

# ENGINEER'S REPORT COUNTY SERVICE AREA No. 10 BENEFIT ZONE No. 3

## COUNTY OF SACRAMENTO



## THIRD ADMINISTRATIVE DRAFT NOVEMBER 21, 2005



### *Oakland Office*

1700 Broadway  
6<sup>th</sup> Floor  
Oakland, CA 94612  
Tel: (510) 832-0899  
Fax: (510) 832-0898

Temecula, CA  
Sacramento, CA  
Lancaster, CA

Phoenix, AZ  
Jacksonville, FL  
Seattle, WA

[www.muni.com](http://www.muni.com)

**ENGINEER'S REPORT AFFIDAVIT**  
**Establishment of Annual Residential and Nonresidential Charges for**  
**Benefit Zone No. 3 in County Service Area No. 10**

---

*Benefit Zone No. 3 of County Service Area No. 10 includes all of the parcels located within the  
Vineyard Station Specific Plan, County of Sacramento, State of California.*

This Report and the enclosed diagrams shows the exterior boundaries of the County Service Area, its Sphere of influence; any relevant zones therein. Reference is hereby made to the Sacramento County Assessor's maps for a detailed description of the lines and dimensions of parcels within the County Service Area. The undersigned respectfully submits the enclosed Report as directed by the Board of Supervisors.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

MuniFinancial  
District Engineer  
On Behalf of the County of Sacramento

By: \_\_\_\_\_

Joshua Polston, AICP  
Senior Consultant

By: \_\_\_\_\_

Richard Kopecky  
District Engineer  
R. C. E. # 16742

## TABLE OF CONTENTS

---

<b>Executive Summary</b> .....	<b>ii</b>
A. Introduction.....	ii
B. Report Organization.....	ii
C. Overview.....	iii
<b>Part I: Plans and Specifications</b> .....	<b>1</b>
A. Description of Benefit Zone No. 3 .....	1
<b>Part II: Method of Apportionment</b> .....	<b>4</b>
A. General.....	4
B. Methodology .....	4
C. Estimated Annual Revenue .....	11
D. Formula for Inflating the Charge .....	12
E. Adoption Proceedings.....	13
<b>Part III: Benefit Zone No. 3 Budget</b> .....	<b>14</b>
A. Benefit Zone No. 3 Budget.....	14
B. Description of Budget Items.....	15
<b>Part IV: County Service Area and Benefit Zone No. 3 Diagrams</b> .....	<b>16</b>
<b>Part V: Charge Roll</b> .....	<b>18</b>

## **EXECUTIVE SUMMARY**

---

### **A. Introduction**

Pursuant to the provisions of the County Service Area law of the California General Government Code (§25210 et seq.), and in compliance with the substantive and procedural requirements of the California State Constitution Article XIID (hereafter referred to as the “Constitution”), this report was prepared at the request of the Board of Supervisors of the County of Sacramento, State of California (hereafter referred to as “County”), in connection with proceedings to impose an annual charge within

#### **Benefit Zone No. 3**

of

#### **County Service Area No. 10**

that includes all of the parcels of land within the North Vineyard Station Specific Plan approved by County of Sacramento Resolution No. 98-1338 and further described in County of Sacramento Ordinance No. SZC 98-0039.

MuniFinancial submits this Engineer’s Report (hereafter referred to as the “Report”) for the levy and collection of annual charges in Benefit Zone No. 3 commencing in fiscal year 2006-07.

The formation of Benefit Zone No. 3, including its structure (organization), proposed services, and method of apportionment and charges that are described in this Report are based on current development and improvement plans including all estimated direct expenditures, incidental expenses, and reserves associated with the extended services. These detailed plans and specifications approved by the County are made part of this report by reference.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own number by the Sacramento County Assessor’s Office. The Sacramento County Auditor/Controller uses these numbers to identify properties to be charged on the tax roll for special district charges, including the Benefit Zone No. 3 charges described in this Report.

### **B. Report Organization**

This report consists of the following five (5) parts.

## **Part I: Plans and Specifications**

This part describes the properties included in, and the proposed extended services to be provided by Benefit Zone No. 3.

## **Part II: The Method of Apportionment**

This part describes for Benefit Zone No. 3 the method of calculating each parcel's annual charge based on the parcel's proportional cost of service. The proposed initial maximum charge per unit and inflator formula (to be approved by property owners) for fiscal year 2006-07 is based on current property development plans and estimated annual costs associated with all extended services at build out of Benefit Zone No. 3. The charges for services for all subsequent years shall be based on the estimated annual cost of operation and maintenance of extended services for the first fiscal year (2006-07). An inflator formula described herein shall adjust this maximum charge annually in subsequent years to maintain service levels.

## **Part III: Benefit Zone No. 3 Budget**

This part provides a budget to provide extended services to developed properties within Benefit Zone No. 3 based on an estimated absorption rate of development within the Zone.

## **Part IV: CSA Diagrams**

This part provides a diagram showing the exterior boundaries of Benefit Zone No. 3. Reference is hereby made to the Sacramento County Assessor's maps for a detailed description of the lines and dimensions of each parcel within Benefit Zone No. 3.

## **Part V: Charge Roll**

This part provides a listing of the proposed parcels to be included in Benefit Zone No. 3.

