

AGENDA REPORT

SUBJECT/TITLE:

**4TH STREET IMPROVEMENT PROJECT
NOTICE OF COMPLETION**

RECOMMENDATION:

1. **APPROVE FILING OF THE NOTICE OF COMPLETION FOR THE 4TH STREET IMPROVEMENT PROJECT, AND AUTHORIZE THE CITY CLERK TO IMMEDIATELY FILE THE NOTICE OF COMPLETION WITH THE COUNTY RECORDER;**
2. **THIRTY-FIVE (35) DAYS AFTER THE RECORDATION OF THE NOTICE OF COMPLETION, IF NO LIENS ARE FILED BY SUBCONTRACTORS, PAY R. BURKE CORPORATION THE 5 PERCENT RETENTION PAYMENT IN THE AMOUNT OF \$9,279.68.**

DISCUSSION:

On June 13, 2017, the City Council adopted Resolution No. 2017-24 awarding the 4th Street Improvement Project to R. Burke Corporation in the amount of \$185,725.00. The City Council also authorized the City Administrator to approve contract change orders up to 15% of the contract amount during construction, if deemed necessary.

There was one change order issued to place aggregate base behind the new curb to create a safe walking surface for the Apio employees. The change order was in the amount of \$4,780.00. Also, some of the bid quantities came in lower than estimated, which reduced the project costs by \$4,911.50.

The following outlines the project costs:

Original Contract Amount	\$185,725.00
Contract Change Order	\$4,780.00
<u>Total Contract Amount</u>	<u>\$190,505.00</u>
Adjustment to Bid Quantities	- \$4,911.50
Final Project Amount	\$185,593.50

In accordance with state law, a percentage of the contract amount is withheld by the City until thirty-five days after filing the Notice of Completion. The City Engineer has determined the retention to be 5% for this project. The retention allows suppliers and subcontractors the opportunity to file a lien with the City in the event they have a payment dispute with the prime

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contractor. It is highly unlikely that any subcontractors or suppliers will file a lien against the final five percent payment.

Assuming the City Clerk files the Notice of Completion with the County Recorder on or about October 13, 2017 the retention of \$9,279.68 can be released (35 calendar days later) on or about November 17, 2017 if no liens are filed with the City by subcontractors.

ATTACHMENTS:

1. Notice of Completion
2. Final Pay Estimate

Prepared by: Jeff van den Eikhof, City Engineer

Meeting Date: 10 October 2017

City Administrator Approval: _____

CWR

Agenda Item: _____

RECORDING REQUEST BY

City of Guadalupe

AND WHEN RECORDED MAIL TO

Cruz Ramos, City Administrator
918 Obispo Street
P.O. Box 908
Guadalupe, CA 93434

APN # N/A

**NOTICE OF COMPLETION
NO TRANSFER OF PROPERTY**

NOTICE IS HEREBY GIVEN PURSUANT TO CIVIL CODE SECTION 3039:

1. The undersigned is the corporate officer for the City of Guadalupe, owner of property hereinafter described.
2. The FULL NAME of owner is City of Guadalupe
3. The FULL ADDRESS of the owner is: 918 Obispo Street, Guadalupe, CA 93434
4. The NATURE OF THE INTEREST OF THE OWNER is in fee.
5. All work of improvement on the property hereinafter described was completed on September 15, 2017.
6. The work done was the 4th Street Improvement Project.
7. THE NAME OF THE ORIGINAL CONTRACTOR, if any, for such work of improvements in the City of Guadalupe:
R. Burke Corporation, P. O. Box 957, San Luis Obispo, CA 93406-0957
8. The property in which said work of improvement was completed is in the City of Guadalupe, County of Santa Barbara, State of California.

Dated: _____

(Signature of Owner Name In Paragraph 2)
Cruz Ramos

VERIFICATION

I, the undersigned, say:

I am Joice Earleen Raguz the City Clerk, declared of the foregoing Notice of Completion; I have read said Notice of Completion and know the contents thereof; the same is true of my own knowledge. I declare under penalty or perjury that the foregoing is true and correct.

Executed on the 10th day of October 2017 at the City of Guadalupe, California

_____, City Clerk of the City of Guadalupe
(Signature) Joice Earleen Raguz

***** Contract Invoice *****

To: CITY OF GUADALUPE
918 OBISPO STREET
GUADALUPE CA 93434

Invoice No: 726102R
Invoice Date: 09/18/2017

From: R. BURKE CORPORATION
P.O. BOX 957
SAN LUIS OBISPO CA 93406-0957
805-543-8568

Estimate No: 726102R
Completed Thru: 09/18/2017
Owner Job No: 1715

Contract: 1715 4TH STREET IMPROVEMENT PROJECT

Phase	Description of Work	Contract Values			Previously Completed		—This Invoice—		—Total To-Date—		
		Quantity	Unit Price	\$ Amount	Quantity	\$ Amount	Quantity	\$ Amount	Quantity	\$ Amount	
01	MOBILIZATION	1.000	LS	21600.0000	21600.00	1.000	21600.00	0.000	0.00	1.000	21600.00
02	TRAFFIC CONTROL	1.000	LS	10000.0000	10000.00	1.000	10000.00	0.000	0.00	1.000	10000.00
03	WPCP	1.000	LS	2800.0000	2800.00	1.000	2800.00	0.000	0.00	1.000	2800.00
04	POTHOLE	1.000	LS	3800.0000	3800.00	1.000	3800.00	0.000	0.00	1.000	3800.00
05	REMOVE EX FACILITIES	1.000	LS	9500.0000	9500.00	1.000	9500.00	0.000	0.00	1.000	9500.00
06	3/8" HMA	60.000	TN	240.0000	14400.00	77.000	18480.00	0.000	0.00	77.000	18480.00
07	1/2" HMA	210.000	TN	155.0000	32550.00	214.000	33170.00	0.000	0.00	214.000	33170.00
08	PRMNT FABRIC	2050.000	SY	3.5000	7175.00	2050.000	7175.00	0.000	0.00	2050.000	7175.00
09	KEYCUT A	600.000	LF	7.5000	4500.00	600.000	4500.00	0.000	0.00	600.000	4500.00
10	KEYCUT B	42.000	LF	50.0000	2100.00	42.000	2100.00	0.000	0.00	42.000	2100.00
11	R&R 4" AC	1500.000	SF	5.0000	7500.00	1170.000	5850.00	0.000	0.00	1170.000	5850.00
12	R&R 4" TO 6.3" AC	2500.000	SF	6.6000	16500.00	2460.000	16236.00	0.000	0.00	2460.000	16236.00
13	6" DEEP LIFT STBL. ALLO	1000.000	SF	7.0000	7000.00	0.000	0.00	0.000	0.00	0.000	0.00
14	AGG BASE	8.000	TN	95.0000	760.00	8.000	760.00	0.000	0.00	8.000	760.00
15	PCC DRIVEWAY	450.000	SF	15.0000	6750.00	337.500	5062.50	0.000	0.00	337.500	5062.50
16	PCC CURB AND GUTTER	275.000	LF	68.0000	18700.00	275.000	18700.00	0.000	0.00	275.000	18700.00
17	PCC CURB OPENING C. BAS	1.000	EA	14000.0000	14000.00	1.000	14000.00	0.000	0.00	1.000	14000.00
18	LOWER WV COVER	5.000	EA	300.0000	1500.00	6.000	1800.00	0.000	0.00	6.000	1800.00
19	ADJ WV COVER	5.000	EA	770.0000	3850.00	6.000	4620.00	0.000	0.00	6.000	4620.00
20	INSTL 12" XWALK	20.000	LF	3.0000	60.00	20.000	60.00	0.000	0.00	20.000	60.00
21	INSTALL STOP THERMO	1.000	EA	120.0000	120.00	1.000	120.00	0.000	0.00	1.000	120.00
22	SHLDR BACKING	7.000	TN	80.0000	560.00	6.000	480.00	0.000	0.00	6.000	480.00
Original Contract Total:				185,725.00		180,813.50		0.00		180,813.50	
99	CCO#1 NEW ITEM #23	1.000	LS	4780.0000	4780.00	1.000	4780.00	0.000	0.00	1.000	4780.00
Total Change Orders:				4,780.00		4,780.00		0.00		4,780.00	
Total Contract To-Date:				190,505.00		185,593.50		0.00		185,593.50	

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***** Contract Invoice *****

To: CITY OF GUADALUPE
918 OBISPO STREET
GUADALUPE CA 93434

Invoice No: 726102R
Invoice Date: 09/18/2017

From: R. BURKE CORPORATION
P.O. BOX 957
SAN LUIS OBISPO CA 93406-0957
805-543-8568

Estimate No: 726102R
Completed Thru: 09/18/2017
Owner Job No: 1715

Contract: 1715 4TH STREET IMPROVEMENT PROJECT

Work Completed To-Date:	185,593.50
Less Retention:	0.00
	<hr/>
	185,593.50
Less Previous Billing:	176,313.82
Current Payment Due:	9,279.68

VRB

REPORT TO THE CITY COUNCIL OF THE CITY OF GUADALUPE

Agenda of October 10, 2017

n/a
Prepared by:
Gary L. Hoving, Director of Public Safety

CWR
Approved by:
Cruz Ramos, City Administrator

SUBJECT: PROPOSAL TO AUTHORIZE CITY STAFF TO SUBMIT A GRANT APPLICATION FOR A COMMUNITY DEVELOPMENT BLOCK GRANT AND HOLD A PUBLIC HEARING SUPPORT OF THE GRANT APPLICATION

RECOMMENDATION:

It is recommended that the City Council hold a public hearing seeking community input into the proposed submission of a Community Development Block Grant (CDBG) and authorize the Mayor to sign applications and supportive documents on behalf of the city.

BACKGROUND:

The City of Guadalupe withdrew from a county-wide Community Development Block Grant consortium paving the way to submit grant applications directly to the State of California. The advantage is that direct submission has the ability to seek larger funding amounts up to \$5,000,000 with some potential of additional supplemental funds beyond the published limits.

Last year, an informal CDBG committee was formed to improve city owned facilities and to seek potential funding sources. Of primary concern was the youth center currently used by the Boys and Girls Club and the surrounding grounds known as Leroy Park. The condition of the structure and park are considered to be deteriorating with a need for rehabilitation to better serve the community.

DISCUSSION:

The CDBG funding source is derived from federal monies passed through the state to support local development projects. There are a variety of programs funded through the CDBG grant source. In our case, we are seeking funding under the Public Facilities Activities category which permits the "acquisition, new construction, or rehabilitation of buildings/grounds for public purposes."

A requirement for grant submission is a minimum of two public hearings. These legally noticed public hearings provide for community input on the nature and scope of the proposed project. In addition, members of the community or interested parties may submit a written comment to be considered in the development of the grant application.

The proposed site of the rehabilitation project is the Boys and Girls Club building and the surrounding grounds known as Leroy Park. Rehabilitation is expected to include the following items: replacement of heating/air conditioning system, reroofing the building, exterior paint, gated entry, door replacements, covered picnic area, Americans with Disabilities Act restroom upgrades, water saving irrigation system, rehabilitation of existing trees, new additional trees and plants, corral fencing in front of park, exercise workstations, ADA accessible walkways, small BBQ pits, picnic tables, exterior solar powered LED lighting, security camera system and replacement fencing along the north and west sides of the park.

While the exact numbers are still under development as the actual grant application is constructed, the request for funds for this project should be under \$1,000,000. However, other projects may be presented for inclusion with the CDBG application with a limit of \$ 5,000,000.

The project is expected to create a family friendly park setting with large and small group accommodations, enhanced beauty, protection of existing building, fitness options and improved security for the entire community to enjoy.

FISCAL IMPACT:

If the project is approved and funded by the Community Development Block Grant, the City of Guadalupe will realize a greatly enhanced community facility with up to \$5,000,000 in government funding. There is no local match required for participation in the program.

**INFORMATIONAL REPORT TO THE CITY COUNCIL OF THE CITY OF
GUADALUPE**

Agenda of October 10, 2017

CUR

Prepared by: Cruz Ramos
City Administrator

**SUBJECT: CITY STAFF TO COMPLETE AN APPLICATION FOR THE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM.**

PURPOSE:

The City of Guadalupe can apply directly to the State of California for eligible activities (projects). Up to \$5M can be applied for (each Activity has its own maximum). There is a limit of two activities (planning grants can be a third activity). The CDBG funding source is derived from federal monies passed to the state to support local rural development projects. There are a variety of programs funded through the CDBG grant source. These include: 1. Housing (\$1M), 2. Economic Development (\$500,000), 3. Multi-family (\$3M), 4. Public Services (\$500,000), 5. Public Facility (\$5M), 6. Public Infrastructure (\$5M), 7. Planning Grants (\$100,000). The Leroy Park grant will be resubmitted as one Activity, A second activity will be selected with input from the City Council and from the public through the public meeting. In addition to the two activities, of which a Planning Grant application (City of Guadalupe Resilience Plan) is intended to work jointly with the General Plan Update and is a separate activity apart from the two other applications.

BACKGROUND:

Mr. Tom Brandeberry, a retired state Section Chief, will complete the grant applications for a fee of \$1,000. Mr. Brandeberry formed Rural Community Development Corporation of California (RCDCC) to fill a gap in the capacity and resource needs of California's disadvantaged rural communities. His experience includes over ten years with the Department of Housing and Community Development. He served as Section Chief for several federal Housing and Urban Development (HUD) Programs, including HOME Investment Partnership program (HOME), Community Development Block Grant (CDBG) Program, Neighborhood Stabilization Program (NSP) AND Disaster Recovery Initiatives (DRI) Program. In addition to the two activities, a Planning Grant application (City of Guadalupe Resilience Plan) is intended to work jointly with the General Plan Update and is a separate activity apart from the two other applications.

DISCUSSION:

This year's Notice of Funding Availability (NOFA) was released late and has a deadline of December 1, 2017 leaving minimal time for two meetings as required by CDBG and completion

of the applications to meet the submittal deadline by postal mail. To expedite and to meet the required two community meetings, the meetings will be held in conjunction with Cal Poly for the purpose of input on both the General Plan and to identify community interest in eligible CDBG projects using data from the Cal Poly 2009 Community Plan.

On the November 14, City Council meeting the Council will make a determination on which Activities will be submitted for funding at which time City Staff will request approval via a resolution in support of the grant applications and authorize the City Administrator to sign the appropriate applications and supportive documents on behalf of the city.

FISCAL IMPACT:

If the project is approved and funded by the Community Development Block Grant, the City of Guadalupe will realize a greatly enhanced community facility with up to \$5,000,000 in government funding. There is no local match required for participation in the program.



8a.

AGENDA REPORT

SUBJECT/TITLE:

FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT

RECOMMENDATION:

1. **CONDUCT PUBLIC HEARING REGARDING THE FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT -- OPEN THE PUBLIC HEARING, ACCEPT PUBLIC TESTIMONY AND ANY WRITTEN PROTESTS, THEN CLOSE THE PUBLIC HEARING; AND,**
2. **TABULATE BALLOTS -- UPON CONCLUSION OF PUBLIC TESTIMONY AND CLOSE OF THE PUBLIC HEARING, TABULATE BALLOTS RECEIVED; AND,**
3. **ADOPT RESOLUTION NO. 2017-57 - DECLARING THE RESULTS OF THE PROPERTY OWNER PROTEST BALLOT PROCEEDING; AND,**
4. **ADOPT RESOLUTION NO. 2017-58 - APPROVES THE FORMATION OF THE DISTRICT, CONFIRMS THE ENGINEER'S REPORT, ASSESSMENT DIAGRAM, AND ASSESSMENTS RELATED THERETO COMMENCING IN FISCAL YEAR 2018/2019, AND OVERRULING ALL PROTESTS CONCERNING SUCH ASSESSMENTS.**

DISCUSSION:

At the August 14, 2017 City Council Meeting, the City Council adopted a Resolution of Intention which set October 10, 2017 as the public hearing date for the proposed formation of the Pasadera Landscaping and Lighting District ("District") pursuant to the provisions of the Landscaping and Lighting Act of 1972 and called for the protest ballot proceeding regarding the new assessments for the District, pursuant to the requirements of the California Constitution Article XIII D. The City of Guadalupe is proposing the formation of the District to establish a dedicated revenue source to fund the expenses related to the special benefit to properties in the District for the ongoing maintenance, operation and servicing of the local parks, landscaping, and street lighting improvements established in connection with development of those properties (planned commercial and residential developments) identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development, which is generally located on the south side of Main Street near Obispo Street and Flower Avenue.

At build-out, it is anticipated that this District will incorporate approximately eight hundred and three (803) single-family residential home sites; twenty-one (21.49) acres of non-residential development (commercial service and commercial neighborhood); a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way. Currently, the lots and parcels of land within the proposed District are inclusive of the parcels identified on the Santa Barbara County Assessor's Parcel Maps as: Book 113 Page 01, Parcels 25 and 37; Page 08, Parcel 18; Page 45, Parcels 01 through 04, and 06 through 10; Page 46, Parcels 01 through 57; Page 47, Parcels 01 through 61; and Page 48, Parcels 01 through 41.

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The formation of the District will allow for the levy and collection of annual assessments on the County tax rolls commencing in fiscal year 2018/2019. The annual assessments which are more fully described in the attached Engineer's Report will provide funding for the net special benefit costs and expenses that are necessary to service and maintain the local parks, landscaping, and lighting improvements associated with and resulting from the development of properties within the District. After the City Council's adoption of the Resolution of Intention and preliminary approval of the engineer's report at the June 13, 2017 City Council meeting, the Developer and the City reached an agreement for the Developer to fund and maintain the District improvements for Fiscal Year 2017/2018 rather than to levy assessments for Fiscal Year 2017/2018 as originally planned. A Final Engineer's Report reflecting that change is provided in the City Council's packet.

Tonight, staff recommends that the City Council take the next and final steps for the formation of the District. It is requested that:

- 1) The City Council open the Public Hearing regarding the formation of the District and assessments to accept public testimony and any written protests regarding these proceedings.
- 2) Upon conclusion of the public testimony, the Mayor will close the public hearing and direct the City clerk or their designee to open and tabulate the ballots received, which may take a few minutes. (The City Council may move on to other items on the agenda and come back to this item after the ballot tabulation has been completed).
- 3) Upon completion of the tabulation, the City Clerk or City staff will present to the City Council the results of that tabulation which will be in the form of total dollars (\$) in support of the assessments ("Yes" votes) and the total dollars (\$) opposed to the assessments ("No" votes); and as a matter of procedure, the City Council would then adopt the first of two resolutions which formally declares the results of protest ballot proceedings.
- 4) Based on the weighted ballot results, if the "No" votes exceed the "Yes" votes then there is a majority protest of the assessments and the City Council will abandon any further proceedings at this time to form the District or to levy the annual assessments.

If majority protest does not exist, it is requested that the City Council adopt the second resolution which approves the formation of the District and confirms the Engineer's Report and the Assessment Diagram, and establishes the maximum assessment rates, assessment range formula, and the related maximum assessments authorized commencing in Fiscal Year 2018/2019.

