



Exhibit A

CITY OF EL PASO DE ROBLES ENGINEER'S REPORT

**LANDSCAPE AND LIGHTING
MAINTENANCE DISTRICT NO. 1
ANNEXATION OF
TRACT 2790 (MERRY HILL RD AND HILLTOP DR)
AS SUB-AREA 120
FISCAL YEAR 2024/2025**

**INTENT MEETING: TBD
PUBLIC HEARING: TBD**

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ENGINEER'S REPORT AFFIDAVIT

**Annexation of
Tract 2790 (Merry Hill Rd and Hilltop Dr)
to
Landscape and Lighting Maintenance District No. 1
As Sub-Area 120
and
The Establishment of Annual Assessments**

**City of El Paso de Robles
County of San Luis Obispo, State of California**

This Report outlines the proposed annexation of the development located on Merry Hill Rd, near Hilltop Dr and Fresno St to Landscape and Lighting Maintenance District No. 1; said development being comprised of select parcels within Tract 2790 and for purposes of this Report is referred to as the Annexation Territory. The Annexation Territory shall be established as Sub-Area 120 within the District for Fiscal Year 2024/2025 and the establishment of annual assessments related thereto commencing in Fiscal Year 2025/2026. This Report includes a description of the improvements, an assessment diagram, an estimate of the annual expenses and assessment roll proposed for the said Annexation Territory. Reference is hereby made to the San Luis Obispo County Assessor's Parcel Map for a detailed description of the lines and dimensions of the parcels within the Annexation Territory. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2025.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of El Paso de Robles

By: _____
Stacee Reynolds
Principal Consultant

By: _____
Tyrone Peter
PE # C 81888

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INTRODUCTION

Pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Part 2, Division 15, of the California Streets and Highways Code, commencing with Section 22500 (hereafter referred to as the “1972 Act”), this report is prepared in compliance with the requirements of Article 4, Chapter 1, of the 1972 Act regarding the annexation of territory into the City of El Paso de Robles’ existing Landscape and Lighting Maintenance District No. 1 (hereafter referred to as “LLMD No. 1” or “District”).

The City Council of the City of El Paso de Robles being the legislative body for LLMD No. 1, may, pursuant to the 1972 Act, annex territory and levy annual assessments for the operations and administration of LLMD No. 1. In Section 22608 of the 1972 Act, it states “*right of majority protest shall be limited to the territory proposed to be annexed.*”

In addition, the 1972 Act provides for the levy of annual assessments after annexation into or formation of an assessment district for the continued maintenance and servicing of the improvements. The 1972 Act further allows various areas to be annexed into an existing district when the territory in the annexation receives substantially the same proportional special benefits from the improvements. The costs associated with the installation, maintenance, and servicing of the improvements may be assessed to properties, which benefit from the installation, maintenance, and servicing of such improvements.

This report specifically addresses the annexation of approximately three (3.15) acres consisting of residential development that includes six (6) single-family residential parcels. This territory is more specifically identified as:

- **Merry Hill Rd and Hilltop Dr - Tract 2790** which is located east of Merry Hill Rd north of Hilltop Dr and south of Fresno St. This development consists of Assessor’s Parcel Numbers (APNs) 009-071-009, 009-071-010, 009-071-011, 009-071-012, 009-071-013, and 009-071-014.

This territory is proposed to be annexed into LLMD No. 1 as Sub-Area 120 (referred to as the “Annexation Territory”) and levied assessments commencing in Fiscal Year 2025/2026.

The properties associated with and identified herein as the Annexation Territory are shown on the Assessment Diagrams incorporated herein as Part D of this Report.

Ballot Proceedings

As part of this annexation proceeding, pursuant to the provisions of Article XIID, Section 4 of the California Constitution, the City shall conduct a property owner protest ballot proceeding (referred to as “Ballot Proceeding”) for the proposed levy of new assessments as described in this Report. In conjunction with this Ballot Proceeding, the City Council will conduct a noticed public hearing (scheduled for XX, 2025) to consider public testimonies, comments and written protests regarding the levy of the proposed new assessments. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists:

“A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.”

After completion of the ballot tabulation, the City Council will confirm the results of the balloting. If majority protest exists the proposed new assessments (including the inflationary adjustment), further proceedings to implement the proposed new assessments and the annexation of the Annexation Territory shall be abandoned at this time.

