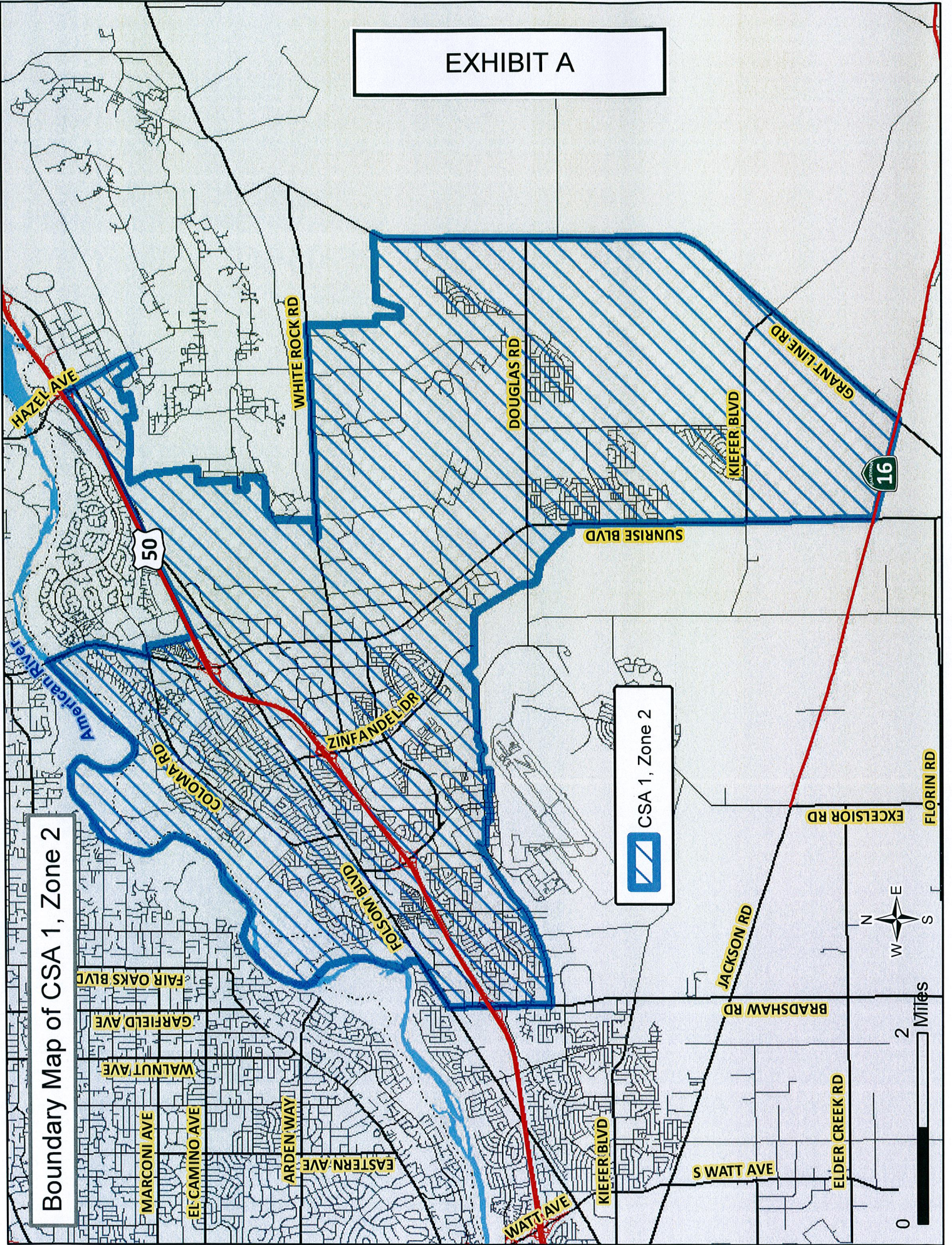
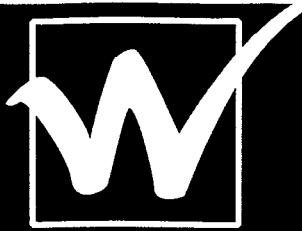


EXHIBIT A

Boundary Map of CSA 1, Zone 2





ENGINEER'S REPORT

CITY OF RANCHO CORDOVA

FORMATION OF

LIGHTING DISTRICT NO. 2012-1

FISCAL YEAR 2012/2013

Submitted this 16th Day of March, 2012

CITY OF RANCHO CORDOVA
2729 PROSPECT PARK DRIVE
RANCHO CORDOVA, CA 95670

PREPARED BY
WILLDAN FINANCIAL SERVICES



extending
youth
reach



ENGINEER'S REPORT AFFIDAVIT

Formation of the Rancho Cordova

Lighting District No. 2012-1,

**Establishment of Annual Assessments (Conversion of Sacramento
County CSA 1 Zone 2)**

The District includes all parcels of land within the

**City of Rancho Cordova,
County of Sacramento,
State of California**

This Report and the enclosed budget, assessments, diagram and descriptions outline the proposed formation of the Rancho Cordova Lighting District No. 2012-1, which includes each lot and parcel of land within the City of Rancho Cordova and said District, as the same existed at the time this Report was prepared. Reference is hereby made to the Sacramento County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each lot and parcel within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council of the City of Rancho Cordova.

Dated this _____ day of _____, 2012.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Rancho Cordova

By: _____

Jim McGuire
Senior Project Manager

By: _____

Richard Kopecky
R. C. E. # 16742

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INTRODUCTION

Pursuant to the provisions of the Landscape and Lighting Act of 1972, being Part 2 of Division 15 of the California Streets and Highways Code, commencing with Section 22500 (hereafter referred to as the "1972 Act"), the City Council of the City of Rancho Cordova, County of Sacramento, State of California (hereafter referred to as "City"), has by resolution initiated proceedings in connection with the establishment of a special benefit assessment district to be designated as:

Rancho Cordova Lighting District No. 2012-1

(hereafter referred to as "District"), for the purpose of continuing and providing for the ongoing maintenance, servicing and operation of public lighting improvements (safety lights and street lights) within the City that has previously been provided and administered by the County of Sacramento as part of County Service Area 1 (CSA-1). Upon the formation of this District, the parcels with the City of Rancho Cordova will be detached from CSA-1 and the maintenance, servicing and operation of the improvements will become the responsibility of the City of Rancho Cordova with the City Council acting as the legislative body for the District. The City Council proposes to form the District, and continue the levy and collection of annual assessments on the County tax rolls to provide ongoing funding for the costs and expenses required to service and maintain the safety light and street light improvements for the benefiting lots and parcels of land within the boundaries of the District that were previously included in Zone 2 of CSA-1 and for which the County of Sacramento has been maintaining through the annual levy of assessments.

County Service Area 1 was created in 1986 by the Sacramento County Board of Supervisors by reorganizing five existing street light maintenance districts. CSA-1 was established to provide street light services to those portions of Sacramento County that were unincorporated in 1986. Since the establishment of CSA-1, the cities of Citrus Heights, Elk Grove and Rancho Cordova have been incorporated and in July 2005, the Board of Supervisors approved the creation of zones within CSA-1. The creation of these zones allowed incorporated cities and the County to supplement CSA-1 revenues specific to those areas. This action also facilitated the eventual Local Agency Formation Commission (LAFCO) approved detachment of Elk Grove (August 2005) and Citrus Heights (June 2006) from CSA-1, leaving Rancho Cordova as the only incorporated city that is still part of CSA-1.

This Engineer's Report (hereafter referred to as "Report") has been prepared in connection with the formation of the Rancho Cordova Lighting District No. 2012-1 and the continued levy and collection of annual assessments related thereto commencing in fiscal year 2012/2013, as required pursuant to Chapter 1, Article 4 of the 1972 Act. This Report describes the District, the improvements, and the assessments to be levied on properties within the District in connection with the special benefits the properties receive from the maintenance and servicing of the District improvements. The formation of this District and the annual assessments will provide a continued funding source for the City to fund in part the ongoing maintenance, servicing and operation, of the safety lights and street lights that provide special benefits to the properties within the District.

The improvements and assessments described in this Report are based on the improvements and assessments previously established by the County of Sacramento for CSA-1 Zone 2 and the assessment revenues will be used to fund in part the annual direct expenditures and incidental expenses, associated with the maintenance and servicing of those improvements. The formation of the District, the structure of the District (organization), the improvements, the

method of apportionment, and assessments described herein have been established to continue the maintenance of the existing improvements and assessments previously established by the County of Sacramento for CSA-1 and as such are not considered to be new or increased assessments under the provisions of the California Constitution Article XIID.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the Sacramento County Assessor's Office. The Sacramento County Auditor/Controller uses Assessor's Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for special benefit assessments.

As part of this District formation to continue the assessments previously levied by the County of Sacramento as part of CSA-1, in addition to the proceedings conducted the Local Agency Formation Commission (LAFCO) for the detachment of the City of Rancho Cordova from CSA-1, the Rancho Cordova City Council will conduct a noticed public hearing pursuant to the provisions of the 1972 Act to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Assuming LAFCO has approved the detachment from CSA-1, upon conclusion of the public hearing and consideration of any protests, the City Council may approve the Report (as submitted or amended), order the formation of the District, and the levy and collection of assessments as described herein and approved. In such case, the assessments for fiscal year 2012/2013 shall be submitted by the City to the Sacramento County Auditor/Controller for inclusion on the property tax roll for each parcel and the assessments for CSA-1 will be discontinued.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the City Council describing the District, any changes to the District or improvements, and the proposed budget and assessments for that fiscal year, and the City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the proposed levy of assessments for that fiscal year. If in any year, the proposed annual assessments for the District exceed the assessments described herein, such an assessment would be considered a new or increased assessment and must be confirmed through property owner protest ballot proceeding before that new or increased assessment may be imposed. It should be noted that an increased assessment to an individual property resulting from changes in development or land use does not constitute an increased assessment.

This Report consists of five (5) parts:

Part I

Plans and Specifications: A description of the District boundaries and the proposed improvements associated with the District. The District is being formed with two (2) designated benefit zones that collectively encompass all lots and parcels of land within the boundaries of the City of Rancho Cordova and were previously included in Zone 2 of CSA-1. The two benefit zones are designated as "Safety Light Only" Zone, which includes those lots and parcels of land within the District that are associated and benefit from only safety light improvements; and "Safety Light and Street Light" Zone, which includes those lots and parcels of land within the District that are associated and benefit from both safety light improvements and local street light improvements.

Part II

Method of Apportionment: A discussion of benefits the improvements and services provide to properties within the District and the method of calculating each property's proportional special benefit and annual assessment.

Part III

District Budget: An estimate of the annual costs to service, maintain and operate the safety light and street light improvements and appurtenant facilities within the District that had been previously funded in part through CSA-1 assessments. This budget includes an estimate of direct operational costs (energy and maintenance costs), anticipated repair and replacement of the existing facilities and incidental expenses authorized by the 1972 Act such as administration expenses and collection of appropriate fund balances.

Part IV

District Diagram: A diagram showing the exterior boundaries of the District and the Zones therein is provided in this Report and includes all parcels that receive special benefits from the improvements. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of all parcels as shown on the Sacramento County Assessor's Parcel Maps as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments or parcel changes therein. Reference is hereby made to the Sacramento County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V

Assessment Roll: A listing of the proposed assessment amount for each parcel based on the parcel's proportional special benefit as outlined in the method of apportionment. These assessment amounts represent the assessments proposed to be levied and collected on the County Tax Rolls for fiscal year 2012/2013.

PART I — PLANS AND SPECIFICATIONS

Description of the District

The territory within the District shall consist of all lots and parcels of land within the boundaries of the City of Rancho Cordova that in fiscal year 2011/2012, were designated as CSA-1 Zone 2. Within these boundaries, parcels are identified and grouped into one of two designate benefit zones based on the special benefits properties receive from the District improvements, namely Safety Lights Only or Safety Lights and Street Lights. The two Zones within the District and the benefits associated with the properties therein are described in more detail in Part II (Method of Apportionment) of this Report. In addition the District Diagram in Section IV of the Report provides a visual representation of the District showing the exterior boundaries of the District and the Zones therein.

