

RESOLUTION NO. 2015-131

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
CONFIRMING THE ENGINEER'S REPORT OF FISCAL YEAR 2015-16 SERVICE
CHARGES AND ESTABLISHING FISCAL YEAR 2015-16 SERVICE CHARGES FOR
CERTAIN MISCELLANEOUS EXTENDED SERVICES WITHIN THE LAGUNA WEST
SERVICE AREA (FORMERLY COUNTY SERVICE AREA 5)**

WHEREAS, on November 24, 1992, the Board of Supervisors of the County of Sacramento, pursuant to Title 3, Division 2, Part 2, Chapter 2.2 of Government Code (the "County Service Area Law"), and Resolution No. 92-1766 ordered the formation of County Service Area No. 5 (CSA 5), and on July 27, 1993, adopted County Ordinance 1418 (the "Ordinance") providing a procedure for collection of service charges for certain miscellaneous services (the "Services") within CSA 5, which is located in the Laguna West area; and

WHEREAS, on December 15, 2003, the Laguna West area was annexed to the City of Elk Grove (the "City") and the City was authorized pursuant to Resolution No. LAFC 1261 to administer CSA 5, now known as the Laguna West Service Area (the "Service Area"), and continue to levy the service charges utilizing the procedures provided in Government Code section 25210.77a; and

WHEREAS, the Ordinance requires that once a year the governing jurisdiction cause to be prepared a written report containing a description of each parcel of real property within the Service Area receiving a Service, the amount of the per parcel annual charge for such Service, and the Services provided; and

WHEREAS, in accordance with the original County Service Area Law in place at the time the Service Area was created, a written report for Fiscal Year 2015-16 (the "Engineer's Report"), was prepared by NBS Government Finance Group and is now on file with the City Clerk; and

WHEREAS, notice of the time, date, and place for the public hearing has been published for at least two successive weeks in newspapers of general circulation; and

WHEREAS, the public hearing was duly convened by the City Council at the time and place stated in the notice and all protests received by the City Clerk were presented to the City Council and the City Council heard and considered all objections and protests; and

WHEREAS, the City Council has considered the propriety of the Written Report, and has further considered the comments and evidence presented by all interested persons at the hearing and has determined to act upon the matter.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Elk Grove that:

Section 1. Recitals. The foregoing recitals are true and correct and this Council so finds and determines.

Section 2. Determination of Service Charges. This Council hereby adopts, determines and levies the service charges as described in the Engineer's Report attached hereto as Exhibit A..

Section 3. Final Approval of Engineer's Report. This Council hereby confirms the Engineer's Report as now on file with the City Clerk..

Section 4. Filing of Service Charge Roll. This Council hereby directs the Director of Finance to submit the listing of parcels and the amount of service charge to be levied, as prepared by NBS Government Finance Group, to the Sacramento County Auditor-Controller for inclusion on the 2015-16 property tax roll, in accordance with Government Code section 25215.5 and 53755 (formerly found at Government Code section 25210.77a(d)) and Part V of the Engineer's Report.


Section 5. Effective Date. This resolution shall take effect from and after the date of its passage.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 24th day of June 2015.



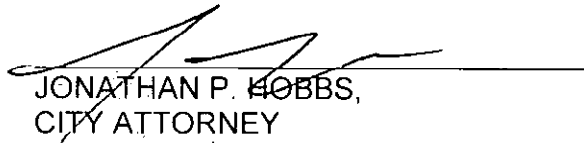
GARY DAVIS, MAYOR of the
CITY OF ELK GROVE

ATTEST:



JASON LINDGREN, CITY CLERK

APPROVED AS TO FORM:



JONATHAN P. HOBBS,
CITY ATTORNEY



**City of Elk Grove
Laguna West Service Area
(Formerly County Service Area 5)**

Fiscal Year 2015/16 Engineer's Report

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**CITY OF ELK GROVE
LAGUNA WEST SERVICE AREA
(Formerly County Service Area 5)**

