



CITY OF LOMPOC

**PARK MAINTENANCE AND CITY POOL ASSESSMENT DISTRICT
No. 2002-01**

ENGINEER'S REPORT

APRIL 2011

PURSUANT TO THE LANDSCAPING AND LIGHTING ACT OF 1972
AND ARTICLE XIIIID OF THE CALIFORNIA CONSTITUTION

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INTRODUCTION

OVERVIEW

The City of Lompoc (the "City") owns, operates, and maintains twelve parks, three community centers, and an aquatic center for its service area of approximately 11,000 parcels. The City also offers a wide range of park and recreation programs from hosting youth soccer, little league, basketball, and other sports events to health, fitness, and first aid classes as well as general community events.

In response to the City's identified need to improve parks and recreation facilities, install new parks and recreation facilities, and enhance the maintenance of all such facilities, the City sought to establish a Park Maintenance and City Pool Assessment District (the "Assessment District") in 2002. This assessment was successfully supported by over 55% of the City's property owners.

Prior to 2002, the City experienced a revenue shortfall that was primarily due to escalating costs combined with limited revenues from other sources. In fact, in order to provide the desired level of park maintenance, the City had funded its revenue shortfall from reserve funds. Therefore, in the absence of a new local revenue source, the baseline level of park and recreation facilities in the City (the "Baseline Service") had been deteriorating to below the desired level.

ASSESSMENT PROCESS

In 2002, the City Council conducted an assessment ballot proceeding pursuant to the requirements of Article XIID of the California Constitution ("The Taxpayer's Right to Vote on Taxes Act") and the Landscaping and Lighting Act of 1972. During this ballot proceeding, property owners in the District were mailed a notice and ballot for the proposed "Park Maintenance and City Pool Assessment District No. 2002-01" or the Assessment District. A 45-day period was provided for balloting and a public hearing was conducted on July 23, 2002. After the close of the public input portion of the public hearing, all ballots returned within the 45-day balloting period were tabulated. The tabulation results were then announced on August 6, 2002.

The tabulation results determined that the assessment ballots submitted in opposition to the proposed assessments did not exceed the assessment ballots submitted in favor of the assessments (with each ballot weighted by the proportional financial obligation of the

property for which ballot was submitted). In fact, the final balloting result was 55.2% weighted support for the Assessment District.

As a result, the City Council gained the authority to approve the levy of the assessments for fiscal year 2002-03 and in future years. The authority granted by the ballot proceeding includes an annual adjustment in the assessment levies equal to the annual change in the Consumer Price Index for the Los Angeles Area as of January of each succeeding year, with the maximum adjustment not to exceed 3%.

In each subsequent year for which the assessments will be levied, the City Council must direct the preparation of an Engineer's Report, budgets and proposed assessments for the upcoming fiscal year. After the Engineer's Report is completed, the City Council may preliminarily approve the Engineer's Report and proposed assessments and establish the date for a public hearing on the continuation of the assessments. This Report was prepared pursuant to the direction of the City Council by Resolution No. 5697 (11) adopted on March 15, 2011.

This Engineer's Report ("Report") was prepared to establish the budget for the services that will be funded by the 2011-12 assessments, determine the benefits received from the park maintenance and improvements by property within the Assessment District and the method of assessment apportionment to lots and parcels within the Assessment District. This Report and the proposed assessments have been made pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "Act") and Article XIID of the California Constitution (the "Article").

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

Following the minimum 10-day time period after publishing the notice, a public hearing is held for the purpose of allowing public testimony about the proposed continuation of the assessments. This hearing is currently scheduled for June 7, 2011. At this hearing, the City Council will consider approval of a resolution confirming the assessments for fiscal year 2011-12. If so confirmed and approved, the assessments would be submitted to the Santa Barbara County Auditor/Controller for inclusion on the property tax rolls for fiscal year 2011-12.

LEGISLATIVE ANALYSIS

PROPOSITION 218

This assessment is formed consistent with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services, improvements, as well as maintenance and operation expenses to a public improvement which benefits the assessed property.

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

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. V SANTA CLARA COUNTY OPEN SPACE AUTHORITY

In July of 2008, the California Supreme Court issued its ruling on the Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority ("SVTA vs. SCCOSA"). This ruling is the most significant legal document in further legally clarifying Proposition 218. Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general, benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the assessment district

This Engineer's Report has been re-evaluated in light of the SVTA vs. SCCOSA decision and updated to be consistent with the decision. There have been a number of clarifications made to the analysis, findings and supporting text to ensure that this consistency is well communicated.

DAHMS V. DOWNTOWN POMONA PROPERTY

On June 8, 2009, the 4th Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court denied review. On this date, Dahms became good law and binding precedent for assessments. In Dahms the Court upheld an assessment that was

100% special benefit (i.e. 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

BONANDER V. TOWN OF TIBURON

On December 31, 2009, the 1st District Court of Appeal overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based on in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE

On May 26, 2010 the 4th District Court of Appeals issued a decision on the Steven Beutz v. County of Riverside ("Beutz") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services was not explicitly calculated, quantified and separated from the special benefits.

COMPLIANCE WITH CURRENT LAW

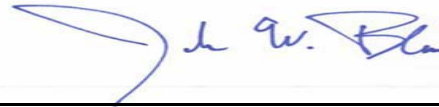
This Engineer's Report is consistent with the requirements of Article XIII C and XIII D of the California Constitution and with the *SVTA* decision because the improvements to be funded are clearly defined; the improvements are directly available to and will directly benefit property in the Assessment District; and the improvements provide a direct advantage to property in the Assessment District that would not be received in absence of the Assessments.

This Engineer's Report is consistent with *Buetz* and *Dahms* because, similar the improvements will directly benefit property in the Assessment District and the general benefits have been explicitly calculated and quantified and excluded from the Assessments. The Engineer's Report is consistent with *Bonander* because the Assessments have been apportioned based on the overall cost of the improvements and proportional special benefit to each property.

CERTIFICATES

1. The undersigned respectfully submits the enclosed Engineer's Report and does hereby certify that this Engineer's Report, and the Assessment and Assessment Diagram herein, have been prepared by me in accordance with the order of the City Council of the City of Lompoc on March 15, 2011.

- 2.



Engineer of Work, License No. C052091

3. I, the City Clerk, City of Lompoc, County of Santa Barbara, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with the Director of Parks and Recreation on _____ 2011.

City Clerk, City of Lompoc

4. I, the City Clerk, City of Lompoc, County of Santa Barbara, California, hereby certify that the Assessment in this Engineer's Report was approved and confirmed by the City Council on _____ 2011, by Resolution No. _____.

