

**SAN MIGUEL CONSOLIDATED FIRE  
PROTECTION DISTRICT**  
FIRE PROTECTION AND EMERGENCY RESPONSE SERVICES  
ASSESSMENT

**ENGINEER'S REPORT**

MAY 2009

PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50078  
ET SEQ. AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

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## **SAN MIGUEL FIRE PROTECTION DISTRICT**

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## INTRODUCTION

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The San Miguel Consolidated Fire Protection District (the "District") was formed on July 1, 1988 through a merger of the Spring Valley and the Grossmont/Mt. Helix Fire Protection Districts. It then grew to its current size on July 3, 2008 when the East County Fire Protection District was added. In addition to providing fire suppression and prevention, emergency response and emergency services, the District also provides basic hazardous materials response, and other services relating to the protection of lives and property.

The District covers a 47 square mile area in the Eastern portion of San Diego County, serving the communities of Bostonia, Casa de Oro, Crest, Grossmont/Mt. Helix, La Presa, Rancho San Diego, Spring Valley, and the unincorporated areas of El Cajon and La Mesa.

The District is governed by a seven member Board of Directors who are elected by the general population within the District boundaries and serve four-year terms.

This Engineer's Report (the "Report") was prepared to:

- Describe the fire suppression, safety and emergency response services and equipment that would be funded by the assessments (the "Services");
- Establish a budget for the Services that would be funded by the proposed fiscal year 2009-10 assessments;
- Determine the benefits received from the Services by property within the proposed San Miguel Consolidated Fire Protection District Fire Protection and Emergency Response Services Assessment (the "Assessment District"); and
- Identify the parcels that receive special benefits from the Services and define the boundaries of the Assessment District.
- Determine and assign a method of assessment apportionment to lots and parcels within the proposed Assessment District.

This Report and the proposed assessments have been made pursuant to California Government Code Sections 50078 et seq. and 53750 et seq. (collectively, the "Code") and Article XIID of the California Constitution (the "Article").

The Assessment District is narrowly drawn to include only those properties that will receive special benefits from the additional fire protection and suppression services that would be funded with the proposed assessments. The Assessment District is not coterminous with the boundaries of the District because properties in some areas of the District will not

receive the enhanced fire protection and prevention services funded by the Assessments. The Assessment Diagram included in this report shows the boundaries of the Assessment District.

### **PROPOSITION 218**

This assessment is being 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 Article XIIC and XIID 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 specially benefits the assessed property.

Proposition 218 describes a number of important requirements, including a property-owner ballot protest procedure, for the imposition of assessments, and these requirements will be 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 in 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 must affect the assessed property in a way that is particular and distinct from its affect on other parcels and that other real property and the public at large do not share

This Engineer's Report is consistent with the SVTA vs. SCCOSA decision and with the requirements of Article XIIC and XIID of the California Constitution because: the Services to be funded are clearly defined; the Services are available to all benefiting property in the Assessment District; the benefiting property in the Assessment District will directly and tangibly benefit from improved protection from fire damage, increased safety of property and other special benefits; and such special benefits provide a direct advantage to property in the Assessment District that is not enjoyed by the public at large or other real property.

## **ASSESSMENT PROCESS**

In 2008 and 2009, in response to declining revenues and increasing expenses, the District took several steps to decrease expenses, including decreasing fire fighter benefits and eliminating pay raises. In addition, the District has reduced its current staffing and level of services by leaving several positions unfilled, including the following positions:

- Training Captain
- Part time Clerical
- Half time Fire Prevention Specialist
- Captain
- Engineer
- Two fire fighter positions

The District is also expecting to lose an additional Captain at the beginning of July, and does not expect to be able to fill that position, or any of its other unfilled positions, unless the proposed assessment is passed.

Even with these service and staffing reductions, expenses still are projected to exceed revenues. Therefore, the District will be forced to further reduce its fire protection and suppression services including leaving the above open positions unfilled and the elimination of four more fire fighters to further reduce expenses, resulting in the elimination of an engine company and a further decrease in the level of service to properties in the Assessment District. The table below shows the costs breakdown for the engine company positions.

**TABLE 1 – ENGINE COMPANY POSITION COST BREAKDOWN**

<b>Engine Company Position Cost Breakdown</b>				
	<b>Captain</b>	<b>Engineer</b>	<b>Firefighter</b>	<b>Total</b>
Base Pay	\$90,624	\$75,948	\$75,240	\$241,812
Health	\$13,989	\$13,989	\$13,989	\$41,967
Dental	\$969	\$969	\$969	\$2,907
Retirement	\$46,537	\$39,110	\$39,094	\$124,741
EPMC	\$4,188	\$3,520	\$3,518	\$11,226
Medicare	\$1,679	\$1,409	\$1,420	\$4,508
Overtime	\$17,925	\$15,022	\$14,884	\$47,831
FLSA	\$2,427	\$2,034	\$2,016	\$6,477
Holiday Pay	\$4,108	\$3,443	\$3,411	\$10,962
EMT-DC	\$737	\$737	\$0	\$1,474
Paramedic Incentive	\$0	\$0	\$2,361	\$2,361
Education Incentive	\$1,000	\$1,000	\$1,000	\$3,000
Annual Leave	\$8,462	\$7,092	\$5,786	\$21,340
Sick Leave	\$2,490	\$2,086	\$2,067	\$6,643
<b>Total Cost of Position</b>	<b>\$195,135</b>	<b>\$166,359</b>	<b>\$165,755</b>	
<b>Positions Necessary</b>	<b>3</b>	<b>3</b>	<b>3</b>	
<b>Total Cost for all Positions</b>	<b>\$585,405</b>	<b>\$499,077</b>	<b>\$497,265</b>	<b>\$1,581,747</b>

The elimination of the engine company would affect all properties in the Assessment District because this engine company is strategically located in a centralized position where it can provide backup to all the other engine companies in the Assessment District. Without this engine company, all properties in the Assessment District would receive a further reduction in their level of service because it would take longer for a second engine company to reach a fire on that property in the event of a fire that requires two or more engine companies.