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TABLE OF CONTENTS

1. INTRODUCTION	1-1
2. OVERVIEW	2-1
2.1 Introduction	2-1
2.2 Description of the District Boundaries	2-1
2.3 Description of Services	2-2
3. ESTIMATE OF COSTS	3-1
3.1 Description of Cost Items	3-1
3.2 Fiscal Year 2015/16 Estimated Costs	3-2
4. ASSESSMENT DIAGRAM	4-1
5. ASSESSMENTS	5-1
5.1 Method of Apportionment.....	5-1
5.2 Assessment Roll	5-2

1. INTRODUCTION

The Sacramento County Board of Supervisors, under the County Service Area Law (Government Code Section 25210 and following) (the "CSA Law"), formed County Service Area 5 (the "CSA 5"), now known as the Laguna West Service Area (the "District"). In December of 2003, the Laguna West Area was annexed into the City of Elk Grove (the "City").

Annually, the City has NBS prepare and file the annual report for the District. The Fiscal Year 2015/16 annual report presents the plans and specifications describing the general nature, location and extent of the improvements to be maintained, an estimate of the costs of the maintenance, operations and servicing of the improvements, a District diagram showing the area and properties to be assessed, and an assessment of the estimated costs assessed upon all assessable lots and/or parcels within the District in proportion to the special benefit received.

The following table summarizes the proposed assessment to be authorized in order to pay the Fiscal Year 2015/16 estimated costs of maintenance, operation, servicing of the improvements, along with annual District administrative costs, to be paid by the assessable real property in the District in proportion to the special benefit received.

District	Fiscal Year 2015/16 Assessment (1)
Laguna West Service Area	\$61,144.50

(1) The Fiscal Year 2015/16 proposed assessment does not account for any required Sacramento County rounding adjustments.

2. OVERVIEW

2.1 Introduction

On November 24, 1992, the Sacramento County Board of Supervisors formed CSA 5 to provide certain miscellaneous extended services to the territory known as Laguna West. The services provided by CSA 5 were and are unique to the Laguna West area and include street sweeping, road maintenance, drainage control, and associated administration. These miscellaneous extended services are funded with a service charge that appears as a direct levy on the property tax bill of the property owners in the Laguna West area.

In December of 2003, the Laguna West area was annexed into the City. In the Sacramento Local Agency Formation Commission's Resolution 1261, CSA 5 was dissolved and the service responsibility and funding was transferred to the City pursuant to Government Code section 56886(m)(t). As a result of this action, the City continues to levy the District service charges previously authorized for CSA 5 utilizing the procedures prescribed by Government Code section 25210.7(a).

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number by the Sacramento County Assessor's Office. The Sacramento County Auditor-Controller uses Assessor's Parcel Numbers and specific fund numbers for property tax roll identification of those properties assessed for special district benefit assessments.

The purpose of this Report is to provide information regarding the proposed Fiscal Year 2015/16 service charges for the District. The District boundaries are primarily composed of residential developments along with some non-residential parcels.

As part of the annual assessment process, the City conducts a public hearing and considers a resolution to continue the assessment for Fiscal Year 2015/16. Following consideration of public comments received at a noticed public hearing, and following review of the Report, the City Council may confirm the Report as submitted and order the levy and collection of assessments for Fiscal Year 2015/16. If approved, the District assessment information shall be submitted to the Sacramento County Auditor-Controller, and included on the property tax roll for each benefiting parcel for Fiscal Year 2015/16.

2.2 Description of the District Boundaries

The District is located within Sections 25 & 36, Township 7 North, Range 4 East, and Sections 29, 30, 31, and 32, Township 7 North, Range 5 East, Mount Diablo Base and Meridian, as shown on that certain Record of Survey entitled, "A Portion of Sections 25 and 36, Township 7 North, Range 4 East, and A Portion of Sections 29, 30, 31, and 32, Township 7 North, Range 5 East, Mount Diablo Base and Meridian," recorded in the Office of the Recorder of Sacramento County in Book 33 of Surveys at Page 20, described as follows:

BEGINNING at the intersection of the Northerly boundary of said Record of Survey with the Easterly right-of-way line of Interstate 5; thence, from said point of beginning along said Northerly boundary North 89°34'22" East 6804.90 feet; thence, North 89°34'22" East 1871.40 feet to the Easterly Boundary of said Record of Survey; thence, along said Easterly Boundary South 05°37'28" East 5312.88 feet to the Southeast corner of said Record of Survey; thence, along the Southerly boundary of said Record of Survey the following three (3) courses: 1) South 89°34'58" West

2,357.63 feet; 2) South 89°34'45" West 2,655.27 feet; and 3) South 89°40'33" West 3,310.92 feet to the Easterly right-of-way line of said Interstate 5; thence along said Easterly right-of-way line North 09°37'18" West 4486.10 feet; thence, North 08°11'22" West 863.83 feet to the point of beginning.

