

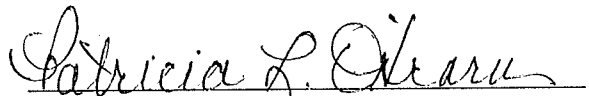
CITY OF SAN JOSE

ENGINEER'S REPORT

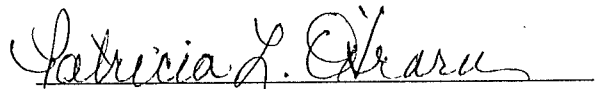
MAINTENANCE DISTRICT 20
(RENAISSANCE - NORTH FIRST LANDSCAPING)

FISCAL YEAR 2001-02

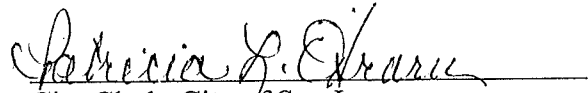
Filed in the office of the City Clerk of the City of San Jose on 5/8/01.


City Clerk, City of San Jose


This Engineer's Report was preliminarily approved by the City Council of the City of San Jose at a meeting thereof on 5/8/01.


City Clerk, City of San Jose

This Engineer's Report and assessments herein were duly approved, confirmed and adopted by the City Council of the City of San Jose at a meeting thereof on 8/7/01.


City Clerk, City of San Jose

I, the Director of Finance of the City of San Jose, hereby certify that on 9/11/01 the assessments contained in this Engineer's Report were delivered to the officer of the County of Santa Clara designated by law to extend City taxes upon the tax roll on which they are collected.


Director of Finance, City of San Jose

WHEREAS, Chapter 14.15 of the City of San Jose Municipal Code provides that benefit assessments may be apportioned upon all assessable lots or parcels of land within a maintenance district in proportion to the estimated benefits to be received by each lot or parcel from the improvements.

WHEREAS, Articles XIII C and XIII D of the California Constitution require property owner approval of any imposed, extended or increased assessment and that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel.

Only special benefits are assessable; a special benefit being a particular and distinct benefit over and above general benefits conferred on real property within the district or the public at large. The general enhancement of property value does not constitute a special benefit; the general benefits must be separated from the special benefits conferred on a parcel.

WHEREAS, on May 20, 1998 by Ordinance 25353 the San Jose City Council amended Chapter 14.15 of the City of San Jose Municipal Code to require that general benefit be identified, public agencies pay for general benefit received and that the assessment be authorized by a vote of those proposed to be assessed, and; that the Director of Public Works prepare an Engineer's Report containing:

1. a written description of the boundaries of the district;
2. a description of the improvements to be maintained;
3. a description of the maintenance to be provided;
4. a budget for the ensuing fiscal year;
5. a formula for apportioning the cost among the parcels;
6. an estimate of the initial annual aggregate assessment and the proposed annual adjustment with an explanation of the proposed adjustment formula;
7. an assessment roll and the names and addresses of all property owners to be assessed, and;
8. a map or diagram showing the boundaries of the district and identifying the parcels in the district.

NOW, THEREFORE:

1. **THE BOUNDARY** of Maintenance District 20 is shown on the map attached as Exhibit 3 and is generally described as: A line approximately 400 feet southeast of Rose Orchard Way on the east, Tasman Drive on the south, Guadalupe River on the west and Nortech Parkway on the north.

2. **THE IMPROVEMENTS** for which maintenance and operation are provided shall include all street islands, Renaissance Square streetside landscaping fronting Renaissance Drive, and; all additions, improvements and enlargements thereto which may hereafter be made for the District, and of benefit to the District but not of benefit to the City of San Jose as a whole. Improvements include but are not limited to: ornamental plantings, including trees, shrubs, vines, groundcovers and lawns; irrigation, drainage and decorative lighting systems, and; special street lights, decorative paving, curbing, maintenance bands, seats, walls, and signs.

3. **THE MAINTENANCE AND OPERATION** of the improvements shall include the necessary servicing, repairs, replacements, equipment, supplies, water, fuel, power, electric current, care, supervision, administration and any and all other items necessary for the safe and proper maintenance and operation thereof. On Renaissance Drive, the maintenance of the abutting soundwall is limited to graffiti removal, minor surface repairs and painting on the street side only.