ATTACHMENTS:

1. Resolution 2017-57
2. Final Engineer's Report, Formation of Pasadera Landscaping and Lighting District, Fiscal Year 2017/2018
3. Resolution 2017-58

Prepared by: Jeff van den Eikhof, City Engineer

Meeting Date: 10th day of October 2017

City Administrator Approval: _____

CUR

Agenda Item: _____

RESOLUTION NO. 2017-57

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, DECLARING THE RESULTS OF THE PROPERTY OWNER PROTEST BALLOT PROCEEDING CONDUCTED FOR THE LEVY OF ASSESSMENTS RELATED TO THE FORMATION OF THE PASADERA LANDSCAPING AND LIGHTING DISTRICT, FISCAL YEAR 2017/2018, AND APPROVING CERTAIN RELATED ACTIONS

WHEREAS, the City Council called and duly held a property owner protest ballot proceeding for the formation of the Pasadera Landscaping and Lighting District ("District") pursuant to the provisions of the Landscaping and Lighting Act of 1972 being Part 2, Division 15 of the California Streets and Highways Code (the "Act"), and the California Constitution Article XIID (the "Constitution"), for the purpose of presenting to the qualified property owners within the proposed District, the annual levy of assessments for the improvements connected therewith. The annual levy of assessments, as presented to the affected property owners of record in this ballot proceeding, included and identified the initial maximum assessment rate for Fiscal Year 2017/2018, the proportional assessment amount balloted for each benefiting property as well as the annual inflationary adjustment applicable to future assessments and the total amount balloted for the District. These assessments as presented are intended to fund the special benefit costs and expenses related to the ongoing maintenance, operation and servicing of the local parks, landscaping, street lighting improvements, and appurtenant facilities related thereto; and,

WHEREAS, the landowner(s) of record within the proposed District as of the close of the Public Hearing held on October 10, 2017 did cast their ballots, weighted by the proportional financial obligation of each ballot, the results of which are illustrated below:

Total Ballots Cast	Yes Total	No Total
\$ _____	\$ _____	\$ _____

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Guadalupe as follows:

SECTION 1. The above recitals are true and correct; and,

SECTION 2. The protest proceedings for the proposed District was conducted pursuant to the provisions of the California Constitution with ballots presented to the affected property owner(s) for receipt by the City Clerk prior to the conclusion of the Public Hearing on October 10, 2017, with each ballot weighted according to the proportional financial obligation of the affected property; and,

SECTION 3. The tabulation and canvass of the property owner protest ballots was conducted by the City Clerk or their designee, with all valid protest ballots returned by the affected property owners being counted, the results of which as shown herein, have been presented to the City Council and are hereby confirmed; and,

SECTION 4. The City Clerk is hereby directed to enter this Resolution into the minutes of the City Council, which shall constitute the official declaration of the result of such property owner protest proceeding; and,

SECTION 5. This Resolution shall become effective immediately upon its adoption and the City Clerk shall certify the adoption of this Resolution.

* * * * *

PASSED, APPROVED AND ADOPTED at a regular meeting on the 10th day of October 2017 by the following vote:

- Motion:**
- AYES:**
- NOES:**
- ABSENT:**
- ABSTAIN:**

I, Joice Earleen Raguz, City Clerk of the City of Guadalupe DO HEREBY CERTIFY that the foregoing Resolution, being C.C. Resolution No. 2017-57, has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the City Council, held October 10, 2017, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk
Deputy City Clerk

John Lizalde, Mayor
Mayor

APPROVED AS TO FORM:

PHILIP F. SINCO, City Attorney

RESOLUTION NO. 2017-58

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA APPROVING THE FORMATION OF THE GUADALUPE PASADERA LANDSCAPING AND LIGHTING DISTRICT, CONFIRMING THE ENGINEER'S REPORT, THE ASSESSMENT DIAGRAM AND ASSESSMENTS RELATED THERETO, OVERRULING ALL PROTESTS CONCERNING THE ASSESSMENTS, AND APPROVING THE LEVY AND COLLECTION OF ASSESSMENTS COMMENCING IN FISCAL YEAR 2018/2019

WHEREAS, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "Act"), the City Council by Resolution No. 2017-22 initiated proceedings and ordered the preparation of an Engineer's Report in connection with the formation of the Pasadera Landscaping and Lighting District (the "District") incorporating all lots and parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the "Pasadera Development" located on the south side of Main Street near Obispo Street and Flower Avenue, to fund the special benefit costs and expenses for the ongoing maintenance, operation and servicing of the landscaping and lighting improvements and appurtenant facilities related thereto; and,

WHEREAS, after fully considering the Engineer's Report presented, the City Council adopted Resolution No. 2017-23 preliminarily approving said Engineer's Report, declared its intention to form the District, to conduct a property owner protest ballot proceeding for the proposed new assessments related thereto in accordance with the provisions of Article XIID of the California Constitution (the "Constitution") and Government Code §§ 53750 et seq., and set the Public Hearing to be noticed pursuant to applicable law for October 10, 2017 at 6:00 p.m.; and,

WHEREAS, notices and ballots were mailed to the property owners of record regarding the formation of the District and the proposed new assessments as described in the Engineer's Report pursuant to the applicable laws and regulations governing majority protest proceedings for return receipt prior to the close of the public hearing on October 10, 2017; and

WHEREAS, on October 10, 2017, the City Council held the duly noticed Public Hearing not less than 45 days after the mailing of the notices and ballots, to consider all oral statements and written protests, objections, and communication made or filed by any interested person regarding the formation of the District and the proposed new assessments; and to receive and accept all protest ballots from the property owners of record within the proposed District; and,

WHEREAS, at the conclusion of the Public Hearing, a tabulation and canvass of the property owner protest ballots was conducted by the City Clerk or their designee, with all valid protest ballots returned by the affected property owners being counted; and,

WHEREAS, by resolution the City Council confirmed the results of the ballot tabulation and property owner protest proceeding conducted in accordance with the provisions of the Constitution, the results of which indicated that majority protest did not exist for the assessments as presented and to be levied on properties within the District commencing fiscal year 2018/2019.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Guadalupe as follows:

SECTION 1. That the foregoing recitals are true and correct; and,

SECTION 2. Following notice duly given, the City Council has held a full and fair public hearing regarding the formation of the Pasadera Landscaping and Lighting District, the levy and collection of assessments, and has considered all public testimony and written statements, protests and communications made or filed by interested persons; and,

SECTION 3. In accordance with the provisions of the Constitution, the City Council has evaluated the results of the property owner protest ballot proceedings and has determined that majority protest of the proposed new assessments did not exist, and hereby overrules all oral or written protests that may have been presented concerning the annual assessments for the District; and,

SECTION 4. Based upon its review of the facts presented, and the Final Engineer's Report that has been prepared and filed with the City Clerk, the City Council hereby finds and determines that:

4a)The land within the District will receive special benefit from the operation, maintenance and servicing of the improvements to be provided by the District as described in the Engineer's Report; and,

4b)The District as defined by the Assessment Diagram contained in the Engineer's Report, includes all of the lands receiving such special benefit; and,

4c)The net amount to be assessed upon the lands within the District has been apportioned by a formula and method which fairly distributes the net amount among all eligible parcels in proportion to the special benefit to be received by each parcel from the improvements and services to be provided. and,

SECTION 5. The adoption of this Resolution constitutes the formation of the District, the boundaries of the District and the Zones therein as contained in the Assessment Diagram presented in the Engineer's Report; the establishment of the maximum assessment rates and assessment range formula connected therewith as described in the Engineer's Report and adopted by the City Council; and,

SECTION 6. The City Council hereby orders the District improvements to be made as outlined by the Engineer's Report and by these proceedings; and,

SECTION 7. Pursuant to applicable law, City staff or their designee is hereby authorized and directed to file as may be required the annual levy of assessments for the District commencing in fiscal year 2018/2019 as approved herein with the Santa Barbara County Auditor/Controller along with a certified copy of this Resolution; and/or other Resolutions and documents as may be required by the County Auditor/Controller or County Assessor, including copies of this Engineer's Report or Assessment Diagram confirmed by this Resolution; and,

SECTION 8. The City Clerk shall certify to the passage and adoption of this Resolution, and the minutes of this meeting shall so reflect the City Council's approval and confirmation of the formation of the District; the Engineer's Report and Assessment Diagram prepared in connection with the District formation; and the establishment of the maximum assessment rates, assessment range formula, and the related maximum assessments so authorized commencing in Fiscal Year 2018/2019 as outlined in the Engineer's Report.

PASSED, APPROVED AND ADOPTED at a regular meeting on the 10th day of October 2017 by the following vote:

Motion:
AYES:
NOES:
ABSENT:
ABSTAIN:

I, Joice Earleen Raguz, City Clerk of the City of Guadalupe DO HEREBY CERTIFY that the foregoing Resolution, being C.C. Resolution No. 2017-58, has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the City Council, held October 10, 2017, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk
Deputy City Clerk

John Lizalde, Mayor
Mayor

APPROVED AS TO FORM:

PHILIP F. SINCO, City Attorney



CITY OF GUADALUPE
Engineer's Report
Formation of
Pasadera Landscaping and Lighting District

Fiscal Year 2017/2018

Intent Meeting: August 14, 2017
Public Hearing: October 10, 2017

CITY OF GUADALUPE
918 OBISPO STREET
GUADALUPE, CA 93434

AUGUST 2017

PREPARED BY

WILLDAN FINANCIAL SERVICES

27368 Via Industria, Suite 200
Temecula, California 92590
T. 951.587.3500 800.755.6864
F. 951.587.3510 888.326.6864

www.willdan.com/financial



ENGINEER'S ANNEXATION REPORT AFFIDAVIT

City of Guadalupe

Pasadera Landscaping and Lighting District

District Formation

Fiscal Year 2017/2018

Annual Levy of Assessments

Commencing in Fiscal Year 2018/2019

City of Guadalupe,

County of Santa Barbara, State of California

This Report and the enclosed budgets, diagrams, and descriptions presented for the consideration of the Guadalupe City Council, outline the proposed formation of the Pasadera Landscaping and Lighting District for Fiscal Year 2017/2018 and the establishment of annual assessments related thereto commencing in Fiscal Year 2018/2019. Said District includes all lots and parcels of land identified on the Santa Barbara County Assessor's Parcel Maps as the same existed at the time this Report was prepared incorporating: Book 113, Page 01, Parcels 25 and 37; Book 113, Page 08, Parcel 18; Book 113, Page 45, Parcels 01 through 04, and 06 through 10; Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41.

Reference is hereby made to the Santa Barbara County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each parcel within the Pasadera Landscaping and Lighting District including all subsequent subdivisions, lot-line adjustments, or parcel changes therein. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2017.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Guadalupe

By: _____

Jim McGuire
Principal Consultant

By: _____

Richard Kopecky
R.C.E. # 16742

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Introduction

Pursuant to the provisions of the Landscape and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (referred to as the "1972 Act"), and in compliance with the substantive and procedural requirements of Article XIID of the California State Constitution (hereafter referred to as the "California Constitution"), the City Council of the City of Guadalupe, County of Santa Barbara, State of California (hereafter referred to as the "City"), propose to form a special benefit assessment district designated as:

Pasadera Landscaping and Lighting District

(hereafter referred to as the "District"), in order to provide and maintain various landscaping and lighting improvements that provide special benefits to properties within the District which includes all lots and parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development (hereafter referred to as the "Pasadera Development") located on the south side of Main Street near Obispo Street and Flower Avenue.

This Engineer's Report (the "Report") has been prepared pursuant to Chapter 1, Article 4 of the 1972 Act, and presented to the City Council for their consideration and approval of the improvements and services to be provided within the District and the levy and collection of the assessments related thereto to fund the special benefit costs and expenses required to service and maintain designated improvements within the District commencing in Fiscal Year 2018/2019.

Previously on July 13, 2017 the City Council adopted a Resolution of Intention to form the District and to levy assessments commencing in Fiscal Year 2017/2018. As part of that Resolution of Intention the City Council called for a property owner protest ballot proceeding and set the public hearing for August 8, 2017. Subsequent to the City Council's adoption of that resolution and the mailing of the notices and ballots, the developer of the properties within the proposed District ("Developer") approached the City and requested that rather than levying assessments for Fiscal Year 2017/2018 as originally outlined in the Resolution of Intention, the Developer would prefer to fund and maintain the District improvements for Fiscal Year 2017/2018 and postpone the first levy of assessments until Fiscal Year 2018/2019. In response to the Developer's request, the City has determined that for purposes of transparency and the public's best interest, it was appropriate for the City to abandon the previous proceedings to form the District and restart the process with the adoption of a new Resolution of Intention, updated Report, property owner protest ballot proceeding, and public hearing set for October 10, 2017. This Report has been prepared at the direction of the City for the formation of the District and the proposed levy of annual assessments commencing in Fiscal Year 2018/2019. If any section, subsection, sentence, clause, phrase, portion, zone, or subzone of this Report is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of the Report and each section, subsection, subdivision, sentence, clause, phrase, portion, zone, or subzone thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, portions, zones, or subzones might subsequently be declared invalid or unconstitutional.

This Report outlines the District structure, the improvements, and the proposed assessments to be levied in connection with the special benefits the properties within the District will receive from the maintenance and servicing of the District improvements. The annual assessments to be levied on properties within the District will provide a funding source for the continued operation and maintenance of the parks, landscaping and lighting improvements within the District and zones of benefit ("Zones") established herein, which provide special benefits to the properties within the

District and each respective Zone. Each Zone outlined in this Report is a reflection of the various improvements and the types of improvements and services to be provided by the District for the properties that are directly associated with and benefit from those improvements. The net annual cost to provide the improvements for each Zone are allocated to the benefiting properties within that Zone using a weighted method of apportionment (refer to Assessment Methodology in Section II, Method of Apportionment) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services.

The estimated cost of the improvements and the proposed annual assessments budgeted and assessed against properties within the District and each respective Zone each fiscal year may include, but are not limited to the estimated expenditures for regular annual maintenance and repairs; incidental expenditures related to the operation and administration of the District; the collection of funds for operational reserves or for periodic maintenance and improvement rehabilitation projects; deficits or surpluses from prior fiscal years; and revenues from other sources as authorized by the 1972 Act. Each parcel is to be assessed proportionately for only those improvements, services and expenses for which the parcel will receive special benefit. After formation of this District, in each subsequent fiscal year, the City shall establish the District's assessments based on an estimate of the costs to maintain, operate and service the improvements for that fiscal year and available revenues including fund balances, general benefit contributions, any additional City contributions, and the assessment limits established herein.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number ("APN") by the Santa Barbara County Assessor's Office. The Santa Barbara County Auditor/Controller uses Assessor's Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the District assessments.

To adequately provide and fund the parks, landscaping and lighting improvements to be constructed and installed in connection with the development of properties in the Pasadera Development, the City Council has determined that it is appropriate and in the public's best interest to form the Pasadera Landscaping and Lighting District, and to levy annual assessments on the County tax rolls for the benefit of properties therein commencing in Fiscal Year 2018/2019 to fund the estimated special benefit improvement costs that are considered necessary to maintain and service the improvements. Furthermore, the improvements to be provided and funded in whole or in part by the District assessments are consistent with the current development plans and specifications for the Pasadera Development and the overall improvements outlined in the DJ Farms Specific Plan which are on file in the Office of Public Works of the City of Guadalupe and by reference these plans and specifications are made part of this Report. The improvements to be provided by the District and the assessments described herein are made pursuant to the 1972 Act and the provisions of the California Constitution and the District shall incorporate each parcel that will receive special benefits from those improvements.

Ballot Proceedings

Pursuant to the provisions of Article XIID, Section 4 of the California Constitution, the City shall conduct a property owner protest ballot proceeding ("Ballot Proceeding") for the proposed levy of new assessments as described in this Report. In conjunction with this Ballot Proceeding, the City Council will conduct a noticed public hearing to consider public testimonies, comments, and written protests regarding the formation of the District and the establishment of the proposed assessments. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists as defined in Article XIID of the California Constitution.

"A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property."

After completion of the ballot tabulation, the City Council will confirm the results of the balloting. If majority protest exists for the proposed assessments, further proceedings to form the District and implement the new assessments shall be abandoned at this time. If tabulation of the ballots indicate that majority protest does not exist for the proposed assessments and the assessment range formula presented and described herein, the City Council may adopt this Report (as submitted or amended); approve the district diagram(s) contained herein; order the formation of the District; direct the improvements to be made; and confirm and approve the levy and collection of the assessments as outlined in this Report.

The assessment rates and method of apportionment described in this Report, as approved or modified by the City Council, define the initial maximum assessment applicable to the parcels within the District as of Fiscal Year 2017/2018 although the annual assessment will not commence until Fiscal Year 2018/2019. The assessments so authorized, including the assessment range formula shall establish the authorized maximum assessments for subsequent fiscal years including Fiscal Year 2018/2019.

Commencing in fiscal year 2018/2019 and each subsequent fiscal year, an annual engineer's report for the District shall be prepared and presented to the City Council to address any proposed changes to the District including any proposed annexations, changes to the improvements, budgets and assessments for that fiscal year. The City Council shall annually hold a noticed public hearing regarding these matters prior to approving and ordering the levy of assessments for the upcoming fiscal year. The assessments as approved and ordered will be submitted to the Santa Barbara County Auditor/Controller for inclusion on the property tax roll for each affected parcel for that fiscal year. Such assessments shall not exceed the annually adjusted maximum assessments authorized herein unless the proposed new or increased assessment is approved by the property owners in a ballot proceeding.

Report Content

This Report has been prepared in connection with the formation of the Pasadera Landscaping and Lighting District and the levy of assessments commencing in Fiscal Year 2018/2019, pursuant to a resolution of the City Council and consists of five (5) parts:

Part I — Plans and Specifications:

This section provides a general description of the District and the improvements for which parcels are to be assessed. The proposed assessments as outlined in this Report are based on the improvements and appurtenant facilities that will provide a special benefit to the properties within the District and generally consist of local parks, landscaping, lighting, and operational expenses authorized pursuant to the 1972 Act. The plans and specifications contained in this Report generally describe the nature and extent of the improvements. In conjunction with these descriptions of the improvements, an overall visual depiction of the proposed landscaping and lighting improvements is provided on the District Diagrams contained in Part V of this Report. More detailed information regarding the specific plans and specifications associated with the District improvements are on file in the Office of Public Works of the City of Guadalupe and by reference are made part of this Report.

Part II — Method of Apportionment

This section includes a discussion of the general and special benefits associated with the various improvements to be provided within the District (Benefit Analysis), which includes a discussion of the proportional costs of the special benefits and a separation of costs considered to be of general benefit (and therefore not assessed). This section of the Report also outlines the method of calculating each property's proportional special benefit necessary to calculate the annual assessments.

Part III — Estimate of Costs

This section establishes an estimate of the annual costs to operate, maintain, and service the local parks, landscaping, lighting, and appurtenant facilities to be installed in connection with the development of properties within the District at build-out. This budget includes an estimate of the maintenance costs and incidental expenses including, but not limited to: labor, materials, utilities, equipment, and administration expenses as well as the collection of other appropriate funding authorized by the 1972 Act. Those improvements and/or costs determined to be of general benefit shall be funded by a City contribution and are excluded from the amount to be assessed as special benefit. The resulting proposed maximum assessment rates (the "Maximum Assessment Rate Per EBU") identified in this budget establishes the initial maximum assessment rates as of Fiscal Year 2017/2018 and shall be adjusted annually by the Assessment Range Formula also described in this section of the Report. The maximum assessment amount to be balloted for each parcel is calculated based on the initial maximum assessment rate established for each Zone and the Assessment Methodology described in "Part II — Method of Apportionment" of this Report.

Although no assessments are being proposed for Fiscal Year 2017/2018, in accordance with the 1972 Act each fiscal year commencing in Fiscal Year 2018/2019, an estimate of costs to provide the District improvements for the fiscal year shall be prepared and filed with the City Clerk in an Engineer's Report. These annual costs shall be based on the estimated net annual special benefit cost of operating, maintaining, and servicing the improvements for that fiscal year as well as funds to be collected for authorized reserves and/or installments for costs and activities that cannot be

reasonably collected in a single fiscal year's assessments. The resulting assessment rates (the "Assessment Per EBU") identified in the engineer's report and approved annually by the City Council shall establish the proposed assessments to be levied and collected for that fiscal year.

Part IV — District Diagrams

This section of the Report contains diagram(s) showing the boundaries of the District and applicable Zones within the District as of Fiscal Year 2017/2018 which incorporates each of the parcels determined to receive special benefits from the various District improvements proposed. These diagrams also provide a visual depiction of the location and extent of the improvements to be maintained. The lines and dimensions of each lot, parcel, and subdivision of land contained in these diagrams are inclusive of all parcels listed in "Part V – Assessment Roll" of this Report and the corresponding County Assessor's Parcel Maps for said parcels as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein. Reference is hereby made to the Santa Barbara County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V — Assessment Roll

A listing of the parcels within the District and the "Balloted Maximum Assessment" amount for such parcels. The "Balloted Maximum Assessment" for each parcel represents that parcel's maximum assessment amount as of Fiscal Year 2017/2018 and is based on the parcel's calculated proportional special benefit as outlined in "Part II — Method of Apportionment", and calculated assessment rates established by the budgets in "Part III — Estimate of Costs". The assessments to be levied and collected in subsequent fiscal years, commencing in Fiscal Year 2018/2019, shall be based on the improvements and estimated expenses at that time and identified in an annual engineer's report.

