



COSUMNES COMMUNITY SERVICES DISTRICT

PERRY RANCH IMPROVEMENT DISTRICT

ENGINEER'S REPORT

FISCAL YEAR 2021-22

MAY 2021

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

ENGINEER OF WORK:

SCIConsultingGroup

4745 MANGELS BOULEVARD
FAIRFIELD, CALIFORNIA 94534

PH: 707.430.4300

FAX: 707.430.4319

WWW.SCI-CG.COM

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COSUMNES COMMUNITY SERVICES DISTRICT

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ACTING GENERAL MANAGER

Joshua Green

ASSESSMENT ENGINEER

SCI Consulting Group
Lead Assessment Engineer, John Bliss, M.Eng., P.E.

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INTRODUCTION

OVERVIEW

The Cosumnes Community Services District ("District") is a public agency that is responsible for operating and maintaining parks, creeks, streams, open spaces, recreation facilities and recreation programs within its jurisdictional service area. The District's service area for its parks and recreation services encompasses the City of Elk Grove and the unincorporated areas in Sacramento County east, west and south of the City. In addition, the District provides fire and emergency medical services to its park service area, plus the City of Galt.

The District's parks do not receive any revenues from property taxes. In 1994, the District formed a benefit assessment district, the District Wide Landscape and Lighting Assessment District, with 13 benefit zones, to provide funding for the creation, maintenance, improvement and servicing of local parks and recreation facilities within its park service areas. This Assessment District, which was established prior to the approval of Proposition 218 in 1996, was reconfirmed and continued in an assessment ballot proceeding conducted in 1997.

ASSESSMENT BACKGROUND

The District is primarily funded by the assessment described above. The Elk Grove/West Vineyard Benefit Zone 3 includes thirteen parks, namely, Amundson, Arcadian Village, Fales, Gage, Hrepich, Jones Family, Jordan Family, Karamanos, Lombardi, MacDonald, Perry, Rau, and Sheldon Place. Over the years, operational costs, including utility costs, increased.

Over time, expenses exceeded revenues in Benefit Zone 3, and in 2017 the District conducted a public opinion survey proposing a funding measure for all the properties in this zone to address this shortfall. The survey indicated a proposed funding measure did not have enough support from the property owners to pass, so the District declined to proceed with a ballot measure at that time.

Subsequently, property owners in the area around Perry Park, known as Perry Ranch, approached District staff about the possibility of initiating a funding measure for just their area, to improve Perry Park and the streetscapes on Calvine and Waterman Roads. In response, in early 2019 the District conducted a survey proposing a funding measure just for Perry Ranch and the local streetscapes on Calvine and Waterman Roads, and the survey indicated the property owners in this area would support such a funding measure.

The purpose of the Perry Ranch Improvement District funding measure, which is in addition to the District-wide assessment described above, is to increase the level of service by making improvements to Perry Park and the streetscapes on Calvine and Waterman Roads, as described in more detail below.

If the funding from the assessment had not been approved, the District would have been forced to reduce park maintenance and postpone facilities upgrades, resulting in a continuing deterioration of park maintenance and facilities.

ASSESSMENT PROCESS

On April 17, 2019 the Cosumnes Community Services District Board of Directors by Resolution called for an assessment ballot proceeding and public hearing on the proposed establishment of the Perry Ranch Improvement District.

On May 1, 2019 a notice of assessment and assessment ballot was mailed to property owners with proposed assessments within the area of the Improvement District. Such notice included descriptions of the proposed assessments and the improvements and services the assessments would fund as well as an explanation of the method of voting on the assessments. Each notice also included a ballot upon which the property owner could mark his or her approval or disapproval of the proposed assessments.

After the ballots were mailed to property owners in the Assessment District, a minimum 45-day time period was provided for the return of the assessment ballots. Following this 45-day time period, a public hearing was held for the purpose of allowing public testimony regarding the assessments. The Public Hearing was held June 19, 2019. At the Public Hearing, the public had the opportunity to speak on the issue, voice any concerns or protests, and obtain further information about the assessments.

Tabulation of the returned ballots began after the close of the Public Hearing. It was determined at the June 19, 2019 Board meeting that the assessment ballots submitted in opposition to the assessments did 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).

As a result, the Board gained the authority to approve the levy of the assessments for Fiscal Year 2019-20 and future years. The Board took action, by a Resolution passed on June 19, 2019, to approve the first year levy of the assessments for Fiscal Year 2019-20. The authority granted by the ballot proceeding includes an annual adjustment in the assessment levies equal to the annual change in the Consumer Price Index for the San Francisco Bay Area.