4. **THE BUDGET** for the costs and expenses of maintaining and operating any and all of the public improvements for the 2001-02 fiscal year is shown in the following table.

MAINTENANCE DISTRICT 20 - FUND 365			
SOURCE OF FUNDS	TOTAL	USE OF FUNDS	TOTAL
Beginning Fund Balance:		Expenditures:	
Restricted Cash	\$20,000	Personal Services	\$13,585
Unrestricted Cash	\$258,453	Non Personal Services	\$110,847
Total Beginning Fund Balance	\$278,453	Equipment	\$0
		Total Expenditures	\$124,432
Interfund Transfers:		Interfund Transfers:	
Loans from Other Funds	\$0	Repayment to Other Funds	\$0
Interest	\$0	Interest	\$0
Total Interfund Transfers	\$0	Total Interfund Transfers	\$0
Revenue:		Ending Fund Balance:	
Benefit Assessment	\$40,000	Restricted Cash	\$0
Interest	\$16,707	Unrestricted Cash *	
City General Benefit Share	\$8,790	Operating Funds	\$93,324
Total Revenue	\$65,497	Replacement Funds	\$126,194
		Total Ending Fund Balance	\$219,518
TOTAL SOURCE OF FUNDS	\$343,950	TOTAL USE OF FUNDS	\$343,950

* Subject to limitation are the Ending Fund Balances for Unrestricted Cash: Operating Funds and Replacement Funds. Operating Funds may not exceed one year's Total Expenditures. Replacement Funds may not exceed the full replacement value of the improvements maintained. If either limit is exceeded, the excess amount shall be credited to the assessments in proportion to each parcel's assessment.

5. THE METHOD OF ASSESSMENT upon and by which the special assessment is to be levied is based upon the benefit received.

BACKGROUND

Articles XIIC and XIID of the California Constitution require that a parcel's assessment not exceed the reasonable cost of the proportional special benefit conferred on that parcel. The Constitution further provides that only special benefits are assessable. If there are general benefits, they must be separated from the special benefits conferred on a parcel; a special benefit being a particular and distinct benefit over and above general benefits which are conferred on the public at large, including real property within the district. The general enhancement of property value is not considered to constitute a special benefit.

Maintenance District 20 provides special benefit to several developments in North San Jose. More than 80% of the land within the district boundaries was initially developed under several Local Improvement Districts. The property owners requested formation of the improvement districts to fund public infrastructure capital costs, including the landscaping in street islands and frontages to be maintained by Maintenance District 20 thus creating the need to form a maintenance district to fund ongoing maintenance of the improvements. Improvement districts (81-166SJ, 81-168SJ, 82-171SJ, 83-179SJ and 84-189SJ) all funded public infrastructure capital costs for the development of properties throughout this new maintenance district. In the years after the original industrial development began, approximately 20% of the area has been rezoned for residential use. The residential development along Renaissance Drive included the addition of streetscape landscaping to specifically enhance that residential area. This area is included in a special benefit zone to provide special landscape maintenance services through Maintenance District 20.

Formation of a maintenance district was requested to maintain the special improvements for the following reasons: (1) the level of improvements constructed exceeded the level of improvement typically maintained by the City in such an area; (2) a higher than normal City standard of maintenance was desired, and; (3) the improvements specially benefited the area. Because of the district's configuration and difference in services, the district is divided into benefit zones, based on the maintenance required for each street's islands and/or frontage and land use of properties within the benefit zone.

The original maintenance district established to maintain the special improvements did not receive the required voter approval in Fiscal Year 2000-2001 when it was brought before the property owners for reauthorization. Subsequent to that reauthorization attempt, property owners in the area requested that a new district be formed with a limited scope, to replace the old district, thus continuing the special landscape maintenance services for the street island landscaping on North First Street and Renaissance Drive, including the streetside frontage landscaping along Renaissance Drive.

The following table compares typical City maintenance services to special district maintenance. There are also major differences in the design of the improvements maintained. The table helps to define the levels of special services and general services in the special verses general benefit evaluation that follows.