2.3 Description of Services

A general description of the services to be provided by the District includes, but shall not be limited to the following:

- Street Sweeping
- Road Maintenance
- Drainage Service
- Administration

Street sweeping includes sweeping that is over and above what is normally provided by the City. This additional street sweeping is required in the Laguna West area due to the many trees planted in tree wells and other trees planted close to the narrow streets. These tree wells require hand sweeping because machines cannot sweep around and in the corners.

Increased road maintenance was also anticipated because the tree roots in the tree wells along the streets will cause maintenance problems in the pavement, curbs, gutters, and sidewalks. In addition, the Laguna West area development uses different types of paving, including paving stones, which are non-standard and more costly to maintain than other types of paving such as asphalt and concrete.

Drainage services, in the form of water quality monitoring and drainage maintenance for the Laguna West Lake, are also required because the Laguna West Lake is used for drainage detention and will treat urban runoff from the Laguna West project. The purpose of the water quality monitoring is to determine whether the storm water treatment system is operating in compliance with the Water Quality criteria established by the Laguna West Urban Runoff Treatment Program. This program monitors the storm water discharge from the Laguna West project for the protection of the downstream receiving waters including the Stone Lake National Wildlife Refuge. The primary control measure of the storm water treatment system consists of a 73 acre lake and a one acre water quality pond that receive runoff from approximately 664 acres of residential and commercial properties. Monitoring activities include analyses for priority metals, pesticides, nutrients, and bio toxicity. The purpose of the drainage maintenance is to provide maintenance for the partially submerged pipe system that exceeds the maintenance required for the rest of the City.

Administration services include the costs for the City to account for the District funds, as well as providing for the annual calculation of the service charges, preparing the annual written report, and placing the annual service charges onto the property tax bills.

3. ESTIMATE OF COSTS

3.1 Description of Cost Items

A general description of the District cost items provided by the District is described as follows, but shall not be limited to:

Street Sweeping - Includes all costs required to properly maintain certain streets, including hand sweeping around tree wells.

Road Maintenance - Includes all costs required to properly maintain certain roadways, including the replacement of special paving stones, as well as curb, gutter, and sidewalk replacement due to street tree root damage, traffic signs, pavement markings, and special Laguna West street name signs.

Drainage Services - Includes all costs required to properly maintain the drainage system and perform water quality monitoring. The drainage/flood control system incorporates a major pump station and unique underground facilities. Regular maintenance is conducted by a dive team approximately every 3-5 years, while regular maintenance of the pump station requires similar, to slightly greater intervals. In addition, repairs to the facility's slide gates were required in Fiscal Year 2008/09. The major initial water quality monitoring period has drawn to a close. Since positive water quality test results have been achieved during this monitoring period, increased reliance will now be placed on lower cost pollutant analyses that is already being performed as part of the regular maintenance, as well as other low cost alternatives, as needed. Due to the infrequent nature of the above costs, revenues are accumulated to ensure adequate ongoing funding.

Administration - Includes all costs for the City to account for the District funds, as well as the costs to calculate the annual service charges, prepare the annual written report, and place the annual service charges onto the property tax bills.

Reserve Accounts - The reserve portion of the District accounts accumulate revenues in order to provide sufficient funds for long term maintenance or replacements. For Fiscal Year 2015/16, the City's strategy is to maintain the reserve account in street sweeping while drawing on accumulated reserves in the drainage control and road maintenance components in order to fund this year's increased maintenance costs.

3.2 Fiscal Year 2015/16 Estimated Costs

A general description of the services to be provided by the District is described as follows but shall not be limited to:

The cost of servicing, maintaining, repairing, and replacing the items as described in the Description of Services are summarized in the table below. Estimated expenditures are shown along with the incidental expenses to be funded by the District.