## **C. Overview**

### **Purpose of Benefit Zone No. 3**

The purpose of Benefit Zone No. 3 is to extend certain transportation-related services to developing areas, as described below. Extended services would be funded by a property related charge pursuant to the Constitution Article XIID, Section 6. The formation of Benefit Zone No. 3 fulfills certain conditions of development stipulated in the North Vineyard Station Specific Plan's AQ-15 Air Quality Plan and required in the zoning approvals for the Vineyard Creek and Vineyard Point subdivisions (by Ordinance Nos. SZC 2004-0022 and SZC 2004-0023, respectively) and all subsequent development projects within the Specific Plan.

Benefit Zone No. 3 charges for residential and nonresidential development will fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors. The Board may maintain such service charge and increase funding for other supplemental transportation services. Supplemental transportation services may include the following:

- ◆ Transit Shuttle – shuttle for residents and/or employees between residential areas, employment centers, shopping and service centers and light rail stations and/or other public transit options;
- ◆ Guaranteed Ride Home – free taxi rides and rental cars for ride sharers in case of an emergency;
- ◆ Transit Subsidies – financial assistance to encourage residents and employees to use transit or other alternative transportation measures;
- ◆ Transportation Plans for employers and/or resident groups – plans which guide employers and resident groups on the implementation of trip reduction programs, such as ride share matching or other similar programs;
- ◆ Education Programs – various programs such as education of transit options, home office set up, and alternative commute opportunities;
- ◆ Infrastructure Support – additional bike racks and lockers, transportation alternative and ride share informational boards/kiosks, and transit facilities;
- ◆ Transportation Coordinator Training and Support – instruction in mobility (transportation alternatives) for residential groups and work site coordinators;
- ◆ Bicycle and Alternative Fuel Vehicle Incentives – incentives for purchasing new bicycles or alternative fuel vehicles.

## Adoption Proceedings

Formation of Benefit Zone No. 3 requires approval by the property owners within the Benefit Zone boundaries. As allowed by the Constitution Article XIID, Section 6c, the County is choosing to use mailed ballot election procedures under Constitution Article XIID, Section 4. Levy of the Benefit Zone No. 3 charge would occur as follows:

- ◆ The County notices all property owners within Benefit Zone No. 3 and holds a public hearing and mailed protest ballot proceeding on imposition of a charge in Benefit Zone No. 3. Notices and protest ballots are sent to the owner of record in Benefit Zone No. 3 as it appears on the last County equalized property tax roll at least 45 days before the hearing.
- ◆ If a majority of protest ballots returned do not protest the charge and inflator formula described in this report, with each protest ballot weighted by the amount of the charge for that parcel, then the County:
  - Approves this Engineer's Report (as submitted or amended);

- Imposes up to the maximum allowable charge in Benefit Zone No. 3 in the following fiscal year (fiscal year 2006-07) by including the charge on the property tax roll and approving a budget for the fiscal year; and
- Increases the charge in subsequent fiscal years up to the amount allowed by the inflator formula described in this report and approving a budget for each fiscal year.

## **PART I: PLANS AND SPECIFICATIONS**

---

This part describes the properties included in Benefit Zone No. 3. This part also describes the proposed extended services to be provided by Benefit Zone No. 3.

### **A. Description of Benefit Zone No. 3**

#### **Boundaries**

Benefit Zone No. 3 consist of all the following parcels located in the Vineyard Station Specific Plan:

Benefit Zone No. 3 is an irregular shape that covers the Vineyard Station Specific Plan. The Vineyard Station Specific Plan is generally located:

- ◆ South of Florin Road
- ◆ North of Gerber Road;
- ◆ East of Elder Creek; and
- ◆ West of Vineyard Road.

Please refer to the map shown in Part IV.

#### **General Description of Services**

Benefit Zone No. 3 will provide a funding mechanism through an annual charge on all parcels for transit shuttle and other supplemental transportation services described below. Benefit Zone No. 3 will provide supplemental transportation services to both residential and nonresidential development within the North Vineyard Station Specific Plan. The formation of Benefit Zone No. 3 fulfills certain conditions of development stipulated in the North Vineyard Station Specific Plan's AQ-15 Air Quality Plan and required in the zoning approvals for the Vineyard Creek and Vineyard Point subdivisions (by Ordinance Nos. SZC 2004-0022 and SZC 2004-0023, respectively) and all subsequent development projects within the Specific Plan. In particular, Benefit Zone No. 3 is designed to support implementation of the following zoning condition:

Prior to the issuance of any building permit, the property owner shall participate in a County Service Area (CSA), or equivalent financing mechanism to the satisfaction of the Board of Supervisors, for the purpose of funding a variety of transportation demand management (TDM) services to implement an overall TDM strategy that will contribute to the goal of reducing vehicle trips. The purpose of this CSA, or equivalent financing mechanism, is to fund programs and services to implement trip reduction measures that improve mobility and



coincidentally reduce air quality impacts. Such programs and services may include but are not limited to:

- ◆ On-site transportation coordinators and education outreach
- ◆ Incentives for alternative mode use such as transit subsidies, guaranteed ride home programs, and bicycles purchase subsidies
- ◆ Programs encouraging people to work close to where they live
- ◆ Grade school trip pool programs
- ◆ Transit shuttle system

Any component of the trip reduction strategy implemented through the CSA or equivalent financing mechanism may be revised or discontinued if it is proven to be ineffective. Additional programs and services may be implemented as appropriate to assist in achieving the targeted reduction in daily vehicle trips. In the event the property owners fail to approve either the formation of the CSA or the property assessment for such CSA, no building permits shall be issued. In no event shall any owner of land within the project enter into any home sale agreement prior to formation of such CSA. For purposes of this condition, the term "formation" shall mean the completion of formation proceedings as required by Proposition 218.