The assessments may be continued in future years by a majority vote of the Board. This annual assessment continuation process requires the creation of a budget for the upcoming fiscal year, an updated assessment roll listing all parcels and their assessments for the upcoming fiscal year, preparation of an updated Engineer's Report, a noticed public meeting at which the Engineer's Report would be preliminarily approved, publication in a local newspaper of the Board's intent to continue the assessment, and a noticed public hearing prior to the Board's decision on continuing the assessments.

This Engineer's Report ("Report") describes the Improvement District, the Improvement District Boundaries, a description of the Improvements to be installed and maintained, and the assessments for Fiscal Year 2021-22. The assessments are based on the estimated cost to operate, maintain and service the parks, recreation areas, recreation facilities and other public lands owned by the District (the "Improvements"). The assessments are also based on the direct and special benefit to properties within the Improvement District.

If the Board approves this Engineer's Report and the assessments by resolution, a notice of public hearing must be published in a local paper at least 10 days prior to the date of the public hearing. The resolution preliminarily approving the Engineer's Report and establishing the date for a public hearing is used for this notice.

Following the minimum 10-day time period after publishing the notice, a public hearing will be held for the purpose of allowing public testimony about the continuation of the assessments. This hearing is currently scheduled for June 2, 2021. At this hearing, the Board will consider approval of a resolution confirming the assessments for Fiscal Year 2021-22. If the assessments are so confirmed and approved, the levies will be submitted to the County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2021-22.

LEGAL REQUIREMENTS

PROPOSITION 218

This assessment must comply with Proposition 218, "The Right to Vote on Taxes Act," which was approved by the voters of California on November 6, 1996, and is now codified as Articles XIIC and XIID of the California Constitution. Article XIID, Section 4 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which provide special benefits to the assessed property.

Proposition 218 describes a number of important requirements, including property-owner balloting, for the imposition, increase and extension of assessments, and these requirements were satisfied by the process used to establish this assessment.

PLANS & SPECIFICATIONS

The Cosumnes Community Services District maintains park facilities in locations throughout its boundaries, including Perry Park in the Perry Ranch area. The work and Improvements to be undertaken by the Cosumnes Community Services District's Perry Ranch Improvement District and the cost thereof paid from the levy of the annual Assessment provide special benefit to Assessor Parcels within the Improvement 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 follows:

The installation, maintenance and servicing of public recreational facilities and improvements, may include, but are not limited to, turf and play areas, landscaping, ground cover, shrubs and trees, irrigation systems, drainage systems, 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 Cosumnes Community Services District within the Improvement District boundaries. For a list of the Improvements which are initially planned, see the following page.

As applied herein, "Installation" means the construction of the Improvements, including, but not limited to, land preparation (such as grading, leveling, cutting and filling), sod, landscaping, irrigation systems, parking lots, sidewalks 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).

The assessment proceeds will be exclusively used for Improvements within the Improvement District plus incidental expenses. If the funding measure passes, the District will meet with area residents before finalizing development plans for the undeveloped section of the park. Projects initially identified to be accomplished with the assessment proceeds include:

- Improved park maintenance
- Increased water and mowing
- Addition of plants and mulch in shrub beds
- Replacement of picnic table and bench
- Improved maintenance of streetscapes on Calvine Road and Waterman Road
- Addition of the following features over time:
 - New playground equipment
 - Adult fitness area
 - Barbeque and picnic area

See the Appendix for a complete list of Improvements and estimated costs.

FISCAL YEAR 2021-22 ESTIMATE OF COST AND BUDGET

BUDGET FOR FISCAL YEAR 2021-22

The following budget shows the cost of the Improvements that would be funded by the Improvement District in Fiscal Year 2021-22.

Table 1 – Estimate of Costs and Revenues

	Total Budget
Installation, Maintenance & Servicing Costs	
Improvements	
Capital improvements	\$0
Operating transfers	\$19,667
Services and supplies and other maintenance ¹	\$2,040
Total for Installation, Maintenance and Servicing	\$21,707
Amount to/from Reserve	\$43,817
Total Improvements	\$65,524
Curbs, gutters, drainage, streets	\$10,882
Less:	
Contributions which can fund general benefit and/or benefit to properties outside the District ²	\$10,882
Interest	\$16
Total Improvement District Budget ³ (Net Amount to be Assessed)	\$65,508
Budget Allocation to Property	
Total Assessment Budget	\$65,508
Assessment Contribution	
Number of benefit units In Benefit Zone A	EDUs Effective EDUs 469.3 469.3
Number of benefit units In Benefit Zone B	12 13.2
Number of benefit units In Benefit Zone C	165.5 157.2
Total number of benefit units	639.7
Assessment per Equivalent Dwelling Unit in Zone A ⁴	\$102.40
Assessment per Equivalent Dwelling Unit in Zone B ⁴	\$112.64
Assessment per Equivalent Dwelling Unit in Zone C ⁴	\$97.28