In order to fund the cost of the engine company and thereby improve Services for property in the Assessment District, the District is proposing a new benefit assessment. This Report has been prepared to quantify a new benefit assessment that would provide funding for Services within the Assessment District.

Following submittal of this Report to the District for preliminary approval, the San Miguel Consolidated Fire Protection District Board of Directors (the "Board") may, by Resolution, call for an assessment ballot protest procedure and public hearing on the proposed establishment of a Fire Protection and Emergency Response Services Assessment.

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 to be funded by the proposed assessments, the total amount of the proposed assessment chargeable to the Assessment District and the amount chargeable to the 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 45 day 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.

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 2009-10 and each fiscal year thereafter. If the assessments are so confirmed and approved, the Board will order the levy of the assessment to be submitted to the San Diego County Auditor/Controller for inclusion on the property tax roll for Fiscal Year 2009-10. The levy and collection of the assessments would continue year-to-year until terminated by the District Board of Directors.

## CERTIFICATES

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1. The undersigned respectfully submits the enclosed Engineer's Report to the San Miguel Consolidated Fire Protection District Board of Directors.

\_\_\_\_\_  
 Engineer of Work, License No. C052019

2. I, the Fire Chief of the San Miguel Consolidated Fire Protection District, San Diego County, California, hereby certify that the enclosed Engineer's Report, together with the Assessment and Assessment Diagram thereto attached, was filed and recorded with me on \_\_\_\_\_ 2009.

\_\_\_\_\_  
 Fire Chief

3. I, the Fire Chief of the San Miguel Consolidated Fire Protection District, San Diego County, California, hereby certify that the Assessment in this Engineer's Report was approved and confirmed by the Board on \_\_\_\_\_ 2009, by Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
 Fire Chief

4. I, the Fire Chief of the San Miguel Consolidated Fire Protection District, San Diego County, California, hereby certify that a copy of the Assessment and Assessment Diagram was filed in the office of the County Auditor of San Diego County, California, on \_\_\_\_\_ 2009.

\_\_\_\_\_  
 Fire Chief

5. I, the County Auditor of San Diego County, California, hereby certify that a copy of the Assessment Roll and Assessment Diagram for fiscal year 2009-10 was filed with me on \_\_\_\_\_ 2009.

\_\_\_\_\_  
 County Auditor, San Diego County

## **DESCRIPTION OF SERVICES**

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The San Miguel Consolidated Fire Protection District provides a range of fire suppression protection and prevention services for property in the District. The Services proposed to be undertaken by the District and the cost thereof paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein.

Following is a description of the Services that are provided for the special benefit of property in the Assessment District. As previously discussed, due to inadequate funding, the baseline level of service that will be provided in the Assessment District is equal to the current diminished level of service that is being provided with the District's reduced staff, plus the additional staffing cuts that will occur in absence of the Assessments. If the Assessment is approved, it will fund enhanced services over and above the baseline level of service. Moreover, to ensure that the assessments fund enhanced services, a specific requirement of the Assessment District is that the Assessments cannot be used to fund wage and salary increases for existing staff.

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 to be funded by the assessment.

$$\begin{aligned} \text{Final Level of Service} &= \text{Baseline Level of Service} \\ &+ \\ &\text{Enhanced Level of Service} \end{aligned}$$

The Services to be funded by the Assessment District are generally described as those services provided by one engine company, as described in the Introduction, including, but not limited to: nine full-time firefighting personnel, payment of salaries, benefits and other compensation for such fire fighting and fire prevention personnel, obtaining, furnishing, operating, and maintaining fire suppression, protection and emergency services equipment and apparatus for such personnel and related firefighting, operational and incidental costs.

The Assessment District will also contribute to cover the general costs of administering the District, its facilities and operations, as well as the salaries and benefits of fire fighting personnel who provide fire suppression, protection and emergency services to parcels, improvements or property in the Assessment District.



## COST AND BUDGET

The following budget lists the proposed expenditures funded by the Assessment District in fiscal year 2009-10, if the proposed assessments are approved by property owners in the ballot proceeding.

**TABLE 2 - COST ESTIMATE**

<b>SAN MIGUEL FIRE PROTECTION DISTRICT</b> <b>Improved Fire Protection and Emergency Response Assessment</b> Estimate of Costs Fiscal Year 2009-10		<i><b>Total Budget</b></i>
Beginning Fund Balance July 1, 2009		\$0
Services Costs		
Staffing, Salaries and Benefits		\$1,581,747
Equipment, Supplies & Other Related Expenses		\$60,130
Total for Servicing		\$1,641,877
Less: District Contribution for General Benefits <sup>1</sup>		(\$459,912)
Net Cost of Servicing to Assessment District		\$1,181,965
Incidental Costs:		
Assessment District Administration and Project Management <sup>2</sup>		\$140,964
Allowance for Contingencies and Uncollectables		\$27,000
Subtotals - Incidentals		\$167,964
Total Fire Suppression and Protection Services Budget (Net Amount to be Assessed)		\$1,349,929
Assessment District Budget Allocation to Parcels		
Total Assessment Budget		\$1,349,929
Single Family Equivalent Benefit Units in District		32,187
Assessment per Single Family Equivalent Unit (SFE)		\$41.94

## Notes:

1. As determined in the following section, at least 10% of the cost of the Services must be funded from sources other than the assessments to cover any general benefits from the Services. Therefore, out of the total cost of Services of \$1,641,877, the District must contribute at least \$164,187 from sources other than the assessments. The actual amount of contribution to offset any general benefits far exceeds the measure of general benefits from the Services.
2. Includes cost of balloting for the first year, annual administration of the assessment and County fees for collection.

