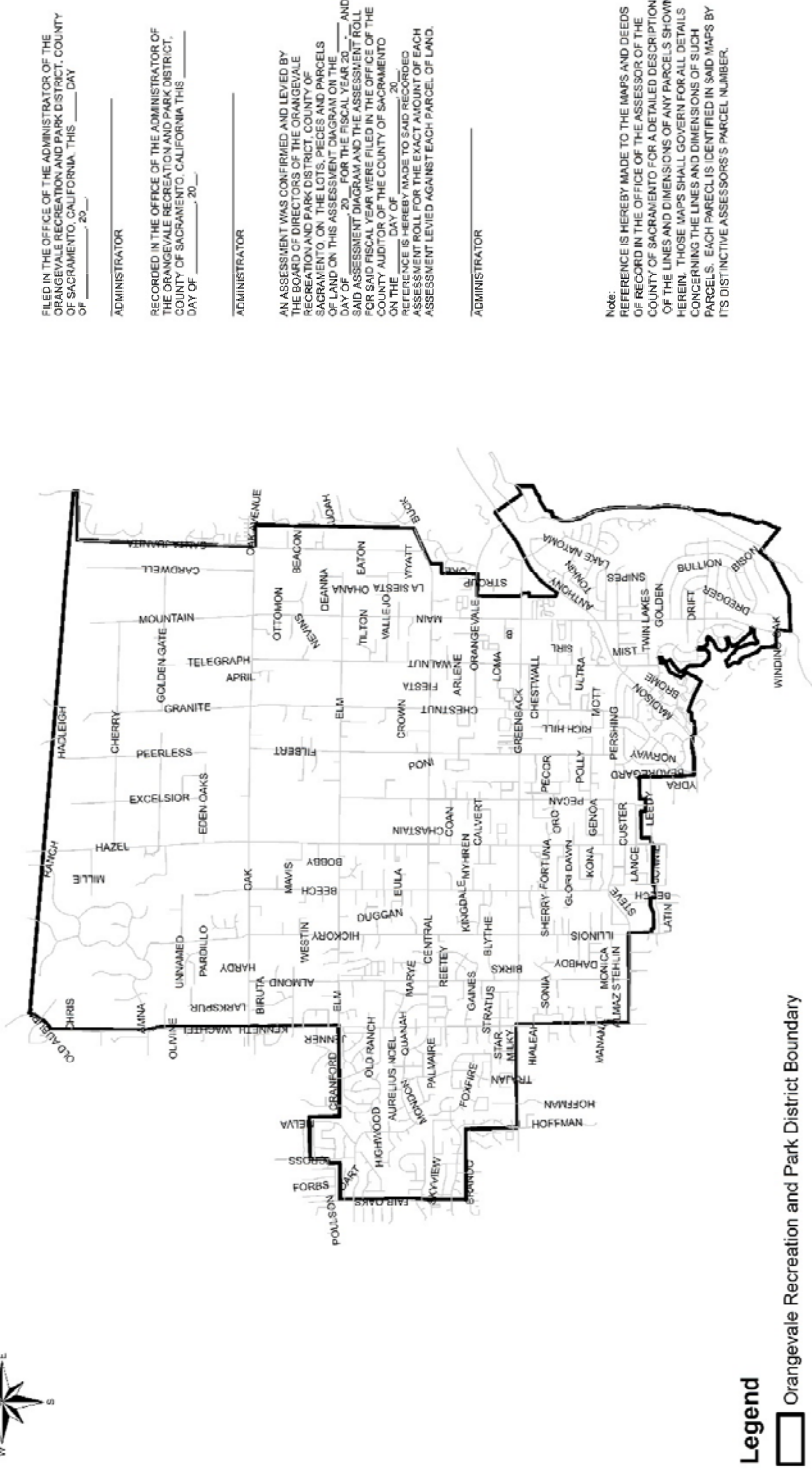
John W. Bliss, License No. C052091



Assessment Diagram

The Assessment District includes all properties within the boundaries of the Orangevale Recreation and Park District. The area within the boundaries of the Park District is primarily developed for urban residential and commercial use.

The boundaries of the Parks Maintenance and Assessment District are displayed on the following Assessment Diagram.



ORANGEVALE RECREATION & PARK DISTRICT
 LANDSCAPING AND LIGHTING ASSESSMENT DISTRICT
 ASSESSMENT DIAGRAM

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Assessment Roll 2023-24

An Assessment Roll (a listing of all parcels assessed within the Assessment District and the amount of the assessment) will be filed with the Clerk of the Board and is, by reference, made part of this report and is available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference made part of this report. These records shall govern for all details concerning the description of the lots or parcels.

End Notes

¹ Love, L. and Crompton, J. *Trends: Parks, Practice and Program*. Oxford University Press-USA. New York, NY. 1993.

² *1993 State of the Industry Report* . Widdekind, L. ed. The Outdoor Industry Association (The Outdoor Recreation Coalition of America and the Sporting Goods Manufacturers Association's Outdoor Products. pub.) Boulder CO. 1993.

³ *California Parks and Recreation*. The California Parks and Recreation Society, pub. Sacramento, CA. (<http://www.cprs.org>.)

⁴ PKF Consulting. San Francisco, CA. "Analysis of the Economic Impacts of the Northern Central Rail Trail." For the Greenways Commission, Maryland Department of Natural Resources, Annapolis, Maryland. June 1994.

⁵ Outdoor Recreation Resources Review Commission, *Outdoor Recreation For America: A Report To The President And The Congress*. January 2002.

⁶ Ibid. Smith, Van.

⁷ Ibid. California Parks and Recreation. 1997.

⁸ *Parks and Recreation*, National Recreation and Park Association, pub. Ashburn, Virginia. January 2001. (<http://www.nrpa.org/>)

⁹ National Park Service. NPS Technical Information Center. Washington D.C, 1983.

¹⁰ Report of the President Commission on Americans Outdoors, *U.S. Government Printing Office: Management*. Washington D.C. 1987.

¹¹ Crompton, J., Love L., More T., *An Empirical Study of the Role of Recreation, Parks and Open Space in Companies' (Re)Location Decisions*, *Journal of Park and Recreation Administration*, Spring, 1997, vol 15 no. 1, p p37, 40.

¹² Wylde, Boomers on the Horizon: Housing Preferences of the 55+ Market, *National Association of Home Builders*, 2002.

¹³ Ibid. NPS.

¹⁴ Ibid. NPRA. June 1985.

¹⁵ Knox v. City of Orland, 4 Cal.4th 132, 143 (1993) the Supreme Court of California.

¹⁶ Wilson v. Lambert (1898) 168 U.S. 611, 616 [42 L.Ed. 599, 601, 18S.Ct.217] the United States Supreme Court.