Improvements and Services

Improvements and Services Authorized by the 1972 Act

As generally defined by the 1972 Act and may be applicable to this District, the improvements and associated assessments may include one or more of the following:

- The installation or construction of public lighting facilities including, but not limited to street lights, safety lights and traffic signals;
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof;
- The maintenance or servicing, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement including but not limited to:
 - Repair, removal, or replacement of all or any part of any improvements;
 - Grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities;
 - Electric current or energy, gas, or other illuminating agent for any public lighting facilities or for the lighting or operation of any other improvements;
- Incidental expenses associated with the improvements including, but not limited to:
 - The costs of the report preparation, including plans, specifications, estimates, diagram, and assessment;
 - The costs of printing and advertising, and publishing, posting and mailing of notices;
 - Compensation payable to the County for collection of assessments;
 - Compensation of any engineer or attorney employed to render services;
 - Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
 - Costs associated with any elections held for the approval of new or increased assessments.

Description of District Improvements

The District's annual assessments will finance in part the maintenance, operation and servicing of the District's lighting improvements (safety lights and street lights) which generally includes the furnishing of labor, materials, equipment and electricity for the ordinary and usual maintenance, operation, and servicing of street lights within the public right-of-ways and easements dedicated to the City, incidental expenses including administrative costs as well as the performance of periodic repairs, replacement and expanded maintenance resulting from damage or vandalism. These services and activities more specifically may include, but are not limited to:

- Payment of the electrical bill for the safety lights and street lights.
- Maintenance, repair and replacement of light poles and fixtures, including changing light bulbs, painting, photoelectric sell repair or replacement, and repairing damage cause by automobile accidents, vandalism, time, and weather.
- Electrical conduit and pullbox repair and replacement due to damage by construction and weather.
- Monitoring of the Underground Service Alert (USA) network, identification of proposed excavation in the vicinity of lighting electrical conduits, and marking the location of those underground conduits in the field to prevent damage by excavation.
- Service-can maintenance, repair and replacement including painting, replacing worn out electrical components and repairing damage due to accidents, vandalism, and weather.
- Remedial projects for major repairs or upgrading of facilities. Construction for such projects are usually performed by contract, however City maintenance workers may execute small projects.
- Street light inventory database, pole numbering and mapping to establish the number of streetlights that must be maintained, as well as the condition and location of these street lights as part of an effective maintenance program.
- Acquisition of land, easements and right-of-ways necessary to maintain the street and safety lighting system.
- Responding to citizens and Council member inquiries and complaints regarding street lighting. Resolving complaints may require and engineering study and possible project.

For the purpose of determining benefit and the proportional assessment of special benefit the light fixtures to be maintained by the District are defined as either "Street Lights" or "Safety Lights". Safety Lights are lights located at intersections on major streets and along the rear of properties that abut major streets. All other lights are designated as Street Lights. The following table provides a summary of the safety light and street light inventory within the City at the time this Report was prepared. Detailed maps identifying the location and extent of the District's Safety Lights and Street Lights are on file in the Office of Public Works, and by reference these documents are made part of this Report.

Type of Light	Number of Lights
Safety Light	428
Street Light	4,240
Total District Lights	4,668
Decorative Light ⁽¹⁾	92
Total City Lights	4,760

⁽¹⁾ The 92 decorative lights shown above are contained within a single residential development and these lights are funded by a separate revenue source levied on those parcels. Therefore these lights are not included as part of the District's improvements, budget or assessments. Parcels within this residential development are included in the "Safety Light Only" zone

PART II — METHOD OF APPORTIONMENT

Based on the provisions of the 1972 Act and the California Constitution, this section of the Report summarizes the benefits associated with the District's safety and street light improvements and services to be provided by the District; the resulting District structure (zones of benefit); and the formulas used to calculate each parcel's proportional special benefit assessment obligation based on the entirety of the cost of providing the various improvements (method of assessment).

Benefit Analysis

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include but are not limited to the construction, maintenance, operation, and servicing of public street lighting improvements and appurtenant facilities.

The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

"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."

In conjunction with the provisions of the 1972 Act, the California Constitution Article XIID addresses several key criteria for the levy of assessments, notably:

Article XIID Section 2d defines District as:

"District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service";

Article XIID Section 2i defines Special Benefit as:

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

Article XIID Section 4a defines proportional special benefit assessments as:

"An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

The method of apportionment (method of assessment) established herein is based on the premise that each assessed property receives special benefits from the maintenance, serving and operation of either safety lights locate throughout the District or both safety lights and local street lights and these improvements will be funded in part by such assessments, and the assessment obligation for each parcel reflects that parcel's proportional special benefits as

compared to other properties that receive such special benefits as outlined in the preceding definitions established in the 1972 Act and the California Constitution.

To identify and determine the proportional special benefit to each parcel within the District, as well as any general benefit associated with the improvements, it is necessary to consider the entire scope of the improvements provided as well as the properties that benefit from those improvements. The District's improvements and the associated costs described in this Report, have been carefully reviewed and have been identified and allocated based on a benefit rationale and calculations that proportionally allocate the net cost of only those improvements determined to be of special benefit to properties within the District and is consistent with the method of apportion previously established for the assessments as part of CSA-1.

While the California Constitution requires that *"The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement..."*; it is reasonable to conclude that the reasons for installing street lights are somewhat different than the reasons for installing safety lights and therefore the benefits associated with street lights and safety lights are different which also suggests that the apportionment of the cost to provide those improvements would be different.

As previously noted, Safety Lights are lights located at intersections on major streets and along the rear of properties that abut major streets. As such, it is evident that these lights are installed in part for the purpose of providing nighttime traffic illumination and circulation and are not entirely the result of specific property development, although the location and extent of these lights are most certainly driven by development of properties in the area which in turn increases traffic circulation and therefore facilitates the need for safety lights. Therefore, while the need for such lights is most often facilitated by development in the area and certainly a special benefit to properties within the District, because safety lights promote nighttime traffic illumination and circulation for the general public as well as for properties in the District, these lights obviously provide some measure of benefit to the community as a whole and to the public at large (general benefit). However, in reviewing the overall extent and location of the Safety Lights, it has been determined that about 47% of these lights are located on major streets that are considered through-traffic corridors, namely Bradshaw Road, Folsom Boulevard and Sunset Boulevard. The remaining Safety Lights are located on major streets and intersections that are considered internal City traffic routs primarily providing access to the parcels in the District. Therefore it would be reasonable and conservative to assume that no more than 25% of the total maintenance and operation (O&M) costs of providing Safety Lights would be considered general benefit.

In reviewing the location and extent of the City's Street Light improvements and the relationship these improvements have to properties within the District, it has been determined that these lights are entirely local light improvements that were installed in connection with the development of nearby properties or were a precursor to property development and would otherwise not be necessary or required. As such, these local street light improvements have a direct and particular relationship to, and provide special benefit to, the properties located in close proximity to those street lighting improvements and serve as extension of those properties and developments into the public areas (streets) that serve those properties. These lights clearly provide special benefits that affect these properties in a way that is particular and distinct from its effect on other parcels, and that real property in general and the public at large do not share. This is most evident in the fact that the Street Lights are concentrated within the City's various residential developments and developed non-residential areas and the absence of such lights within many portions of the District. Therefore, since certain areas of the City forgo the need of local street lighting, the maintenance costs associated with local street lighting is not

considered to be a general benefit. It is reasonable to conclude that the District's Street Lights are solely a special benefit to those properties and developments in close proximity to those lights. However, these lights are not exclusive or typically isolated to a particular parcel, but are rather shared and directly affect entire neighborhoods or groups of parcels. In this District, it has been determined that each parcel that is assessed for Street Lights is at least within two-hundred feet of a street light although that light may be located across the street from the parcel.

Zones of Benefit

In order to calculate and identify the proportional special benefit received by each parcel and their proportionate share of the improvement costs it is necessary to consider not only the improvements and services to be provided, but the relationship each parcel has to those improvements as compared to other parcels in the District

Article XIIID Section 4a reads in part:

"...The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

In an effort to ensure an appropriate allocation of the estimated annual cost to provide the District improvements based on proportional special benefits, this District will be established with benefit zones ("Zones") as authorized pursuant to Chapter 1 Article 4, Section 22574 of the 1972 Act:

"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."

Therefore, in order to separate general benefits from special benefits and to ensure each parcel is assessed for only the special benefits received from the improvements two benefit zones have been established and every parcel in the City is grouped into one of these two Zones:

- Safety Lights Only Zone: Includes all parcels that receive special benefits from the maintenance of Safety Lights only which includes lights located at intersections on major streets and along the rear of properties that abut major streets.
- Street Lights and Safety Lights: Includes all remaining parcels within the City that specially benefit from maintenance of Street Lighting (local lights) as well as Safety Lights.

The District Budget, incorporated herein under Part III of this Report, provides a summary of the total estimated cost of providing the street light improvements and the allocation of those costs that are considered general benefit. Details regarding the location and extent of the street lighting improvements within the District and the Zones therein are on file in the Office of Public Works Services Department and by reference these documents are made part of this Report. A diagram showing the exterior boundaries of the District and the two Zones therein is attached and incorporated herein under Part IV (District Diagram) of this Report.

Assessment Methodology

In order to calculate and identify the proportional special benefit received by each parcel and their proportionate share of the improvement costs it is necessary to consider not only the improvements and services to be provided, but the relationship each parcel has to those improvements as compared to other parcels in the District

Article XIIID Section 4a reads in part:

"...The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Safety Lights and Street Lights, like most public improvements, provides varying degrees of benefit (whether they be general or special) based largely on the extent of such improvements, the location of the improvements in relationship to the properties, the specific use of each property, and the reason or need for such improvements as it relates to individual properties. In this District these issues are each considered in determining the proportional special benefit to each parcel by the use of benefit zones, the separation of general benefit and special benefit, and County land use designations.

Safety Lights

Safety Lights are located throughout the District and properties throughout the City are considered to benefit proportionally from Safety Lights and are therefore levied a flat rate calculated by the following formula.

$$\text{Net Safety Light Cost} / \text{Total Assessable Parcels} = \text{Levy per Parcel}$$

Street Lights

Only properties that benefit from Street Lights are charged for Street Lights. Parcels are classified based on land use into two categories; Residential and Non-Residential. Residential parcels that have street lights are levied equally. Non-Residential are levied on a front footage basis. Formulas for both Non-Residential and Residential parcels are illustrated below.

Residential Parcels

$$\text{Net Residential Street Light Cost} / \text{Residential Parcels} = \text{Levy per Residential Unit}$$

Non-Residential Parcels

$$\text{Net Non-Residential Street Light Cost} / \text{Non-Residential Front Footage} = \text{Levy per Non-Residential Front Foot}$$

$$\text{Levy per Non-Residential Front Foot} \times \text{Non-Residential Parcel Front Footage} = \text{Levy per Parcel}$$

Exempt

Excepted from the assessment would be the areas of public streets and other roadways (typically not assigned an APN by the County), dedicated public easements, open space areas and rights-of-ways including public greenbelts and parkways. Also excepted from assessment would be utility rights-of-ways, common areas (such as in condominium complexes), landlocked parcels, small parcels vacated by the County, bifurcated lots, and any other property that cannot be developed. These types of parcels do not benefit from the improvements.

The land use classification for each parcel has been based on the Sacramento County Assessor's Roll.

Rates

The following Table shows the assessment rates proposed to be levied in Fiscal Year 2012/2013. It is important to note that these rates are the same rates applied under CSA 1 and have not increased since the passage of Proposition 218 in 1996.

Proposed Fiscal Year 2012/2013 Assessment Rates

Improvement Type	Proposed Rates
Safety Lights	\$2.56 per parcel
Street Lights (Residential)	\$15.32 per parcel
Street Lights (Non-Residential) *	\$0.2519 per front foot

* Non-Residential parcels include commercial and multi-family properties

The following Table provides a summary of the estimated total assessments to be levied in Fiscal Year 2012/2013.

Benefit Classifications	Applied Rates	Parcels	Applied Front Footage	Total Estimated Revenue
Safety Light Only	\$2.56 per Parcel	7,366	N/A	\$ 18,857
Street and Safety Light (Residential)	\$2.56 + \$15.32 per Parcel	10,020	N/A	\$ 179,158
Street and Safety Light (Non-Residential)	\$2.56 per parcel + \$0.2519 per front foot	3,416	595,507.50	\$ 158,753
Totals		20,802		\$ 356,768

PART III — DISTRICT BUDGET

District Budget

The following budget outlines the estimated costs to maintain the improvements and the anticipated expenditures for fiscal year 2012/2013.