## METHOD OF APPORTIONMENT

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### METHOD OF APPORTIONMENT

This section of the Report explains the special benefits to be derived from the Services provided for property in the District, 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 within the San Miguel Consolidated Fire Protection District, excluding parcels in Bostonia and Crest that previously were within the East County Fire Protection District, prior to its consolidation with the San Miguel Consolidated Fire Protection District.

The method used for apportioning the assessment is based upon the proportional special benefits from the Services to be derived by the properties in the Assessment District over and above general benefits conferred on 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 Services
- 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

California Government Code Section 50078 et seq. allows agencies which provide fire suppression services, such as the San Miguel Consolidated Fire Protection District of San Diego County to levy assessments for fire suppression services. Section 50078 states the following:

*"Any local agency which provides fire suppression services directly or by contract with the state or a local agency may, by ordinance or by resolution adopted after notice and hearing, determine and levy an assessment for fire suppression services pursuant to this article."*

In addition, California Government Code Section 50078.1 defines the term "fire suppression" as follows:

*"(c) "Fire suppression" includes firefighting and fire prevention, including, but not limited to, vegetation removal or management undertaken, in whole or in part, for the reduction of a fire hazard."*

Therefore, the Services to be provided by the proposed Assessment District fall within the scope of services that may be funded by assessments under the Code.

The assessments can only be imposed based on the special benefit to property. Special benefit means a particular and distinct benefit received by property over and above any general benefits conferred on real property located in the Assessment District or the public at large. With reference to the requirements for assessments, Section 50078.5 of the California Government Code states:

*"(b) The benefit assessment shall be levied on a parcel, class of improvement to property, or use of property basis, or a combination thereof, within the boundaries of the local agency, zone, or area of benefit."*

*"The assessment may be levied against any parcel, improvement, or use of property to which such services may be made available whether or not the service is actually used."*

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 following section describes how and why the Services specially benefit properties within the proposed Assessment District. This special benefit is particular and distinct from its effect on other property and that other real property and the public at large do not share.

## **BENEFIT FACTORS**

In order to allocate the assessments, the Engineer identified the types of special benefit arising from the Services that will be provided to property in the Assessment District.

These special benefit factors must confer a direct advantage to the assessed properties; otherwise they would be general benefit.

The following special benefit categories have been established that represent the types of special benefit conferred to residential, commercial, industrial, institutional and other lots and parcels resulting from the improved fire protection and suppression services that will be provided in the proposed Assessment District. These types of special benefit are as follows:

- *Increased safety and protection of real property assets within the Assessment District.*

The proposed Assessments will fund nine full time professional firefighters comprised of an engine company, plus related operational and incidental costs for the engine company. In absence of the Assessment, these firefighter positions and this engine company would not be provided, so the Assessment will fund enhanced services that are clearly above and beyond what otherwise would be provided in the Assessment District. The engine company, which will be centrally located and ready and available 24 hours a day, seven days a week, will respond to fires within the Assessment District that require the services of more than one engine company. This additional engine company will result in an improved and more effective response to fires and other emergencies, thereby enhancing the protection of property and reducing the risk of property damage associated with fires. Such improved fire protection services are a tangible and direct advantage that will be received by both improved properties and vacant properties in the Assessment District.

*"Fire is the largest single cause of property loss in the United States. In the last decade, fires have caused direct losses of more than \$120 billion and countless billions more in related cost."<sup>1</sup>*

*"Over 140,000 wildfires occurred on average each year, burning a total of almost 14.5 million acres. And since 1990, over 900 homes have been destroyed each year by wildfires."<sup>2</sup>*

*"A reasonably disaster-resistant America will not be achieved until there is greater acknowledgment of the importance of the fire service and a willingness at all levels of government to adequately fund the needs and responsibilities of the fire service."<sup>3</sup>*

*"The strategies and techniques to address fire risks in structures are known. When implemented, these means have proven effective in the reduction of losses."<sup>4</sup>*

*“Statistical data on insurance losses bears out the relationship between excellent fire protection...and low fire losses.”<sup>5</sup>*

## **BENEFIT FINDING**

In summary, real property located within the boundaries of the Assessment District distinctly and directly benefit from increased safety and protection of real property in the Assessment District. These are special benefits to property 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.

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:

**Total Benefit = Total General Benefit + 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 baseline level of Services provided by the District. The assessment will fund Services “over and above” this general, baseline level of services. The general benefits estimated in this section are over and above the baseline.

A formula to estimate the general benefit is listed below:

General Benefit =

Benefit to Real Property Outside the Assessment District +  
 Benefit to Real Property Inside the Assessment District that is Indirect and  
 Derivative +  
 Benefit to the Public at Large

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, the improved Services will be available when needed to all properties in the Assessment District, so the overwhelming proportion of the benefits conferred to property is special, and are only minimally received by property outside the Assessment District or the public at large.

Proposition 218 twice uses the phrase “over and above” general benefits in describing special benefit. (Art. XIII D, sections 2(i) & 4(f).) Arguably, all of the Services being funded by the assessment would be a special benefit because the Services would particularly and distinctly benefit the properties in the Assessment District over and above the baseline benefits.

Nevertheless, arguably some of the Services would benefit the public at large and properties outside the Assessment District. 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.

### **CALCULATING GENERAL BENEFIT**

This section provides a measure of the general benefits from the assessments.

