



REPORT TO THE CITY COUNCIL OF THE CITY OF GUADALUPE
Agenda of June 23, 2020

Prepared by:
Shannon Sweeney,
Public Works Director / City Engineer

Approved by:
Todd Bodem, City Administrator

SUBJECT: Pasadera Landscaping and Lighting District for Fiscal Year 2020/2021.

RECOMMENDATION:

It is recommended that the City Council:

1. Adopt Resolution No. 2020-43, initiating proceedings for the annual levy of assessments for the Pasadera Landscape and Lighting District for Fiscal Year 2020/2021.
2. Adopt Resolution No. 2020-44, approving the Engineer's Report for the Pasadera Landscape and Lighting District and declaring the City Council intent to levy assessments.

BACKGROUND:

The California Streets and Highway Code allows for the creation of landscape and lighting districts for the purpose of funding the continued operations and maintenance of local parks, landscaping and lighting improvements within these districts. The formation of assessment districts allows for the levy and collection of annual assessments on the County tax rolls from properties within the District that receive a special benefit from the improvements.

Pasadera is a large residential and commercial subdivision located in the southern portion of Guadalupe. Pasadera includes (802) single family residences, (21.5) acres of commercial development and a (14.37) acre school site. (See Attachment 1 - District Diagram – Pasadera planned Improvements). The subdivision includes drainage basins, parks, street landscaping and lighting, bridge of the railroad and other amenities.

The City Council held a public hearing for the establishment of the Pasadera Landscaping and Lighting District ("District") in accordance with the provisions of the Landscaping and Lighting Act of 1972 on October 10, 2017. Immediately following the hearing, ballots from the landowners were counted for the establishment of the District. Following owner approval, the City Council adopted a Resolution approving the formation of the District, confirmed the Engineer's Report, the Assessment Diagram and related assessments.

DISCUSSION:

An Engineer's Report for the District must be produced prior to each fiscal year to detail the proposed improvements and services to be provided to the District and the levy and collection of annual assessments for the fiscal year. The City hired Willdan Financial Services to produce the Engineer's Report for Fiscal Year 2020/2021 (See Attachment 2). The annual assessments, which are calculated 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 built with development of properties within the District.

FISCAL IMPACT:

The Engineer's Report calculated the cost to the property owners to operate and maintain the constructed parks, landscaping and lighting improvements within the Districts annually as follow:

Zone A (Commercial Property along SR 166, Main Street): \$19

Sub-Zone B1 (Subdivided Residential Property): \$2,962

Sub-Zone B2 (Non-Subdivided Residential Property north of Railroad): \$43

Sub-Zone B3 (Non-Subdivided Residential Property south of Railroad): \$12

Each year the annual Engineer's Report will calculate the costs based on the number of lots subdivided and the total cost to operate and maintain the covered improvements in the District.

ATTACHMENTS:

1. District Diagram – Pasadera planned Improvements
2. Preliminary Engineer's Report for the Pasadera Landscaping and Lighting District, Fiscal Year 2020/2021.
3. Resolution No. 2020-43, initiating proceedings for the annual levy of assessments for the Pasadera Landscape and Lighting District for Fiscal Year 2020/2021.
4. Resolution No. 2020-44, approving the Engineer's Report for the Pasadera Landscape and Lighting District and declaring the City Council intent to levy assessments



State Rte 1
Cabrillo Hwy



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

Engineer's Annual Report
Fiscal Year 2020/2021

Intent Meeting: June 23, 2020
Public Hearing: July 14, 2020

CITY OF GUADALUPE
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JUNE 2020
PREPARED BY
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ENGINEER'S REPORT AFFIDAVIT

City of Guadalupe Pasadera Landscaping and Lighting District

**Annual Levy of Assessments for
Fiscal Year 2020/2021**

**City of Guadalupe,
County of Santa Barbara, State of California**

As part of the Resolution of Intention packet presented for the consideration of the Guadalupe City Council, this Report and the enclosed budgets, diagrams, and descriptions outline the improvements, estimated expenses and annual assessments to be collected on the County tax rolls in fiscal year 2020/2021 for the Pasadera Landscaping and Lighting District, which includes each lot, parcel, and subdivision of land within said District, as the same existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Santa Barbara County Assessor's maps for a detailed description of the lines and dimensions of each parcel within the Pasadera Landscaping and Lighting District and incorporates 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 _____, 2020.

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

On October 10, 2017 the City Council of the City of Guadalupe, County of Santa Barbara, State of California (the "City"), under the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "1972 Act") and the provisions of the California Constitution Article XIII D (the "Constitution"), formed the City's maintenance assessment district designated as:

Pasadera Landscaping and Lighting District

(hereafter referred to as the "District"), and established the maximum assessments determined to be necessary to support and maintain various landscaping and lighting improvements that will provide special benefits to properties within the District which includes all lots and parcels of land within the planned non-residential 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.

Report Content and Annual Proceedings

This Engineer's Annual Report (the "Report") has been prepared pursuant to Chapter 1, Article 4 and Chapter 3 of the 1972 Act, and presented to the City Council for their consideration and approval of the proposed improvements and services to be provided within the District and the levy and collection of annual assessments related thereto for fiscal year 2020/2021.

This Report outlines the District structure, the improvements, and the proposed assessments to be levied in connection with the special benefits the properties will receive from the maintenance and servicing of the District improvements for fiscal year 2020/2021. The annual assessments to be levied on properties within the District will provide funding for the continued operation and maintenance of the local 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.

To adequately provide and fund the parks, landscaping and lighting improvements constructed and installed in connection with the development of properties within the District for fiscal year 2020/2021, the City Council has determined that it is appropriate and in the public's best interest to levy annual assessments on the County tax rolls for the benefit of properties therein 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 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.

Each Zone (incorporating the sub-zones therein) 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 in each Zone is based on 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 and the net cost of providing those improvements and services are allocated to the benefiting properties within the Zones 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 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.

The estimated cost of the improvements and the proposed annual assessments budgeted and assessed against properties within the District and each respective Zone 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. Each 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 contributions from other revenue sources, and the assessment limits established for the District and Zones.

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.

At a noticed annual Public Hearing, the City Council will accept all public comments and written protests regarding the District and the annual levy of assessments. Based on those public comments and written protests, the City Council may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report and confirmation of the assessments the Council will, by Resolution, order the improvements to be made and confirm the levy and collection of assessments for fiscal year 2020/2021 pursuant to the 1972 Act. The assessments as approved will be submitted to the Santa Barbara Auditor/Controller to be included on the property tax roll for each parcel.

As required by the 1972 Act, this Engineer's Report describes the improvements to be provided, maintained and serviced by the District, an estimated budget for the District improvements, and the proposed assessments to be levied upon each assessable lot or parcel within the District for fiscal year 2020/2021.

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 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 assessed. The assessments outlined in this Report are based on the improvements and appurtenant facilities that provide special benefits to the properties within the District and generally consist of local parks, various landscaping improvements, street lighting, and related appurtenant facilities 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 to be provided at build-out of the District, and specifically those improvements to be accepted and maintained for fiscal year 2020/2021. In conjunction with these general descriptions of the improvements, visual depictions of the landscaping and lighting improvements to be maintained for fiscal year 2020/2021 and the overall improvements anticipated at build-out are provided in "Part V- Assessment Diagrams" of this Report. More detailed information regarding the specific plans and specifications associated with these 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 and resulting calculated annual assessment amount. This method of apportionment is consistent with the adopted method of apportionment for the District at the time the District was formed and approved by the property owners of record in a protest ballot proceeding conducted pursuant to the provisions of the California Constitution Article XIID.

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 that are anticipated to be accepted and maintained for the special benefit of properties within the District in fiscal year 2020/2021. The budget for the District and each Zone therein (including the various sub-zones) incorporates 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 and deemed necessary to fully support the improvements. 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 assessment rates (the "Assessment Per EBU") identified in the budget for each Zone establishes the proposed assessments to be levied and collected for fiscal year 2020/2021.

Part IV — Assessment Roll

The assessment amounts to be levied and collected in fiscal year 2020/2021 for each parcel is based on the parcel's calculated proportional special benefit as outlined in "Part II - Method of Apportionment" and the annual assessment rates established by the estimated budgets in "Part III - Estimate of Costs" of this Report. Due to the number of parcels within the District, the Assessment Roll for fiscal year 2020/2021 has been filed electronically with the City Clerk rather

than displayed in this Report. The parcels and assessment amounts contained the electronic Assessment Roll filed with the City Clerk represents the parcels an assessment amounts to be filed with the Santa Barbara County Auditor/Controller and collected on the County Tax Rolls for fiscal year 2020/2021 and by reference the listing of the Assessor's Parcel Numbers and the corresponding assessment amounts are made part of this Report.

Part V — District Diagrams

This section of the Report contains various diagram(s) that identify the parcels and improvements within the District including:

District Diagram – Boundary and Zones, Fiscal Year 2020/2021

District Diagram –Development and Improvements, Planned at Buildout

District Diagram – Development and Improvements, Fiscal Year 2020/2021

The lines and dimensions of each lot, parcel, and subdivision of land contained in the "District Diagram – Boundary and Zones, Fiscal Year 2020/2021" is inclusive of all parcels identified in "Part IV – 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 I — Plans and Specifications

Description of the District

The territory within the District consists of the lots or parcels of land within the planned non-residential 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, at build-out, the District is anticipated to incorporate eight hundred and three (803) single-family residential home sites; approximately twenty-one (21.49) acres of non-residential development; a fourteen (14.37) acre school site; and various associated public areas, easements, and rights-of-way that are either part of the District improvements or otherwise considered to receive no special benefit from the improvements being provide. At the time this Report was prepared, the lots and parcels of land within the District 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 03, and 06 through 10;

Book 113, Page 46, Parcels 01 through 57;

Book 113, Page 47, Parcels 01 through 61;

Book 113, Page 48, Parcels 01 through 41; and,

Book 113, Page 49, Parcels 01 through 224.

The Pasadera Landscaping and Lighting District is located along the southern boundary of the City, and the properties immediately west, south, and east of these District parcels (excluding any streets or other rights-of-way) are currently outside City boundaries.

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 is 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 in the District Diagrams provided in Part V of this Report.

Zone A Parcels and Improvements

Zone A Parcels

Zone A 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, but also incorporates a drainage basin in the northeast corner of the District for which the landscaping will be maintained by the District and proportionately shared by parcels in both Zone A and Zone B. Refer to the "District Diagram – Boundary and Zones, Fiscal Year 2020/2021" in Part V — District Diagrams of this Report for a visual depiction of the properties within Zone A. In that same section, the "District Diagram –Development and Improvements, Planned at Buildout" provides a visual depiction of the drainage basin location within Zone A.

Zone A Improvements

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

- **Shared Improvements (Improvements at buildout that may be 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 (Improvements at buildout that may be 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

Zone B comprises that portion of the parcels within District located south of Buena Vista Road. The properties in this Zone are primarily identified as residential properties (single family residential parcels and planned residential developments), but also includes a future public-school site, various park and recreational areas, and various landscape improvements to be maintained by the District. Refer to the "District Diagram – Boundary and Zones, Fiscal Year 2020/2021" in Part V — District Diagrams of this Report for a visual depiction of the properties within Zone B. In that same section, the "District Diagram –Development and Improvements, Planned at Buildout" provides an overall visual depiction of the planned landscaping and lighting improvements throughout the District and Zone B.

Zone B Improvements

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

- **Shared Improvements (Improvements at buildout that may be 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 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 (Improvements at buildout that may be 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

Only a portion of the properties within the District have been fully subdivided and/or developed, and only a portion of the improvements have 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 established and grouped into Sub-Zones to reflect the current and anticipated development of the properties and the installation of improvements within Zone B. The three Sub-zones which are

illustrated on the "District Diagram – Boundary and Zones, Fiscal Year 2020/2021" in Part V — District Diagrams 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 are in proximity and associated with local parks, landscaping and/or street lighting improvements that are anticipated to be installed and maintained by the District for fiscal year 2020/2021. Based on available Santa Barbara County Assessor's data and development within the District, for fiscal year 2020/2021, this Sub-Zone will incorporate three hundred sixty-nine Single Family Residential parcels and the parks and proposed improvement areas within Tract 26,061 and Tract 26,062. These parcels are identified on the Assessor' Parcel Maps, Book 113, Pages 46, 47, 48 and 49.
- **Sub-Zone B2** incorporates the planned development area generally located south of Buena Vista Road and Manzanita Street, west of Arroyo Seco Road, east of Obispo Street, and northeast of the railroad right-of-way which are not identified as Zone B1. The properties included in this Sub-Zone are currently identified by the County Assessor's Office as Vacant property which has not been fully subdivided and/or developed. The parcels within this Sub-Zone are currently identified as Assessor' Parcel Maps, Book 113, Page 45, Parcels 06 through 09.
- **Sub-Zone B3** incorporates the planned residential development area within the District 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 which has not been fully subdivided or developed. The parcels within this Sub-Zone are currently identified Assessor' Parcel Maps, Book 113, Page 01, Parcels 25 and 37; and Book 113, Page 08, Parcel 18.

Application of Sub-Zones in Zone B

By 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 allows 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 annual assessments for Zone B, the parcels are assigned a proportional benefit and land use designation that reflects the current development of each property and relationship (proximity) to the improvements to be provided and maintained. For calculating the fiscal year 2020/2021 annual assessments:

- Parcels in Sub-Zone B1 are identified as fully subdivided Single Family Residential parcels (with and without structures) and some parcels identified as Exempt Properties within Tracts 26,061 and 26,062 for which the District anticipates maintaining all or a portion of the improvements installed in connection with these two subdivisions. (The parcels that comprise Tract 26,062 were not subdivided when the District was formed and were included in Sub-Zone B2. For fiscal year 2019/2020 the parcels that comprise Tract 26,062 were fully subdivided (new APNs) and the sub-zone designation for this area was changed from Sub-Zone B2 to Sub-Zone B1).

