CITY OF DIAMOND BAR

LANDSCAPING ASSESSMENT DISTRICT NO. 39-2019

ENGINEER'S REPORT

FISCAL YEAR 2019-20

MAY 2019

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972,
GOVERNMENT CODE AND ARTICLE XIIID OF THE CALIFORNIA CONSTITUTION

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INTRODUCTION

OVERVIEW

The City of Diamond Bar (the "City") services and maintains mini-parks, slopes and open space areas and other improvements ("Improvements") in the Diamond Bar Hills area of the City. In order to fund the maintenance and operation ("Services") of these projects and improvements, Landscaping Assessment District No. 39 was formed in 1985 by the County of Los Angeles prior to the incorporation of the City of Diamond Bar. Upon incorporation in 1989, the City assumed jurisdiction over the District. Since the passage of Proposition 218, the assessments for this existing District cannot be increased beyond the previously approved amount of $236.00 per parcel. This assessment amount does not generate sufficient revenue to fund the District's improvements and services, and the annual shortfalls have been funded by the City's General Fund.

The City Council has directed that a new assessment be proposed and voted on by property owners within the District in accordance with Proposition 218 (Article XIIIC and D or the California Constitution). Their intent is to replace the existing District No. 39 with a new District No. 39-2019 that would adhere to the existing boundary and include the same improvements and services. If approved, the existing District No. 39 will be dissolved.

This Engineer's Report ("Report") was prepared to establish the budget for the Improvements (as described below) that will be funded by the proposed assessments and other revenue, and to determine the general and special benefits received from the Improvements by property within the District and the method of assessment apportionment to lots and parcels. This Report and the assessments have been made pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "Act") and Article XIIID of the California Constitution (the "Article").

ENGINEER'S REPORT AND CONTINUATION OF ASSESSMENTS

As required by the Act, this Report includes plans and specifications, a diagram or map of the District, the benefits received by property from the Improvements within the District, and the method of assessment apportionment to lots and parcels within the District.

If the Council approves this Engineer's Report and the proposed Assessments by resolution, a ballot and notice will be mailed to each property owner as identified in the most recent equalized tax roll prepared by the Los Angeles County Assessor's office. The resolution preliminarily approving the Engineer's Report and mailed notice will include the date for a public hearing at which time all ballots must be received to be counted in accordance with Government Code Section 53753. The notice and ballots must be mailed at least 45 days prior to the public hearing.

At the appointed time and place, a public hearing is held for the purpose of allowing public testimony about the proposed Assessments. This hearing is currently scheduled for July 16, 2019. At this hearing, the Council will hear public testimony and tabulate all ballots

turned in before the close of the public comment period of the public hearing. If it is determined that the assessment ballots submitted in opposition to the proposed Assessments do not exceed the assessment ballots submitted in favor of the Assessments (each ballot is weighted by the proportional financial obligation of the property for which the ballot is submitted) the Council may take action to approve the levying of Assessments for Fiscal Year 2019-20. If so confirmed and approved, the Assessments would be submitted to the Los Angeles County Auditor/Controller for inclusion on the property tax rolls for fiscal year 2019-20.

LEGISLATIVE ANALYSIS

PROPOSITION 218

The Right to Vote on Taxes Act was approved by the voters of California on November 6, 1996 and is now Article XIIIC and XIIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services and improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY (2008) 44 CAL. 4TH 431

In July of 2008, the California Supreme Court issued its ruling on the Silicon *Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority* ("*SVTA*"). This ruling is significant in that the Court clarified how Proposition 218 made changes to the determination of special benefit. The Court also found that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the Improvement District
- The assessment paid by property should be proportional to the special benefits it receives from the Improvements

DAHMS V. DOWNTOWN POMONA PROPERTY (2009) 174 CAL. APP. 4TH 708

In *Dahms v. Downtown Pomona Property* ("*Dahms*") the Court upheld an assessment that was 100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

BONANDER V. TOWN OF TIBURON (2009) 180 CAL. APP. 4TH 103

Bonander v. *Town of Tiburon* ("*Bonander*"), the 1st District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments

primarily on the grounds that the assessments had been apportioned to assessed property based on the costs within sub-areas of the assessment district instead of the overall cost of the improvements and the overall proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE (2010) 184 CAL. APP. 4TH 1516
Steven Beutz v. County of Riverside ("*Beutz*") the Court overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO (2011) 199 CAL. APP. 4TH 416

On September 22, 2011, the San Diego Court of Appeal issued a decision on the Golden Hill Neighborhood Association v. City of San Diego appeal. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California. The court described two primary reasons for its decision. First, like in Beutz, the court found the general benefits associated with services were not explicitly calculated, quantified and separated from the special benefits. Second, the court found that the City had failed to record the basis for the assessment on its own parcels.