NOTES TO ESTIMATE OF COSTS:

1. Estimated Fiscal Year 2021-22 incidental costs include assessment administration, county charges for inclusion of assessments on property tax bills and other incidental costs.
2. As determined in the following section, at least 12.0% of the cost of Improvements must be funded from sources other than the assessments to cover any general benefits and/or benefit to properties outside the Improvement District from the Improvements. Therefore, out of the total cost of Improvements of \$65,524 there must be contributions of at least \$7,863 from sources other than the assessments. There are contributions from sources other than the assessment of \$10,898 which more than covers any general benefits from the Improvements.
3. 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 Improvement 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, the capital improvement fund, or would be used to reduce future years' assessments.
4. The rate shown here is for a single family home or its equivalent. For the definition of the term EDU and rates for other types of property, see the section titled, "Method of Assessment" and the sections following it in this report.

METHOD OF ASSESSMENT APPORTIONMENT

METHOD OF APPORTIONMENT

This section of the Engineer's Report includes an explanation of the special and general benefits to be derived from the Improvements to park facilities and District maintained property, throughout the Improvement District, and the methodology used to apportion the total assessment to properties within the Improvement District.

The method used for apportioning the assessment is based upon the proportional special benefits conferred to the properties over and above the general benefits conferred to real property in the Improvement District or to the public at large. Special benefit and the Assessments are calculated for each parcel in the Improvement District using the following process:

1. Identification of special benefit factors derived from the Improvements
2. Calculation and quantification of the general benefits
3. Determination of the relative special benefit within different areas within the Assessment District
4. Determination of the relative special benefit per property type
5. Apportionment of the costs to Assessment and calculation of the Assessment for each individual parcel based upon special benefit; location, property type, property size, property characteristics, improvements on property and other supporting attributes.

DISCUSSION OF BENEFIT

Assessments can only be levied based on the special benefit conferred to property by the Improvements. This special benefit is received by property over and above any general benefits. Any and all general benefit must be funded from another source. 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.

The determination of whether or not a lot or parcel will benefit from the improvements shall be made pursuant to the Improvement Act of 1911 (Division 7 (commencing with Section 5000)) [of the Streets and Highways Code, State of California].

Article XIID, Section 4 of the California Constitution states that assessments must be based on the special benefit conferred to property and that, "No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIII A or XIII C of the California Constitution.

A special benefit is a service or improvement that provides a direct advantage to a parcel. For example, park improvements may be viewed as a direct advantage and special benefit to property that is proximate to a park that is improved by an assessment.

BENEFIT FACTORS

The special benefits from the Improvements increase the utility, functionality and desirability of the assessed properties, and are listed below:

PROXIMITY TO IMPROVED PARKS AND RECREATIONAL FACILITIES

Only the specific properties within close proximity to the Improvements are included in the Improvement District. The Improvement District was narrowly drawn to include only the benefiting parcels. Therefore, property in the Improvement District enjoys unique and valuable proximity (and access, as described in the next section) to the Improvements that the public at large and property outside the Improvement District do not share.

In the absence of the Assessments, the Improvements will not be provided and the parks and recreation areas, as well as the landscape corridor in the Improvement 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 would otherwise be provided do not by themselves translate into special benefits but when combined with the unique proximity and access enjoyed by parcels in the Improvement District, they provide a direct advantage and special benefit to property in the Improvement District.

ACCESS TO IMPROVED PARKS, OPEN SPACE AND RECREATIONAL AREAS

The main entrances to Perry Park and the Perry Ranch area are via Heritage Hill Drive, Alameda Park Drive, and Brown Road. Properties to the south of the boundary do not enjoy the same access because there is a school with its own recreational area, and a large undeveloped lot south of that. Properties to the north and east do not enjoy the same access because they are separated from the area by Calvine Road and Waterman Road busy thoroughfares. Properties to the west do not enjoy the same access because they only access on the west is Brown Road, which goes through an area that is not heavily developed. Therefore, the properties in the boundaries of the assessment enjoy unique access to Perry Park.

Since the parcels in the Improvement District are the only parcels that enjoy close access to the Improvements, they directly benefit from the unique close access to improved parks, landscaping and recreation areas that are provided by the Improvements. This is a direct advantage and special benefit to property in the Improvement District.

IMPROVED VIEWS

The Improvement District, by maintaining the landscaping at its park and recreation facilities provides improved views of the Improvements to the proximate properties within the Improvement District. Because of the unique character of Perry Ranch, there is little traffic just driving by Perry Park, and therefore the park is viewed almost exclusively by property owners, other residents, and visitors. Therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Improvement 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 Improvement District, the residential, commercial and other benefiting properties in the Improvement District do not have large outdoor areas and green spaces. The Improvements to the park in the Improvement District will provide these larger outdoor areas that serve as an effective extension of the land area for properties because the Improvements are uniquely proximate and accessible to property in close proximity to the Improvements, as described above. The Improvements, therefore, will provide an important, valuable and desirable extension of usable land area and neighborhood-serving amenities for the direct advantage and special benefit of properties within the Improvement District.