- Parcels in Sub-Zone B2 and Sub-Zone B3 are identified as either Vacant Undeveloped Property, Undeveloped Residential Property, or Exempt Property and assessed in accordance with the method of apportionment described in "Part II — Method of Apportionment" of this Report. However, in future fiscal years 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 Engineer, the land use designation or sub-zone designation for the affected properties may be reclassified

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 to be 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 anticipated to be installed and constructed at build-out generally include but are not limited to:

Proposed Improvements at Build-out

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.
- 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;
- Twenty (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.

Fiscal Year 2020/2021 Improvements

The following improvement are currently maintained or anticipated to be accepted by the City for maintenance during fiscal year 2020/2021 and will be funded in whole or in part by the annual assessments:

Improvements Allocated to All Benefiting Properties

The following improvement provide special benefits and are proportionately shared and allocated to all properties within the District:

- Five (5) street lights on Obispo Street between Main Street and Buena Vista Road.

Improvements Allocated to All Properties in Zone B Only

The following improvement provide special benefits and are proportionately shared and allocated to all properties within Zone B (Sub-Zones B1, B2, and B3):

- Approximately 31,339 square feet of irrigated landscape improvements located on both sides of Obispo Street between Buena Vista Road and Manzanita Street. This is approximately 75% of the 41,785 square feet of planned irrigated landscape improvements located on both sides of Obispo Street between Buena Vista Road and the railroad rights-of-way; and
- Six (6) street lights on Obispo Street between Buena Vista Road and Manzanita Street.

Improvements Allocated to Properties in Zone A and Sub-Zone B1

The following improvement provide special benefits and are proportionately shared and allocated to all properties within Zone B1 and the properties within Zone A located west of Obispo Street:

- Fourteen (14) street lights on Buena Vista Road which situated between the residential developments of Zone B1 and the planned non-residential development properties in Zone A.
 - Five (5) street lights on Buena Vista Road, west of Obispo Street (between Obispo Street and Las Flores Drive);
 - Nine (9) street lights on Buena Vista Road, east of Obispo Street (between Obispo Street and Arroyo Seco Road);

Improvements Allocated to Properties in Sub-Zone B1 Only

The following improvement provide special benefits and are proportionately shared and allocated to all the residential properties within Zone B1 only:

- Approximately 5,192 square feet of irrigated landscape improvements located on both sides of Del Mar Drive between Obispo Street and Fuente Drive (Entryway to Tract 29,061).
- Approximately 46,906 square feet of park and recreational area improvements located within the two park sites and recreational areas located within Tract 29,061. The majority of the park site improvements incorporate irrigated landscaping (mostly turf), but this overall square footage also includes some non-landscaped areas including play areas, sports courts, sidewalks and other hardscape areas.
- Approximately 20,600 square feet of landscaping improvements located on the east side of Arroyo Seco Road between Buena Vista Road and Manzanita Street (13,710 square feet of irrigated landscaping and 6,890 square feet of trail/pathway improvements). These 20,600 square feet of improvements represent approximately 30% of the 68,660 square feet of planned improvements for the east side of Arroyo Seco Road between Buena Vista Road and the end of Arroyo Seco Road (cul-de-sac).
- Approximately 3,433 square feet of irrigated landscaping improvements located on the west side of Arroyo Seco Road between Buena Vista Road and Lazo Drive. These 3,433 square feet of improvements represent approximately 73% of the 4,720 square feet of planned improvements for the west side of Arroyo Seco Road between Buena Vista Road and Manzanita Street.

- Approximately 75% of the planned 74,968 square feet of park and recreational area improvements located within the park sites or recreational areas located within Tract 26,062. The majority of the park site improvements incorporate irrigated landscaping (mostly turf), but this overall square footage also includes some non-landscaped areas including play areas, sports courts, sidewalks and other hardscape areas.
- Seventy-two (72) street lights within the Zone B1 residential development areas including:
 - Twenty-five (25) street lights within Tract 26,061 located on Fuente Drives, Castillo Drive, Las Flores Drive, Del Mar Drive, Esperanza Drive, and Gusto Court.
 - Six (6) of the seven planned street lights located on Arroyo Seco Road with Tract 26,062.
 - Forty (40) of the fifty planned street lights within Tract 26,062 including lights located on Ninos Drive, Hacienda Drive, La Joya Drive, Jalama Drive and Ladera Drive. (Future street lights on Lazo Drive).
 - One (1) of the seven planned street lights located on Manzanita Street between Tract 26,062 and the future school site.

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 \$0.012626 per square foot (approximately \$550 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	Sub-Zone	Street Lighting General Benefit	Landscaping and Parks General Benefit	Total ⁽¹⁾ General Benefit
Zone A		(\$19)	\$0	(\$19)
	Sub-Zone B1	(\$577)	(\$2,385)	(\$2,962)
	Sub-Zone B2	(\$10)	(\$33)	(\$43)
	Sub-Zone B3	(\$3)	(\$10)	(\$12)
Zone B	Zone B Total	(\$590)	(\$2,427)	(\$3,017)
Total	General Benefit	(\$609)	(\$2,427)	(\$3,036)

⁽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

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 XIID 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 acres x 33.33% = 4.79 applied acre]; x 5.00 EBU/acre = 11.98 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).

Based on the current development of this property and the location and timing of the improvements to be accepted by the City for maintenance during fiscal year 2020/2021, this parcel shall be assigned a weighted special benefit per applied acre applicable to Vacant Undeveloped Property.

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 or undeveloped residential property, 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 were assigned an EBU that reflected 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 parcel originally balloted as 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 up to a maximum of 5.0 EBU; as an Undeveloped Residential Property (assigned 1.00 EBU per acre for the parcel's total acreage); 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).

Based on the development of properties within the District (specifically in Zone B) and the location and timing of the improvements to be accepted by the City for maintenance during fiscal year 2020/2021, the parcels initially identified as Planned Residential Development properties have each be assigned a weighted special benefit per acre applicable to either Vacant Undeveloped Property or Undeveloped Residential Property.

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 or undeveloped non-residential property, zoned for a non-residential use including proposed 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 were assigned an EBU that reflected the total EBU's planned for that parcel 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 parcel originally balloted as Planned Non-Residential Development 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 up to a maximum of 5.0 EBU); as an Undeveloped Non-Residential Property (assigned 1.00 EBU per acre for the parcel's total acreage); or may temporarily identify the parcel 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).

Based on the anticipated development of properties within the District (specifically in Zone A) and the location and timing of the improvements to be accepted by the City for maintenance during fiscal year 2020/2021, the parcels initially identified as Planned Non-Residential Development properties have each be assigned a weighted special benefit per acre applicable to either Vacant Undeveloped Property or Undeveloped Non-Residential Property.

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, internal (neighborhood) street lights and some of the non-streetscape improvements 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, neighborhood street lights and landscape areas should be assessed primarily if

not entirely to the properties which are developed or 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]).

Undeveloped Residential Property -- This land use classification includes undeveloped properties that were originally identified as Planned Residential Development parcels, but have not yet been developed or subdivided, but are either adjacent to or in close proximity to improvements that will be maintained for the current fiscal year, and/or the property is actively being developed. While many of the improvements within the District will be constructed and accepted for maintenance in large part as properties are being subdivided or developed and those properties will clearly receive a particular and distinct benefit (direct special benefits) from those improvements, it is also recognized that certain improvements within the District are installed in advance of property development that 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 some of these shared improvements within the District have a more direct and particular benefit to those undeveloped properties directly adjacent to the improvements or in close proximity to those improvements than do the vacant undeveloped properties that are not actively being developed or are further from those shared improvements. Therefore, it has been determined that parcels identified as Undeveloped Residential 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 property), but unlike parcels designated as Vacant Undeveloped Property, there is no acreage cap for the parcel. (e.g. an Undeveloped Residential Property which is 7.00-acres would be assigned 7.00 EBU [7.0 acres x 1.0 EBU/acre]).

Undeveloped Non-Residential Property -- This land use classification includes undeveloped properties that were originally identified as Planned Non-Residential Development parcels, but have not yet been developed or subdivided, but are either adjacent to or in close proximity to improvements that will be maintained for the current fiscal year, and/or the property is actively being developed. While many of the improvements within the District will generally be constructed and accepted for maintenance in large part as properties are being subdivided or developed and those properties will clearly receive a particular and distinct benefit (direct special benefits) from those improvements, it is also recognized that certain improvements within the District are installed in advance of property development that 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 some of these shared improvements within the District have a more direct and particular benefit to those undeveloped properties directly adjacent to the improvements or in close proximity to those improvements than do the vacant undeveloped properties that are not actively being developed or are further from those shared improvements. Therefore, it has been determined that parcels identified as Undeveloped Non-Residential 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 property), but unlike parcels

designated as Vacant Undeveloped Property, there is no acreage cap for the parcel. (e.g. an Undeveloped Residential Property which is 7.00-acres would be assigned 7.00 EBU [7.0 acres 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 Acre
Public School Property	5.00 EBU per Adjusted Acreage
Planned Residential Development	0.50 EBU per Unit
Planned Non-Residential Development	2.50 EBU per Acre
Vacant Undeveloped Property	1.00 EBU per Acre (Maximum of 5 Acres)
Approved Residential Development	1.00 EBU per Unit
Approved Non-Residential	5.00 EBU per Acre
Approved Multi-Residential	0.80 EBU per Unit
Approved Condominium Property	1.00 EBU per Unit
Undeveloped Residential Property	1.00 EBU per Acre
Undeveloped Non-Residential	1.00 EBU per Acre
Planned Multi-Family Residential	0.80 EBU per Unit
Exempt	- EBU per Acre
Special Case	1.00 EBU per Acre

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	Residential Units/Lots	Applied Acreage	Equivalent Benefit Units (EBU)
Vacant Undeveloped Property	1	-	4.64	4.64
Undeveloped Non-Residential	2	-	16.85	16.85
Exempt	1	-	1.77	-
Totals	4	-	23.26	21.49

Sub-Zone B1

Assessment Land Use	Total Parcels	Residential Units/Lots	Applied Acreage	Equivalent Benefit Units (EBU)
Single Family Residential	369	369	-	369.00
Exempt	14	-	3.16	-
Totals	383	369	3.16	369.00

Sub-Zone B2

Assessment Land Use	Total Parcels	Residential Units/Lots	Applied Acreage	Equivalent Benefit Units (EBU)
Vacant Undeveloped Property	1	-	4.79	4.79
Undeveloped Residential Property	1	-	12.63	12.63
Exempt	2	-	12.91	-
Totals	4	-	30.33	17.42

Sub-Zone B3

Assessment Land Use	Total Parcels	Residential Units/Lots	Applied Acreage	Equivalent Benefit Units (EBU)
Vacant Undeveloped Property	1	-	5.00	5.00
Exempt	2	-	9.58	-
Totals	3	-	14.58	5.00

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 and proposed assessments for fiscal year 2020/2021 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 the "Balance to Levy" is equal to the total "Special Benefit Expenses".

Zone Budgets and Assessments

The zone budgets and assessments outlined on the following page 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 District improvements identified in Part I of this Report for Zone A and Zone B for fiscal year 2020/2021.

The Maximum Assessment per EBU (Maximum Assessment Rates) for Zone A and Zone B (Sub-Zones B1, B2, and B3) represents the calculated authorized maximum assessment rates for fiscal year 2020/2021 based on the assessment rates presented to the property owners of record within the District as part of the Ballot Proceeding in fiscal year 2017/2018 adjusted by the authorized Assessment Range Formula of 3.5% per year. Reference is hereby made to the Assessment Range Formula described after the budget.

Refer to the Assessment Roll included herein as Part IV for the individual assessment amounts proposed to be levied and collected for each parcel in fiscal year 2020/2021.

Zone Budgets & Assessments, Fiscal Year 2020/2021

BUDGET ITEMS	Zone A	Zone B Sub-Zone B1	Zone B Sub-Zone B2	Zone B Sub-Zone B3	TOTAL BUDGET Assessment Fiscal Year 2020/2021
ANNUAL OPERATION & MAINTENANCE EXPENSES					
Annual Lighting Operation & Maintenance Expenses	\$ 194	\$ 16,511	\$ 97	\$ 28	\$ 16,831
Annual Landscaping Operation & Maintenance Expenses	-	35,424	495	143	36,063
TOTAL ANNUAL OPERATION & MAINTENANCE EXPENSES	\$ 194	\$ 51,936	\$ 592	\$ 171	\$ 52,893
REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES					
Lighting Rehabilitation/Renovation Funding	\$ 17	\$ 1,486	\$ 9	\$ 3	\$ 1,515
Landscape Improvement Rehabilitation/Renovation Funding	-	6,504	114	35	6,652
Planned Capital Expenditures (For Fiscal Year)	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REHABILITATION/RENOVATION FUNDING & CAPITAL EXPENDITURES	\$ 17	\$ 7,990	\$ 123	\$ 37	\$ 8,167
INCIDENTAL EXPENSES					
Operational Reserves (Collection)	\$ 35	\$ 10,253	\$ 121	\$ 35	\$ 10,444
District Administration Expenses	\$ 102	\$ 30,139	\$ 366	\$ 104	\$ 30,700
County Administration Fee	3	922	11	3	939
Annual Administration Expenses	105	31,061	367	107	31,639
TOTAL INCIDENTAL EXPENSES	\$ 139	\$ 41,314	\$ 488	\$ 142	\$ 42,084
TOTAL ANNUAL EXPENSES	\$ 351	\$ 101,240	\$ 1,203	\$ 350	\$ 103,144
GENERAL BENEFIT EXPENSES					
Lighting General Benefit — City Funded	\$ (19)	\$ (577)	\$ (10)	\$ (3)	\$ (609)
Landscaping General Benefit — City Funded	-	(2,385)	(33)	(10)	(2,427)
TOTAL GENERAL BENEFIT EXPENSES	\$ (19)	\$ (2,962)	\$ (43)	\$ (12)	\$ (3,036)
TOTAL SPECIAL BENEFIT EXPENSES	\$ 332	\$ 98,278	\$ 1,160	\$ 338	\$ 100,108
FUNDING ADJUSTMENTS					
Reserve Fund Transfer/Deduction	\$ -	\$ -	\$ -	\$ -	\$ -
Additional City Funding	-	-	-	-	-
TOTAL FUNDING ADJUSTMENTS / CONTRIBUTIONS	\$ -	\$ -	\$ -	\$ -	\$ -
BALANCE TO LEVY	\$ 332	\$ 98,278	\$ 1,160	\$ 338	\$ 100,108
DISTRICT STATISTICS					
Total Parcels	4	383	4	3	394
Assessed Parcels	3	369	2	1	375
Equivalent Benefit Units (EBU)	21.49	369.00	17.42	5.00	412.91
Assessment Per EBU	\$15.44	\$266.34	\$66.60	\$67.56	
Maximum Assessment Rate Per EBU	\$43.24	\$659.69	\$659.69	\$659.69	
FUND BALANCE					
Estimated Beginning Fund Balance	\$ 564	\$ 81,297	\$ 5,144	\$ 2,095	\$ 89,100
Operational Reserve & Rehabilitation Funding Collected	52	18,243	244	72	18,612
Estimated Ending Fund Balance	\$ 617	\$ 99,540	\$ 5,388	\$ 2,167	\$ 107,712

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 in 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 2020/2021 and all subsequent fiscal years unless the City Council formally suspends its application.