COMPLIANCE WITH CURRENT LAW
This Engineer's Report is consistent with the *SVTA* decision and with the requirements of Article XIIIC and XIIID of the California Constitution because the Improvements to be funded are clearly defined; the benefiting property in the District enjoys close and unique proximity, access and views to the Improvements; the Improvements serve as an extension of usable land area for benefiting properties in the District and such special benefits provide a direct advantage to property in the District that is not enjoyed by the public at large or other property.

This Engineer's Report is consistent with *Beutz*, *Dahms* and *Greater Golden Hill* because the Improvements will directly benefit property in the District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the <u>overall</u> cost of the Improvements and Services proportional special benefit to each property, rather than the proportional cost to the District to provide the Improvements to specific properties.

PLANS & SPECIFICATIONS

The City maintains landscaping and other improvements in locations within the District's boundaries. The work and improvements to be undertaken by Landscaping Assessment District No. 39-2019, ("District"), and the cost thereof paid from the levy of the annual Assessment provide special benefit to Assessor Parcels within the District as defined in the Method of Assessment herein. In addition to the definitions provided by the Landscaping and Lighting Act of 1972 (the "Act"), the work and improvements are generally described as mini-parks, slopes and open space areas within the District. The Assessment Diagram shows the location and extent of the Improvements to be installed, maintained or serviced by the proceeds from this Assessment District.

Installation, maintenance and servicing of Improvements, may include, but are not limited to, turf and play areas, landscaping, ground cover, shrubs and trees, irrigation systems, sidewalks, parking lots, lighting, fencing, entry monuments, basketball courts, tennis courts, other recreational facilities, graffiti removal and repainting, and labor, materials, supplies, utilities and equipment, as applicable, at each of the locations owned, operated or maintained by the District.

As applied herein, "Installation" means the construction of Improvements, including, but not limited to, land preparation (such as grading, leveling, cutting and filling), sod, landscaping, irrigation systems, walkways and drainage, lights, playground equipment, play courts, playing fields, recreational facilities and public restrooms.

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

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

Incidental expenses include all of the following: (a) The costs of preparation of the report, including plans, specifications, estimates, diagram, and assessment; (b) the costs of printing, advertising, and the giving of published, posted, and mailed notices; (c) compensation payable to the County for collection of assessments; (d) compensation of any engineer or attorney employed to render services in proceedings pursuant to this part; (e) any other expenses incidental to the construction, installation, or maintenance and servicing of the Improvements; (f) any expenses incidental to the issuance of bonds or notes pursuant

to Streets & Highways Code Section 22662.5; and (g) costs associated with any elections held for the approval of a new or increased assessment (Streets & Highways Code §22526).

Modifications to the District structure could include, but are not limited to, substantial changes or expansion of the Improvements provided, substantial changes in the service provided, modifications or restructuring of the District including annexation or detachment of specific parcels, revisions in the method of apportionment, or proposed new or increased assessments.

The assessment proceeds will be exclusively used for Improvements within the District plus incidental expenses.

FISCAL YEAR 2019-20 ESTIMATE OF COST AND BUDGET

BUDGET FOR FISCAL YEAR 2019-20

The 1972 Act provides that the total costs for providing the maintenance and servicing of the District Improvements and facilities can be recovered in the assessment spread including incidental expenses. The latter can include engineering fees, legal fees, printing, mailing, postage, publishing and all other costs identified with the District proceedings.

An estimate of District costs for fiscal year 2019-20 for the maintenance and servicing of the Improvements is provided below.

TABLE 1: FY 2019-20 ESTIMATE OF COSTS

Expenditure Item		Amount
Salaries & Benefits		$ 21,801
Operating Expenses		
Advertising		5,000
Utilities		139,686
Maintenance of Grounds/Buildings		34,500
Professional Services		5,500
Contract Services		
Landscape Maintenance		208,476
Tree Maintenance		24,280
Weed/Pest Abatement		41,000
Capital Improvements		-
Estimated Expenditures		$ 480,243
Contingencies/Reserves	5%	24,012
Estimated Expenditures		$ 504,255
Revenue Item		**Amount**
Direct Benefit Assessments		$ 470,859
Carryover from Fund Balance		0
General Fund Contribution	6.62%	33,396
Estimated Revenues [1]		$ 504,255

1. The Act requires that proceeds from the assessments must be deposited into a special fund that has been set up for the revenues and expenditures of the District. Moreover, funds raised by the assessment shall be used only for the purposes stated within this Report. Any balance remaining at the end of the Fiscal Year, June 30, must be carried over to the next Fiscal Year. The District may also establish a reserve fund for contingencies and special projects as well as a capital improvement fund for accumulating funds for larger capital improvement projects or capital renovation needs. Any remaining balance would either be placed in the reserve fund or would be used to reduce future years' assessments.

Table 2 below shows how the assessment rates are determined including the estimated number of single-family equivalents ("SFE") and how the costs of improvements are allocated to parcels in the various benefit zones as defined later in this Report.