City Clerk, City of Lompoc

5. I, the City Clerk, City of Lompoc, County of Santa Barbara, California, hereby certify that a copy of the Assessment and Assessment Diagram was filed in the office of the Auditor/Controller of the County of Santa Barbara, California, on _____, 2011.

City Clerk, City of Lompoc

6. I, the Auditor/Controller of the County of Santa Barbara, California, hereby certify that a copy of the Assessment Roll and Assessment Diagram for fiscal year 2011-12 was filed with me by the City Clerk of the City of Lompoc on _____, 2011.

PLANS & SPECIFICATIONS

The City of Lompoc maintains park facilities in locations within its jurisdiction and adjacent to its boundaries. The City of Lompoc Park Maintenance and City Pool Assessment District No. 2002-01 (the "Assessment District") provides funding for the installation, maintenance, and servicing of parks and recreation facilities (the "Improvements") within the City, including, but not limited to the City's current parks and recreation facilities:

- Anderson Recreation Center (125 W. Walnut Ave)
- Barton Park (West Barton Ave)
- Beattie Park (1200 East Olive Ave)
- Briar Creek Park (Briar Creek Way)
- Centennial Park (132 E. Cypress Ave)
- College Park (201 W. College Ave)
- Dick DeWees Community and Senior Center (120 W. Ocean Ave.)
- JM Park (Chestnut at A St)
- Ken Adam Park (Allan Hancock Dr.)
- Lompoc Aquatic Center (207 W. College Ave)
- Lompoc Civic Auditorium (Lompoc Valley Middle School)
- Lompoc Valley Multipurpose Trail
- Pioneer Park (1209 E. Airport Ave)
- River Park (HWY 246)
- River Bend Park (McLaughlin Rd)
- Ryon Memorial Park (Ocean & O St)
- Thompson Park (520 N. S St.)
- Westvale Park (1300 W. Fir St)

The assessments also provide funding for the installation, maintenance, and servicing of new parks and recreation facilities, including, but not limited to, new neighborhood and community parks, an aquatics facility, and a swimming pool center. In addition, the assessments shall provide funding for improvements to park safety from enhanced lighting and increased park ranger security patrols, replacement of antiquated playground equipment, additional park maintenance services, acquisition of lands for parks and recreation uses, and expansion of existing parks and recreation areas. Plans and specifications for these improvements have been filed with the Director of Parks and Recreation of the City of Lompoc; such plans and specifications are incorporated herein by reference.

In addition to the definitions provided by the Landscaping and Lighting Act of 1972, (the "Act") the work and improvements are generally described as follows:

Installation, maintenance, and servicing of public facilities, as well as debt service, issuance costs, and other expenses associated with the issuance and administration of bonds, lease obligations, or other financing for the public facilities and improvements. Installation will include, but not be limited to, acquisition and construction of recreational facilities, playing fields, playground equipment, community centers, hard court surfaces, tennis courts, play equipment, public restrooms, irrigation and sprinkler systems, landscaping, turf and track facilities, gymnasiums, swimming pools, park grounds, park facilities, landscape corridors, trails, lighting, drainage systems, and land preparation, such as grading, leveling, cutting, and filling, as applicable, for property owned or maintained by the City of Lompoc.

As applied herein, "Installation" means the construction of recreational improvements, including, but not limited to, land preparation (such as grading, leveling, cutting and filling) sod, landscaping, irrigation systems, sidewalks and drainage, lights, playground equipment, play courts, recreational facilities and public restrooms.

"Maintenance" means the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of said improvements, including repair, removal, or replacement of all or part of any improvement; providing for the life, growth, health, and beauty of landscaping; and cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

"Servicing" means the furnishing of electric current or energy for the operation or lighting of any improvements, and the furnishing of water for irrigation of any landscaping or the maintenance of any other improvements.

Incidental expenses include all of the following: (a) The costs of preparation of the report, including plans, specifications, estimates, diagram, and assessment; (b) the costs of printing, advertising, and the giving of published, posted, and mailed notices; (c) compensation payable to the County for collection of assessments; (d) compensation of any engineer or attorney employed to render services in proceedings pursuant to this part; (e) any other expenses incidental to the construction, installation, or maintenance and servicing of the Improvements; (f) any expenses incidental to the issuance of bonds or notes pursuant to Streets & Highways Code Section 22662.5; and (g) costs associated

with any elections held for the approval of a new or increased assessment. (Streets & Highways Code §22526).

The assessment proceeds will be exclusively used for Improvements within the Assessment District plus Incidental expenses. Reference is made to the plans and specifications, including specific expenditure and improvement plans by park/recreation site, which are on file with the City of Lompoc Park Maintenance and City Pool Assessment District.

ESTIMATE OF COST AND BUDGET - FISCAL YEAR 2011-12

INTRODUCTION

Following are the Improvements, and resulting level of improved parks and recreation facilities, for the Assessment District. As previously noted, the baseline level of service included a declining level of parks and recreation facilities due to shortages of funds for the District. Improvements funded by the assessments are over and above the previously declining baseline level of service. The formula below describes the relationship between the final level of Improvements, the existing baseline level of service, and the enhanced level of Improvements to be funded by the assessment.

$\begin{array}{rcl} \text{Final Level of Improvements} & = & \text{Baseline level of Improvements} \\ & & + \\ & & \text{Enhanced Level of Improvements} \end{array}$

SUMMARY OF THE DISTRICT'S IMPROVEMENT PLANS

The budget to be financed by the assessments is partially based on the results of an independent survey conducted for the District, which indicated property owners' priorities for various improvement projects and park maintenance services. Projects have been chosen throughout the Assessment District in order to ensure that all properties in the narrowly drawn Assessment District boundaries will receive improved access to better maintained and improved parks in their area. The budget included in this year's Engineer's Report is for Fiscal Year 2011-12. It is based in a multi-year improvement plan that includes projects that will improve existing parks and recreation facilities; create new parklands and recreation facilities; improve park and open space security by enhancing lighting; enhance park ranger security patrols; replace outdated playground equipment that meets new safety standards; enhanced maintenance of all parks and recreation areas to help ensure the continued beauty, usability, and accessibility of the Assessment District's parks and recreation facilities.