Part IV — Assessment Roll

Due to the number of parcels in the District, the Assessment Roll for fiscal year 2020/2021 (a listing of the parcels to be assessed within this District along with the assessment amounts) has been filed with the City Clerk in an electronic format and is, by reference, made part of this Report. The proposed Assessment Roll shall be available for public inspection in the City Clerk's Office during normal office hours.

The Assessment Roll reflects all properties currently identified within the District and their assessment amount(s) for fiscal year 2020/2021. Each parcel listed on the Assessment Roll is currently shown and illustrated on the County Assessor's Roll and the County Assessor's Parcel Number Maps (APN maps). These records are, by reference, made part of this Report and shall govern for all details concerning the description of the lots or parcels. All assessments presented on the assessment roll are subject to change as a result of parcel changes made by the County including parcel splits, parcel merges or development changes that occur prior to the County Assessor's Office securing the final roll and generating tax bills for fiscal year 2020/2021.

Part V — District Diagrams

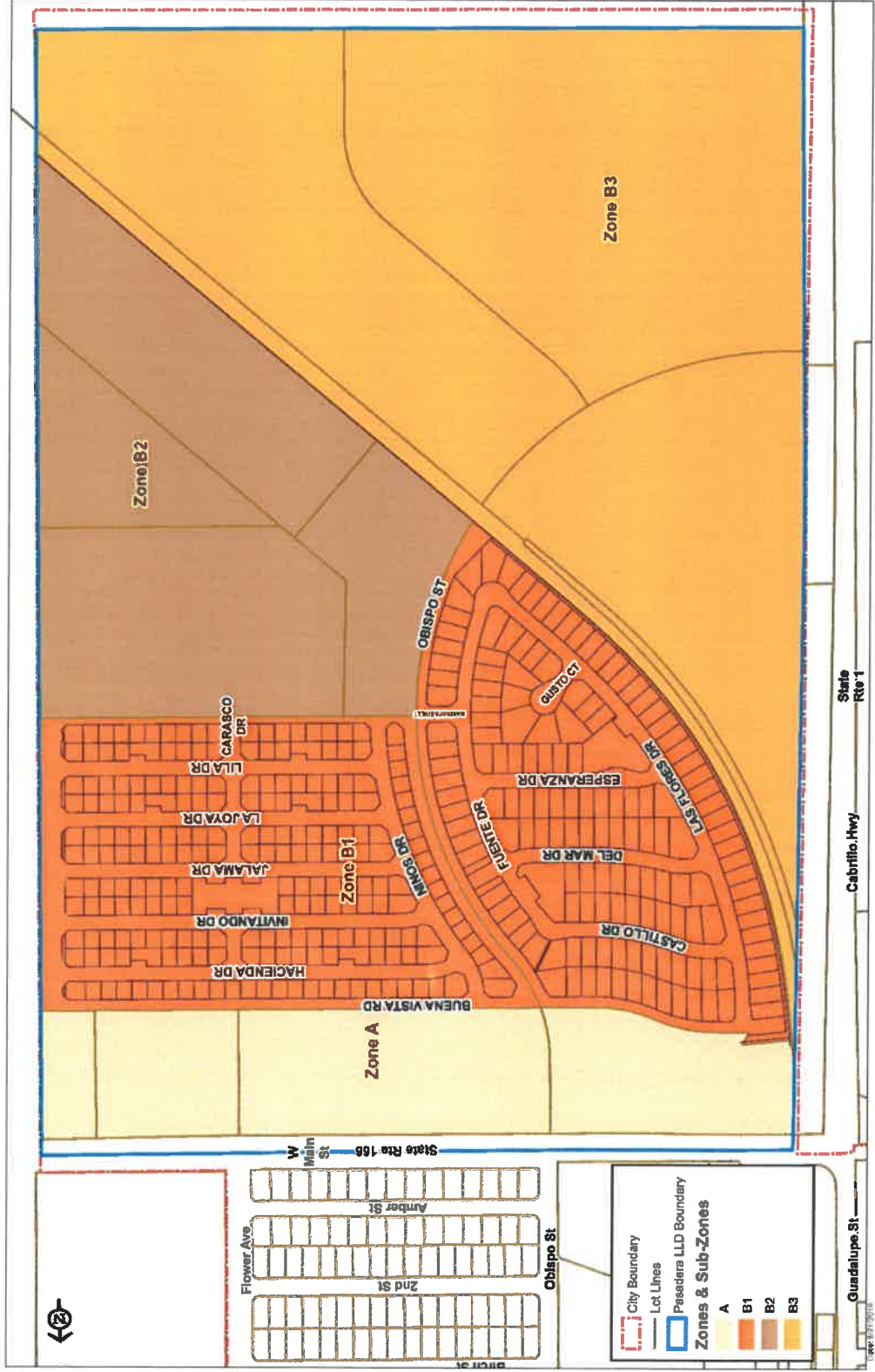
The lots and parcels of land within the Pasadera Landscaping and Lighting District consist of the lots and parcels within the planned non-residential and residential development areas identified in the DJ Farms Specific Plan and commonly referred to as the Pasadera development located on the south side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

The District Diagrams provided on the following pages provide a visual depiction of the boundaries of the District and the Zones and Sub-Zones applicable for fiscal year 2020/2021. These diagrams also provide a visual depiction of the location and extent of the improvements to be maintained within the District at build-out. The combination of these Diagrams and the Assessment Roll contained in Part IV 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 parcels listed in "Part IV – 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 Diagram – Boundary and Zones, Fiscal Year 2020/2021

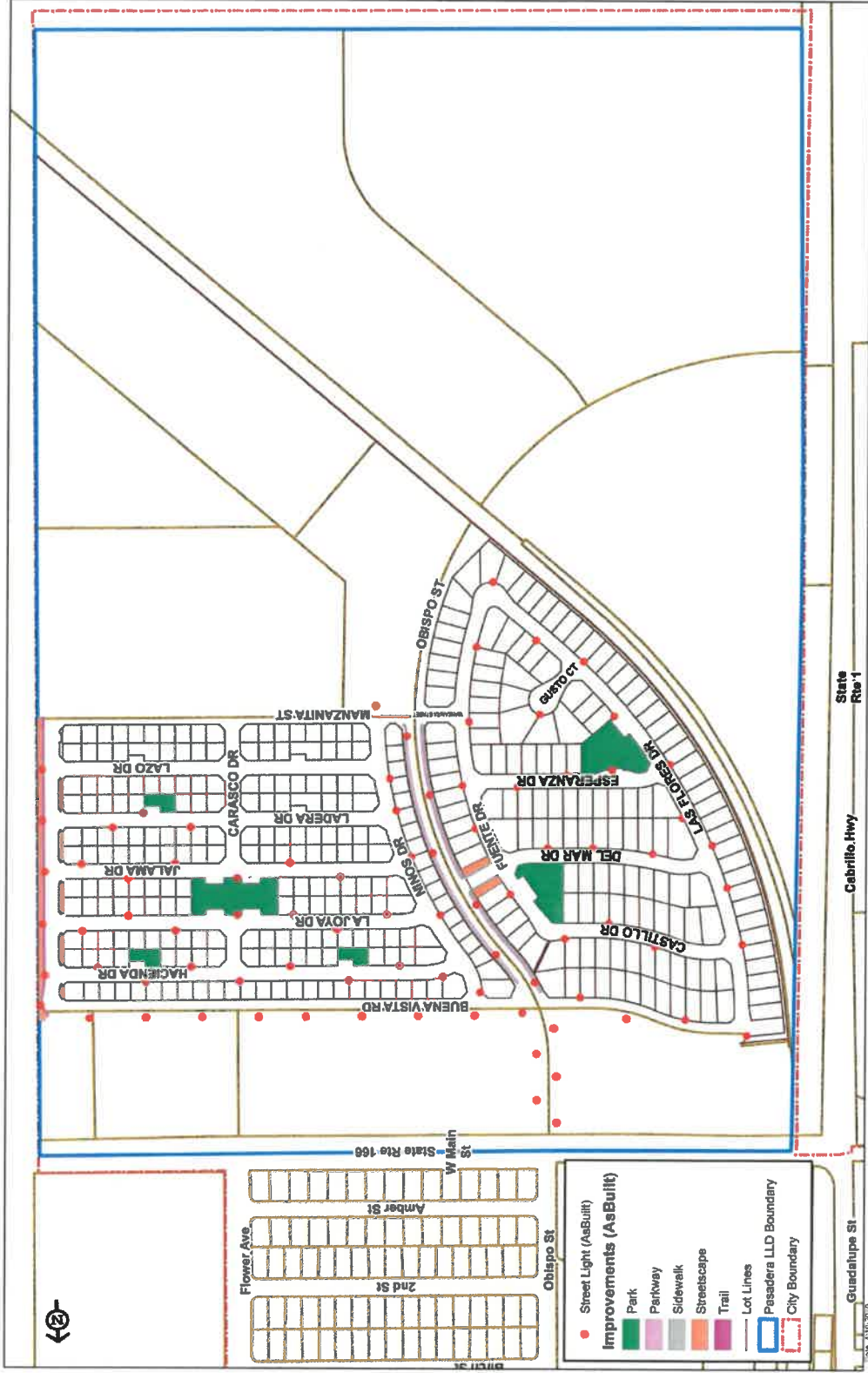


District Diagram –Development and Improvements, Planned at Buildout



Cabrillo Hwy State Rte 1

District Diagram – Development and Improvements, Fiscal Year 2020/2021



RESOLUTION NO. 2020-43

A RESOLUTION OF THE CITY COUNCIL OF THE CITY GUADALUPE, CALIFORNIA INITIATING PROCEEDINGS FOR THE ANNUAL LEVY OF ASSESSMENTS FOR THE PASADERA LANDSCAPING AND LIGHTING DISTRICT, FISCAL YEAR 2020/2021

WHEREAS, The City Council of the City of Guadalupe, California has, by previous Resolutions, formed the Pasadera Landscaping and Lighting District (herein referred to as the "District") pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the "1972 Act"), that provides for levy and collection of assessments by the County of Santa Barbara for the City of Guadalupe to pay the maintenance and services of landscaping, lighting, appurtenant facilities and operations related thereto; and,

WHEREAS, the City Council has retained Willdan Financial Services for the purpose of assisting with the annual levy of the District, and to prepare and file an Engineer's report with the City Clerk in accordance with the 1972 Act.

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

Section 1:

The City Council hereby orders Willdan Financial Services to prepare the Engineer's Report concerning the levy of assessments for the District in accordance with *Chapter 3, Section 22622* of the 1972 Act.

Section 2:

The improvements within the District may include any improvements, expenses and services authorized pursuant to the 1972 Act including, but not limited to, the maintenance, operation and servicing of local street lighting, parks, and various landscaping improvements established in connection with development of the properties within the District, and which shall be maintained for the special benefit of those properties. The maintenance and servicing of the improvements generally include, but are not limited to, the materials, equipment, utilities, labor, and incidental expenses, including administrative expenses, required for annual operation, as well as the performance of periodic repairs and replacement activities as needed to provide for the growth, health, and beauty of the parks and landscaping within specified public areas, rights-of-way and/or dedicated easements, the proper operation and functioning of related amenities including, irrigation and drainage systems, specified fencing, hardscapes; 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 parks and/or landscape areas; and the proper operation of the public street lights and street lighting system within the public rights-of-way which 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. The Engineer's Annual Levy Report shall more fully describes the improvements for Fiscal Year 2020/2021.

Section 3:

The District as outlined in the Engineer's Report at the time of formation, incorporates zones of benefit as authorized in accordance with *Chapter 1, Sections 22568 and 22570* of the 1972 Act, which are designated as:

Zone A

Zone B, including Sub-Zone B1, Sub-Zone B2, and Sub-Zone B3

PASSED, APPROVED AND ADOPTED at a regular meeting on the 23rd day of June, 2020 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 **Resolution No. 2020-43**, has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the City Council, held June 23, 2020, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip Sinco, City Attorney

RESOLUTION NO. 2020-44

A RESOLUTION OF THE CITY COUNCIL OF THE CITY GUADALUPE , COUNTY OF SANTA BARBARA, STATE OF CALIFORNIA, APPROVING THE PRELIMINARY ENGINEER’S REPORT FOR THE PASADERA LANDSCAPING AND LIGHTING DISTRICT AND DECLARING THE CITY COUNCIL’S INTENT TO LEVY AN ASSESSMENT.