Part I — Plans and Specifications

Description of the District

The territory within the District consists of the lots or parcels of land within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the "Pasadera Development" which is located within the City of Guadalupe on the south side of Main Street near Obispo Street and Flower Avenue. According to the DJ Farms Specific Plan and current Assessor's Parcel Maps, at build-out, the District is anticipated to incorporate eight hundred and three (803) planned single-family residential home sites; approximately twenty-one (21.49) acres of non-residential development (commercial service and commercial neighborhood); a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way that are part of the District improvements or otherwise receive no special benefit from the improvements to be provided. At the time this Report was prepared, the lots and parcels of land within the DJ Farms Specific Plan and the District and are inclusive of the following parcels identified on the Santa Barbara County Assessor's Parcel Maps as:

Book 113, Page 01, Parcels 25 and 37;

Book 113, Page 08, Parcel 18;

Book 113, Page 45, Parcels 01 through 04, and 06 through 10;

Book 113, Page 46, Parcels 01 through 57;

Book 113, Page 47, Parcels 01 through 61; and

Book 113, Page 48, Parcels 01 through 41.

Currently the properties immediately west, south and east of these parcels and the boundaries of this District (excluding any streets or other rights-of-way) are outside the City boundaries.

Description of the District Improvements

As authorized by the 1972 Act, the improvements to be provided by the District and associated with each Zone therein incorporate local street lighting, parks, and various landscaping improvements that are maintained and serviced for the benefit of real property within the District. The various improvements to be maintained by the District have been or will be installed in direct connection with the development of properties for the benefit of those properties and are considered necessary for the development of those properties to their full and best use. The work to be performed within the District may include, but is not limited to (as applicable), the personnel; materials; equipment; electricity; water; contract services; repair and rehabilitation of the improvements; and incidental expenses required to operate the District and provide the improvements and services. The annual assessments to be levied on properties within the District provide a source of funding to support the continued operation and maintenance of these improvements that provide a particular and distinct benefit (special benefit) to those properties. Each parcel shall be assessed proportionately for only those improvements, services, and expenses for which the parcel receives a special benefit. The improvement plans and specifications for the District are on file in the Office of Public Works of the City of Guadalupe and by reference these plans and specifications are made part of this Report. The District improvements generally include but are not limited to:

Landscape Improvements

The landscape improvements to be funded by the District assessments may include, but are not limited to, turf, ground cover, shrubs and plants; areas of natural vegetation; trees; irrigation and drainage systems; masonry walls, retaining walls, or other fencing; monuments; hardscapes; concrete or decomposed granite trail/pathways; and other related appurtenant facilities within the District that have been dedicated to the City for maintenance including but are not limited to:

- designated parkway side-panels adjacent to the streets and properties within the District, including parkways, entryways, and trails;
- various non-street landscaping and/or vegetation management areas including a drainage basin, dedicated Habitat/Open Space areas, a water tank site, and buffer/greenbelt/trail areas along the railroad right-of way; and
- the planned local park sites and/or recreational areas within the District.

The following provides a summary description of the landscape improvements anticipated to be constructed as part of the development of properties within the District and ultimately maintained through the District at build-out. For reference purposes, in conjunction with these descriptions of the improvements a visual depiction of the landscape improvement areas is provided on the diagrams contained in Part V of this Report. At build-out, it is anticipated that the District's landscape improvements will generally include, but is not limited to approximately:

Obispo Street

- 41,785 square feet of irrigated landscape improvements located on both sides of Obispo Street between Buena Vista Road and the railroad rights-of-way; and
- 20,463 square feet of irrigated landscape improvements located on both sides of Obispo Street between the railroad rights-of-way and "C" Street.

Del Mar Drive

- 5,192 square feet of irrigated landscape improvements located on both sides of Del Mar Drive between Obispo Street and Fuente Drive.

Arroyo Seco Road

- 4,720 square feet of irrigated landscape improvements located on the west side of Arroyo Seco Road between Buena Vista Road and Manzanita Street;
- 3,196 square feet of irrigated landscape improvements located on the west side of Arroyo Seco Road between the southern end of the park site (just north of "E1" Street) and the end of Arroyo Seco Road (cul-de-sac); and
- 68,660 square feet of maintained improvements located on the east side of Arroyo Seco Road between Buena Vista Road and the end of Arroyo Seco Road (cul-de-sac). These maintained improvements incorporate 45,702 square feet of irrigated landscaping and 22,958 square feet of trail/pathway improvements.

"B" Street

- 33,627 square feet of irrigated landscape improvements located on the north side of "B" Street between "C" Street and "F10" Street; and

- 60,494 square feet of maintained improvements located on the south side of "B" Street between "C" Street and "F10" Street. These maintained improvements incorporate 40,342 square feet of irrigated landscaping and 20,152 square feet of trail/pathway improvements.

"F10" Street

- 6,813 square feet of maintained improvements located on the east side of "F10" Street from "B" Street up to the end of the cu-de-sac on "F10" Street. These maintained improvements incorporate 4,830 square feet of irrigated landscaping and 1,983 square feet of trail/pathway improvements.

"C" Street

- 8,045 square feet of irrigated landscape improvements located on the east side of "C" Street between Obispo Street and "B" Street; and
- 33,353 square feet of maintained improvements located on the west side of "C" Street between "B" Street and "D5" Street. These maintained improvements incorporate 24,932 square feet of irrigated landscaping and 8,421 square feet of trail/pathway improvements.

Non-Streetscape Areas

- 2,277 square feet of non-streetscape trail/pathway improvements located between the homes on the southwest side of the intersection of "E2" Street and "E3" Street, connecting these streets with the park site near the northeast side of the railroad right-of-way adjacent to the park;
- 22,850 square feet of improvement area (landscape buffer/trail) located on the northeast/east side of the railroad right-of-way behind the homes on the west and southwest side of Las Flores Drive extending from Buena Vista Road south to Obispo Street. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 15,778 square feet of improvement area (landscape buffer/trail) located on the southwest side of the railroad right-of-way behind the homes on the northeast side of "D1" Street between Obispo Street and the designated well-site located at the northern end of "D1" Street. This square footage includes the estimated 2,147 square feet of paseo (pathway) connecting "D1" Street with the landscape buffer/trail area. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 39,437 square feet of improvement area (landscape buffer/trail) located on the southwest side of the railroad right-of-way behind the homes on the northeast side of "F1" Street and at the cul-de-sacs of "F9" Street and "F10" Street, between Obispo Street and "F10" Street. This square footage includes the estimated 2,205 square feet of paseo (pathway) connecting "F1" Street and "F2" Street with this landscape buffer/trail area. It is anticipated that much of this improvement area will be irrigated landscaping, but all or a portion of the area may ultimately be installed with minimal/modified irrigation or no irrigation;
- 280,770 square feet of natural/minimal-maintenance landscape improvements (Habitat Area) located on the south/southeast side of Obispo Street between the railroad rights-of-way and "A" Street and between "A" Street and "C" Street;
- 37,244 square feet of natural/minimal-maintenance landscape improvements (open space water tank site) located north of the cul-de-sac on "D1" Street, between the railroad rights-of-way and the western boundary of the District; and

- 67,388 square feet of maintained improvements (open space drainage basin site) located at the northeast corner of the Zone, east of Flower Avenue between Main Street and Buena Vista Road. These maintained improvements incorporate 30,842 square feet of irrigated landscaping and 36,546 square feet of non-irrigated natural/minimal-maintenance landscaped area.

Parks

- 659,633 square feet of park and recreational area improvements located within sixteen planned park sites or recreational areas located throughout the residential development area within the District boundaries. While it is anticipated that much of this improvement area will be irrigated landscaping (mostly turf), this overall square footage also incorporates the non-landscaped areas within the parks including play areas, sports courts, sidewalks and other hardscape areas, but does not include any parking areas associated with these park/recreational areas.

Park Facilities

In addition to the landscape improvements within the park/recreational areas, the improvements and facilities to be funded may include, but are not limited to maintenance and servicing of the sports courts and fields; playground equipment and structures; sidewalks, ornamental or safety lighting; benches, trash receptacles; drinking fountains, picnic facilities and any other equipment, structures or facilities related to the foregoing.

Lighting Improvements

Lighting improvements to be funded by the District assessments may include, but are not limited to, electrical energy, lighting fixtures, poles, meters, conduits, electrical cable and appurtenant facilities associated with the street lights, traffic signals, and lighting within public areas within the District. Maintenance, operation, and servicing of these lighting improvements may include, but is not limited to the furnishing of electric current or other illuminating agent; as needed maintenance, repair, and replacement of worn out electrical components and light fixtures, including bulbs, ballasts, photoelectric cells, meters, electrical cables; repair or replacement of damaged poles, ground wires, and conduits caused by accidents, vandalism, time, and weather; and monitoring of the Underground Service Alert (USA) network to prevent damage by excavation. At build-out, it is anticipated that the District's lighting improvements will generally include, but is not limited to:

- Thirteen (13) street lights located on the south side of Main Street adjacent to the proposed non-residential development area within the District;
- Two (2) street lights on Flower Avenue between Main Street and Buena Vista Road;
- Fourteen (14) street lights on the north side of Buena Vista Road which is between the proposed residential developments and the proposed non-residential development area;
- Five (20) street lights on Obispo Street;
 - Five (5) street lights located between Main Street and Buena Vista Road;
 - Ten (10) street lights located between Buena Vista Road and the railroad right-of-way;
 - Five (5) street lights located between the railroad right-of-way and "C" Street;
- One hundred ninety-four (194) street lights within the planned residential developments;

- The safety/security lights, recreational lights (fields and courts) and/or ornamental lighting associated with the park/recreational areas; and
- Any other public lighting facilities including future traffic signals that may be deemed necessary or desired for the safe ingress or egress to the properties within the District.

Excluded Improvements

Improvements that are not a part of the District improvements include, privately owned street lights and landscaping improvements located on private property and/or areas designated as Homeowner Association or Business Association properties or easements. Such improvements and facilities including street trees shall be provided and maintained by the individual property owners, property management group or association established in connection with the development of properties within the District.

Zones of Benefit

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing various landscaping and lighting improvements, including the acquisition, construction, installation, maintenance, and servicing of those improvements and related facilities. In addition, to ensure an appropriate allocation of the estimated costs to provide various improvements based on proportional special benefits, landscaping and lighting districts often times include benefit zones ("Zones") as authorized pursuant to Chapter 1 Article 4, Section 22574 of the 1972 Act:

"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."

While the California Constitution requires that "The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement..."; it is reasonable to conclude that certain landscaping and/or lighting improvements may benefit most if not all properties within a district, while other improvements may only provide special benefits to specific parcels, developments or portions of the district (particularly in larger districts). In addition, some improvements within a district and/or the costs associated with various public improvements are identified as providing some measure of general benefit and because these general benefit costs cannot be assessed, the cost of those improvements may be proportionately allocated as both special benefits and general benefit.

In accordance with the 1972 Act, it has been determined that it is appropriate and necessary to initially establish two benefit zones (Zones) within this District to be designated as Zone A and Zone B. The boundaries of each Zone are established based on the location, extent and types of improvements or similarities in the types of improvements being maintained through the District assessments as well as the particular and distinct benefits the various developments and properties derive from those improvements based on proximity to those specific improvements and the nexus between the development of the properties that required or facilitated the installation of those improvements. While some improvements may be specifically associated with specific development areas or parcels within the District, many improvements may reasonably be considered shared improvements because the overall development of the properties in the area required or necessitated those improvements. In such cases, the special benefits and cost of providing such improvements are proportionately shared by parcels in each Zone.

The net annual cost to provide the improvements for each Zone are allocated to the benefiting properties within that Zone using a weighted method of apportionment (refer to Assessment Methodology in Section II, Method of Apportionment) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services. The following is a brief description and summary of the Zones and improvements associated within each Zone. A visual depiction of the location and extent of the improvements and Zone boundaries are provided on the District Diagrams provided in Part IV of this Report.

Zone A Parcels and Improvements

Zone A Parcels: Comprises that portion of the parcels within District located on the south side of Main Street and north of Buena Vista Road. The properties in this Zone are primarily identified as non-residential properties (Commercial Properties), but the Zone also incorporates the future drainage basin in the northeast corner of the District which is one of the improvement areas to be maintained and shared by parcels in both Zone A and Zone B. At the time this Report was prepared, the parcels in Zone A are identified on the Assessor' Parcel Maps as:

Book 113, Page 45, Parcels 01, 02, and 03 (Planned Non-Residential Development properties);
and

Book 113, Page 45, Parcel 10 (Exempt parcel – planned drainage basin).

Zone A Improvements: The parcels within Zone A receive special benefit and are proportionately assessed in whole or in part for improvements that include, but are not limited to the following:

Shared Improvements (proportionately shared by parcels in Zone A and Zone B)

- street lights on Flower Avenue between Main Street and Buena Vista Road;
- street lights on Buena Vista Road adjacent to both Zone A and Zone B;
- street lights on Obispo Street between Main Street and Buena Vista Road; and
- landscaping improvements associated with the drainage basin site located at the northeast corner of the District.

Zone Specific Improvements (proportionately shared by parcels in Zone A only)

- street lights on the south side of Main Street adjacent to Zone A;

Zone B Parcels and Improvements

Zone B Parcels: Comprises that portion of the parcels within District located south of Buena Vista Road. The properties in this Zone are primarily identified as Single Family Residential parcels and Planned Residential Development properties, but also includes a future Public School property as well as the sixteen parks and recreational areas, and the other various landscape improvements to be maintained by the District. At the time this Report was prepared, the parcels in Zone B are identified on the Assessor' Parcel Maps as:

Book 113, Page 01, Parcels 25 and 37 (Exempt parcels - railroad rights-of-way);

Book 113, Page 08, Parcel 18 (Planned Residential Development);

Book 113, Page 45, Parcels 04 and 09 (Planned Residential Development);

Book 113, Page 45, Parcel 07 (Public School);

Book 113, Page 45, Parcels 06 and 08 (Exempt parcels – park/recreational areas);
Book 113, Page 46, Parcels 01 through 55 (Single Family Residential parcels);
Book 113, Page 46, Parcels 56 and 57 (Exempt parcels – park and proposed improvement area);
Book 113, Page 47, Parcels 01 through 21 and 24 through 59 (Single Family Residential parcels);
Book 113, Page 47, Parcels 22 and 23 (Exempt parcels – mapped as residential lots, but converted to a street and designated improvement areas);
Book 113, Page 47, Parcels 60 and 61 (Exempt parcels – park and proposed improvement area);
Book 113, Page 48, Parcels 01 through 40 (Single Family Residential parcels); and
Book 113, Page 48, Parcel 41 (Exempt parcels – proposed improvement area);

Zone B Improvements: The parcels within Zone B receive special benefit and are proportionately assessed in whole or in part for improvements that include, but are not limited to the following:

Shared Improvements (proportionately shared by parcels in Zone B and Zone A)

- street lights on Flower Avenue between Main Street and Buena Vista Road;
- street lights on Buena Vista Road located between Zone A and Zone B;
- street lights on Obispo Street between Main Street and Buena Vista Road; and
- landscaping improvements associated with the drainage basin site located at the northeast corner of the District.

Zone Specific Improvements (proportionately shared by parcels in Zone B only)

- street lights on Obispo Street between Buena Vista Road and "C" Street which is the end of Obispo street, (proportionately shared by parcels in Zone B only); and
- the remaining street lights (194 street lights not identified above) within the planned residential developments;
- landscaping improvements on both sides of Obispo Street between Buena Vista Road and "C" Street;
- landscaping improvements on both sides of Del Mar Drive between Obispo Street and Fuente Drive;
- landscaping improvements on the west side of Arroyo Seco Road between Buena Vista Road and Manzanita Street;
- landscaping improvements on the west side of Arroyo Seco Road between the park site and the end of Arroyo Seco Road (cul-de-sac);
- landscaping and trail improvements on the east side of Arroyo Seco Road between Buena Vista Road and the end of Arroyo Seco Road (cul-de-sac);
- landscaping improvements on the north side of "B" Street between "C" Street and "F10" Street;
- landscaping and trail improvements on the south side of "B" Street between "C" Street and "F10" Street;
- landscaping and trail improvements on the east side of "F10" Street from "B" Street up to the end of the cu-de-sac on "F10" Street;

- landscaping improvements on the east side of "C" Street between Obispo Street and "B" Street; and
- landscaping and trail improvements on the west side of "C" Street between "B" Street and "D5" Street;
- the paseo (pathway and landscaping) located between the homes on the southwest side of the intersection of "E2" Street and "E3" Street, connecting these streets with the park site near the northeast side of the railroad right-of-way adjacent to the park site;
- the landscape buffer/trail on the northeast/east side of the railroad right-of-way extending from Buena Vista Road south to Obispo Street;
- the landscape buffer/trail on the southwest side of the railroad right-of-way between Obispo Street and the designated well-site located at the northern end of "D1" Street and the paseo (pathway and landscaping) connecting "D1" Street with the landscape buffer/trail area;
- the landscape buffer/trail on the southwest side of the railroad right-of-way between Obispo Street and "F10" Street and the paseo (pathway and landscaping) connecting "F1" Street and "F2" Street with the landscape buffer/trail area;
- the Habitat Area on the south/southeast side of Obispo Street between the railroad rights-of-way and "A" Street and between "A" Street and "C" Street;
- the natural/minimal-maintenance landscaping improvements at the water tank site located north of the cul-de-sac on "D1" Street, between the railroad rights-of-way and the western boundary of the District;
- the park/recreational area improvements located within sixteen planned parks and recreational areas located throughout the residential developments within the District boundaries.

Zone B Sub-Zones

At the time this Report was prepared, only a portion of the properties within the District have been fully subdivided and/or developed, and only a portion of the improvements have actually been installed. Therefore, for administrative purposes and to ensure an equitable apportionment of the annual maintenance and operation expenses, the residential development areas within the District identified as Zone B have been initially established and grouped into Sub-Zones to reflect the current and anticipated development of the properties and the installation of improvements within Zone B. For Fiscal Year 2017/2018 the Sub-zones which are illustrated on the District Diagrams provided in Part IV of this Report are generally described in the following:

Sub-Zone B1 incorporates the residential developments that have already been subdivided into Single Family Residential lots and associated improvement areas. For Fiscal Year 2017/2018 this Sub-Zone includes the one hundred fifty-two Single Family Residential parcels and the parks and proposed improvement areas within Tract 26,061. These parcels are identified on the Assessor' Parcel Maps as: Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41.

Sub-Zone B2 incorporates the planned development area generally located south of Buena Vista Road, east of Obispo Street, and northeast of the railroad right-of-way. The properties included in this Sub-Zone are currently identified by the County Assessor's Office as Vacant property and has not been fully subdivided and/or developed. The parcels within this Sub-Zone are currently identified on the Assessor' Parcel Maps as: Book 113, Page 45, Parcel 04 (218 planned residential lots); Book 113, Page 45, Parcel 07 (Public School); Book 113, Page 45, Parcels 06

and 08 (Exempt parcels – park/recreational areas); and Book 113, Page 45, Parcel 09 (104 planned residential lots).

Sub-Zone B3 incorporates the planned residential development area generally located southwest of the railroad right-of-way. The properties included in this Sub-Zone are currently identified by the County Assessor's Office as Vacant property and has not been fully subdivided or developed. The parcels within this Sub-Zone are currently identified on the Assessor' Parcel Maps as: Book 113, Page 01, Parcels 25 and 37 (Exempt parcels - railroad rights-of-way); and Book 113, Page 08, Parcel 18 (329 planned residential lots).

By establishing and utilizing a Zone and Sub-Zone structure, similar properties with similar types of improvements will be assessed a proportional amount for the total annual expenses related to the maintenance, operation and servicing of the improvements provided by the District and for which the properties receive special benefits. The use of Sub-Zones will allow for each development and the parcels therein to be assessed for the improvements provided as development occurs and/or improvements are installed.