TABLE 2: ASSESSMENT RATE DETERMINATION

Single-Family Equivalents	Parcels	SFE factor	SFEs
Zone A	176	100%	176.00
Zone B	969	98%	944.78
Zone C	99	93%	91.58
Elementary School	1	--	3.12
Total	1245		1,215.47

Budget Allocation to Parcels	Amount
Total Assessment Budget	$ 470,859
Total SFEs	1,215.47
Assessment per SFE [2]	$ 387.39
Zone A Assessment Rate	$ 387.39
Zone B Assessment Rate	$ 377.70
Zone C Assessment Rate	$ 358.34
Elementary School Assessment Rate	$ 1,207.65

2. The rate shown here is for a single-family home or its equivalent. For the definition of the term SFE and rates for other types of property, see the section titled, "Method of Assessment Apportionment" and the sections following it in this report.

METHOD OF ASSESSMENT APPORTIONMENT

METHOD OF APPORTIONMENT

This section of the Engineer's Report explains the benefits to be derived from the Improvements and the methodology used to apportion the total assessment to properties within the District.

The District consists of certain assessor parcels within the boundaries as defined by the Assessment Diagram referenced in this report and the parcels identified by the Assessor Parcel Numbers listed with the levy roll. The parcel list includes all privately and publicly owned parcels as shown. The method used for apportioning the Assessment is based upon the relative special benefits to be derived by the properties in the District over and above general benefits conferred on real property or to the public at large. The Assessment is apportioned to lots and parcels in proportion to the relative special benefit from the Improvements. The apportionment of special benefit is a two-step process: the first step is to identify the types of special benefit arising from the Improvements and the second step is to allocate the Assessments to property based on the estimated relative special benefit for each type of property.

DISCUSSION OF BENEFIT

In summary, the Assessments can only be levied based on the special benefit to property. This benefit is received by property over and above any general benefits. With reference to the requirements for assessments, Section 22573 of the Landscaping and Lighting Act of 1972 states:

> *"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."*

Proposition 218, as codified in Article XIIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property and that the value of the special benefits must exceed the cost of the assessment:

> *"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

The following benefit categories summarize the types of special benefit to residential, commercial, industrial and other lots and parcels resulting from the Improvements to be provided with the assessment proceeds. These types of special benefit are summarized as follows:

A. Proximity and access to Improved Landscaped Areas and Other Public Improvements within the District.
B. Improved Views within the District.
C. Extension of a property's outdoor areas and green spaces for properties within close proximity to the Improvements.
D. Safety and Security within the District
E. Creation of individual lots for residential use that, in absence of the Assessments, would not have been created.

In this case, the recent SVTA v. SCCOSA decision provides enhanced clarity to the definitions of special benefits to properties from similar improvements in three distinct areas:

- Proximity
- Expanded or improved access
- Views

The SVTA v. SCCOSA decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The SVTA v. SCCOSA decision also provides specific guidance that park improvements are a direct advantage and special benefit to property that is proximate to a park that is improved by an assessment:

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

Proximity, improved access and views, in addition to the other special benefits listed herein further strengthen the basis of these assessments.

Moreover, the Dahms decision further clarified that certain services and improvements funded by assessments, that are over and above what otherwise would be provided and that other property in general and the public do not share or receive are 100% special benefit. The assessment-funded services upheld by Dahms included streetscape maintenance and security services.

SPECIAL BENEFIT

SCI assessment engineers have identified the following special benefits:

PROXIMITY AND ACCESS TO IMPROVED LANDSCAPED AREAS WITHIN THE DISTRICT

Only the specific properties within close proximity to the Improvements are included in the District. The District has been narrowly drawn to include the properties that receive special benefits from the Improvements. Therefore, property in the District enjoys unique and

valuable proximity and access to the Improvements that the public at large and property outside the District do not share.

In absence of the Assessments, the Improvements would not be provided, and the public improvements funded in the District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the Assessments provide Improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate into special benefits but when combined with the unique proximity and access enjoyed by parcels in the District, they provide a direct advantage and special benefit to property in the District.

IMPROVED VIEWS WITHIN THE ASSESSMENT DISTRICT

The City, by maintaining permanent public improvements funded by the Assessments in the District, provides improved views to properties in the District. The properties in the District enjoy close and unique proximity, access and views of the specific Improvements funded in the District; therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the District.

EXTENSION OF A PROPERTY'S OUTDOOR AREAS AND GREEN SPACES FOR PROPERTIES WITHIN CLOSE PROXIMITY TO THE IMPROVEMENTS

In large part because it is cost prohibitive to provide large open land areas on property in the District, the residential, commercial and other benefiting properties in the District do not have large outdoor areas and green spaces. The Improvements within the District provide additional outdoor areas that serve as an effective extension of the land area for proximate properties because the Improvements are uniquely proximate and accessible to property in close proximity to the Improvements. The Improvements, therefore, provide an important, valuable and desirable extension of usable land area for the direct advantage and special benefit of properties in the District because such properties have uniquely good and close proximity to the Improvements.

