

## **ENGINEER'S REPORT**

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**DATE:** MAY 16, 2017  
**TO:** CITY COUNCIL  
**FROM:** CITY ENGINEER  
**RE:** **DIABLO ESTATES AT CLAYTON BENEFIT ASSESSMENT DISTRICT FISCAL YEAR 2017-18**

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This Engineer's Report has been prepared in accordance with the requirements of the Landscaping & Lighting Act of 1972 (Section 22500 et seq. of the Government Code).

### **HISTORICAL REVIEW**

In 2012, at the request of Toll Brothers, the developer of the Diablo Estates at Clayton project (Subd. 8719), the City Council formed the Diablo Estates at Clayton Benefit Assessment District ("District" per Resolution No. 04-2012). The purpose of the District is to generate funds for the maintenance of various improvements constructed as part of the development which solely benefit the real property owner(s). The duties specified in the original Engineer's Report (prepared by SCI Consulting Group, dated March 2012) included maintenance of landscaping and irrigation, weed abatement, storm drainage facilities, and private street lighting. In addition to maintenance, the District is responsible for the repair or replacement of any facilities due vandalism, accidents, or age.

The District was formed under the auspices of the Landscaping and Lighting Act of 1972 (Section 22500 et seq. of the Government Code) and the Benefit Assessment Act of 1982 (Section 54703 et seq. of the Government Code). The initial per lot annual assessment, approved by the property owner (Toll Bros.), was \$3,027.62. The approval also allowed for an annual increase in the assessment amount equal to the annual increase in the Consumer Price Index ("CPI"; San Francisco-Oakland-San Jose CA MSA, All Urban Consumers), not to exceed 4% in any one year.

While the Benefit Assessment Act of 1982 does not require further action prior to the levy of annual assessments, the Landscaping and Lighting Act of 1972 requires the preparation of an Engineer's Report and notice to property owners of a public hearing each year. Since no increase, other than the already authorized and approved CPI increase, is proposed, the provisions of Proposition 218 do not apply.

### **DETERMINATION OF SPECIAL BENEFIT, METHOD OF ASSESSMENT AND DESCRIPTION OF DISTRICT IMPROVEMENTS**

See original Engineer's Report attached hereto and made a part hereof.

### **ESTIMATED COSTS**

The original budget included maintenance and District administrative costs, as well as reserve funds for future replacement of the maintained items. See Attachment 2 for the District's expenditures for FY 2016-17.

The relevant CPI increase for this past year (April 2016 – April 2017) is 3.78%. Following is a breakdown of the District's FY 2017-18 budgeted costs incorporating the allowable CPI increase:

Item	FY 2016-17 Budget	CPI Increase (3.78%)	FY 2017-18 Budget
District Maintenance:			
Common Area Landscape	\$19,572.17	\$739.83	\$20311.99
Weed Abatement	\$13,095.02	\$494.99	\$13,590.01
Storm Drain System	\$6,047.24	\$228.59	\$6,275.82
Private Street Lighting	<u>\$1,330.40</u>	<u>\$50.29</u>	<u>\$1,380.68</u>
Sub-Total Maintenance:	\$40,044.83	\$1,513.69	\$41,558.31
District Administration*	\$18,581.51	\$702.38	\$19,283.90
District Reserves	\$21,265.39	\$803.83	\$22,069.22
<b>Total Annual Budget</b>	<b>\$79,891.73</b>	<b>\$3,019.91</b>	<b>\$82,911.63</b>

\* Includes Pinnacle Construction fees (monthly site inspections, maintenance oversight and contract management), City Engineer services, legal notices and mailing costs, County collection charges.

### RESERVE FUNDS

The reserve fund balance at the end of FY 2016/17 will be approximately \$82,351. This balance will increase to approximately \$95,259 at the end of FY 2017/18. The purpose of the Reserve is for both scheduled and unexpected replacement of the capital investments, per the original Engineer's Report.

See Attachment 1 for a more detailed discussion of the reserve funds and balances.

### PER UNIT ALLOCATION

Based upon the proposed budget, the per-unit assessment will be \$3,454.64 (\$82,911.36/24 units).

### ASSESSMENT HISTORY

Proposed FY 17-18	\$3,454.64
FY 16-17	\$3,328.82
FY 15-16	\$3,241.00
FY 14-15	\$3,162.00
FY 13-14	\$3,100.26
FY 12-13	\$3,027.62

**ATTACHMENT 1**

**RESERVE FUND ACCOUNTS**

# **DIABLO ESTATES AT CLAYTON** **BENEFIT ASSESSMENT DISTRICT (“District”)** **RESERVE FUNDS**

The purpose of the various reserve accounts is to insure that the District will have funds available to repair or reconstruct the facilities that are the responsibility of the District.

The fund amounts were established using the initial cost of construction and amortizing them over the anticipated life of the facilities. In addition, there is a general reserve fund set aside to act as a contingency reserve for any of the District’s responsibilities.

The funds as initially established are as follows:

ITEM	QUANTIT Y	UNIT	UNIT COST	TOTAL COST	SERVIC E LIFE (YRS)	ANNUAL DEPOSIT
Tree Replacement	33	EA	\$285	\$9,405	40	\$235
Entry Monument Replacement	1	EA	\$4,000	\$4,000	25	\$160
V-ditch Repair/Replacement	2038	LF	\$50	\$101,900	25	\$4,076
Vortsentry Replacement	1	EA	\$100,000	\$100,000	100	\$1,000
Stormwater Basin Replacement*	48	EA	\$2,000	\$96,000	10	\$9,600
CB/MH/SD Pipe Replacement	1	LS	\$79,000	\$79,000	100	\$790
General						\$2,000
				Total**		\$17,861

\* Removal and replacement of plants and filter material only

\*\* First year assessment (increased each following year by the CPI increase)

Following are reserve analysis sheets showing each year’s contribution to the various funds and the current balance of each fund.

**ATTACHMENT 2**

**BAD EXPENDITURES FOR FY 2016-17**

**ATTACHMENT 3**

**INITIAL ENGINEER'S REPORT (19 pp)**