According to the industry-standard guidelines established by the National Park and Recreation Association (the "NPRA"), neighborhood parks in urban areas have a service area radius of generally one-half mile. The service radii for neighborhood parks and neighborhood green spaces were specifically established to give all properties within the service radii close proximity and easy walking access to such public land areas. Since proximate and accessible parks serve as an extension of the usable land area for property in the service radii, and since the service radii was specifically designed to provide close proximity and access to neighborhood parks and public land areas, the parcels within the Improvement District clearly receive a direct advantage and special benefit from the Improvements. This advantage is not received by other properties or the public at large. In the case of Perry Park, the service area is reduced from this standard to include only the assessed parcels because of the unique characteristics described above, whereby access from other surrounding parcels is limited.

An analysis of the service radii for the Improvements finds that all properties in the Improvement District enjoy the distinct and direct advantage of being close and proximate to the park and landscape corridor within the Improvement District. The benefiting properties in the Improvement District therefore uniquely and specially benefit from the Improvements.

BENEFIT FINDING

In summary, real property located within the boundaries of the Improvement District distinctly and directly benefits from the effectively extended outdoor areas and green spaces; as well as closer proximity, access to and views of the improved park, recreation facilities, landscaping, and other public resources funded by the Assessments.

GENERAL VERSUS SPECIAL BENEFIT

Article XIID, Section 4(a) 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. Property may be assessed to fund improvements to the extent of the special benefits conferred by the Improvements; but general benefits are not assessable. Accordingly, a separate estimate of the special and general benefit is given in this section.

Article XIID never defines the term “general benefit.” The definition of special benefit in Section 2(i) includes the statement that general enhancement of property value does not constitute special benefit. General benefit may be described as “an indirect, derivative advantage” resulting from the improvements. One infers from Article XIID that all benefit is either general or special.

In other words:

Total Benefit	=	General Benefit	+	Special Benefit
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There is no widely-accepted or statutory formula for quantifying the amount of any general benefit that is identified.

In this Report, the general benefit is first identified, conservatively (i.e., generously) estimated, 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, which is funded primarily by the existing District-wide assessment. The Assessment funds 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
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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.” A special benefit is conferred to a property if the property “receives a direct advantage from the improvement (e.g., proximity to a park).” In this Assessment, as noted, properties in the Improvement District have close and unique proximity, views of and access to the Improvements, and uniquely improved desirability from the Improvements, and other properties and the public at large do not receive such benefits because they do not have proximity, access to or views of the Improvements. Therefore, the overwhelming proportion of the benefits conferred to property is special, and only minimal general benefit is conferred on property outside the Improvement District or the public at large.

In the 2010 *Beutz* case, the 4th District Court of Appeals rejected an assessment for parks in large part because the general benefits were not calculated and quantified. In its decision, the 4th Appellate Court suggests that the use of parks in an assessment district by people who live outside of the district likely is a general benefit. This Engineer’s Report includes a specific, quantified calculation of general benefits, as described below, that is based in part on such use by people outside of the Improvement District. Moreover, the proportionality of the Assessments to the special benefits conferred on each parcel, based in large part on proximity is established as well. Therefore, the Assessments and this Engineer’s Report are consistent with the *Beutz* decision.

CALCULATING GENERAL BENEFIT AND SPECIAL BENEFIT PAID FROM OTHER FUNDS

In this section, the general benefit and special benefit not paid from the assessment, which must be paid from other funds, are conservatively estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

BENEFIT TO PROPERTY OUTSIDE THE IMPROVEMENT DISTRICT

Properties within the Improvement District receive almost all of the special benefits from the Improvements, because properties in the Improvement District enjoy unique and close proximity and access to the Improvements that is not enjoyed by other properties or the public at large. This is because there are only a few streets into or out of most of Perry Ranch. People in the surrounding areas cannot drive to Perry Park without taking an inconvenient, roundabout route. Moreover, there are other parks that are easier for them to access.

There are certain properties that are located outside the boundaries of the Improvement District immediately on the north and east sides with an entrance along Calvine and Waterman Roads, which may receive some benefit from a partial view of the improved streetscapes along Calvine and Waterman Roads. The amount of benefit conferred to properties just outside the Improvement District boundaries, must be deducted from the total benefit and not assessed to property in the Improvement District.