COMPARISON OF CITY AND SPECIAL DISTRICT MAINTENANCE		
ITEM	CITY – GENERAL	SPECIAL DISTRICT
DESIGN	Trees only, occasionally shrubs and/or crushed rock	May include all or part of: trees, shrubs, ground cover, turf, mulches/crushed rock, lighting, pathways, fountains and/or structures
SERVICE FREQUENCY	Monthly	Weekly
TREES		
Trimming (clearance)	Every 15 years	As needed
Trimming (structural)	None	Every 3 years
Replacement	None	As needed
SHRUBS and GROUND COVER		
Pruning	Yearly (not all parcels)	Yearly (and as needed)
Fertilize	None	2 times per year (or as needed)
Replacement	Limited	As needed
Flowers	None	Seasonal
TURF		
Mowing	Every 2 weeks	Weekly
Fertilize	2 times per year	3 times per year
WEED CONTROL		
Pre-emergent	Yearly (not all parcels)	Yearly (and as needed)
Contact Spray	Yearly (not all parcels)	As needed
Hand Removal	None	As needed
DEBRIS REMOVAL	Monthly	Weekly

IRRIGATION REPAIR	Within 2 weeks (Most systems not functioning)	Weekly
MULCH/BARK/ROCK Grooming Replacement	None None	As needed As needed
GRAFFITI REMOVAL	Within 1 - 2 weeks	Within 1-2 days
HARDSCAPE Cleaning Repair	Safety only Safety only	As needed As needed

GENERAL BENEFIT

In evaluation of the general benefits provided by the landscape maintenance, it is concluded that the landscape maintenance services on North First Street provide benefit to the general public and the City as a whole as well as properties included within the district for the following reasons:

1. The landscape maintenance service maintains street islands on North First Street which are required for traffic control purposes.
2. The City generally provides, from generally available City funds, similar services in other similar areas where street islands are required for traffic control, however, if installed, the landscaping provided is at the City standard level, which consists of street trees and decomposed granite.
3. The district provides for the maintenance of the street islands relieving the City of its underlying maintenance responsibility at City standard levels for that island area.

The street islands and landscaping on North First Street are considered to provide general benefit because the City of San Jose promotes the installation of street islands on major collector streets throughout the City; providing a general benefit through minimal maintenance of those islands. In evaluating the street design and traffic circulation patterns associated with the District, it is concluded that the general traffic is on the major thoroughfares of North First Street within the District. In summary, general benefit is derived because: 1) The City, in conformance with City policy, required the street island construction in North First Street; 2) through traffic is intended on North First Street, and; 3) the street islands are in major thoroughfares.

Conversely, the street islands in Renaissance Drive were installed for decorative purposes only and were not required for traffic control by the City. The City does not generally provide from generally available City funds, similar service in other similar areas and the proposed service only benefits the properties in the District. Therefore no general benefit is derived from maintaining the street island landscaping on those streets.

SPECIAL BENEFIT

Each and every assessed parcel within the district receives a particular and distinct benefit from the improvements over and above any general benefit that may be conferred by those services. The operation and maintenance of the special landscaping provides a specific and direct benefit to all properties within each of the two benefit zones and therefore may be levied upon the properties in proportion to the benefit received. Each benefit zone, if approved by the property owners within that zone, can operate independently. Therefore if only one zone is approved the boundaries of the District would be reduced to reflect only the approved benefit zone.

Special benefits are provided to the parcels by the landscape maintenance for the following reasons:

1. In Renaissance Drive, the street islands are unneeded for traffic control purposes; they are provided only as a decorative feature for the residential development.
2. The street islands on North First Street are needed for traffic control purposes, however, the landscaping was upgraded to a level above City standards to provide continuity within the district.
3. The Renaissance Drive streetside frontage landscaping abutting rear lot sound walls, was designed to visually enhance, quiet and soften the impact of the noise and activity of that street, especially enhancing the residential development (Renaissance Square) enclosed by those walls.
4. The Renaissance Drive streetside frontage landscape maintenance and operation services abutting the rear lot sound walls of Renaissance Square, meets the legal obligations of the property owners. State and City laws hold property owners individually responsible for the safe and proper maintenance of their frontages; that maintenance is not a City responsibility.
5. Special landscaping that is well maintained and readily accessible to the properties may be enjoyed by all tenants, owners, and visitors without the owners expending the effort of individually maintaining, replacing and repairing the improvements.
6. The special landscaping and maintenance reduces the visual and noise impacts of traffic and other activities in the adjoining areas, thereby improving the physical environment within the area, making it more attractive and desirable.
7. The presence of special landscaping that is well maintained and available for the enjoyment of the property tenants, owners, businesses and their visitors specifically enhances the desirability of their property. This contributes to the ability of the parcels to remain superior in comparison to other similarly zoned parcels without these special features.
8. The special landscaping and maintenance, by enhancing the attractiveness of the immediate area, increases desirability for potential buyers, thereby improving salability and value.

