



RECLAMATION DISTRICT 2029 (EMPIRE TRACT)

LEVEE AND DRAINAGE FACILITIES SUSTAINABILITY ASSESSMENT OF 2024

ENGINEER'S REPORT

SEPTEMBER 2024

PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 53750, 54710 ET SEQ.,
AND ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

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INTRODUCTION

The purpose of this Engineer's Report ("Report") is to support the need for Reclamation District No. 2029 ("RD 2029" or "District") to form the Levee and Drainage Facilities Sustainability Assessment of 2024. This proposed assessment is intended to fund the repayment of the 2024 loan of \$1,600,000 from the Bank of Stockton over the next 10 years. This loan is needed in order for the District to continue to provide its flood control and internal drainage services, while continuing to be financially sustainable into the future.

This Report is based upon a review of the operations of the District, its current funding mechanisms, and its near-term projected funding needs. The funds needed to adequately sustain RD 2029's operations, including repayment of the 2024 loan, exceed the amount it generates through existing funding sources. This Report details the methodology for levying an assessment upon parcels that receive a special benefit from the District's flood control, internal drainage and levee maintenance services. The proposed assessment methodology is based upon assessment engineering conducted in support of the District's 2007 Levee and Flood Control Facilities Maintenance Assessment, and has been updated, accordingly.

This Report and the proposed assessment have also been made pursuant to the California Government Code sections 53750 and 54710 et seq. and Article XIID of the California Constitution.

BACKGROUND

RD 2029 is an independent special district and is responsible for the maintenance, operation, and capital repair of the 9.07 miles of levees, along with its internal drainage system. Reclamation District 2029 was formed under Section 50000 of the California Water Code.

RD 2029 serves approximately 3,500 acres in Empire Tract, northwest of Stockton, California. RD 2029 is bounded by White Slough along its eastern border and Little Potato Slough (and Little Connection Slough) along its western border, within the Sacramento-San Joaquin Delta. The District maintains a series of drainage canals and a pumping station that removes water and runoff from the interior of the tract and discharges it to Little Connection Slough.

The interior of RD 2029 is primarily used for agriculture and duck hunting clubs. A marina is located on the west side of Empire Tract and is provided road access through the island.

FIGURE 1 – BOUNDARIES OF RD 2029



The RD 2029 area is at a high risk of flooding due to the following factors:

- **Topography and Regional Geography:** RD 2029 is within San Joaquin County which itself includes portions of the “San Joaquin River,” or “California Delta” and has a history of significant flooding due to its relatively flat terrain and numerous rivers and creeks fed by potentially intense Sierra snow melt runoff.
- **Local Soil Conditions and Levees:** The local levees were traditionally constructed by farmers and other early settlers with readily available local materials. Accordingly, these levees were built of permeable materials common in San Joaquin County. This permeable material allows water from the flood-swollen rivers to seep under the levees. During recent significant high-water events adjacent to

the RD 2029 levees, there has been considerable evidence of under-seepage, which is often a precursor to failure.

The primary routine levee maintenance operations of RD 2029 include erosion repair, gate maintenance, inspections, rodent control, seepage control, surveying and engineering, tree trimming and vegetation control.

RD 2029 is currently funded primarily by its 2007 Proposition Benefit assessment and a special service agreement with the City of Stockton. RD 2029 has been working with a budget of approximately \$320,000 per year. The District is receiving a \$1,600,000 loan from the Bank of Stockton to continue operations and is proposing this assessment to repay the loan.

Accordingly, in the Summer of 2024, RD 2029 engaged SCI Consulting Group to assist with the formation of a new Benefit Assessment consistent with Proposition 218 and the 1982 Benefit Assessment Act. In order to continue its service goals for operations, maintenance and repairs, the District needs to establish a reliable, annual funding source that will generate \$208,370.45 per year to repay the \$1,600,000 loan at a 5.5% interest rate over 10 years.

The proposed rates for fiscal year 2024-25 for the proposed RD 2029 Levee and Drainage Improvement Assessment are:

Commercial/Industrial	\$ 923.40 per acre
Agricultural	\$ 59.59 per acre
Non-Assessable	\$ 0.00 per acre

(Typical costs to maintain levees in similar reclamation districts range from \$25,000 to \$75,000 per levee mile, whereas the RD 2029 proposed budget included in this Engineer's Report is approximately \$58,222 per levee mile.)

LEGAL AUTHORITY

The proposed benefit assessment is being formed by RD 2029 under the authority of the Benefit Assessment Act of 1982 (Gov. Code, §§ 54703-54719). Specifically, section 54710 authorizes any local agency able to provide flood control services, which includes RD 2029, to impose a benefit assessment pursuant to the Benefit Assessment Act (Gov. Code, § 54710(a)(2)). Such assessments are levied annually, based on a budget for expenditures.