For purposes of establishing the maximum assessments for Zone B and the assessment amount balloted for each parcel, the parcels in Sub-Zone B2 and Sub-Zone B3 are assigned a proportional benefit and land use designation that reflects the planned development of that property at build-out (Planned Residential Development, Public School, or Exempt as applicable). For calculating subsequent annual assessments, some or all of the parcels in Sub-Zone B2 and Sub-Zone B3 may be identified as either Undeveloped Residential Property and/or Exempt parcels and will be assessed in accordance with the method of apportionment described in "Part II — Method of Apportionment" of this Report. However, as these parcels are subdivided or developed, and/or as additional improvements for Zone B are accepted for maintenance, at the discretion of the Assessment Engineer and/or City, the affected properties may be reclassified as Sub-Zone B1 parcels and assessed accordingly. It is anticipated that at build-out, each of the parcels currently within Sub-Zone B2 and Sub-Zone B3 will be transitioned into Sub-Zone B1 and the Sub-Zone designations can be eliminated.

Part II — METHOD OF APPORTIONMENT

Legislative Authority and Provisions

1972 Act

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, including the acquisition, construction, installation and servicing of landscaping and lighting improvements and related facilities. The 1972 Act requires that the cost of these improvements be levied according to benefit rather than assessed value:

Section 22573 defines the net amount to be assessed 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."

Section 22574 provides for zones as follows:

"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."

The formulas used for calculating assessments and the designation of Zones and Sub-Zones as established herein reflect the composition of parcels within the District and the improvements and activities to be provided, and have been designed to fairly apportion the cost of providing those improvements based on a determination of the proportional special benefits to each parcel, consistent with the requirements of the 1972 Act and the provisions of Article XIII D of the California Constitution (Proposition 218).

California Constitution

The costs to operate and maintain the District improvements are identified and allocated to properties within each Zone and/or Sub-Zone within the District based on special benefit. The improvements provided and for which properties are to be assessed are identified as local landscaping and lighting improvements and related amenities that were installed in connection with the development of the properties and/or would otherwise be required for the development of properties within each respective Zone and/or Sub-Zone. The District assessments and method of apportionment is based on the premise that these improvements would otherwise not have been required without the development or planned development of those parcels.

Article XIII D Section 2d defines District as follows:

"District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service";

Article XIII D Section 2i defines Special Benefit as follows:

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

Article XIII D Section 4a defines proportional special benefit assessments as follows:

“An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Benefit Analysis

The improvements provided by this District and for which properties will be assessed have been identified as necessary, desired and/or required for the orderly development of the properties within the District to their full potential, consistent with the development plans and applicable portions of the City's General Plan.

Special Benefits

The ongoing maintenance of landscaped areas within the District will provide aesthetic benefits to the properties within the District and each respective Zone and/or Sub-Zone therein, and are intended to provide a more pleasant environment to walk, drive, live, and work. The primary function of these improvements and related amenities is to serve as an aesthetically pleasing enhancement and green space for the benefit of the immediately surrounding properties and developments for which the improvements are constructed and installed and/or are facilitated by the development or potential development of properties within the District. These improvements are an integral part of the physical environment associated with the parcels in the District and while some of these improvements may in part be visible to properties outside the District and/or the respective Zones and Sub-Zones, collectively if these improvements are not properly maintained, it is the parcels within the District and/or the respective Zones and Sub-Zones that would be aesthetically burdened. Additionally, the many of the landscape improvements include parks, green spaces, and trails that provide visually pleasing open space areas that serve as an extension of the physical attributes of the parcels assessed, such as their front or rear yards and may also provide a greater opportunity for recreation as well as serving as a physical buffer and/or sound reduction buffer between the roadways and the properties in the District. Thus, the maintenance of these landscaped improvements provides particular and distinct benefits to the properties and developments associated with those improvements.

Likewise, street lighting in the District is primarily useful for illuminating the streets that provide access to the properties in the District as well as the sidewalks and parking lanes associated with those properties. While it is recognized that street lights and traffic signals serve in part to enhance traffic safety, installation and construction of these improvements are for the most part, required by the development of properties within the district and these improvements provide three main special benefits to those properties: (i) property security benefit, (ii) pedestrian safety benefit, and (iii) parkway/roadway access benefit. Furthermore, because traffic circulation in the City is largely the result of local traffic to and from these properties by the property owners and guests, it is reasonable to assume that these properties derive a particular and distinct benefit from the streetlighting that support the safe access to the properties and essentially all pedestrians and parking vehicles in the lit areas will, after dark, be directly associated with the assessed properties. As a result, the maintenance of these lighting improvements is a particular and distinct benefit to the properties and developments within the District and the Zones and Sub-Zones therein.

Collectively these landscaping and lighting improvements and related assessments enhance the security, overall use, presentation and marketability of the properties, and ensure the long-term cost-efficiency of services that is obtained through the City provided maintenance (economy of scale), and the regulatory restrictions on future cost increases.

General Benefit

Landscaping General Benefit

In reviewing the location and extent of the specific landscaped areas and improvements to be funded by District assessments and the proximity and relationship to properties to be assessed, it is evident these improvements have been or will be installed as part of the development of properties within the District or are improvements that would otherwise be shared by and required for development of those properties. Although the District improvements are located on public streets or public areas that are typically visible and/or accessible to the general public, it is evident that the ongoing maintenance of these improvements are only necessary for the appearance and advantage of the properties within the District that are directly associated with those improvements and these improvements (particularly the level of maintenance and servicing) are not required nor necessarily desired by any properties outside the District and/or the respective Zones and/or Sub-Zones associated with those various improvements. It is also evident that the maintenance these improvements and the level of maintenance provided has a direct and particular impact (special benefit) only on those properties in proximity to those improvements and such maintenance beyond that which is required to ensure the safety and protection of the general public and property in general, has limited (if any) indirect or incidental benefit to the public at large or properties outside each respective Zone.

In the absence of a special funding Zone, the City's maintenance of these improvements would for the most part, be limited to tree management, weed abatement, rodent control, and erosion control services for the various landscape areas. This basic or baseline level of service would typically provide for periodic servicing of these areas on an as-needed basis. This baseline level of service would provide for public safety and essential property protection to avoid negative impacts on adjacent roadways and vehicles traveling on those roadways and potential property damage, but results in a far less visually pleasing environment than is created with the enhanced levels of services associated with the regular landscape maintenance that can be provided through the District assessments.

On average, the cost to provide this baseline level of service for the District' planned landscape areas is estimated to be approximately \$0.01150 per square foot (approximately \$500 per acre) which includes a five percent (5%) cost factor for City overhead and administration. This baseline service cost per square foot represents approximately five percent (5%) of the overall cost per square foot for the annual operation and maintenance of the landscape areas.

Other Landscaping General Benefits

In addition to the general benefit identified above, it is recognized that there are indirect or incidental general benefits to properties within the District as well as the general public that are associated with regular landscape maintenance services, including:

- Minimization of dust and debris; and
- Decreased potential water runoff from both properties and the landscaped areas.

Although these types of benefits might best be characterized as indirect consequences of the special benefit of the landscape maintenance provided to parcels served by the District, for the

purposes of calculating proportional benefits, we assume these types of benefits to be general benefits, albeit general benefits that are extremely difficult to quantify. We estimate that the costs associated with these indirect benefits do not exceed one percent (1%) of the annual maintenance expenditures for the landscaping improvements.

The baseline general benefit costs and the indirect/incidental general benefit costs identified above shall be excluded from the special benefit assessment funding and not assessed to the parcels within the District. The total calculated general benefit cost for the landscaping improvements associated with each Zone and/or Sub-Zone is summarized in the table at the end of this section and is also identified in the budgets contained in Part III of this Report.

Lighting General Benefit

In reviewing the location and extent of the specific lighting improvements to be funded by District assessments and the proximity and relationship to properties to be assessed, like the landscaping improvements it is evident these improvements are being installed as a direct result of the development of the properties within the District or are lighting improvements that would otherwise be shared by and required for the development of those properties. It is also evident that the maintenance and servicing of these improvements has a direct and particular impact (special benefit) on those properties in proximity to those street lighting improvements and these street lighting improvements are for the most part, lighting improvements that exceed what would otherwise be required for traffic circulation or to ensure the safety and protection of the general public and property in general.

Because these District lighting improvements are directly associated with the development or anticipated development of the properties within each respective District Zone and clearly provide a special benefit to those properties that is not shared by all properties in the City, it is certainly reasonable to conclude that the maintenance and operation of these improvements is largely if not entirely a special benefit to those properties to be assessed. Based on the special benefits previously identified for street lights, it is apparent that within residential developments (Zone B which is comprised initially as Sub-Zones B1, B2, and B3), the internal residential development street lights are installed solely for the use and benefit those residential properties and there is no quantifiable general benefit to other properties or to the public at large.

In addition to the internal residential street lights within the various developments in Zone B, the properties in Zone B (both the residential parcels and the school site) are accessed from and/or are adjacent to Obispo Street and/or Flower Avenue and Buena Vista Road and the street lights on these secondary/collector streets are collectively and proportionately shared by the properties in Zone B as well as the non-residential properties in Zone A which are adjacent to these streets and associated street lights. Collectively, these secondary/collector street lights represent approximately 15% of the total street lights to be installed within the District. While these secondary/collector lights are clearly the result of the development of properties within the District, it is also reasonable to conclude that these types of streets are often accessed by the general-public (possibly in route to the school or parks) and to some extent the street lighting on these streets may also enhance general nighttime traffic safety and circulation for other properties and the public at large. Based on various traffic circulation studies related data, it is estimated that less than forty percent (40%) of these secondary/collector street lights would be required for similar streets in less concentrated development areas. Therefore, it has been determined that the general benefit related to the overall operation and maintenance of these shared street lights is no more than six percent (6%) of the street light operating costs for these particular street lights. However, to ensure that no parcel is assessed for more than its proportional special benefit for

these shared street lights, the City will contribute for general benefit an amount equal to ten percent (10%) of the budgeted regular annual maintenance expenditures (maintenance and energy costs). These general benefit costs shall be excluded from the special benefit assessment funding and not assessed to the parcels within the District.

In addition to the internal residential street lights and secondary/collector street lights discussed above, the non-residential properties within Zone A will directly benefit from the street lights to be installed on Main Street (a primary/arterial street) adjacent to those properties. Similar to the lights on secondary/collector streets, it is certainly reasonable to recognize that the street lights on this primary/arterial street provides a measure of general benefit to the public and to properties in general resulting from nighttime traffic safety and circulation. The American National Standard Practice for Roadway Lighting and various related traffic and street lighting studies suggest that over ninety percent (90%) of the street lights installed on primary/arterial streets in urban areas are directly the result of property development (both residential and non-residential development). In turn these developments increase traffic circulation and ultimately dictate the type of lighting, spacing and number of lights required and without such development, both the need and quantity of those lights would be dramatically reduced, which is reflected by the very limited lighting that currently exists in this area on Main Street. Therefore, like the secondary/collector street lights associated with this District, it has been determined that the general benefit related to the operation and maintenance of the street lights on Main Street is ten percent (10%) of the regular annual maintenance expenditures (maintenance and energy costs). These general benefit costs shall be excluded from the special benefit assessment funding and not assessed to the parcels within Zone A of the District.

The total calculated general benefit cost for the street lighting improvements associated with each Zone and/or Sub-Zone is summarized in the table below and is also identified in the budgets contained in Part III of this Report.

Utilizing the general benefit service costs outlined above and the improvements proposed at build-out, the following table summarizes the estimated general benefit costs calculated for each Zone and Sub-Zone within District:

Estimated General Benefit for Street Lighting, Landscaping, and Parks

Zone	Street Lighting General Benefit	Landscaping and Parks General Benefit	Total ⁽¹⁾ General Benefit
Zone A	(\$290)	(\$24)	(\$315)
Zone B Sub-Zone B1	(\$108)	(\$3,651)	(\$3,758)
Zone B Sub-Zone B2	(\$237)	(\$8,022)	(\$8,258)
Zone B Sub-Zone B3	(\$233)	(\$7,902)	(\$8,135)
Zone B Zone B Total	(\$577)	(\$19,575)	(\$20,152)
Total General Benefit	(\$868)	(\$19,599)	(\$20,466)

⁽¹⁾ As with most maintenance costs, the General Benefit Costs shown above will be impacted by inflation and in subsequent fiscal years the General Benefit Cost contributions will be adjusted for inflation.

Assessment Methodology

Upon the successful formation of this District, the City proposes to annually levy and collect special benefit assessments commencing in Fiscal Year 2017/2018 to fund the operation, maintenance and servicing of the improvements that provide special benefits to parcels within the District. The estimated annual cost to operate, maintain, and service the improvements at build-out and for Fiscal Year 2017/2018 are identified in the budget section of this Report (Part III of this Report).

To calculate and identify the proportional special benefit received by each parcel and ultimately each parcel's proportionate share of the improvement costs it is necessary to consider not only the improvements and services to be provided, but the relationship each parcel has to those improvements as compared to other parcels in the District

Article XIIID Section 4a reads in part:

"...The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Landscaping and lighting improvements like most public improvements, provide varying degrees of benefit (whether they be general or special) based largely on the extent of such improvements, the location of the improvements in relationship to properties associated with those improvements. To establish the proportional special benefit and ultimately the assessment obligation for each parcel, these factors need to be addressed and formulated in the method of apportionment by the use of benefit zones that reflect the extent and location of the improvements in relationship to the properties, as well as the specific use of the property and characteristics that reflects each parcel's proportional special benefit as compared to other properties that benefit from those same improvements.

The method of apportionment (method of assessment) developed for this District is based on the premise that each of the property to be assessed receives a particular and distinct benefit (special benefit) from the improvements, services and facilities to be financed by the District assessments and to assess benefits equitably it is necessary to calculate each property's relative share of the special benefits conferred by the funded improvements and service. The Equivalent Benefit Unit (EBU) method of assessment apportionment is utilized in this District and establishes a basic unit of benefit (base value) and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of that basic unit. This EBU method of apportioning special benefits is typically seen as the most appropriate and equitable assessment methodology for districts formed under the 1972 Act, as the benefit to each parcel from the improvements are apportioned as a function of comparable property characteristics. The base value and assessment formula utilized in each Zone may be different, but is established for each Zone to reflect the improvements and properties that benefit from those improvements utilizing property characteristics that may include but is not limited to the type of development (property land use), property's development status, and size of the property (acreage or units).

For the purposes of this Engineer's Report, an EBU is the quantum of benefit derived from the various Zone improvements by a single family residential parcel. The single family residential parcel has been selected as the basic value for calculation of assessments since at build-out this land use will represent over 98% of the parcels in the District and over 70 % of the total acreage developed. Thus, the "benchmark" property (the single family residential parcel) derives one EBU of benefit and is assigned 1.00 Equivalent Benefit Unit.

The following outlines the land use classifications that are associated with or may be associated with the parcels in the District and the proportional Equivalent Benefit Units established for those land use classifications.

Land Use Classifications

Single-Family Residential -- This land use classification is defined as a fully subdivided residential home site with or without a structure. This land use may include, but is not limited to subdivided residential tract lots, condominiums, or other individual residential units or subdivided lots assigned an Assessor's Parcel Number. As previously noted, the single family residential parcel has been selected as the basic value for calculation of assessments and each is assigned 1.00 Equivalent Benefit Unit.

Multi-Family Residential -- This land use classification is defined as properties that are primarily used for residential purposes, but contain more than a single residential unit on the parcel (parcels with more than one dwelling) including apartments, duplexes, or other multi-unit structures. Due in part to the development and population densities associated with these types of dwelling units (reduced unit size compared to the typical density and size of single-family properties), studies have consistently shown that the average apartment unit impacts infrastructure approximately 80% as much as a single-family residence. (Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition, 1991; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition, 1991). Therefore, it is reasonable to conclude that the proportional special benefit these properties receive from the public improvements funded by the District assessments has a similar proportionality and these parcels shall be assigned a weighted proportional special benefit of 0.80 EBU per unit.

Developed Non-Residential -- This land use is defined as a parcel and/or development (group of parcels) that has been developed primarily with a non-residential use including, but not limited to (both publicly owned and privately owned) commercial retail or service, office or professional service, hotel or motel, manufacturing, warehousing, parking lot, and/or institutional facilities including hospitals or other medical facilities, private schools or education centers, churches or other non-profit organizations. Based on the planned residential development within this District, it has been determined that these planned single-family residential developments will yield approximately five dwelling units per acre of land. The actual residential development density is 5.43 units per acre. Therefore, since the single family residential parcel (the base value for calculation of assessments) is assigned 1.0 Equivalent Benefit Unit it is reasonable and appropriate to assign the developed non-residential properties a weighted special benefit that reflects a similar and proportional development density. Therefore, the EBU assigned to each developed non-residential property is established by multiplying the parcel's applied acreage by 5.0 EBU per acre (e.g. a developed non-residential parcel of 4.25-acres would be assigned 21.25 EBU, $4.25 \text{ acres} \times 5.0 \text{ EBU/acre} = 21.25 \text{ EBU}$).

Public School Property -- This classification includes the parcel currently identified specifically as public school site. On average, approximately 1/3rd (33.33%) of the total school site acreage is developed with structures and parking facilities, which is similar to what is commonly associated with non-residential developments. The remaining parcel acreage (approximately 66.67%) is generally playground areas and/or sports fields which is similar to the District's park improvements. Recognizing the overall development of this parcel as compared to other properties in the District and the improvements in proximity to this property, it has been determined that proportional special benefit EBU calculated for this parcel is accurately reflected by treating that portion of the parcel with structures and parking facilities (1/3rd of the parcel's acreage) similar to the EBU calculated for Developed Non-Residential properties (33.33% of acreage x 5.0 EBU/acre), with the remaining 2/3rd of the parcel's acreage being excluded (treated similar the District' park facility, although this area is not part of the improvements being maintained by the District). Therefore, this 14.37 acre school site parcel shall be assigned 11.98 EBU for balloting purposes to establish the property's maximum assessment and proportional special benefit ($[14.37 \text{ acres} \times 33.33\% = 4.79 \text{ applied acre}] \times 5.00 \text{ EBU/acre} = 11.98 \text{ EBU}$).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to this parcel an EBU that best reflects the property's development status and proportional special benefit from the exiting improvements and/or new improvements to be installed and accepted during the fiscal year. The Assessment Engineer may treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per acre or 4.79 EBU) or any proportional EBU up to the parcel's maximum EBU described above (11.98 EBU).

Planned Residential Development -- This land use classification is defined as a parcel or group of parcels that may currently be identified as vacant undeveloped property, but is zoned for residential use and the number of residential units to be developed on the property has been determined or identified as part of a Tentative Development Plan, Tentative Tract Map or Specific Plan.

For balloting purposes to establish each property's maximum assessment and proportional special benefit, these parcels are assigned an EBU that reflects the total EBU's planned for that parcel at build-out (1.00 EBU per single-family residential lot and 0.80 per multi-family residential unit).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to such parcels an EBU that best reflects that parcel's proportional special benefit from the improvements and services provided as compared to other properties in the District, Zone and Sub-Zone based on the type and location of the improvements to be maintained, the proximity of the property to those improvements, and the development status of the property. Because these factors can vary from year to year and from parcel to parcel, the calculated EBU for each Planned Residential Development parcel may be different utilizing either the acreage of the parcel or number of planned units. The Assessment Engineer may identify the parcel and treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per applied acre, but a maximum of 5.0 EBU) or may temporarily identify the parcels as a Special Case Parcel (refer to this land use classification below) assigning the parcel any proportional EBU up to the maximum EBU for which the property was ballot (1.0 EBU per single-family residential lot and 0.80 per multi-family residential unit).

It is anticipated that development of the properties within the District (specifically in Zone B) and installation of the improvements will be spread out over several years and as such, many of the parcels initially identified in this Report as Planned Residential Development properties will likely be assigned a weighted special benefit per acre applicable to Vacant Undeveloped Property until

the properties are developed or a substantial portion of the Zone or overall District improvements have been installed and accepted for maintenance.