9. When a community's infrastructure are clean, safe, available, and well maintained, its desirability and value are enhanced. Unappealing, unsafe, or damaged common facilities decreases the locale's desirability and ultimately, its value.
10. Attractive, well maintained special landscaping fosters a sense of identity and pride in an area. This tends to influence the individual businesses, tenants and property owners, encouraging improved landscaping on and maintenance of private property, increasing the attractiveness and desirability of all property in the area.
11. Special landscaping disease and weed control reduces the likelihood of damaging and costly insect or weed infestations spreading to properties within an area.

Multi-Family residential and mobile home park properties receive an adjustment to their assessment based on the number of dwelling units within the parcel being assessed. The reduction in the assessment, by use of an equivalent unit benefit factor, is due to the decrease in relative population density as the number of units increases as well as the fact that the as the number of units increases, the average value per rental unit decreases. All of which have been documented in previous studies. Therefore, the special benefit to a parcel is reduced as the number of dwelling units on that parcel increase.

Two public parcel lies within Maintenance District 20, a 0.1 and 0.14 acre parcel, both owned by the City of San Jose. In evaluating the special benefit that the district may provide to these parcels it is noted that the City of San Jose parcels support a sanitary sewer pump station. The pump station contains no habitable buildings and is used strictly to provide sewer service to the surrounding properties. It is concluded that the decorative street islands have no material effect on any of these parcels, and no special benefit is received by these publicly owned parcels.

The special benefit from the maintenance of landscaped street islands and/or frontage landscaping is apportioned to parcels in the District by benefit zone based on three components: 1) the specific enhancements as a result of having well-maintained street islands in the district; 2) the specific benefit associated with owning a parcel that has frontage on the streets with islands; and 3) the specific benefit derived (for each Benefit Zone) by adjacency to the facilities being maintained.

In apportioning the special benefit assessment, it is first concluded that the special benefits are specific to each of the two Benefit Zones: (1) Renaissance Drive islands and streetsides (Benefit Zone A), or (2) First Street islands north of Tasman (Benefit Zone B). Each area has its specific benefit zone, each of which are to be approved independently, so the assessment for the costs associated with each zone shall be apportioned between each and every parcel within the zone equally by area, except that (1) the assessment for residential parcels is based on a zone specific unit assessment for each zone of benefit, and (2) adjustments are made for certain land uses.

1. All parcels within any zone have similar land uses. This uniform land use contributes to a determination that the benefits are essentially equal.

2. However, in one zone, there is a mix of Industrial, commercial and residential land uses. The improvements and their maintenance are not designed to benefit one land use over the other, further contributing to a determination that the benefits are essentially equal.
3. The enhancements on Renaissance Drive were added as a part of those residential developments, to specifically define it as a noncommercial, residential area. Therefore, only those surrounding residential properties benefit from the maintenance.
4. For most owners and tenants, the landscaped street islands will be considered an enhancement of the area, providing a unique business park atmosphere. All properties are equally restricted in use of the island areas, so no feature could be considered to be available to use significantly more extensively by any one of the properties. So, facility use, being approximately equal, further contributes to the determination that the benefits are essentially equal.
5. Proximity to the facilities provides one of the reasons to differentiate benefit. A parcel having frontage on streets with the street islands is obviously closer to the enhanced landscaping and benefits from the reduction of noise and visual impacts provided by the landscaped street islands, in addition to the aesthetic advantage of having well maintained landscaped islands adjacent to the property.
6. Multi-Family Residential complexes and Mobile Home Parks receive a reduction in the Dwelling Unit Equivalent Benefit Factor resulting in a decrease in their assessment. This is justified because as the number of dwelling units increases the rate potential per rental unit decreases and thus the benefit received by this parcel is reduced as the number of units on that parcel increase.