#### **BENEFIT TO PROPERTY OUTSIDE THE ASSESSMENT DISTRICT**

Properties within the Assessment District receive almost all of the special benefits from the Services because the Services funded by the Assessments will be provided solely in the Assessment District boundaries. (It should be noted that some services may, at times, be used outside the District boundaries. However, this use is part of a mutual aid agreement and should be exactly offset by use of services from other agencies within the Assessment District boundaries.) Properties proximate to, but outside of, the proposed boundaries of the Assessment District receive some benefit from the proposed Services due to some degree of reduced fire risk to their property. These parcels that are proximate to the boundaries of the Assessment District are estimated to receive less than 50% of the benefits relative to parcels within the Assessment District because they do not directly

receive the improved fire protection resulting from the Services funded by the Assessments.

At the time the Assessment District was proposed, the Assessment Engineer, using the Geographic Information System parcel map from the County of San Diego, counted the number of parcels proximate to the proposed Assessment District boundary but outside the proposed Assessment District, and thereby determined that there were approximately 2,539 of these "proximate" properties.

CRITERIA:

2,539 PARCELS OUTSIDE THE PROPOSED ASSESSMENT DISTRICT BUT PROXIMATE TO THE PROPOSED  
ASSESSMENT DISTRICT BOUNDARIES  
32,462 PARCELS IN THE PROPOSED ASSESSMENT DISTRICT  
50% RELATIVE BENEFIT COMPARED TO PROPERTY WITHIN THE PROPOSED ASSESSMENT DISTRICT

CALCULATION

GENERAL BENEFIT TO PROPERTY OUTSIDE THE PROPOSED ASSESSMENT DISTRICT  
=  $2,539/32,462 \times 0.5 = 3.9\%$

Although it can reasonably be argued that properties protected inside, but near the Assessment District boundaries are offset by similar fire protection provided outside, but near the Assessment District's boundaries, we use the more conservative approach of finding that 3.9% of the Services 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 Services are clearly "over and above" and "particular and distinct" when compared with the baseline level of fire suppression and fire protection services in the Assessment District.

In determining the proposed Assessment District area, the District has been careful to limit it to an area of parcels that will directly receive the special benefit of the improved Services provided by the engine company described earlier in the Report. All parcels throughout the Assessment District will directly and specially benefit from the availability and use of the improved Services. Fire protection and suppression will be provided by the engine company as needed to all property in the Assessment District. The shared special benefit

- reduced severity and number of fires - will be received on an equivalent basis by all parcels in the Assessment District. Furthermore, all parcels in the Assessment District would directly benefit from the ability to request service from the District and to have a Assessment funded firefighter promptly respond directly to the parcel and address the owner's or resident's service need. The SVTA vs. SCCOSA decision indicates that the fact that a benefit is conferred throughout the Assessment District area does not make the benefit general rather than special, so long as the Assessment District is narrowly drawn and limited to the parcels directly receiving shared special benefits from the service. This concept is particularly applicable in situations involving a landowner-approved assessment-funded enhancement of a local government service to benefit lands previously not receiving that particular service. Other than the general benefits to properties outside the Assessment District (discussed above) and to the public at large (discussed below), all of the benefits derived from the Services 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 in the Assessment District.

#### BENEFIT TO THE PUBLIC AT LARGE

With the type and scope of Services to be provided to the Assessment District, it is very difficult to calculate and quantify the scope of the general benefit conferred on the public at large. Because the Services directly serve and benefit all of the property in the Assessment District, any general benefit conferred on the public at large would be small. Nevertheless, there would be some indirect general benefit to the public at large.

The public at large uses the public highways, streets and sidewalks, and when traveling in and through the Assessment District they may benefit from the Services. Although the protection of this critical infrastructure is certainly a benefit to all the property within the Assessment District, it is arguably "indirect and derivative" and possibly benefits people rather than property. A fair and appropriate measure of the general benefit to the public at large therefore is the amount of highway, street and sidewalk area within the Assessment District relative to the overall land area. An analysis of maps of the Assessment District shows that approximately 3.1% of the land area in the Assessment District is covered by highways, streets and sidewalks. This 3.1% therefore is a fair and appropriate measure of the general benefit to the public at large within the Assessment District

#### SUMMARY OF GENERAL BENEFITS

Using a sum of the measures of general benefit for the public at large and property outside the Assessment District, we find that approximately 7.0% of the benefits conferred by the

proposed Fire Protection and Emergency Response Services Assessment may be general in nature and should be funded by sources other than the proposed assessment.

GENERAL BENEFIT =

3.9 % (OUTSIDE THE DISTRICT)  
 + 0.0 % (INSIDE THE DISTRICT - INDIRECT AND DERIVATIVE)  
 + 3.1 % (PUBLIC AT LARGE)

**= 7.0 % (TOTAL GENERAL BENEFIT)**

Although this analysis supports the findings that 7.0% of the assessment may provide general benefit only, this number is increased by the Assessment Engineer to 10% to conservatively ensure that no assessment revenue is used to support general benefit. This additional amount allocated to general benefit also covers general benefit to parcels in the Assessment District if it is later determined that there is some general benefit conferred on those parcels.

The proposed Assessment District's total budget for 2009-10 is \$1,641,877. Of this total budget amount, the existing District will contribute approximately \$459,912 or 28.0% of the total budget from sources other than this proposed assessment. This contribution more than offsets any general benefits from the Services.

## **BENEFIT FINDING AND ZONES OF BENEFIT**

### **BENEFIT FINDING**

As noted, the assessment funds will be used to improve fire protection and emergency response services throughout the proposed Assessment District. This Engineer's Report finds that the Services are a significant, tangible special benefit that should reasonably and rationally confer more special benefit to properties in the Assessment District than the proposed base assessment rate of \$41.94 per benefit unit.