The City Council of the City of Guadalupe, California does resolve as follows:

WHEREAS, The City Council of the City of Guadalupe, California has, by previous Resolutions, formed the Pasadera Landscaping and Lighting District (“District”), and now initiates proceedings for the annual levy of assessments for Fiscal Year 2020/2021 pursuant to the provisions of the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500* (hereafter referred to as the “1972 Act”) that provides for the levy and collection of assessments by the County of Santa Barbara on behalf of the City of Guadalupe to pay the maintenance and services landscaping, appurtenant facilities and operations related thereto; and,

WHEREAS, the City previously determined that the assessments for the District were approved in accordance with the requirements of the California Constitution, Articles XIID; and,

WHEREAS, the City Council has retained Willdan Financial Services for the purpose of assisting with the annual levy of the District, and to prepare and file an Engineer’s Report with the City Clerk in accordance with the 1972 Act; and,

WHEREAS, there has now been presented to this City Council the Engineer’s Report, that describes the District and improvements and includes the proposed budgets and assessments for Fiscal Year 2020/2021; and,

WHEREAS, the City Council has carefully examined and reviewed the Engineer’s Report as presented, and is preliminarily satisfied with the District, each of the budget items and documents as set forth therein, and is satisfied that the proposed assessments contained therein, have been spread in accordance with the benefits received from the improvements, operation, maintenance and services to be performed within the District, as set forth in said report; and

WHEREAS, it is the intent of the City Council to levy an assessment for the Fiscal Year 2020/2021 as specified in said Engineer’s Report

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.

Section 2: The City Council hereby declares its intention to seek the annual levy and collection of assessments within the Pasadera Landscaping and Lighting District pursuant to the 1972 Act, over and including the land within the boundaries of said District, and to levy and collect assessments on such land

to pay the annual costs and expenses of the improvements and services described in the Engineer's Report, for Fiscal Year 2020/2021.

Section 3: The boundaries of the District is described in the Engineer's Report, as ordered by previous Resolution, and a copy of the District boundaries is on file in the office of Public Works. The District as outlined in the Engineer's Report, incorporates Zones of benefit as authorized in accordance with *Chapter 1, Sections 22568 and 22570* of the 1972 Act, which are designated as:

Zone A

Zone B, including Sub-Zone B1, Sub-Zone B2, and Sub-Zone B3

Section 4:

The improvements within the District may include any improvements, expenses and services authorized pursuant to the 1972 Act including, but not limited to, the maintenance, operation and servicing of local street lighting, parks, and various landscaping improvements established in connection with development of the properties within the District, and which shall be maintained for the special benefit of those properties. The maintenance and servicing of the improvements generally include, but are not limited to, the materials, equipment, utilities, labor, and incidental expenses, including administrative expenses, required for annual operation, as well as the performance of periodic repairs and replacement activities as needed to provide for the growth, health, and beauty of the parks and landscaping within specified public areas, rights-of-way and/or dedicated easements, the proper operation and functioning of related amenities including, irrigation and drainage systems, specified fencing, hardscapes; 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 parks and/or landscape areas; and the proper operation of the public street lights and street lighting system within the public rights-of-way which 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. The Engineer's Annual Levy Report filed with the City Clerk and presented to the City Council more fully describes the improvements proposed for Fiscal Year 2020/2021.

Section 5: The Engineer's Report as presented, consists of the following:

5a.) The Plans and Specifications which describe the boundaries of the District and the improvements associated therewith that provide special benefits to the parcels therein; and,

5b.) The Method of Apportionment that details the method of calculating proportional special benefit and the annual assessment obligation for each affected parcel; and,

5c.) The Estimate of Improvement Costs including the calculation of the assessments and the estimated annual funding (Budget) required for the annual maintenance, servicing, and operation of the parks, landscaping and lighting improvements and specifically the costs associated with the improvements determined to be of special benefit to parcels within the District, establishing the proposed assessments for fiscal year 2020/2021; and,

5d.) The Assessment Range Formula (Annual Inflationary Adjustment) authorized for annual adjustments to the Maximum Assessment Rates per Equivalent Benefit Unit previously established and approved by the property owner(s) of record in a protest ballot proceeding at the time the District was formed pursuant to the California Constitution Article XIID; and,

5e.) A District Diagram outlining the boundaries of the District and Zones therein for fiscal year 2020/2021; and,

5f.) An Assessment Roll containing the proposed levy of assessment for fiscal year 2020/2021 for each Assessor Parcel Number currently identified within the District; and,

Section 6: For Fiscal Year 2020/2021, the proposed assessments outlined in the Engineer's Report are within the assessment limits previously established for the District as approved by the property owners, and do not require additional property owner ballot proceedings at this time for any assessment increase in accordance with the requirements of the California Constitution, Article XIID.

Section 7: The City Council hereby approves the Engineer's Report on a preliminary basis as submitted or amended by direction of this City Council, and orders said Report to be filed in the Office of the City Clerk as a permanent record and to remain open to public inspection, and by reference the Engineer's Report is made part of this resolution.

Section 8: The City Council hereby declares its intention to conduct a public hearing concerning the levy of assessments for the District in accordance with *Chapter 3, Section 22626* of the 1972 Act.

Section 9: Notice is hereby given that a Public Hearing on these matters will be held by the City Council on **Tuesday, July 14, 2020 at 6:00 p.m.**, or as soon thereafter as feasible in the City Hall (Council Chambers), located at 918 Obispo Street, Guadalupe, California.

Section 10: The City Clerk or their designee is hereby authorized and directed to give notice of the time and place of the Public Hearing for the District and assessments as provided by law by causing the publishing notice of the public hearing once in the local newspaper not less than ten (10) days before the date of the public hearing.

PASSED, APPROVED AND ADOPTED at a regular meeting on the 23rd day of June, 2020 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 **Resolution No. 2020-44**, has been duly signed by the Mayor and attested by the City

Clerk, all at a regular meeting of the City Council, held June 23, 2020, and that same was approved and adopted.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip Sinco, City Attorney



Agenda Item No. 10 a.

REPORT TO THE CITY COUNCIL OF THE CITY OF GUADALUPE
Agenda of June 23, 2020

151

Prepared by:
Philip F. Sinco, City Attorney

T. Bodem

Approved by:
Todd Bodem, City Administrator

SUBJECT: Calling and Giving Notice of the General Municipal Election to be held on November 3, 2020, and consideration of submitting to the voters the Essential Services Transaction and Use Tax Measure.

RECOMMENDATION:

That the City Council adopt the following resolutions required in conjunction with the general municipal election to be held on November 3, 2020, and for submission to the voters of the "Essential Services Transaction and Use Tax Measure:"

- 1) Resolution No. 2020-45 calling and giving notice for the holding of a general municipal election on November 3, 2020, for the election of certain officers as required by the provisions of the laws of the State of California, and for submission to the voters for approval of a question relating to the reauthorization and enhancement of the local transactions and use tax to one (1) cent until ended by the voters; and
- 2) Resolution No. 2020-46 requesting that the Board of Supervisors consolidate the City's general municipal election with the statewide general election and requesting services from the County for election of the Mayor, two Council Members, and the City Clerk, and submission to the voters of a question to reauthorize and enhance the local transactions and use tax; and
- 3) Resolution No. 2020-47 establishing regulations for candidates' statements; and
- 4) Resolution No. 2020-48 setting priority to the City Council for filing a written argument in favor of the Essential Services Transaction and Use Tax Measure, and directing the City Attorney to prepare an impartial analysis; and
- 5) Resolution No. 2020-49 providing for the filing of rebuttal arguments;
- 6) **OR, in the alternative:**

A. A resolution calling and giving notice for the holding of a general municipal election on November 3, 2020 for the election of certain officers as required by the provisions of the laws of the State of California; and

B. A resolution requesting that the Board of Supervisors consolidate the City's general municipal election with the statewide general election and requesting certain services from the County for election of the Mayor, two Council Members, and the City Clerk; and

C. A resolution establishing regulations for candidates' statements; and

- 7) By motion, authorize the Mayor or two members of the City Council to work with staff on a written argument in favor of the Essential Services Transaction and Use Tax Measure.

BACKGROUND:

Every two years, the City conducts a general municipal election to elect officers to represent its residents. The Mayor is elected to a two-year term. The other four members of the City Council, and the offices of City Clerk and City Treasurer are all elected for four-year terms. The terms of the four (4) members of the City Council are staggered with only two (2) seats up for election every two (2) years. The positions of the City Clerk and City Treasurer are also staggered with one office up for election two (2) years apart from the other.

The City's general municipal election is held in conjunction with the statewide general election in November of every even year pursuant to Section 2.56.010 of the Guadalupe Municipal Code. The City consolidates with the Santa Barbara County Elections Division which then conducts the election, tallies the results, and supplies the City with certified election results.

The costs for the election are borne by the City, with the exception of candidate statements of qualifications. Candidates pay any costs associated with publishing their statements in the sample ballot pamphlet.

DISCUSSION:

This year, the City will conduct its general municipal election on Tuesday, November 3, 2020, to elect the Mayor, two City Council Members, and the City Clerk.

The City Council is also being asked to consider approving the placement of the Essential Services Transaction and Use Tax Measure on the November 3, 2020, ballot, asking the voters to reauthorize and enhance the local transaction and use tax established at a rate of one cent until ended by voters.

Calling of the Election and Consolidation, and Regulating Candidates' Statements

In addition to calling for the City's general municipal election (see Resolution No. 2020-45, Attachment 1), the City will also be requesting that the County Board of Supervisors consolidate its general municipal election of City officers with the statewide general election, including the proposed measure should the Council decide to submit this measure to the voters for approval (See Resolution 2020-46, Attachment 2). Thereafter, the County will bill the City for its pro rata share of the costs to conduct the consolidated election for the Mayoral, Council Member, and City Clerk races, as well as for the ballot measure (if the Council so chooses to submit the measure to the voters), tally the results, and supply the City with certified election results. The costs for printing the candidates' statement of qualifications in the sample ballot are recovered from the candidates. If a candidate decides to submit a candidate's statement, a deposit is required when the candidate submits his/her nomination papers. If the actual printing costs are less than the deposited amount, the balance is refunded to each candidate. Should the cost be more, the candidate is billed for the additional amount. (See Resolution No. 2020-47, Attachment 3).

Santa Barbara County has been designated as a bilingual county for election purposes. This means that all ballots, all information in the sample ballot, and all information submitted to voters, must be published in both English and Spanish. In order to ensure cost recovery for any candidates' statements, staff is recommending a deposit in the amount of \$1,000 for each Candidate's statement.

Impartial Analysis and Arguments/Rebuttals for Proposed Measure

Should the City Council decide to include the proposed measure on the November 3, 2020 ballot, the Council should direct that the City Attorney prepare an impartial analysis of the measure and should authorize the preparation of an argument in favor of the ordinance to appeal on the sample ballot.

Under Elections Code Section 9280:

“Whenever any city measure qualifies for a place on the ballot, the governing body may direct the city elections official to transmit a copy of the measure to the city attorney, unless the organization or salaries of the office of the city attorney are affected. The city attorney shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure.”

The impartial analysis is typically provided along with the text of the ordinance in voters' sample ballots. Staff recommends that an impartial analysis of the measure be prepared by the City Attorney. Resolution No. 2020-48 (Attachment 4) calls for the analysis to be prepared by the City Attorney.

Furthermore, under Elections Code Section 9282(b), the City Council has the option of preparing an argument in favor of the ordinance that would also be included with the sample ballot materials. The argument must not exceed 300 words. Staff recommends that the Council consider preparation of an argument in favor of the ordinance for inclusion with the ballot. In addition to directing the City Attorney to prepare the impartial analysis of the measure, Resolution No. 2020-48 (Attachment 4) also provides that the Council may prepare an argument in favor of the measure and have first priority in the filing of arguments in favor of the measure. Lastly, the City Council must also adopt a resolution concerning the filing of rebuttals to arguments in favor of the proposed measure (assuming the Council decides to place the measure on the ballot). (See Resolution No. 2020-49, Attachment 5). The City Council is also authorized to file a rebuttal argument to any arguments submitted against the proposed measure.

Staff recommends that the City Council either authorize the Mayor or two City Council Members to prepare a written argument (working with staff) and, if necessary, a rebuttal, which could then be considered by the Council as a whole at subsequent Council meetings. Staff recommends that all five Council Members sign the argument/rebuttal if all five members are vote in favor of placing the measure on the ballot. If less than five Council Members are in favor of placing the measure on the ballot, staff recommends that the City Council direct the Mayor to sign the written argument/rebuttal on behalf of the Council and decide on additional persons from bona fide associations or individual voters who are eligible to vote on the measure. This action should be taken by way of a motion (after the various resolutions have been adopted).

Procedural Issues

Up to five (5) resolutions are required to initiate this year's election process. These resolutions must be adopted this evening in order to meet the County's deadlines for requesting consolidation services, and for printing the ballot materials. The nomination period for candidates will run from July 13 through August 7, 2020. If an incumbent does not file nomination papers to run for re-election, the nomination period will be extended to August 12, 2020.

As discussed above, the first resolution (Attachment 1) calls for the holding of a general municipal election and submitting the Essential Services Transaction and Use Tax Measure to the voters. The proposed ballot question is included in the resolution calling the election. State law requires the ballot question be no more than 75 words.