The charges for residential and nonresidential development will fund transit shuttle services and/or other supplemental transportation services indefinitely as determined appropriate by the County Board of Supervisors. Supplemental transportation services may include the following:

- ◆ Transit Shuttle – shuttle for residents and/or employees between residential areas, employment centers, shopping and service centers and light rail stations and/or other public transit options;
- ◆ Guaranteed Ride Home – free taxi rides and rental cars for ride sharers in case of an emergency;
- ◆ Transit Subsidies – financial assistance to encourage residents and employees to use transit or other alternative transportation measures;
- ◆ Transportation Plans for employers and/or resident groups – plans which guide employers and resident groups on the implementation of trip reduction programs, such as ride share matching or other similar programs;
- ◆ Education Programs – various programs such as education of transit options, home office set up, alternative commute opportunities;
- ◆ Infrastructure Support – additional bike racks and lockers, transportation alternative and ride share informational boards/kiosks, and transit facilities;

- ◆ Transportation Coordinator Training and Support – instruction in mobility (transportation alternatives) for residential groups and work site coordinators;
- ◆ Bicycle and Alternative Fuel Vehicle Incentives – incentives for purchasing new bicycles or alternative fuel vehicles.

## **PART II: METHOD OF APPORTIONMENT**

---

### **A. General**

County Service Area law (Government Code Section 25210 et seq) permits a County Board of Supervisors to levy or collect a tax or charge in any CSA or zone within a CSA to fund any one or more of the services mentioned in Part I, above. The Board of Supervisors may also levy and collect taxes or charges for capital outlay purposes within a CSA, for the accumulation for a reserve fund for capital outlay purposes, and for any appropriation for contingencies to be used for expenses for maintenance and operation of any services.

The estimated annual cost to provide service within the CSA shall be allocated to each parcel in proportion to the cost of services attributable to each parcel. The method of apportionment shall utilize commonly accepted engineering practices that have been established pursuant to the County Service Area law and the Constitution.

The remainder of this part describes the methodology, estimated annual revenue, and inflator formula for the charge to be levied in Benefit Zone No. 3.

### **B. Methodology**

The methodology to determine the Benefit Zone No. 3 charge for each parcel complies with County Service Area law and the Constitution Article XIID, Section 6. The charge is for a property-related service as defined in Article XIID. These services will be used by or immediately available to all parcels included in Benefit Zone No. 3. The charge was calculated using a methodology that ensures that (1) the total revenue generated by the charge does not exceed the cost of providing the services to be funded by Benefit Zone No. 3, and (2) the charge on each parcel does not exceed the proportional cost of the services attributable to that parcel. The revenues generated by the charge will only be used to fund the services provided by Benefit Zone No. 3.

#### **Level of Service**

The level of service identified for Benefit Zone No. 3 is based on the level of service identified in user surveys conducted by the North Natomas Transportation Management Authority (NNTMA). The NNTMA provides an appropriate comparison for the North Vineyard Station Specific Plan because:

- ◆ The North Vineyard Station Specific Plan includes both residential and nonresidential land uses and the NNTMA is one of the few transportation

management associations nationally that provides services to both residential and nonresidential development (most provide services only to the latter);

- ◆ Both the NNTMA and the North Vineyard Station Specific Plan are located within the Sacramento region so service demands by residents and businesses are likely to be similar; and
- ◆ While there is little available research on costs for residential trip reduction services, the NNTMA user survey and budget data provide a reasonable basis for achieving the trip reduction goal included in the North Vineyard Station Specific Plan zoning conditions and stated in the last section, above.

Levels of service (and related costs) based on user surveys were used as a basis for the Benefit Zone No. 3 charge, rather than the NNTMA's actual budget because the NNMTA is not currently achieving the trip reduction goals called for in the North Vineyard Station Specific Plan zoning ordinance. The NNMTA is achieving about a 27 percent and 50 percent reduction in peak hour trips for residential and nonresidential land uses, respectively. The North Vineyard Station AQ-15 Plan allocates a 3% credit to the Specific Plan for measure #8 which reads:

The (Specific) Plan area will participate in a Transportation Management Association to create, administer, and finance on-going programs to reduce vehicle trips. The Financing Plan for the (Specific) Plan will include means to fund the TMA.

The level of service identified in NNTMA user surveys was converted into a program budget based on the NNTMA's current *Five-Year Business Plan*. Total management and program expenditures were then divided by projected development within North Natomas to calculate a cost per equivalent dwelling unit (EDU). This cost per EDU is \$80.00 and represents full funding of demand for supplemental transportation services. The current NNTMA charge is about \$30.00 per EDU including all subsidies. The difference represents the level of demand indicated by NNTMA user surveys but unable to be funded by the current NNTMA charge.