Description	Total Budget	Safety Lights	Street Lights
Annual Maintenance & Operation (O&M)			
Electrical Costs	\$ 189,448	\$ 43,484	\$ 145,964
Maintenance Costs	143,892	16,692	127,200
Total Annual O&M Expenses	\$ 333,340	\$ 60,176	\$ 273,164
Annual Administrative Expenses			
District Administration	\$ 18,920	\$ 2,824	\$ 16,096
County Fees	520	184	336
Miscellaneous Administration Expenses	1,000	149	851
Total Annual Administration Expenses	\$ 20,440	\$ 3,157	\$ 17,283
Additional Operating Expenses			
Repairs/Replacements & Capital Expenditures	\$ 70,000	\$ 6,300	\$ 63,700
Reserve Fund Collection	-	-	-
Total Additional Operating Expense	\$ 70,000	\$ 6,300	\$ 63,700
TOTAL DISTRICT EXPENSES	\$ 423,780	\$ 69,633	\$ 354,147
Contributions/Adjustments			
Reserve Fund Transfer	\$ -	\$ -	\$ -
General Benefit Contribution	(15,044)	(15,044)	-
Other Revenue Contributions	(51,968)	(1,336)	(50,632)
Total Contributions/Adjustments	\$ (67,012)	\$ (16,380)	\$ (50,632)
NET ASSESSMENT BUDGET	\$ 356,768	\$ 53,253	\$ 303,515
(Balance to Levy)			
District Statistics			
Total Parcels	21,115	21,115	13,436
Parcels Levied	20,802	20,802	13,436
Front Footage	-	N/A	595,507.50
Per Parcel Rate (As Applicable)	-	\$2.56	\$15.32
Per Front Foot Rate (As Applicable)	-	N/A	\$0.2519

Description of District Budget

Annual Maintenance & Operation (O&M) — Includes the regular annual costs of maintaining and servicing lighting improvements. This may include, but is not limited to, the costs for labor, utilities, equipment, supplies, nor repairs, and replacements and upgrades of fixtures that are required to properly maintain the items that provide a direct benefit to the District.

- **Electrical Costs** — Includes the cost of providing electricity to the lights. Additionally, some lights may be maintained by the Sacramento Municipal Utility District (“SMUD”) and the cost for maintenance of these lights is included as part of the utility bill for those lights.
- **Maintenance Costs** — Includes the contract labor associated with the maintenance of the lights and the cost of the preparing and maintaining the light inventory. This cost is based on an estimated annual cost of \$30.00 per street light and \$39.00 per safety light.

Annual Administrative Expenses — Includes the indirect costs not included above that are necessary to properly maintain the District on an annual basis.

- **District Administration** — Includes the estimated cost to coordinate District services including responding to property owner inquiries relating to the assessments and services and contracting with professionals to provide administration, legal, and engineering services to the District that are required on an annual basis. This also includes the costs for the City to account for the funds, calculate the assessments, prepare the annual Report, and place the assessment on the property tax bills.
- **County Fees** — Includes the cost or a portion of the costs that the County charges to place the assessments onto the Sacramento County Secured Tax Roll.
- **Miscellaneous Administration Expenses** — Includes other minor administrative costs such as telephone, copying, noticing, mailing, office supplies and fees related to District Administration.

Total O&M and Administration Expenses — This is the total of the Annual Maintenance & Operation (O&M) and Annual Administrative Expenses which are considered to be the direct costs for the regular annual maintenance, servicing and operation of the District improvements.

Additional Operating Expenses — Includes funding needs to support the improvements that are not included or considered to be costs associated with the regular annual maintenance, servicing and operation of the District improvements.

- **Repairs/Replacements & Capital Expenditures** — Includes, but is not limited to repairs that are only required periodically, repairs and replacements resulting from damage or vandalism, capital improvement expenditures to rehabilitate or upgrade the improvements, and collection of funding (installments) for future capital improvement projects. The amount collected each fiscal year is based on an estimate of current and future needs, but may be limited by available funding (assessment revenues and City contributions).
- **Reserve Fund Collection** — Includes, funds that may be collected and retained specifically to provide a cash flow reserve and/or establish a fund balance to fund unexpected expenditures or periodic expenses. The 1972 Act authorizes the collection of reserves, but limits the fund balance to an amount necessary to meet the required expenditures of the District from the period of July 1 (the beginning of the Fiscal Year) through the time the City receives the first

installment of assessment revenues collected from the property tax bills and provided by the County (typically January or February)

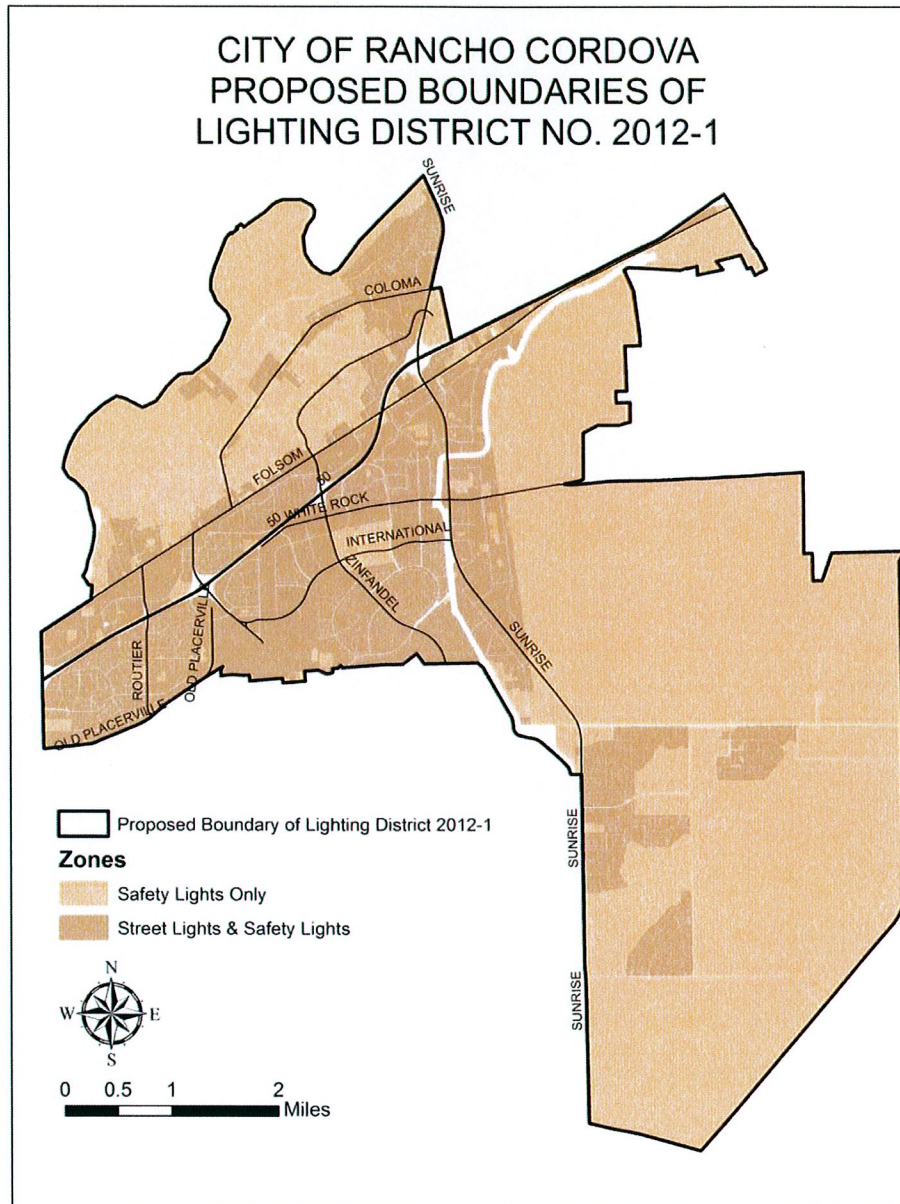
Contributions/Adjustments — Represents funding from sources other than assessments to support the annual costs budgeted for the maintenance, servicing and operation of the District improvements.

- Reserve Fund Transfer – Funding transferred from the Reserve Fund or assessment surplus (if available) to offset a portion of the Total Expenses budgeted.
- General Benefit Contribution — Funding from the City utilizing revenue sources other than assessment revenues to pay the proportional costs for the regular annual maintenance, servicing and operation of the District improvements that have been determined to be of General Benefit and which cannot be included as part of the annual assessments. This City funding may be from the City’s General Fund or any other funding source available to the City.
- Other Revenue Contribution – Additional funds designated for use by the District that are not District assessments. Often referred to as a City Contribution, these funds may be from any source available to the City to support the District and reduce the amount to be collected by the District assessments (“Net Assessment Budget”). If the Total District Expenses minus any Reserve Fund Transfer and General Benefit Contribution results in an amount greater than the amount that can be collected through the assessments, the City would either have to reduce expenses or contribute funds to balance the budget.

Net Assessment Budget (Balances to Levy) —Represents the total amount proposed to be levied and collected as assessments on the property tax rolls for the fiscal year.

PART IV — DISTRICT DIAGRAM

The parcels within the District consist of all lots and parcels of land within the City of Rancho Cordova. The following page provides a boundary map that displays exterior boundaries of the District, as well as the two zones of benefit within the District as the same existed at the time this Report was prepared. The combination of this map and the Assessment Roll contained in this Report constitute the Assessment Diagram for this District.



PART V — ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on available parcel maps and property data from the Sacramento County Assessor's Office. A listing of the Assessor's Parcel Numbers (APNs) to be assessed within this District, along with the corresponding Assessment Amount to be levied for fiscal year 2012/2013 is provided in the following. If any APN submitted for collection of the assessments is identified by the County Auditor/Controller of the County of Sacramento to be an invalid parcel number for any fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment, as described in this Report and approved by the City Council.

I. INFRASTRUCTURE, FACILITIES AND SERVICES/ GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA

I. a - What is the current demand for services (baseline)?

The current demand for services is described in the City of Rancho Cordova Lighting District Engineer's report and is represented by the current inventory of lights and current assessment roll. In summary, this includes approximately 4,591 highway safety and street lights..

I. b – What is the projected demand for services?

Demand for service will continue to grow at the same pace as real estate development within the City. Current projections indicate a new potential growth of an additional 35,000 households at build out.

I. c – What is the existing and projected service capacity?

Unlike other major infrastructure items such as sewer and water, the street lighting capacity is not limited by the size of local infrastructure. Sacramento Municipal Utility District ("SMUD") provides electricity that keeps the street lights lit. The projected capacity is adequate for full implementation of the City's street lights. SMUD currently generates approximately half of its own electricity and purchases the other half from the wholesale market.

I. d - How are infrastructure needs determined?

Street and Safety needs are determined by the City, which adopted standards upon incorporation based on the County's standards for acceptable illumination levels on accepted streets. The City is currently considering revising or upgrading the standards by adopting the American Association of State Highway and Transportation Officials (AASHTO) *Roadway Lighting Design Guide* as its specification. The AASHTO guide outlines recommended illumination levels for various types of roadway classifications. Factors such as the roadway type, pole height, fixture type, wattage, driveway locations, block sizes, as well as other factors determine the lighting needs.

I. e - Provide schedules for infrastructure replacements and upgrades; explain how schedules are being met? Describe operation and maintenance programs(s) including any identified areas of deferred maintenance?

New Street and Safety Lighting systems will be installed as new residential and commercial development/redevelopment occurs. There are areas within the City that do not have local street lights. No installation of streetlights for these areas is contemplated with the detachment from CSA 1. Following the detachment, an

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inventory of the existing system is anticipated to be undertaken which will document the conditions of the poles in general terms . The City plans to provide proactive maintenance to include checking all street lights on main thoroughfares during non-daylight hours, once every six months, maintaining a written log, troubleshooting and repairing any found outages. Participating in the system protection program, Underground Service Alert (USA) has been contracted to mark and locate the infrastructure to minimize the opportunity for contractors to damage underground infrastructure including the street lighting system. Addressing deferred maintenance typically involves re-painting the street and safety light poles and an inspection of any remaining wood street light poles for rotting and to replace with metal poles.

I. f - How will new or upgraded infrastructure be financed?

According to the City's General Plan, Infrastructure, Services and Finance Element, the City goals include providing quality public infrastructure and services. The General Plan contains Policy ISF.2.1 to ensure the development of public infrastructure that meets the long-term needs of residents and ensure infrastructure is available at the time such facilities are needed. To that end, ISF.2.1.2 requires the adoption of a phasing plan for the development of public facilities in a logical manner that encourages the orderly development of roadways, water and sewer, and other public facilities. The roadway infrastructure includes installation of streetlights. The construction of the infrastructure is financed through a combination of private development costs and impact fees.