### **ZONES OF BENEFIT**

The boundaries of the Assessment District were narrowly drawn to include only areas that will benefit from the Services. For instance, the areas of Bostonia and Crest, which are within the boundaries of the San Miguel Fire Protection District, are excluded from the Assessment District boundaries because those properties will not receive or benefit from

the Services that would be provided by this assessment. The properties in Bostonia and Crest are to the north and east of the proposed Assessment District boundaries and previously were within a separate fire protection district, the East County Fire Protection District. The District expects to have sufficient resources proximate to the Bostonia and Crest properties to respond to fires on these properties whether or not the proposed assessment is passed.

In the assessment, the advantage that each parcel receives from the proposed fire suppression Services is direct, and the boundaries for the Assessment District are narrowly drawn so each parcel of similar characteristics receives a similar level of benefit from the improved fire suppression Services. In summary, the assessments will fund improved fire protection and emergency response services relatively uniformly throughout the Assessment District. Therefore properties of similar type will receive generally equivalent levels of special benefits and no Zones of Benefit are justified.

#### **ASSESSMENT APPORTIONMENT**

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

Moreover, a fixed or flat assessment for all properties of similar type was deemed to be inappropriate because larger commercial/industrial properties and residential properties with multiple dwelling units receive a higher degree of benefit than other similarly used properties that are significantly smaller. For two properties used for commercial purposes, there clearly is 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 that would benefit from improved fire protection and emergency response services. This benefit ultimately flows to the property. Larger parcels, therefore, receive an increased benefit from the assessments.

The Assessment Engineer determined that the appropriate method of assessment should be based on the type of property, the relative risk of fire by type of property, the relative size of the property, and the relative structure replacement/damage value of fires by property type. This method is further described below.

## METHOD OF 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, a single family detached dwelling on one parcel (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. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single family home on one parcel.

The relative benefit to properties from fire related services is:

### EQUATION 1 – RELATIVE BENEFIT TO PROPERTIES

$$\text{Benefit} \approx \Sigma (\text{Fire Risk Factors}) * \Sigma (\text{Structure Replacement Cost Factors})$$

That is, the benefit conferred to property is the "sum" of the risk factors multiplied by the "sum" of the structure replacement cost factors.

#### FIRE RISK FACTORS

Typical fire assessments are evaluated based upon the fire risk of a certain property type. These evaluations consider factors such as use of structure (e.g. used for cooking), type of structure (centralized heating), etc.

In 2003, the National Fire Protection Association ("NFPA"), one of the pre-eminent authorities on fire protection in the United States, published the 2003 US Fire Problem Overview Report. This report comprehensively tabulates the number of fires for each property type within the United States in the year 1999, and serves as a reasonable and rational basis to determine fire risk.

The number of fires for each property is then divided by the total number of that property type to determine un-normalized fire risk factor. Finally, the risk factors are normalized based upon a factor of 1.00 for a single family property. Table 3 below tabulates the Fire Risk Factors for each property type.

### TABLE 3 – FIRE RISK FACTORS

Property Type	Normalized Fire Risk Factors
Single Family	1.0000
Multi-Family	1.8081
Commercial/Industrial	3.4403
Office	2.4102
Institutional	6.9004
Storage	20.4131
Agriculture - Orchards & Vineyards	0.4130
Agriculture - Rice & Flood Irrigation	0.4130
Agriculture - Pasture & Row Crops	0.3754
Agriculture - Dairy, Livestock, Animals	0.3379
Range Land & Open Space	0.0650

Analysis based upon:

2003 US Fire Problem Overview Report, NFPA and Statewide records of parcels by property type

**STRUCTURE REPLACEMENT COST FACTORS**

The relative structure replacement costs of different property types was evaluated within the District area to determine the Structure Replacement Cost Factor according to the following formula:

**EQUATION 2 - STRUCTURE REPLACEMENT COST FACTORS**

$$\Sigma (\text{Structure Replacement Cost Factors}) \approx \frac{(\text{Structure Weighting Factor} * \text{Average Structure Replacement Cost}) + (\text{Land Weighting Factor} * \text{Average Total Cost})}{* (\text{Unity Density Factor})}$$

Where:

- "Structure Weighting Factor" = 10 to "weight" relative importance of structure over land.
- "Average Structure Replacement Cost" is an estimated average replacement cost of all improvements (e.g. structures), per property type.
- Land Weighting Factor = 1
- (land weighting factor\*average total cost) is the estimated weighted cost of fire damage to land and other improvements tied to land + improvements (e.g. structures), per property type.
- Unit Density Factor corresponds to values with units (i.e. "per residential unit" or "per acre") based upon effective density of structures on parcels. It is used to correlate relative sizes of lots for different property uses.

Table 4 below is a tabulation of the Structure replacement costs for each property type as defined by Equation 2, above.

**TABLE 4 – STRUCTURE REPLACEMENT COST FACTORS**

Property Type	Normalized Structure Replacement Cost Factor	Unit
Single Family	1.0000	each
Multi-Family	0.2600	res unit
Commercial/Industrial	1.0263	acre
Office	1.8011	acre
Institutional	0.4942	each
Vacant	0.5303	each
Storage	0.1391	acre
Agriculture - Orchards & Vineyards	0.0069	acre
Agriculture - Rice & Flood Irrigation	0.0063	acre
Agriculture - Pasture & Row Crops	0.0063	acre
Agriculture - Dairy, Livestock, Animals	0.0076	acre
Range Land & Open Space	0.0084	acre

#### AN EXAMPLE OF BENEFIT CALCULATION

Below is an example of the benefit calculation per Formula 1 for Commercial/Industrial parcels to illustrate the methodology (a summary of the results of all calculations is given in Table 5):