Planned Non-Residential Development -- This land use classification is defined as a parcel or group of parcels that may currently be identified as vacant undeveloped property, but is zoned for a non-residential use including commercial retail or service, office or professional service, hotel or motel, manufacturing, warehousing, parking lot, and/or institutional facilities including hospitals or other medical facilities, private schools or education centers, churches or other non-profit organizations based on a Tentative Development Plan, Tentative Tract Map or Specific Plan.

For balloting purposes to establish each property's maximum assessment and proportional special benefit, these parcels are assigned an EBU that reflects the parcel's anticipated EBU at build-out (5.00 EBU per applied acre as applicable to Developed Non-Residential properties).

However, for calculation of the annual assessments each fiscal year, the Assessment Engineer shall apply to such parcels an EBU that best reflects that parcel's proportional special benefit from the improvements and services provided as compared to other properties in the District and Zone based on the type and location of the improvements to be maintained, the proximity of the property to those improvements, and the development status of the property. Because these factors can vary from year to year and from parcel to parcel, the calculated EBU for each Planned Non-Residential Development parcel may be different. The Assessment Engineer may identify the parcel and treat the parcel as a Vacant Undeveloped Property (assigned 1.00 EBU per applied acre, but a maximum of 5.0 EBU) or may temporarily identify the parcels as a Special Case Parcel (refer to this land use classification below) assigning the parcel any proportional EBU up to the maximum EBU for which the property was ballot (5.00 EBU per applied acre as applicable to Developed Non-Residential properties).

It is anticipated that development of the properties within the District (specifically in Zone A) and installation of the improvements may be spread out over several years, many of the parcels initially identified in this Report as Planned Non-Residential Development properties will likely be assigned a weighted special benefit per acre applicable to Vacant Undeveloped Property until the properties are developed or a substantial portion of the Zone or overall District improvements have been installed and accepted for maintenance.

Vacant Undeveloped Property -- This land use classification includes undeveloped properties that are identified as parcels with no development including residential and non-residential properties, undeveloped school sites, and parcels that may currently be used for agricultural purposes. Although it is recognized that most of the improvements within the various Zones and Sub-Zones of the District will be constructed and accepted for maintenance in large part as properties are developed and these developments will clearly receive a particular and distinct benefit (direct special benefit) from those improvements, it is also recognized that most of the various improvements proposed within the District are considered shared improvements that collectively support the overall development of properties within the District and Zones to their full and best use, including the vacant undeveloped properties. However, it is also recognized that the planned parks and internal (neighborhood) street lights within the District are in large part specifically related to the residential parcels that have an immediate utilization of those improvements and the special benefit costs associated with these parks and neighborhood street lights should be assessed primarily if not entirely to the properties which are actively being developed. Likewise, most of the remaining landscaping and lighting improvements within the District will likely be installed and accepted for maintenance as properties are developed and those developing parcels clearly receive a proportionately greater benefit from those improvements than do the undeveloped properties. Therefore, it has been determined that parcels identified as Vacant Undeveloped Property shall be assigned a proportional EBU that is 20% of

that assigned to developed properties, which is 1.0 EBU per applied acre (20% of the 5.0 EBU per acre assigned to Developed Non-Residential properties), up to a maximum of 5 acres per parcel or 5.0 EBU per parcel. (e.g. a Vacant Undeveloped Property which is 7.00-acres would be assigned 5.00 EBU [5.0 acre maximum x 1.0 EBU/acre]).

Special Case Parcels -- In many landscaping and lighting districts (particularly districts that have a wide range of land uses, phased developments, and/or diversity in the location and type of improvements) there may be one or more parcels to be assessed that the standard land use classifications and proportionality identified above do not accurately identify the use and special benefit received from the improvements. Properties that are typically classified as Special Case Parcels usually involve partial or mixed use development of the property or development restrictions whether those restrictions are temporary or permanent and affect the properties proportional special benefit. Examples of such restrictions may include situations where only a portion of the parcel's total acreage is or can be developed. In such a case, the net acreage of the parcel that is utilized rather than the gross acreage of the parcel may be applied to calculate the parcel's proportional special benefit similar to how the Public School site parcel is treated. Each such parcel shall be addressed on a case-by-case basis by the Assessment Engineer and the EBU assigned to such parcels shall be based on the specific issues related to that parcel and its proportional special benefit compared to other properties that receive special benefits from the improvements.

Exempt Properties -- Within most districts, there are lots or parcels of land that do not receive a special benefit from the improvements provided (exempt from assessment), which may include, but is not limited to public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, public rights-of-way, or utility rights-of-way; common areas, bifurcated lots; sliver parcels or any other parcel that has little or no assessed value and cannot be developed independently; parcels that are part of the improvements being maintained by the District or that the City has determined that the parcel cannot be developed. These types of parcels are considered to receive no special benefit from the improvements and are therefore exempted from assessment and are assigned 0.00 EBU.

A summary of the applied Equivalent Benefit Units (EBUs) for the various land use classifications within the District is shown in the following table:

Assessment Land Use	Equivalent Benefit Unit Formula	
Single Family Residential	1.00	EBU per Unit/Parcel
Multi-Family Residential	0.80	EBU per Unit
Developed Non-Residential	5.00	EBU per Applied Acre
Public School Property	5.00	EBU per Applied Acre
Planned Residential Development	1.00	EBU per Unit
Planned Non-Residential Development	5.00	EBU per Applied Acre
Vacant Undeveloped Property	1.00	EBU per Applied Acre (Maximum of 5 Acres)
Exempt	0.00	EBU per Parcel
Special Case	Varied	EBU per Applied Acre or Units

Equivalent Benefit Unit Summary

The following is a summary of the Equivalent Benefit Units applicable to the various land use classifications identified in each District Zone or Sub-Zone:

Zone A

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Planned Non-Residential Development	3	-	21.490	107.45
Exempt	1	-	1.770	-
Totals	4	-	23.260	107.45

Sub-Zone B1

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Single Family Residential	152	152	-	152.00
Exempt	7	-	1.940	-
Totals	159	152	1.940	152.00

Sub-Zone B2

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Public School Property	1	-	4.790	11.98
Planned Residential Development	322	322	-	322.00
Exempt	2	-	12.910	-
Totals	325	322	17.700	333.98

Sub-Zone B3

Assessment Land Use	Total Parcels	Units	Applied Acreage	Equivalent Benefit Units (EBU)
Planned Residential Development	329	329	-	329.00
Exempt	2	-	9.580	-
Totals	331	329	9.580	329.00

PART III – Estimate of Costs

Calculation of Assessments

An assessment amount per Equivalent Benefit Unit (Assessment per EBU) is calculated by:

Taking the "Total Annual Expenses" (Total budgeted costs) and subtracting the "Total General Benefit Expenses" (Landscaping General Benefit Expenses and/or Lighting General Benefit Expenses), to establish the "Total Special Benefit Expenses";

$$\text{Total Annual Expenses} - \text{General Benefit Expenses} = \text{Special Benefit Expenses}$$

To the resulting "Special Benefit Expenses", various "Funding Adjustments" may be applied that may include, but are not limited to:

- "Reserve Fund Transfer/Deduction", represents an amount of available existing funds from the "Operational Reserve Fund Balances" being applied to pay a portion of the Special Benefit Expenses for the fiscal year.
- "Additional City Funding", represents an adjustment that is typically used to address any funding gap between the amount budgeted to provide the improvements and services ("Special Benefit Expenses"); and the amount that will be collected through the assessments. This funding may be addressed by an additional City contribution or loan from the City which is intended to be recovered in future fiscal years.

These adjustments to the Special Benefit Expenses result in the net special benefit amount to be assessed "Balance to Levy";

$$\text{Special Benefit Expenses} - \text{Funding Adjustments} = \text{Balance to Levy}$$

The amount identified as the "Balance to Levy" is divided by the total number of EBUs of parcels that receive special benefit to establish the Assessment Rate ("Assessment Per EBU"). This Assessment Rate is then applied back to each parcel's individual EBU to calculate the parcel's proportionate special benefit and assessment amount for the improvements.

$$\text{Balance to Levy} / \text{Total EBU} = \text{Assessment Per EBU (Assessment Rate)}$$

$$\text{Assessment Per EBU} \times \text{Parcel EBU} = \text{Parcel Assessment Amount}$$

Note: The maximum assessments outlined in this Report are intended to fully support the expenses identified as "Special Benefit Expenses". Consequently, there are no "Funding Adjustments" reflected in the budgets establishing the maximum assessment rates and the "Balance to Levy" is equal to the total "Special Benefit Expenses".

District Budgets and Assessments

The budgets and assessments outlined on the following pages for the District are based on the City's estimate of the expenses and related funding necessary for the operation, maintenance and servicing of the proposed District improvements at build-out as identified in Part I of this Report for Zone A and Zone B.

The budgets provided herein establishes the initial Maximum Assessment per EBU (Maximum Assessment Rates) for Zone A and Zone B (Sub-Zones B1, B2, and B3) for Fiscal Year 2017/2018 and presented to the property owners of record within the District as part of the Ballot Proceeding. Reference is hereby made to the assessment roll included herein as Part V for the individual maximum assessment amounts balloted for each parcel.

Since the Developer plans to maintain the District improvements for Fiscal Year 2017/2018, no annual assessments are proposed to be levied and collected for Fiscal Year 2017/2018. However, each subsequent fiscal year commencing with Fiscal Year 2018/2019, the City and Assessment Engineer will develop an estimate of the cost to maintain and service the improvements to be accepted for maintenance that fiscal year as well as the reserve funding and incidental expenses associated with the improvements and operation of the District. These budgeted expenses in conjunction with the development of the properties within the District will be utilized to establish the annual assessments (Assessment per EBU) for each Zone and the assessments to be levied and collected on the County tax rolls for that fiscal year. These budgets and assessments will be outlined in an annual engineer's report for the District.

District Budgets Establishing Maximum Assessments

BUDGET ITEMS	Zone A	Zone B Sub-Zone B1	Zone B Sub-Zone B2	Zone B Sub-Zone B3	TOTAL BUDGET Maximum Assessment Fiscal Year 2017/2018
ANNUAL OPERATION & MAINTENANCE EXPENSES					
Annual Lighting Operation & Maintenance Expenses	\$ 2,904	\$ 6,685	\$ 14,688	\$ 14,469	\$ 38,745
Landscape & Park Maintenance	\$ 144	\$ 34,014	\$ 74,737	\$ 73,823	\$ 182,518
Tree Maintenance	7	1,974	4,337	4,272	10,689
Landscape Irrigation (Water, Electricity, Maintenance & Repair)	269	25,723	56,519	56,677	138,188
Appurtenant Improvements or Services	81	937	2,058	2,028	5,103
Annual Landscaping Operation & Maintenance Expenses	499	62,648	137,651	135,600	336,399
TOTAL ANNUAL OPERATION & MAINTENANCE EXPENSES	\$ 3,403	\$ 69,333	\$ 152,338	\$ 150,069	\$ 375,144
REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES					
Lighting Rehabilitation/Renovation Funding	\$ 290	\$ 668	\$ 1,469	\$ 1,447	\$ 3,875
Landscape Improvement Rehabilitation/Renovation Funding	82	9,908	21,770	21,446	53,207
Planned Capital Expenditures (For Fiscal Year)	-	-	-	-	-
TOTAL REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES	\$ 373	\$ 10,577	\$ 23,239	\$ 22,893	\$ 57,082
INCIDENTAL EXPENSES					
Operational Reserves (Collection)	\$ 173	\$ 3,808	\$ 8,366	\$ 8,241	\$ 20,588
District Administration Expenses	\$ 467	\$ 10,284	\$ 22,563	\$ 22,217	\$ 55,900
County Administration Fee	3	152	323	329	807
Annual Administration Expenses	470	10,416	22,876	22,546	56,307
TOTAL INCIDENTAL EXPENSES	\$ 643	\$ 14,224	\$ 31,242	\$ 30,787	\$ 76,895
TOTAL ANNUAL EXPENSES	\$ 4,418	\$ 94,133	\$ 206,819	\$ 203,749	\$ 509,120
GENERAL BENEFIT EXPENSES					
Lighting General Benefit — City Funded	\$ (290)	\$ (108)	\$ (237)	\$ (233)	\$ (668)
Landscaping General Benefit — City Funded	(24)	(3,651)	(8,022)	(7,902)	(19,599)
TOTAL GENERAL BENEFIT EXPENSES	\$ (315)	\$ (3,758)	\$ (8,258)	\$ (8,135)	\$ (20,466)
TOTAL SPECIAL BENEFIT EXPENSES	\$ 4,104	\$ 90,375	\$ 198,561	\$ 195,614	\$ 488,654
FUNDING ADJUSTMENTS					
Reserve Fund Transfer/Deduction	\$ -	\$ -	\$ -	\$ -	\$ -
Additional City Funding	-	-	-	-	-
TOTAL FUNDING ADJUSTMENTS / CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCE TO LEVY	\$ 4,104	\$ 90,375	\$ 198,561	\$ 195,614	\$ 488,654
DISTRICT STATISTICS					
Total Parcels	4	159	325	331	819
Assessed Parcels	3	152	323	329	807
Equivalent Benefit Units (EBU)	107.45	152.00	333.98	329.00	922.43
Assessment Per EBU	\$38.20	\$594.58	\$594.54	\$594.58	
Balloted Maximum Assessment Rate Per EBU	\$39.00	\$595.00	\$595.00	\$595.00	
Balloted Amount	\$ 4,190.55	\$ 90,440.00	\$ 198,715.13	\$ 195,755.00	\$ 489,100.68
FUND BALANCE					
Estimated Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Operational Reserve & Rehabilitation Funding Collected	546	14,384	31,805	31,134	77,669
Estimated Ending Fund Balance	\$ 546	\$ 14,384	\$ 31,805	\$ 31,134	\$ 77,669

Assessment Range Formula

Any new or increased assessment requires certain noticing and meeting requirements by law. The Brown Act defines the terms "new or increased assessment" to exclude certain conditions. These certain conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed."

Recognizing that the cost of maintaining the improvements will increase over time due to inflation, the maximum assessments (initial maximum assessment amounts and maximum assessment rates established herein for fiscal year 2017/2018) for Zone A and Zone B, shall include a fixed 3.5% annual inflationary adjustment (Assessment Range Formula). This 3.5% annual adjustment provides for reasonable increases and inflationary adjustment to the initial maximum assessment rates to be approved by the property owners as part of the protest ballot proceeding conducted in connection with the formation of the District.

The adoption of the maximum assessment rates and the Assessment Range Formula described herein does not mean that the annual assessments will necessarily increase each fiscal year nor does it absolutely restrict the assessments to the adjustment maximum assessment amount. Although the maximum assessment rates that may be levied shall be adjusted (inflated) by 3.5% each year, the actual amount to be assessed will be based on the Balance to Levy for that fiscal year. If the calculated assessment is less than the adjusted maximum assessment, then the calculated assessment may be approved by the City Council for collection. If the calculated assessment (based on the proposed budget) is greater than the adjusted maximum assessment for that fiscal year, then the assessment would be considered an increased assessment and would require property owner approval through a protest ballot proceeding before imposing such an increase. Otherwise, it would be necessary to reduce the budget or provide a contribution from the City to reduce the Balance to Levy (amount to be assessed) to an amount that can be supported by an assessment rate less than or equal to the maximum assessment rate authorized for that fiscal year.

The Assessment Range Formula (3.5% annual adjustment) shall be applied to the maximum assessment rates for Zone A and Zone B identified in the District Budgets Establishing Maximum Assessments as presented in this Report, commencing in fiscal year 2018/2019 and all subsequent fiscal years unless the City Council formally suspends its application.

Part IV — District Diagrams

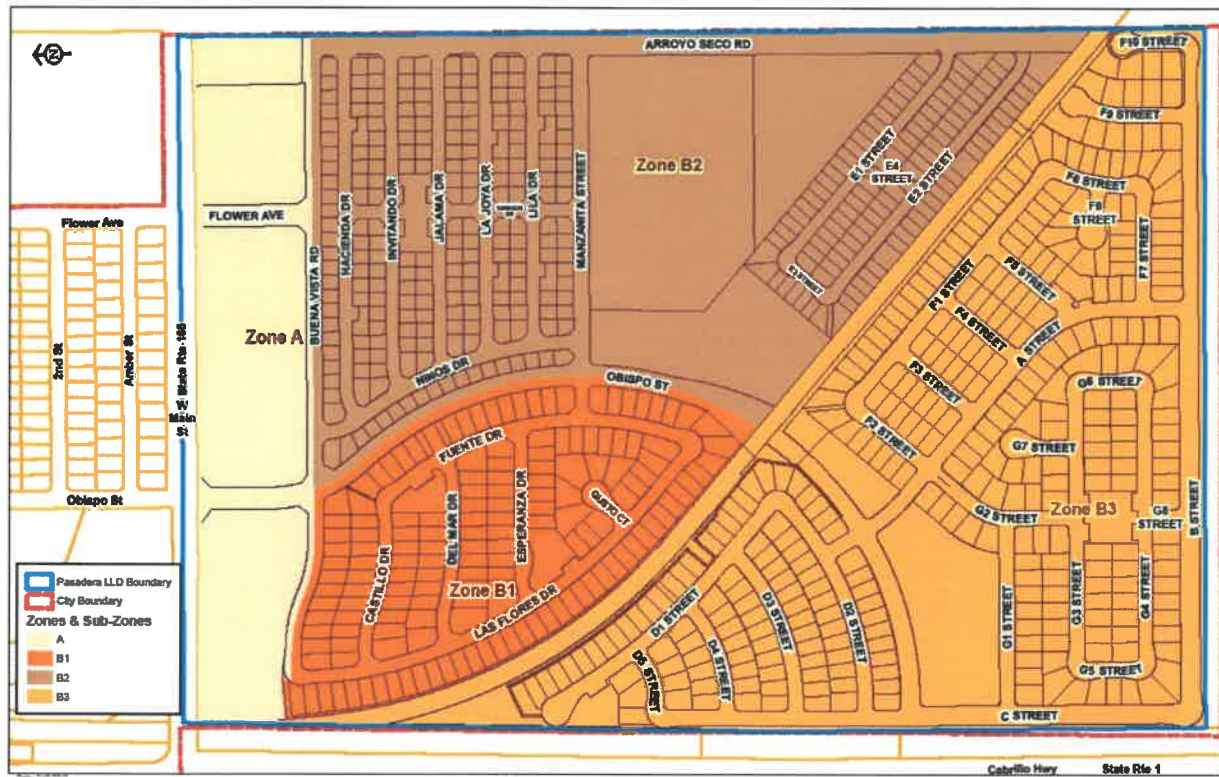
The lots and parcels of land within the Pasadera Landscaping and Lighting District consist of the lots and parcels within the planned commercial and residential development area identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development located on the south side of Main Street near Obispo Street and Flower Avenue.

The District Diagrams provided on the following pages provides a visual depiction of the boundaries of the District and the applicable Zones and Sub-Zones established therein for Fiscal Year 2017/2018. These diagrams also provide a visual depiction of the location and extent of the improvements to be maintained. The combination of these Diagrams and the Assessment Roll contained in Part V of this Report constitutes the Assessment Diagram for this District and encompasses all the lots, parcels and subdivisions of land that receive or will receive a special benefit from the improvements to be provided in the District at the time this Report was prepared.