SAFETY AND SECURITY WITHIN THE ASSESSMENT DISTRICT

The City, through proper installation, maintenance and servicing of public and private improvements funded by the Assessments in the District, provides increased security and safety by preventing crime and suppressing fire. For parks and recreation Improvements, proper lighting and well-kept landscapes help to deter crime and vandalism. Other landscaped area activities such as slope maintenance and brush clearing provide critical fire suppression.

CREATION OF INDIVIDUAL LOTS FOR RESIDENTIAL USE THAT, IN ABSENCE OF THE ASSESSMENTS, WOULD NOT HAVE BEEN CREATED

In the District, the original owner/developer(s) of the property within the District agreed unanimously to the Assessments. The Assessments provide the necessary funding for improvements that were required as a condition of development and subdivision approval. Therefore, such Assessments allowed the original property to be subdivided and for

development of the parcels to occur. As parcels were sold, new owners were informed of the Assessments through the title reports, and in some cases, through Department of Real Estate "White Paper" reports that the parcels were subject to assessment. Purchase of property was also an "agreement" to pay the Assessment. Therefore, in absence of the Assessments, the lots within most of the District would not have been created. These parcels, and the improvements that were constructed on the parcels, receive direct advantage and special benefit from the Assessments.

SUMMARY OF RELATIVE WEIGHT OF BENEFIT FACTORS

A solid argument could be made that the Creation of Individual Lots benefit comprises 100% of the benefit because the Improvements were incorporated into the original planning and design of the subdivision, and thus were deemed to be necessary and required for the development of the lot. Without those Improvements and associated benefit, the lots would not have been created in the first place. Nevertheless, four other definitive benefits accruing to the parcels within the District are identified, and an allowance should be made within the overall relative importance of benefits. The relative benefit level of the five identified benefits used in this Report is shown below.

Benefit Category	Relative Weight
Proximity & Access	10%
Views	10%
Outdoor Area Extension	10%
Safety & Security	10%
Creation of Lots	60%
TOTAL Benefit	100%

GENERAL VERSUS SPECIAL BENEFIT

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

In other words:

Total Benefit = General Benefit + Special Benefit

There is no widely accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. SVTA vs. SCCOSA provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

In this Report, the general benefit is liberally estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

The starting point for evaluating general and special benefits is the current, baseline level of service. The Assessment will fund Improvements "over and above" this general, baseline level and the general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

General Benefit	=	Benefit to Real Property Outside the Assessment District	+	Benefit to Real Property Inside the Assessment District that is Indirect and Derivative	+	Benefit to the Public at Large

Special benefit, on the other hand, is defined in the state constitution as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The SVTA v. SCCOSA decision indicates that a special benefit is conferred to a property if it "receives a direct advantage from the improvement (e.g., proximity to a park)." In these Assessments, as noted, properties in the District have close and unique proximity, views and access to the Improvements and uniquely improved desirability from the Improvements and other properties and the public at large do not receive significant benefits because they do not have proximity, access or views of the Improvements. Therefore, the overwhelming proportion of the benefits conferred to property is special and is only minimally received by property outside the Districts or the public at large.

BENEFIT FINDING

QUANTIFICATION OF GENERAL BENEFIT

In this section, the general benefit from landscaping and other types of Improvements is liberally estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICTS

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

benefit is conferred to properties outside the District boundaries, it contributes to the overall general benefit calculation and will not be funded by the Assessments. The general benefit to property outside of the District is calculated with the parcel and data analysis performed by SCI Consulting Group.

Since certain properties outside the District enjoy close proximity and access to the Improvements cannot be assessed by the District, this is a form of general benefit to other property. There are eight parcels outside the District that lie within a half mile travel distance of one of mini parks within the District. In addition, there are 79 parcels outside the District that are directly adjacent to areas where brush clearing activity is performed by the District. The benefits conferred to these properties do not include the Lot Creation benefit factor, therefore the benefit is reduced by 60%. The general benefit to property outside of the District is calculated as follows.

Assumptions:

87 Parcels Outside District
1,245 Parcels In the District
40% Benefit Factor

Calculation:

General Benefit to Property Ouside the District

$$\frac{87}{87 + 1{,}245} \times 40\% = \mathbf{2.61\%}$$

BENEFIT TO PROPERTY *INSIDE* THE ASSESSMENT DISTRICTS THAT IS *INDIRECT AND DERIVATIVE*

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

Nevertheless, the SVTA vs. SCCOSA decision indicates there may be general benefit "conferred on real property located in the district" A measure of the general benefits to property within the Assessment area is the percentage of land area within or directly abutting the District that is publicly owned and used for regional purposes such as regional parks, major roads, rail lines and other regional facilities because such properties used for regional purposes could provide indirect benefits to the public at large. Approximately 1.51% of the land area in the District is used for such regional purposes, so this is a measure of the general benefits to property within the District.