The General Plan also contains Policy ISF.2.3 to ensure that adequate funding is available for all infrastructure and public facilities. ISF.2.3.1 is a requirement to secure financing for all components of the transportation system through the use of special taxes, assessment districts, developer dedications or other appropriate mechanisms. Through the entitlement process the City requires that new development provide a funding mechanism for maintenance services for all new public improvements associated with the project including but not limited to streets, bridges/culverts, traffic signals, traffic signs, striping and legends, ITS operations, and street lights. Maintenance of the public improvements including street lights are to be paid for by these financial mechanisms including assessment districts and service CFDs.

I. g - List infrastructure deficiencies; indicate if deficiencies have resulted in permit or other regulatory violations; explain how deficiencies will be addressed.

There is an existing deficiency in service level due to a lack of revenue. The current methodology is to perform maintenance activities on a per request basis. Current revenue levels do not allow for any proactive maintenance activities. This type of service likely results in lights remaining unlit in a number of locations for months at a time. This lack of revenue and low level of service may result in safety issues and the standards (minimum lighting levels) are not being met.

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In 2006 Sacramento County CSA-1 staff recommended and the Board approved the creation of new benefit categories for enhanced street light services and decorative street lights. This provided an increase in revenue for annexations into the district. However, the existing service charges remain unchanged and are fixed at the 1996 rates.

Based upon our research and conversations with County Staff we are not aware of any permit or regulatory violations. Service levels have been reduced over time to balance expenditures with assessment revenue.

I. h – Describe capital facilities that are underutilized; explain how underutilized facilities could be shared with other agencies?

This question is non-applicable.

I. i - How are service needs forecast?

Near term service of roadway lighting systems are typically not forecast, but rather scheduled based on needs as determined by night-time inspection and service requests. Long term needs are forecast based on roadway construction, anticipated growth, the Capital Improvement Program, periodic inspections and historical data. (Also see question I. a).

I. j – How are growth/population projections integrated with plans for future service?

As mentioned above in question I.f, the City has specific policies regarding development approvals and financing for infrastructure. The City has adopted the County lighting standards to provide cost efficiency in installation and maintenance of new lighting along with providing an attractive uniform appearance. As new development progresses in a logical and orderly manner, the street lights will be installed and energized.

I. k – Provide maps of service areas for services that are provided less-than agency wide.

Street lights and safety lights are provided City wide. Please see City wide map.

I. l – Describe any variance or inequity in levels of service provided to customers. Explain why unequal service levels are present.

There are variances of level of service based on the funding available to provide services. The parcels annexed to the district after the new enhanced benefit category was established in 2006 are providing sufficient revenues to fully fund street light and safety light services in those areas. There will remain a deficiency in service levels in the other pre-existing areas covered by CSA-1 due to a lack

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of revenue. Through the use of contract services, the City anticipates being able to more efficiently provide service with the revenue available.

I. m – Provide the assessor parcel number or addresses of properties, which are located outside agency boundary and receive agency services; list type of service and date service commenced.

None

I. n – Explain policies or procedures that establish priorities for directing services to infill areas.

The Rancho Cordova General Plan contains the following policies related to this issue:

ISF.2.1.2 Adopt a phasing plan for the development of public facilities in a logical manner that encourages the orderly development of roadways, water and sewer, and other public facilities.

ISF.2.1.3 Withhold public financing or assistance from projects that do not comply with the planned phasing of public facilities, and approve interim facilities only in special circumstances.

This policy direction favors infill development where infrastructure is already available, and discourages the development of properties outside of infill areas and where public facilities are planned. Additionally, because the most of the relevant infrastructure is in place, the development impact fee structure favors development in the infill areas.

I. o. - Describe provisions for providing services in emergency situations.

When street lights are knocked down, the site is made safe within a two to three hour time frame by clearing obstacles and deactivating power. Street lights and the highway safety lights that are located in conjunction with traffic signals are not connected to backup batteries. Replacement of inoperable street lights and highway safety lights are is anticipated to take approximately one week.

II. EVALUATION OF MANAGEMENT EFFICIENCIES

II. a - Is organization structure similar with like service providers? Describe any differences.

The City of Rancho Cordova operates with a City Council/City Manager form of government. The overall operation of the street and safety light system (including establishing budgets and priorities) will be at the direction of the City Council, with day-to-day operation at the direction of the City Manager and other key City staff. This is similar to the current system under which the Sacramento County Board of Supervisors operates as the Board of Directors for CSA 1.

III. FINANCING CONSTRAINTS AND OPPORTUNITIES/ OPPORTUNITIES FOR RATE RESTRUCTURING

III. a - Describe the rate setting methodology.

The initial methodology mirrors CSA 1 methodology. Please see Engineer's Report for a complete description.

III. b - Describe all revenue sources.

The revenue source for street light and safety light maintenance is the property based assessment. This will be transferred from CSA 1 to a City wide Lighting District to be formed under the 1972 Landscaping and Lighting District Act. As referenced in Section I. g and III. c. The City Council will decide how to adjust the level of service to stay within the assessment revenue or supplement the service with other revenue sources such as the General Fund. The use of contracted services and efficiencies of administration will result in enhanced service levels for unchanged revenue.

Additionally, the City and the County are currently in negotiations regarding a Transition Agreement. This agreement will include elements such as a final transition date, split of operating reserve, backlog of service calls, SMUD utility bill turn-over, and a contingency plan of service transition that is mutually agreed upon by both agencies.

III. c – Explain constraints associated with agency's ability to generate revenue. What options are available – special assessments/special taxes/increases in sales taxes?

The City is not currently contemplating an increase to the service area assessment. If an increase is proposed at a later time, a ballot procedure will be conducted under Article XIII D of the California State Constitution (Proposition 218). This process requires a mailed ballot be sent to property owners that specifically benefit from the infrastructure and maintenance. Ballots are weighted based on the proposed assessment and require a fifty percent approval based on returned ballots.

III. d - Describe policies and procedures for establishing and maintaining reserves/retained earnings. What is the dollar limit of reserves/retained earnings? What is the ratio of undesignated, contingency, and emergency reserves to annual gross revenue?

Through efficiencies in providing services, the City's goal is to establish two reserve funds associated with the Lighting District. The Cash Flow Reserve will be grown over a period of years to provide an adequate amount of funds in order

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to meet the expenditures required for the District from the period of July 1 (the beginning of the Fiscal Year) through December 31 due to the six-month delay in the District's receipt of the assessment collections. The Replacement Reserve goal will be established after the completion of the inventory and evaluation of the existing lighting system. Once the goal is established the City would endeavor fund the Replacement Reserve over a period of 5 to 10 years to accumulate funds for the planned replacement of improvements that cannot be collected in a single fiscal year.

III. e - Explain any variances in rates, fees, taxes, etc., which are charged to agency customers. Describe rate/fee policies.

In CSA-1 there are two service levels, based on benefit, within the street lighting program as described in the Engineer's Report. Assessments for Highway Safety Lights are charged to all properties within the City. Assessments for Street Lights are charged to only the properties that directly benefit from the presence of street lighting. Please see Engineer's Report for a more detailed explanation of the assessment methodology and benefit discussion.

III. f - Explain policies and procedures for fee rebates, tax credits, or other relief given to agency customers. Provide details of any rebates, etc., issued during the past three years.

Special Assessments by definition are assessed on property based on the special benefit received by the property; therefore there are no credits or other relief given to property owners.

III. g - Describe policies and practices for depreciation and replacement of infrastructure.

Upon completion of the inventory and determination of the overall status of the system, the City will establish a replacement schedule of the light standards based on the age and condition of the lights. Current City policy is to depreciate street lights over twenty years. SMUD owned and maintained lights will continue to be the responsibility of SMUD for replacement and depreciation.

IV. GOVERNMENT STRUCTURE OPTIONS/ LOCAL ACCOUNTABILITY AND GOVERNANCE

IV. a - Describe rules, procedures, and programs for public notification of agency operations, meetings, programs etc. How is public participation encouraged? Are meetings accessible to the public, i.e. evening meetings, adequate meeting space, etc.?

The City of Rancho Cordova notifies residents of agency operations, meetings, programs etc. through a variety of mechanisms. Foremost, the City will determine

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if State Law has specific requirements for various topics and follow the law. The City consistently meets or exceeds State Law in publication requirements. Residents are encouraged to attend meetings through a variety of mechanisms used to solicit participation. Those often include: press releases, notification in the local newspaper, distribution to the City Manager's list-serve, announcement in the City's quarterly newsletter, information posted on the website (www.cityofranhocordova.org) and sometimes direct mailings. The Rancho Cordova City Council meetings are also broadcast on Metro Cable 14. It is the City's goal to accurately and efficiently convey information about the City's policy objectives and municipal service activities to state and federal leaders, the press, and the public.

City Council and City Staff encourages participation of residents in all meetings, whether at regular City Council meetings or special topical public meetings. The City of Rancho Cordova falls under and fully complies with the Ralph M. Brown Act for public meetings. The Brown Act requires the governing board of local agencies to hold their meetings in public except under specified, limited circumstances where closed sessions are authorized. The Act is found in the Government Code starting at Section 54950.

Public Meetings are generally held in the City's Council Chambers, 2729 Prospect Park Drive, in the City of Rancho Cordova commencing at 5:30 pm in the evening so residents can attend. To date, the Council Chambers has proven to be an adequate location for meetings of various sizes. However, meetings are not constrained to the Council Chambers. Periodically throughout the year, workshops or special meetings have often been held in the American River Room located at City Hall or at various off-site locations to engage a broad range of constituents throughout the community.

IV. b - Describe Public Outreach efforts, (i.e. newsletters, bill inserts, website, etc.)

The City's 8-page newsletter, "City Views", is distributed to every Rancho Cordova household and business address 4 times per year. The newsletter is a major source of City information regarding upcoming programs; initiatives; public hearings, meetings and events; and service updates.

The City's Public Information Office regularly sends out news releases about accomplishments, service options and updates, events and meetings, and other current City news. The distribution list includes the local newspaper (Grapevine Independent) and other area and regional newspapers, magazines, TV and radio stations, and on-line information service providers.

The City's website is another outlet for City news releases and information. Most is posted on the Home Page but can also be sourced through the "What's New" and the Calendar links.

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Facebook is the newest means of communicating to the public. News releases are posted there as well as other City announcements. More than 1,000 users are City friends.

Additional outreach is done with flyers that are placed on City counters and also given to other agencies such as the Park District, Senior Center, Library, Chamber of Commerce, the Cordova Community Center, the Rancho Cordova Police Station, and the Neighborhood Services Center.

Posters are displayed on an easel in the City Hall lobby.

Recently, trash bill inserts have been used to provide information regarding the City's Solid Waste Program. Often, they contain information to educate residents on initiatives in that department.

The City has about 20 different e-blast distribution lists. In addition, we often ask the Chamber of Commerce and Cordova Community Council to e-blast information.

The City will use news releases, its website and Facebook, bill inserts, and the City Views to educate residents on the transfer of street light maintenance responsibility and include phone numbers for service calls of non-operating street and safety lights.

Public meeting and agenda information is also posted at City Hall for residents.

V. OPPORTUNITIES FOR SHARED FACILITIES/COST AVOIDANCE OPPORTUNITIES

V. a - Describe the reasons it will benefit city residents from detaching from CSA 1.

City residents will benefit from detaching from CSA 1 by receiving improved service response times and more local control over the use of their assessment funds. Currently with the services being provided by the County, response times can take as long 20 days due to the shortfall of funds in CSA 1 to maintain and/or improve service time. When services transition to a private contract, response times would expect to be shortened to 5 days.

Local control over assessment funds will ensure local accountability and oversight of finances to ensure funds collected in Rancho Cordova are sufficient for improved service to residents for the street lighting system. Local control will also allow voters the ability to increase their assessment should they vote for an increased assessment rate in the future.

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The City currently sees no opportunities for shared facilities/cost avoidance opportunities because there would be no other service provider in Rancho Cordova. While SMUD owns and maintains some existing light poles within the boundaries of Rancho Cordova, the City will be responsible for payment of their maintenance under their current service agreement.

V. b - Are your service plans compatible with other local agencies? Explain.

Our service plans are compatible with local agencies which have an interest in street light and roadway safety lighting services. The City of Rancho Cordova would be the sole provider of this service and would administer the program in an efficient and effective manner to ensure that residents and non-residential users receive the highest benefit from this program.

The City's service contract will provide residents with service no more than five days from a service request. and would also provide for inventory checks for trouble-shooting twice a year.

