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Engineer's Report

for the

City of Garden Grove Main Street Assessment District No. 1

Fiscal Year 2014-15

**City of Garden Grove
Orange County, California**

May 15, 2014

ENGINEER'S REPORT
CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1
FISCAL YEAR 2014-15

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**ENGINEER'S REPORT FOR THE
CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1
FISCAL YEAR 2014-15**

SYNOPSIS

This report has been prepared and is submitted for consideration by the City Council of the City of Garden Grove under the authority of the Landscaping and Lighting Act of 1972 as set forth in Part 2 of Division 15 of the California Streets and Highways Code.

BACKGROUND

In 1977, the City of Garden Grove formed the Main Street Assessment District (MSAD) No. 1 to provide funds for the construction and maintenance of special public improvements along Main Street. Those include planters, trees, streetscaping, sidewalks, benches, trash receptacles, drinking fountains, streetlights, drainage, and bollards.

The assessment rate for the funded services has not been increased since 1989.

Due to increased costs and the higher levels of maintenance requested by the businesses within this Assessment District, the assessment rate was proposed to be increased for FY 2004-05 to keep up with the rising costs.

Notices and ballots were mailed to all property owners in the District in accordance with Article XIIIID of the California State Constitution (Proposition 218).

On June 8, 2004, the public hearing was held, the ballots were tabulated, and the property owners rejected the proposed assessment increase.

Therefore, the assessments will remain the same in Fiscal Year 2014-15 as in the previous year.

CITY OF GARDEN GROVE

FISCAL YEAR 2014-15

ENGINEER'S REPORT

**Prepared Pursuant to the Provisions of the Landscaping and
Lighting Act of 1972 (California Streets and Highways Code
Section 22500 through 22679), Article XIID of The California
Constitution, and The Proposition 218 Omnibus Implementation
Act (California Government Code Section 53750 Et Seq.)**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, Article XIID of the California Constitution, the Proposition 218 Omnibus Implementation Act and in accordance with the Resolution of Initiation adopted by the Council of the City of Garden Grove, State of California, in connection with the proceedings for:

**CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1**

hereinafter referred to as the "Assessment District" or "District", I, K. Dennis Klingelhofer, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A
PLANS AND SPECIFICATIONS**

Plans and specifications for the improvements showing and describing the general nature, location and extent of the improvements.

**PART B
ESTIMATE OF COST**

The estimated cost to be funded by the District for the operation, servicing and maintenance of the improvements for fiscal year 2014-15, including incidental costs and expenses in connection therewith.

**PART C
METHOD OF APPORTIONMENT**

The method of apportionment of assessments indicates the proposed assessment of the net amount of the costs and expenses of the maintenance and/or servicing of the existing and ultimate improvements to be assessed upon the several lots and parcels of land within the Assessment District in proportion to the estimated special benefits to be received by such lots and parcels.

**PART D
ASSESSMENT DIAGRAM**

The Assessment Diagram, which shows the exterior boundaries of the Assessment District, the boundaries of any zones within the Assessment District and the lines and dimensions of each lot or parcel of land within the Assessment District, is on file in the Office of the City Clerk and is incorporated herein by reference.

**PART E
ASSESSMENT ROLL**

An assessment of the estimated cost of maintenance and/or servicing of the existing improvements on each benefited lot or parcel of land within the Assessment District for the fiscal year to which this report applies are on file in the Office of the City Clerk and incorporated herein by reference.

The undersigned respectfully submits the enclosed report as directed by the City Council. The undersigned certifies that she is a Professional Engineer, registered in the State of California.

DATED: May 15, 2014

Harris & Associates


BY: K. Dennis Klingelhofer, P.E.
R.C.E. No. 50255



PART A
PLANS AND SPECIFICATIONS

The facilities, which have been constructed within the City of Garden Grove, and those which may be subsequently constructed, will be serviced and maintained as generally described as follows: A portion of Main Street from Garden Grove Boulevard to Acacia Parkway and a portion of Garden Grove Boulevard between 150.16 feet west of the centerline of Main Street and 150.06 feet east of the centerline of Main Street, all being within said district.