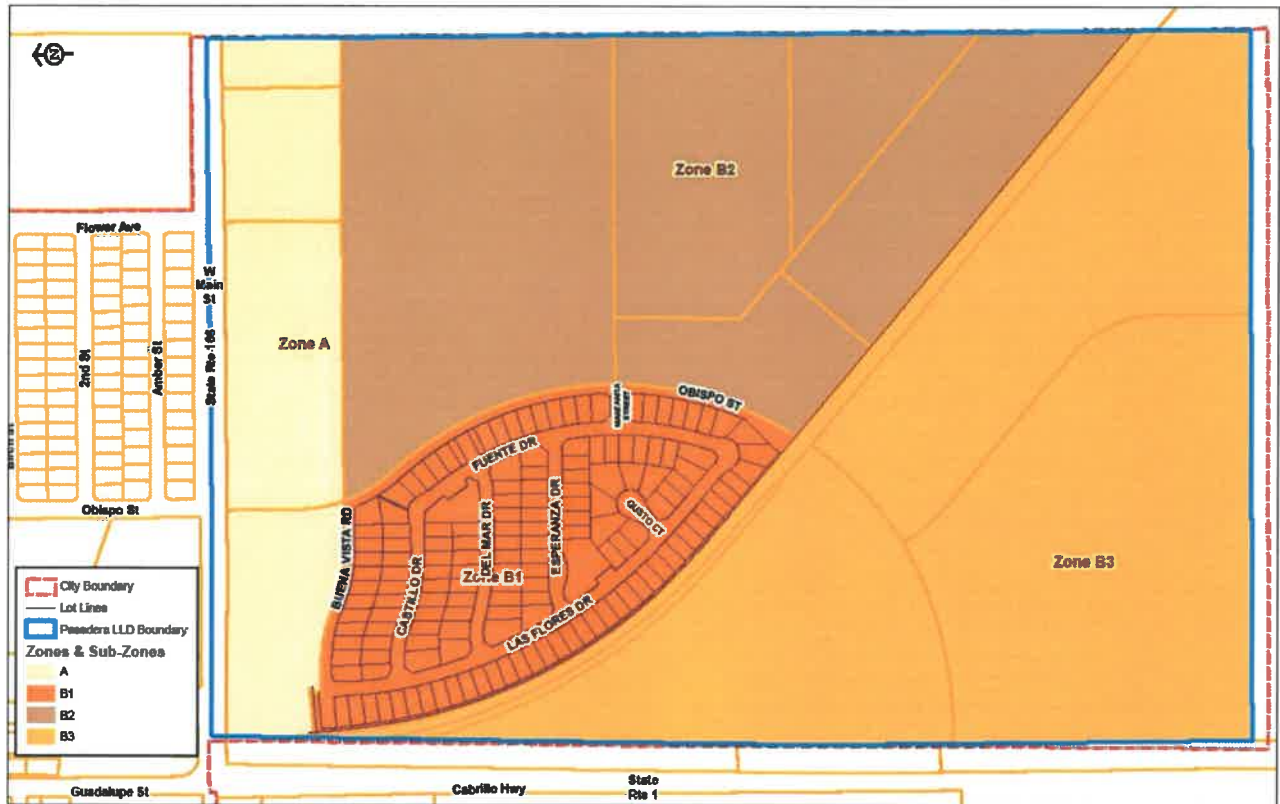
The lines and dimensions of each lot, parcel, and subdivision of land contained in these diagrams are inclusive of the Santa Barbara County Assessor's Parcel Maps as Book 113, Page 01, Parcels 25 and 37; Book 113, Page 08, Parcel 18; Book 113, Page 45, Parcels 01 through 04, and 06 through 10; Book 113, Page 46, Parcels 01 through 57; Book 113, Page 47, Parcels 01 through 61; and Book 113, Page 48, Parcels 01 through 41 as listed in "Part V – Assessment Roll" of this Report as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein.

Reference is hereby made to the Santa Barbara County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each parcel within the Pasadera Landscaping and Lighting District including all subsequent subdivisions, lot-line adjustments, or parcel changes therein.

District Boundary Diagram - Planned Development



District Boundary Diagram – Current Parcels



District Diagram – Planned Improvements and Development



PART V — Assessment Roll

Parcel identification for each lot or parcel within the District represent the parcels as shown on the Santa Barbara County Secured Roll and reflective of the Assessor's Parcel Maps at the time this Report was prepared and shall incorporate all subsequent parcel changes, lot-line adjustments, and subdivisions of land identified by the Santa Barbara County Assessor's Office. A listing of the lots and parcels to be assessed within the District along with the maximum assessment amount (Balloted Maximum Assessment) is provided below.

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-010-025	B3	Exempt	0.00	\$0.00
113-010-037	B3	Exempt	0.00	\$0.00
113-080-018	B3	Planned Residential Development	329.00	\$195,755.00
113-450-001	A	Planned Non-Residential Development	34.60	\$1,349.40
113-450-002	A	Planned Non-Residential Development	49.65	\$1,936.35
113-450-003	A	Planned Non-Residential Development	23.20	\$904.80
113-450-004	B2	Planned Residential Development	218.00	\$129,710.00
113-450-006	B2	Exempt	0.00	\$0.00
113-450-007	B2	Public School Property	11.98	\$7,125.13
113-450-008	B2	Exempt	0.00	\$0.00
113-450-009	B2	Planned Residential Development	104.00	\$61,880.00
113-450-010	A	Exempt	0.00	\$0.00
113-460-001	B1	Single Family Residential	1.00	\$595.00
113-460-002	B1	Single Family Residential	1.00	\$595.00
113-460-003	B1	Single Family Residential	1.00	\$595.00
113-460-004	B1	Single Family Residential	1.00	\$595.00
113-460-005	B1	Single Family Residential	1.00	\$595.00
113-460-006	B1	Single Family Residential	1.00	\$595.00
113-460-007	B1	Single Family Residential	1.00	\$595.00
113-460-008	B1	Single Family Residential	1.00	\$595.00
113-460-009	B1	Single Family Residential	1.00	\$595.00
113-460-010	B1	Single Family Residential	1.00	\$595.00
113-460-011	B1	Single Family Residential	1.00	\$595.00
113-460-012	B1	Single Family Residential	1.00	\$595.00
113-460-013	B1	Single Family Residential	1.00	\$595.00
113-460-014	B1	Single Family Residential	1.00	\$595.00
113-460-015	B1	Single Family Residential	1.00	\$595.00
113-460-016	B1	Single Family Residential	1.00	\$595.00
113-460-017	B1	Single Family Residential	1.00	\$595.00

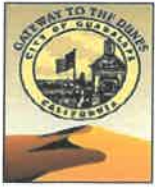
Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-460-018	B1	Single Family Residential	1.00	\$595.00
113-460-019	B1	Single Family Residential	1.00	\$595.00
113-460-020	B1	Single Family Residential	1.00	\$595.00
113-460-021	B1	Single Family Residential	1.00	\$595.00
113-460-022	B1	Single Family Residential	1.00	\$595.00
113-460-023	B1	Single Family Residential	1.00	\$595.00
113-460-024	B1	Single Family Residential	1.00	\$595.00
113-460-025	B1	Single Family Residential	1.00	\$595.00
113-460-026	B1	Single Family Residential	1.00	\$595.00
113-460-027	B1	Single Family Residential	1.00	\$595.00
113-460-028	B1	Single Family Residential	1.00	\$595.00
113-460-029	B1	Single Family Residential	1.00	\$595.00
113-460-030	B1	Single Family Residential	1.00	\$595.00
113-460-031	B1	Single Family Residential	1.00	\$595.00
113-460-032	B1	Single Family Residential	1.00	\$595.00
113-460-033	B1	Single Family Residential	1.00	\$595.00
113-460-034	B1	Single Family Residential	1.00	\$595.00
113-460-035	B1	Single Family Residential	1.00	\$595.00
113-460-036	B1	Single Family Residential	1.00	\$595.00
113-460-037	B1	Single Family Residential	1.00	\$595.00
113-460-038	B1	Single Family Residential	1.00	\$595.00
113-460-039	B1	Single Family Residential	1.00	\$595.00
113-460-040	B1	Single Family Residential	1.00	\$595.00
113-460-041	B1	Single Family Residential	1.00	\$595.00
113-460-042	B1	Single Family Residential	1.00	\$595.00
113-460-043	B1	Single Family Residential	1.00	\$595.00
113-460-044	B1	Single Family Residential	1.00	\$595.00
113-460-045	B1	Single Family Residential	1.00	\$595.00
113-460-046	B1	Single Family Residential	1.00	\$595.00
113-460-047	B1	Single Family Residential	1.00	\$595.00
113-460-048	B1	Single Family Residential	1.00	\$595.00
113-460-049	B1	Single Family Residential	1.00	\$595.00
113-460-050	B1	Single Family Residential	1.00	\$595.00
113-460-051	B1	Single Family Residential	1.00	\$595.00
113-460-052	B1	Single Family Residential	1.00	\$595.00
113-460-053	B1	Single Family Residential	1.00	\$595.00
113-460-054	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-460-055	B1	Single Family Residential	1.00	\$595.00
113-460-056	B1	Exempt	0.00	\$0.00
113-460-057	B1	Exempt	0.00	\$0.00
113-470-001	B1	Single Family Residential	1.00	\$595.00
113-470-002	B1	Single Family Residential	1.00	\$595.00
113-470-003	B1	Single Family Residential	1.00	\$595.00
113-470-004	B1	Single Family Residential	1.00	\$595.00
113-470-005	B1	Single Family Residential	1.00	\$595.00
113-470-006	B1	Single Family Residential	1.00	\$595.00
113-470-007	B1	Single Family Residential	1.00	\$595.00
113-470-008	B1	Single Family Residential	1.00	\$595.00
113-470-009	B1	Single Family Residential	1.00	\$595.00
113-470-010	B1	Single Family Residential	1.00	\$595.00
113-470-011	B1	Single Family Residential	1.00	\$595.00
113-470-012	B1	Single Family Residential	1.00	\$595.00
113-470-013	B1	Single Family Residential	1.00	\$595.00
113-470-014	B1	Single Family Residential	1.00	\$595.00
113-470-015	B1	Single Family Residential	1.00	\$595.00
113-470-016	B1	Single Family Residential	1.00	\$595.00
113-470-017	B1	Single Family Residential	1.00	\$595.00
113-470-018	B1	Single Family Residential	1.00	\$595.00
113-470-019	B1	Single Family Residential	1.00	\$595.00
113-470-020	B1	Single Family Residential	1.00	\$595.00
113-470-021	B1	Single Family Residential	1.00	\$595.00
113-470-022	B1	Exempt	0.00	\$0.00
113-470-023	B1	Exempt	0.00	\$0.00
113-470-024	B1	Single Family Residential	1.00	\$595.00
113-470-025	B1	Single Family Residential	1.00	\$595.00
113-470-026	B1	Single Family Residential	1.00	\$595.00
113-470-027	B1	Single Family Residential	1.00	\$595.00
113-470-028	B1	Single Family Residential	1.00	\$595.00
113-470-029	B1	Single Family Residential	1.00	\$595.00
113-470-030	B1	Single Family Residential	1.00	\$595.00
113-470-031	B1	Single Family Residential	1.00	\$595.00
113-470-032	B1	Single Family Residential	1.00	\$595.00
113-470-033	B1	Single Family Residential	1.00	\$595.00
113-470-034	B1	Single Family Residential	1.00	\$595.00

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-470-035	B1	Single Family Residential	1.00	\$595.00
113-470-036	B1	Single Family Residential	1.00	\$595.00
113-470-037	B1	Single Family Residential	1.00	\$595.00
113-470-038	B1	Single Family Residential	1.00	\$595.00
113-470-039	B1	Single Family Residential	1.00	\$595.00
113-470-040	B1	Single Family Residential	1.00	\$595.00
113-470-041	B1	Single Family Residential	1.00	\$595.00
113-470-042	B1	Single Family Residential	1.00	\$595.00
113-470-043	B1	Single Family Residential	1.00	\$595.00
113-470-044	B1	Single Family Residential	1.00	\$595.00
113-470-045	B1	Single Family Residential	1.00	\$595.00
113-470-046	B1	Single Family Residential	1.00	\$595.00
113-470-047	B1	Single Family Residential	1.00	\$595.00
113-470-048	B1	Single Family Residential	1.00	\$595.00
113-470-049	B1	Single Family Residential	1.00	\$595.00
113-470-050	B1	Single Family Residential	1.00	\$595.00
113-470-051	B1	Single Family Residential	1.00	\$595.00
113-470-052	B1	Single Family Residential	1.00	\$595.00
113-470-053	B1	Single Family Residential	1.00	\$595.00
113-470-054	B1	Single Family Residential	1.00	\$595.00
113-470-055	B1	Single Family Residential	1.00	\$595.00
113-470-056	B1	Single Family Residential	1.00	\$595.00
113-470-057	B1	Single Family Residential	1.00	\$595.00
113-470-058	B1	Single Family Residential	1.00	\$595.00
113-470-059	B1	Single Family Residential	1.00	\$595.00
113-470-060	B1	Exempt	0.00	\$0.00
113-470-061	B1	Exempt	0.00	\$0.00
113-480-001	B1	Single Family Residential	1.00	\$595.00
113-480-002	B1	Single Family Residential	1.00	\$595.00
113-480-003	B1	Single Family Residential	1.00	\$595.00
113-480-004	B1	Single Family Residential	1.00	\$595.00
113-480-005	B1	Single Family Residential	1.00	\$595.00
113-480-006	B1	Single Family Residential	1.00	\$595.00
113-480-007	B1	Single Family Residential	1.00	\$595.00
113-480-008	B1	Single Family Residential	1.00	\$595.00
113-480-009	B1	Single Family Residential	1.00	\$595.00
113-480-010	B1	Single Family Residential	1.00	\$595.00

Pasadena Landscaping and Lighting District
 Engineer's Report
 Fiscal Year 2017/2018

Assessor's Parcel Number	Zone or Sub-Zone	Land Use	Balloted EBU	Balloted Maximum Assessment
113-480-011	B1	Single Family Residential	1.00	\$595.00
113-480-012	B1	Single Family Residential	1.00	\$595.00
113-480-013	B1	Single Family Residential	1.00	\$595.00
113-480-014	B1	Single Family Residential	1.00	\$595.00
113-480-015	B1	Single Family Residential	1.00	\$595.00
113-480-016	B1	Single Family Residential	1.00	\$595.00
113-480-017	B1	Single Family Residential	1.00	\$595.00
113-480-018	B1	Single Family Residential	1.00	\$595.00
113-480-019	B1	Single Family Residential	1.00	\$595.00
113-480-020	B1	Single Family Residential	1.00	\$595.00
113-480-021	B1	Single Family Residential	1.00	\$595.00
113-480-022	B1	Single Family Residential	1.00	\$595.00
113-480-023	B1	Single Family Residential	1.00	\$595.00
113-480-024	B1	Single Family Residential	1.00	\$595.00
113-480-025	B1	Single Family Residential	1.00	\$595.00
113-480-026	B1	Single Family Residential	1.00	\$595.00
113-480-027	B1	Single Family Residential	1.00	\$595.00
113-480-028	B1	Single Family Residential	1.00	\$595.00
113-480-029	B1	Single Family Residential	1.00	\$595.00
113-480-030	B1	Single Family Residential	1.00	\$595.00
113-480-031	B1	Single Family Residential	1.00	\$595.00
113-480-032	B1	Single Family Residential	1.00	\$595.00
113-480-033	B1	Single Family Residential	1.00	\$595.00
113-480-034	B1	Single Family Residential	1.00	\$595.00
113-480-035	B1	Single Family Residential	1.00	\$595.00
113-480-036	B1	Single Family Residential	1.00	\$595.00
113-480-037	B1	Single Family Residential	1.00	\$595.00
113-480-038	B1	Single Family Residential	1.00	\$595.00
113-480-039	B1	Single Family Residential	1.00	\$595.00
113-480-040	B1	Single Family Residential	1.00	\$595.00
113-480-041	B1	Exempt	0.00	\$0.00
Totals			922.43	\$489,100.68



AGENDA REPORT

SUBJECT/TITLE:

REQUEST FOR CITY OF GUADALUPE TO APPROVE ASSIGNMENT OF THE STATE WATER CONTRACT FROM THE COUNTY OF SANTA BARBARA TO THE CENTRAL COAST WATER AUTHORITY

RECOMMENDATION:

- 1. THAT THE CITY COUNCIL ADOPT RESOLUTION NO. 2017-56 AUTHORIZING THE MAYOR OF THE CITY OF GUADALUPE TO ENTER INTO THE FIRST AMENDMENT TO THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE CENTRAL COAST WATER AUTHORITY, AND AUTHORIZING THE MAYOR OF THE CITY OF GUADALUPE TO ENTER INTO THE FIRST AMENDMENT TO THE WATER SUPPLY AGREEMENT WITH THE CENTRAL COAST WATER AUTHORITY.**

HISTORICAL BACKGROUND:

The agreement under which State Water is delivered to Santa Barbara County ("County") was first executed in 1963 ("Water Supply Contract"). The parties to the Water Supply Contract are the Department of Water Resources ("DWR") and the County. The Water Supply Contract provided for delivery of up to 57,700 acre-feet per year ("AFY"), with the actual quantity dependent on water available in the State Water system in any given year.

In 1978, the County sponsored a ballot measure authorizing issuance of bonds to finance construction of an in-county distribution and treatment system for State Water. The ballot measure was defeated. Following that election, the County considered whether to terminate the Water Supply Contract due to lack of local political support for importation of State Water.

Between 1985 and 1988, the County entered into 19 separate agreements with retail water agencies and water users within Santa Barbara County. The purpose of those agreements was to shift payment responsibility from County taxpayers to retail water agencies and users. Pursuant to those agreements, water purveyors agreed to assume annual costs for 45,486 AFY of State Water. The County relinquished the balance of 12,214 AFY to DWR pursuant to an amendment to the Water Supply Contract.

In 1991, public elections were held in 14 local jurisdictions to authorize financing for construction of State Water distribution and treatment facilities. Ballot measures were approved in 11 of the 14 jurisdictions, including the City of Guadalupe, and those 11 jurisdictions formed CCWA

Agenda Item: _____

in September 1991. The participants, including the City of Guadalupe, entered into Water Supply Agreements with CCWA. These contracts transferred water rights to CCWA in return for water service of an equivalent amount.

In November 1991, the County and CCWA signed a Transfer of Financial Responsibility Agreement (“TFRA”) under which CCWA agreed to assume the County’s financial obligations under the Water Supply Contract. During discussions that led up to the TFRA, the County expressed interest in assigning all of its rights and obligations under the Water Supply Contract to CCWA, and CCWA agreed. However, DWR repudiated such an assignment on several occasions, principally because it viewed the County as the ultimate guarantor of the obligations under the Water Supply Contract.

For additional background information, please see the attached document entitled “Overview of Agreements Relating to the Delivery of State Water project water to Santa Barbara County” (Attachment “A”).

DISCUSSION:

Prior to 2015, there was some uncertainty as to whether the Water Supply Contract could be assigned to CCWA; specifically, whether CCWA could satisfy the requirements of Article 34 of the Water Supply Contract, which obligates the contracting party to levy a property tax in the event of its failure to make payments to DWR. This uncertainty was removed when Government Code Section 6502 was amended in 2015 to clarify that a Joint Powers Authority has all powers common to contracting parties, including but not limited to the authority to levy a fee, assessment, or tax.

On June 22, 2017, the CCWA Board of Directors voted unanimously to direct legal and policy staff to pursue assignment of the Water Supply Contract from the County to CCWA. That vote followed a communication from DWR of its willingness to consider such an assignment. This requires CCWA to have the power to levy a property tax, if necessary, to cure a default by CCWA, as required by Article 34 of the Water Supply Contract.

To implement this authority, it is necessary for all CCWA member agencies to amend two agreements. The first is the 1991 Joint Exercise of Powers Agreement (“JPA”) to specify CCWA’s power to levy a property tax pursuant to Article 34 (Attachment “B”). The second is the Water Supply Agreement (“WSA”) to provide CCWA the right to exercise the power to levy a property tax in the event of default by CCWA (Attachment “C”).

To proceed, the City of Guadalupe, along with all other CCWA member agencies, are required to execute both the JPA and WSA agreements. If all CCWA member agencies execute these agreements, the County, CCWA, and DWR will execute an Assignment, Assumption, and Release Agreement, transferring all of the County’s rights under the Water Supply Contract, including all obligations for payment, to CCWA from the County (Attachment “D”).

The City of Guadalupe is currently obligated to make payments to CCWA as an operating and maintenance expense of the water and wastewater system. The proposed contract assignment will not increase the City’s existing financial obligations to CCWA.

Agenda Item: _____

Pursuing assignment of the Water Supply Contract aligns decision-making authority with financial responsibility and reduces political uncertainty. Under the current arrangement, CCWA bears all of the financial responsibility for the Water Supply Contract, but has limited decision-making authority. In addition, the County Board of Supervisors exercises significant authority over State Water decisions because approval of the County, as the contractor, is required. The political makeup of the County Board of Supervisors shifts over time and this unpredictability renders long-term water planning difficult.