VI. ADDITIONAL INFORMATION

VI. a - Please provide any additional information that you would like LAFCo to evaluate as part of your agency's Municipal Service Review.

County of Sacramento – CSA 1 Zones

On June 14, 2005, the Board of Supervisors adopted a Resolution forming four Benefit Zones within CSA 1. The zones divide CSA 1 into four distinct areas which include the following: Zone 1 - Sacramento County; Zone 2 - City of Rancho Cordova; Zone 3 - City of Citrus Heights, and; Zone 4 - City of Elk Grove. The primary purpose of establishing the four zones is to allow Sacramento County to move forward a ballot procedure while allowing the Cities currently serviced by CSA 1 the option to detach from CSA 1 and pursue their own financing mechanisms if they so choose.

The establishment of these Zones ensures that Zone 2, the City of Rancho Cordova, can clearly transition service from CSA 1 to Rancho Cordova maintained and operated service district. The formation of zones ensures a smooth transition of service and defines a clear service boundary.

On November 14, 2006, the Board of Supervisors approved an Engineer's Report and introduced an Ordinance that provided for the creation of four new benefit categories within CSA 1. The new benefit categories provided for enhanced street and safety light services through the collection of increased service charges. The increased service charges would be collected within new

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developments to fund additional staff time so that service response times would be improved.

On July 1, 2010, the City annexed an area east of Sunrise Boulevard referred to as the finger area. The street lights in this area have been incorporated into Zone 2 of CSA 1.

VI. b. - Indicate any information relevant to your agency which LAFCo should obtain from other agencies.

Comments from SMUD, the County of Sacramento, and Caltrans would be appropriate.

VI. c - Please forward any publications your agency has produced that will assist LAFCo staff in a review of your agency's service provision.

DRAFT

AGREEMENT FOR TRANSITION OF OPERATIONS AND MAINTENANCE OF STREET LIGHTS AND HIGHWAY SAFETY LIGHTS IN THE CITY OF RANCHO CORDOVA (DETACHMENT FROM CSA1)

This Agreement for Transition of Operations and Maintenance of Street Lights and Highway Safety Lights in the City of Rancho Cordova (Detachment from County Service Area 1) ("Agreement") is made and entered into this _____ day of _____ 2012, by and between the County of Sacramento, a political subdivision of the State of California ("County"), and the City of Rancho Cordova, a municipal corporation organized and existing under the laws of the State of California ("City").

RECITALS:

WHEREAS, City and County entered into an agreement entitled, "Agreement for Street Light and Highway Safety Light Maintenance and Operations Services Between the County of Sacramento the City of Rancho Cordova, " dated June 22, 2004 (County Contract No. 52339) whereby County provides various services to City for coordination of street light and highway safety light installation, maintenance and operation with funding provided by CSA1, and said agreement continues in effect "as long as City territory is included in County Service Area 1 for street light and highway safety light services"; and

WHEREAS, City and County anticipate that City territory will be detached from CSA1 effective July 1, 2012, as on March 21, 2012, City requested that the Sacramento Local Agency Formation Commission approve the City's request to reorganize CSA1 by detaching from it all the territory within the City limits; and

WHEREAS, this Agreement is intended to memorialize the financial and operational arrangements between the County and the City to assure an efficient transition to the City of operational control of and financial responsibility for operations, maintenance, and USA locating and marking activities for street light and highway safety light equipment and installations within the boundaries of the City associated with the detachment from CSA1.

NOW, THEREFORE, in consideration of the mutual promises, conditions, and covenants hereinafter set forth, the City and the County hereby agree as follows:

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference.

2. **Definitions.** For purposes of this Agreement, the following words and terms shall have the following meanings:

"CSA1" means County Service Area 1.

"SMUD" means the Sacramento Municipal Utility District.

"Transition Date" means July 1, 2012.

"USA" means Underground Service Alert.

"Zone 2" means that part of the territory encompassed by CSA1 that lies within the boundary of the City of Rancho Cordova.

3. **Assumption of Control.** The City shall assume operational control of and financial responsibility for operations, maintenance, and USA locating and marking activities for street light and highway safety light equipment and installations within the boundaries of the City as of the Transition Date.

4. **Inventory.** The County shall provide all relevant information, including any inventory of lights based on maintenance records and any related documents it has in its possession, regarding the physical inventory of street lights and highway safety lights within Zone 2 to the City prior to the Transition Date.

5. **Financial Matters.**

A. **Fund Balance.** The Zone 2 fund balance is \$251,000 as of May 11, 2012. The second installment of the service charge revenues is anticipated in May 2012 and is estimated at \$150,000. Expenses from February 2012 through June 30, 2012 are anticipated to be \$149,000. Therefore, the fund balance as of June 30, 2012 is anticipated to be \$252,000.

B. **Transfer of Fund Balance.** The County shall transfer the Zone 2 fund balance as of the Transition Date, minus an amount not to exceed \$75,000 for the purpose of paying any SMUD bills or other equipment bills or other costs incurred including County labor, as part of the separation process, to the City within forty-five (45) days of the Transition Date. Not later than forty-five (45) days after the Transition Date, the County, if requested, shall provide the City a detailed accounting of expenditures and revenues of Zone 2 for the 2011-2012 Fiscal Year.

C. **Final Reconciliation of Costs.** The County shall transfer to the City any balance remaining of the \$75,000 retained of the fund balance on or before October 1, 2012. The County, if requested, shall provide the City a detailed accounting of the deductions from the retained amount. If costs of SMUD bills and other equipment bills and costs exceed \$75,000, the City shall pay to the County the excess within thirty (30) days following the City's receipt of an invoice from the County.

D. **Accounting Records.** The County shall maintain financial records to document the revenues of CSA1 and the County's expenditures for Zone 2. Such records shall be adequate to allow for a complete, comprehensive and independent audit and shall be made available for inspection and audit by the City upon reasonable notice.

E. **SMUD Energy Bills.** The City shall be responsible for the energy costs relating to street lights and highway safety lights in its territory on and after the Transition Date.

The County and the City shall prepare and deliver to SMUD a joint instruction as to the amounts to be billed to the County and to the City prior to the Transition Date.

F. **Lawsuits.** The County hereby represents to the City that, as of the date hereof, no actions have been filed against the County seeking damages related to the operation of street lights or highway safety lights within the boundaries of the City.

The County shall defend, indemnify, and hold harmless the City, its officers, employees, and agents from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the operations and maintenance of street lights and highway safety lights within the territory of the City during the period prior to and as of the Transition Date caused in whole or in part by the

negligent or intentional acts or omissions of the County's Board of Supervisors, officers, employees, or agents.

The City shall defend, indemnify, and hold harmless the County, its officers, employees, and agents from and against all demands, claims, actions, liabilities, losses, damages and costs, including payment of reasonable attorneys' fees, arising out of or resulting from the operations and maintenance of street lights and highway safety lights within the territory of the City subsequent to the Transition Date caused in whole or in part by the negligent or intentional acts or omissions of the City Council or the City's officers, employees, or agents.

6. Operational Matters.

A. Shared Facilities. Certain facilities located at the boundary of the City serve areas on both sides of the boundary. A single electrical service may provide power for street lights located in both jurisdictions. Assignment of responsibility for maintaining such facilities is detailed in the Agreement for Maintenance of Joint Transportation Facilities Between the County of Sacramento and the City of Rancho Cordova. When it becomes necessary to separate the systems due to modification of the roadway or redevelopment of property abutting the roadway, the City and County will each pay one-half the cost of the design, equipment, labor and inspection necessary to provide independent electrical services for the street lights located within each jurisdiction.

B. As-built Plans. No less than thirty (30) days before the Transition Date the County shall deliver to the City any as-built plans within its possession for street light and highway safety light equipment and installations for which the City will assume responsibility as of the Transition Date. The as-built plans are stored by the County in electronic format and may be delivered to the City as such.

C. Operations and Maintenance Procedures. No less than thirty (30) days before the Transition Date the County shall deliver copies of all relevant operations and procedures manuals and other relevant technical information in its possession to the City.

D. Open Service Requests. The County shall deliver to the City a listing of each open service request five (5) days prior to the Transition Date.

E. Future Service Calls. Prior to the Transition Date, the City shall provide the County with an operational telephone number to which to forward any calls requesting service regarding street lights and highway safety lights following the Transition Date.

F. Easements. The County agrees that, upon request of the City, the County will transfer to the City the County's rights under any easement, license, encroachment permit, access agreement or similar arrangement by which the County has access to private property for the operation and maintenance of street lights and highway safety lights within the City.

G. Equipment. The County shall identify its final inventory list of spare parts for street lights and highway safety lights fifteen (15) days prior to the Transition Date. The County shall transfer to the City a proportionate amount of its inventory of spare parts for street lights and highway safety lights. The City shall arrange for and pay the costs of transporting the materials. Upon mutual consent and understanding by County and City, City may reimburse County for any costs associated with the continued storage of City inventory of spare parts for street lights and highway safety lights at the County Facility after the Transition Date, until such time as City may arrange for the transportation of the City materials.

7. **Effective Date of Agreement.** This Agreement shall be effective as of the date it is fully executed by the parties.
8. **Insurance.** Each party, at its sole cost and expense, shall carry insurance –or self-insure - its activities in connection with this Agreement, and obtain, keep in force and maintain, insurance or equivalent programs of self-insurance, for general liability, workers compensation, and business automobile liability adequate to cover its potential liabilities hereunder. Each party agrees to provide the other thirty (30) days' advance written notice of any cancellation, termination or lapse of any of the insurance or self-insurance coverages.
9. **Governing Laws and Jurisdiction.** This Agreement shall be deemed to have been executed and to be performed within the State of California and shall be construed and governed by the internal laws of the State of California. Any legal proceedings arising out of or relating to this Agreement shall be brought in Sacramento County, California.
10. **Assignment.** Neither party hereto shall assign, subcontract, or transfer any interest in this Agreement, or any duty hereunder without the prior written consent of the other party, which shall not be unreasonably withheld.
11. **Amendments.** This Agreement may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties hereto.
12. **Entire Agreement.** This Agreement and any attachments hereto constitute the sole, final, complete, exclusive and integrated expression and statement of the terms and conditions of this Agreement between the parties hereto concerning the transition of responsibilities for street lighting and highway safety lighting in Zone 2 and supersedes all prior negotiations, representations or agreements, oral or written, that may be related thereto and does not serve to terminate the Agreement for Street Light and Highway Safety Light Maintenance and Operations Services Between the County of Sacramento the City of Rancho Cordova, " dated June 22, 2004 (County Contract No. 52339), which shall continue in effect and terminate by its terms when City territory is no longer included in CSA1.
13. **Construction and Interpretation.** It is agreed and acknowledged by the parties hereto that the provisions of this Agreement have been arrived at through negotiation, and that each of the parties has had a full and fair opportunity to revise the provisions of this Agreement and to have such provisions reviewed by legal counsel. Therefore, any rule of construction that any ambiguities are to be resolved against the drafting party shall not apply in construing or interpreting this Agreement.
14. **Waiver.** The waiver at any time by any party of any of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or other matter.
15. **Severability.** The invalidity, illegality or unenforceability of any provision of this Agreement shall not render the other provisions unenforceable, invalid or illegal, provided that such invalidity does not materially affect the respective rights and obligations of the parties.
16. **Successors and Assigns.** This Agreement shall bind and inure to the benefit of the respective successors and assigns of the parties hereto, if any there be.

17. Notices. Any notice, demand, request, consent, or approval that either party hereto may, or is required to, give the other shall be in writing and shall be deemed to have been served on the date deposited, and received three (3) days after being deposited, in the United States mail, first class postage prepaid, and addressed as follows:

COUNTY:

CITY:

Chief of Operations and Maintenance
Department of Transportation
4100 Traffic Way
Sacramento, CA 95827

Public Works Director
City of Rancho Cordova
2729 Prospect Park Drive
Rancho Cordova, CA 95670

Either party hereto shall have the right to serve any notice by personal delivery, and change the address at which it will receive such communications by giving fifteen (15) days' advance notice to the other party.

18. Authority To Execute. Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement for or on behalf of the parties to this Agreement. Each party represents and warrants to the other that the execution and delivery of the Agreement and the performance of such party's obligations hereunder have been duly authorized.

19. Counterparts. This Agreement may be executed in counterparts. The Agreement shall be deemed executed when it has been signed by both parties.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written above.