BENEFIT TO THE PUBLIC AT LARGE

The general benefit to the public at large can be estimated by the proportionate amount of time that the District's Improvements are used and enjoyed by individuals who are not

residents, employees, customers or property owners in the District. There are two ways in which the public at large can enjoy the improvements, with each counting for half of the general benefit: use of parks, and pass-by trips where landscaped areas can be viewed. In the case of the mini parks that serve primarily the neighborhood, City staff estimate that approximately 10% of the users do not live, work or own property in the District. The general landscape improvements are typically along slopes and open space areas, out of view of the general public; no general benefit is conferred for views of landscaping. Finally, the general benefits conferred to the public at large does not include the benefit of lot creation, so this benefit is further reduced by half. Therefore, we find that ((50% of 10%) x 50% =) 2.50% of the benefits from the Improvements are general benefits to the public at large.

TOTAL GENERAL BENEFITS

Using a sum of these three measures of general benefit, we find that approximately 6.62% of the benefits conferred by the Improvements may be general in nature and should be funded by sources other than the assessment.

Landscaping General Benefit Calculation	
2.61%	*Outside the District*
1.51%	*Inside the District*
2.50%	*Public At Large*
6.62%	*Total General Benefit*

ZONES OF BENEFIT

The boundaries of the District were developed in conjunction and concurrent with the planning and design of the subdivisions and Improvements, and thus include only the properties in the City of Diamond Bar that are proximate to the Improvements and that would materially benefit from the Improvements. Certain other properties surrounding the District were not part of the designed association between the Improvements and the assessed areas and are generally less proximate to the Improvements. In other words, the boundaries of the District have been narrowly drawn to include only properties that will specially benefit from the Improvements and would receive a declining level of service if the Assessments were not approved.

The SVTA decision indicates:

> *In a well-drawn district — limited to only parcels receiving special benefits from the improvement — every parcel within that district receives a shared special benefit. Under section 2, subdivision (i), these benefits can be construed as being general benefits since they are not "particular and distinct" and are not "over and above" the benefits received by other properties "located in the district."*

> *We do not believe that the voters intended to invalidate an assessment district that is narrowly drawn to include only properties directly benefiting from an improvement. Indeed, the ballot materials reflect otherwise. Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district's property values).*

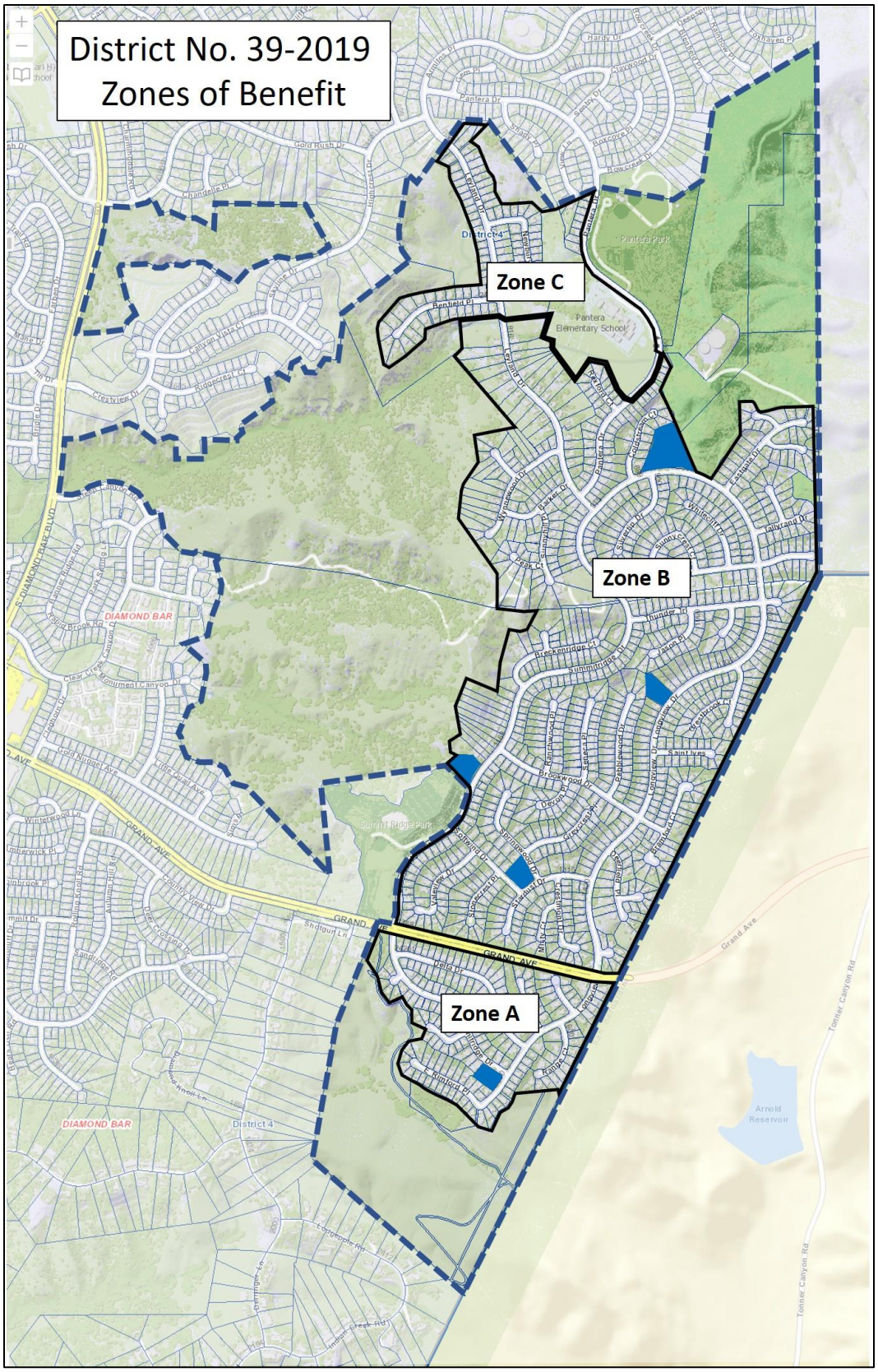
In the District, the benefit that each parcel receives from the Improvements is direct, and the boundaries are narrowly drawn to include only parcels that benefit from the Assessment. However, proximity to the improvements varies somewhat within the District. In order to most conservatively assure that Assessments are proportional to the relative benefits in the District, three zones have been created:

A. In the area south of Grand Avenue the concentration of landscaped areas (brush and slopes) as well as mini parks is the greatest.
B. In the area north of Grand Avenue but south of Pantera Park there is less concentration of landscaped slopes and brush-cleared areas, but still a high concentration of mini parks.
C. In the area around and north of Pantera Park there is less concentration of landscaped slopes and brush-cleared areas and no mini parks within a half mile.

Based on the varying characteristics of these three distinct zones, each of the five benefit categories have been assigned a benefit factor to estimate the overall relative benefit. Using Zone A as the benchmark (100%), the other two zones derive less benefit due to the proximity of relatively fewer improvements. This estimation is summarized below.

Benefit Category	Weight	Zone A		Zone B		Zone C	
		Factor	Benefit	Factor	Benefit	Factor	Benefit
Proximity & Access	10%	100%	10.0%	75%	7.5%	75%	7.5%
Views	10%	100%	10.0%	100%	10.0%	75%	7.5%
Outdoor Area Ext.	10%	100%	10.0%	100%	10.0%	75%	7.5%
Safety & Security	10%	100%	10.0%	100%	10.0%	100%	10.0%
Creation of Lots	60%	100%	60.0%	100%	60.0%	100%	60.0%
Relative Benefit			100%		98%		93%

A map of these zones is shown on the following page.


District No. 39-2019
Zones of Benefit
Zone C
Zone B
Zone A
Pantera Park
Pantera Elementary School
Summit Ridge Park
DIAMOND BAR
GRAND AVE
District 4
Arnold Reservoir
Tonner Canyon Rd

METHOD OF APPORTIONMENT

As previously discussed, the proposed Assessments will provide comprehensive Improvements that will clearly confer special benefits to properties in the proposed District. The allocation of special benefits to property is partially based on the type of property and the size of property. These benefits can also partially be measured by the occupants on property in the District because such parcel population density is a measure of the relative benefit a parcel receives from the Improvements. It should be noted that many other types of "traditional" assessments also use parcel population densities to apportion the Assessments. For example, the assessments for sewer systems, roads and water systems are typically allocated based on the population density of the parcels assessed. Therefore, the apportionment of benefit is reasonably based on the type of parcel, the size of parcels and the population density of parcels.

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

RESIDENTIAL PROPERTIES

In the District, there is only one type of residential property present: the single-family home. Other types of residential property, such as multifamily, apartments and condominiums, are not present. Furthermore, the property in the District is fully developed, has been stable since its original development in the late 1980s, and is zoned such that a change in that dominate land use is not expected in the future. As a result, there is no need for a detailed analysis of population densities to determine relative benefit for other types of residential properties. Each single-family residential property is assigned one SFE.

VACANT/UNDEVELOPED PROPERTIES

While there are currently no vacant or undeveloped properties in the District, the following discussion is included in the event that properties become vacant in the future.

The benefit to undeveloped properties is determined to be proportional to the corresponding benefits for similar type developed properties, but at a lower rate due to the lack of improvements on the property. A measure of the benefits accruing to the underlying land is the average value of land in relation to Improvements for developed property. An analysis of the assessed valuation data from the City of Diamond Bar found that approximately 45% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 45% of the benefits are related to the underlying

land and 55% are related to the improvements and the day-to-day use of the property. Using this ratio, the SFE factor for vacant/undeveloped parcels is 0.45 per parcel.

OTHER PROPERTY TYPES

Notwithstanding the foregoing discussion, there are four other types of property uses to be considered: School, municipal park, water utility, and open space. These are discussed below.