The second resolution (Attachment 2) requests the Board of Supervisors of the County of Santa Barbara to consolidate the City's general municipal election with the general election to be held November 3, 2020, including the proposed measure should the Council decide to submit the measure to the voters. The third resolution (Attachment 3) adopts regulations for candidates' statements. The County will then coordinate the election and bill the City for its pro rata share of the cost.

The other two resolutions submitted for Council's consideration relate to: (1) the impartial analysis by the City Attorney/submittal of arguments and setting priority for the Council's argument (Attachment 4), and (2) rebuttal arguments regarding the measure (Attachment 5), again, should the Council decide to submit the measure to the voters. The impartial analysis, arguments, and rebuttals will all appear in the sample ballot pamphlet.

It should be noted that although the Council can place a measure before the voters, can endorse it, and can authorize one or more of its members to write the argument in favor of the measure, the Council and the City cannot spend public funds to promote the passage of the measure once the measure is placed on the ballot.

Alternative

The City Council could chose to not submit the Essential Services Transaction and Use Tax Measure to the voters, and if the City Council decides not to place the measure on the ballot, the Council should approve the alternative resolutions 6.A through 6.C. discussed above to call for the general municipal election for the Mayor, two Council members and the City Clerk.

Fiscal Impact

Sufficient funds for the cost of the election (\$4,000) have been included in the FY 2019-20 Budget. Funds for publication of candidate statements of qualifications will be paid by the candidates.

RESOLUTION NO. 2020-45

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, CALLING FOR THE HOLDING OF A GENERAL MUNICIPAL ELECTION ON TUESDAY, NOVEMBER 3, 2020, FOR THE ELECTION OF CERTAIN OFFICERS AS REQUIRED BY THE PROVISIONS OF THE LAWS OF THE STATE OF CALIFORNIA AND FOR THE SUBMISSION TO THE VOTERS FOR APPROVAL OF A QUESTION RELATING TO THE REAUTHORIZATION AND ENHANCEMENT OF THE CITY'S LOCAL TRANSACTIONS AND USE TAX TO ONE (1)-CENT UNTIL ENDED BY VOTERS

WHEREAS, under the provisions of the laws in the State of California, a general municipal election shall be held on November 3, 2020, for the election of municipal officers; and

WHEREAS, the City Council also desires to allow the voters of the City of Guadalupe the opportunity to reauthorize and enhance the local transaction and use tax, previously established by the City's voters when it approved Measure X at the 2014 general election, by enacting a one (1)-cent Local Transactions and Use Tax (Sales Tax) to remain in effect until ended by voters; and

WHEREAS, the local funding provided by Measure X2014 has provided vital funding for essential City services, including police and fire services; maintenance of parks, recreational facilities, and, the City library; as well as other City services that protect and enhance the City's local quality of life; and

WHEREAS, the City's voters overwhelmingly approved Measure X2014 by more than 77% in favor, which provided a reliable source of locally controlled funding that cannot be taken away by the state; and

WHEREAS, Measure X2014's funding will cease before the end of 2021, and the City will lose critical revenue for its essential services and operations if the funding is not reauthorized and will have to make cuts to essential services and operations in the coming years; and

WHEREAS, the funding provided by Measure X2014 has been significant, but it is currently insufficient to meet the City's existing and future needs, and therefore, must be enhanced in order to avoid devastating cuts to existing City services and operations

WHEREAS, locally controlled funding is more necessary than ever to keep the City fiscally stable so that it may continue to provide essential services because the State has taken millions of dollars from California cities, including the City of Guadalupe, over the last several decades to deal with its own budget problems; and

WHEREAS, this measure will give the City of Guadalupe local control over local funds for local needs that cannot be taken by Sacramento; and

WHEREAS, a secure source of local funding is needed to maintain and, more importantly, create new opportunities for the City’s youth by maintaining and improving recreational facilities and programs, after-school programs, anti-gang outreach, maintenance/improvement of parks, and maintaining the City library, because maintaining library, park, and recreation facilities provides necessary alternatives to keep kids out of gangs and reduce crime while maintaining quality of life for the City’s residents; and

WHEREAS, the City must also prevent cuts to the number of police officers and firefighters to ensure our local police and fire departments have the resources necessary to keep residents safe that will be likely in the coming years if the proposed Essential Services Transaction and Use Tax Measure is not passed by the voters; and

WHEREAS, expanding local funding will also further help the City to qualify and receive its fair share of millions of dollars in matching grants, so taxpayers don’t have to pay the entire cost of critical programs; and

WHEREAS, a local finance measure gives Guadalupe residents local control. Every penny generated by the measure stays in Guadalupe to be used for the needs and services of our residents and the City and cannot be taken away by the State.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:

SECTION 1. That pursuant to the requirements of the laws of the State of California, there is called and ordered to be held in the City of Santa Maria, California, on Tuesday, November 3, 2020, a General Municipal Election for the purpose of electing two members of the City Council for the full term of four years, one Mayor of the City Council for the full term of two years, and one City Treasurer for the full term on four years.

SECTION 2. That the City Council, pursuant to its right and authority, does order submitted to the voters at the General Municipal Election the following question:

<p>CITY OF GUADALUPE MEASURE _____</p>	<p>YES</p>	
<p>ESSENTIAL SERVICES. To maintain/enhance essential services, including public safety, crime/graffiti/vandalism prevention, and opportunities for youth, including parks, recreation, library, and other vital services, reduce debt, and provide durable fiscal stability; shall the measure be approved adopting an ordinance reauthorizing transaction and use tax funding at the one cent rate until ended by voters, providing \$625,000 annually, with no funds able to be taken by Sacramento and all funds used locally.</p>		<p>NO</p>

SECTION 3. That the proposed complete text of the measure Ordinance submitted to the voters is attached as Exhibit A. Subject to voter approval, the Ordinance imposes a retail transactions and use tax, as authorized by Revenue and Taxation Code Section 7285.9. The Ordinance specifies that the rate of the transactions tax shall be one percent (1.00%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City; it specifies that the rate of the use tax shall be one percent (1.00%) of the sales price of tangible personal property stored, used or otherwise consumed in the City. The California Department of Tax and Fee Administration shall collect the tax from retailers subject to the tax and remit the funds to the City. Revenue from the tax may be used for unrestricted general revenue purposes.

SECTION 4. That the vote requirement for the measure to pass is a simple majority (50 percent + 1) of the votes cast.

SECTION 5. That the ballots to be used at the election shall be in form and content as required by law.

SECTION 6. That the City Clerk is authorized, instructed, and directed to coordinate with the County of Santa Barbara Registrar of Voters to procure and furnish any and all official ballots, notices, printed matter and all supplies, equipment and paraphernalia that may be necessary in order to properly and lawfully conduct the election.

SECTION 7. That the polls for the election shall be open at seven o'clock (7:00) a.m. of the day of the election and shall remain open continuously from the time until 8:00 o'clock p.m. of the same day when the polls shall be closed, pursuant to Election Code §10242, except as provided in Section 14401 of the Elections Code of the State of California.

SECTION 8. That in all particulars not recited in this resolution, the election shall be held and conducted as provided by law for holding municipal elections.

SECTION 9. That notice of the time and place of holding the election is given and the City Clerk is authorized, instructed and directed to give further or additional notice of the election, in time, form and manner as required by law.

SECTION 10. That the City Clerk shall certify to the passage and adoption of this resolution and enter in into a book of original resolutions.

SECTION 11. That the City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

SECTION 12. That this Resolution has been reviewed for compliance with the California Environmental Quality Act (CEQA), and the CEQA guidelines, and the City's environmental

procedures, and has been found to be exempt pursuant to § 15601(b)(3) (general rule) and § 15378(b)(4) of the CEQA Guidelines. The transactions and use tax proposed by the adoption of this Resolution is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. The City Council hereby finds with certainty that there is no possibility the passage of this Ordinance will have a significant effect on the environment. Additionally, it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the City would undertake the required CEQA review for that particular project at the earliest feasible date.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Guadalupe held this 23rd day of June 2020 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 No. 2020-45** was duly adopted by the City Council of the City of Guadalupe at the City Council meeting held on the June 23, 2020.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney

RESOLUTION NO. 2020-46

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA BARBARA TO CONSOLIDATE A GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2020, WITH THE STATEWIDE GENERAL ELECTION PURSUANT TO SECTION 10403 OF THE ELECTIONS CODE.

WHEREAS, under the provisions of the laws relating to general law cities in the State of California, a general municipal election shall be held on November 3, 2020 for the election of municipal officers; and

WHEREAS, the City Council also desires to allow the voters of the City of Guadalupe the opportunity to reauthorize and enhance 2014's Measure X locally-controlled funding by enacting a one (1)-cent local transactions and use tax to remain in effect until ended by voters; and

WHEREAS, under the provisions of the laws in the State of California, a general municipal election shall be held on November 3, 2020, for the election of municipal officers; and

WHEREAS, the City Council also desires to allow the voters of the City of Guadalupe the opportunity to reauthorize and enhance the local transaction and use tax, previously established by the City's voters when it approved Measure X at the 2014 general election, by enacting a one (1)-cent Local Transactions and Use Tax (Sales Tax) to remain in effect until ended by voters; and

WHEREAS, the local funding provided by Measure X2014 has provided vital funding for essential City services, including police and fire services; maintenance of parks, recreational facilities, and, the City library; as well as other City services that protect and enhance the City's local quality of life; and

WHEREAS, the City's voters overwhelmingly approved Measure X2014 by more than 77% in favor, which provided a reliable source of locally controlled funding that cannot be taken away by the state; and

WHEREAS, Measure X2014's funding will cease before the end of 2021, and the City will lose critical revenue for its essential services and operations if the funding is not reauthorized and will have to make cuts to essential services and operations in the coming years; and

WHEREAS, the funding provided by Measure X2014 has been significant, but it is currently insufficient to meet the City's existing and future needs, and therefore, must be enhanced in order to avoid devastating cuts to existing City services and operations

WHEREAS, locally controlled funding is more necessary than ever to keep the City fiscally stable so that it may continue to provide essential services because the State has taken millions of dollars from California cities, including the City of Guadalupe, over the last several decades to deal with its own budget problems; and

WHEREAS, this measure will give the City of Guadalupe local control over local funds for local needs that cannot be taken by Sacramento; and

WHEREAS, a secure source of local funding is needed to maintain and, more importantly, create new opportunities for the City's youth by maintaining and improving recreational facilities and programs, after-school programs, anti-gang outreach, maintenance/improvement of parks, and maintaining the City library, because maintaining library, park, and recreation facilities provides necessary alternatives to keep kids out of gangs and reduce crime while maintaining quality of life for the City's residents; and

WHEREAS, the City must also prevent cuts to the number of police officers and firefighters to ensure our local police and fire departments have the resources necessary to keep residents safe that will be likely in the coming years if the proposed Essential Services Transaction and Use Tax Measure is not passed by the voters; and

WHEREAS, expanding local funding will also further help the City to qualify and receive its fair share of millions of dollars in matching grants, so taxpayers don't have to pay the entire cost of critical programs; and

WHEREAS, a local finance measure gives Guadalupe residents local control. Every penny generated by the measure stays in Guadalupe to be used for the needs and services of our residents and the City and cannot be taken away by the State; and

WHEREAS, it is desirable that the general municipal election be consolidated with the statewide general election to be held on the same date and that within the City the precincts, polling places, and election officers of the two elections be the same, and that the County Election Division of the County of Santa Barbara, canvass the returns of the general municipal election and that the election be held in all respects as if there were only one election.

NOW, THEREFORE, THE CITY COUNCIL DOES RESOLVE, DECLARE, DETERMINE AND REQUEST AS FOLLOWS:

SECTION 1. That pursuant to the requirements of the laws of the State of California relating to general law cities, there is called and ordered to be held in the City of Guadalupe, California, on Tuesday, November 3, 2020, a general municipal election for the purposes of electing one Mayor of the City, two members of the City Council, and one City Clerk, and also, a measure relating to the reauthorization and enhancement of the City's local transaction and use tax to one (1)-cent until ended by voters.

SECTION 2. That pursuant to the requirements of Section 10403 of the Elections Code, the Board of Supervisors of the County of Santa Barbara is hereby requested to consent and agree to the consolidation of the general municipal election with the statewide general election on Tuesday, November 3, 2020 for the purpose of electing one Mayor of the City, two members of the City Council, and one City Clerk, and also, a measure relating to the reauthorization and enhancement of the City's local transaction and use tax to one (1)-cent until ended by voters.

SECTION 3. That the measure is to appear on the ballot as follows:

CITY OF GUADALUPE MEASURE _____		
ESSENTIAL SERVICES. To maintain/enhance essential services, including public safety, crime/graffiti/vandalism prevention, and opportunities for youth, including parks, recreation, library, and other vital services, reduce debt, and provide durable fiscal stability; shall the measure be approved adopting an ordinance reauthorizing transaction and use tax funding at the one cent rate until ended by voters, providing \$625,000 annually, with no funds able to be taken by Sacramento and all funds used locally.	YES	
	NO	

SECTION 4. That the proposed complete text of the measure Ordinance submitted to the voters is attached hereto as Exhibit A.

SECTION 5. That the vote requirement for the measure to pass is a majority (50%+1) of the votes cast.

SECTION 6. That the County Election Division is authorized to canvass the returns of the General Municipal Election. The election shall be held in all respects as if there were only one (1) election, and only one (1) form of ballot shall be used. The election will be held and conducted in accordance with the provisions of law regulating the Statewide Election.

SECTION 7. That the Board of Supervisors is requested to direct the County Election Division to take any and all steps necessary for the conducting of the consolidated election as prescribed by §10418 of the Elections Code for the holding of the consolidated election.

SECTION 8. That the County elections office take all actions necessary to conduct the election.

SECTION 9. The City Council recognizes that additional costs will be incurred by the County by reason of this consolidation and agrees pursuant to Section 10002 of the Elections Code to reimburse the County in full for the cost of services performed upon presentation of a bill.