All benefit assessments must also comply with Article XIIC and XIID of the California Constitution (often referred to as "Proposition 218"), and the Proposition 218 Omnibus Implementation Act (Government Code, § 53750, et seq.). Proposition 218 allows for benefit assessments to be levied to fund the cost of providing services and improvements, as well as maintenance and operation expenses of a public improvement which provides a special benefit to the assessed property.

Proposition 218 imposes a number of important requirements, including property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process being used to establish this proposed assessment.

ASSESSMENT PROCESS AND FUTURE CONTINUATION OF ASSESSMENT

Following submittal of this Report to RD 2029 for preliminary approval, the Board of Directors of RD 2029 (the “Board”) may, by Resolution, call for an assessment ballot proceeding and public hearing on the proposed establishment of a Levee and Drainage Facilities Sustainability Assessment of 2024.

If the Board approves such a Resolution, a notice of assessment and assessment ballot shall be mailed to each property owner within the proposed Assessment District boundaries who will be subject to the proposed assessment. Such notice will include a description of the services and improvements to be funded by the proposed assessments, the total amount of the proposed assessment chargeable to the entire Assessment District and the amount chargeable to the specific owner’s parcel, the reasons for the proposed assessments and the basis upon which they were calculated, and an explanation of the process for submitting a ballot. Each notice would also include a postage prepaid return envelope and a ballot on which the property owner may mark his or her approval or disapproval of the proposed assessments as well as affix his or her signature.

After the ballots are mailed to property owners in the Assessment District, a minimum 45-day time period must be provided for the return of the assessment ballots. Following this balloting time period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. At the public hearing, the public will have the opportunity to speak on the issue. The Public Hearing is currently scheduled for December 3, 2024.

If it is determined that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the Board may take action to approve the imposition of assessments for fiscal year 2024-25 and each fiscal year thereafter. The levy and collection of the assessments would continue year-to-year until terminated by the Board.

As outlined in Government Code section 53739, the Board may levy the assessment in future years without conducting a new vote procedure, as long as the assessments are less than or equal to the inflation-adjusted assessment rates authorized in the original balloting procedure. The Board will not assess the full authorized amount unless justified by actual required budget costs. At this meeting, the Board will also call for the publication in a local newspaper of a legal notice of the intent to continue the assessments for the next fiscal year and set the date for the noticed public hearing. At the annual public hearing, members of the public can provide input to the Board prior to the Board’s decision on continuing the services and assessments for the next fiscal year.

DESCRIPTION OF FACILITIES IMPROVEMENTS

RD 2029 provides a range of OMRRR (Operation, Maintenance, Repair, Replacement and Rehabilitation) work (the “Services”) within its boundary. The Services proposed to be undertaken by RD 2029 and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the proposed Assessment District as defined in the Method of Assessment herein.

In addition to the definitions provided by the California Government Code Section 54710 et seq., the maintenance, operations and improvements activities are generally described in the following sections.

This proposed benefit assessment would provide funding for:

- Continued Operation, Maintenance, Repair, Replacement and Rehabilitation of levees and other flood protection and drainage infrastructure in RD 2029

Due to limited funding, the level of flood protection in the District will fall below the desired level of service without the proposed assessment. In other words, the projected baseline level of service for 2024-25 and beyond (without this proposed assessment) would be inadequate to fund the desired service level, and this baseline would diminish over time. If the proposed assessment is approved, it will fund continued Services over and above the baseline level of service.

The formula below describes the relationship between the final level of Services, the baseline level of Service if the assessment is not instituted, and the enhanced level of services funded by the assessment.

Final Level of Service	=	Baseline Level of Service	+	Enhanced Level of Service
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Below is a more detailed description of the continued services that are proposed to be provided for the special benefit of property in the Assessment District.

CONTINUED MAINTENANCE

Services to be funded by the proposed assessment include all levee operation and maintenance services needed to ensure that the design level of flood protection is maintained over the 9.07 miles of levees within the RD 2029 boundaries, and all stormwater collection, conveyance, and drainage activities. Specifically, the continued flood control and drainage maintenance activities include:

- Regular inspection of levees for signs of erosion, seepage, rodent infestation, slide, or other conditions that could indicate structural deficiencies. Inspection of lands adjacent to levee for indications of under-seepage.
- Raising and regrading levee Patrol Roads, placement of rock rip-rap armor along the water side of levees, and repair and regrading the land side of levees.
- Debris removal from drainage canals and removal of vegetation from the pump station, intake facilities, and debris screens.
- Maintenance and repair of the pumps used to remove water from the interior of Empire Tract, and electricity to power the pumps.
- Regular review and maintenance of vegetation including the installation of ground cover as erosion protection, mandatory mitigation efforts, and the removal of excess vegetation using mowing, herbicide or other methods when such growth prevents the accurate inspection of facilities or hinders flood flows.
- The repair of levees and foundations with engineered fill, rock rip-rap, and other materials, or other levee repair work, as needed to repair damage, maintain or improve levees and flood control systems.
- Tracking or dragging levees as required to allow for mowing or to eliminate rodent dens.
- Trapping and removal of problematic rodents such as beavers, as well as consultation with a pest control advisor to develop and implement control programs for other harmful rodents.
- Maintenance, repair, replacement or improvement of other flood control systems and improvements.
- Employment of engineers and legal counsel as needed.
- Other flood control services.