The charge would be imposed beginning with the FY 2006-07 tax roll with operations scheduled to begin in late FY 2006-07 or early FY 2007-08. This lag provides for the build up of a contingency fund to finance cash flow needs. The Benefit Zone will need to draw from the fund in the first part of a fiscal year before charge revenues are collected by the County Auditor/Controller in conjunction with property taxes.

The proposed budget for Benefit Zone No. 3 is based on the calculated cost per EDU described above multiplied by the projected number of EDUs within the North Vineyard Station Specific Plan area. At build-out, the budget would provide for annual funding of approximately \$365,00 in constant dollars plus approximately \$34,000 in district administration costs, plus contingency funds (see Table 7), for a total budget of \$451,000.

**Table 1** presents a sample Benefit Zone No. 3 budget for the first five years of operation and for build out. The sample budget roughly parallels the allocation of funds in the NNMTA's *Five-Year Business Plan*. This sample budget should not be viewed as binding in anyway, but rather one possible expenditure scenario. The actual budget

should be guided by the results of market research of North Vineyard Station residents and businesses conducted on a regular basis.

**Table 1: Benefit Zone No. 3 Sample Budget (Excl. District Admin. Costs) (FY 2006-07)**

	2006-7	2007-8	2008-9	2009-10	2010-11	Build Out
<b>Management</b>						
General Administration <sup>1</sup>	\$ 5,200	\$ 12,700	\$ 19,800	\$ 26,900	\$ 36,900	\$ 127,300
Market Research/Survey	800	2,000	3,100	4,200	5,800	20,000
Marketing <sup>2</sup>	4,400	1,000	1,600	2,200	3,000	10,200
Subtotal	\$ 10,400	\$ 15,700	\$ 24,500	\$ 33,300	\$ 45,700	\$ 157,500
<b>Programs</b>						
Community Shuttle	\$ -	\$ 12,150	\$ 19,100	\$ 26,000	\$ 35,650	\$ 122,750
Car Sharing	600	1,450	2,300	3,100	4,250	14,750
Transit Pass Subsidy	1,600	3,100	4,800	6,500	9,000	31,000
Bike Subsidy	1,000	2,500	3,900	5,300	7,300	25,200
Interactive Kiosk	1,300	1,300	2,100	2,800	3,800	13,300
Walk to School	-	100	100	200	200	800
Subtotal	\$ 4,500	\$ 20,600	\$ 32,300	\$ 43,900	\$ 60,200	\$ 207,800
<b>Total Services</b>	<b>\$ 14,900</b>	<b>\$ 36,300</b>	<b>\$ 56,700</b>	<b>\$ 77,100</b>	<b>\$ 106,000</b>	<b>\$ 365,300</b>

Note: Budget excludes district administration costs for County Public Works Agency and County Auditor/Controller costs to place charge on tax roll and collect revenue. Totals may not add due to rounding.

<sup>1</sup> Includes staff and office-related costs. Does not include administrative costs allocable to programs

<sup>2</sup> Includes website, newsletter, brochures, community events, advertising, mobility committee, start-up costs, etc.

Source: North Natomas Transportation Management Association, *Five-Year Business Plan*; MuniFinancial.

## Demand Per Unit of Development

Each land use type is assigned an Equivalent Dwelling Unit (EDU) factor representing the relative demand for services compared to a low density single family unit. Demand for services is measured using vehicle trip generation rates adjusted for trip length and trip purpose (diverted and pass-by trips versus primary trips) by type of land use. Demand is assumed to be generated by developed residential and nonresidential land uses. No demand is associated with undeveloped land and no charge is levied on this land use.

Each parcel's charge is calculated by multiplying the cost per EDU by the amount of development on each parcel. This methodology fairly distributes the total cost for services among all parcels based on each parcel's proportional demand for the services immediately available to that parcel. Each parcel's charge does not exceed the reasonable cost of services to that parcel.

Trip rate adjustment factors are shown in **Table 2**. These factors (1) exclude pass-by trips, and (2) are weighted by the average trip length for that land use compared to the average length of all trips on the system. Pass-by trips are related to stops at points midway between the origin and destination of a trip so these trips do not represent additional demand on the transportation system. Weighting by average trip length also adjusts for the relative demand placed by a trip on the system.

All trip rates and adjustment factors shown in Table 2 are based on a report periodically updated by the San Diego Association of Governments (SANDAG). The SANDAG

data is used for transportation planning in that region and by other agencies throughout California. This data is used in this report because SANDAG has the most comprehensive source of trip rates and trip adjustment factors across all land use types. The SANDAG data is either based on local surveys of trip behavior, or summaries of surveys from around the country collected by the Institute for Transportation Engineers. The SANDAG data has been used because similar data is not available for the Sacramento area.

**Table 2: Trip Rate Adjustment Factor**

	<u>Percent of Total Trips</u>			Average Trip Length	Trip Rate Adjustment Factor
	Primary	Diverted	Total Non-pass-by		
<u>Residential (per dwelling unit) <sup>1</sup></u>					
Single - Family	86%	11%	97%	7.90	1.11
Multi - Family	86%	11%	97%	7.90	1.11
<u>Nonresidential (per acre) <sup>2</sup></u>					
Retail & Service Commercial	47%	31%	78%	3.60	0.41
Office	77%	19%	96%	8.80	1.22

Note: The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the systemwide average trip length of 6.9 miles. Trip percentages and average lengths based on SANDAG data for most closely related land use category (see footnotes and source, below).