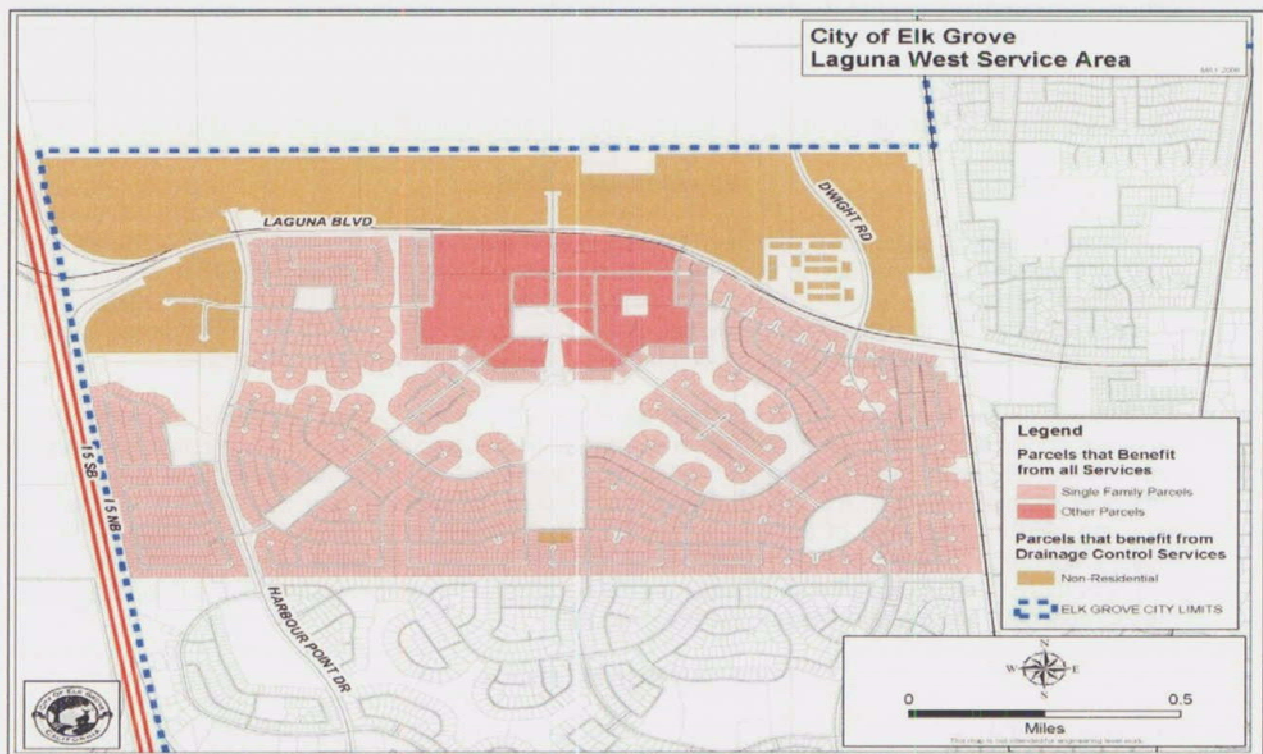
The following table summarizes the components that make up the Fiscal Year 2015/16 estimate of costs for the District:

Description	Street Sweeping	Road Maintenance	Drainage Services	District Admin	Total
Projected Expenses					
1. Engineering Services	\$0.00	\$1,500.00	\$3,750.00	\$0.00	\$5,250.00
2. Professional Studies/Plans	0.00	0.00	4,375.00	0.00	4,375.00
3. Capital Repairs	0.00	16,000.00	24,200.00	0.00	40,200.00
4. Field Services	4,000.00	15,000.00	91,875.00	0.00	110,875.00
5. Consultant Administration Costs	0.00	0.00	0.00	2,500.00	2,500.00
6. Consultant Expenses	0.00	0.00	0.00	500.00	500.00
7. D-Fast Online	0.00	0.00	0.00	0.00	0.00
8. City Staff Costs	0.00	0.00	0.00	8,570.00	8,570.00
9. County Tax Roll Charges	0.00	0.00	0.00	1,372.98	1,372.98
10. Reserve Fund Replenishment	0.00	0.00	0.00	0.00	0.00
11. Replacement Costs	0.00	0.00	0.00	0.00	0.00
Total Projected Expenses:	\$4,000.00	\$32,500.00	\$124,200.00	\$12,942.98	\$173,642.98
Levy Breakdown					
Total Projected Expenses	\$4,000.00	\$32,500.00	\$124,200.00	\$12,942.98	\$173,642.98
Reserve Fund (Contribution)/Collection	0.00	(23,332.49)	(89,165.99)	0.00	(112,498.48)
Balance to Levy	\$4,000.00	\$9,167.51	\$35,034.01	\$12,942.98	\$61,144.50
Fund Balance Information					
Projected Reserve Fund Balance at 06/30/2015	\$5,435.00	\$358,159.52	\$252,275.51	\$2,440.89	\$618,310.92
Reserve Accounts(Contribution)/Collection	0.00	(23,332.49)	(89,165.99)	0.00	(112,498.48)
Projected Interest	36.00	2,316.00	1,632.00	16.00	4,000.00
Projected Reserve Fund Balance at 06/30/2016	\$5,471.00	\$337,143.03	\$164,741.52	\$2,456.89	\$509,812.44

The above estimate of costs is based on all costs associated with the maintenance and servicing of the District improvements. Each year the budget is reviewed and the District service charges are assessed based on the estimated costs to maintain and service the improvements. For Fiscal Year 2015/16, service charges are proposed to be levied in the amount of \$17.04 for each Subdivided Single Family Residential Benefit Parcel, \$105.13 per acre for Other Properties That Benefit From All Services, and \$63.42 per acre for Non Street Sweeping and Road Maintenance Benefit Parcels.

4. ASSESSMENT DIAGRAM

The Assessment Diagram sets forth (a) the exterior boundaries of the District and (b) the lines of each lot or parcel within the District. The Assessment Diagram further identifies each lot or parcel by a distinctive number or letter. For a detailed description of the lines and dimensions of any lot or parcel, reference is made to the Sacramento County Assessor's Map applicable for the next fiscal year, which map shall govern for all details concerning the lines and dimensions of such lots or parcels. The following image provides a rendering of the District boundaries.



5. ASSESSMENTS

The actual service charge assessments for Fiscal Year 2015/16, apportioned to each parcel as shown on the latest equalized roll at the Sacramento County Assessor's office, are listed in Section 5.2 of this Report. The description of each lot or parcel is part of the records of the Sacramento County Assessor and such records are, by reference, made part of this Report.

5.1 *Method of Apportionment*

The law requires and the statutes provide that assessments, as levied pursuant to the provisions of the CSA Law, Article XIII D of the Constitution of the State of California, and the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following), must be based on the benefit that the properties receive from the improvements to be maintained. The CSA Law does not specify the method or formula that should be used in any special assessment district proceedings. The responsibility rests with the Assessment Engineer, who is appointed for the purpose of making an analysis of the facts and determining the correct apportionment of the assessment obligation.

BENEFIT ANALYSIS

The formula used for calculating service charges for the District reflects the composition of the parcels and the improvements provided to fairly apportion the costs based on special benefits to each parcel. In addition, pursuant to Section 4 of Article XIII D of the Constitution of the State of California, a parcel's service charge assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel and provides that only special benefits may be assessed.

All improvements and services associated with the District have been identified as necessary, required, and/or desired for the orderly development of the properties to their full potential, consistent with the development plans. As such, these improvements would be necessary and required of individual property owners for the development of such properties, and the ongoing operation, servicing, and maintenance of the improvements and facilities would be the financial obligation of those properties. Therefore, the improvements and the annual costs of ensuring the maintenance and operation of the improvements provide special benefits to the properties within the District and no measurable benefits to properties outside the District.