COST AND BUDGET ESTIMATE

Reclamation District 2029 has developed a spending plan which concluded that the appropriate level of flood protection system requires approximately \$208,370.45 per year in operations and maintenance.

The District also intends to pay off a recently incurred outstanding loan:

5.5% Annual interest rate
10 Years of payments
\$1,600,000.00 Amount of loan
\$208,370.45 Annual Total Assessment Towards Loan Repayment

TABLE 1 – FISCAL YEAR 2024-25 PROPOSED BUDGET

Costs		Total Amount
Beginning Unrestricted Net Assets		\$0.00
Annual Operations and Maintenance Costs		\$320,000.00
Annual Contribution to 2024 Loan Repayment		\$208,370.45
Total Annual Costs		\$528,370.45

Assessment Calculator			
Total Annual Costs		\$528,370.45	
Less Contribution from other sources (towards General Benefit contribution)		(\$320,000.00)	
Balance to Assessment		\$208,370.45	
	<u>Benefit Units(a)</u>	<u>SFE Rate(b)</u>	(a)*(b)
	3,497.00	\$59.59	\$208,370.45
Total Assessment Amount =		\$208,370.45	

Note: Benefit Units are based upon Single Family Equivalents as explained in the following section.

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits to be derived from the maintenance, operations and repair activities, the criteria for the expenditure of assessment funds and the methodology used to apportion the total assessments to properties within the proposed Assessment District. The proposed Assessment District area consists of all Assessor Parcels included within the RD 2029 boundary.

Pursuant to Proposition 218, 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 proposed Assessment District, or to the public at large. Special benefit is calculated for each parcel in the 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 of 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, zones, property type and other supporting attributes

DISCUSSION OF BENEFIT

Maintenance, operational, and improvement activities relating to flood control and internal drainage fall within the scope of Services that may be funded by assessments under the Code. (See Gov. Code, § 54710.5 (permitting any local agency with flood control capabilities to impose an assessment to finance those activities); Gov. Code, § 53750 (defining “flood control” as “any system of public improvements that is intended to protect property from overflow by water.”))

However, Proposition 218 expressly prohibits any assessment “imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.” (Cal. Const., art. XIII C.) The assessments can be levied based only on the special benefit to property. This benefit is received by property over and above any general benefits. Moreover, such benefit is not based on any one property owner’s specific use of the maintenance, operations and improvements activities or a property owner’s specific demographic status.

The benefit factors below, when applied to property in the proposed Assessment District, confer special benefits to property and ultimately protect property in the proposed Assessment District and improve the safety, utility and functionality of such property.

A special benefit is a particular and distinct benefit over and above the general benefits conferred on real property located in the district or to the public at large. The total cost of the Services must be apportioned among the properties being assessed, based on the

proportionate special benefit the properties will receive. Proposition 218 requires any local agency proposing a new special assessment to “separate the general benefits from the special benefits conferred on a parcel.” (Cal. Const. art. XIIIID §4.) The basis for separating special and general benefits is to ensure that certain property owners are not charged for Services provided to the general public or to property outside the assessment district. (See *Silicon Valley Taxpayers’ Assn., Inc. v. Santa Clara County Open Space Authority* (2008) 44 Cal. 4th 431, 450.)

FLOOD CONTROL IS A SPECIAL BENEFIT

Flood control operations, such as the District’s levee and internal drainage operations, provide only special benefits. Special benefits are benefits that are “peculiar and distinct over and above general benefits located in the district or to the public at large.” (Cal. Const. art. XIIIID § 2(i).) Because flood control infrastructure protects particular identifiable parcels (including residents of the parcel and any appurtenant facilities or improvements) from damage due to inundation or force by rising floodwaters, the benefits are provided directly to those parcels, and to none other.

By contrast, general benefits provided to the public at large are discussed in terms of general enhanced property values, provision of general public Services such as police and fire protection, and recreational opportunities that are available to people regardless of their location. (*Silicon Valley*, 44 Cal 4th at 450-456)

The issue of general benefits merits further discussion to the extent that flood control Services and improvements also have an obvious indirect relationship to the provision of general benefits. For example, the Services may protect duck club and/or recreation facilities in the Assessment District that may be used by people regardless of whether they own property in the District. But this indirect relationship does not mean that the Services and Improvements themselves will provide any general benefits. Rather, the Services will provide direct special benefits to parcels that may themselves be used in the provision of general benefits.