School Property: Pantera Elementary School lies within the District and may derive some benefit from the Improvements. To determine the SFE for the school parcel, its benefits are compared to that of a single-family residence (one SFE). Considering the five benefit categories, it is determined that the School would derive no benefit from proximity, views, extension of outside areas, or creation of lots. The only benefit it would derive would be in the category of safety and security, which accounts for 10% of the benefit. Further, the daily population of the School is estimated to be approximately 400 while the population of a single-family home would be 3.42 according to the most recent census data. However, while a single-family home benefits from the improvements at all times, the school benefits only during occupied hours. A single-family home accrues 8,760 hours in a year, while the school accrues 2,335 hours. The calculation at the right shows the product of those quantities for both the school and a single-family residence with the result being 3.12 SFE for the school parcel.

	SFR	School
Benefit	100%	10%
Population	3.42	400
Hours / year	8,760	2,335
Product	29,959	93,395
SFE	1	3.12

Municipal Park: Pantera Park lies partly within the District. However, all benefits that may be derived from the improvements are included in the General Benefits calculation noted earlier. Therefore, the park accrues no further special benefit and is not assessed a fee.

Water Utility: The Walnut Valley Water District owns a parcel with two water tanks used to supply water for domestic use and fire protection. This property has no people stationed on-site and derives no benefit in any category. Therefore, it is not assessed a fee.

Open Space: The open space parcels that lie within the District are part of the improvements (views, safety & security, etc.) Therefore, these parcels are not assessed a fee.

ANNUAL COST INDEXING

The assessment shall be subject to an adjustment up to a cap of 3% annually, which adjustment shall be based upon actual costs, including any reasonable reserves, supported by an Engineer's Report prepared in accordance with Article XIIID of the California Constitution. If the Engineer's Report does not support an increase or supports a reduction in the assessment, then the assessment shall not be increased or shall be lowered as applicable.

DURATION OF ASSESSMENT

It is proposed that the Assessments, if approved by property owners, will be continued every year after their formation, so long as the public Improvements need to be maintained and improved, and the City requires funding from the Assessments for these Improvements in the District. As noted previously, the Assessment can continue to be levied annually after the City Council approves an annually updated Engineer's Report, budget for the Assessment, Improvements to be provided, and other specifics of the Assessment. In addition, the City Council must hold an annual public hearing to continue the Assessment.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the Assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment may file a written appeal with the City of Diamond Bar City Manager or his or her designee. Any such appeal is limited to correction of an Assessment during the then-current Fiscal Year and applicable law. Upon the filing of any such appeal, the City Manager or his or her designee will promptly review the appeal and any information provided by the property owner. If the City Manager or his or her designee finds that the Assessment should be modified, the appropriate changes shall be made to the Assessment Roll. If any such changes are approved after the Assessment Roll has been filed with the County for collection, the City Manager or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the City Manager or his or her designee shall be referred to the Diamond Bar City Council, and the decision of the City Council shall be final.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE DISTRICT AREA

The net available Assessment funds, after incidental, administrative, financing and other costs shall be expended exclusively for Improvements within the boundaries of the District or as described herein, and appropriate incidental and administrative costs as defined in the Plans and Specifications section.

ASSESSMENT

WHEREAS, the City of Diamond Bar directed the undersigned engineer of Work to prepare and file a report presenting an estimate of costs, a Diagram for the District and an assessment of the estimated costs of the Improvements upon all assessable parcels within the District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under the Act, Article XIIID of the California Constitution, and the order of the City of Diamond Bar City Council, hereby makes the following Assessment to cover the portion of the estimated cost of the Improvements, and the costs and expenses incidental thereto to be paid by the District.

The amount to be paid for said Improvements and the expense incidental thereto, to be paid by the District for the Fiscal Year 2019-20 is generally as follows:

TABLE 3: FY 2019-20 SUMMARY COST ESTIMATE

Salaries & Benefits	$ 21,801
Operating Expenses & Services	458,442
Capital Expenses / Reserves	24,012
Total for Services	$ 504,255
Less General Fund Contribution	(33,396)
Less Carryover	0
Net Amount to Assessments	$ 470,859

As required by the Act, an Assessment Diagram of the District is hereto attached and incorporated herein by reference. The distinctive number of each parcel or lot of land in the District is its Assessor Parcel Number appearing on the Assessment Roll.

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

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

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Los Angeles for the Fiscal Year

2019-20. For a more particular description of the property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County.

I hereby will place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the Fiscal Year 2019-20 for each parcel or lot of land within the District.