SERVICE CHARGE METHODOLOGY

The Method of Apportionment of the service charge is based upon the special benefit derived from the improvements and conferred upon the real property within the District over and above the general benefit conferred upon the real property within District or to the public at large. To apportion the estimated costs during any fiscal year, a formula and method that fairly distributes the net amount to be assessed among all parcels has been developed and is described below:

Within the District, service charge assessments are collected from three categories of assessable parcels:

1. **Subdivided Single Family Residential Benefit Parcels** - All single family residential lots in the District which benefit from the street sweeping, road maintenance, drainage service, and administrative components.
2. **Other Properties That Benefit From All Services** - All parcels, other than Subdivided Single Family Residential Benefit Parcels, that benefit from both the street sweeping, road maintenance,

drainage service, and administrative components. These parcels are located in the town center area of Laguna West.

- 3. Non Street Sweeping and Road Maintenance Benefit Parcels** - All parcels that are not included in Category 1 or Category 2 that benefit from the drainage service and administrative component only. These include parcels located north of Laguna Boulevard and East of Harbor Point Drive, and non-subdivided residential parcels outside of the town center area.

Exempt Parcels - This land use identifies properties that are not assessed. This land use classification may include, but is not limited to, lots or parcels identified as public streets and other roadways (typically not assigned an Assessor's Parcel Number by Sacramento County); dedicated public easements, open space areas and rights-of-ways, public greenbelts and parkways; utility rights-of-ways; common areas, sliver parcels and bifurcated lots or any other property that cannot be developed, park properties and other publicly owned parcels that are part of the District improvements or that have little or no improvement value.

These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from the service charge assessment.

The following table provides a land use category listing, the service charge assessment rate for each of the categories, and a multiplying factor used to calculate each parcel's individual service charge assessment amount.

Service Charges per Land Use Category

Property Type	Fiscal Year 2015/16 Proposed Service Charges	Fiscal Year 2015/16 Maximum Service Charges (1)
Subdivided Single Family Residential Benefit Parcels (per parcel, unit, or lot)	\$17.04	\$17.04
Other Properties That Benefit From All Services (per acre)	105.13	105.13
Non Street Sweeping and Road Maintenance Benefit Parcels (per acre)	63.53	63.53

(1) The Maximum Service Charge for each Property Type is not subject to an annual escalation factor.

The formulas described in the preceding service charge methodology are used to calculate each parcel's service charge assessment amount, which is then submitted to Sacramento County for inclusion on the property tax roll.

5.2 Assessment Roll

Parcel identification, for each lot or parcel within the District, shall be the Assessor's Parcel as shown on the Sacramento County Assessor's map for the year in which this Report is prepared.

At the conclusion of the public hearing for the District's proposed service charges, approval of the Report (as submitted or as modified) confirms the method of apportionment and the service charge rate to be levied against each eligible parcel, and thereby constitutes the approved levy and collection of service charges for Fiscal Year 2015/16. The listing of parcels and the amount of service charge to be levied shall be submitted to the Sacramento County Auditor/Controller and included on the Fiscal Year 2015/16 property tax roll for each parcel.

If any parcel submitted for collection is identified by the Sacramento County Auditor/Controller to be an invalid parcel number for the current fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the Sacramento County Auditor/Controller. The service charge amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and service charge rate approved in this Report. Therefore, if a single parcel has changed to multiple parcels, the service charge amount applied to each of the new parcels shall be recalculated and applied according to the approved service charge methodology and service charge rate rather than a proportionate share of the original service charge.

The proposed Fiscal Year 2015/16 District assessment roll is listed on the following pages.

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2015-131**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO)
CITY OF ELK GROVE) ss

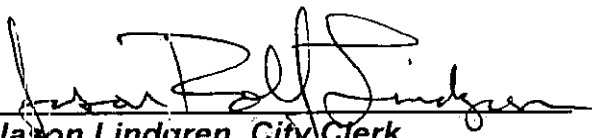
I, Jason Lindgren, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on June 24, 2015 by the following vote:

AYES : **COUNCILMEMBERS:** *Davis, Hume, Detrick, Ly, Suen*

NOES: **COUNCILMEMBERS:** *None*

ABSTAIN : **COUNCILMEMBERS:** *None*

ABSENT: **COUNCILMEMBERS:** *None*



**Jason Lindgren, City Clerk
City of Elk Grove, California**