More to the point, the public at large will be paying for the general benefits provided to benefiting “public use” property, and specially-benefited property owners’ assessments will not be used to subsidize general benefits provided to the public at large or to property outside the Assessment District. All property that is specially benefited by the Services and Improvements will be assessed, including the parcels used in the provision of general benefits. Thus, the general public will pay for a portion of the provision of the flood control Services and Improvements because the assessed public agencies will use general taxes and other public revenue to pay their Assessments, and privately-owned parcels (such as duck clubs) will collect revenue from customers to pay for any “general benefits.”

The Assessment Engineer finds that the Services and Improvements are of distinct and direct special benefit to the property within the Assessment District.

The Assessment Engineer conducted a parcel-by-parcel analysis and has developed an approach; described below is the industry standard. In any case, following is a description of the separation of general benefit from special benefit, and the quantification of the general benefit, in the District. In each step of this analysis, conservative assumptions and determinations have been used in order to ensure that the total calculated general benefit is maximized which reduces the special benefit assessed on any one parcel.

This Report concludes that enhanced flood control is a special benefit directly to the property that is being protected from flooding. The proposed Maintenance and Operations Services and Improvements, which would be over and above the baseline level, will result in the levees being maintained to a much higher standard, and accordingly will reduce the risk of flooding and the associated damage to property.

The following Benefit Factors section describes how and why the Services and Improvements specially benefit properties. This benefit is particular and distinct from its effect on property in general or to the public at large.

BENEFIT FACTORS

The primary special benefit from the Services and Improvements is the significantly reduced risk of damage to property from flooding. In addition, this section describes other special benefits conferred to residential, commercial, industrial, institutional and other lots and parcels within the District resulting from the Services and Improvements that will be provided. These types of special benefit are summarized as follows:

REDUCED RISK OF DAMAGE TO REAL PROPERTY ASSETS FOR ALL PROPERTY OWNERS WITHIN THE ASSESSMENT DISTRICT

Properties in the proposed Assessment District are currently at higher risk for flood. The proposed Assessments will fund an increase in maintenance, operations and improvement activities to reduce the likelihood of levee failure and reduce the threat from flooding within RD 2029's boundaries, thereby significantly reducing the risk of property damage potential and loss of life associated with floods.

Levee and drainage facilities maintenance helps to protect and specifically benefits all properties in the Assessment District. The special benefit provided by RD 2029's flood control and drainage services varies based on the size and use of each affected parcel. Larger parcels also contribute more to the District's internal drainage system and the demands placed on the District's pumping capacity, and therefore derive a greater benefit. Because flood control and drainage protects specific, identifiable parcels and their residents from damage due to flooding, the benefits are provided directly to those parcels and no others.

REDUCED RISK OF LOSS OF LIFE OR HARM TO PROPERTY FROM FLOODING

The proposed Assessments will fund maintenance, operations and improvement activities to reduce the likelihood of levee failure and reduce the threat from flooding. These services

will reduce the loss of life, injuries, and other public health issues associated with flooding. In addition, the reduced risk of direct and indirect contact with flood water will increase public safety and will provide positive health benefits in the Assessment District. Similar to the reduced risk of damage to real property assets described above because flood control and drainage protects specific, identifiable parcels and their residents from damage or injury due to flooding, the benefits are provided directly to those parcels and no others.

INCREASED SAFETY OF DRINKING WATER SUPPLY TO PROPERTY

Even a minor flood has the potential to contaminate the drinking water supply if flood water enters the distribution system through wells or appurtenances such as air release valves. Such contamination would render the public water supply unfit for drinking. Property owners and residents in the Assessment District would need to use bottled water for drinking and cooking while the distribution systems are flushed, decontaminated, and tested. In addition, privately-owned wells could be damaged or contaminated by flooding. This is ultimately another special benefit to property because property is more desirable and valuable in areas with safe drinking water supplies.

PROTECTION OF JOBS, ECONOMIC BASE AND TRANSPORTATION SYSTEMS AFFECTING PROPERTY

Because of the structure of the RD 2029 system, the maintenance, operations and improvement activities contemplated by the Proposed Assessment uniquely benefit the parcels within RD 2029's boundaries. The economic viability of the businesses and farming operations within the District is dependent on the consistent and reliable operation of flood control and drainage services, which enable the District's agricultural operations to continue to function, and enable goods and services to be transported around, into, and out of this Delta island. The proposed Assessment District will provide funding for maintenance, operational and improvement activities that will reduce the risk of significant disruption and harm to jobs and the economic base in the Assessment District. The maintenance, operations and improvement activities will also better protect the roads and transportation systems in the Assessment District that are crucial for maintaining the local economic base. Without accessible roads, drainage sufficient to allow for farm operations, and access to goods and services between parcels, the value of property in the Assessment District would be diminished. Therefore, another special benefit to property is the protection of jobs, the local economic base and local transportation systems.