IMPROVEMENT PLAN HIGHLIGHTS:

The assessment levies may be used in future fiscal years to fund a portion of the debt service, lease obligations, or other financing methods for the acquisition and improvement of park and recreation facilities in the Assessment District. These improvements may include:

- Maintenance of the aquatic center
- Additional walkways and security lighting at neighborhood parks
- Acquisition and improvement of new and existing parks and recreation facilities
- Development, improvements, and repairs at the following parks:

FIGURE 1 – IMPROVEMENT PLAN HIGHLIGHTS

<p>Barton Park</p> <ul style="list-style-type: none"> - Irrigation System, Turf, & Landscaping - Walking Path - Children's Playground Equipment - Benches & Tables - Misc. Park Amenities - New Park Signage 	<p>Pioneer Park</p> <ul style="list-style-type: none"> - Misc. Park Amenities - Athletic Field Improvements - New Park Signage
<p>Beattie Park</p> <ul style="list-style-type: none"> - Athletic Field Improvements - New Children's Playground Equipment - New Benches & Tables - Misc. Park Amenities - Picnic Area Improvements - Roadway and Parking Improvements - New Park Signage 	<p>River Park</p> <ul style="list-style-type: none"> - Group Picnic Area Improvements - New Children's Playground Equipment - New Park Signage - New Benches & Tables - Misc. Park Amenities - Roadway & Parking Lot Improvements
<p>JM Park</p> <ul style="list-style-type: none"> - New Backstops & Fencing - East Athletic Field Light Renovation - New Basketball Court Lights - Misc. Park Amenities - New Park Signage - Portable Concession Stand 	<p>Riverbend Park</p> <ul style="list-style-type: none"> - Misc. Park Improvements - Portable Backstops & Bleachers - Roadway & Parking Lot - New Park Signage
<p>Ken Adam Park</p> <ul style="list-style-type: none"> - Enhance the Group BBQ Area - New Children's Playground Equipment - Roadway & Parking Lot Improvements - Misc. Park Amenities - New Park Signage 	<p>Ryon Memorial Park</p> <ul style="list-style-type: none"> - Group Picnic Area Improvements - Stage Improvements - Misc. Park Amenities - Athletic Field Improvements - New Playground Equipment - Roadway & Parking Lot Improvements - New Park Signage
<p>Thompson Park</p> <ul style="list-style-type: none"> - New Playground Equipment - Athletic Field Improvements - New Benches & Tables - Misc. Park Amenities - New Park Signage 	<p>Westvale Park</p> <ul style="list-style-type: none"> - Misc. Park Amenities - New Park Signage

FIGURE 2 – ESTIMATE OF COSTS FOR FISCAL YEAR 2011-12

		<i>Total Budget</i>
Beginning Fund Balance		\$0
Installation, Maintenance & Servicing Costs ¹		
Aquatic Center Debt Service		\$622,249
Aquatic Center Operations		\$657,395
Senior/Community Center Operations		\$45,000
Aquatic Center-Dehumidification System		\$2,347,140
Community Center (Senior Center)		\$5,508,882
Ryon Park restrooms		\$375,000
Ryon Park arch design & engineering		\$45,000
Aquatic Center - Equipment replacement		\$78,000
Beattie Park Parking Lot Renovation		\$100,000
Anderson Recreation Center Parking Lot Renovation		\$35,000
BBQ Pits - Ryon, Beattie, Ken Adam and River parks		\$14,631
Gazebo Roof Replacements - Beattie and River Parks		\$21,550
Barton Park Improvements		\$35,649
Park Lighting Safety and Enhanced Park Maintenance		\$63,560
Totals for Installation, Maintenance and Servicing		\$9,949,056
Less: City Contribution ²		(\$9,690,447)
Net Cost of Installation, Maintenance and Servicing		\$258,609
Incidental Costs		
County Collection Fees and Levy Administration ³		\$24,000
Allowance for Uncollectible and Delinquent Assessments		\$0
Subtotals - Incidentals		\$24,000
Less: Beginning Fund Balance		\$0
Total Park Maintenance and Recreation Improvement District Budget ⁴		\$282,609
(Net Amount to be Assessed)		
Budget Allocation to Property		
Total Budget ⁵	SFE Units	Rate per SFE Unit ⁶
\$282,609	11,630.00	\$24.30

Notes to Estimate of Cost:

1. The projects listed include projects continued from FY06-07.
2. As determined in the following section, at least 25% of the cost of Improvements must be funded from sources other than the assessments to cover any general benefits from the Improvements. Therefore, out of the total cost of Improvements of \$9,949,056, the City must contribute at least \$2,493,264 from sources other than the assessments. The Fiscal Year 2011-12 City contribution significantly exceeds this general benefit obligation.
3. The Santa Barbara County Auditor levy collection fee is \$1.00 for the Fiscal Year 2011-12 levy collection. The remaining amount is the Levy Administration fees collected by SCI Consulting Group.
4. The Act stipulates that proceeds from the assessments be deposited to a special fund for the revenues and expenditures of the Assessment District. Moreover, funds raised by the assessment shall be used only for the purposes stated within this Report. Any balance remaining at the end of fiscal year, June 30, must be carried over to the next fiscal year. The City may also establish a reserve fund for contingencies and special projects as well as a capital improvement fund for accumulating funds for larger capital improvement projects or capital renovation needs.
5. All assessments are rounded to lower even penny. Therefore, the budget amount may slightly differ from the assessments rate.
6. Single Family Equivalent Unit. See "Method of Assessment Apportionment" for explanation of SFE apportionment.

METHOD OF APPORTIONMENT

METHOD OF APPORTIONMENT

This section of the Engineer's Report explains the benefits derived from the Improvements to park and recreation facilities throughout the District, and the methodology used to apportion the total assessment to properties within the Assessment District.

The Assessment District consists of all Assessor Parcels within the boundaries of the City of Lompoc, and other properties currently applying for annexation to the City as defined by the County of Santa Barbara tax code areas and/or the City boundaries. The method used for apportioning the assessment is based upon the proportional special benefits conferred to the properties over and above the general benefits conferred to real property in the Assessment District or to the public at large. Special benefit is calculated for each parcel in the Assessment District using the following process:

- 1.) Identification of all benefit factors derived from the Improvements
- 2.) Calculation of the proportion of these benefits that are general
- 3.) Determination of the relative special benefit within different areas within the Assessment District
- 4.) Determination of the relative special benefit per property type
- 5.) Calculation of the specific assessment for each individual parcel based upon special vs. general benefit; location, property type, property characteristics, improvements on property and other supporting attributes

DISCUSSION OF BENEFIT

In summary, the assessments can only be levied based on the special benefit to property. Any and all general benefit, including benefit that is indirect or derivative, must be funded from another source. This special benefit is received by property over and above any general benefits from the Improvements. With reference to the requirements for assessments, Section 22573 of the Landscaping and Lighting Act of 1972 states:

"The net amount to be assessed upon lands within an Assessment District may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

Proposition 218, as codified in Article XIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

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

The SVTA v. SCCOSA decision also clarifies that a special benefit is a service or improvement that provides a direct advantage to a parcel and that indirect or derivative advantages resulting from the overall public benefits from a service or improvement are general benefits. The SVTA v. SCCOSA decision also provides specific guidance that park improvements are a direct advantage and special benefit to property that is proximate to a park that is improved by an assessment:

The characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g. proximity to a park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g. general enhancement of the district's property values).