**DESCRIPTION OF IMPROVEMENTS
FOR THE CITY OF GARDEN GROVE
MAIN STREET ASSESSMENT DISTRICT NO. 1
FISCAL YEAR 2014-15**

The facilities to be maintained and serviced for the District as described as follows: Facilities include but are not limited to: streetscape improvements including sidewalks, decorative paving, street lights, street trees, and street furniture, including bollards, benches, trash receptacles, drinking fountains, miscellaneous planters, and related items within the boundaries of said District.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of the landscaping and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping or appurtenant facilities; providing for the life, growth, health and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing and 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 water for the irrigation of the landscaping and the maintenance of any of the lighting facilities or appurtenant facilities and the furnishing of electric current or energy, gas or other illuminating agent for the lighting facilities, or for the lighting or operation of the landscaping or appurtenant facilities.

The plans and specifications for the improvements, showing and describing the general nature, location, and the extent of the improvements, are on file in the office of the Director of Public Works and are incorporated herein by reference.

PART B
ESTIMATE OF COST

The City's budget for the operation, maintenance and servicing of lighting details the estimated costs for Fiscal Year 2013-14 as available at the time of preparation of this report, and includes engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

	<u>FY 14-15</u>	<u>FY 13-14</u>
<u>Starting Fund Balance (Fund Balance as of July 1)</u>	\$30,804	\$31,386
<u>Estimated Revenues</u>		
Total Estimated 2014-15 Assessments:	\$26,700	\$26,700
Interest	\$500	\$500
Subtotal Revenues:	\$27,200	\$27,200
<u>Estimated Expenditures</u>		
Trash Pick Up	\$0	\$0
General Maintenance	\$15,500	\$15,500
Street Lighting	\$2,300	\$2,300
Street Improvements	\$10,000	\$0
Streetscape Cleaning	\$3,050	\$3,050
Tree Trimming	\$0	\$0
Professional Services	\$3,500	\$3,500
Administrative Support	\$2,700	\$2,700
Insurance	\$732	\$732
Subtotal Expenditures:	\$37,782	\$27,782
<u>Estimated Year End Fund Balance</u>	\$20,222	\$30,804
Total Front Feet (FF) in Assessment District:	1,340.45	1,340.45
Proposed FY 14-15 Assessment Rate (\$/FF):	\$19.92	\$19.92

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1 must be carried over to the next fiscal year.

PART C METHOD OF APPORTIONMENT

GENERAL

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of assessment districts by cities for the purpose of providing certain public improvements which include the maintenance and servicing of street lights, traffic signals, landscaping, parks and recreational facilities.

The 1972 Act requires that maintenance assessments be levied according to benefit rather than according to assessed value. Section 22573 provides that:

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 benefit to be received by each such lot or parcel from the improvements.

The Act permits the designation of areas of benefit within any individual assessment district if "by reasons or variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvement" (Sec. 22574). Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

In addition, Proposition 218, the "Right to Vote on Taxes Act" which was approved on the November 1996 statewide ballot and added Article XIID to the California Constitution, requires that a parcel's assessment may not exceed the reasonable cost for the proportional special benefit conferred on that parcel. Article XIID provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. It also requires that publicly owned properties which benefit from the improvements be assessed.

If the assessment is approved by the property owners as required by Article XIID of the California Constitution, Section 53739 of the Government Code allows that the assessment may be imposed thereafter at "...any rate or amount that is less than or equal to the maximum amount authorized by the voter approved ordinance or resolution".

Section 53739 also allows that the assessment may be adjusted for inflation based upon a clearly defined formula that is stated in the resolution that is approved by the property owners at an election authorizing the levy of the assessment.

The formula to be used to distribute the costs of providing the enhanced levels of services described in this report to the assessable parcels within the District was approved by the City Council at the time the District was formed.