A 90% reduction factor is applied to the benefit received by these properties due to fencing and other obstacles that prevent them from viewing these Improvements from their property, because they receive no such benefit from the Improvements in Perry Park, and because they are all geographically on only one side of the Improvements. The benefit to property outside of the Improvement District is calculated as follows with the parcel and data analysis performed by SCI Consulting Group.

Assumptions:

49 parcels outside the district immediately to the north or east with a partial view of the streetscape on Calvine Road and/or Waterman Road
 662 parcels in the Improvement District
 90% relative benefit compared to property within the Improvement District

Calculation

Benefit to property outside the Improvement District = $(49 / (49 + 662)) * 0.1 = 0.7\%$

Although it can reasonably be argued that Improvements inside, but near the Improvement District boundaries are offset by similar streetscaping improvements provided outside, but near the Improvement District's boundaries, we use the more conservative approach of finding that 0.7% of the Improvements may be of benefit to property outside the Improvement District.

BENEFIT TO PROPERTY INSIDE THE DISTRICT THAT IS INDIRECT AND DERIVATIVE

The "indirect and derivative" benefit to property within the Improvement District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Improvements are clearly "over and above" and "particular and distinct" when compared with the baseline level of service and the unique proximity, access to and views of the Improvements enjoyed by benefiting properties in the Assessment 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 Improvement District's park and recreational facilities are used and enjoyed by individuals who are not residents, employees, customers or property owners in the Improvement District. Based on surveys and research conducted by SCI, in which visitors to

similar parks; at various times of the day, evening, and week; were asked to look at a District map and to identify whether they lived or worked within the park's District, less than 5% of the use of similar parks and recreation areas is by the public at large. When people outside the Improvement District use parks, they diminish the availability of parks for people within the Improvement District. Therefore, another 5% of general benefits are allocated for people within the Improvement District. Combining these two measures of general benefits, we find that 10% of the benefits from the Improvements are general benefits to the public at large from the park.

In addition, a small amount of the assessment revenue will be used to improve the streetscaped along Calvine Road and Waterman Road. The view of these streetscapes may provide some benefit to the general public, which may briefly view these improvements as they drive along these streets. The assessment engineer has determined the amount of this benefit to be an additional 1%.

TOTAL GENERAL BENEFITS AND SPECIAL BENEFITS PAID FROM OTHER FUNDS

Using a sum of these three measures of general benefit, we find that approximately 10.6% of the benefits conferred by the Improvements may be general in nature and should be funded by sources other than the Assessments.

General Benefit and Special Benefit Paid From Other Funds =

$$\begin{aligned}
 & 0.7\% \text{ (Outside the district)} \\
 + & 0.0\% \text{ (Inside the district - indirect and derivative)} \\
 + & 11.0\% \text{ (Public at Large)} \\
 \\
 = & 11.7\% \text{ (Total General Benefit and Special Benefit paid from other funds)}
 \end{aligned}$$

Although this analysis finds that 11.7% of the Assessment may provide general benefits and special benefit that would need to be paid from funds other than the assessment, the Assessment Engineer establishes a requirement for a minimum contribution from sources other than the Assessments of 12.0%. This additional allocation above the measure of general benefits will serve to provide additional coverage for any other general benefits.

This general benefit and special benefit contribution paid from other funds is the sum of the following components:

The City of Elk Grove owns, maintains, rehabilitates and replaces the curb and gutter along the border of the Assessment District's Improvements. This curb and gutter serves to support, contain, retain, manage irrigation flow and growth, and provide a boundary for the Improvements. The contribution from the City of Elk Grove towards general benefit from the maintenance, rehabilitation, and replacement of the curb and gutter is estimated to be \$5.00 per linear foot, and there are approximately 550 linear feet of curb & gutter on the boundaries of Perry Park. 550 linear feet times \$5.00 per linear foot equals \$2,750, or 4.2% of the cost of the Improvements.

The City of Elk Grove owns and maintains a storm drainage system along the border of the Assessment District's Improvements. This system serves to prevent flooding and associated damage to the Improvements, and manage urban runoff including local pollutant loading from the Improvements. The contribution from the City of Elk Grove towards general benefit from the maintenance, and operation of the local storm drainage system is estimated to be \$3.50 per linear foot, and there are approximately 1,450 linear feet of storm pipe between the main pipe system and Perry Park. 1,450 linear feet times \$3.50 per linear foot equals \$5,075, or 7.7% of the cost of the Improvements.

The City of Elk Grove owns and maintains local public streets along the border of the Assessment District's Improvements. These public streets provide access to the Improvements for its enjoyment as well as efficient maintenance. The contribution from the City of Elk Grove towards general benefit from the maintenance of local public streets is estimated to be \$2.11 per linear foot, and there are approximately 1,450 linear feet of streets between the nearest main road and Perry Park. 1,450 linear feet times \$2.11 per linear foot equals \$3,057, or 4.7% of the cost of the Improvements.