Finally, Proposition 218 twice uses the phrase "over and above" general benefits in describing special benefit. (Art. XIID, sections 2(i) & 4(f).) The SVTA v. SCCOSA decision further clarifies that special benefits must provide a direct advantage to benefiting property and that proximity to a park is an example of a special benefit.

BENEFIT FACTORS

The special benefits from the Improvements are listed below:

- **Proximity to improved parks and recreational facilities**

Only the specific properties within close proximity to the Improvements are included in the Assessment District. Therefore, property in the Assessment District enjoys unique and valuable proximity and access to the Improvements that the public at large and property outside the Assessment District do not share.

In absence of the assessments, the Improvements would not be provided and the parks and recreation areas in the Assessment District would be degraded due to insufficient funding for maintenance, upkeep and repair. Therefore, the assessments provide

Improvements that are over and above what otherwise would be provided. Improvements that are over and above what otherwise would be provided do not by themselves translate into special benefits but when combined with the unique proximity and access enjoyed by parcels in the Assessment District, they provide a direct advantage and special benefit to property in the Assessment District.

- **Access to improved parks, open space and recreational areas**

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

- **Improved views**

The Park District, by maintaining and improving the landscaping at its park and recreation facilities provides improved views to properties within close proximity and access to the Improvements. Properties in the Assessment District receive this direct advantage because they enjoy unique proximity and access to views of the Improvements. Therefore, the improved and protected views provided by the Assessments are another direct and tangible advantage that is uniquely conferred upon property in the Assessment District.

- **Extension of a property's outdoor areas and green spaces for properties within close proximity to the Improvements**

In large part because it is cost prohibitive to provide large open land areas on property in the Assessment District, the residential, commercial and other benefiting properties in the Assessment District do not have large outdoor areas and green spaces. The parks in the Assessment District provide these larger outdoor areas that serve as an effective extension of the land area for proximate properties because the Improvements are uniquely proximate and accessible to property in close proximity to the Improvements. The Improvements, therefore, provide an important, valuable and desirable extension of usable land area for the direct advantage and special benefit of properties with good and close proximity to the Improvements.

According to the industry-standard guidelines established by the National Park and Recreation Association (the "NPRA"), neighborhood parks in urban areas have a service area radius of generally one-half mile and community parks have a service area radius of

approximately two miles. The service radii for neighborhood parks and neighborhood green spaces were specifically established to give all properties within this service radii close proximity and easy walking access to such public land areas. Since proximate and accessible parks serve as an extension of the usable land area for property in the service radii and since the service radii was specifically designed to provide close proximity and access, the parcels within this service area clearly receive a direct advantage and special benefit from the Improvements - and this advantage is not received by other properties or the public at large.

An analysis of the service radii for the Improvements finds that all properties in the Assessment District enjoy the distinct and direct advantage of being close and proximate to one or often multiple parks within the Assessment District. The benefiting properties in the Assessment District therefore uniquely and specially benefit from the Improvements.

BENEFIT FINDING

In summary, real property located within the boundaries of the Assessment District distinctly and directly benefits from closer proximity, access and views of improved parks, recreation facilities, open space, landscaped corridors, greenbelts, trail systems and other public resources funded by the Assessments. The Improvements are specifically designed to serve local properties in the Assessment District, not other properties or the public at large. The public at large and other properties outside the Assessment District receive only limited benefits from the Improvements because they do not have proximity, good access or views of the Improvements. These are special benefits to property in the Assessment District in much the same way that sewer and water facilities, sidewalks and paved streets enhance the utility and desirability of property and make them more functional to use, safer and easier to access.

GENERAL VERSUS SPECIAL BENEFIT

Article XIIC of the California Constitution requires any local agency proposing to increase or impose a benefit assessment to "separate the general benefits from the special benefits conferred on a parcel." The rationale for separating special and general benefits is to ensure that property owners subject to the benefit assessment are not paying for general benefits. The assessment can fund special benefits but cannot fund general benefits. Accordingly, a separate estimate of the special and general benefit is given in this section.

In other words:

$$\text{Total Benefit} = \text{Total General Benefit} + \text{Total Special Benefit}$$

There is no widely-accepted or statutory formula for general benefit. General benefits are benefits from improvements or services that are not special in nature, are not "particular and distinct" and are not "over and above" benefits received by other properties. SVTA vs. SCCOSA provides some clarification by indicating that general benefits provide "an indirect, derivative advantage" and are not necessarily proximate to the improvements.

In this report, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

The starting point for evaluating general and special benefits is the current, baseline level of service. The assessment will fund Improvements "over and above" this general, baseline level and the general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

$$\begin{aligned} \text{General Benefit} = & \\ & \text{Benefit to Real Property Outside the Assessment District} + \\ & \text{Benefit to Real Property Inside the Assessment District that is Indirect and} \\ & \text{Derivative} + \\ & \text{Benefit to the Public at Large} \end{aligned}$$

Special benefit, on the other hand, is defined in the state constitution as "a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large." The SVTA v. SCCOSA decision indicates that a special benefit is conferred to a property if it "receives a direct advantage from the improvement (e.g., proximity to a park)." In this assessment, as noted, properties in the Assessment District have close and unique proximity, views and access to the Improvements and uniquely improved desirability from the Improvements and other properties and the public at large do not receive significant benefits because they do not have proximity, access or views of the Improvements. Therefore, the overwhelming proportion of the benefits conferred to property is special, and is only minimally received by property outside the Assessment District or the public at large.

In the 2009 Dahms case, the court upheld an assessment that was 100% special benefit on the rationale that the services funded by the assessments were directly provided within

the assessment district. It is also important to note that the improvements and services funded by the assessments in Pomona are similar to the improvements and services funded by the Assessments described in this Engineer's Report and the Court found these improvements and services to be 100% special benefit. Also similar to the assessments in Pomona, the Assessments described in this Engineer's Report fund improvements and services directly provided within the Assessment District and every benefiting property in the Assessment District enjoys proximity and access to the Improvements. Therefore, Dahms establishes a basis for minimal or zero general benefits from the Assessments. However, in this Report, the general benefit is more conservatively estimated and described, and then budgeted so that it is funded by sources other than the Assessment.