SPECIAL BENEFIT ANALYSIS

Street Landscaping. Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value.

In Parkways and Land Values, written by John Nolan and Henry V. Hubbard in 1937, it is stated:

"... there is no lack of opinion, based on general principals and experience and common

sense, that parkways *do in fact add value* to property, even though the amount cannot be determined exactly.... Indeed, in most cases where public money has been spent for parkways the assumption has been definitely made that the proposed parkway will show a *provable* financial profit to the City. It has been believed that the establishment of parkways causes a rise in real estate values throughout the City, or in parts of the City,..."

It should be noted that the definition of "parkways" above may include the roadway as well as the landscaping alongside the roadway.

The ongoing operation and maintenance of the street landscaping within the individual district, as identified in Part A of this Report, provide beautification to the areas that result in a special benefit to the parcels within the tracts adjacent to the improvements. If these landscaped areas were not properly maintained, the tract would be blighted.

Theme Lighting. Proper maintenance and operation of streetlights benefit all properties within the District by providing security, safety and community character and vitality as outlined below. Streetlights provide only incidental benefits to motorists traveling to, from or through the area.

BENEFITS OF STREET LIGHTING

Security and Safety

- Mitigates crime
- Alleviates the fear of crime
- Enhances safe ingress/egress to property

Community Character and Vitality

- Promotes social interaction
- Contributes to a positive nighttime visual image

METHODOLOGY

The parcels of land in the District are all commercial properties and are assessed on a linear foot (LF) basis based on their frontage on Main Street and Garden Grove Boulevard. City-owned parking lot properties are not considered to benefit from the improvements and are therefore excluded from assessment. The table below provides the assessment apportionment for the district.

Previous FY 13-14 Total Asmt	Estimated FY 14-15 Total Asmt	Total District Frontage	Maximum FY 14-15 Asmt per LF
\$26,700	\$26,700	1,340.45	\$19.92

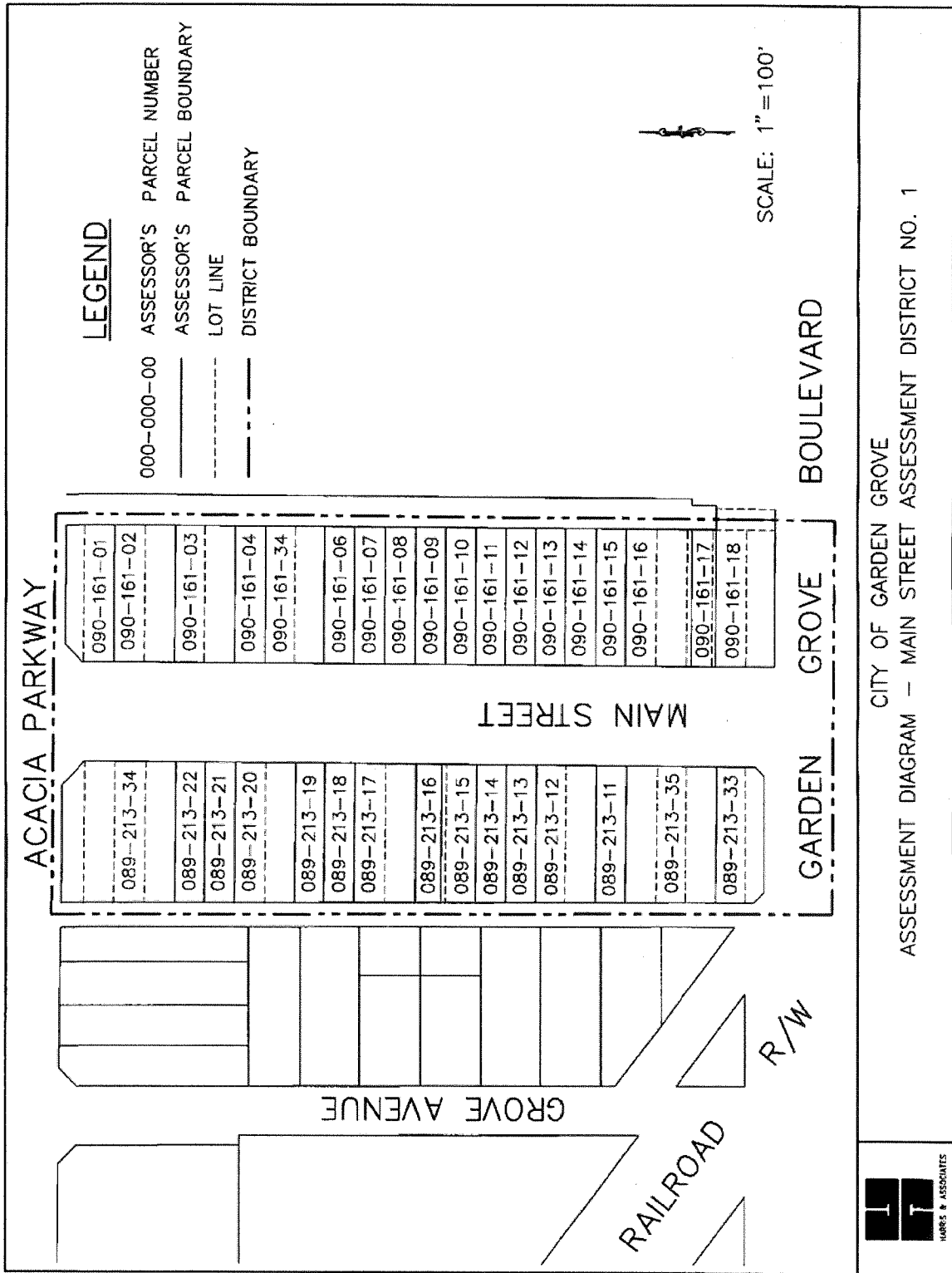
The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase.