COUNTY OF SACRAMENTO,
a political subdivision of the State of California

By: _____

Date: _____

Michael J. Penrose, Director
Department of Transportation
Agreement approved by the Board of Supervisors
with authority delegated to the Director to sign:

Agenda Date: _____ Item No.: _____ Resolution No.: _____

REVIEWED AND APPROVED BY COUNTY COUNSEL:

By: _____
William Burke, Deputy County Counsel

Date: _____

CITY OF RANCHO CORDOVA,
a municipal corporation of the State of California

By: _____
Ted Gaebler, City Manager

Date: _____

Attest:

Mindy Cuppy, City Clerk

Date: _____

Reviewed and Approved as to form:

Adam Lindgren, City Attorney

Date: _____

APPROVED
 BY RESOLUTION# 2011-0613
 BOARD OF SUPERVISORS

**COUNTY OF SACRAMENTO
 CALIFORNIA**

AUG 9 2011

By Cyndi Lee
 Clerk of the Board

For the Agenda of:
 August 9, 2011
 Timed: 10:45 a.m.

To: Board of Supervisors

From: Department of Transportation

Subject: County Service Area 1 - Conduct A Public Hearing On The Fiscal Year 2011-12 Service Charges; Confirm The Written Report And Adopt The Service Charges For Fiscal Year 2011-12

Supervisorial
 District: All

Contact: Russ Childers, Senior Civil Engineer, 875-5745

Overview

County Service Area 1 (CSA1) funds street light and highway safety light maintenance and operation services in the unincorporated area of Sacramento County and in the City of Rancho Cordova via a service charge collected on the annual property tax bills. Each year, the Board of Supervisors receives various reports and conducts a Public Hearing to accept public testimony and set the following year's service charges.

Recommendations

1. Open the Public Hearing on the Written Report for Fiscal Year 2011-12 (Written Report) set by the Board on July 19, 2011, for today at 10:45 a.m., in the Board of Supervisors Chambers, receive public testimony, and close the Hearing.
2. Adopt the attached resolution confirming the Written Report and establishing Fiscal Year 2011-12 service charges for street and safety lighting services provided by CSA1.

Measures/Evaluation

Measures or an evaluation are not applicable to this agenda item.

Fiscal Impact

Safety Light and Street and Safety Light service charges are frozen at 1996 levels by State law and are unchanged for Fiscal Year 2011-12. Enhanced and Decorative Street and Safety Light service charges have been adjusted for Fiscal Year 2011-12 per Ordinance No. 1543. A Road Fund contribution of \$400,000 for CSA1 Zone 1 – Unincorporated Area is included in the Department of Transportation's Fiscal Year 2011-12 Approved Recommended Budget.

BACKGROUND

CSA1 is governed by the Board of Supervisors and was formed in 1986 to provide a financing mechanism for the operation and maintenance of street and highway safety lights in the unincorporated territory of the County of Sacramento. The City of Rancho Cordova waived

detachment from CSA1 at the time of incorporation and remains in CSA1. On December 12, 2006, the Board adopted Ordinance No. 1543 establishing service charge allocation formulas and the procedure to collect CSA1 service charges on the property tax roll. The procedure requires that the Board receive an annual Engineer's Report and a Written Report detailing individual parcel numbers and corresponding service charges; conduct a Public Hearing on the Written Report; consider all public testimony; and approve the Written Report containing the following year's service charges. Ordinance 1543 also created Enhanced and Decorative Street and Safety Light service charges to be utilized within new developments. These new benefit categories are indexed to inflation.

DISCUSSION

The Chart below is a comparison of the Fiscal Year 2010-11 service charges and the proposed Fiscal Year 2011-12 service charges included in the attached Engineer's Report.

ANNUAL SERVICE CHARGE	2010-11	2011-12
Safety Light Only	\$2.56 per parcel	\$2.56 per parcel
Street and Safety Light (Residential)	\$17.88 per parcel	\$17.88 per parcel
Street and Safety Light (Non-Residential)	\$2.56 plus \$0.2519 per front foot	\$2.56 plus \$0.2519 per front foot
Enhanced Street and Safety Light (Residential)	\$33.42 per parcel	\$35.09 per parcel
Enhanced Street and Safety Light (Non-Residential)	\$0.5449 per front foot	\$0.5721 per front foot
Decorative Street and Safety Light (Residential)	\$45.06 per parcel	\$47.31 per parcel
Decorative Street and Safety Light (Non-Residential)	\$0.8958 per front foot	\$0.9406 per front foot

The Written Report contains the most accurate parcel information available on the preparation date. However, the Assessor's Office continues to process parcel changes and corrections to establish the Fiscal Year 2011-12 Tax Roll. Therefore, while the Written Report is the best possible representation of the distribution of street and highway safety lighting service charges, it is subject to minor changes pending the final production of the lien date tax roll.

MEASURES/EVALUATION

Measures or an evaluation are not applicable to this agenda item.

71-J ANALYSIS

Section 71-J of the County of Sacramento Charter is not applicable to this agenda item.

FINANCIAL ANALYSIS

The passage of Proposition 218 in November 1996 froze the street light and safety light service charges at their then current levels. The service charges existing at the time of passage of Proposition 218 cannot be raised without an affirmative vote of the affected property owners via a ballot procedure. Therefore, the Safety Light Only, Street and Safety Light (Residential) and Street and Safety Light (Non-Residential) service charges applied to existing properties for Fiscal Year 2011-12 are unchanged.

Ordinance No. 1543 provides that the Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges be adjusted annually based on the greater of five-percent, or the prior year increase in the All-Urban Consumer Price Index, or the Sacramento Municipal Utilities District (SMUD) electrical rate increase. The Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges have been increased five-percent for Fiscal Year 2011-12. Several large residential and commercial developments are included in the Enhanced and Decorative street light benefit categories. However, construction has halted due to the economic downturn. If the street lights within these developments are not installed, energized and accepted for maintenance prior to issuance of the Fiscal Year 2011-12 Tax Roll, the Enhanced and Decorative street light portions of the service charges will not be assessed and the net increase in service charge revenue for Fiscal Year 2011-12 will be zero.

There was a \$162,000 Road Fund contribution to the CSA1 Unincorporated Zone 1 Budget in Fiscal Year 2010-11. A Road Fund contribution of \$400,000 is included in the Department of Transportation's Fiscal Year 2011-12 Approved Recommended Budget.

LEGAL ANALYSIS

Legal analysis is not applicable to this agenda item.

Notice of today's public hearing was published on two separate occasions in the Sacramento Bee as required by law. At this time, the Municipal Services Agency has received no written protests on this public hearing. Therefore, after hearing and considering all written and oral protests to the Written Report, it is recommended that the Board adopt the attached resolution confirming the Written Report and establishing Fiscal Year 2011-12 service charges for street and safety lighting services provided by CSA1.

Respectfully submitted,

APPROVED:
STEVEN C. SZALAY
Interim County Executive

MICHAEL J. PENROSE, Director
Department of Transportation

By: _____
ROBERT B. LEONARD, Administrator
Municipal Services Agency

RMC:rmc

Attachment:
Resolution

CC: R. Childers, Operations and Maintenance, Transportation
R. Mananquil, Operations and Maintenance, Transportation
R. Moghissi, Operations and Maintenance, Transportation

RESOLUTION NO. 2011-0613

RESOLUTION CONFIRMING THE WRITTEN REPORT, SETTING FORTH FISCAL YEAR 2010-2011 SERVICE CHARGES FOR STREET AND SAFETY LIGHTING WITHIN COUNTY SERVICE AREA NO. 1, AND FIXING FISCAL YEAR 2011-2012 SERVICE CHARGES

WHEREAS, on October 21, 1986, the Board of Supervisors (the "BOARD"), of the County of Sacramento (the "COUNTY"), approved Resolution No. 86-1465 Approving and Ordering the Formation of County Service Area No. 1 ("CSA1"); and

WHEREAS, pursuant to said formation, the BOARD, on May 12, 1987, adopted COUNTY Ordinance No. 1331, Providing a Procedure for Collecting Street and Highway Safety Lighting Service Charges within CSA1; and

WHEREAS, on June 14, 2005, the BOARD approved COUNTY Resolution No. 2005-0793, Approving and Ordering the Formation of Benefit Zone 1 - Sacramento County Unincorporated Area, and Zone 2 - City of Rancho Cordova, within CSA1; and

WHEREAS, on July 19, 2005, the BOARD adopted COUNTY Ordinance No. 1531, Providing a Procedure for Collecting Street Lighting and Safety Lighting Service Charges within CSA1 and Repealing Ordinance No. 1331; and

WHEREAS, on December 12, 2006, the BOARD adopted COUNTY Ordinance No. 1543, herein after referred to as "ORDINANCE", which provided a new procedure for collecting Street Lighting and Safety Lighting Service Charges within CSA1 and Repealing Ordinance No. 1531; and

WHEREAS, said ORDINANCE requires that once a year the BOARD shall cause to be prepared a Written Report which shall contain a description of each parcel of real property receiving safety lighting only or street and safety lighting services and the amount of the charge for each parcel for such year in conformance with the statement of service charges as set forth in the ORDINANCE, Section 2.6.2; and

WHEREAS, said ORDINANCE requires the Clerk of the Board to fix a time, date, and place for a public hearing on the Written Report and for filing objections and protests thereto; and

WHEREAS, on August 9, 2011, the BOARD held a public hearing on the Written Report detailing individual parcel numbers and corresponding service charges for street lighting and safety lighting services provided by CSA1 for Fiscal Year 2011-12; and

WHEREAS, at the public hearing all interested persons were given an opportunity to address the BOARD and present evidence upon the matter; and

WHEREAS, the BOARD has considered the propriety of the Written Report, and has further considered the comments and evidence presented by all interested persons at the hearing and has determined to act upon the matter.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED

Section 1. Confirming the Written Report

1. Notice as required pursuant to the provisions of the County Service Area Law, Division 2, commencing with Section 25210.1 of the Government Code of the State of California, has been duly and properly given.
2. All written and oral protests against the Written Report have been duly considered by this BOARD.
3. The exterior boundaries of CSA1 and of each Zone are described in Exhibit A, attached hereto and incorporated herein.
4. The submitted Written Report is confirmed subject to conformance with the Fiscal Year 2011-12 lien date property tax roll.

Section 2. Fixing Fiscal Year 2010-11 Service Charges

1. All owners of property located within Zones 1 and 2 whose property receive benefit from safety lights shall pay a service charge to CSA1 in proportion to the estimated benefits from safety lighting to be received by each parcel. The revenues obtained from this service charge within each Zone shall be dedicated to financing the portion of the total operating and maintenance costs of providing safety lighting services within that Zone not otherwise offset by other available revenues.
2. All owners of property located within Zones 1 and 2 whose property receive benefit from street lights and safety lights shall pay a service charge to CSA1 for the estimated benefits derived from the existence of street and safety lighting. The revenues obtained from this service charge within each Zone shall be dedicated to financing the portion of the total operating and maintenance costs of providing street and safety lighting services within that Zone not otherwise offset by other available revenues.
3. The BOARD shall not impose street and safety lighting service charges upon common areas and properties detached from CSA1.

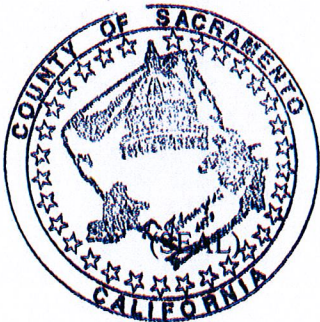
- 4.
5. The charges authorized by this Resolution for Fiscal Year 2011-12 shall be:
- a. Service charge for parcels with safety lighting benefit only, \$2.56 per parcel.
 - b. Service charge for parcels with safety and street lighting benefit as follows:
 - (1) Residential parcel, \$17.88 per parcel.
 - (2) Non-residential parcel, \$0.2519 per front foot + \$2.56 per parcel.
 - c. Service charge for parcels with safety and decorative street lighting benefit as follows:
 - (1) Residential parcel, \$47.31 per parcel
 - (2) Non-residential parcel, \$0.9406 per front foot.
 - d. Service charge for parcels with safety and enhanced street lighting benefit as follows:
 - (1) Residential parcel, \$35.09 per parcel
 - (2) Non-residential parcel, \$0.5721 per front foot.