<sup>1</sup> Trip percentages and average lengths based on "residential" category from SANDAG (see source, below).

<sup>2</sup> Trip percentages and average lengths for retail commercial based on "community shopping center" category, for business park based on "standard commercial office" category, for light industrial based on "industrial/business park" category, and for commercial recreational based on "theaters (multiplex)" category, from SANDAG (see source, below).

Sources: *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region*; San Diego Association of Governments; April 2002; MuniFinancial.

The EDU factor for each land use is based upon average daily vehicle trips (ADT) per land use type. ADT is used to determine the charge by land use type because vehicle trips are a reasonable measure of demand for the supplemental transportation services immediately available to property owners paying the charge.

The calculation of the EDU factors based on ADT rates is shown in **Table 3**. ADT rates are adjusted by a trip rate adjustment factor before calculating the EDU factor. The adjusted trip rate is normalized to make one dwelling unit of low density residential development equal to one EDU. The demand for all other land use types reflects the demand for service relative to low density residential development.

**Table 3: Equivalent Dwelling Unit Factors**

	Average Daily Trips	Trip Rate Adjustment Factor <sup>1</sup>	Adjusted Average Daily Trip Rate	EDU Factor <sup>2</sup>
<b>Developed Acreage</b>				
<i>Residential (per dwelling unit)</i>				
Single - Family	10	1.11	11.11	1.00
Multi - Family	7	1.11	7.77	0.70
<i>Nonresidential (per acre)</i>				
Retail & Service Commercial	700	0.41	284.87	25.64
Office	200	1.22	244.87	22.04
<b>Undeveloped Acreage</b>				
All Land Uses	-	-	-	-

<sup>1</sup> Adjustment Factor excludes pass-by trips (trips related to points midway between the origin and destination of a trip) and is weighted by the average trip length for that land use compared to the average length of all trips on the system. See Table 3 for further detail.

<sup>2</sup> The EDU Allocation Factor normalizes the Adjusted Average Daily Trip Rate to Low Density equal to 1.0 equivalent dwelling unit (EDU)

Sources: *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Region*; San Diego Association of Governments (SANDAG); April 2002; MuniFinancial.

## Land Use

The total services demanded by development in Benefit Zone No. 3 and the total budget required to fund those services is based on a projection of development. **Table 4** provides an estimate of absorption of proposed development within Benefit Zone No. 3 over the next six years and at build out. The absorption schedule is reasonable based on current development trends and market conditions. Residential development is shown as number of dwelling units constructed. Nonresidential development is shown as number of acres developed. Calculation of the Equivalent Dwelling Unit data shown at the bottom of the table is based on the EDU factors shown in Table 3.

**Table 4: Benefit Zone No. 3 Absorption**

	As of June 30					Remaining	Build Out
	2006	2007	2008	2009	2010		
<u>Vineyard Station Residential (dwelling units)</u>							
Single - Family	236	232	227	227	233	3,283	4,438
Multi - Family	57	57	72	72	72	677	1,007
Total	293	289	299	299	305	3,960	5,445
Cumulative Units	293	582	881	1,180	1,485	3,960	5,445
Cumulative Parcels <sup>1</sup>	238	472	701	931	1,166	3,306	4,472
<u>Nonresidential (acres)</u>							
Retail & Service Commercial	-	-	-	-	-	7	7
Office	-	-	-	-	-	27	27
Total	-	-	-	-	-	34	34
Cumulative Acres	-	-	-	-	-	34	34
Cumulative Parcels <sup>1</sup>	-	-	-	-	-	7	7
<u>Cumulative Equivalent Dwelling Units (EDU)</u>							
Residential							
Single - Family	236	468	695	922	1,155	3,283	4,438
Multi - Family	40	80	130	181	231	379	610
Commercial	-	-	-	-	-	766	766
Total EDU	276	548	825	1,103	1,386	3,662	5,048
Total Parcels	238	472	701	931	1,166	3,313	4,479

<sup>1</sup> For residential assumes 1 unit per parcel for single family and 30 units per parcel for multi-family. For nonresidential assumes an average of 5 acres per parcel.

Note: Totals may not add due to rounding

Sources: Table 2; Sacramento County; MuniFinancial.

For the purposes of this report and for levying the charge in Benefit Zone No. 3, land use definitions are as follows:

- Developed Parcels* All single-family detached residential parcels for which a final map has been recorded, and all other parcels for which a building permit has been issued on or prior to June 30 of the fiscal year preceding the year in which the charge is levied.
- Undeveloped Parcels* All parcels that are not Developed Parcels or Exempt Parcels
- Low Density Residential* This category includes densities of up to ten (10.0) dwelling units per acre. Uses consistent with the Low Density Residential category include those allowed by right in the RD-10 land use zone and other residential zones of lesser maximum density as specified in Title II Chapter 15 of the Sacramento County Zoning Code. For purposes of levying the charge in Benefit Zone 3, non-residential uses allowed in these residential zones by conditional use permit are considered to be either Retail Commercial, Office, or Exempt as determined by the Planning Director of Sacramento County.