If tabulation of the ballots indicates that majority protest does not exist for the proposed assessment and the Assessment Range Formula presented and described herein, the City Council may by Resolution approve this Report (as submitted or amended), order the annexation of the Annexation Territory to the District, approve the assessment diagram and confirm the assessments. The City Council may order the levy and collection of the assessments for the Annexation Territory for Fiscal Year 2025/2026 as part of this same Resolution, or subsequently order the levy and collection of the assessments for the Annexation Territory together with the assessments for other properties in the District during the annual assessment approval process for Fiscal Year 2025/2026. In either case, the Annexation Territory assessments for Fiscal Year 2025/2026 if any, shall be submitted to the San Luis Obispo County Auditor/Controller for inclusion on the property tax roll for each parcel within the Annexation Territory as approved and ordered by the City Council.

Each subsequent fiscal year, an Engineer's Report for the District including the Annexation Territory shall be prepared and presented to the City Council to address any proposed changes to the improvements, budget and assessments for that fiscal year. The City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the levy of such assessments.

This Report consists of five (5) parts.

PART A – PLANS AND SPECIFICATIONS

Provides an overall description of the District, the Sub-Area therein and the improvements to be provided including those improvements associated with the Annexation Territory being addressed by this Report. The Zones/Sub-Areas previously established for this District or established herein as part of this annexation proceedings are based on the type of improvements and services provided to properties within each development and the type of property development (residential versus non-residential).

PART B – METHOD OF APPORTIONMENT

Describes the basis on which the costs have been apportioned to each parcel of land within the Annexation Territory of the District, in proportion to the estimated benefits to be received by such lots and parcels. This section also identifies and outlines an Assessment Range Formula that provides for an annual adjustment to the maximum assessment rate initially established by this Report. This Assessment Range Formula limits increases on future assessments, but also provides for reasonable cost adjustments due to inflation without the added expense of additional property owner protest ballot proceedings.

PART C – ESTIMATED COST OF THE IMPROVEMENTS

An estimate of the annual expenditures and revenues budgeted for the maintenance and servicing of the lighting improvements installed and constructed in connection with the development of properties within the Annexation Territory and/or shared with other properties in the District that benefit from similar improvements. The budget(s) include an estimate of anticipated direct maintenance costs and incidental expenses associated with the improvements, including but not limited to administration expenses and the collection of appropriate fund balances. The maximum assessment rates established for the Sub-Areas are based on similarities in property developments, improvements, services and expenses. The maximum allowable

assessment rate (Rate per Benefit Unit) for each Sub-Area of the District, as approved by a vote of the property owners in a protest ballot proceeding, includes an Assessment Range Formula that provides for an annual Consumer Price Index adjust to the maximum rate.

PART D – ASSESSMENT DIAGRAMS

Contains a diagram of the exterior boundaries of the Annexation Territory along with the lines and dimensions of each lot or parcel of land within the Annexation Territory.

PART E – ASSESSMENT ROLL

Identifies the maximum assessment to be levied on each benefited lot or parcel of land within the Annexation Territory.

If any section, subsection, subdivision, sentence, clause, phrase, portion, or tract of this Report is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of the Report and each section, subsection, subdivision, sentence, clause, phrase, portion, or tract thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, portions, or tract might subsequently be declared invalid or unconstitutional.

PART A — PLANS AND SPECIFICATIONS

DESCRIPTION OF THE ANNEXATION TERRITORY

The Annexation Territory addressed in this Report incorporates specific parcels of land within and/or in proximity to the residential development and improvement areas associated with Tract Map No. 2790. Specifically, the Annexation Territory consists of six (6) residential family homes identified as Assessor's Parcel Numbers 009-071-009, 009-071-010, 009-071-011, 009-071-012, 009-071-013, and 009-071-014 identified on the San Luis Obispo County Assessor's Map as Book 009, Page 071.

DESCRIPTION OF IMPROVEMENTS TO BE MAINTAINED AND SERVICED

The improvements to be installed, maintained and serviced within the Annexation Territory include three (3) streetlights located in the Annexation Territory. These improvements will provide special benefits to those individual parcels that will be located within the Annexation Territory. These improvements collectively may include, but are not limited to, street lights and any cost related to their installation and/or maintenance.

The Annexation Territory, as part of LLMD No. 1, will fund costs in connection with the maintenance and servicing including, but not limited to, labor, electrical energy, materials, contracting services, administration, and other expenses necessary for the satisfactory maintenance and servicing of these improvements.

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of streetlighting, including repair, removal or replacement of all or part of any of the lights.

Servicing means the furnishing of electricity for the operation of streetlights and any appurtenant facilities.