GENERAL VERSUS SPECIAL BENEFIT

The assessment revenue will be used to provide maintenance, operations and improvement activities to reduce the risk of property damage and harm from flooding. This is a special benefit to property in the proposed Assessment District because the reduction in likelihood of flooding confers the special benefit factors described above and these benefits ultimately flow to property in the Assessment District. Moreover, in absence of the proposed Assessments, the annual ongoing revenues available to RD 2029 are not sufficient to effectively maintain the levees and flood control facilities. Therefore, in the absence of the proposed assessment, the potential for flooding in the proposed Assessment District could substantially increase.

Proposition 218 requires any local agency proposing to increase or impose a special assessment to “separate the general benefits conferred on a parcel.” (Cal. Const. art. XIID, § 4.) The rationale for separating special and general benefits is to ensure that property owners are not charged a benefit assessment in order to pay for general benefits. Thus, a local agency carrying out a project that provides both special and general benefits may levy an assessment to pay for the special benefits, but must acquire separate funding to pay for the general benefits. (*Silicon Valley*, 44 Cal 4th at 431, 450.)

In other words:

Total Benefit	=	Special Benefit	+	General Benefit
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A formula to estimate the general benefit is listed below:

General Benefit	=	Benefit to Real Property Outside of Assessment District	+	Benefit to Real Property Inside of Assessment District	+	Benefit to Public at Large
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BENEFIT TO PROPERTY OUTSIDE, BUT PROXIMATE, TO THE DISTRICT

There are only 2 parcels that receive special benefit from the levee, internal drainage and related flood protection services provided by RD 2029 that are not within the legal boundaries of the District. (These are the two marina parcels on the west side of Empire Tract.) The general benefit to property outside of the District is calculated as follows with the parcel and data analysis performed by SCI Consulting Group.

Assumptions:

2 parcels outside and adjacent to the District
37 parcels in the Assessment District

Calculation

General Benefit to Property outside the Improvement District=
(2/(37)) = 5%

TOTAL GENERAL BENEFIT TO PROPERTIES OUTSIDE, BUT PROXIMATE, TO THE DISTRICT = 5%

BENEFIT TO PROPERTY WITHIN THE ASSESSMENT DISTRICT

The “indirect and derivative” benefit to property within the 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 and access of the Services and Improvements enjoyed by benefiting properties in the District.

Nevertheless, the *Silicon Valley Taxpayers Association* decision indicates there may be general benefit “conferred on real property located in the district.” A measure of the general benefits to property within the District is the percentage of land area within the District that is publicly owned, open to the public, and used for regional purposes such as major roads, rail lines, hospitals, and other regional facilities because such properties, while physically within the District, are used for regional purposes and could provide indirect benefits to the public at large. In this case, essentially 0% of the land area is used for such regional purposes.

TOTAL GENERAL BENEFIT TO PROPERTIES WITHIN THE ASSESSMENT DISTRICT = 0%

BENEFIT TO THE PUBLIC AT LARGE

In *Beutz v. County of Riverside* (2010) 184 Cal.App.4th 1516, the Court opined that general benefits from parks and recreation facilities could be quantified by measuring the use of parks and recreation facilities by people who do not live within the assessment boundaries. This Report uses this general benefit measure as the third component of the overall general benefit quantification. Therefore, the general benefit to the public at large can be estimated by the proportionate amount of time that the District’s facilities are used and enjoyed by individuals who are not residents, employees, customers or property owners in the District. Here, the public at large within the District is primarily made up of non-residents who come to boat and/or fish.

However, the need for access by those who do not contribute to the assessment in any way (e.g., visitors to RD 2029 who are not residents, employees, customers or property owners) in the District is very limited and is primarily visitors to the Marina travelling along Eight Mile Road. Visitors to RD 2029 who do not contribute to flood control in any way, must have their flood control benefit funded by non-assessment sources, hence the Engineer has liberally assigned an allowance of a 10% general benefit factor.

TOTAL GENERAL BENEFIT TO PUBLIC AT LARGE = 10%

SPECIAL NOTE ON GENERAL BENEFITS

In *Dahms v. Downtown Pomona Property* (2009) 174 Cal.App.4th 708, the court upheld an assessment that was 100% special benefit on the rationale that the Services funded by the assessments were directly provided to property in the assessment district. Similar to the assessments in Pomona that were validated by *Dahms*, the Assessments described in this

Engineer's Report fund Flood Control Services that are directly provided to property in the assessment area. Moreover, as noted in this Report, the Services directly reduce flood risk on all property in the assessment area. 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.

TOTAL GENERAL BENEFITS

Using a sum of these three measures of general benefit, we find that approximately 15% of the benefits conferred by the Improvements may be general in nature and should be funded by sources other than the assessment.

General Benefit =

5 % (Outside the District)
+ 0 % (Property within the District)
+ 10 % (Public at Large)
= 15% Total General

RD 2029's proposed total budget for fiscal year 2024-25, including the proposed Assessment District would be \$208,370. Of this total assessment budget amount, RD 2029 will contribute at least \$79,255 or at least 15% of the total budget from sources other than this assessment, including subventions and the 2007 assessment.