Dated: May 15, 2019

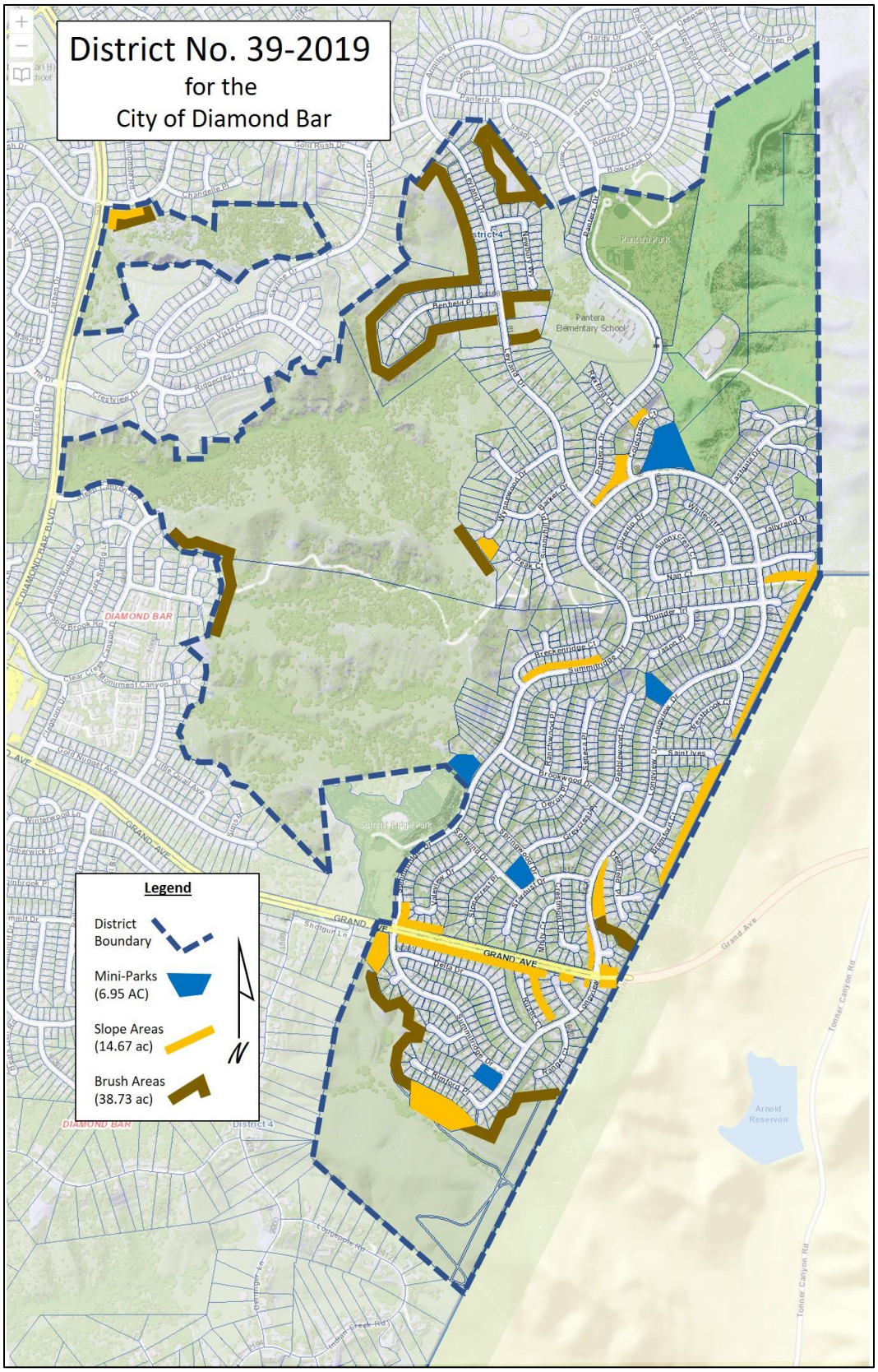
Engineer of Work

By_____

Jerry Bradshaw, License No. C48845

ASSESSMENT DIAGRAM

The District boundary and the parcels to be assessed in Landscaping Assessment District No. 39-2019 are shown on the Assessment Diagram, which is on file with the City Clerk of the City of Diamond Bar and includes all those properties included in the original formation of the District and subsequent annexations. The following Assessment Diagram is for general location only and is not to be considered the official boundary map. The lines and dimensions of each lot or parcel within the District are those lines and dimensions as shown on the maps of the Assessor of the County of Los Angeles, for Fiscal Year 2019-20, and are incorporated herein by reference, and made a part of this Diagram and this Report.


District No. 39-2019
for the
City of Diamond Bar
Legend
District Boundary
Mini-Parks (6.95 AC)
Slope Areas (14.67 ac)
Brush Areas (38.73 ac)
N
Pantera Park
Pantera Elementary School
Summit Ridge Park
Arnold Reservoir
DIAMOND BAR
GRAND AVE
District 4

ASSESSMENT ROLL

An Assessment Roll (a listing of all parcels assessed within the District and the amount of the Assessment) will be filed with the City Clerk and is, by reference, made part of this Report and is available for public inspection during normal office hours at the City Hall at 21810 Copley Drive, 2nd floor, Diamond Bar, California 91765.

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