CALCULATING GENERAL BENEFIT

In this section, the general benefit is conservatively estimated and described, and then budgeted so that it is funded by sources other than the assessment.

BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT

Properties within the Assessment District receive almost all of the special benefits from the Improvements because properties in the Assessment District enjoy unique close proximity and access to the Improvements that is not enjoyed by other properties or the public at large. However, certain properties within the proximity/access radius of the Improvements, but outside of the boundaries of the Assessment District, may receive some benefit from the Improvements. Since this benefit is conferred to properties outside the Assessment District boundaries, it contributes to the overall general benefit calculation and is not funded by the Assessments.

The properties outside the Assessment District and within the proximity radii for neighborhood parks in the Assessment District receive benefits from the Improvements. Since these properties are not assessed for their benefits because they are outside of the area that can be assessed by the District, this is a form of general benefit to the public at large and other property. A 50% reduction factor is applied to these properties because they are all on only one side of the Improvements and properties in the Assessment District enjoy the advantage of over twice the average proximity to the Improvements. The general benefit to property outside of the Assessment District is calculated as follows with the parcel and data analysis performed by SCI Consulting Group.

ASSUMPTIONS:

160 PARCELS OUTSIDE THE DISTRICT BUT WITHIN 0.5 MILES OF A PARK WITHIN THE ASSESSMENT DISTRICT

11,000 PARCELS IN THE ASSESSMENT DISTRICT

50% RELATIVE BENEFIT COMPARED TO PROPERTY WITHIN THE ASSESSMENT DISTRICT

CALCULATION

GENERAL BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT = $(160/(11,000+160)) * .5 = .72\%$

Although it can reasonably be argued that Improvements inside, but near the District boundaries are offset by similar park and recreational improvements provided outside, but near the District's boundaries, we use the more conservative approach of finding that 1% of the Improvements may be of general benefit to property outside the Assessment District.

BENEFIT TO PROPERTY *INSIDE* THE DISTRICT THAT IS *INDIRECT AND DERIVATIVE*

The "indirect and derivative" benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefit within the Assessment District is special, because the Improvements are clearly "over and above" and "particular and distinct" when compared with the baseline level of service and the unique proximity, access and views of the Improvements enjoyed by benefiting properties in the Assessment District. The SVTA vs. SCCOSA decision provides the "general enhancement of property value" as an example of benefit that is "indirect and derivative." However, because of the large number of complex attributes that affect property value, identifying the proportion that results from this Assessment is not viable. The District therefore concludes that, other than the small general benefit to properties outside the Assessment District (discussed above) and to the public at large (discussed below), all of the benefits of the Maintenance and Improvements to the parcels within the Assessment District are special benefits and it is not possible or appropriate to separate any general benefits from the benefits conferred on parcels.

BENEFIT TO THE PUBLIC AT LARGE

The general benefit to the public at large can be estimated by the proportionate amount of time that the District's parks and recreational facilities are used and enjoyed by individuals who are not residents, employees, customers or property owners in the District¹.

Based on surveys of park and recreation facility usage conducted by SCI Consulting Group in similar Districts, it is estimated that less than 5% of the District's facility usage is by those who do not contribute to the Assessment.² When people outside the Assessment District use parks, they diminish the availability of parks for people within the Assessment District. Therefore, another 5% of general benefits are allocated for people within the Assessment District. Combining these two measures of general benefits, we find that 10% of the benefits from the Improvements are general benefits to the public at large.

Another measure of the general benefits to property within the Assessment area is the percentage of land area within the Assessment District that is publicly owned and used for regional purposes such as major roads, rail lines and other regional facilities because such properties used for regional purposes could provide indirect benefits to the public at large. Approximately 1.3% of the land area in the Assessment District is used for such regional purposes, so this is a measure of the general benefits to property within the Assessment District.

Hence the total calculated general benefit to the public at large is 10% from the park and recreation survey plus 1.3% based on the percentage of land dedicated to regional facilities.

TOTAL GENERAL BENEFITS

Using a sum of these three measures of general benefit, we find that approximately 12.3% of the benefits conferred by the Improvements may be general in nature and should be funded by sources other than the assessment.

¹ . When District facilities are used by those individuals, the facilities are not providing benefit to property within the Park District. Use under these circumstances is a measure of general benefit. For example, a non-resident who is drawn to utilize the Park District facilities and shops at local businesses while in the area would provide special benefit to business properties as a result of his or her use of the Improvements. Conversely, one who uses Park District facilities but does not reside, work, shop or own property within the Park District boundaries does not provide special benefits to any property and is considered to be a measure of the general benefits.

² . A total of 592 park users were surveyed on different days and times during the month of April 2002. 592 respondents 15 (2.5 %) indicated that they did not reside or work within the City.

<p>GENERAL BENEFIT =</p> <p>1% (OUTSIDE THE DISTRICT)</p> <p>+ 0% (INSIDE THE DISTRICT - INDIRECT AND DERIVATIVE)</p> <p>+ 11.3% (PUBLIC AT LARGE)</p> <p>= 12.3% (TOTAL GENERAL BENEFIT)</p>

Although this analysis finds that 12.3% of the assessment may provide general benefits, the Assessment Engineer establishes a requirement for a minimum contribution from sources other than the assessments of 25%. This minimum contribution above the measure of general benefits will serve to provide additional coverage for any other general benefits.

The Assessment District's total budget for installation, maintenance and servicing of parks and recreational facilities, and incidental expenses is \$10,958,056. Of this total budget amount, the City of Lompoc will contribute \$10,675,447 from sources other than the assessments. This contribution by the City equates to approximately 97% of the total budget for maintenance and improvements and constitutes significantly more than the amount attributable to the general benefits received from the improvements to be made by the Assessment District.

ZONES OF BENEFIT

The boundaries of the Assessment District have been carefully drawn to include the properties in the City of Lompoc Park Maintenance and City Pool Assessment District that are proximate to the Improvements and that would materially benefit from the Improvements. Certain other properties surrounding the District were excluded from the Improvement area because these properties are generally less proximate to the Improvements. In other words, the boundaries of the Assessment District have been narrowly drawn to include only properties that will specially benefit from the Improvements, and would receive a declining level of service if the assessments were not approved.

The SVTA vs. SCCOSA decision indicates:

In a well-drawn district — limited to only parcels receiving special benefits from the improvement — every parcel within that district receives a shared special benefit. Under section 2, subdivision (i), these benefits can be construed as being general benefits since they are not “particular and distinct” and are not “over and above” the benefits received by other properties “located in the district.”