SECTION 10. The City will be providing the following services:

- (a) Notice of Election will be published, in time, form and manner required by law.
- (b) Accept and process official candidate nomination papers, which include verification as to whether candidate statements and ballots designations meet all requirements.
- (c) Upon Election Official's certification, issue certificates of election.
- (d) Take any other action necessary that is not the responsibility of the County Elections Official.

SECTION 11. The City Council recognizes that the County Elections Officials will be providing the following services.

- (a) Verification of Nomination petitions as requested.
- (b) Designate polling places and provide supplies and equipment.
- (c) Appoint and train election officers.
- (d) Furnish any and all officials ballots, sample ballots, notices, and printed material.
- (e) Provide and process absentee voter requests.
- (f) Provide polling places for the election which shall be open seven o'clock (7:00) a.m. of the day of the election and shall remain open continuously until eight o'clock p.m. of the same day when the polls shall be closed, except as provided in Section 14401 of the Elections Code.
- (g) Ensure that the ballots used at the elections are in the proper form and content required by law.
- (h) Count ballots and canvass the returns.
- (i) Declare results and certify election.
- (j) Take any other action necessary in order to properly and lawfully conduct the election.
- (k) Prepare and mail all invoices regarding election cost.

SECTION 12. That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the County Election Division of the County of Santa Barbara.

SECTION 13. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 14. That the City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

PASSED, APPROVED AND ADOPTED this 23rd day of June 2020 by the following vote:

I, Joice Earleen Raguz, City Clerk of the City of Guadalupe, do hereby certify that the foregoing **Resolution No. 2020-46** was duly adopted by the City Council of the City of Guadalupe at a regular meeting held on June 23, 2020.

MOTION:

AYES:

NOES:

ABSENT:

ABSTAIN:

I Joice Earleen Raguz, City Clerk of the City of Guadalupe, do hereby certify that the foregoing **Resolution No. 2020-46** was duly adopted by the City Council of the City of Guadalupe at a regular meeting held on June 23, 2020.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney

RESOLUTION NO. 2020-47

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, ADOPTING REGULATIONS FOR CANDIDATES FOR ELECTIVE OFFICE PERTAINING TO CANDIDATE'S STATEMENTS AND MATERIALS SUBMITTED TO THE ELECTORATE TO BE HELD ON TUESDAY, NOVEMBER 3, 2020

WHEREAS, Section 13307 of the Elections Code of the State of California provides that the governing body of any local agency may adopt regulations pertaining to materials prepared by any candidate for a municipal election, including costs of the candidate's statement.

NOW, THEREFORE, THE CITY COUNCIL DOES RESOLVE, DECLARE, DETERMINE AND REQUEST AS FOLLOWS:

SECTION 1. That pursuant to Section 13307 of the Election Code of the State of California, each candidate for elective office to be voted for at an election to be held in the City of Guadalupe on Tuesday, November 3, 2020 may prepare a candidate's statement on an appropriate form provided by the City Clerk. The statement may include the names, age, and occupation of the candidate and a brief description of no more than 200 words of the candidate's education and qualifications expressed by the candidate himself or herself. The statement shall not include party affiliation of the candidate, nor membership or activity in partisan political organizations. The statement shall be filed in the office of the City Clerk at the time the candidate's nomination papers are filed. The statement may be withdrawn, but not changed, during the period of filing nomination papers and until 5:00 p.m. of the next working day after the close of the nomination period.

SECTION 2. FOREIGN LANGUAGE POLICY.

A. Pursuant to the Federal Voting Rights Act, candidates' statements will be translated into all languages required by the County of Santa Barbara. The County is required to translate candidate's statements into Spanish.

B. The County will print and mail voter information guides and candidates' statements to all voters in Spanish.

C. Pursuant to State law, a candidate's statement may be translated printed in the voter's pamphlet in any other language at the candidate's request.

SECTION 3. PAYMENT.

A. Translation:

1. The candidate shall be required to pay for the cost of translating the candidates' statement into any required foreign language above pursuant to Federal and/or State law; and as specified in Section 2.A.

2. The candidate shall be required to pay for the cost of translating the candidates statement into any foreign language that is not required as specified in Section 2A above, pursuant to Federal and\or State law, but is requested as an option by the candidate.

B. Printing:

1. The candidate shall be required to pay for the cost of printing the candidates' statement in English in the main voter pamphlet.
2. The candidate shall be required to pay for the cost of printing the candidates statement in a foreign language required in Section 2.A. above, in the main voter pamphlet.
3. The candidate shall be required to pay for the cost of printing the candidates statement in a foreign language requested by the candidate per Section 2.C. above, in the main voter pamphlet.
4. The candidate shall be required to pay for the cost of printing the candidates statement in a foreign language required by Section 2.A. above, in the facsimile voter pamphlet. The City Clerk shall estimate the total cost of printing, handling, translating, and mailing the candidate's statements filed pursuant to this Section, including costs incurred as a result of complying with the Voting Rights Act of 1965 (as amended), and require each candidate filing a statement to pay in advance to the local agency his or her estimated pro rata share as a condition of having his or her statement included in the voter's pamphlet. The estimate is just an approximation of the actual cost that varies from one election to another election and may be significantly more or less than the estimate, depending on the actual number of candidates filing statements. Accordingly, the City Clerk is not bound by the estimate and may, on a pro rata basis, bill the candidate for additional actual expense or refund any excess paid depending on the final actual cost. in the event of underpayment, the City Clerk may require the candidate to pay the balance of the cost incurred. In the event of overpayment, the City Clerk shall prorate the excess amount among the candidates and refund the excess amount paid within 30 days of receiving the actual cost invoice from the County of Santa Barbara.

SECTION 4. MISCELLANEOUS.

- A. All translations shall be provided by professionally certified translators.
- B. The City Clerk shall comply with all recommendations and standards set forth by the California Secretary of State regarding occupational designations and other matters relating to elections.
- C. No candidate will be permitted to include additional materials in the voter information guide.

SECTION 5. The candidate shall be required to pay for the cost of printing the candidate's statement in English and any other language requested by the candidate.

SECTION 6. That the City Clerk shall provide each candidate or the candidate's representative a copy of this resolution at the time nominating petitions are issued.

SECTION 7. That all previous resolutions establishing council policy of payment for candidate's statement are repealed.

SECTION 8. That the resolution shall apply only to the election to be held on November 3, 2020 and shall then be repealed.

SECTION 9. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

SECTION 10. The City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

PASSED, APPROVED and ADOPTED this 23rd day of June 2020 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 No. 2020-47** was duly adopted by the City Council of the City of Guadalupe at a regular meeting held on June 23, 2020.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney

RESOLUTION NO. 2020-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, SETTING PRIORITIES FOR FILING WRITTEN ARGUMENTS REGARDING A CITY MEASURE AND DIRECTING THE CITY ATTORNEY TO PREPARE AN IMPARTIAL ANALYSIS

WHEREAS, a general municipal election is to be held in the City of Guadalupe, California, on November 3, 2020, at which there will be submitted to the voters the following measure:

<p>CITY OF GUADALUPE MEASURE _____</p>		
<p>ESSENTIAL SERVICES. To maintain/enhance essential services, including public safety, crime/graffiti/vandalism prevention, and opportunities for youth, including parks, recreation, library, and other vital services, reduce debt, and provide durable fiscal stability; shall the measure be approved adopting an ordinance reauthorizing transaction and use tax funding at the one cent rate until ended by voters, providing \$625,000 annually, with no funds able to be taken by Sacramento and all funds used locally.</p>	<p>YES</p>	
	<p>NO</p>	

NOW, THEREFORE, THE CITY COUNCIL DOES RESOLVE, DECLARE, DETERMINE AND REQUEST AS FOLLOWS:

SECTION 1. That the City Council authorizes the filing of a written argument in favor of the City measure specified above on behalf of the City Council, not exceeding 300 words, which shall have first priority among arguments submitted in favor of the measure for printing and distribution to the voters, and which shall be accompanied by the printed name(s) and signature(s) of the person(s) submitting it, in accordance with Article 4, Chapter 2, Division 9 of the Elections Code of the State of California, and to change the argument until and including the date fixed by the City Clerk after which no arguments for or against the City measure may be submitted to the City Clerk. The City Council further authorizes the filing of a rebuttal argument on behalf of the City Council, if an argument against the measure is filed, in accordance with the above-cited provisions of the Elections Code. Furthermore, at the City Council’s discretion, the argument and rebuttal, if any, may be signed by up to five persons including members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure.

SECTION 2. That the City Council directs the City Clerk to transmit a copy of the measure to the City Attorney. The City Attorney shall prepare an impartial analysis of the measure not exceeding 500 words showing the effect of the measure on the existing law and the operation of the measure. The impartial analysis shall be filed by the date set by the City Clerk for the filing of primary arguments.

SECTION 3. That the analysis shall include a statement indicating that the measure was placed on the ballot by the City Council of the City of Guadalupe.

SECTION 4. That the City Clerk shall certify to the passage and adoption of this resolution and enter it into the book of original resolutions.

SECTION 5. That the City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Guadalupe held this 23rd day of June 2020 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 No. 2020-48** was duly adopted by the City Council of the City of Guadalupe at a regular meeting held June 23, 2020.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney

RESOLUTION NO. 2020-49

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUADALUPE, CALIFORNIA, PROVIDING FOR THE FILING OF REBUTTAL ARGUMENTS FOR THE CITY MEASURE SUBMITTED AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 3, 2020

WHEREAS, Section 9282 of the Elections Code of the State of California provides for written arguments to be filed in favor of or against a city measures not to exceed 300 words in length; and

WHEREAS, Section 9285 of the Elections Code of the State of California authorizes a city council, by majority vote, to adopt provisions to provide for the filing of rebuttal arguments for city measures submitted at municipal elections.

NOW, THEREFORE, THE CITY COUNCIL DOES RESOLVE, DECLARE, DETERMINE AND REQUEST AS FOLLOWS:

SECTION 1. That pursuant to Section 9285 of the Elections Code of the State of California, when the City Clerk has selected the arguments for and against the measure (not exceeding 300 words each) which will be printed and distributed to the voters, the City Clerk shall send copies of the argument in favor of the measure to the authors of the argument against, and copies of the argument against to the authors of the argument in favor.

The authors may prepare and submit a rebuttal argument not exceeding 250 words or may authorize in writing any other person or persons to prepare, submit, or sign the rebuttal argument. Rebuttal arguments may not be signed by more than five (5) authors.

The rebuttal arguments shall be filed with the City Clerk accompanied by the printed name(s) and signature(s) of the person(s) submitting it, or if submitted on behalf of an organization, the name of the organization, and the printed name and signature of at least one of its principal officers, not more than 10 days after the final date for filing direct arguments. The rebuttal arguments shall be accompanied by the Form of Statement to be Filed by Author(s) of Argument.

Rebuttal arguments shall be printed in the same manner as the direct arguments. Each rebuttal argument shall immediately follow the direct argument which it seeks to rebut.

SECTION 2. That the City Council authorizes the filing of a rebuttal argument, if an argument against the measure is filed, in accordance with the provisions of the Elections Code. Furthermore, at the City Council's discretion, the rebuttal, if any, may be signed by up to five persons, including members of the City Council or bona fide associations or by individual voters who are eligible to vote on the measure.

SECTION 3. That all previous resolutions providing for the filing of rebuttal arguments for city measures are repealed.

SECTION 4. That the provisions of Section 1 shall apply only to the election to be held on November 3, 2020.

SECTION 5. That the City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 6. The City Clerk is hereby authorized to make minor changes hereinto address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

PASSED, APPROVED and ADOPTED this 23rd day of June 2020 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 No. 2020-49** was duly adopted by the City Council of the City of Guadalupe at a regular meeting held June 23, 2020.

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Philip F. Sinco, City Attorney



Agenda Item No. 10 b.

REPORT TO THE CITY COUNCIL OF THE CITY OF GUADALUPE
Agenda of June 23, 2020

151

Prepare by:
Philip F. Sinco, City Attorney

Approved by:
Todd Bodem, City Administrator

SUBJECT: Introduction of Ordinance No. 2020-490 repealing existing Chapter 3.14 of the City of Guadalupe Municipal Code and replacing it with a new Chapter 3.14 Imposing an Essential Services Transaction and Use Tax.

RECOMMENDATION:

That the City Council introduce, for the first reading, and continue to the next meeting for second reading and adoption, and ordinance repealing and replacing in its entirety Chapter 3.14 of the City of Guadalupe Municipal Code with a new Chapter 3.14, the Essential Services Transactions and Use Tax.

BACKGROUND:

The City adopted a sales and use tax in 1987 under Ordinance No. 87-273. Currently, the overall sales tax rate is eight percent on taxable sales of goods within the City. The existing sales tax is an important source of revenue for the City, but it is divided among many taxing entities, primarily the State of California County of Santa Barbara, with only a small percentage of each sales tax dollar going to the City.

The City is permitted under Revenue and Taxation Code Section 7285.9 to submit to the voters a transactions and use tax ordinance which provides a way for cities to have a completely local source of funding under the control of the municipality. The City did this several years ago when the City Council approved placing Measure X on the ballot for the November 3, 2014 general election. The City's voters overwhelmingly approved this measure (by a vote of 77% in favor). This measure imposed a transaction and use tax of 0.25% that was expected to generate about \$62,500 annually in revenue for the six and one-half years that the measure was to be in effect. The measure took effect on April 1, 2015, and therefore, is set to expire on October 1, 2021. In fact, the revenue generated by Measure X has been closer to \$150,000 annually on average as a result of better than expected economic conditions.