6. **THE FORMULA** to apportion the special benefit assesses each parcel in proportion to the benefit each property receives from street islands based on parcel size and benefit zone with adjustments for proximity, institutional and residential uses. The use of each property shall be determined on June 30th preceding the tax year to be assessed and will be based on the approved use at that time. The amount of the General Benefit allocation must be subtracted from the amount of the total budgeted expenditures for the landscaping. The resulting amount, (for Benefit Zone A) and (for Benefit Zone B), combined for the 2001-2002 tax year, is the Annual Aggregate Assessment.

The Annual Aggregate Assessment is then allocated, by Benefit Zone, among the parcels based on the following:

1. Determine acreage for all parcels within the benefit Zone.
2. Determine and apply the benefit multiplier to the acreage of each parcel based on the use, frontage or combination thereof, the result being the net acreage.
 - a. Institutional parcels:

Unoccupied parcels receive a reduction - 0.00 benefit multiplier

b. Residential

Dwelling Unit Equivalent Benefit Factor

	<u>UNITS</u>	<u>FACTOR</u>
Single Family, Condo, or Townhome -	1	1.00 benefit multiplier
Multi-family -	1-20	0.75 benefit multiplier
	21-50	0.50 benefit multiplier
	51-100	0.25 benefit multiplier
	100 or more	0.10 benefit multiplier

c. Any parcel having frontage on the landscaped street islands or the Montague Expressway shoulder - 1.25 benefit multiplier

d. Any parcel not having frontage on the landscaped street islands - 1.00 benefit multiplier

3. Determine the ratio of net acreage for each parcel to the total net acreage for the district.
4. For parcels in residential use, the net acreage for all parcels is summed, and then multiplied by the Annual Aggregate Assessment to determine the total assessment to parcels with residential use.
5. The result is then divided by the total number of residential units within the district to derive the residential unit assessment per unit.
6. For residential parcels with multiple units, the residential unit assessment is multiplied by the number of units.
7. For parcels with non-residential use, the ratio of the net acreage for each parcel to the net acreage for the district is multiplied by the Annual Aggregate Assessment to determine the assessment for each parcel.

Renaissance Drive (Benefit Zone A)

All costs associated with the maintenance of the enhanced landscaping in the street islands and streetside frontage landscaping are equally assessed to all properties within Benefit Zone A, based on the ratio of the area of each parcel to that of all parcels within Benefit Zone A. The resulting ratio is then multiplied by the benefit factors listed above to adjust for proximity and use.

North First Street (Benefit Zone B)


All costs associated with the maintenance of the enhanced landscaping in the street islands in Benefit Zone B, are equally assessed to all properties within benefit Zone B, based on the ratio of the area of each parcel to that of all parcels. The resulting ratio is then multiplied by the benefit factors listed above to adjust for proximity and use.

7. **THE ANNUAL ADJUSTMENT FORMULA**, upon approval of a majority vote of the property owners, sets maximum limits to the assessments in future annual budgets. Fiscal Year 2000-01 is established as the base year, having a base Annual Aggregate Assessment of \$40,000. The base adjustment index is 180.2, which is the average annual Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-San Jose Area ("CPI") for the calendar year (2000) preceding the base assessment year. Assessments for any future fiscal year may not exceed the maximum Annual Adjustment; the maximum assessment is calculated by dividing the \$40,000 base assessment by the 180.2 CPI for the 2000 base calendar year and then multiplying the resulting quotient, \$221.98, by the CPI for the calendar year preceding the desired future fiscal year.

Annual budgets within this limit may be approved by the City Council without additional property owner ratification. This limit may be exceeded only with a majority owner approval of either: 1) a supplemental assessment; 2) a revision of or a supplement to, the maximum assessment and/or adjustment formula, or; 3) any other methodology agreeable to the property owners.

8. **NOW, THEREFORE**, I, RAJEEV BATRA., Acting Director, Department of Public Works of the City of San Jose by virtue of the power vested in me under the Resolution and the order of the City Council, hereby make the benefit assessments as shown on the Assessment Roll attached as Exhibit 1 upon all parcels of property subject to assessment owned by the persons shown on the Owners List attached as Exhibit 2 and shown on the diagram attached as Exhibit 3.

Dated: 3 MAY 01



RAJEEV BATRA
Acting Director, Public Works Department
City of San Jose