ATTACHMENTS:

1. Summary of State Water Contracts
2. First Amendment to Joint Exercise of Powers Agreement
3. First Amendment to the Water Supply Agreement
4. Assignment, Assumption, and Release Agreement

Prepared by: Philip F. Sinco, City Attorney

Meeting Date: 10 October 2017

City Administrator Approval: _____

CUR

Agenda Item: _____

OVERVIEW OF AGREEMENTS RELATING TO DELIVERY OF STATE WATER PROJECT WATER TO SANTA BARBARA COUNTY

(Prepared by CCWA, rev. June 2017)

Overview

In 1963, the Santa Barbara County Flood Control and Water Conservation District (Flood Control District or District) contracted with the Department of Water Resources (DWR) for the delivery of State Water Project (SWP) water to Santa Barbara County. Although the Flood Control District subsequently transferred all of its rights and responsibilities for the delivery of imported water to the Central Coast Water Authority (CCWA), it remains the contracting entity. The Flood Control District's primary purpose is to provide flood protection and to conserve storm, flood and surface waters. The Board of Supervisors of Santa Barbara County acts as the Board of Directors of the Flood Control District.

CCWA is a joint powers authority formed in 1991 to construct, manage and operate Santa Barbara County's local facilities for distribution and treatment of SWP water. CCWA owns and operates a water treatment plant and pipeline that delivers SWP water to Santa Barbara and San Luis Obispo counties (San Luis Obispo County is a separate State Water Project Contractor). CCWA is comprised of eight public agencies, including the cities of Guadalupe, Buellton, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District, and the Santa Ynez River Water Conservation District, Improvement District No. 1, all of which are retail water supply agencies that deliver water to customers living and working in Santa Barbara County.¹ Although the Flood Control District is among the smallest of the SWP contractors with only 1% of the total "Table A Amount" contracted (45,486 AFY), it is the third largest payor of SWP capital payments to DWR as a result of the significant number and length of facilities required to deliver water to Santa Barbara County coupled with the fact that the facilities serving Santa Barbara were constructed in the 1990's while most other SWP facilities around California were constructed in the 1960's.

Key Agreements

SWP Contract — DWR entered into a Water Supply Contract (SWP Contract) with the Flood Control District on February 26, 1963. The District's SWP Contract has been amended 19 times, with the last amendment occurring in 2003.

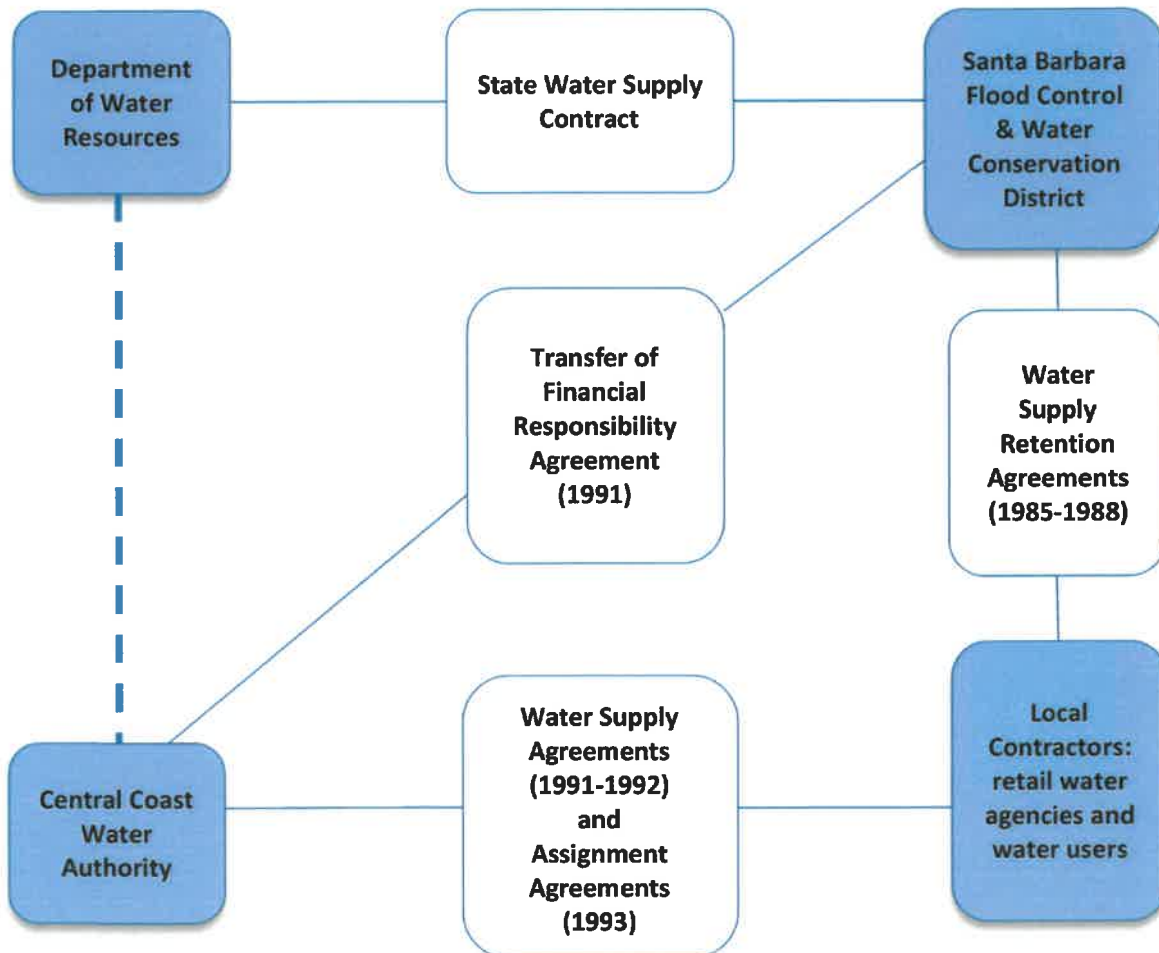
Water Supply Retention Agreements — Between 1985 and 1988, the Flood Control District entered into 19 separate agreements with retail water agencies and water users within Santa Barbara County (the "Local Contractors"). Each agreement assigned a portion of the Flood Control District's SWP Table A allocation under the SWP Contract to a Local Contractor. In return, each Local Contractor agreed to pay the Flood Control District for the Local Contractor's pro rata share of all costs and expenses associated with the delivery of that water. The purpose of these agreements was to shift responsibility for payment under the SWP Contract from the County taxpayers to the Local Contractors and their retail customers – e.g., the water users.

¹ CCWA also has one associate, non-voting member, the La Cumbre Mutual Water Company, and two non-member, private water users, Raytheon, Inc. and Morehart Land Company. In addition, CCWA provides water service to Golden State Water Company and Vandenberg Air Force Base.

Joint Powers Agreement — In 1991, the CCWA was created for the development, financing, construction, operation and maintenance of local facilities required to deliver water from the SWP. CCWA was also tasked with collecting funds from each Local Contractor for that Contractor’s share of payments due to DWR under the SWP Contract.

Water Supply Agreements and Assignment Agreements — Between 1991 and 1992, CCWA entered into 15 separate Water Supply Agreements with Local Contractors. Each agreement assigns the Local Contractor’s rights and obligations under its Water Supply Retention Agreement (see above) to CCWA, and obligates CCWA to sell a like-quantity of SWP water to the Local Contractor. CCWA also entered into separate Assignment Agreements with five Local Contractors who no longer wished to participate in the delivery of SWP water, in whole or in part (“Opt-Out Contractors”). Pursuant to these agreements, the Opt-Out Contractors assigned all rights to SWP water under their Water Supply Retention Agreement to CCWA, and CCWA redistributed the SWP water supply associated with those rights to the Local Contractors who entered into Water Supply Agreements.

Transfer of Financial Responsibility Agreement — In 1991, the Flood Control District and CCWA entered into an agreement transferring all financial responsibility under the 1963 SWP Contract from the Flood Control District to CCWA. The purpose of this agreement was to ensure that the Flood Control District’s financial obligations pursuant to the 1963 SWP Contract would be completely and fully assumed and satisfied by CCWA, and that the Flood Control District would be fully and completely reimbursed by CCWA for all of its costs, liabilities and obligations in connection with implementation of the SWP Contract. However, the agreement did not release the Flood Control District from its contractual obligations and, thus, the Flood Control District remains the SWP contractor for Santa Barbara County.



**FIRST AMENDMENT
to the
JOINT EXERCISE OF POWERS AGREEMENT
creating the
CENTRAL COAST WATER AUTHORITY**

This First Amendment (“**Amendment**”) to the Joint Exercise of Powers Agreement creating the Central Coast Water Authority (“**CCWA**”), dated August 31, 1991 (“**JPA**”), is made effective _____, 2017 by and between the parties on the attached Exhibit A (the “**Parties**”).

RECITALS

A. The Parties to this Amendment are all signatories to the 1991 JPA or successors in interest.

B. The Parties desire to amend the JPA to expressly authorize CCWA to take certain actions necessary and convenient to assume all of the Santa Barbara County Flood Control and Water Conservation District’s (“**District**”) rights, interest in, and obligations under the Water Supply Contract with the State of California Department of Water Resources (“**DWR**”) concerning the delivery of 57,700 acre feet per year (“**AFY**”) of water from the State Water Project (“**SWP Contract**”).

AGREEMENT

1. Section 5 of the JPA is amended to include a new subsection “p” as follows:

p. To contract with the DWR for delivery of water from the State Water Project, along with all necessary and incidental powers as may be required by CCWA to carry out CCWA’s rights and obligations under the SWP Contract, including, but not limited to, the right to levy an *ad valorem* tax, as mandated by the California Water Code and SWP Contract.

2. All other provisions of the JPA shall remain in full force and effect as adopted.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

DATE: _____

CITY OF BUELLTON

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

By: _____

DATE: _____

CARPINTERIA COUNTY WATER DISTRICT

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

DATE: _____

CITY OF GUADALUPE

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

DATE: _____

GOLETA WATER DISTRICT

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

DATE: _____

MONTECITO WATER DISTRICT

By: _____
President

ATTEST:

General Manager/Secretary

APPROVED AS TO FORM:

DATE: _____

CITY OF SANTA BARBARA

By: _____
Mayor

ATTEST:

Deputy City Clerk

APPROVED AS TO FORM:

DATE: _____

CITY OF SANTA MARIA

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

DATE: _____

SANTA YNEZ RIVER WATER
CONSERVATION DISTRICT, IMPROVEMENT
DISTRICT #1

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

Exhibit A

Schedule of Parties

City of Buellton
Carpinteria County Water District
City of Guadalupe
Goleta Water District
Montecito Water District
City of Santa Barbara
City of Santa Maria
Santa Ynez River Water Conservation District, Improvement District #1

**THIRD AMENDMENT
to the
WATER SUPPLY AGREEMENT
By and Between
CENTRAL COAST WATER AUTHORITY and
CITY OF GUADALUPE**

This Third Amendment (“**Amendment**”) to the Water Supply Agreement dated September 1, 1992 (“**Water Supply Agreement**”) is made effective as of _____, 2017 by and between the Central Coast Water Authority (“**Authority**”) and the City of Guadalupe (the “**Contractor**”) (each, a “**Party**” and collectively, the “**Parties**”). Unless otherwise provided herein, all defined terms used in this Amendment shall have the same meaning as set forth in the Water Supply Agreement.

RECITALS

A. The Authority is a joint powers agency formed for the purpose of constructing and operating certain facilities needed to convey and treat State Water Project water to Santa Barbara and San Luis Obispo Counties. Contractor is a signatory to the Joint Powers Agreement that formed the Authority, or is a successor in interest.

B. Pursuant to the Water Supply Agreement, the Contractor agreed to assign to the Authority its contractual rights to receive water from the State Water Project pursuant to the State Water Supply Contract between the State of California, Department of Water Resources (“**DWR**”) and the Santa Barbara County Flood Control and Water Conservation District (“**District**”) and the Water Supply Retention Agreement between the District and the Contractor, and the Authority agreed to sell to the Contractor a certain allotment of water from the State Water Project.

C. The District and the Authority have requested that DWR assign the State Water Supply Contract to the Authority and release the District from all obligations pursuant to the State Water Supply Contract.

D. DWR requires that all parties contracting with DWR for State Water Project water agree to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due under the State Water Supply Contract in the event the contracting party fails or is unable to raise sufficient funds by other means.

E. The Parties now desire to amend the Water Supply Agreement to acknowledge and affirm the Authority’s power to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due in the event the Authority fails or is unable to raise sufficient funds by other means, including, but not limited to, those means set forth in Section 5 of the Water Supply Agreement.

F. Concurrent with this Amendment, Contractor and the other signatories to the Joint Powers Agreement, or their successor in interest, intend to amend the Joint Powers Agreement to acknowledge and affirm the Authority's power to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due within any year that the Authority fails or is unable to raise sufficient funds by other means.

AGREEMENT

1. The Water Supply Agreement is amended to include a new Section 16.5, to be inserted between Section 16 and Section 17, as follows:

16.5. Levy of Tax or Assessment by the Authority. If in any year the Authority fails or is unable to raise sufficient funds by other means, as further provided in Section 5 of this Agreement, to provide for all payments under the State Water Supply Contract due or to become due within that year, Contractor acknowledges and agrees that the Authority shall take all necessary or appropriate steps to levy a tax or assessment upon all property within the Authority not exempt from taxation sufficient to provide for all such payments, as required by the State Water Supply Contract.

2. Except as modified above, the Agreement shall continue in full force and effect. In the event of a conflict between this Amendment and the Water Supply Agreement, the terms and conditions of this Amendment shall control in all respects.

3. The individuals executing this Amendment represent and warrant that they have the authority to enter into this Amendment and to perform all acts required by this Amendment, and that the consent, approval, or execution of or by any third party is not required to legally bind either Party to the terms and conditions of this Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

CITY OF GUADALUPE

DATE: _____

By: _____

ATTEST:

APPROVED AS TO FORM:

CENTRAL COAST WATER AUTHORITY

DATE: _____

By: _____
Chairman of the Board

APPROVED AS TO FORM:
Brownstein Hyatt Farber Schreck, LLP

Stephanie Osler Hastings

ASSIGNMENT, ASSUMPTION, AND RELEASE AGREEMENT

THIS ASSIGNMENT, ASSUMPTION, AND RELEASE AGREEMENT (the “**Agreement**”) made as of _____, 2017 (“**Effective Date**”) by and between Santa Barbara County Flood Control and Water Conservation District (“**District**”), the Central Coast Water Authority (“**CCWA**”), and the California Department of Water Resources (“**DWR**”) (each, a “**Party**” and collectively, the “**Parties**”), with reference to the following facts and intentions.

RECITALS

A. As of February 23, 1963, the District entered into a Water Supply Contract with the DWR with respect to the delivery to Santa Barbara County of 57,700 acre feet per year (“**AFY**”) of water (the “**Allocation**”) from the State Water Project (“**SWP Contract**”). Said quantity of water is set forth in “**Table A**” to the SWP Contract.

B. On various dates between 1983 and 1986, the District entered into a series of identical agreements each called “Water Supply Retention Agreement” (“**WSRA**”) with various cities, water districts, and other retailers and end users of water. Under each WSRA, the District assigned a specified portion of the water rights held by the District under the SWP Contract.

C. In August 1991, CCWA was formed by a number of the public agencies and end users who had entered into WSRA’s with District. Each of those public agencies and end users entered into a Water Supply Agreement with CCWA dated August 31, 1991 (“**1991 CCWA Agreement**”). Each of the 1991 CCWA Agreements included a provision under which the rights held by each public agency and end user under its WSRA was assigned to CCWA.

G. On November 12, 1991, CCWA and the District entered into a “Transfer of Financial Responsibility Agreement” (“**TFRA**”) under which CCWA agreed, *inter alia*, to accept responsibility for all financial obligations of the District under the SWP Contract.

H. In August 1997, CCWA completed construction and permanently fixed the size and delivery capability of the transportation and treatment system by which water under the SWP Contract would be delivered to various retailers and end users in Santa Barbara County (the “**Coastal Branch**”).

J. Since the formation of CCWA and in connection with CCWA’s ownership and operation of the Coastal Branch, it has been the intention of CCWA and the District that CCWA would receive all rights and assume all obligations of the District under the SWP Contract. The Parties desire to enter into this Agreement to effectuate such assignment and assumption.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated into the operative provisions of this Agreement by this reference, and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. **Assignment.** Effective as of the Effective Date of this Agreement, the District does hereby assign, transfer, and set over to CCWA, without recourse and without representation or warranty of any kind, all of the District's rights, title and interest in, to and under the SWP Contract (including, but not limited to the District's rights to delivery of the Allocation), along with all liabilities and obligations of the District arising from or under the SWP Contract, except for the right to reimbursement set forth in Article 45(j) of the SWP Contract. This assignment is absolute and presently effective.

2. **Assumption.** Effective as of the Effective Date of this Agreement, CCWA accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the liabilities and obligations of the District arising from or under the SWP Contract, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions of the District under the SWP Contract. CCWA agrees to be bound by said SWP Contract to the same extent as if it had been an original party to said instruments and accepts and agrees to perform all of the obligations of the District therein.

3. **CCWA Indemnification and Release.** CCWA hereby releases and forever acquits, discharges and holds harmless and shall indemnify the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses or disbursements of any kind (including attorneys' fees and costs) which may at any time on or after the Effective Date be imposed on, incurred by or asserted against the District by any third party, based on, resulting from, in any way relating to, in connection with or arising out of the SWP Contract, except to the extent caused by the District's gross negligence or willful misconduct.

4. **DWR Consent and Release.** DWR hereby consents to the assignment, transfer, and assumption described herein, and releases the District from all liabilities and obligations arising from or under the SWP Contract. DWR shall hold CCWA responsible for all liabilities and obligations of the District arising from or under the SWP Contract to the same extent as if it had been an original party to said instrument.

5. **Governing Law and Jurisdiction.** The validity and interpretation of this Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

6. **Waiver.** Any waiver or failure to declare a breach as a result of the violation of any term of this Agreement shall not constitute a waiver of that term or condition and shall not provide the basis for a claim of estoppel or waiver by any Party to that term or condition.
7. **Counterparts.** The Parties may execute this Agreement in counterpart. The Parties agree to accept facsimile or PDF signatures as original signatures.
8. **Authorization.** Each signatory represents and warrants that he or she has the appropriate authorization to enter into this Agreement on behalf of the Party for whom he or she signs.
9. **Other Agreements.**
 - a. Upon the Effective Date of this Agreement, the TFRA shall automatically terminate and this Agreement shall supersede all provisions of the TFRA.
 - b. Effective as of the Effective Date of this Agreement, the District does hereby assign, transfer, and set over to CCWA, without recourse and without representation or warranty of any kind, all of the District's rights, title and interest in, to and under all the existing WSRAs, along with all liabilities and obligations of the District arising from or under the WSRAs. CCWA accepts such assignment without recourse and without representation or warranty of any kind, and assumes all of the liabilities and obligations of the District arising from or under the WSRAs, including any and all obligations to make payments, indemnifications or reimbursements thereunder, and agrees to be bound by and to keep, perform and observe the terms, covenants and conditions of the District under the WSRAs. CCWA agrees to be bound by the WSRAs to the same extent as if it had been an original party to said instruments and accepts and agrees to perform all of the obligations of the District therein.
 - c. CCWA hereby releases and forever acquits, discharges and holds harmless and shall indemnify the District from and against any and all liabilities (at law or in equity), obligations, liens, claims, orders, rulings, losses, damages, assessments, fines, penalties, injuries, demands, actions, judgments, suits, costs, expenses or disbursements of any kind (including attorneys' fees and costs) which may at any time on or after the Effective Date be imposed on, incurred by or asserted against the District by any third party, based on, resulting from, in any way relating to, in connection with or arising out of the WSRAs, except to the extent caused by the District's gross negligence or willful misconduct.
10. **Notices.** All communications or notices in connection with this Agreement shall be in writing and either hand-delivered or sent by U.S. first class mails, postage prepaid, or

electronic mail followed by written notice sent by U.S. mails and addressed to the Parties as follows:

Santa Barbara County Flood Control and Water Conservation District
Fray Crease, Water Agency Manager
130 East Victoria Street, Suite 200
Santa Barbara, CA 93101-2019
Tel: (805) 568-3542
fcrease@cosbpw.net

Central Coast Water Authority
Ray Stokes, Executive Director
255 Industrial Way
Buellton, CA 93427-9565
Tel: (805) 697-5214
ras@ccwa.com

California Department of Water Resources
[ADD CONTACT]

10. **Construction and Interpretation.** The Parties agree and acknowledge that the terms of this Agreement have been negotiated by the Parties and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. The Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument to be drafted, or in favor of the party receiving a particular benefit under this Agreement.
11. **Entire Agreement and Amendment.** This Agreement is the entire understanding of the Parties in respect of the subject matter hereof. There are no other promises, representations, agreements or warranties by any of the Parties. This Agreement may only be amended by a writing signed by all of the Parties. Each Party waives its right to assert that this Agreement was affected by oral agreement, course of conduct, waiver or estoppel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

**SANTA BARBARA COUNTY FLOOD
CONTROL AND WATER
CONSERVATION DISTRICT**

APPROVED AS TO FORM:

Michael C. Ghizzoni
County Counsel

Director of Public Works

By: _____
Deputy County Counsel

CENTRAL COAST WATER AUTHORITY

APPROVED AS TO FORM:

Brownstein Hyatt Farber Schreck, LLP

Ray Stokes, Executive Director

By: _____
Stephanie Hastings, Esq.