*High Density Residential*

This category includes densities of more than ten (10.1 or greater) dwelling units per acre. Uses consistent with the High Density Residential category include those allowed by right in the RD-15, RD-20, RD-25, RD-30, and RD-40 land use zones as specified in Title II Chapter 15 of the Sacramento County Zoning Code. For purposes of levying the charge in Benefit Zone 3, non-residential uses allowed in these residential zones by conditional use permit are considered to be either Retail Commercial, Office, or Exempt as determined by the Planning Director of Sacramento County.

*Retail & Service Commercial*

This category includes those non-residential land uses allowed by right or use permit in the LC Limited Commercial, GC General Commercial, and SC Shopping Center land use zones as specified in Title II Chapter 25 of the Sacramento County Zoning Code. This land use category further includes all other non-residential uses that would generate a high number (500 or more per acre) of average daily trips. For purposes of levying the charge in Benefit Zone 3, residential uses allowed in the LC, GC, and SC land use zones by development plan review or by conditional use permit are considered to be either Low Density Residential or High Density Residential according to their density as determined by the Sacramento County Planning Director and these definitions.

*Office*

This category includes those non-residential land uses allowed by right or use permit in the BP Business & Professional Office land use zone as specified in Title II Chapter 25 of the Sacramento County Zoning Code. This land use category further includes all other non-residential uses that would generate a low to medium number (less than 500 per acre) of average daily trips. For purposes of levying the charge in Benefit Zone 3, residential uses allowed in the BP land use zone by development plan review or by conditional use permit are considered to be either Low Density Residential or High Density Residential according to their density as determined by the Sacramento County Planning Director and these definitions.

*Exempt*

Public parcels including parks, schools, utility parcels, and designated open space parcels are exempt from the service charge because no services funded by Benefit Zone No. 3 are provided to these parcels.

## Charge Schedule

Table 5 presents the Benefit Zone No. 3 charge schedule. The charge is based upon a demand for services equal to \$80.00 per equivalent dwelling unit based on the analysis of the NNMTA programs and budget described above. The charge schedule shown in Table 5 is the maximum allowable charge for the initial fiscal year 2006-07 on all developed property. This maximum charge may be increased annually for inflation (see below). The County may choose to impose less than the maximum charge in any year.

**Table 5: Benefit Zone No. 3 Charge Schedule (FY 2006-07)**

	EDU Factor	Charge Per EDU	Maximum Annual Charge Per DU/Acre
<b>Developed Acreage</b>			
<i>Residential (per dwelling unit)</i>			
Single - Family	1.00	\$ 80.00	\$ 80
Multi - Family	0.70	80.00	56
<i>Nonresidential (per acre)</i>			
Retail & Service Commercial	25.64	\$ 80.00	\$ 2,051
Office	22.04	80.00	1,763
<b>Undeveloped Acreage</b>			
All Land Uses	-	\$ 80.00	-

Sources: Table 3; Sacramento County; MuniFinancial.

## C. Estimated Annual Revenue

Table 6 presents the estimated revenue for Benefit Zone No. 3 for the first five years and for build out. Revenue is based on the absorption schedule shown in Table 4 and the charge schedule shown in Table 5.

**Table 6: Estimated Revenue (FY 2006-07 \$)**

	Charge <sup>1</sup>	2006-7	2007-8	2008-9	2009-10	2010-11	Build Out
<b><u>Residential</u></b>							
Single - Family	\$ 80	\$ 37,440	\$ 55,600	\$ 73,760	\$ 92,400	\$ 104,880	\$ 355,040
Multi - Family	56	<u>4,469</u>	<u>7,291</u>	<u>10,114</u>	<u>12,936</u>	<u>17,091</u>	<u>34,160</u>
Total		\$ 41,900	\$ 62,900	\$ 83,900	\$ 105,300	\$ 122,000	\$ 389,200
<b><u>Nonresidential</u></b>							
Retail & Service Commercial	\$ 2,051	\$ -	\$ -	\$ -	\$ -	\$ 7,000	\$ 14,400
Office	1,763	-	-	-	-	10,400	47,600
Total		\$ -	\$ -	\$ -	\$ -	\$ 17,400	\$ 62,000
Total Estimated Revenue		\$ 41,900	\$ 62,900	\$ 83,900	\$ 105,300	\$ 139,400	\$ 451,200

<sup>1</sup> Per dwelling unit for residential and per acre for nonresidential.

Sources: Tables 4 and 5; MuniFinancial.

## D. Formula for Inflating the Charge

To impose a charge in Benefit Zone No. 3 a protest balloting procedure of property owners is required pursuant to the California Constitution Article XIID, Section 6. The property owner ballots include a maximum charge to be considered, as well as the consideration of an inflator formula. The purpose of establishing an inflator formula is to provide for a reasonable inflationary adjustment to the annual maximum charge without requiring periodic noticing and balloting procedures that would add administrative costs to the CSA. The law implementing Constitution Article XIID (Senate Bill 919) clarifies that an increase in a maximum charge to implement a voter-approved inflator formula is not an increase subject to additional property owner consideration.