The advantage of a transaction and use tax, compared with a sales and use tax, is that the additional revenue from a transactions and use tax is not divided with other entities. This tax

directly benefits the residents and businesses within the City, since it helps pay for essential services, including police and fire, recreation programs/facilities, parks maintenance, library, and other services. The revenue received from a transaction and use tax is locally controlled funding that cannot be taken away by the State. This is an important advantage because the City of Guadalupe has been adversely affected by the State's various raids of local revenues over the past several decades, most recently as a result of the State's dissolution of redevelopment agencies.

In addition, the City is expected to be negatively impacted by the economic impact resulting from measures taken to slow the spread of the Coronavirus. Fortunately, the City is likely to be less negatively impacted by other cities that depend on tourism (transient occupancy tax) or sales taxes from large purchases (e.g., cars) or large scale retail (e.g., strip malls, Costco, Walmart, etc.). The City's local business are largely "essential businesses" and most have continued to operate since the Governor's "stay-at-home" order was issued on March 19, 2020. The most recent data concerning sales taxes generated within the City confirms that the City has had only a moderate loss of revenue. This is good news for the City, but the fact remains that existing revenue from sales tax (and the local transactions and use tax) will not be sufficient to meet the needs of the City in the near future.

The City has known for several years that it needs to increase its revenue to maintain (not to mention, expand) essential services, or significant cuts to essential services will be required. A report (attached hereto as Attachment 1) prepared for the City in 2017 by a consultant predicted that the City's revenue would gradually increase over the next 4-5 years as a result of the one-time revenues derived from the Pasadera development, and eventually result in a budget surplus of approximately \$500,000 by FY 2022-23. However, the consultant also predicted that, hereafter, revenue from Pasadera would decrease and finally end (once the project was built out), and unless the City in the meantime found some way to increase its revenues, the surplus in the general fund would decrease until it became negative again. Significantly, while the consultant predicted a positive fund balance at the end of FY 2022-23 of approximately \$500,000, he said that this "is short of the recommended \$1.1 million, which reflects 3 months of estimated operating expenditures." He stated further in the conclusion of his report that:

The three tax measures passed by the voters in November 2014 have added approximately \$550,000 per year over the forecast period. However, these increased revenue measures are not enough to sustain on-going operations over the long term. What has allowed the City to attain a positive fund balance is the building permit and plan check revenue derived from the Pasadera development. The projected revenue from this development for the 5-year period is \$1.9 million. Had this development not occurred, the fund balance would remain negative.

In other words, the three tax measures passed by the voters in November 2014, including Measure X, were not enough to bring the City's general fund into a surplus. The City is

fortunate to have the one-time revenues (about \$380,000 annually on the average) from the Pasadera development, but this is not a sustainable and ongoing source of revenue. This one-time revenue from Pasadera will decrease and eventually end in the near future, and in order to prevent the general fund from going into deficit again, the City will need to replace this approximately \$380,000 annually; however, even this amount will not be sufficient to generate a general fund surplus of \$1.1 million (i.e., three months of estimated operating expenditures) as recommended by consultant. The City actually needs to generate much more than \$380,000 in new revenue streams to maintain and increase essential services in the coming years. City staff intends on developing additional ideas for increasing revenue for consideration by the City Council, but the first step in the process of developing sufficient and sustainable revenue streams for the City is reauthorizing and enhancing the City's current transaction and use tax.

DISCUSSION:

The ordinance presented with this staff report would repeal and replace the existing transactions and use tax (codified as Chapter 3.14 of the Guadalupe Municipal Code) and increase the rate from 0.25% to 1.00%, assuming that the voters approve the measure when it is placed on the ballot in November 2020. The proposed ordinance would remain in effect until repealed by the voters.

In that past, such ordinances that are approved by the voters would be introduced by a city council, and the approval by the voters would be considered the second reading and adoption of the ordinance, which the city council would accept by a resolution. In recent years, the State Board of Equalization determined that the proper procedure requires a city council to not only introduce a local taxation ordinance before the election where voters approve it, but also, must adopt the ordinance before the election, as well. This is the reason staff is requesting that the Council introduce the proposed ordinance at this time and continue it to the Council's next regular meeting for second reading and adoption. The proposed ordinance provides, however, that it cannot take effect until it is approved by the voters. Thus, if the proposed measure is not approved by the voters at the November 3, 2020, election, Ordinance No. 2020-xx will be null and void even though it was adopted by the City Council.

Measure X has generated approximately \$160,000 in revenue on average during the last several years. This amount was projected to increase in the next few years, but is now expected to be slightly less because of the economic impact that has resulted, and will continue to result, from the various government orders imposed to slow the spread of COVID-19. However, as already mentioned, the City has not been as negatively impacted as many other cities due to the nature of the local economy and the types of businesses operating in the City (largely "essential businesses"). Since there is every reason to believe that the economy will gradually recover in the next 2-5 years, City staff has determined that a two and one-half percent (2.5%) reduction in projected revenue from Measure X is an appropriate estimate given the impact to the local economy. Therefore, staff expects to receive about \$156,000 annually in Measure X revenue until this revenue source expires on October 1, 2021. The proposed measure, if approved by the voters on November 3, 2020, would generate about four times this amount (or

approximately \$624,000 annually), since \$156,000 is the revenue expected to be generated by 0.25% of the total amount of sales that will take place in the City of Guadalupe, and raising the rate of the tax rate to 1.00% will likely generate an additional \$468,000 annually in revenue for the general fund (for a total of \$624,000 annually). This amount was rounded up to \$625,000 for purposes of including it in the ballot measure language.

This amount is a good start for the City's need to generate new revenue sources since this represents a (projected) net increase of on-going revenue of approximately \$88,000 annual over current revenues. This amount is what is left over if we do not include the \$380,000 annually received from one-time revenues from the Pasadera development (which will gradually decrease and end in the coming years) and the existing \$156,000 Measure X funding (\$625,000 less \$380,000 = \$244,000 less \$156,000 = \$88,000). Obviously, an additional \$88,000 in annual revenue is important, but it is not enough to meet the City's needs and ambitions for the next decade and beyond. Therefore, City staff intends to continue to bring ideas to the City Council for new revenue sources aside from the proposed enhancement to the existing transaction and use tax in the coming months and years.

The fact that the City will continue to receive one-time revenues from the Pasadera development over the next several years is a great opportunity for the City to build up its reserves so that it can maintain a surplus of at least three months of operating expenditures (assuming the Council decides to submit the proposed measure to the voters and the voters approve it). Building up this surplus is also extremely important to address the conclusions of the City's independent auditor whether the City can continue as a "going concern." As the City Council is well aware, the City's auditor has noted that the City does not have sufficient reserves which negatively impact its ability to operate. Although for the first year in quite some time the City's General Fund actually had a surplus, albeit of only about \$15,000, the Auditor's first finding in the Audit of the City's finances for FY2018-19 including the following language:

...the City continues to suffer from an insufficient fund balance in the General Fund. In addition, the General Fund has a large balance of interfund loans payable. There are doubts about the General Fund's ability to repay the interfund loans payable without having a significant impact on the City's operations. The impact on the economy and City revenues due to COVID-19 are also a concern. These conditions raise doubt about the City's ability to continue as a going concern.

Unless the City is able to develop additional streams of revenue, it is a certainty that the City's finances will significantly worsen once the one-time revenues from the Pasadera development decrease and end, and unless the voters reauthorize the City's local transaction and use tax (which will end as of October 1, 2021), the City's financial condition will worsen even sooner. Devastating cuts to the City's essential services and a reduction in the scope of its operations are inevitable unless the City is able to develop new or improved revenue streams. The first step, but not the only one, is to increase the local transaction and use tax rate to 1.00%. This

step is critical and will allow the City some time to develop other revenue streams that are more difficult to develop such as through economic development efforts.

ALTERNATIVE:

The Council can decline to introduce the proposed ordinance.

FISCAL IMPACT:

The proposed ordinance, if approved the voters, will result in additional general fund revenue in the amount of approximately \$468,000 per year. If the measure is not approved by the voters, the City would likely need to reduce staffing and make significant cuts in the coming years.

ATTACHMENTS:

1. Report to the City Council, prepared by consultant Rene Visé.
2. Ordinance No. 2020-490 entitled "An Ordinance of the City of Guadalupe, California, Repealing Chapter 3.14 of Title 3 of the Guadalupe Municipal Code and Replacing with a New Chapter 3.14 Imposing an Essential Services Transaction and Use Tax to be Administered by the Department of Tax and Fee Administration."

REPORT TO THE CITY COUNCIL OF THE CITY OF GUADALUPE

Prepared by Rene M. Vise, Consultant

I. Introduction

This financial projection serves to provide estimates of the City of Guadalupe's General Fund Balance, General Fund revenues and expenditures over a five-year period from fiscal 2018/19 to 2022/23. When used in conjunction with the budget process, the financial forecast can assist the City Council, City Administrator, and staff in evaluating the long-term effects of a proposed change in service or a change to revenues.

This financial forecast has been developed by analyzing the City's fiscal history, labor related expenses (salary, health benefits and retirement costs), economic forecasts, Pasadera development, and other events that might impact the City's revenues and expenditures. The projection does not attempt to predict any future recessions in the economy. The forecast also assumes that the State of California does not attempt to take any City revenue over the forecast period.

The current forecast establishes the budget for 2017/18 as the baseline for future projections.

The forecast is for long-term financial planning purposes only. While not intended to provide a recommended or predetermined budget, the forecast does provide a financial framework for the following activities:

- Setting annual goals;
- Assessing the financial impact of major policy alternatives facing the City Council and the City Administrator (e.g. economic development projects, labor negotiations, development issues);
- Identifying any potential threats to the city's finances and taking corrective action as needed; and
- Determining the likely impact of capital investment and financial decisions on the City's long-term financial capacity.

This financial projection, presented in Attachment A, only includes the General Fund.

II. General Fund Revenues

The five-year financial projection for the General Fund indicates that the City should continue to see increases in its revenue streams, especially in building permit and plan check revenue due to the Pasadera development.

Pasadera Development. Property tax and building permit revenue are projected to increase primarily from the construction and sale of a certain amount of homes over the next five years as shown below:

Fiscal Year	Est. Home Value (000's)	Estimated Quantity	Value (000's)
2017-18	\$390	86	\$33,540
2018-19	\$390	100	\$39,000
2019-20	\$390	75	\$29,250
2020-21	\$390	75	\$29,250
2021-22	\$390	60	\$23,400
2022-23	\$390	60	\$23,400

Below is an assessed value table developed from information obtained from the County of Santa Barbara and projections including the Pasadera development:

	Fiscal Year	Assessed Value (000's)	Percentage Increase
Actual	2016-17	\$325,812	
Actual	2017-18	\$354,053	8.67%
Forecast	2018-19	\$394,674	11.47%
Forecast	2019-20	\$441,568	11.88%
Forecast	2020-21	\$479,649	8.62%
Forecast	2021-22	\$518,492	8.10%
Forecast	2022-23	\$552,262	6.51%

Property Taxes – Property taxes are equivalent to 1 percent of assessed values. The assessed value for most real property is the prior year’s assessed value adjusted by the California Consumer Price Index (CPI), up to 2 percent. However, if there is a change in ownership, the new assessed value will be the market value at the time of change in ownership. New construction value is added to the prior year assessed base value. The above projected assessed values are increased by the 2 percent CPI and the projected increase resulting from the Pasadera development.

The City of Guadalupe only receives a portion of the 1 percent property tax receipts. The majority of the receipts are allocated to the County of Santa

Barbara, school districts, special districts, etc. Normally, cities receive about 10 to 20 percent of the 1 percent property tax receipts.

For example, the property owner of a Pasadera home assessed at \$400,000 would pay property taxes of \$4,000 to the County (1.0 percent x \$400,000). Assuming a 15 percent net property tax rate, the City would receive approximately \$600 in property tax revenue from the \$4,000 paid in total. One hundred homes assessed at 400,000 each, would result in approximately \$60,000 in property tax revenue.

The annual forecast increase in assessed values is used in developing the forecast of property tax revenue over the 5-year period. Property taxes represent approximately 30 percent of total revenues.

Sales Taxes – Sales taxes are projected to increase approximately 3 percent annually over the 5-year period. The sales tax forecast was developed using the average per capita sales tax revenue over a 4-year period and multiplying that amount by the increase in population from the Pasadera development. Sales tax average revenue per capita (per person) is \$40.76.

Per review of the General Plan, there are approximately 3.9 residents per household. For example, construction of 100 homes would result in an estimated increase in sales tax revenue of \$15,896 (100 homes x \$40.76 x 3.9).

Revenue from the quarter cent local sales tax, passed in November 2014, was forecast in the same manner. Sales and local sales tax represent approximately 13 percent of total revenues.

Utility Users Tax, Franchise fees – Utility Users Tax and Franchise fees were forecast in a similar manner to sales tax resulting in average annual increase of approximately 3 percent.

Business License Taxes – Business License taxes were increased in November 2014 and are based on gross business receipts. This revenue item is projected to increase by 2 percent per year over the 5-year period. This is equivalent to the forecast consumer price index.

Building Permits – Building permit and plan check revenues are projected to increase significantly over the 5-year period primarily due to the Pasadera development. The project is for construction of 800 homes over a 10-year period. Per review of General Plan, there are approximately 1900 housing units in the City. The addition of 800 units will add approximately 40 percent to the housing stock in the City. In addition to the building permit and plan check revenue, this will add significantly to the City's assessed value. Shown on the following page is the estimated building and plan check revenue derived from Pasadera home construction:

Fiscal Year	Home Value (000's)	Quantity	Permit, Plan Check Revenue
2018-19	\$390	100	\$523,000
2019-20	\$390	75	\$392,000
2020-21	\$390	75	\$392,000
2021-22	\$390	60	\$314,000
2022-23	\$390	60	\$314,000
Total			\$1,935,000

Besides the Pasadera development, building permit revenue includes a base amount of \$25,000 per year over the five-year period for other building projects.

