

POLICY MANUAL

Date Adopted: December 10, 1962

Classification:

STORM DRAINAGE
IMPROVEMENT DISTRICTS

Date Last Amended: 12/10/79; 06/13/83;
07/25/95

Subject:

General

Approved By:



1. It is the policy of the Fresno Metropolitan Flood Control District to secure the construction of the urban storm drainage system, identified by the adopted Storm Drainage Master Plan, through the levy of the proportionate share of total system cost to each individual parcel of land. Such costs shall be levied and collected through storm drainage improvement district assessments pursuant to appropriate state enabling legislation.
2. The storm drainage improvement district assessment program of the District shall integrate the prepaid drainage assessment ordinances of the cities and county such that prepaid drainage assessments levied by ordinance, when fully and properly paid, shall be credited against the storm drainage improvement district assessment obligation. In a similar manner, storm drainage improvement district assessments, when properly levied and paid, shall be credited against the prepaid drainage assessment obligation set forth by local ordinance.
3. Storm drainage improvement district proceedings shall be used to secure system completion in all areas developed prior to the adopted local prepaid drainage assessment ordinances. Storm drainage improvement districts may be used in conjunction with new development when it is determined that such use of improvement district proceedings:
 - (1) will not act to circumvent the intent of local prepaid drainage assessment ordinance or other local development codes;
 - (2) will not adversely affect the credit rating of the District or its regular improvement district program;
 - (3) will not require financial assistance of any kind from the District;
 - (4) will result in the ultimate savings of system cost due to earlier or less difficult or complex construction;
 - (5) will provide permanent drainage service capability to the land so assessed;

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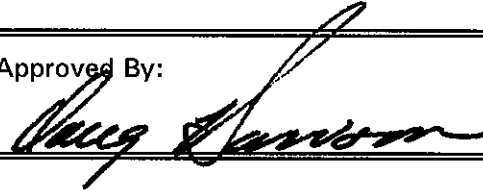
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- (6) will levy assessments, inclusive of all related costs, in the same proportionate manner used in the prepaid drainage assessment ordinances and the District's regular storm drainage improvement districts.
4. Storm drainage improvement district proceedings shall be initiated for a specific urban drainage watershed when:
 - (1) thirty percent of the watershed area evidences support for such proceedings through petition or through the prepayment of the drainage assessments pursuant to local ordinances;
 - (2) the watershed becomes one of the ranking watersheds on the District's storm drainage improvement district priority guidelines;
 - (3) the Board of Directors determines through its own initiative that the public convenience and necessity warrants such action.
5. The District shall endeavor to provide the greatest possible distribution of public information relative to each specific storm drainage improvement district, including the preparation of information letters distributed throughout the watershed and public information stations staffed by District employees within the proposed improvement district area, prior to the prescribed public hearing.
6. Benefits accruing from construction of the urban storm drainage system through improvement district proceedings include the following:
 - (1) storm drainage service, including the collection and safe disposal of storm runoff from all parcels within the watershed;
 - (2) the reduction of public expenditures to attempt to manage uncontrolled storm runoff;
 - (3) the prevention of public and private damages from uncontrolled storm water;

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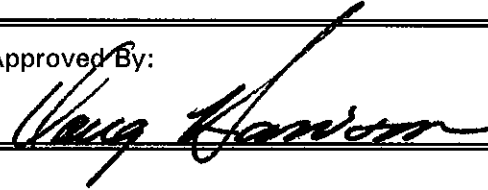
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- (4) increased pedestrian and vehicular access to homes, schools, businesses, hospitals and for emergency services;
 - (5) reduced vehicular and pedestrian accidents and injury resulting from excessive street and gutter flows of storm runoff;
 - (6) reduced legal liability for individual property owners as a result of alterations or modifications to their land or improvements;
 - (7) reduced obligation of individual property owners to construct temporary on-site drainage facilities pending completion of the master plan storm drainage facilities;
 - (8) produces a 13% to 19% savings over the alternative of permanent individual on-site storm runoff detention; further reducing the land area required for storm runoff disposal and providing between storm relief capability, the opportunity for groundwater recharge and open-space and recreational uses;
 - (9) creation of significant open-space and recreational benefits reducing the total cost of such service programs by securing such resources through multiple use facility design;
 - (10) creation of significant water resource management benefits reducing the total cost of such services by securing them through multiple use facility designs;
 - (11) increased property values resulting from all of the above.
7. In the initiation and conduct of improvement district proceedings:
- (1) the Board of Directors shall conduct a thorough discussion of the specific characteristics, objectives, priority, and needs associated with a drainage zone prior to the adoption of the Resolution of Intention to form an improvement district;