The improvements to be maintained in Sub-Area 120 (Tract 2790 – Merry Hill Rd and Hilltop Dr) generally located east of Merry Hill Rd north of Hilltop Dr and south of Fresno St. This development consists of Assessor's Parcel Numbers 009-071-009, 009-071-010, 009-071-011, 009-071-012, 009-071-013, and 009-071-014. Improvements in the area will consist of three (3) street lights located within the Annexation Territory.

A more detailed description of the plans and specifications for the improvements associated with the Annexation Territory as part of the District or improvement area are on file at the City and by reference are made apart of this Report.

PART B — METHOD OF APPORTIONMENT

BACKGROUND

The 1972 Act provides that assessments may be apportioned upon all assessable lots or parcels of land within an assessment district or annexation in proportion to the estimated benefits to be received by each lot or parcel from the improvements. In addition, the California Constitution Article XIID requires a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Article XIID further provides that only special benefits are assessable, and the City must separate the general benefits from the special benefits conferred on a parcel. A special benefit is a particular and distinct benefit over, and above general benefits conferred on the public at large, including real property within the district or annexation. The general enhancement of property value does not constitute a special benefit.

SPECIAL BENEFIT ANALYSIS

Streetlighting in the District are useful for illuminating the streets that provide access to the properties, as well as the sidewalks and parking lanes associated with those properties. While it is recognized that streetlights and traffic signals serve in part to enhance traffic safety, installation and construction of these improvements are required for undeveloped and developed properties within the District. These improvements provide three main special benefits to those properties: (i) property security benefit, (ii) pedestrian safety benefit, and (iii) parkway/roadway access benefit. Traffic circulation in the City is the result of local traffic to and from these properties, so it is reasonable to assume that properties derive a percentage of particular and distinct benefit from the streetlights that support the safe access to the properties and essentially all pedestrians and parking vehicles in the lit areas will, after dark, be directly associated with the assessed properties. As a result, the maintenance of these lighting improvements is a particular and distinct benefit to the properties within the District and the Zones.

GENERAL BENEFIT ANALYSIS

Pursuant to the 1972 Act and the provisions of the California Constitution, the costs of the District are apportioned by a formula or method that fairly distributes the net amount to be assessed among all assessable parcels in proportion to the special benefit to be received by each such parcel from the improvements. Article XIID requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. Article XIID also requires the agency to separate the general benefit from special benefit and that only special benefit is assessable.

In reviewing the location and extent of the specific lighting improvements to be funded by the Sub- Area assessments and the proximity and relationship to properties to be assessed, it is evident these lighting improvements were installed as a direct result of the development or potential development of the properties within this area. It is also evident that the maintenance and servicing of these lighting improvements has a direct and particular impact (special benefit) on those properties in proximity to the streetlight improvements and these streetlight improvements are for the most part, lighting improvements that exceed what would otherwise be required for traffic circulation or to ensure the safety and protection of the general public and property in general.

Because these lighting improvements are directly associated with the development or potential development of the properties within an area and clearly provide a special benefit to those properties that is not shared by

all properties in the City, it is certainly reasonable to conclude that the maintenance and operation of these improvements is largely, if not entirely, a special benefit to those properties to be assessed. The internal residential development streetlights are installed solely for the use and benefit of specific residential properties and there is no quantifiable general benefit to other properties or to the public at large.

The installation, maintenance, and servicing of street lighting provides the following benefits to residential properties:

1. Enhances nighttime residential living environment through improved visibility and related safety.
2. Deters nighttime vandalism and crime.
3. Improves ingress and egress to property.
4. Enhances property values, based upon Nos. 1, 2 and 3 above.

To ensure that no parcel is assessed for more than its proportional special benefit for these shared streetlights, the City will contribute for general benefit an amount equal to ten percent (10%) of the budgeted regular annual maintenance expenditures (energy costs). These general benefit costs shall be excluded from the special benefit assessment funding and not assessed to the parcels within the District.

APPORTIONMENT

The method of apportionment (method of assessment) is based on the premise that each assessed parcel receives special benefit from the improvements maintained, serviced and funded by the assessments and specifically, the improvements installed in connection with the development of these parcels. The desirability of properties within the District is enhanced by the presence of lighting improvements in close proximity to those properties.

The costs to provide maintenance and servicing of the improvements within or adjacent to the original area and each annexation area represent a zone of benefit (“Zone” and/or “Sub-Area”) and provide a distinct and special benefit to each parcel in the Zone/Sub-Area. The costs to provide maintenance and servicing of the improvements for each Zone/Sub-Area are determined and are fairly and equitably distributed among each assessable parcel in the Zone/Sub-Area based upon the estimated special benefit received by each parcel. The costs of the Report and District administration are fairly and equitably distributed to all Zones/Sub-Areas, including those that have no improvements or that are fully or partially self-maintained.