## Commercial/Industrial Example

The benefit is the fire risk times the structure replacement cost.

$$\text{Benefit} = (\text{Fire Risk}) * (\text{Structure Replacement Cost})$$

The fire risk of commercial/industrial parcels is determined by taking the percentage of all fires in commercial/industrial parcels, and dividing it by the percentage of parcels that are commercial/industrial. The fire percentages are taken from the NFPA 2003 US Fire Problem Overview Report. The resulting figure is normalized relative to the risk of a single family home by taking the percentage of fires in single family homes over the percentage of parcels that are single family homes, and dividing that figure into the commercial/industrial fire risk figure.

$$\text{Fire Risk} = ((\% \text{ of all fires}) / (\% \text{ of parcels})) / (\text{normalization factor versus Single Family Homes})$$

% of all fires = 9.147% for commercial/industrial, and 67.617% for single family homes

% of parcels = 3.366% for commercial/industrial, and 53.408% for single family homes

$$\text{Fire Risk} = ((9.147\% \text{ of all fires}) / (3.366\% \text{ of all parcels})) / ((67.617\% \text{ of all fires}) / (53.408\% \text{ of all parcels}))$$

$$\text{Fire Risk} = 3.4403$$

The structure replacement cost factor is determined by analyzing various property and construction cost data and adding the weighted average structure replacement cost to the weighted average total replacement cost and normalizing the result in relation to a single family home. The weighted average structure replacement cost per acre is determined by taking the total replacement cost for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area to determine the average improved replacement cost per acre, and weighting the result by multiplying it by 10. Similarly, the average total replacement cost per acre is determined by taking the total replacement cost for all commercial/industrial parcels in the benefit area, and dividing that number by the total acres for all commercial/industrial parcels in that area, and weighting the result by multiplying it by 1. The weighted average structure replacement cost factor is added to the weighted average total replacement cost, and the resulting figure is normalized relative to the risk of a single family home by dividing it by the total replacement cost of all single family homes in the benefit area and then dividing the result by the average unit density of single family homes (in order to convert this information to acreage).

$$\text{Structure Replacement Cost Factor} = ((\text{Avg. Structure Replacement Cost} * 10) + (\text{Avg. Land Replacement Cost} * 1)) / (\text{normalization factor versus Single Family Homes}) * (\text{Avg. Unit Density (to convert to acreage)})$$

Average Structure Replacement Cost for commercial/industrial = \$715,499/acre

Average Land Replacement Cost for commercial/industrial = \$521,587/acre

Normalization Factor for Single Family Homes = \$2,318,783

Average Unit Density = 0.31 acres

Structure Replacement Cost Factor =  $((\$715,499 * 10) + (\$521,587 * 1)) / (\$2,318,783) * (0.31)$

Structure Replacement Cost Factor = 1.0263/acre

Since the Benefit is the Fire Risk times the Structure Replacement Cost Factor, the Commercial/Industrial benefit is 5.930:

Benefit =  $(3.4403) * (1.0263) = 3.5307/acre$

#### SUMMARY OF BENEFITS FOR EACH PROPERTY TYPE

Per Equation 1, the relative special benefit for each property type (the "SFE" or "Single Family Equivalent" Benefit Units) is determined as the product of the normalized Fire Risk Factors and the normalized Structure Replacement Cost Factors. Table 5 below, summarizes the benefit for each property type.

**TABLE 5 – BENEFIT SUMMARY PER PROPERTY TYPE**

Property Type	Fire Risk Factors	Structure Replacement Cost Factors	SFE Factors	Unit
Single Family	1.0000	1.0000	1.0000	each
Multi-Family	1.8081	0.2600	0.4701	res unit
Commercial/Industrial	3.4403	1.0263	3.5307	acre
Office	2.4102	1.8011	4.3410	acre
Institutional	6.9004	0.4942	3.4101	each
Storage	20.4131	0.1391	2.8389	acre
Vacant			0.2500	each
Agriculture - Orchards & Vineyards	0.4130	0.0069	0.0029	acre
Agriculture - Rice & Flood Irrigation	0.4130	0.0063	0.0026	acre
Agriculture - Pasture & Row Crops	0.3754	0.0063	0.0024	acre
Agriculture - Dairy, Livestock, Animals	0.3379	0.0076	0.0026	acre
Range Land & Open Space	0.0650	0.0084	0.0005	acre

SFE factor has been converted from "Per Acre" to "Per Each Parcel" by multiplying by effective average area.

#### RESIDENTIAL PROPERTIES

Certain residential properties with a single residential dwelling unit are assigned one Single Family Equivalent or 1.0 SFE. Residential properties on parcels that are larger than one acre receive additional benefit and are assigned additional SFEs on an "Agricultural/Rangeland" basis. Detached or attached houses, zero-lot line houses and town homes are included in this category.

Properties with more than one residential unit are designated as multi-family residential properties. These properties benefit from the proposed Services in proportion to the number of dwelling units that occupy each property. The relative benefit for multi-family properties was determined per Equation 1 to be 0.4701 SFEs per residential unit. This rate applies to condominiums as well.

#### COMMERCIAL/INDUSTRIAL & OFFICE PROPERTIES

Commercial and industrial properties are assigned benefit units per acre, since there is a relationship between parcel size, structure size and relative benefits. The relative benefit for commercial and industrial properties was determined per Equation 1 to be 3.5307 SFEs per acre. The relative benefit for office properties was determined per Equation 1 to be 4.3410 SFEs per acre.

#### VACANT AND UNDEVELOPED PROPERTIES

The relative benefit for vacant properties was determined per Equation 1 to be 0.2500 SFEs per parcel.

#### RANGE LAND & OPEN SPACE

The relative benefit for range land & open space properties was determined per Equation 1 to be 0.0005 SFEs per acre.

