CITY OF MERCED

"Gateway to Yosemite"

December 14, 2016

Mr. John Doe
678 W. 18th Street
Merced, CA 95340

Oakmont #3 Maintenance District
Parcel # 000-00-00

Dear Property Owner:

The Merced City Council at its regularly scheduled meeting held on Monday, December 5, 2016, authorized an assessment ballot proceeding to obtain voter approval prior to increasing annual benefit assessment levies to the Maintenance District property owners.

Your property located at 678 W. 18th Street is in a Special Assessment Maintenance District managed by the City. This District is responsible for the maintenance of the street landscape plants/trees along the streets in your neighborhood. It is responsible to prune, fertilize and irrigate plants, remove weeds and mow public lawn areas. However, in your neighborhood this is not happening in an acceptable way.

The reason this street landscape maintenance is not happening in your neighborhood is because it is the District that pays for the maintenance. The District uses special assessment fees that are paid by you and your neighbors. The assessment fees collected are not enough to pay for the cost of maintenance.

The City Council wants to make sure that your street landscaping is well maintained. In order to raise enough money to adequately maintain the street landscaping in your neighborhood, the homeowners in the District will have to vote to increase their special assessments.

Therefore, the City Council has authorized an election ballot (enclosed) for you to vote whether you want to increase your special assessments for your street landscape maintenance. These special assessment fees are collected with your property taxes as more fully explained in this letter.

State law requires you have an opportunity to vote on proposed increases to your assessment prior to them becoming effective.

Your assessment is collected in two equal installments and is included with your tax bill. Funds collected through this assessment and any interest earned can only be used for this specified purpose and are kept in a separate fund account.

Currently, you are being levied an assessment of $70.03 annually. We are proposing to increase your annual assessment to $89.75. This equates to an annual increase of $19.72 or $1.64 monthly.

The proposed budget and engineer's report has been prepared to determine your proportionate share of the annual costs associated with maintaining the District at acceptable service levels. The total budget has been spread on a per unit basis.

An engineer's report is available at the City of Merced, City Clerk's office for your review describing the calculation used.

Your legal notice, ballot, and a postage-paid return envelope are enclosed. You may return your ballot in the enclosed envelope or hand deliver it to the City Clerk's Office in the Merced Civic Center, located at:

678 W. 18th Street
1st Floor
Merced, CA 95340

All ballots must be received (not postmarked) by the close of the public hearing scheduled for Monday, February 6, 2017. The public hearing will be held in conjunction with the normally scheduled Merced City Council meeting, held in the Council Chambers, which begin at 7:00 p.m.

If the ballot passes, the adjusted rate will appear on your next Merced County tax bill. If it fails, there would be insufficient funds available to cover costs associated with maintaining the existing public improvements.

The weight of the vote is proportional to the District assessment dollar amount. For example, a property with an annual assessment of $100.00, carries twice the weight of a property with an annual assessment of $50.00.

Your annual assessment may increase or decrease in future years, if operating costs change. In any event, assessment increases are limited annually to the maximum assessment amount (shown in the ballot document), adjusted by the Consumer Price Index (CPI). The CPI is a scale used to adjust costs for inflation.

Any increase above the CPI adjusted maximum level, would require a new ballot for your approval.

Only the ballots returned determine the outcome of the election. A non-response will not count for purposes of voter acceptance or opposition. Whether you are in favor of or in opposition to the increase in assessments, it is important for you to vote.

The following questions and answers are being provided to help you better understand the importance of the maintenance district to your property:

1. Why isn't my current property assessment adequate?

   Answer: Due to increased costs in energy and services, specifically landscaping, the cost of operating the District has drastically increased. In past years operating reserves were used to make up for the shortfall of revenue; however, these funds are now minimum.

2. Why do we need a maintenance district?

   Answer: Maintenance Districts have proven to be both fiscally dependable and effective in ensuring common landscaped areas are maintained aesthetically, as well as provide a healthy urban forest for our community. In addition, the flat nature of the San Joaquin Valley and the heavy clay soils common to the Merced area cause the need for storm water to be pumped to either natural or man-made waterways.

3. How long has my property been in the Maintenance District?

   Answer: As a condition of approval for the subdivision in which you own property, the developer was required to form a storm drainage landscape maintenance district prior to building.

4. What happens if a majority of the ballots oppose the increased assessment?

Answer: There would be insufficient funds to cover the costs of operating the District. This could result in District maintenance not being performed to an acceptable level.

5. Do all property owners' votes count equally?

Answer: No, the weight of the vote is proportional to the amount of the assessment. For example, a property with a $20 annual assessment carries twice the weight of a property with a $10 annual assessment.

6. How do you determine my assessment?

Answer: The assessment is proportionally spread based on a per unit basis. An engineers' report is available in the office of the City Clerk for review that fully describes this calculation.

7. Will my assessment increase annually?

Answer: Your assessment will only increase if operating costs increase. In any event, assessment increases are limited annually to the current amount adjusted by the Consumer Price Index (CPI). The CPI is a scale used to adjust costs for inflation. Any increase above this would require a separate ballot for your consideration.

8. Can funds collected through this assessment be used for any purpose?

Answer: No, funds and any interest earned are kept in separate account solely for this purpose.

9. What if I don't return my ballot?

Answer: The outcome of the election is determined only by the ballots returned.