On a motion by Supervisor Peters, seconded by Supervisor Yee, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 9th day of August 2011, by the following vote, to wit:

AYES:	Supervisors,	Nottoli, Peters, Serna, Yee, MacGlashan
NOES:	Supervisors,	None
ABSENT:	Supervisors,	None
ABSTAIN:	Supervisors,	None

Roberta MacGlashan

Chair of the Board of Supervisors
of Sacramento County, California



In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chairman of the Board of Supervisors, County of Sacramento on 8/9/11

By *V. Holden*
Deputy Clerk, Board of Supervisors

FILED
BOARD OF SUPERVISORS

AUG 9 2011
BY *Cyndi Lee*
CLERK OF THE BOARD

ATTEST: *Cyndi Lee*
Clerk, Board of Supervisors

AGENDA ITEM CONTINUATION
MEMO

MEETING DATE: JULY 19, 2011

**TITLE: COUNTY SERVICE AREA 1 – RECEIVE
AND FILE WRITTEN REPORT AND
ENGINEERS REPORT FOR FISCAL YEAR
2011-12 SERVICE CHARGES**

**BOARD ACTION: DESIGNATE AUGUST 9, 2011 FOR PUBLIC
HEARING**

COUNTY OF SACRAMENTO
CALIFORNIA

42

Revised

For the Agenda of:
July 19, 2011

To: Board of Supervisors

From: Department of Transportation

Subject: County Service Area 1- Receive And File Written Report And Engineers Report For Fiscal Year 2011-12 Service Charges; Designate August 9, 2011, For Public Hearing And Direct Staff To Provide Public Notice

Supervisory
Districts: All

Contact: Russ Childers, Senior Civil Engineer, 875-5745

Overview

County Service Area 1 (CSA1) funds street light and highway safety light maintenance and operation services in the unincorporated area of Sacramento County and in the City of Rancho Cordova via a service charge collected on the annual property tax bills. Each year, the Board of Supervisors receives various reports and conducts a Public Hearing to accept public testimony and set the following year's service charges.

Recommendations

1. Receive the Written Report and Engineer's Reports for Fiscal Year 2011-12
2. Designate August 9, 2011, at 10:45 a.m. in the Board Chambers as the date, time, and place to conduct a Public Hearing on the Fiscal Year 2011-12 service charges.
3. Direct Staff to provide Notice of the Public Hearing as required by law.

Measures/Evaluation

Measures or an evaluation are not applicable to this agenda item.

Fiscal Impact

Safety Light and Street and Safety Light service charges are frozen at 1996 levels by State law and are unchanged for Fiscal Year 2011-12. Enhanced and Decorative Street and Safety Light service charges have been adjusted for Fiscal Year 2011-12 per Ordinance No. 1543. A Road Fund contribution of \$400,000 for CSA1 Zone 1 - Unincorporated Area is included in the Department of Transportation's Fiscal Year 2011-12 Recommended Budget.

BACKGROUND

CSA1 is governed by the Board of Supervisors and was formed in 1986 to provide a financing mechanism for the operation and maintenance of street and highway safety lights in the unincorporated territory of the County of Sacramento. The City of Rancho Cordova waived detachment from CSA1 at the time of incorporation and remains in CSA1.

On December 12, 2006, the Board adopted Ordinance No. 1543 establishing service charge allocation formulas and the procedure to collect CSA1 service charges on the property tax roll. The procedure requires that the Board receive an annual Engineer's Report and a Written Report detailing individual parcel numbers and corresponding service charges; conduct a public hearing on the Written Report; consider all public testimony; and approve the Written Report containing the following year's service charges. Ordinance 1543 also created Enhanced and Decorative Street and Safety Light service charges to be utilized within new developments. These new benefit categories include an inflation factor.

DISCUSSION

The Chart below is a comparison of the Fiscal Year 2010-11 service charges and the proposed Fiscal Year 2011-12 service charges included in the attached Engineer's Report.

ANNUAL SERVICE CHARGE	2010-11	2011-12
Safety Light Only	\$2.56 per parcel	\$2.56 per parcel
Street and Safety Light (Residential)	\$17.88 per parcel	\$17.88 per parcel
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The Written Report contains the most accurate parcel information available on the preparation date. However, the Assessor's Office continues to process parcel changes and corrections to establish the Fiscal Year 2011-12 Tax Roll. Therefore, while the Written Report is the best possible representation of the distribution of street and highway safety lighting service charges, it is subject to minor changes pending the final production of the lien date tax roll.

The City of Rancho Cordova has notified the County and the Local Agency Formation Commission (LAFCo) of its intention to create a new street light district and to detach from CSA1. An agreement between the City Council and the County Board of Supervisors addressing detachment issues will be prepared prior to the final LAFCo action on the detachment. The detachment process is currently underway and is expected to be completed by July 2012. Therefore, City of Rancho Cordova territory is included in the CSA1 written report for Fiscal Year 2011-12.

MEASURES/EVALUATION

Measures or an evaluation are not applicable to this agenda item.

71-J ANALYSIS

Section 71-J of the County of Sacramento Charter is not applicable to this agenda item.

FINANCIAL ANALYSIS

The passage of Proposition 218 in November 1996 froze the street light and safety light service charges at their then current levels. The service charges existing at the time of passage of Proposition 218 cannot be raised without an affirmative vote of the affected property owners via a ballot procedure. Therefore, the Safety Light Only, Street and Safety Light (Residential) and Street and Safety Light (Non-Residential) service charges applied to existing properties for Fiscal Year 2011-12 are unchanged.

Ordinance No. 1543 provides that the Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges be adjusted annually based on the greater of five percent, or the prior year increase in the All-Urban Consumer Price Index, or the Sacramento Municipal Utilities District (SMUD) electrical rate increase. The Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges have been increased five percent for Fiscal Year 2011-12. Several large residential and commercial developments are included in the Enhanced and Decorative street light benefit categories. However, construction has halted due to the economic downturn. If the street lights within these developments are not installed, energized and accepted for maintenance prior to issuance of the Fiscal Year 2011-12 Tax Roll, the Enhanced and Decorative street light portions of the service charges will not be assessed and the net increase in service charge revenue for Fiscal Year 2011-12 will be zero.

There was a Road Fund contribution of \$162,000 to the CSA1 Zone 1 – Unincorporated budget in Fiscal Year 2010-11. A Road Fund contribution of \$400,000 to CSA1 Zone 1 – Unincorporated is included in the Department of Transportation’s Fiscal Year 2011-12 Recommended Budget.

The County has received \$880,000 of Energy Efficiency and Conservation Block Grant (EE&CBG) funds to replace older street light fixtures with new, energy efficient light emitting diode (LED) street light fixtures. The EE&CBG project is part of a larger countywide project. Therefore, the EE&CBG funds are not reflected in the CSA1 Zone 1 Budget.

The EE&CBG funds will allow the replacement of approximately 1,500 street light fixtures, which will reduce the CSA1 Zone 1 energy bill by approximately \$62,000 per year. Approximately \$12.7 million of additional funds would be needed to replace the remaining 20,500 street light fixtures in the County’s inventory with energy efficient LED fixtures.

LEGAL ANALYSIS

Legal analysis is not applicable to this agenda item.

Respectfully submitted,

APPROVED:
STEVEN C. SZALAY
Interim County Executive

MICHAEL J. PENROSE, Director
Department of Transportation

By: _____
ROBERT B. LEONARD, Administrator
Municipal Services Agency

RMC:rmc

Attachment 1: Engineers Report

CC: R. Childers, Operations and Maintenance, Transportation
R. Mananquil, Operations and Maintenance, Transportation
R. Moghissi, Operations and Maintenance, Transportation

July 19, 2011

COUNTY OF SACRAMENTO

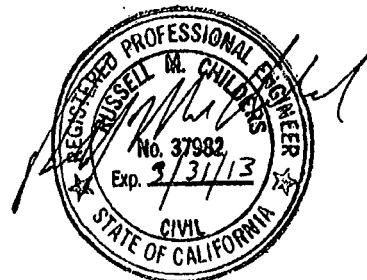
MUNICIPAL SERVICES AGENCY
DEPARTMENT OF TRANSPORTATION

COUNTY SERVICE AREA NO. 1

ENGINEER'S REPORT
A Summary of Operating Requirements and Service Charges

FISCAL YEAR 2011-12

Prepared Under the Direction of:



Russell Mark Childers
Department of Transportation
Operations and Maintenance Division
June 20, 2011

- Service-can maintenance, repair and replacement including painting, replacing worn out electrical components and repairing damage due to accidents, vandalism and weather.
- Payment of the electrical bill for the existing street lighting system.
- Responding to citizens and Board members inquiries and complaints regarding street lighting. Resolving complaints may require an engineering study and possible project.
- Remedial projects for major repairs or upgrading of facilities. Engineering services are provided by the Department of Transportation of the Sacramento County Municipal Services Agency, or by private consultant. Construction is usually performed by contract. However, County maintenance forces may do small projects.
- Installation of street lights at intersections for safety purposes along major streets. These safety lights are normally installed by Sacramento Municipal Utility District (“SMUD”), if they meet SMUD’s strict criteria for installation. They are installed on SMUD facilities and maintained by SMUD, but are paid for by CSA1.
- Street light inventory database, pole numbering and mapping to establish the number of street lights that must be maintained, as well as the condition and location of these street lights as part of an effective maintenance program.
- Acquisition of land, easements and rights-of-way necessary to maintain the street and safety lighting system.

CREATION OF ZONES

On July 19, 2005, the Board of Supervisors approved the creation of zones within CSA1. The creation of zones allowed incorporated cities and the County to supplement CSA1 revenues. It also facilitated the detachment of two incorporated cities from CSA1. On August 3, 2005 and June 7, 2006, the Local Agency Formation Commission (LAFCo) approved the detachment of the cities of Elk Grove and Citrus Heights from CSA1. The CSA1 Fiscal Year 2011-12 revenue and expenditure is reported for the remaining two zones:

Zone 1 – Sacramento County Unincorporated Area

Zone 2 – City of Rancho Cordova

The service charges are based on the expenditure and revenue requirements set forth in Tables I and II. The costs were developed based on the existing number and type of lights to be maintained for the fiscal year, along with engineering judgment about the level of maintenance that can be provided with the available revenues. These costs are estimated and derived from records kept by the County of Sacramento of costs incurred in prior years for the types of expenditures shown.

SERVICE CHARGE CALCULATION

For the purpose of determining benefit, and the associated levy on the tax bill, the light fixtures maintained by CSA 1 are defined as either street lights or safety lights. Safety lights are lights located at intersections on major streets, and along the rear of properties that abut major streets. All other lights are designated as street lights.

The service charge for parcels that benefit from both street lights and safety lights are apportioned to each benefiting parcel within a zone in proportion to the benefits received. Benefiting parcels are classified as residential or non-residential parcels with separate charges for each. The service charge for residential parcels is a flat rate per parcel per year. The service charge for non-residential parcels is calculated by multiplying the applicable front foot charge by the length of the parcel's public street frontage. Service charges for parcels that benefit only from safety lights are apportioned to all benefiting parcels within a zone in proportion to the benefits received. The service charge per parcel is a flat rate per year, regardless of whether the parcel is residential or non-residential.

OPERATING REQUIREMENTS

Tables I and II show the anticipated Fiscal Year 2011-12 revenues and expenditures for each zone.