The amounts contributed by The City of Elk Grove add up to 16.6% (4.2% + 7.7% + 4.7%) which is more than the 12% amount required to cover any General Benefits.

ZONES OF BENEFIT

The boundaries of the Improvement District have been carefully drawn to only include the properties in Cosumnes Community Services District that are proximate to the Improvements and that would materially benefit from the Improvements. Certain other properties surrounding and outside the District were excluded from the Improvement area because these properties are generally less proximate to the Improvements and/or they do not enjoy the same access, due to roads that don't go through and/or fences, as described earlier in this Report. In other words, the boundaries of the Improvement 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.

In the Improvement District, the advantage that each parcel receives from the Improvements is direct, and the boundaries are narrowly drawn to include only parcels that benefit from the Assessment. For the most part, the benefits from the Improvements within the Improvement District do not vary based on proximity of the parcels to the Improvements because the increased benefits of greater proximity to the Improvements are generally offset by a parallel increase in negative factors such as higher levels of traffic, noise, etc. that comes with increased proximity.

However, the properties in very close proximity to Perry Park do receive some additional benefit, due to the views provided to those homes, particularly from the second floor windows on those properties. Therefore, the majority of the parcels in the Improvement District are assigned to what will be known as Benefit Zone A, and the properties which enjoy this

increased special benefit from the park will be assigned to what will be known as Benefit Zone B.

The increased special benefit in Benefit Zone B is calculated as follows:

The Engineer has determined that the increase in the special benefits enjoyed by the parcels in Benefit Zone B, due to direct but limited views of the Improvements in Perry Park, is 10%. Therefore, the rate applied to Benefit Zone B is 110% (100% plus 10%) times the rate in Benefit Zone A.

In addition, the parcels to the north of Lakemont Drive enjoy slightly reduce proximity and access to Perry Park than the parcels in Zone A because those parcels are further away from the park. These parcels will be assigned to what will be known as Benefit Zone C.

The Engineer has determined that the special benefit by parcels in Benefit Zone C is reduced by 5% due to their relative distance from the park. Therefore, the rate applied to Benefit Zone C is 95% (100% minus 5%) times the rate in Benefit Zone A.

METHOD OF ASSESSMENT

As previously discussed, the Assessments will provide comprehensive Improvements that will clearly confer special benefits to properties in the Improvement 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 Improvement 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 Equivalent Dwelling Units (EDUs). This EDU 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 designated an EDU 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 Equivalent Dwelling Unit or one EDU.

Not only residential improved property will be assessed, because commercial, industrial and other properties also receive direct benefits from the Improvements, and will be assessed.

A fixed or flat assessment is used for all single family residential properties regardless of occupancy or parcel size. Assessments on multi-family residential parcels vary based on the number of dwelling units. Assessments on commercial and industrial property are levied on an acreage basis because larger properties generally support larger buildings and have higher numbers of employees, customers and guests who would benefit from proximity and improved access to well-maintained and improved parks, landscaping and recreational facilities.

Finally, the special benefits to be derived from the Assessments will be conferred on property and are not based on a specific property owner's use of the Improvements, a specific property owner's occupancy of property, or the property owner's demographic status such as age or number of dependents. The benefits derived to property are related to the average number of people who could potentially live on, work at, or otherwise could occupy a property, not how the property is currently used by the present owner. Therefore, the number of people who could, or potentially, live on, work at or otherwise occupy a property is one indicator of the relative level of benefit received by a property.

In conclusion, the Assessment Engineer determined that the appropriate method of assessment apportionment should be based on the type of property, the relative size of the property, property location, its relative population and its proximity to parks and recreational facilities. This method is further described below.

RESIDENTIAL PROPERTIES

All improved residential properties represent a single residential dwelling unit and are assigned 1.00 EDU per dwelling unit. Traditional houses, zero-lot line houses, and townhomes are included in this category.

COMMERCIAL/INDUSTRIAL PROPERTIES

EDU values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single family residential property and the average commercial/industrial property. The EDU values for various commercial and industrial land uses are further defined by using average employee densities because the special benefit factors described previously can be measured by the average number of people who work at commercial/industrial properties.

In order to determine employee density factors, the findings from the San Diego Association of Governments Traffic Generators Study (the "SANDAG Study") are used because these findings were approved by the State Legislature as being a good representation of the average number of employees per acre of land area for commercial and industrial properties. As determined by the SANDAG Study, the average number of employees per acre for commercial and industrial property is 24.

In comparison, Census data shows that the average number of people residing in a single family home in the area is 2.55. Since the average lot size for a single family home in the

Improvement District is approximately one fifth of an acre, the average number of residents per acre of residential property is 12.75.