INTRODUCTION TO THE ASSESSMENT APPORTIONMENT

The relative special benefit to properties from the flood control services is best illustrated with several formulas as shown below:

Equation 1

The special benefit to a parcel is a function of factors such as land use, flood risk, potential flood damage, shared infrastructure, etc.:

$\text{Special Benefit}_{\text{parcel}} = f(\text{land use and size, risk, potential damage, infrastructure etc.})$

Equation 2

The base dollar rate to be assessed to each parcel is the quotient of the sum of the costs divided by the sum of the special benefit.

$\text{Rate} = \sum \text{Costs} / \sum \text{Special Benefit}$

Equation 3

The specific dollar assessment on a parcel is the product of the special benefit and the rate.

$\text{Assessment}_{\text{parcel}} = \text{Rate} \times \text{Special Benefit}_{\text{parcel}}$

Hence, the assessment is based on the type and use of the property, the relative size of the property, the relative flood risk, the level of potential damage to property, as well as any effect related to the shared infrastructure.

The primary assessment engineering conducted for the District's 2007 assessment has been reviewed and is still valid and well supported. The description included in the 2007 Engineer's Report has been included, in italics, below.

METHOD OF ASSESSMENT

From 2007 Levee and Flood Control Facilities Maintenance Assessment

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 "benchmark" property, typically a single family detached dwelling on one parcel of one acre or less (one "Single Family Equivalent Benefit Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits and is generally recognized as providing the basis for a fair and appropriate distribution of assessments. A benchmark of one acre of agricultural land was used and was given the designation of "one SFE." In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single acre of agricultural land.

BENEFIT

All parcels within a given land use classification in the District share similar characteristics, with the exception of parcel size, and were assumed to benefit equally from flood protection. No parcels were identified as having a greater risk of flooding than other parcels within the Empire Tract.

CALCULATION OF ASSESSMENT RATES

The assessment rate is calculated by dividing the total benefits by the total number of SFEs.

AGRICULTURAL PROPERTIES

All agricultural and nursery-style properties were assigned one SFE per acre.

MARINA/COMMERCIAL/INDUSTRIAL PROPERTIES

Marina, commercial and industrial properties are assigned benefit units per acre since there is a relationship between parcel size and relative benefits. The relative benefit for marina, commercial and industrial properties was determined by evaluating several benefit factors including comparing the property value per acre of commercial property to the property value per acre of the benchmark agricultural properties. The relative benefit was calculated to be 16.66 SFEs per acre. (An analysis of current 2024 replacement costs adjusted this rate to 15.497)

INSTITUTIONAL AND PUBLIC INFRASTRUCTURE PARCELS

Article XIIID, Section 4 of the California Constitution states that publicly owned properties shall not be exempt from assessment unless there is clear and convincing evidence that those properties receive no special benefit.

In the case that properties within the District are used for institutional and/or significant public infrastructure, the Engineer will determine and assign relative benefit based upon criteria such relative property value, compensation for easements, loss of use of agricultural land, etc. Therefore the relative benefit for institutional and public infrastructure parcels properties is not determined at this time.

All public properties that are specially benefited are assessed. 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.

OTHER PROPERTIES

Institutional properties such as publicly owned properties (and are used as such), for example, churches, are assessed at 1.0 SFE per acre. The relative benefit of property uses not discussed within this report will be determined by the Engineer as needed.

SUMMARY OF BENEFITS FOR EACH PROPERTY TYPE

Relative benefit for each property type is summarized in the table below.

These calculated and proposed relative SFEs are include in table 2, below.

TABLE 2 – RELATIVE BENEFIT FACTORS FOR PROPERTY TYPES

Land Use	Normalized Relative Benefit	Unit
Commercial/Industrial	15.497	acre
Agricultural	1.000	acre
Non Assessable	0.000	acre

These proposed relative rates are included in Table 3, below.

TABLE 3 – PROPOSED RATES

Land Use	SFE	\$ Rate	Unit
Commercial/Industrial	15.497	\$923.40	acre
Agricultural	1.000	\$59.59	acre
Non Assessable	0.000	\$0.00	acre

CRITERIA AND POLICIES

EARLY REPAYMENT OF ASSESSMENT

Property owners will be eligible to repay their assessment early during the designated annual window of December 1 through December 30. The “Remaining Liability” to be paid off shall be the remaining principle due.

This Remaining Liability shall be calculated as a percentage of the total remaining liability (i.e. the annual assessment multiplied by remaining years for that specific parcel) multiplied by the proportion that is principal, based upon the current Amortization Schedule prepared annually by the Bank of Stockton for the 2024 loan.