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- (2) the adoption of the Resolution of Intention for an improvement district shall display the Board's conclusion as to the need and intent to form the improvement district, short of an identification at the time of hearing, of unforeseen technical or procedural factors;
 - (3) the Board shall owe equal consideration to and shall represent equally the interests of both those submitting protests and those choosing not to protest;
 - (4) the Board of Directors shall, in the absence of unusual and exceptional circumstances, act in favor of the majority, discontinuing or amending proceedings in case of a majority protest and proceeding with the improvement district in the case of a minority protest
 - (5) the Board confirms the necessity of the assessment district process to ensure the equitable distribution of cost among all benefiting properties, further confirming that without such assessments, properties required to pay prepaid drainage assessments or construct facilities at the time of development incur an unequitable distribution of drainage system costs;
 - (6) the Board confirms and shall include in its presentation to the public that the improvement district project is being pursued in concert with the determination by the electorate and policy bodies of the cities and county to provide an effective urban drainage system within the metropolitan area; and,
 - (7) the Board confirms that the proposed system of facilities provides a number of direct and indirect benefits including those associated with urban storm drainage, flood control, water conservation, groundwater recharge, public open-space and recreation.
8. In the preparation of improvement district assessments:
- (1) assessments shall be based upon the total cost of the planned system of urban drainage facilities required to serve the subject watershed;

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- (2) assessments derived from total cost shall be determined in relation to benefits received on a parcel-by-parcel basis;
 - (3) facilities serving the subject watershed but constructed in advance of the improvement district shall be included in computing total cost, using the actual construction and related costs of such facilities;
 - (4) credits will be provided on a parcel-by-parcel basis for all prepaid drainage assessments as provided within the prepaid drainage assessment ordinances of the cities and county;
 - (5) the District's general fund shall loan the subject urban watershed those funds necessary to finance all deficits accruing when improvement district assessment revenues do not cover total improvement district costs;
 - (6) the District may elect to levy a nominal assessment for undeveloped parcels within the subject watershed, deferring the balance of the full cost assessment until subsequent development or division;
 - (7) in the event of excessive General Fund loan requirements or exceptionally large construction requirements, system construction pursuant to improvement district proceedings may be phased.
9. Improvement District Assessments, Bonds, and General Fund Reimbursement:
- (1) Assessments levied pursuant to the formation of a Storm Drainage Improvement District may be paid in cash or bonded pursuant to the appropriate California Code Section(s);
 - (2) Proceeds of the assessments levy (paid in cash or resulting from the sale of bonds to cover unpaid assessments) shall be used to (1) reimburse General Fund capital expenditure advances made to effect early construction of sub-components of the planned local drainage system; and (2) finance the capital costs of

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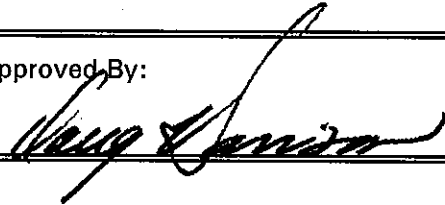
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construction of the sub-components of the planned local drainage system remaining unconstructed as of the date of the formation;

- (3) The planned local drainage system shall be determined to have been placed into service on the date of the notice of completion of the final system construction contract, awarded subsequent to the improvement district formation, necessary to achieve final completion of the planned local drainage system as identified by the adopted Storm Drainage Master Plan;
- (4) This policy manual together with the adopted Storm Drainage Master Plan and Drainage Fee Ordinance constitute the declaration of official intent within the meaning of relevant IRS/Treasury regulations concerning the receipt and use of bond proceeds.