#### AGRICULTURAL PROPERTIES

The relative benefit for agricultural properties requires additional analysis, as required by Government Code 50078 and the unique agricultural properties within the proposed boundaries. This analysis considered how agricultural operations may mitigate risk, onsite or proximate water availability, response time, capability of the fire suppression service, and any other factors which reflect the benefit to the land resulting from the fire suppression service provided. Agricultural properties have been categorized as Agriculture - Orchards & Vineyards; Agriculture - Rice & Flood Irrigation; Agriculture - Pasture & Row Crops; and Agriculture - Dairy, Livestock, Animals according to use and other attributes, and have been analyzed for fire risk and structure replacement cost per Equation 1. The relative benefit for agricultural properties was determined per Equation 1 to be 0.0029 SFEs per parcel for Agriculture - Orchards & Vineyards; 0.0026 SFEs per parcel for Agriculture - Rice & Flood Irrigation; 0.0024 SFEs per parcel for Agriculture - Pasture & Row Crops; and 0.0026 SFEs per parcel for Agriculture - Dairy, Livestock, Animals.

## OTHER PROPERTIES

The relative benefit for storage properties was determined per Equation 1 to be 2.8389 SFEs per acre.

Article XIID, 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.

All public properties that are specially benefited are assessed. Publicly owned property that is used for purposes similar to private residential, commercial or industrial uses is benefited and assessed at the same rate as such privately owned property. Other, publicly owned properties with uses that are not similar to the categories above and that are not small miscellaneous and sliver parcels that do not receive any special benefits, are assessed at 3.4101 SFEs per parcel.

Miscellaneous, small and other parcels such as roads, right-of-way parcels typically do not have significant risk of fire damage. Moreover, for common area parcels, the fire benefits are assigned to the other improved parcels in the project that share common ownership of the common area. These miscellaneous parcels receive minimal benefit from the Services and are assessed an SFE benefit factor of 0.

## CRITERIA AND POLICIES

This sub-section describes the criteria that shall govern the expenditure of assessment funds and ensures equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Board may adopt additional criteria to further clarify certain criteria or policies established in this Report or to establish additional criteria or policies that do not conflict with this Report.

### DURATION OF ASSESSMENT

It is proposed that the Assessment be levied for fiscal year 2009-10 and every year thereafter, so long as the risk of fire on property in the Assessment District remains in existence and the San Miguel Consolidated Fire Protection District requires funding from the Assessment for its fire suppression Services. As noted previously, if the Assessment and the duration of the Assessment are approved by property owners in an assessment ballot proceeding, the Assessment can be imposed and levied annually after the San Miguel Consolidated Fire Protection District Board of Directors approves an annually

updated Engineer's Report, budget for the Assessment, Services to be provided, and other specifics of the Assessment. In addition, the District Board of Directors 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 or for any other reason may file a written appeal with the Fire Chief of the San Miguel Consolidated Fire Protection District or his or her designee. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, the Chief or his or her designee will promptly review the appeal and any information provided by the property owner. If the Chief or his or her 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 Chief 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 Chief or his or her designee shall be referred to the San Miguel Consolidated Fire Protection District Board of Directors and the decision of the Board shall be final.

#### ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE ASSESSMENT DISTRICT AREA

The net available assessment funds, after incidental, administrative, financing and other costs, shall be expended exclusively for enhanced staffing, equipment and other enhanced Services (the Enhanced Level of Services) to be based within the boundaries of the proposed Assessment District, namely, the Assessment District area.

#### ASSESSMENT FUNDS CANNOT BE USED TO FUND SALARY INCREASES

The net available assessment funds, after incidental, administrative, financing and other costs, shall not be used to fund increases in wages, salaries or other compensation for the staff of the District that provides the current Baseline Level of Services, as defined in this Engineer's Report.

#### CITIZENS' REVIEW COMMITTEE

A Citizens' Review Committee (the "Citizens' Review Committee") will be established for the proposed Assessment District. The Citizens' Review Committee shall review the Services funded by the Assessments and shall confirm the appropriate expenditure of assessment funds. Members of the Citizens' Review Committee will be nominated and approved by the Board of Directors of the San Miguel Consolidated Fire Protection District. All members of the Citizens' Review Committee shall own property within the proposed

Assessment District and shall not have conflicts of interest with the proposed Assessment District or the Services funded by the Assessments.

## ASSESSMENT

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**WHEREAS**, the Board of Directors of the San Miguel Consolidated Fire Protection District is proceeding with the proposed formation of the Fire Protection and Emergency Response Services Assessment District and proposed levy of assessments under California Government Code sections 50078 et seq. (the "Code") and Article XIIIID of the California Constitution (the "Article");

**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 Services upon all assessable parcels within the Assessment District;

**NOW, THEREFORE**, the undersigned, by virtue of the power vested in me under said Code and Article and the order of the Board of said District, 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 2009-10 is generally as follows:

**TABLE 6 – SUMMARY COST ESTIMATE**

FISCAL YEAR 2009-10 BUDGET	
Total for Servicing	\$1,641,877
Less: Contribution for General Benefits	(\$459,912)
Incidental Costs:	
Administration and Project Management	\$140,964
Allowance for Contingencies and Uncollectables	\$27,000
Subtotal – Incidentals	\$167,964
Total Fire Suppression & Protection Services Budget	\$1,349,929

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 Services, 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 Services, 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 annual change in the Consumer Price Index for the San Diego Area as of December of each succeeding year, with the maximum annual adjustment not to exceed 4%.