CALCULATION EXAMPLE

THE OWNER OF PARCEL 123-456-789 HAS AN ANNUAL ASSESSMENT FOR \$10,000 AND WISHES TO PAY OFF EARLY WITH 5 YEARS REMAINING. HENCE, 5 REMAINING YEARS * \$10,000 =

\$50,000 (REMAINING PAYMENT IF NOT PAID EARLY)

THE AMORTIZATION SCHEDULE (FICTITIOUS EXAMPLE) SHOWS:

PRINCIPAL	INTEREST	TOTAL
YEAR 6 \$156,277.83	\$52,092.61	\$208,370.45

$\$156,277.83 / \$208,370.45 = 75\%$ PRINCIPAL.

$\$50,000 * .75\% = \$37,500$ REMAINING LIABILITY

PARCEL CHANGES

The signatory Assessment Engineer is responsible for a parcel-by-parcel analysis, to determine the special benefit and assessment amount for each parcel in the proposed Assessment District. Each year, the Assessment Engineer will re-analyze and re-calculate individual benefits and corresponding assessments for each parcel, incorporating parcel splits and combinations, land use changes, specific flood risks, etc. The Assessment Engineer shall use the lien date roll obtained from the County of San Joaquin, or a third-party distributor of this data as the basis for the levy roll. Review of aerial photos and other data including real estate data, and site visits are anticipated.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on their property is in error as a result of incorrect information being used to apply the foregoing method of assessment may file a written appeal. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, District will promptly review the appeal and any information provided by the property owner. If the District finds that the assessment should be modified, the appropriate changes shall be made to the assessment roll.

DURATION OF THE ASSESSMENT

If approved by property owners in an assessment ballot proceeding conducted pursuant to the Article and Government Code Section 53750 et seq., the assessments can be levied annually commencing with fiscal year 2024-25, and continuing each year at the discretion of the RD 2029 Board, for no more than 10 years.

COST OF LIVING ADJUSTMENTS TO ASSESSMENT RATE

The assessment cannot be increased in future years.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE PROPOSED ASSESSMENT DISTRICT

The net available assessment funds, after incidental, administrative and other costs, shall be expended exclusively for the maintenance, operations and improvements provided to levees that protect property within the boundaries of the proposed Assessment District.

SENIOR, LOW-INCOME AND OTHER EXEMPTIONS

The Government Code does not provide for exemptions to assessments for senior citizen or low-income property owners. If such a program were desired, RD 2029 or another agency could pay this assessment on behalf of the exempted property owners with funds collected from one or more non-assessment sources.

ASSESSMENT

WHEREAS, the Board of Reclamation District 2029 is proceeding with the proposed formation of the Levee and Drainage Facilities Sustainability Assessment District of 2024 under the California Codes Government Code sections 54703 et seq. and Article XIIIID of the California Constitution (the "Article"), to proceed with the proposed levy of assessments;

WHEREAS, the undersigned Engineer of Work has prepared and filed 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;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under Government Code Section 54703 and Article and the order of said Board, hereby make the following assessment to cover the portion of the estimated cost of said Services, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for said Services and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2024-25 is generally as follows:

Costs	
Beginning Unrestricted Net Assets	\$0.00
Total Annual Costs	\$528,370.45
Less Contribution from other Sources	(\$320,000.00)
	\$208,370.45
Net Amount to Assessment	\$208,370.45

An Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment District. The distinctive number of each parcel or lot of land in said Assessment district is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said Improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said 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 not subject to an annual adjustment.

The Assessment may be collected for a maximum of 10 years.

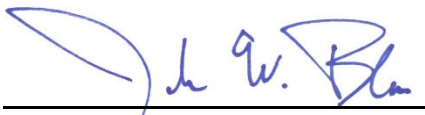
Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of San Joaquin for the fiscal year 2024-25. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of San Joaquin 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 2024-25 for each parcel or lot of land within the said Assessment District.¹