**CALIFORNIA DEPARTMENT OF WATER
RESOURCES**

APPROVED AS TO FORM:

By: _____

RESOLUTION NO. 2017-56

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE APPROVING THE AMENDMENT OF THE WATER SUPPLY AGREEMENT BETWEEN THE CITY OF GUADALUPE AND CENTRAL COAST WATER AUTHORITY AND APPROVING THE FIRST AMENDMENT OF THE JOINT EXERCISE OF POWERS AGREEMENT CREATING THE AUTHORITY

WHEREAS, in 1963, following the voters' 1960 approval of the California Water Resources Development Bond Act, the Santa Barbara County Flood Control and Water Conservation District (District) and the Department of Water Resources (DWR), acting on behalf of the State of California, executed that certain agreement dated February 26, 1963, for the supply of State Water Project (SWP) water to Santa Barbara County (State Water Supply Contract); and

WHEREAS, beginning in 1982, the District entered into a series of "Water Supply Retention Agreements" with various cities, water districts, and other retailers and end users of water in Santa Barbara County (Participant(s)) for the purpose of shifting responsibility for the costs associated with the State Water Supply Contract from the District to the Participants; and

WHEREAS, in 1991, the City of Guadalupe and seven (7) other public agencies that provide retail water supply service within Santa Barbara County (collectively, Members), all of whom were Participants, formed the Authority as a Joint Powers Agency pursuant to Government Code section 6500 *et seq.* by that certain Joint Exercise of Powers Agreement dated August 1, 1991; and

WHEREAS, thereafter, the Authority entered into a series of "Water Supply Agreements" with each Participant. The City of Guadalupe's Water Supply Agreement dated September 1, 1992 assigned the City of Guadalupe's contractual rights to SWP water, acquired pursuant to the City of Guadalupe's Water Supply Retention Agreement, to the Authority in return for the Authority's delivery of SWP water to the City of Guadalupe; and

WHEREAS, on November 12, 1991, the District and the Authority entered into the Transfer of Financial Responsibility Agreement whereby the Authority assumed full responsibility for all of the District's obligations pursuant to the State Water Supply Contract, but the District remained the contracting party;

WHEREAS, Transfer of Financial Responsibility Agreement contemplates a future assignment of the State Water Supply Contract to the Authority; and

WHEREAS, The Authority now desires to complete assignment of the State Water Supply Contract from the District to the Authority; and

WHEREAS, Article 34 of the State Water Supply Contract provides that if in any year the District fails or is unable to raise sufficient funds by other means to make the payments required by the State Water Supply Contract, the governing body of the District shall levy upon all property in the District's jurisdiction not exempt from taxation, a tax or assessment sufficient to provide for all payments under the State Water Supply Contract then due or to become due within that year; and

WHEREAS, in order to approve assignment of the State Water Supply Contract, DWR requires assurance that the Authority is authorized and empowered to contract with DWR, including, but not limited, to fulfilling the requirement of Article 34 of the State Water Supply Contract; and

WHEREAS, pursuant to Government Code section 6502, if authorized by their legislative or other governing bodies, a Joint Powers Authority may jointly exercise any power common to the contracting parties, including, but not limited to, the authority to levy a fee, assessment, or tax, so long as such power is expressly stated in the joint powers agreement; and

WHEREAS, all of the Members, including the City of Guadalupe, possess the power to levy a tax or assessment upon property within their respective jurisdictions; and

WHEREAS, it is in the public interest for the Authority to accept assignment of the State Water Supply Contract to permit the Authority to contract directly with DWR and to relieve the District of all responsibility for the State Water Supply Contract, as was intended in 1991 at the time the Authority was created; and

WHEREAS, the City of Guadalupe desires to authorize the Authority to contract with DWR directly, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the SWP, including, but not limited to, the right to levy a tax or assessment on all property within the jurisdiction of the Authority; and

WHEREAS, the City of Guadalupe and the Authority have determined that amendment of the Joint Exercise of Powers Agreement and the City of Guadalupe's Water Supply Agreement are necessary and appropriate to specify the Authority's power to contract with DWR directly, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all property within the jurisdiction of the Authority not exempt from taxation; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Guadalupe as follows:

SECTION 1. The above recitals are true and correct and are incorporated herein as though set forth in full.

SECTION 2. The City of Guadalupe approves the First Amendment to the Joint Exercise of Powers Agreement, attached hereto as Exhibit A, granting the Authority the power to contract directly with DWR for the delivery of State Water Project water, along with all necessary and incidental powers as may be required by the Authority to carry out the Authority's rights and obligations under the State Water Supply Contract, including, but not limited to, the right to levy a tax or assessment on all property within the Authority's jurisdiction not exempt from taxation, which includes all property within the City of Guadalupe, and authorizes the Mayor to execute the amendment.

SECTION 3. The City of Guadalupe approves the Third Amendment to the Water Supply Agreement, attached hereto as Exhibit B, to conform to the above-referenced First Amendment to the Joint Exercise of Powers Agreement and authorizes Mayor to execute the amendment.

SECTION 4. The City of Guadalupe finds and determines that approval of the First Amendment to the Joint Exercise of Powers Agreement and the Third Amendment to the Water Supply Agreement is exempt from CEQA review because the City of Guadalupe's action is not a "project" within the meaning of CEQA because it does not have a potential for significant effect on the environment. (CEQA Guidelines section 15061(b)(3).) The City of Guadalupe further finds and determines that such action is also exempt from CEQA under CEQA Guidelines Section 15320 (a change in the organization or reorganization of a local governmental agency where the change does not change the geographical area in which previously existing powers are exercised is exempt from CEQA), 15378(b)(4) (project does not include the creation of a government funding mechanism or other fiscal activity that does not involve a commitment to a specific project that may result in a potentially significant environmental impact is not a project under CEQA), Section 15378(b)(5) (project does not include an organizational or administrative activity of government that will not result in direct or indirect physical changes to the environment is not a project under CEQA), and Section 15061(b)(3) (where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment the activity is not a project under CEQA). The basis for the exemption determination is more fully described in the Notice of Exemption attached hereto as Exhibit C.

PASSED, APPROVED AND ADOPTED on October 10, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN LIZALDE, MAYOR

ATTEST:

JOICE EARLEEN RAGUZ, CITY CLERK

I hereby certify that the foregoing resolution was adopted at a regular meeting of the City Council of the City of Guadalupe held on October 10, 2017.

JOICE EARLEEN RAGUZ, CITY CLERK

APPROVED AS TO FORM:

PHILIP F. SINCO
CITY ATTORNEY

**FIRST AMENDMENT
to the
JOINT EXERCISE OF POWERS AGREEMENT
creating the
CENTRAL COAST WATER AUTHORITY**

This First Amendment (“**Amendment**”) to the Joint Exercise of Powers Agreement creating the Central Coast Water Authority (“**CCWA**”), dated August 31, 1991 (“**JPA**”), is made effective _____, 2017 by and between the parties on the attached Exhibit A (the “**Parties**”).

RECITALS

A. The Parties to this Amendment are all signatories to the 1991 JPA or successors in interest.

B. The Parties desire to amend the JPA to expressly authorize CCWA to take certain actions necessary and convenient to assume all of the Santa Barbara County Flood Control and Water Conservation District’s (“**District**”) rights, interest in, and obligations under the Water Supply Contract with the State of California Department of Water Resources (“**DWR**”) concerning the delivery of 57,700 acre feet per year (“**AFY**”) of water from the State Water Project (“**SWP Contract**”).

AGREEMENT

1. Section 5 of the JPA is amended to include a new subsection “p” as follows:

p. To contract with the DWR for delivery of water from the State Water Project, along with all necessary and incidental powers as may be required by CCWA to carry out CCWA’s rights and obligations under the SWP Contract, including, but not limited to, the right to levy an *ad valorem* tax, as mandated by the California Water Code and SWP Contract.

2. All other provisions of the JPA shall remain in full force and effect as adopted.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

DATE: _____

CITY OF BUELLTON

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

By: _____

DATE: _____

CARPINTERIA COUNTY WATER DISTRICT

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

DATE: _____

CITY OF GUADALUPE

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

DATE: _____

GOLETA WATER DISTRICT

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

DATE: _____

MONTECITO WATER DISTRICT

By: _____
President

ATTEST:

General Manager/Secretary

APPROVED AS TO FORM:

DATE: _____

CITY OF SANTA BARBARA

By: _____
Mayor

ATTEST:

Deputy City Clerk

APPROVED AS TO FORM:

DATE: _____

CITY OF SANTA MARIA

By: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

DATE: _____

SANTA YNEZ RIVER WATER
CONSERVATION DISTRICT, IMPROVEMENT
DISTRICT #1

By: _____
President

ATTEST:

Secretary

APPROVED AS TO FORM:

Exhibit A

Schedule of Parties

City of Buellton
Carpinteria County Water District
City of Guadalupe
Goleta Water District
Montecito Water District
City of Santa Barbara
City of Santa Maria
Santa Ynez River Water Conservation District, Improvement District #1

**THIRD AMENDMENT
to the
WATER SUPPLY AGREEMENT
By and Between
CENTRAL COAST WATER AUTHORITY and
CITY OF GUADALUPE**

This Third Amendment (“**Amendment**”) to the Water Supply Agreement dated September 1, 1992 (“**Water Supply Agreement**”) is made effective as of _____, 2017 by and between the Central Coast Water Authority (“**Authority**”) and the City of Guadalupe (the “**Contractor**”) (each, a “**Party**” and collectively, the “**Parties**”). Unless otherwise provided herein, all defined terms used in this Amendment shall have the same meaning as set forth in the Water Supply Agreement.

RECITALS

A. The Authority is a joint powers agency formed for the purpose of constructing and operating certain facilities needed to convey and treat State Water Project water to Santa Barbara and San Luis Obispo Counties. Contractor is a signatory to the Joint Powers Agreement that formed the Authority, or is a successor in interest.

B. Pursuant to the Water Supply Agreement, the Contractor agreed to assign to the Authority its contractual rights to receive water from the State Water Project pursuant to the State Water Supply Contract between the State of California, Department of Water Resources (“**DWR**”) and the Santa Barbara County Flood Control and Water Conservation District (“**District**”) and the Water Supply Retention Agreement between the District and the Contractor, and the Authority agreed to sell to the Contractor a certain allotment of water from the State Water Project.

C. The District and the Authority have requested that DWR assign the State Water Supply Contract to the Authority and release the District from all obligations pursuant to the State Water Supply Contract.

D. DWR requires that all parties contracting with DWR for State Water Project water agree to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due under the State Water Supply Contract in the event the contracting party fails or is unable to raise sufficient funds by other means.

E. The Parties now desire to amend the Water Supply Agreement to acknowledge and affirm the Authority’s power to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due in the event the Authority fails or is unable to raise sufficient funds by other means, including, but not limited to, those means set forth in Section 5 of the Water Supply Agreement.

F. Concurrent with this Amendment, Contractor and the other signatories to the Joint Powers Agreement, or their successor in interest, intend to amend the Joint Powers Agreement to acknowledge and affirm the Authority's power to levy a tax or assessment sufficient to provide for all payments under the State Water Supply Contract due or to become due within any year that the Authority fails or is unable to raise sufficient funds by other means.

AGREEMENT

1. The Water Supply Agreement is amended to include a new Section 16.5, to be inserted between Section 16 and Section 17, as follows:

16.5. Levy of Tax or Assessment by the Authority. If in any year the Authority fails or is unable to raise sufficient funds by other means, as further provided in Section 5 of this Agreement, to provide for all payments under the State Water Supply Contract due or to become due within that year, Contractor acknowledges and agrees that the Authority shall take all necessary or appropriate steps to levy a tax or assessment upon all property within the Authority not exempt from taxation sufficient to provide for all such payments, as required by the State Water Supply Contract.

2. Except as modified above, the Agreement shall continue in full force and effect. In the event of a conflict between this Amendment and the Water Supply Agreement, the terms and conditions of this Amendment shall control in all respects.

3. The individuals executing this Amendment represent and warrant that they have the authority to enter into this Amendment and to perform all acts required by this Amendment, and that the consent, approval, or execution of or by any third party is not required to legally bind either Party to the terms and conditions of this Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed as of the day and year first above-written.

CITY OF GUADALUPE

DATE: _____

By: _____

ATTEST:

APPROVED AS TO FORM:

CENTRAL COAST WATER AUTHORITY

DATE: _____

By: _____
Chairman of the Board

APPROVED AS TO FORM:
Brownstein Hyatt Farber Schreck, LLP

Stephanie Osler Hastings

Notice of Exemption

To: Office of Planning and
Research
P.O. Box 3044, Room 212
Sacramento, CA 95812-3044

From: City of Guadalupe
Attention: Ramos Cruz
918 Obispo Street
Guadalupe, CA 93434

County Clerk of the Board
County of Santa Barbara
105 E. Anapamu St.
Santa Barbara, CA 93101

County Clerk
County of San Luis Obispo
1055 Monterey Street
San Luis Obispo, CA 93408

Department of Water
Resources
P.O. Box 942836
Sacramento, CA 94236

Project Title: Amendment to Water Supply Agreement Between Central Coast Water Authority (CCWA) and the City of Guadalupe and Amendment to Joint Exercise of Powers Agreement Creating CCWA.

Project Location: CCWA is a joint powers agency that was formed to construct, own, and operate certain facilities needed to treat, convey, and deliver State Water Project (SWP) water to its member agencies, which include the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, the Carpinteria Valley Water District, as successor in interest to the Carpinteria County Water District, the Goleta Water District, Montecito Water District, and the Santa Ynez River Water Conservation District, Improvement District No. 1 (individually, a Member, and collectively, the Members), all of which are located in the Santa Barbara County (County). CCWA's service area is coextensive with the service area boundaries of its Members. The SWP is owned and operated by the State of California's Department of Water Resources (DWR), headquartered in Sacramento, California.

Background and Description of Nature, Purpose and Beneficiaries of Project: In 1963, the Santa Barbara County Flood Control and Water Conservation District (District)¹ entered into a State Water Supply Contract with DWR for the delivery of SWP water to the County (State Water Supply Contract). In exchange for such service, the District agreed to repay all associated SWP capital and operating costs to DWR. Between 1984 and 1988, each Member, including the City of Guadalupe, entered into an agreement with the District, through which each

¹ The District is a dependent special district within the County whose boundaries coincide with the County's boundary. The County Board of Supervisors acts as the Board of Directors of the District.

Member obtained contractual rights to receive water from the SWP (Water Supply Retention Agreements).

On August 31, 1991, the Members entered into a Joint Exercise of Powers Agreement creating CCWA. Thereafter, CCWA entered into a "Water Supply Agreement" with each Member including the City of Guadalupe (along with other retail agencies and end users), through which each Member assigned to CCWA its contractual rights to receive water from the SWP and CCWA agreed to sell each Member a certain allotment of water from the SWP (Water Supply Agreement).

On November 12, 1991, the District and CCWA entered into a Transfer of Financial Responsibility Agreement (TFRA) under which the District assigned its financial obligations under the State Water Supply Contract to CCWA, but the District remained the contracting party to the State Water Supply Contract. For the past 26 years, CCWA has assumed full responsibility for performance of the State Water Supply Contract pursuant to the TFRA. The parties now intend to release the District from all obligations under the Water Supply Contract and assign the Water Supply Contract to CCWA.

To authorize CCWA to agree to the assignment, the project involves the following approvals by the City of Guadalupe: (1) approval of an Amendment to the Joint Exercise of Powers Agreement to authorize CCWA to contract with DWR for the delivery of SWP water to the County; and (2) an Amendment to the Water Supply Agreement between the City of Guadalupe and CCWA to affirm CCWA's power to levy a tax or assessment as necessary to provide for all payments under the State Water Supply Contract in the event CCWA is unable to raise sufficient funds by other means.

Name of Public Agencies Approving Project: The City of Guadalupe, CCWA, and all other Members. As explained above, other underlying approvals for the assignment will also be required by the District and DWR.

Name of Persons or Agencies Carrying Out Project: CCWA.

Exempt Status: Title 14, CCR, Chapter 3, Article 5, Section 15061(b)(3); Article 19, Section 15320 (Changes in Organization of Local Agencies); and Article 19, Section 15301(b) (Existing Public Facilities).

Reasons Why Project is Exempt: For the reasons stated below, this project is determined to be exempt per CEQA Guidelines section 15061(b)(3), which provides that a public agency may determine an activity to be exempt based upon the general rule that CEQA applies only to projects that have a potential for causing a significant effect on the environment. (See also CEQA Guidelines section 15378(b)(4) (project does not include the creation of a government funding mechanism or other fiscal activity that does not involve a commitment to a specific project that may result in a potentially significant environmental impact is not a project under CEQA) and section 15378(b)(5) (project does not include an organizational or administrative activity of government that will result in direct or indirect physical changes to the environment is not a project under CEQA).) Further, this project is exempt under CEQA Guidelines section 15320 categorical exemption (Class 20, Changes in Organization of Local Agencies), and CEQA Guidelines section 15061(b)(3) (the "common sense" exemption).

1. For the past 26 years, CCWA has assumed full responsibility for performance of the State Water Supply Contract pursuant to the TFRA. CCWA has paid all of the costs charged to the District under the State Water Supply Contract.
2. The project involves two amendments that would authorize CCWA to complete an assignment of rights under the State Water Supply Contract from the District to CCWA, formalizing the existing circumstances, rights, and obligations of the parties. In other words, the project would authorize a change in organization with no corresponding physical environmental effects.
3. The proposed approvals will authorize a substitution of CCWA for the District as the contracting party for the State Water Supply Contract. In all other respects, the State Water Supply Contract, the Water Supply Agreement, and the Joint Exercise of Powers Agreement will remain the same.
4. The area in which SWP water will be delivered will be the same; CCWA's service area will remain the same. The scope of contract rights and obligations to DWR under the State Water Supply Contract will be identical. The facilities used to deliver SWP water to the County will be identical. The transaction will not affect a change in the environment.
5. There is no causal link between the action – approval of agreements to authorize assignment of rights – and any environmental impacts. The character of the supply, method of delivery, the place of use, and the population served would remain the same. There is no reasonable argument that the authorization of assignment will have a significant impact on the environment, either directly or indirectly.
6. Amendment of the Joint Exercise of Powers Agreement and the City of Guadalupe's Water Supply Agreement, as necessary to perfect assignment, does not dictate how funds will be spent, or narrow options or alternatives available to the parties.
7. The assignment to CCWA will be similar to that included in CEQA Guidelines section 15320(a), which exempts the establishment of a subsidiary district (with the same powers).

**Agency
Contact:**

**Area
Code/Telephone:**

805-688-2292

Signature: _____
Title:

Date: _____

Date received for filing at OPR: _____