PART D
ASSESSMENT DIAGRAM

A diagram showing the exterior boundaries of the District is on file in the Office of the City Clerk and incorporated herein by reference.

The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Orange for the fiscal year to which this report applies. The Assessor's maps and records are incorporated by reference herein and made part of this report.

A reduced copy of the City of Garden Grove Main Street Assessment District No. 1 Map is provided on the following page.



PART E
ASSESSMENT ROLL

The total proposed assessment for Fiscal Year 2014-15 and the amount of the total proposed assessment apportioned to each lot or parcel within the District, as shown on the latest assessment roll at the Orange County Assessor's Office, are contained in the Assessment Roll provided below.

The description of each lot or parcel is part of the records of the Assessor of the County of Orange and these records are, by reference, made part of this Report.

Assessor's Parcel No.	Linear Feet	Proposed FY 14-15 Asmt
089-213-11	25.50	\$507.91
089-213-12	49.50	\$985.95
089-213-13	25.00	\$497.95
089-213-14	25.00	\$497.95
089-213-15	29.00	\$577.62
089-213-16	21.00	\$418.28
089-213-17	50.00	\$995.90
089-213-18	25.00	\$497.95
089-213-19	25.00	\$497.95
089-213-20	50.00	\$995.90
089-213-21	25.00	\$497.95
089-213-22	25.00	\$497.95
089-213-33	155.09	\$3,089.30
089-213-34	101.05	\$2,012.98
089-213-35	75.00	\$1,493.85
090-161-01	47.27	\$941.53
090-161-02	50.00	\$995.90
090-161-03	50.00	\$995.90
090-161-04	25.00	\$497.95
090-161-06	25.00	\$497.95
090-161-10	25.00	\$497.95
090-161-11	25.00	\$497.95
090-161-12	25.00	\$497.95
090-161-13	25.00	\$497.95
090-161-14	25.00	\$497.95
090-161-15	25.00	\$497.95
090-161-16	50.42	\$1,004.27
090-161-17	25.25	\$502.93
090-161-18	161.37	\$3,214.58
090-161-34	50.00	\$995.90
	1,340.45	\$26,700.00