The employee density per acre is generally 1.9 times the population density of single family residential property per acre (24 employees per acre / 12.75 residents per acre). Therefore, the average employee density can be used as the basis for allocating benefit to commercial or industrial property since a commercial/industrial property with 1.9 employees receives generally similar special benefit to a residential property with 1 resident. This factor of equivalence of benefit between 1 resident to 1.9 employees is the basis for allocating commercial/industrial benefit. Commercial and industrial property will therefore be assigned 0.5 EDU per one-fifth acre or portion thereof.

VACANT/UNDEVELOPED PROPERTIES

The Improvements will make the land in the Improvement District more desirable and useable. 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 County of Sacramento found that approximately 30% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 30% of the benefits are related to the underlying land and 70% are related to the improvements and the day-to-day use of the property. Using this ratio, the EDU factor for vacant/undeveloped parcels is 0.30 per parcel.

OTHER PROPERTIES

Article XIID stipulates that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the Assessment.

All properties that are specially benefited are assessed. Other publicly owned property that is used for purposes similar to private residential, commercial, industrial or institutional uses is benefited and assessed at the same rate as such privately owned property.

Miscellaneous, small and other parcels such as roads, right-of-way parcels, and common areas typically do not generate significant numbers of employees, residents, customers or guests, who would have access to or use the Improvements. These miscellaneous parcels therefore receive no benefit from the Improvements and are assessed an EDU benefit factor of 0 EDUs.

ANNUAL COST INDEXING

The maximum assessment rate within the Improvement District may increase annually based on the annual increase, if any, in the Northern California (San Francisco-Oakland-

Hayward) Consumer Price Index-All Urban Consumers (the "CPI") from February to February of each year.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on their 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 Cosumnes Community Services District Administrator 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 District Administrator or his or her designee will promptly review the appeal and any information provided by the property owner. If the District Administrator 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 District Administrator 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 District Administrator or his or her designee shall be referred to the Board of Directors of the Cosumnes Community Services District, and the decision of the Board shall be final.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE IMPROVEMENT 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 Improvement District and appropriate incidental and administrative costs as defined in the Plans and Specifications section.

OVERSIGHT, ANNUAL REVIEW AND ACCOUNTABILITY

The Assessment proceeds and expenditures will be annually audited by an independent auditing entity. The results of the audit will be publicly reviewed at a public meeting of the District. The Assessment proceeds and expenditures will also be reviewed and overseen by the District Board. In addition, the Assessment budget, Assessment rate, Assessment CPI increase, and Improvements will be reviewed at a noticed public hearing by the Board and public.

In general, the public review and accountability process is as follows: The Assessments will not automatically continue and will require specific actions, reports and procedures for continuation. In each subsequent year for which the Assessments will be levied, the Board must preliminarily approve at a public meeting a budget and costs for the upcoming Fiscal Year's Improvements, an updated annual Engineer's Report, and an updated Assessment roll listing all parcels and their Assessments. At this meeting, the Board will also call for the publication in a local newspaper of a legal notice of the intent to continue the Assessments for the next fiscal year and set the date for the noticed public hearing. At the annual public hearing, members of the public can provide input to the Board prior to the Board's decision on ordering the Improvements and the Assessments for the next Fiscal Year.

ASSESSMENT

WHEREAS, the Board of Directors of the Cosumnes Community Services District directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Improvement District and an assessment of the estimated costs of the Improvements upon all assessable parcels within the Improvement District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under the Act, Article XIID of the California Constitution, and the order of the Board of the Cosumnes Community Services District, 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 Improvement District.

The amount to be paid for said Improvements and the expense incidental thereto, to be paid by the Improvement District for the Fiscal Year 2021-22 is generally as follows:

Table 2 – Summary Cost Estimate for Park District Including Maintenance & Recreation Improvement District for Fiscal Year 2021-22

Total for Installation, Maintenance and Servicing	\$21,707
Curb & Gutters, Storm Drain & Roads	\$10,882
Capital Improvement Reserve	\$43,817
Total	\$76,406
Less Contributions from Other Sources	-\$10,898
Net amount to assessments	\$65,508

As required by the Act, an Assessment Diagram showing the exterior boundaries of the Improvement District is hereto attached and incorporated herein by reference. The distinctive number of each parcel or lot of land in the Improvement 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 Improvement 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 Improvement District in proportion to the special benefits to be received by the parcels or lots of land, from the Improvements.

The Assessment is subject to an annual increase tied to the Consumer Price Index-All Urban Consumers for Northern California (San Francisco-Oakland-Hayward) as of February of each succeeding year (the "CPI").