Dated: September 30, 2024



Engineer of Work

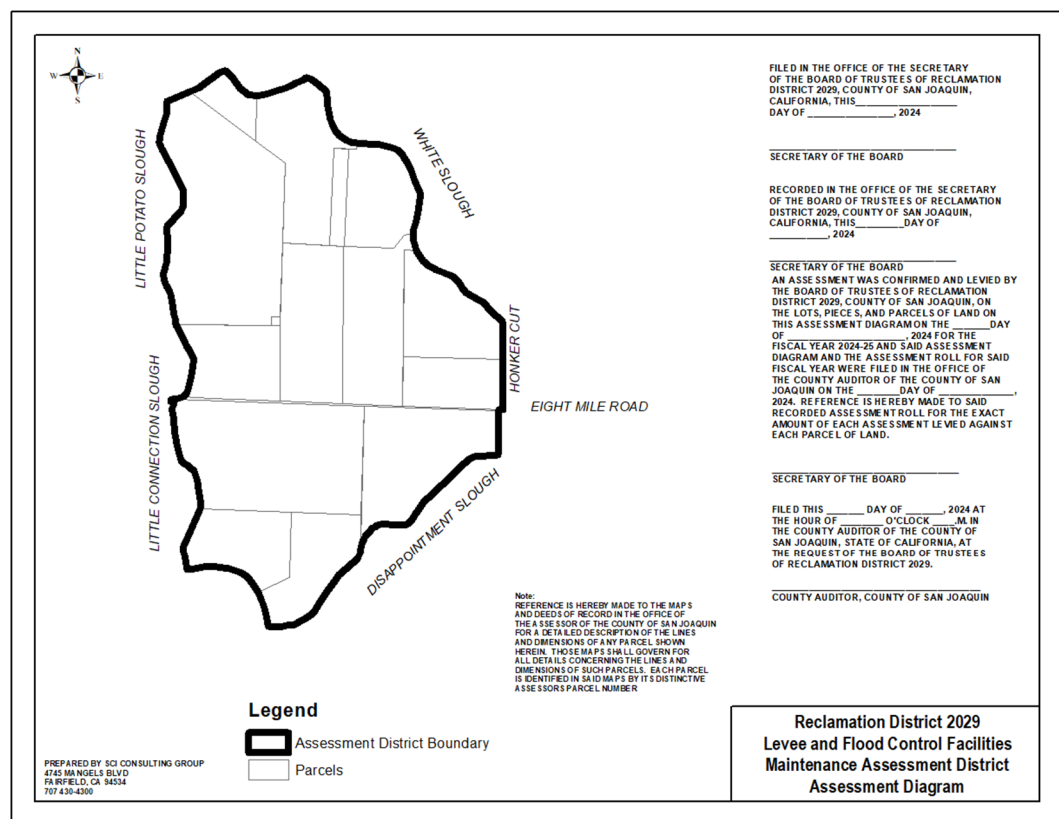
By 
 John Bliss, License No. C052019

¹ Each parcel has a calculated assessment based on the estimated level of special benefit to the property.

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the proposed boundaries of the Levee and Drainage Facilities Sustainability Assessment of 2024. 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 San Joaquin, for fiscal year 2024-25, and are incorporated herein by reference, and made a part of this Diagram and this Report.

FIGURE 2 –RECLAMATION DISTRICT 2029 ASSESSMENT DIAGRAM FY 2024-25



APPENDICES

APPENDIX A – ASSESSMENT ROLL, FY 2024-25

The Assessment Roll is made part of this report and is 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 reference, made part of this report. These records shall govern for all details concerning the description of the lots or parcels.

**Reclamation District No. 2029
Levee And Drainage Facilities Improvement Assessment
Fiscal Year 2024/25**

Parcel Number	Name	Site Address	Assessment
069-070-050-0	EBERHARDT DOUGLASS II TR ETAL	15145 W EIGHT MILE RD	37,124.57
069-070-060-0	EBERHARDT DOUGLASS M	14037 W EIGHT MILE RD	\$119.18
069-070-180-0	CWC LLC	11203 N CORREIA RD	\$3,575.40
069-070-190-0	CWC LLC	12001 N CORREIA RD	15,731.76
069-070-210-0	EMPIRE ISLAND 3 LLC	11249 N CORREIA RD	10,726.20
069-070-220-0	GLICK JOHN A & HOLMES KATRINA S	11225 N CORREIA RD	\$2,383.60
069-080-010-0	EMPIRE FIELDS LLC	14501 W EIGHT MILE RD	11,620.05
069-080-030-0	EMPIRE ISLAND FARMING CO 2 LLC	9801 N CORREIA RD	12,811.85
069-080-210-0	EMPIRE TRACT PROPERTY LLC	15135 W EIGHT MILE RD	\$0.00
069-080-220-0	EMPIRE ISLAND FARMING COMPANY LLC	12625 W EIGHT MILE RD	31,642.29
069-080-230-0	EMPIRE ISLAND FARMING COMPANY LLC	12507 W EIGHT MILE RD	\$8,044.65
069-080-240-0	EMPIRE ISLAND FARMING COMPANY LLC		\$238.36
069-090-080-0	ROCHA JOHN	11750 W EIGHT MILE RD	19,366.75
069-090-320-0	WEINSTEIN JEFFREY L TR	15000 W EIGHT MILE RD	11,083.74
069-090-330-0	LEVENTINI, CAMILLO T JR & J TR ETAL		10,726.20
069-090-360-0	EIGHT MILE ROAD STOCKTON CA LP	13520 W EIGHT MILE RD	31,880.65
069-090-370-0	EMPIRE TRACT PROPERTY LLC		\$0.00
069-010-110-0	DELTA FARMS, REC DIST 2029		\$0.00
069-010-100-0	DELTA FARMS, REC DIST 2029	15123 W EIGHT MILE RD	\$0.00
069-090-010-0	SAN JOAQUIN, COUNTY OF	15138 W EIGHT MILE RD	\$1,310.98
TOTALS:	20		\$208,386.23