SERVICE CHARGES

The following chart compares the service charges levied in the previous fiscal year with the proposed Fiscal Year 2011-12 service charges:

SACRAMENTO COUNTY SERVICE AREA NO. 1
TABLE I
ZONE 1 - UNINCORPORATED SACRAMENTO COUNTY
STREET LIGHTING SUMMARY ANALYSIS
FY 2011-12

DESCRIPTION	TOTAL BUDGET	ESTIMATED YEAR END EXPENDITURES	PROPOSED BUDGET
	FY 10-11	FY 10-11	FY 11-12
USES OF FUNDS:			
Advertising, Legal Notices & Mail	\$2,000	\$3,000	\$2,000
Construction (Order 22375)	9,000	0	9,000
Electricity	1,682,000	1,550,000	1,700,000
Accounting & Fiscal Services	0	700	0
Property Tax Collection Service Charges	4,000	4,000	4,000
Legal Services	2,000	0	2,000
Other Professional Services - Unanticipated Support	0	0	0
Other Operating Expenses Supplies	0	6,000	6,000
System Development Services (compass)	0	0	0
Municipal Services Agency:			
AFS Allocated costs (Order #21534=\$2,792, Order #20801=\$819)	7,977	6,500	9,007
Transportation:			
Transportation - Maintenance (2615) (Order TD5ZU1)	947,000	875,000	947,000
Transportation - Support Engineering (2613) (Order TD3ZU2)	50,000	50,000	50,000
Transportation - Inventory/Data Base (2613) (Order TD3ZU3)	125,000	125,000	125,000
Transportation - (2619)	2,500	3,500	2,500
Transportation (2609)	3,000	2,500	3,000
MIS CSA 1	14,473	14,473	13,646
PIPFS Services (191112)	3,500	1,500	3,500
Bad Debt Expense	58,000	80,000	58,000
Tax/Lic/Assess	105,000	105,000	105,000
Provision for Reserves:	0	0	0
TOTAL USES OF FUNDS	\$3,015,450	\$2,827,173	\$3,039,653
SOURCES OF FUNDS:			
Reserve Release	\$0	\$0	\$0
Property Taxes-Cur Sec.	250,000	250,000	256,000
Property Taxes-Cur Unsecured	25,000	25,000	25,000
Property Taxes-Cur Sup.	6,000	6,000	6,000
Augmentation Secured	20,000	20,000	20,000
Augmentation Unsecured	2,000	2,000	2,000
Augmentation - Other	14,000	14,000	14,000
Property Tax-Sec Redemption	0	1,000	0
Property Tax-Prior-Unsecured	300	300	300
Property Tax - Penalties	60	70	60
Interest Income	25,000	15,000	25,000
Transfers In	0	0	0
Homeowner Prop Tax Reli	4,500	4,500	4,500
Service Charges-Special Assessments	1,950,000	2,032,290	1,950,000
Services to Others	0	0	0
Bad Debt Recovery	10,000	5,000	10,000
Donations & Contributions	162,000	162,000	400,000
Misc. Other Revenue	35,000	70,000	35,203
TOTAL SOURCES OF FUNDS	\$2,503,860	\$2,607,160	\$2,748,063
FUND BALANCE AVAILABLE	\$511,603	\$288,194	\$291,590



SACRAMENTO COUNTY SERVICE AREA NO. 1
TABLE II
ZONE 2 - CITY OF RANCHO CORDOVA
STREET LIGHTING SUMMARY ANALYSIS
FY 2011-12

DESCRIPTION	BOS TOTAL BUDGET	ESTIMATED YEAR END EXPENDITURES	PROPOSED BUDGET
	FY 2010-11	FY 2010-11	FY 2011-12
USES OF FUNDS:			
Advertising, Legal Notices & Mail	\$0	\$0	\$0
Electricity	227,265	250,000	250,000
Accounting & Financial Services	0	0	0
Property Tax Collection Service Charges	100	0	100
Legal Services	500	0	0
Other Professional Services - Unanticipated Support	650	0	500
Data Processing Services	0	0	650
Cash/Inv Shortages	0	0	0
Other Operating Exp. Su	0	0	0
System Development Services (compass)	0	0	0
COMPASS	0	0	0
Municipal Services Agency:			
AFS Allocated costs	2,143	1,800	229
MSA Contract Mgmt Svc.	0	0	0
Transportation:			
Transportation - Maintenance (2615) (Order TD5ZR1)	64,201	64,201	64,201
Transportation - Support Engineering (2613) (Order TD3ZR2)	5,000	2,000	5,000
Transportation - Inventory/Data Base (2613) (Order TD3ZR3)	22,000	20,000	22,000
Transportation - (2619)	0	0	0
Transportation - (2609)	2,000	2,000	2,000
MIS CSA 1	1,951	1,000	1,840
IFS Services (191113)	0	0	0
Bad Debt Expense	9,500	4,000	9,500
Tax/Lic/Assess	12,000	12,000	12,000
Provision for Reserves	0	0	0
TOTAL USES OF FUNDS	\$347,310	\$355,001	\$368,020
SOURCES OF FUNDS:			
Reserve Release	\$0	\$0	\$0
Interest Income	1,000	540	1,000
Transfers In	0	0	0
Service Charges-Special Assessments	330,000	377,282	330,000
Bad Debt Recovery	300	0	300
Donations & Contributions	0	0	0
Misc. Other Revenue	4,000	0	3,889
TOTAL SOURCES OF FUNDS	\$335,300	\$377,822	\$335,189
FUND BALANCE AVAILABLE	12,010	\$0	\$32,831



The following chart presents typical examples of the proposed service charges for 2011-12:

<u>Parcel Description</u>	<u>Total Service Charge for Existing Standard Street Lighting</u>	<u>Total Service Charge for New Enhanced Standard Street Lighting</u>	<u>Total Service Charge for New Decorative Street Lighting</u>
1. Single-Family Residential Property			
a. with Street & Safety Light Benefit	\$17.88	\$35.09	\$47.31
b. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56
2. Agricultural Property			
a. with Street & Safety Light Benefit	\$17.88	\$35.09	\$47.31
b. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56
3. Multi-Family Property			
200 Front Feet,			
a. with Street & Safety Light Benefit	\$52.94	\$114.42	\$188.12
b. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56
1,000 Front Feet,			
c. with Street & Safety Light Benefit	\$254.46	\$572.10	\$940.60
d. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56
4. Commercial Property			
80 Front Feet,			
a. with Street & Safety Light Benefit	\$22.71	\$45.77	\$75.25
b. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56
1,500 Front Feet,			
c. with Street & Safety Light Benefit	\$380.41	\$858.15	\$1,410.90
d. with Safety Light Benefit only	\$2.56	\$2.56	\$2.56



**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
July 19, 2011

To: Board of Supervisors

From: Department of Transportation

Subject: County Service Area 1- Receive And File Written Report And Engineers Report For Fiscal Year 2011-12 Service Charges; Designate August 9, 2011, For Public Hearing And Direct Staff To Provide Public Notice

Supervisory
Districts: All

Contact: Russ Childers, Senior Civil Engineer, 875-5745

Overview

County Service Area 1 (CSA1) funds street light and highway safety light maintenance and operation services in the unincorporated area of Sacramento County and in the City of Rancho Cordova via a service charge collected on the annual property tax bills. Each year, the Board of Supervisors receives various reports and conducts a Public Hearing to accept public testimony and set the following year's service charges.

Recommendations

1. Receive the Written Report and Engineer's Reports for Fiscal Year 2011-12
2. Designate August 9, 2011, at 10:15 a.m. in the Board Chambers as the date, time, and place to conduct a Public Hearing on the Fiscal Year 2011-12 service charges.
3. Direct Staff to provide Notice of the Public Hearing as required by law.

Measures/Evaluation

Measures or an evaluation are not applicable to this agenda item.

Fiscal Impact

Safety Light and Street and Safety Light service charges are frozen at 1996 levels by State law and are unchanged for Fiscal Year 2011-12. Enhanced and Decorative Street and Safety Light service charges have been adjusted for Fiscal Year 2011-12 per Ordinance No. 1543. A Road Fund contribution of \$400,000 for CSA1 Zone 1 - Unincorporated Area is included in the Department of Transportation's Fiscal Year 2011-12 Recommended Budget.

BACKGROUND

CSA1 is governed by the Board of Supervisors and was formed in 1986 to provide a financing mechanism for the operation and maintenance of street and highway safety lights in the unincorporated territory of the County of Sacramento. The City of Rancho Cordova waived detachment from CSA1 at the time of incorporation and remains in CSA1.

On December 12, 2006, the Board adopted Ordinance No. 1543 establishing service charge allocation formulas and the procedure to collect CSA1 service charges on the property tax roll. The procedure requires that the Board receive an annual Engineer's Report and a Written Report detailing individual parcel numbers and corresponding service charges; conduct a public hearing on the Written Report; consider all public testimony; and approve the Written Report containing the following year's service charges. Ordinance 1543 also created Enhanced and Decorative Street and Safety Light service charges to be utilized within new developments. These new benefit categories include an inflation factor.

DISCUSSION

The Chart below is a comparison of the Fiscal Year 2010-11 service charges and the proposed Fiscal Year 2011-12 service charges included in the attached Engineer's Report.

ANNUAL SERVICE CHARGE	2010-11	2011-12
Safety Light Only	\$2.56 per parcel	\$2.56 per parcel
Street and Safety Light (Residential)	\$17.88 per parcel	\$17.88 per parcel
Street and Safety Light (Non-Residential)	\$2.56 plus \$0.2519 per front foot	\$2.56 plus \$0.2519 per front foot
Enhanced Street and Safety Light (Residential)	\$33.42 per parcel	\$35.09 per parcel
Enhanced Street and Safety Light (Non-Residential)	\$0.5449 per front foot	\$0.5721 per front foot
Decorative Street and Safety Light (Residential)	\$45.06 per parcel	\$47.31 per parcel
Decorative Street and Safety Light (Non-Residential)	\$0.8958 per front foot	\$0.9406 per front foot

The Written Report contains the most accurate parcel information available on the preparation date. However, the Assessor's Office continues to process parcel changes and corrections to establish the Fiscal Year 2011-12 Tax Roll. Therefore, while the Written Report is the best possible representation of the distribution of street and highway safety lighting service charges, it is subject to minor changes pending the final production of the lien date tax roll.

The City of Rancho Cordova has notified the County and the Local Agency Formation Commission (LAFCo) of its intention to create a new street light district and to detach from CSA1. An agreement between the City Council and the County Board of Supervisors addressing detachment issues will be prepared prior to the final LAFCo action on the detachment. The detachment process is currently underway and is expected to be completed by July 2012. Therefore, City of Rancho Cordova territory is included in the CSA1 written report for Fiscal Year 2011-12.

MEASURES/EVALUATION

Measures or an evaluation are not applicable to this agenda item.

71-J ANALYSIS

Section 71-J of the County of Sacramento Charter is not applicable to this agenda item.

FINANCIAL ANALYSIS

The passage of Proposition 218 in November 1996 froze the street light and safety light service charges at their then current levels. The service charges existing at the time of passage of Proposition 218 cannot be raised without an affirmative vote of the affected property owners via a ballot procedure. Therefore, the Safety Light Only, Street and Safety Light (Residential) and Street and Safety Light (Non-Residential) service charges applied to existing properties for Fiscal Year 2011-12 are unchanged.

Ordinance No. 1543 provides that the Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges be adjusted annually based on the greater of five percent, or the prior year increase in the All-Urban Consumer Price Index, or the Sacramento Municipal Utilities District (SMUD) electrical rate increase. The Enhanced Street and Safety Light (Residential), Enhanced Street and Safety Light (Non-Residential), Decorative Street and Safety Light (Residential) and Decorative Street and Safety Light (Non-Residential) service charges have been increased five percent for Fiscal Year 2011-12. Several large residential and commercial developments are included in the Enhanced and Decorative street light benefit categories. However, construction has halted due to the economic downturn. If the street lights within these developments are not installed, energized and accepted for maintenance prior to issuance of the Fiscal Year 2011-12 Tax Roll, the Enhanced and Decorative street light portions of the service charges will not be assessed and the net increase in service charge revenue for Fiscal Year 2011-12 will be zero.

County Service Area 1- Receive And File Written Report And Engineers Report For Fiscal Year 2011-12 Service Charges; Designate August 9, 2011, For Public Hearing And Direct Staff To Provide Public Notice

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There was a Road Fund contribution of \$162,000 to the CSA1 Zone 1 – Unincorporated budget in Fiscal Year 2010-11. A Road Fund contribution of \$400,000 to CSA1 Zone 1 – Unincorporated is included in the Department of Transportation's Fiscal Year 2011-12 Recommended Budget.

The County has received \$880,000 of Energy Efficiency and Conservation Block Grant (EE&CBG) funds to replace older street light fixtures with new, energy efficient light emitting diode (LED) street light fixtures. The EE&CBG project is part of a larger countywide project. Therefore, the EE&CBG funds are not reflected in the CSA1 Zone 1 Budget.

The EE&CBG funds will allow the replacement of approximately 1,500 street light fixtures, which will reduce the CSA1 Zone 1 energy bill by approximately \$62,000 per year. Approximately \$12.7 million of additional funds would be needed to replace the remaining 20,500 street light fixtures in the County's inventory with energy efficient LED fixtures.

LEGAL ANALYSIS

Legal analysis is not applicable to this agenda item.

Respectfully submitted,

APPROVED:
STEVEN C. SZALAY
Interim County Executive

MICHAEL J. PENROSE, Director
Department of Transportation

By: _____
ROBERT B. LEONARD, Administrator
Municipal Services Agency

RMC:rmc

Attachment 1: Engineers Report

CC: R. Childers, Operations and Maintenance, Transportation
R. Mananquil, Operations and Maintenance, Transportation
R. Moghissi, Operations and Maintenance, Transportation