In the event that the actual assessment rate for any given year is not increased by an amount equal to the maximum of 4% or the yearly CPI change plus any CPI change in previous years that was in excess of 4%, the maximum authorized assessment shall increase by this amount. In such event, the maximum authorized assessment shall be equal to the base year assessment as adjusted by the increase to the CPI, plus any and all CPI adjustments deferred in any and all prior years. The CPI change above 4% can be used in a future year when the CPI adjustment is below 4%.

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 Diego for the fiscal year 2009-10. 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 Diego 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 2009-10 for each parcel or lot of land within the said Assessment District.

Dated: May 11, 2009

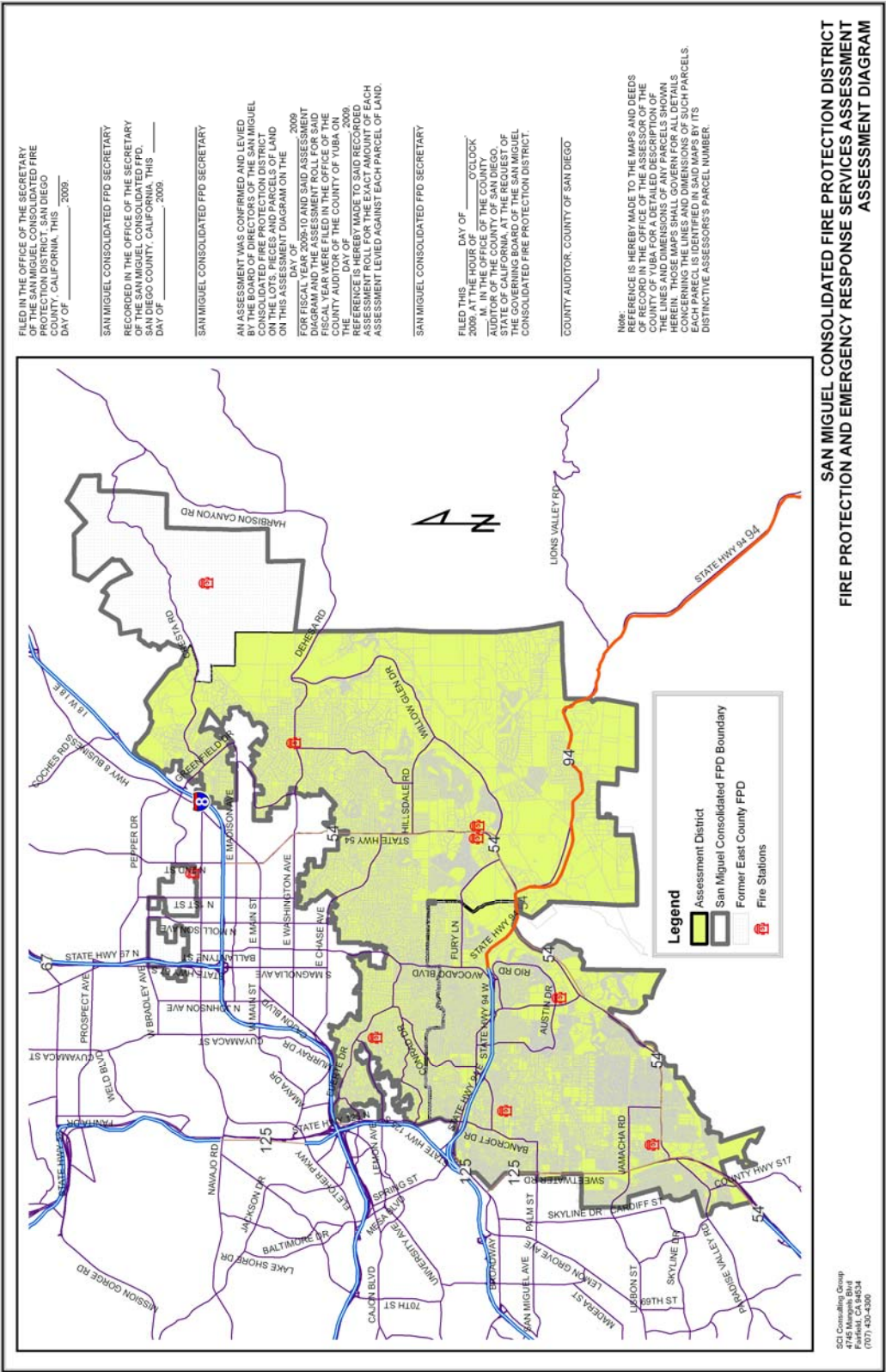
Engineer of Work

By \_\_\_\_\_  
John W. Bliss, License No. C052019

## **ASSESSMENT DIAGRAM**

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The Assessment District includes all properties within the proposed boundaries of the Fire Protection and Emergency Response Services District. 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 San Diego County, and are incorporated herein by reference, and made a part of this Diagram and this Report.



## APPENDICES

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### APPENDIX A – ASSESSMENT ROLL, FISCAL YEAR 2009-10

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 of parcels.

## END NOTES

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- <sup>1</sup> Insurance Services Offices Inc.  
<http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf>
- <sup>2</sup> Institute for Business & Home Safety, "Protect Your Home Against Wildfire Damage,"  
<http://www.ibhs.org/publications/view.asp?id=125>
- <sup>3</sup> U.S. Fire Administration, Department of Homeland Security, "America Burning, Re-commissioned: Principal Findings and Recommendations," p.1,  
<http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF>
- <sup>4</sup> U.S. Fire Administration, Department of Homeland Security, "America Burning, Re-commissioned: Principal Findings and Recommendations," p.2,  
<http://www.usfa.fema.gov/downloads/pdf/abr-rep.PDF>
- <sup>5</sup> Insurance Services Offices Inc., p. 1,  
<http://www.rockwall.com/FireDepartment/Insurance%20Services%20Office%20Rating%20Information.pdf>