Charges for Services – Includes overhead reimbursement from the Airport for two police officers at \$6,200 per month (\$74,400 annually) over the five-year period. The total monthly reimbursement is approximately \$22,000 per month, but \$6,200 is credited to the General Fund to pay for overhead costs incurred and approximately \$15,800 is credited back to the Airport Fund.

Other Revenues – The primary Other Revenue source is the Contribution from Chevron. This revenue item has been received since fiscal year 2006/07 and is currently about \$100,000 annually. The forecast is for this amount to be received through fiscal year 2019/20 and end. Therefore, the Other Revenue category is forecast to decline by \$100,000 annually beginning in fiscal year 2020/21.

Transfers from other funds – A 3.0 annual percent increase is projected for transfers-in which is the average cost increase for the Administration and Finance departments over the 5-year period. The Finance and Administration departments are the primary central service departments in the cost allocation plan.

III. General Fund Expenditures

General Assumptions used – The assumption is that staffing levels and service levels will remain constant throughout the 5-year forecast. Generally, the forecast assumes that the annual growth in department budgets will increase annually by the Consumer Price Index of 2.0 percent. However, CalPERS pension contributions are increasing faster than the rate of growth in the City's operating costs and were calculated separately.

Increases in Employer CalPERS Contributions – In December 2016, the California Public Employees Retirement System (CalPERS), the City's retirement benefit provider, decided to decrease its assumed long-term rate of return (referred to as the "discount rate"), from 7.5 percent to 7.0 percent, phasing in the change over 3 years. This requires the City and all other CalPERS participating

agencies to increase their contributions to provide the same level of benefits to their retirees.

CalPERS has made other decisions over the past few years to strengthen the system’s financial position, which will also result in higher contributions from participating agencies. These decisions include increasing the mortality rate, achieving higher funded status more quickly, and amortizing investment losses over a shorter time period.

Shown below are the City of Guadalupe’s defined benefit formulas:

Group	Classic	PEPRA
Police	2% @ 55	2% @ 57
Fire	2% @ 55	2% @ 57
Misc.	2% @ 55	2% @ 62

PEPRA represents the Public Employees’ Pension Reform Act effective 1/1/13. Employees hired after this date receive a lower benefit over their lifetimes.

Based on the information obtained from the actuarial reports from August 2017, the average increase in City retirement costs are expected to be approximately 13.3 percent per year as shown in the following table:

	Miscellaneous	Public Safety
FY 2018 Estimate	\$110,269	\$208,696
FY 2019 Forecast	\$125,548	\$236,546
FY 2020 Forecast	\$143,154	\$269,241
FY 2021 Forecast	\$159,914	\$298,837
FY 2022 Forecast	\$170,041	\$321,998
FY 2023 Forecast	\$189,854	\$341,888

City Attorney – The annual forecast throughout the five-year period is \$90,000 for contract City Attorney costs. This is in contrast to the budget for fiscal 2017/18 of \$120,000 and projection of \$100,000. Recent litigation has caused rising attorney costs which are forecast to decline as the lawsuits are settled. The \$90,000 per year is higher than the actual average of \$71,000 from fiscal 2011 through 2016.

Debt Service – The debt service payments throughout the various departments include the lease purchase payments, which are scheduled to be paid off in fiscal year 2021/22 and the inter-fund loan payment to the Water Fund and Lighting District. The inter-fund loans are scheduled to be paid off in fiscal year 2024/25. No new debt service is included in the 5-year projection.

IV. Fund Balance Forecast

The forecast fund balance resulting from the analysis is shown below:

(000's)	FY 17/18 Adopted Budget	FY 18/19 Forecast	FY 19/20 Forecast	FY 20/21 Forecast	FY 21/22 Forecast	FY 22/23 Forecast
Beginning Fund Balance (Deficit)	(\$685)	(\$656)	(\$430)	(\$211)	(\$8)	\$223
Revenues	4,124	4,377	4,446	4,521	4,614	4,770
Expenditures	4,095	4,151	4,227	4,318	4,383	4,492
Surplus (Deficit)	29	226	219	203	231	278
Ending Fund Balance	(\$656)	(\$430)	(\$211)	(\$8)	\$223	\$501

A recommended fund balance would equate to approximately 3 months of operating expenditures or \$1.1 million (\$4,492,000/12 months x 3 months).

V. Conclusion

As shown in Attachment A, fund balance is forecast to be positive at approximately \$501 thousand at June 30, 2023. This is short of the recommended \$1.1 million, which reflects 3 months of estimated operating expenditures.

The three tax measures passed by the voters in November 2014 have added approximately \$550,000 per year over the forecast period. However, these increased revenue measures are not enough to sustain on-going operations over the long term. What has allowed the City to attain a positive fund balance is the building permit and plan check revenue derived from the Pasadera development. The projected revenue from this development for the 5-year period is \$1.9 million. Had this development not occurred, the fund balance would remain negative.

One revenue measure that should be explored concerns the potential rental of General Fund land that is used by the Water and Wastewater Funds in providing these services. For example, if water facilities such as wells or reservoirs were constructed on land owned by the General Fund, the General Fund may charge a monthly rental fee to these funds for use of the land. Property records need to be reviewed to determine ownership of property used by the two enterprise funds. An appraisal also needs to be conducted by an appraiser to determine an appropriate rental value for the land. Reviewing property records to confirm General Fund land ownership and performing an appraisal will satisfy Proposition 218 and Proposition 96 requirements that a nexus be shown concerning the revenue charged and the costs incurred in providing the service.

Expenditures should be carefully monitored and there should be no increased service levels until the recommended fund balance is attained. In fact, service levels may need to be reduced until additional on-going funding sources and/or expenditure reductions are attained. Shown below are several expenditure reduction options to balance the General Fund in the future. The downside to these reductions is that they primarily affect the employee:

- No longer contribute deferred compensation for employees not enrolling in medical coverage

Savings	Police	\$26,300	
	Finance	<u>\$12,000</u>	
	Total		\$38,300

- All employees pay entire 7 percent Pers employee portion.
Increase from current 4 percent to 7 percent. \$50,000

- Have employee pay more of the monthly health costs.
\$100 payment times 32 employees' times 12 months. \$38,400

- Reinstate furlough program closing city hall 13 days per year, which is a 5 percent pay reduction. During the last furlough, Police took a 5 percent pay reduction, whereas Fire eliminated 11.5 holidays and did not receive uniform allowance \$95,000

- Explore replacing JPA for liability insurance, which has increased dramatically ?

These expenditure reductions should be implemented quickly so that savings may be obtained and an adequate fund balance is generated sooner. They definitely should be implemented before the Pasadera development expires.

ORDINANCE NO. 2020-490

AN ORDINANCE OF THE CITY OF GUADALUPE, CALIFORNIA, REPEALING CHAPTER 3.14 OF TITLE 3 OF THE GUADALUPE MUNICIPAL CODE AND REPLACING WITH A NEW CHAPTER 3.14 IMPOSING AN ESSENTIAL SERVICES TRANSACTIONS AND USE TAX TO BE ADMINISTERED BY THE DEPARTMENT OF TAX AND FEE ADMINISTRATION

WHEREAS, under the provisions of the laws in the State of California, a general municipal election shall be held on November 3, 2020, for the election of municipal officers; and

WHEREAS, the City Council also desires to allow the voters of the City of Guadalupe the opportunity to reauthorize and enhance the local transaction and use tax, previously established by the City's voters when it approved Measure X at the 2014 general election, by enacting a one (1)-cent Local Transactions and Use Tax (Sales Tax) to remain in effect until ended by voters; and

WHEREAS, the local funding provided by Measure X2014 has provided vital funding for essential City services, including police and fire services; maintenance of parks, recreational facilities, and, the City library; as well as other City services that protect and enhance the City's local quality of life; and

WHEREAS, the City's voters overwhelmingly approved Measure X2014 by more than 77% in favor, which provided a reliable source of locally controlled funding that cannot be taken away by the state; and

WHEREAS, Measure X2014's funding will cease before the end of 2021, and the City will lose critical revenue for its essential services and operations if the funding is not reauthorized and will have to make cuts to essential services and operations in the coming years; and

WHEREAS, the funding provided by Measure X2014 has been significant, but it is currently insufficient to meet the City's existing and future needs, and therefore, must be enhanced in order to avoid devastating cuts to existing City services and operations

WHEREAS, locally controlled funding is more necessary than ever to keep the City fiscally stable so that it may continue to provide essential services because the State has taken millions of dollars from California cities, including the City of Guadalupe, over the last several decades to deal with its own budget problems; and

WHEREAS, this measure will give the City of Guadalupe local control over local funds for local needs that cannot be taken by Sacramento; and

WHEREAS, a secure source of local funding is needed to maintain and, more importantly, create new opportunities for the City's youth by maintaining and improving recreational

facilities and programs, after-school programs, anti-gang outreach, maintenance/improvement of parks, and maintaining the City library, because maintaining library, park, and recreation facilities provides necessary alternatives to keep kids out of gangs and reduce crime while maintaining quality of life for the City's residents; and

WHEREAS, the City must also prevent cuts to the number of police officers and firefighters to ensure our local police and fire departments have the resources necessary to keep residents safe that will be likely in the coming years if the proposed Essential Services Transaction and Use Tax Measure is not passed by the voters; and

WHEREAS, expanding local funding will also further help the City to qualify and receive its fair share of millions of dollars in matching grants, so taxpayers don't have to pay the entire cost of critical programs; and

WHEREAS, a local finance measure gives Guadalupe residents local control. Every penny generated by the measure stays in Guadalupe to be used for the needs and services of our residents and the City and cannot be taken away by the State.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GUADALUPE DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 3.14 of Title 3 of the Guadalupe Municipal Code is hereby repealed in its entirety and replaced to read as follows:

CHAPTER 3.14 PUBLIC SAFETY AND ESSENTIAL SERVICES TRANSACTIONS AND USE TAX

3.14.010 Title.

This chapter shall be known as the "Essential Services Transactions and Use Tax Ordinance of the City of Guadalupe." The City of Guadalupe hereinafter shall be called "City." This chapter shall be applicable in the incorporated territory of the City.

3.14.020 Purpose.

This chapter is adopted to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the electors voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not

inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefor that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this chapter.

3.14.030 Operative date.

“Operative date” means the first day of the first calendar quarter commencing more than 110 days after the adoption of this chapter.

3.14.040 Contract with State.

Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.14.050 Transactions tax rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of 1.00% of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of the ordinance codified in this chapter.

3.14.060 Place of sale.

For the purposes of this chapter, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his or her agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the State sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.14.070 Use tax rate.

An excise tax is hereby imposed on the storage, use or other consumption in the City of tangible personal property purchased from any retailer on and after the operative date of the ordinance codified in this chapter for storage, use or other consumption in said territory at the rate of 1.00% of the sales price of the property. The sales price shall include delivery charges when such charges are subject to State sales or use tax regardless of the place to which delivery is made.

3.14.080 Adoption of provisions of State law.

Except as otherwise provided in this chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this chapter as though fully set forth herein.

3.14.090 Limitations on adoption of State law and collection of use taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name Guadalupe shall be substituted therefor. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California.

2. The result of that substitution would require action to be taken by or against Guadalupe or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this chapter.

3. In those sections, including, but not necessarily limited to, sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.14.100 Permit not required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this chapter.

3.14.110 Exemptions and exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any State-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the county in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his or her agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of the ordinance codified in this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this chapter, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any State-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of the ordinance codified in this chapter.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of the ordinance codified in this chapter.

5. For the purposes of subparagraphs (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this chapter may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.14.120 Amendments.

All amendments subsequent to the effective date of the ordinance codified in this chapter to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this chapter, provided however, that no such amendment shall operate so as to affect the rate of tax imposed by this chapter.

3.14.130 Enjoining collection forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this chapter, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

SECTION 2. USE OF TAX PROCEEDS. The proceeds of the tax approved by this Ordinance may be used for unrestricted general revenue purposes.

SECTION 3. SEVERABILITY. If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, the remainder of the Ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

SECTION 4. ELECTION REQUIRED. This Ordinance shall not become operative unless and until a majority of the electors voting on this measure vote to approve the imposition of the tax at the General Election to be held on November 3, 2020.

SECTION 5. EFFECTIVE DATE. This Ordinance relates to the levying and collecting of the City transaction and use taxes and shall take effect immediately.

SECTION 6. COMPLIANCE WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. This Ordinance has been reviewed for compliance with the California Environmental Quality Act (CEQA), and the CEQA guidelines, and the City's environmental procedures, and has been found to be exempt pursuant to § 15601(b)(3) (general rule) and § 15378(b)(4) of the CEQA Guidelines. The transactions and use tax imposed by the adoption of this Ordinance is a general tax that can be used for any legitimate governmental purpose; it is not a commitment to any particular action. The City Council hereby finds with certainty that there is no possibility the passage of this Ordinance will have a significant effect on the environment. Additionally, it creates a government funding mechanism that does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment. If revenue from the tax were used for a purpose that would have either such effect, the City would undertake the required CEQA review for that particular project at the earliest feasible date.

SECTION 7. CLERICAL CORRECTION. The City Clerk is hereby authorized to make minor changes herein to address clerical errors, so long as substantial conformance of the intent of this document is maintained. In doing so, the City Clerk shall consult with the City Administrator and City Attorney concerning any changes deemed necessary.

INTRODUCED at a regular meeting of the City Council held this 23rd day of June 2020, by the following roll call vote, subject to voter approval at the November 3, 2020, General Municipal Election.

AYES:

NOES:

ABSENT:

ABSTAINED:

ATTEST:

Joice Earleen Raguz, City Clerk

Ariston Julian, Mayor

APPROVED AS TO FORM:

Phillip F. Sinco, City Attorney