

Exhibit "D"
Engineer's Report
Landscape & Lighting Assessment District 23-01
Shepherds Ranch
Fiscal Year 2025-26

Annual Cost Increase

This assessment district shall be subject to an automatic annual increase derived by the following formula:

$$\text{year "n" assessment} = (\$318,448.83) (1.05)^{(n-1)}$$

where "n" equals the age of the assessment district with year one (1) being the year that the assessment district was formed;

However, in no case shall the assessment be greater than 1) The actual cost of providing the benefit conferred to each parcel plus any prior years' deficit and less any carryover, as determined annually or; 2) a 10% increase over the prior year's assessment.

The reserve fund shall be replenished as necessary to maintain a level of 10% of the estimated maintenance cost so long as the annual assessment change does not exceed the limits identified above.

- Example 1) The year four estimated costs are \$347,109.23 [a 9% increase over the base year assessment of \$318,448.83]. The ceiling on the assessment increase for year four would be \$368,644.33 [ceiling $(\$318,448.83) (1.05)^{(4-1)}$]. The assessment would be set at \$347,109.23 or the actual cost of providing the maintenance effort.
- Example 2) The year four assessment is estimated at the actual cost of providing the maintenance effort of \$359,847.18 [a 7% increase over the previous year assessment and a 13.0% increase over the base year assessment]. The ceiling on the assessment increase for year four would be \$368,644.33 [ceiling = $(\$318,448.83) (1.05)^{(4-1)}$]. The assessment would be set at \$359,847.18 or the actual cost of providing the maintenance effort because it is less than the ceiling amount and the year-to-year increase is less than the 10% cap on increases in any given year.
- Example 3) The year four assessment is \$347,109.23 [a 9% increase over the base year assessment \$318,448.83] and damage occurred to the masonry wall raising the year five assessment to \$423,473.26 [a 22% increase over the previous year assessment]. The year five assessment will be capped at \$381,820.15 , a 10% increase over the previous year and under the ceiling of \$387,076.54 [ceiling = $(\$318,448.83) (1.05)^{(5-1)}$]. The difference of \$41,653.11 will be recognized as a deficit and carried over into future years' assessment.

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City Engineer Certification

I hereby certify that this report was prepared under my supervision and this report is based on information obtained from the improvement plans of the subject development.



Christopher Crawford
City Engineer

8/5/25

Date