As mentioned above, the charge schedule shown in Table 5 is the maximum allowable charge for the initial fiscal year 2006-07. The inflator formula would increase this maximum allowable charge annually by the increase in the Consumer Price Index (CPI) published for the Sacramento Region by the U.S. Department of Labor, or six percent (6%), whichever is less. The CPI increase used in the inflator formula will be the change in the CPI index from the January two years before adjustment of the charge to the January in the year preceding adjustment of the charge. Beginning in the second fiscal year (fiscal year 2007-08) and each fiscal year thereafter, the maximum allowable charge will be recalculated and a new maximum charge established.

The County may choose to impose less than the maximum allowable charge in any year if service costs warrant the reduction. If the County has imposed an amount less than the maximum charge, the County may also choose to increase the charge in any year to fully fund services up to the level of the maximum allowable charge for that fiscal year. In this way the maximum allowable charge is adjusted annually and is calculated independent of the Benefit Zone's annual budget.

## E. Adoption Proceedings

Formation of Benefit Zone No. 3 requires approval by the property owners within the Benefit Zone boundaries. As allowed by the Constitution Article XIIIID, Section 6c, the County is choosing to use mailed ballot election procedures under Constitution Article XIIIID, Section 4. Levy of the Benefit Zone No. 3 charge would occur as follows:

- ◆ The County notices all property owners within Benefit Zone No. 3 and holds a public hearing and mailed protest ballot proceeding on imposition of a charge in Benefit Zone No. 3. Notices and protest ballots are sent to the owner of record in Benefit Zone No. 3 as it appears on the last County equalized property tax roll at least 45 days before the hearing.
- ◆ If a majority of protest ballots returned do not protest the charge and inflator formula described in this report, with each protest ballot weighted by the amount of the charge for that parcel, then the County:
  - Approves this Engineer's Report (as submitted or amended);
  - Imposes up to the maximum allowable charge in Benefit Zone No. 3 in the following fiscal year (probably fiscal year 2006-07) by including the charge on the property tax roll and approving a budget for the fiscal year; and
  - Increases the charge in subsequent fiscal years up to the amount allowed by the inflator formula described in this report and approving a budget for each fiscal year.

## PART III: BENEFIT ZONE NO. 3 BUDGET

This part provides a description of the estimated budget for Benefit Zone No. 3.

### A. Benefit Zone No. 3 Budget

**Table 7** summarizes the proposed budget for supplemental transportation services for the first six years of Benefit Zone No. 3 and at build out. The proposed budget is based on the projection of new development shown in Table 4 and actual revenue may vary from that shown in the table. The proposed budget may be altered at the sole discretion of the County Board of Supervisors based on projected revenues of the Benefit Zone No. 3, and planned expenditures for the supplemental transportation services described in Part I. The budget is shown in constant fiscal year 2006-07 dollars and would increase based on the inflator formula described in Part II.

**Table 7: Benefit Zone No. 3 Levy Summary**

	2006-7	2007-8	2008-9	2009-10	2010-11	Build Out
<b><u>Benefit Zone Budget</u></b>						
Direct Costs						
Transportation Services	\$ 14,900	\$ 36,300	\$ 56,800	\$ 77,200	\$ 106,000	\$ 365,300
District Administration Costs						
CSA Administration <sup>1</sup>	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
County Tax Roll Levy Fee <sup>2</sup>	4,000	5,000	6,000	7,000	8,000	24,000
Subtotal	\$ 14,000	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000	\$ 34,000
Total Levy						
Total Expenditures	\$ 28,850	\$ 51,250	\$ 72,750	\$ 94,150	\$ 124,000	\$ 399,250
Contingency Fund Activity	13,050	11,650	11,200	11,200	15,400	51,950
Balance to Levy	\$ 41,900	\$ 62,900	\$ 83,900	\$ 105,300	\$ 139,400	\$ 451,200
<b><u>Contingency Fund</u><sup>3</sup></b>						
Beginning Contingency Balance	\$ 8,400	\$ 21,500	\$ 33,200	\$ 44,400	\$ 55,600	\$ 164,700
Contingency Fund Activity	13,050	11,650	11,200	11,200	15,400	51,950
<b>Ending Contingency Balance</b>	\$ 21,500	\$ 33,200	\$ 44,400	\$ 55,600	\$ 71,000	\$ 216,700
Percent of Total Expenditures	75%	65%	61%	59%	57%	54%
<b><u>Benefit Zone Statistics</u></b>						
Total Parcels Levied	472	701	931	1,166	1,327	4,479
Total Equivalent Dwelling Units (EDU)	548	825	1,103	1,386	1,833	5,048
<b>Levy Per EDU</b>	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00	\$ 80.00
<b>Maximum Levy Per EDU</b>	80.00	80.00	80.00	80.00	80.00	80.00

<sup>1</sup> County Public Works Agency costs primarily related to contract management of CSA services.

<sup>2</sup> Costs for County Auditor/Controller to place the levy on tax roll and collect. Equals \$1,500 plus \$5 per parcel.

<sup>3</sup> Contingency fund set to equal approximately 50 percent of annual levy to provide cash flow during first half of fiscal year prior to receipt of Note: Totals may not add due to rounding.

Source: Table 4, 5, and 6; Sacramento County; MuniFinancial

## B. Description of Budget Items

The following is a brief description of the costs associated with the services funded through the Benefit Zone.

### Direct Costs

**Supplemental Transportation Services** — Includes all labor and general maintenance costs including all wages, salaries, benefits, materials, supplies, and equipment, required to properly operate and ensure the satisfactory service of operating a shuttle and providing supplemental transportation services.