We do not believe that the voters intended to invalidate an assessment district that is narrowly drawn to include only properties directly benefiting from an improvement. Indeed, the ballot materials reflect otherwise. Thus, if an assessment district is narrowly drawn, the fact that a benefit is conferred throughout the district does not make it general rather than special. In that circumstance, the characterization of a benefit may depend on whether the parcel receives a direct advantage from the improvement (e.g., proximity to park) or receives an indirect, derivative advantage resulting from the overall public benefits of the improvement (e.g., general enhancement of the district's property values).

In the Assessment District, the advantage that each parcel receives from the Improvements is direct, and the boundaries are narrowly drawn to include only parcels that benefit from the Assessment. Therefore, the even spread of assessment throughout the narrowly drawn district is indeed consistent with the OSA decision. The benefits from the Improvements within the Assessment District do not vary further based on proximity of the parcels to the Improvements because the increased benefits of greater proximity to the Improvements are generally offset by a parallel increase in negative factors such as higher levels of traffic, noise, etc. that comes with increased proximity. Consequently, since all parcels in the Assessment District have good access and proximity to the Improvements and the benefits to relatively closer proximity are offset by other factors, additional proximity is not considered to be a factor in determining benefit within the Assessment District. Therefore, zones of benefit are not justified or needed within the Assessment District.

METHOD OF ASSESSMENT

As previously discussed, the assessments provide specific Improvements that confer direct and tangible special benefits to properties in the Assessment District. These benefits can partially be measured by the occupants on property in the Assessment District because such parcel population density is a measure of the relative benefit a parcel

receives from the Improvements. Therefore, the apportionment of benefit is partially based on the population density of parcels.

It should be noted that many other types of "traditional" assessments also use parcel population densities to apportion the assessments. For example, the assessments for sewer systems, roads and water systems are typically allocated based on the population density of the parcels assessed. Moreover, assessments have a long history of use in California and are in large part based on the principle that benefits from a service or improvement funded by assessments that is enjoyed by tenants and other non-property owners ultimately is conferred directly to the underlying property.³

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a single family home, or, in other words, on the basis of Single Family Equivalents (SFE). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefit and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. For the purposes of this Engineer's Report, all properties are designated a SFE value, which is each property's relative benefit in relation to a single family home on one parcel. In this case, the "benchmark" property is the single family detached dwelling which is one Single Family Equivalent or one SFE.

In the process of determining the appropriate method of assessment, the Engineer considered various alternatives. For example, an assessment only for all residential improved property was considered but was determined to be inappropriate because commercial, industrial, and other properties also receive direct benefits from the Improvements.

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger properties receive a higher degree of benefit than other similarly used properties that are significantly smaller. (For two properties used for

³ For example, in *Federal Construction Co. v. Ensign* (1922) 59 Cal.App. 200 at 211, the appellate court determined that a sewer system specially benefited property even though the direct benefit was to the people who used the sewers: "Practically every inhabitant of a city either is the owner of the land on which he resides or on which he pursues his vocation, or he is the tenant of the owner, or is the agent or servant of such owner or of such tenant. And since it is the inhabitants who make by far the greater use of a city's sewer system, it is to them, as lot owners or as tenants, or as the servants or agents of such lot owners or tenants, that the advantages of actual use will redound. But this advantage of use means that, in the final analysis, it is the lot owners themselves who will be especially benefited in a financial sense."

commercial purposes, there is clearly a higher benefit provided to the larger property in comparison to a smaller commercial property because the larger property generally supports a larger building and has higher numbers of employees, customers and guests who would benefit from proximity and improved access to well maintained and improved parks and recreational facilities. So the potential population of employees or residents is a measure of the special benefits received by the property.) Larger parcels, therefore, receive an increased benefit from the assessments.

Finally, the special benefits derived from the assessments are conferred on property and are not based on a specific property owner's use of the improvements, occupancy of property, or demographic status such as age or number of dependents. However, it is ultimately people who value the special benefits described above and use and enjoy the Assessment District's park and recreational facilities. In other words, the special benefits flow to property through property owners and are related to the average number of people who could potentially live on, work at, or otherwise could use a property, not how the property is currently used by the present owner. Therefore, the number of people who could or potentially live on, work at or otherwise use a property is one indicator of the relative level of special benefit received by a property.

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

RESIDENTIAL PROPERTIES

Certain residential properties in the Assessment District that contain a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Traditional houses, zero-lot line houses, and townhomes are included in this category of single family residential property.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the improvements in proportion to the number of dwelling units that occupy each property and the average number of people who reside in multi-family residential units versus the average number of people who reside in a single family home. The population density factors for the City of Lompoc, as depicted below, provide the basis for determining the SFE factors for residential properties. Using the total population in a certain property type in the area of the City from the 1990 Census and dividing it by the total number of such households, finds that approximately 3.01 persons

occupy each single family residence, whereas an average of 2.66 persons occupy each multi-family residence. Using the ratio of one Population Factor for each single-family residence equates to one Population Factor for every 3.01 persons. Likewise, each condominium unit receives a 0.95 Population Factor and each mobile home receives a 0.64 Population Factor.

Once established, Population Factors are adjusted to reflect the average structure size of different residential properties. This adjustment is needed because the special benefits are deemed to be relative to the potential population density and average building area per dwelling unit. The average structure size of a single family residence in the Assessment District is 1,341 square feet, whereas the average multi-family residence is 630 square feet per unit, or 47% of the size of a single family residence. Likewise, the average condominium unit is 47% of the size of a single family residence and the average mobile home is 50% of the size of a single family residence. These Square Footage Factors are applied to the Population Factors to determine the SFE benefit factors for residential properties. Accordingly, multi-family properties with a 0.88 Population Factor and a 47% Square Footage Factor will receive a 0.41 SFE.⁴ Likewise, condominium units receive a 0.45 SFE and mobile homes on separate parcels receive a 0.32 SFE.