10. When must my ballot be returned?

Answer: You may return your ballot in the enclosed envelope or bring it to the City Clerk's Office in the Merced Civic Center. All ballots must be received (not postmarked) by the close of the public hearing schedule for ***Monday, February 6, 2017***. The public hearing will be held in conjunction with the normally scheduled City Council meeting which begins at 7:00 p.m.

11. Whom may I contact if I have questions?

Answer: Please refer your questions to Michael Miller, Public Works Manager-Tax Services at (209) 385-6800.

Enclosure:

CITY OF MERCED

NOTICE OF PROPOSED ASSESSMENT
AND
ASSESSMENT BALLOT PROCEEDING FOR

Oakmont #3 Maintenance District

000-00-00
Mr. John Doe
678 W. 18th Street
Merced, CA 95340

Fiscal Year 2017/2018 Proposed Annual Assessment: $89.75

REASON FOR PROPOSED ASSESSMENT

The Oakmont #3 Maintenance District (the "District") annually levies an assessment on all property in the District based upon the special benefit conferred upon the property by the improvements described below. Article XIIIC and D of the California Constitution requires the City allow all property owners to vote on any proposed increase in assessments to be levied.

DESCRIPTION OF IMPROVEMENTS

The District assessments are used to fund the maintenance of landscaping, storm drainage systems (if installed), street tree maintenance within public right-of-ways, public utility, drainage and facility easements, tree planting easements, and landscape easements within the District's boundaries. It shall not fund the maintenance of additional items that may be placed or planted by individual lot owners such as, but not limited to, lawns, private sprinklers, front yard trees or bushes.

The following maintenance items shall be performed within the District boundaries:

- Litter pick-up, plant pruning, replacement, and fertilizing
- Landscape irrigation as needed to sustain optimum plant growth;
- Weed control and cultivation as needed to keep the area free of weeds;
- Inspect pump and motor
- Repair or replace parts as needed;
- Walls in landscaped areas
- Mow and edge turf,
- Other maintenance as necessary, including equipment, devices, and other items and efforts recommended for specific landscape/open space elements.

AMOUNT OF PROPOSED ASSESSMENT

A. Total Current District Assessment: $21,499.32

The proposed total annual assessment for the entire District for Fiscal Year 2017/2018 is $27,554. Subsequent assessments could be adjusted annually by the Consumer Price Index for All Urban Consumers (West).

B. Individual Parcel Assessment: $89.75

The proposed annual assessment for your parcel for Fiscal Year 2017/2018 will be $89.75, *per unit*. The maximum annual assessment ("cap") for your parcel could be adjusted annually, but not to exceed the increase in the Consumer Price Index for All Urban Consumers (West).

C. Duration of Assessment

The proposed assessment will be levied annually up to the maximum as stated above. The assessment may be increased in the future above the maximum amount, ONLY with the support of a majority of property owners using the process explained below.

BASIS FOR CALCULATING ASSESSMENTS

Each year the City determines how much it will cost to operate and maintain the specified improvements within the District. These costs are then spread among all of the assessable parcels on the basis of special benefit conferred upon each parcel on a per unit basis.

PROCEDURES FOR COMPLETING THE BALLOT

Accompanying this notice is a ballot, along with a self-addressed, postage paid return envelope. The ballot (or a facsimile thereof) may be completed by the property owner(s) of record and returned to the City to indicate the owner's support of or opposition to the proposed assessment. If a tenant is responsible for payment of the assessment, the ballot must be completed and returned by the tenant.

For your ballot to be counted, you must clearly mark the appropriate box, sign the ballot, and return it sealed in the enclosed envelope by the conclusion of the public hearing on **Monday, February 6, 2017**.

Ballots may be returned either by mail or delivered to the City Clerk at 678 West 18th Street, Merced, CA 95340, before the close of the public hearing. For properties with more than one owner on record, ballots will be accepted as valid if signed by at least one of the listed owners.

In the event that more than one of the record owners submits an assessment ballot, the amount of the proposed assessment to be imposed upon the parcel shall be allocated to each ballot submitted in proportion to the respective record ownership interests or, if the ownership interests are not shown on the record, as established to the satisfaction of the City by documentation provided by you.

Regardless of the method of delivery, all ballots must be received at the address indicated, or at the public hearing, in order to be included. An assessment ballot may be submitted, changed, or withdrawn prior to the conclusion of the public hearing.

PUBLIC HEARING AND PROTEST PROCEDURE

The Merced City Council will hold a public hearing on **Monday, February 6, 2017**, to hear testimony regarding the proposed assessment, to accept assessment ballots and to determine whether there is a majority protest against the proposed assessment. The hearing will be held in conjunction with the normally scheduled Merced City Council meeting, which begin at **7:00 p.m**. The meeting (and hearing) will be held at the Civic Center located at 678 West 18th Street in Merced.

All ballots returned to the City will be tabulated and weighted according to the proportional financial obligation of the affected property. If the City Council determines that a majority of the ballots cast and as weighted according to the proportional financial obligation of the affected properties oppose imposition of the assessment, the proposed assessment will not be imposed. Instead, the previously approved assessment $70.03 (per residential unit) will continue.

QUESTIONS REGARDING THESE PROCEEDINGS

If you have questions about the proposed assessment or this process, please contact Michael Miller, Public Works Manager-Tax Services at (209) 385-6800.