### District Administration Costs

**CSA Administration** — Includes all or a portion of the administrative and professional service costs associated with operation of the CSA including education and procedures associated with the levy and collection of charges, and response to public concerns. This budget item also includes the costs of contracting with professionals to provide administrative, legal or engineering services for operation of the CSA, or for the costs of future ballot protest procedure as required.

**County Tax Roll Levy Fee** — This is the cost to the CSA for the County Auditor/Controller to collect charges on the property tax bills.

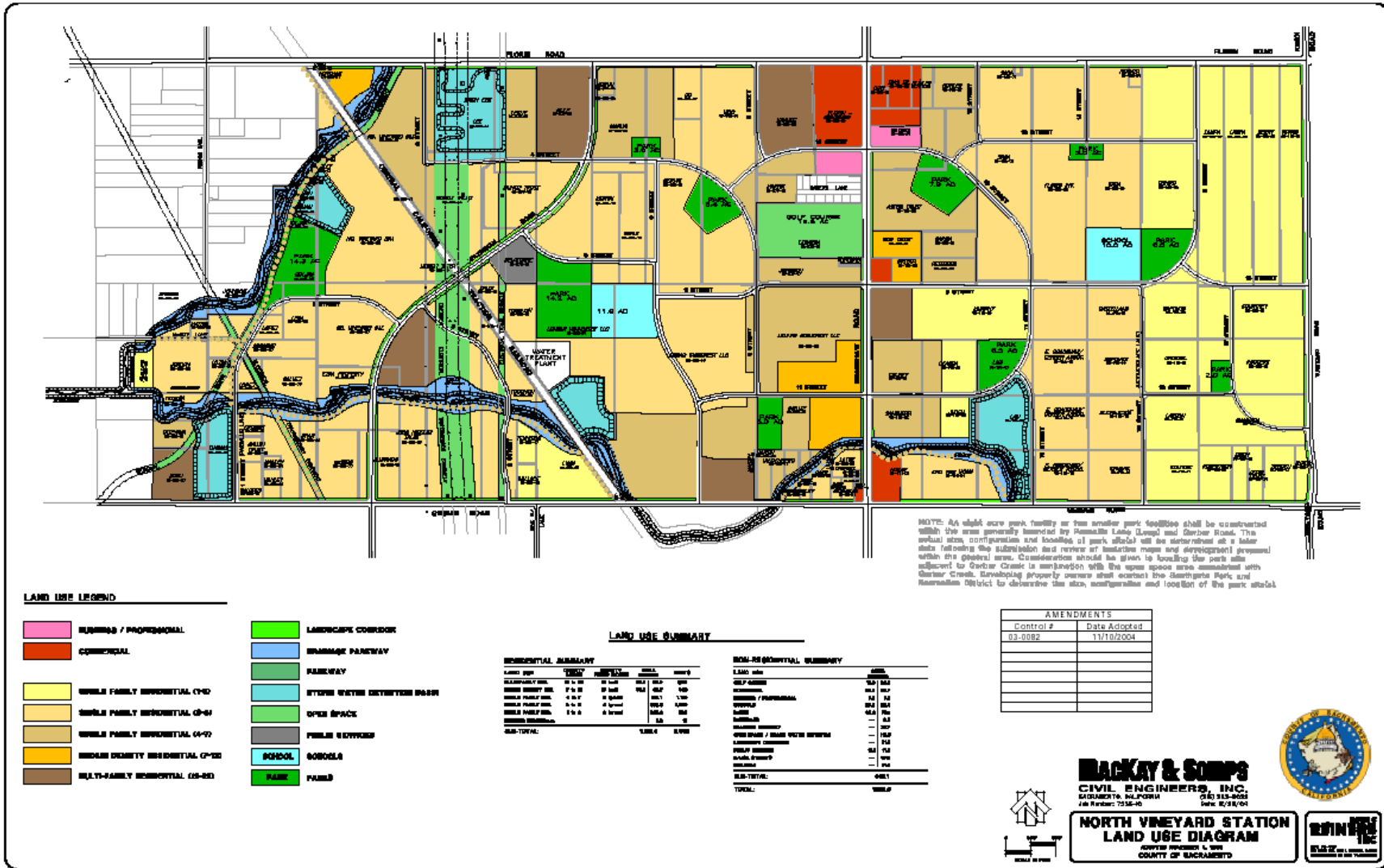
### Contingency Fund

**Contingency Fund Activity** — Includes funds being added to the contingency fund for the current fiscal year. The contingency fund provides for collection by the CSA of funds to operate the CSA from the time period of July 1 (beginning of the fiscal year) through December when the County obtains the first installment of charges collected from the property tax bills.

## **PART IV: COUNTY SERVICE AREA AND BENEFIT ZONE NO. 3 DIAGRAMS**

---

A copy of the diagram for County Service Area No. 10, including Benefit Zone No. 3, is shown on the following page.





## **PART V: CHARGE ROLL**

---

Parcel identification for each lot or parcel within Benefit Zone No. 3 shall be the parcel as shown on the Sacramento County secured property tax roll for the year in which this Report is prepared and reflective of the Assessor's parcel maps.

A listing of the proposed parcels to be included within the Benefit Zone is on file with the Clerk of the Board.