FIGURE 3 – RESIDENTIAL SFE ASSESSMENT FACTORS

	<i>Total Population</i>	<i>Occupied Households</i>	<i>Persons per Household</i>	<i>Pop. Density Equivalent</i>	<i>SqFt Factor</i>	<i>SFE Determinate</i>
Single Family Residential	20,250	6,733	3.01	1.00		1.00
Condominium	2,404	840	2.86	0.95	0.47	0.45
Multi-Family Residential	10,585	3,981	2.66	0.88	0.47	0.41
Mobile Home	1,652	857	1.93	0.64	0.50	0.32

Source: 1990 Census, City of Lompoc

The SFE factor of 0.41 per dwelling unit for multifamily residential properties applies to such properties with 20 or fewer units. Properties in excess of 20 units typically offer on-site recreational amenities and other facilities that tend to offset some of the benefits provided by the improvements. Therefore the benefit for properties in excess of 20 units is determined to be 0.41 SFE per unit for the first 20 units and 0.10 SFE per each additional unit in excess of 20 dwelling units.

⁴ (0.88 * 47% = 0.41)

COMMERCIAL/INDUSTRIAL PROPERTIES

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

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

In comparison, the average number of people residing in a single family home in the area is 3.01. Since the average lot size for a single family home in the Assessment District is approximately 0.20 acres, the average number of residents per acre of residential property is 15.04.

The employee density per acre is generally over 1.60 times the population density of single family residential property per acre (24 employees per acre / 15.04 residents per acre). The average employee density can be used as the basis for allocating benefit to commercial or industrial property since a commercial/industrial property with 1.60 employees receives generally similar special benefit to a residential property with 1 resident. This factor of equivalence of benefit between 1 resident to 1.60 employees is the basis for allocating commercial/industrial benefit. Figure 4 shows the average employees per acre of land area or portion thereof for commercial and industrial properties and lists the relative SFE factors per fifth acre for properties in each land use category.

Commercial and industrial properties in excess of 5 acres generally involve uses that are more land intensive relative to building areas and number of employees (lower coverage ratios). As a result, the benefit factors for commercial and industrial property land area in excess of 5 acres is determined to be the SFE rate per fifth acre for the first 5 acres and the relevant SFE rate per each additional acre over 5 acres.

Institutional properties that are used for residential, commercial or industrial purposes are also assessed at the appropriate residential, commercial or industrial rate.

FIGURE 4 – COMMERCIAL/INDUSTRIAL DENSITY AND ASSESSMENT FACTORS

Type of Commercial/Industrial Land Use	Average Employees Per Acre ¹	SFE Units per 1/5 Acre ²
Commercial	24	1.00
Office	68	2.84
Shopping Center	24	1.00
Industrial	24	1.00
Self Storage or Parking Lot	1	0.05

¹ Source: San Diego Association of Governments Traffic Generators Study.

² The SFE factors for commercial and industrial parcels are applied by the quarter acre of land area or portion thereof. (Therefore, the minimum assessment for any assessable parcel in these categories is the SFE Units listed herein.)

VACANT PROPERTIES

The benefit to vacant properties is determined to be proportional to the corresponding benefits for similar type developed properties; however, at a lower rate due to the lack of improvements on the property. A measure of the benefits accruing to the underlying land is the average value of land in relation to improvements for developed property. An analysis of the assessed valuation data from the County of Santa Barbara, found that 35% of the assessed value of improved properties is classified as the land value. It is reasonable to assume, therefore, that approximately 35% of the benefits are related to the underlying land and 65% are related to the Improvements and the day-to-day use of the property. Using this ratio, the SFE factor for vacant parcels is 0.35 per parcel.

As properties are approved for development, their value increases. Likewise, the special benefit received by vacant property increases as the property is approved for development, or becomes closer to being fully improved. When property is approved for development with a final map, the property has passed the final significant hurdle to development and can shortly undergo construction. Since the property is nearing the point of development, its special benefits increase. In addition, these properties are generally sold soon after completion of improvements, so the properties receive the additional benefit of desirability from prospective buyers due to the special benefits provided by proximity to improved parks and recreational facilities of the City. It is therefore determined that property with tentative or final map approval receives 25% of the relative

benefit per mapped dwelling unit or mapped parcel acreage compared to improved property of similar use-type.

OTHER PROPERTIES

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

Miscellaneous, small and other parcels such as roads, right-of-way parcels, and common areas typically do not generate significant numbers of employees, residents, customers or guests and have limited economic value. These miscellaneous parcels receive minimal benefit from the Improvements and are assessed an SFE benefit factor of 0.

Church parcels and property used for educational purposes typically generate employees on a less consistent basis than other non-residential parcels. Many of these parcels also provide some degree of on-site amenities that serve to offset some of the benefits from the Assessment District. In addition, the City maintains reciprocal use arrangements with many educational properties that allow for the public, recreational use of these properties. Such public use tends to reduce the use and wear of Assessment District facilities. Therefore, these parcels receive minimal benefit and are assessed an SFE factor of 1.

DURATION OF ASSESSMENT

It is proposed that the Assessment be levied for fiscal year 2011-12 and every year thereafter, so long as the parks and recreational areas need to be improved and maintained and the City of Lompoc Park Maintenance and City Pool Assessment District requires funding from the Assessments for its Improvements in the Assessment District. As noted previously, since the Assessments and the duration of the Assessments were approved by Property owners in 2002, the Assessment can be levied annually after the City Council approves an annually updated Engineer's Report, budget for the Assessment, Improvements to be provided, and other specifics of the Assessment. In addition, the City Council must hold an annual public hearing to continue the Assessment.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on the subject property is in error as a result of incorrect information being used to apply the foregoing method of assessment, may file a written appeal with the Director of Parks and Recreation or her or his designee. Any such appeal is limited to correction of an assessment during the then current or, if before July 1, the upcoming fiscal year. Upon the filing of any such appeal,

the Director of Parks and Recreation or his or her designee will promptly review the appeal and any information provided by the property owner. If the Director of Parks and Recreation or her or his designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Director of Parks and Recreation or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Director of Parks and Recreation or her or his designee shall be referred to the City Council and the decision of the City Council shall be final.

ASSESSMENT

WHEREAS, the City Council of the City of Lompoc directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the improvements upon all assessable parcels within the Assessment District, to which Resolution and the description of the proposed improvements therein contained, reference is hereby made for further particulars.