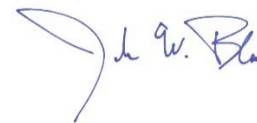
The change in the CPI from February 2020 to February 2021 was 1.0871%. Therefore, the maximum authorized assessment rate for Fiscal Year 2021-22 is increased by 1.0871% which equates to \$102.40 per single family equivalent benefit unit in Benefit Zone A, \$112.64 in Benefit Zone B, and \$97.28 in Benefit Zone C. The estimate of cost and budget in this Engineer's Report proposes assessments for Fiscal Year 2021-22 at the rate of \$102.40 in Benefit Zone A \$112.64 in Benefit Zone B, and \$97.28 in Benefit Zone C, which is equal to the maximum authorized assessment rate.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as will be shown on the Assessor's Maps of the County of Sacramento for the Fiscal Year 2021-22. 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 2021-22 for each parcel or lot of land within the Improvement District.

Dated: April 22, 2021

Engineer of Work



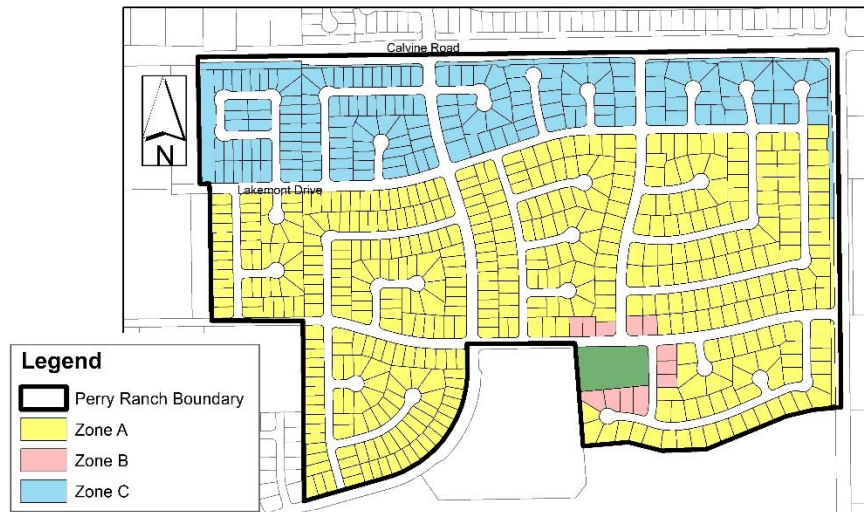
By _____

John W. Bliss, License No. C052091



ASSESSMENT DIAGRAM

The Improvement District includes all properties within the Perry Ranch area, as displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of the County of Sacramento, for Fiscal Year 2021-22, and are incorporated herein by reference, and made a part of this Diagram and this Report.



NOTE: REFERENCE IS HEREBY MADE TO THE MAPS AND DEEDS OF RECORD IN THE OFFICE OF THE ASSESSOR OF THE COUNTY OF SACRAMENTO FOR A DETAILED DESCRIPTION OF THE LINES AND DIMENSIONS OF ANY PARCELS SHOWN HEREIN. THOSE MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH PARCELS. EACH PARCEL IS IDENTIFIED IN SAID MAPS BY ITS DISTINCTIVE ASSESSOR'S PARCEL NUMBER.

FILED AND RECORDED IN THE OFFICE OF THE SECRETARY OF THE BOARD OF THE COSUMNES COMMUNITY SERVICES DISTRICT, COUNTY OF SACRAMENTO, CALIFORNIA, THIS _____ DAY OF _____, 20__.

SECRETARY OF THE BOARD

AN ASSESSMENT WAS CONFIRMED AND LEVIED BY THE BOARD OF DIRECTORS OF THE COSUMNES COMMUNITY SERVICES DISTRICT ON THE LOTS, PIECES AND PARCELS OF LAND ON THIS ASSESSMENT DIAGRAM ON THE _____ DAY OF _____, 20__ FOR THE FISCAL YEAR 20__-____, AND SAID ASSESSMENT DIAGRAM AND THE ASSESSMENT ROLL FOR SAID FISCAL YEAR WERE FILED IN THE OFFICE OF THE COUNTY AUDITOR OF THE COUNTY OF SACRAMENTO ON THE _____ DAY OF _____, 20__. REFERENCE IS MADE TO SAID RECORDED ASSESSMENT ROLL FOR THE EXACT AMOUNT OF EACH ASSESSMENT LEVIED AGAINST EACH PARCEL OF LAND.

SECRETARY OF THE BOARD

Cosumnes Community Services District Perry Ranch Assessment District Assessment Diagram

Prepared by SCI Consulting Group
4745 Mangata Blvd, Fairfield, CA 94534

ASSESSMENT ROLL

An Assessment Roll (a listing of all parcels assessed within the Assessment District and the amount of the assessment) will be filed with the Secretary of the Board and is, by reference, made part of this Report and is available for public inspection during normal office hours.

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.