In addition to the use of Zones/Sub-Areas, the method of apportionment established for the District to reflect the proportional special benefit of each parcel utilizes a weighted methodology of apportionment commonly referred to as an Equivalent Benefit Unit (“EBU”) methodology.

Assessable parcels within each Zone/Sub-Area are determined to receive the same special benefit from the improvements due to their similarity in size and use and their similar proximity to the improvements. Therefore, each assessable parcel in a Zone/Sub-Area is assigned one (1) EBU.

An assessment amount per EBU (“Rate”) for the Zone/Sub-Area improvements is established by taking the total cost of the improvements and dividing that amount by the total number of EBUs for parcels benefiting from such improvements.

$$\text{Total Balance to Levy} / \text{Total EBUs} = \text{Levy per EBU (“Rate”)}$$

This amount is then applied back to each parcel’s individual EBU to determine each parcel’s proportionate benefit and assessment obligation.

$$\text{Rate} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Exempt Parcels

The following are exempt from the assessment: areas of streets, avenues, lanes, roads, drives, courts, alleys, public easements, rights-of-way, and parkways. Also exempt are utility rights-of-way used exclusively for utility transmission, common areas (such as in condominium complexes), land dedicated as open space or parks, landlocked parcels, and small parcels vacated by the City, as these parcels do not benefit from the improvements.

ASSESSMENT RANGE FORMULA

Sub-Area 120 includes an annual inflationary adjustment to the maximum assessment rate based on the percentage change in the Consumer Price Index reported by the San Francisco-Oakland-Hayward Urban Wage Earners and Clerical Workers increase. Although the maximum rate for this Sub-Area may be increased each year, the actual amount to be assessed is based on the annual budget and may be less than the maximum rate.

The Assessment Range Formula (inflationary adjustment) adopted for Sub-Area 120 is based on the annual percentage change in the Consumer Price Index reported by the San Francisco-Oakland-Hayward Urban Wage Earners and Clerical Workers available at the time the Engineer’s Report is prepared.

The maximum assessment that may be levied in a fiscal year is increased annually by the following formula:

$$\left. \begin{array}{l}
 \textit{(Prior Year's Annual Maximum Assessment x CPI)} \\
 \textit{Plus} \\
 \textit{Prior Year's Annual Maximum Assessment}
 \end{array} \right\} = \textit{Current Year's Annual Maximum Assessment}$$

The percentage change used is the annual change for the preceding twelve (12) months. The annual inflation factor applied will be based on the annual percentage change from February to February. The escalator will be applied in fiscal year 2026/2027 to the Maximum Assessment Rate.

PART C — ESTIMATED COST OF THE IMPROVEMENTS

The 1972 Act provides that the estimated costs of the improvements shall include the total cost of the improvements, including incidental expenses, which may include reserves to operate the District until funds are collected on the County tax rolls and are transferred to the City from the County around December 10 of the current fiscal year.

The 1972 Act also provides that the amount of any surplus, deficit, or contribution be included in the estimated cost of improvements. The net amount to be assessed on the lots or parcels within LLMD No. 1 is the total cost of installation, maintenance, and servicing with adjustments either positive or negative for reserves, surpluses, deficits, and/or contributions.

PROPOSED BUDGETS AND ASSESSMENTS

The budget and assessments outlined on the following page for the Annexation Territory for designated Sub-Area 120 are based on the City's estimate of the expenses and related funding necessary for the operation, maintenance and servicing of the District improvements identified in Part I of this Report.

This budget represents an estimate of the special benefit expenses anticipated to be collected for Fiscal Year 2025/2026 at the time this Report was prepared and establishes the maximum assessment rates to be balloted and approved by the property owner(s) of record within the Annexation Territory as part of the Ballot Proceeding.