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under the Act and the order of the City Council of the City of Lompoc, hereby make the following assessment to cover the portion of the estimated cost of the improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for the improvements and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2011-12 is generally as follows:

FIGURE 5 – SUMMARY COST ESTIMATE FOR FISCAL YEAR 2011-12

Park Maintenance and Security	\$63,560
Aquatic Center Debt Service	\$622,249
Parks and Recreation Improvements	\$10,248,247
Incidental Expenses	\$24,000
Total Budget	<u>\$10,958,056</u>
Less:	
Beginning Fund Balance	\$0
City Contribution	<u>(\$10,675,447)</u>
Net Amount to be assessed	<u><u>\$282,609</u></u>

As required by the Act, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of the Assessment District. The distinctive number of each parcel or lot of land in the Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion the net amount of the cost and expenses of the improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within the Assessment District, in accordance with the special benefits to be received by each parcel or lot from the improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The assessment is subject to an annual adjustment tied to the Consumer Price Index-U for the Los Angeles-Riverside-Orange County Area as of January of each succeeding year (the "CPI"), with a maximum annual adjustment not to exceed 3%. Any change in the CPI in excess of 3% shall be cumulatively reserved as the "Unused CPI" and shall be used to increase the maximum authorized assessment rate in years in which the CPI is less than 3%. The maximum authorized assessment rate is equal to the maximum assessment rate in the first fiscal year the assessment was levied adjusted annually by the minimum of 1) 3% or 2) the change in the CPI plus any Unused CPI as described above.

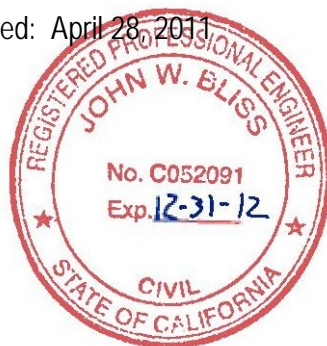
The change in the CPI from January 2010 to January 2011 was 1.80% and the Unused CPI carried forward from the previous fiscal year is 0.39%. The total available CPI for fiscal year 2011-12 is 2.19%. Therefore, the maximum authorized assessment rate for fiscal year 2011-12 is increased by 2.19% which equates to \$24.30 per single family equivalent benefit unit. The estimate of cost and budget in this Engineer's Report proposes assessments for fiscal year 2011-12 at the rate of \$24.30, which is equal to the maximum authorized assessment rate.

The assessment is made upon the parcels or lots of land within the Assessment District in proportion to the special benefits to be received by the parcels or lots of land from the Improvements.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Santa Barbara for the fiscal year 2011-12. For a more particular description of the property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of Santa Barbara County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll the amount of the assessment for the fiscal year 2011-12 for each parcel or lot of land within the Assessment District.

Dated: April 28, 2011



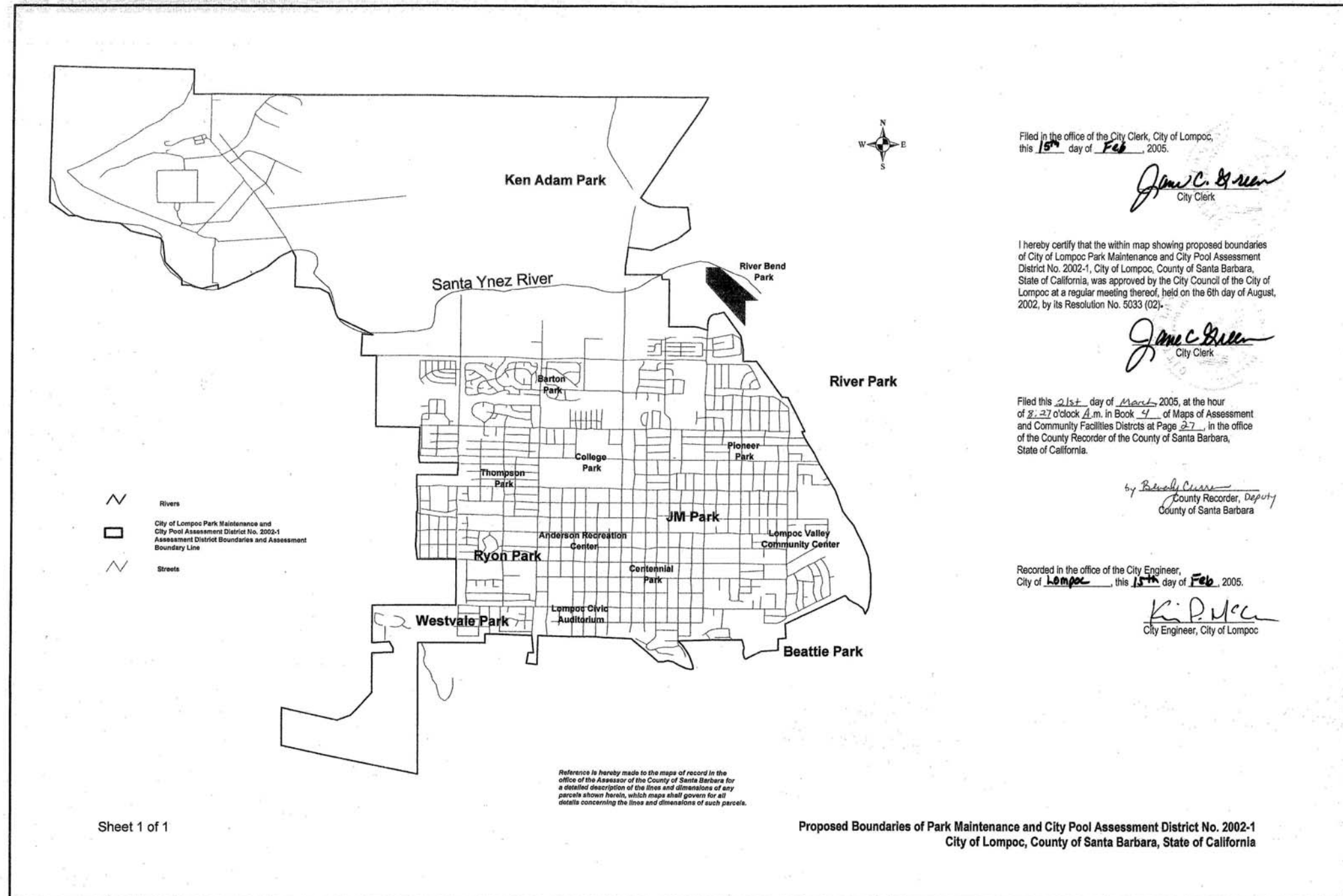
Engineer of Work

By


 John Bliss, License No. C052091

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the boundaries of the Assessment Diagram. The boundaries of the Assessment District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of the County of Santa Barbara, for fiscal year 2011-12, and are incorporated herein by reference, and made a part of this Diagram and this Report.



ASSESSMENT ROLL - FISCAL YEAR 2011-12

An Assessment Roll (a listing of all parcels within the Assessment District and the amount of the proposed assessment) is filed with the Management Services Director for the City of Lompoc and is, by reference, made part of this report and available for public inspection during normal office hours.

Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by this reference, made part of this report. These records shall govern for all details concerning the description of the lots or parcels.