

RD784 Benefit Assessment Program and Annual Escalation

Background

- RD784 is responsible for providing Levee and Internal Drainage Services which includes over 33 miles of levees, 60 miles of internal drainage ditches, and 10 pump stations.
- Until 2019, two assessments supported RD784 O&M funding , to ensure the safety and usefulness of lands within the District. The RD784 assessment was first levied in 1998 under the Reclamation Act (CA water code 51200-51894) at a fixed rate per assessed value.
- From 2009 – 2019, the TRLIA benefit assessment district existed for the purpose of raising funds to provide maintenance and repairs to levees, maintained by RD784, that had been enhanced through a comprehensive levee improvement program. The funds covered the incremental levee O&M costs associated with TRLIA Levee improvements above the services provided by RD784.
- In 2019, due to funding restrictions presented by both the RD784 and TRLIA assessments, along with the continued rising cost of levee and internal drainage O&M services, RD784 proposed to levy a new assessment.

Authority and Process

- Under Government Code 54710 (a), RD784 is authorized to levy an assessment to finance the maintenance and operation costs for levees and drainage services. The assessment finalizes the annual cost of operations and maintenance, as well as create reserves for routine repairs, rehabilitation, and replacement of the drainage facilities.
- Before adopting the new special benefit assessment, the District complied with Article XIID of the State Constitution, commonly referred to as Proposition 218. These requirements outlined the process for imposing the Assessment, including the requirement that an approved Levee and Internal Drainage Operations and Maintenance Assessment Final Engineer’s Report documents the special benefits conferred by the service provided, the process for imposing the Assessment, and property owner approval through a balloting process.
- The Final Engineers Report established the methodology to determine and apportion the special benefit received by the properties and to allocate the cost of the services in proportion to the said benefits.
- On May 7, 2019, the RD784 Board of Trustees approved resolution 2019-05-02 adopting the **Proposition 218 Procedures** for the 2019 ballot proceedings.
- Subsequently, notices and assessment ballots were mailed to property owners within the RD784 boundaries and were given 45 days to return the ballots. The notices included a description of

services to be funded by the proposed assessment, and proposed assessment amount for each parcel.

Public Hearing

- The last day of the balloting period was on July 1, 2019, and a public hearing on the proposed formation of the assessment district and the levying of the special benefit assessment was held by the RD784 Board of Trustees at the Yuba County Supervisors Chambers in Marysville, CA.
- At the close of the public comment portion of the hearing, the assessment ballots were tabulated in public. At the conclusion of the tabulation, LWA, the District's consultant, announced the votes for and against the proposed assessment with votes weighted according to the proportional financial obligation of each affected property.
- Outcome of Vote:

For proposed assessment: \$391,855.44

Against Proposed Assessment: \$286,315.80

Adoption of New Benefit Assessment

- On July 10, 2019, the RD784 Board approved resolution 2019-07-03 adopting the new benefit assessment pursuant to the benefit assessment act of 1982. In turn, the new levee and internal drainage O&M assessment (*approved by the landowners after the balloting and public hearing process was completed*) began in FY 2019/20 and replaced the previous RD784 and TRLIA assessments.

Annual Escalation

In order to ensure that RD 784 is able to provide the needed services over time, it may be important to increase the Assessment Rate (as defined in the **Assessment Methodology** section) subject to the rising costs of labor and materials over time. The Assessment Engineer has determined that an appropriate escalation factor is reflective of construction labor and materials used for the services provided. Therefore, beginning in FY 2020/21, the maximum authorized Assessment Rate will be subject to an annual inflationary escalator pursuant to Government Code §53739(b) based on the annual change in the San Francisco Construction Cost Index (CCI) and the change in the 20-City CCI with Base Year 1913 = 100, published by the Engineering News-Record, subject to a minimum of 0 percent **and a maximum of 4 percent** in any given year. The RD 784 Board may elect to levy the Assessment up to the maximum authorized Assessment Rate in any given year, based on an annual budget analysis.