Budget Items	Sub Area 120 Tract 2790
DIRECT ANNUAL MAINTENANCE & OPERATING EXPENSES	
ANNUAL LIGHTING EXPENSES	
Annual Street Lighting Maintenance & Operation	\$ 500
Annual Traffic Signal Maintenance & Operation	-
TOTAL ANNUAL LIGHTING MAINTENANCE AND OPERATION EXPENSES	\$ 500
ANNUAL LANDSCAPING EXPENSES	
Annual Landscape Maintenance Expenses (Contract Services)	\$ -
Annual Tree Maintenance Expenses	-
Annual Landscape Water Expenses	-
Annual Landscape Irrigation Operation & Maintenance - Electrical	-
Annual Landscape Lighting Operation & Maintenance - Electrical	-
TOTAL ANNUAL LANDSCAPE MAINTENANCE AND OPERATION EXPENSES	\$ -
TOTAL DIRECT ANNUAL MAINTENANCE & OPERATING EXPENSES	\$ 500
REHABILITATION AND CAPITAL IMPROVEMENT FUNDING	
REHABILITATION FUNDING (CIP RESERVES)	
Lighting Rehabilitation Funding	\$ 50
Landscape Rehab Funding Collection	-
Tree Rehab Funding Collection	-
TOTAL REHABILITATION FUNDING (CIP RESERVES)	\$ 50
PLANNED CAPITAL IMPROVEMENT EXPENDITURES	
Lighting Improvements CIP Expenditures	\$ -
Landscape Improvements CIP Expenditures	-
TOTAL PLANNED CAPITAL IMPROVEMENT EXPENDITURES	\$ -
TOTAL REHABILITATION & CAPITAL IMPROVEMENT FUNDING	\$ 50
TOTAL DIRECT ANNUAL FUNDING	\$ 550
GENERAL BENEFIT EXPENSES	
Lighting General Benefit — City Funded	\$ (50)
Landscape General Benefit — City Funded	-
TOTAL GENERAL BENEFIT — CITY FUNDED	\$ (50)
TOTAL DIRECT ANNUAL SPECIAL BENEFIT EXPENSES	\$ 500
ANNUAL INCIDENTAL EXPENSES	
OPERATIONAL RESERVE FUNDING	
Operational Reserves Collection	\$ 125
Operational Reserve (Transfer/Contribution)	-
Operational Reserves: Collection /(Contribution)	\$ 125
ADMINISTRATION	
Total Annual District Administration	\$ 25
County Administration Fee	12
TOTAL ANNUAL ADMINISTRATION	\$ 37
TOTAL INCIDENTAL EXPENSES	\$ 162
BALANCE TO LEVY	\$ 662
Reserve Balance July 1, 2025	\$ -
Transfer to Capital Improvement	-
Reserve Levy Adjustment	125
Ending Reserve Balance June 30, 2026	\$ 125
Capital Improvement Balance	\$ -
Levy Adjustment to Capital Improvement	-
Ending Capital Improvement Balance June 30, 2026	\$ -
DISTRICT STATISTICS	
Total Parcels	6
Total Assessable Parcels	6
Total Assessed Acreage	0.00
Total Benefit Units	6.00
Proposed Maximum Assessment Rate per EBU for Fiscal Year 2025/2026	\$ 110.32
Proposed Calculated Annual Assessment Rate per EBU for Fiscal Year 2025/2026	\$ 110.32

PART D — ASSESSMENT DIAGRAM

The Assessment Diagram for Sub-Area 120 (Tract 2790 – Merry Hill Rd) is provided on the following page and consists of the lots, parcels, and subdivisions of land listed on the Assessment Roll contained herein as Part E, the lines and dimensions of which are shown on the San Luis Obispo County Assessor’s parcel map for the current year and are incorporated by reference herein and made part of this Report.

City of El Paso de Robles
Landscape and Lighting District No. 1
Sub-Area 120 Boundary Map
(Tract 2790 – Merry Hill Rd and Hilltop Dr)

City of El Paso de Robles
Sub Area 120 - Tract 2790



Legend
Tract 2790

PART E — ASSESSMENT ROLL

The assessed lots or parcels of real property within Sub-Area 120 (Tract 2790 – Merry Hill Rd and Hilltop Dr) are listed in the assessment roll below. The parcel’s corresponding Balloted Maximum Assessment is based on the parcel’s proposed land use and the maximum assessment rate for Fiscal Year 2025/2026. Commencing in Fiscal Year 2026/2027, the maximum assessment rate shall be adjusted annually by the percentage change in the Consumer Price Index reported by the San Francisco-Oakland-Hayward Urban Wage Earners and Clerical Workers increase February to February of the previous fiscal year.

Assessor's Parcel Number	Balloted Benefit Zone	Balloted Land Use	Balloted EBU	Assessment	Balloted Maximum Assessment
009-071-009	Sub-Area 120	Residential	1	\$110.33	\$110.33
009-071-010	Sub-Area 120	Residential	1	\$110.33	\$110.33
009-071-011	Sub-Area 120	Residential	1	\$110.33	\$110.33
009-071-012	Sub-Area 120	Residential	1	\$110.33	\$110.33
009-071-013	Sub-Area 120	Residential	1	\$110.33	\$110.33
009-071-014	Sub-Area 120	Residential	1	\$110.33	\$110.33