



Staff Report

File #: 23-0349

REQUEST FOR CITY COUNCIL ACTION

DATE: 05/17/2023
TO: Honorable Mayor and City Council Members
FROM: Finance Department

SUBJECT:
RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN ZONE 19 OF THE LANDSCAPE MAINTENANCE DISTRICT NO. 84-2 FOR FISCAL YEAR 2024, APPROVING PRELIMINARY ENGINEER'S REPORT, AND PROVIDING NOTICE OF PUBLIC HEARING ON PROPOSED ASSESSMENTS.

EXECUTIVE SUMMARY:

Landscape Maintenance District No. 84-2 provides landscape maintenance and operating services for the public landscaping and related appurtenances within the District's boundaries. Adoption of the recommended resolution will declare the City's intent to levy and collect Fiscal Year 2024 assessments, approve the preliminary Engineer's Report, and set a public hearing for July 19, 2023, at which time the City Council may approve the annual assessments and order the levy of assessments within the District.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2023-030, declaring intention to levy and collect assessments within Zone 19 of the Landscape Maintenance District No. 84-2 for Fiscal Year 2024, approving preliminary Engineer's Report, and providing notice of public hearing on the proposed assessments.

BACKGROUND & HISTORY:

Zone 19 of the Landscape Maintenance District No. 84-2 ("LMD 84-2" or "District") was established in 1986 in accordance with the provisions of the Landscaping and Lighting Act of 1972 (the "1972 Act"). The purpose of the District is to provide landscape maintenance and operating services for the public landscaping, and related appurtenances within the District's boundaries.

The annual assessments proposed to be levied within the District will pay for the maintenance

services during Fiscal Year 2024. The services provided include all necessary operations, administration, capital replacements, and maintenance required to keep the above-mentioned improvements in a healthy and satisfactory working condition.

ANALYSIS:

The State of California Street and Highways Code Section 22500 requires an annual review of the assessments levied by the assessment districts formed under the 1972 Act. In order to levy and collect special assessments within the districts, an Engineer's Report must be prepared, which provides details on the improvements that are maintained and the estimated budgets for each district.

On May 3, 2023, the City Council adopted Resolution No. 2023-027, to initiate the proceedings to levy and collect assessments for the District for Fiscal Year 2024, appointed Spicer Consulting Group, LLC as the engineer of record, and ordered the preparation of an Engineer's Report for the District.

Attached to this report is the preliminary Engineer's Report (the "Report") as it pertains to the District, which includes a detailed description of the existing improvements within the District, the estimated maintenance costs, the methods of assessment apportionment, and diagram showing the boundaries of the District. The report also provides analyses of the District's financial status.

FINANCIAL IMPACT:

The cost of operation, servicing, and maintenance of the District will be funded by the assessments levied and collected within the District. For Fiscal Year 2024, it is projected that the assessment revenues will be insufficient to cover the operating costs for the District during the same fiscal period, resulting in an estimated operating deficit of \$110,268. The estimated deficit is due to the rising costs of maintenance services, and the District does not have a built-in escalator for the annual levy to keep up with the expenditures.

On May 3, 2023, the City Council adopted Resolution No. 2023-038 to initiate proceedings to increase the assessments in the District to sufficiently fund maintenance services and restore missing landscaping. Ballots will be mailed to all property owners in the District for a vote on the increase, and a public hearing will be held on July 19, 2023 to tabulate the results. If there is a majority protest against the increased assessment, staff will return to the City Council at a future meeting to provide recommendations for service level reductions in the District to address the estimated deficit.

Below is an overview of the District's estimated assessment revenues and proposed expenditures for Fiscal Year 2024. Detailed information can be found in the attached Report.

District	Estimated Costs	Estimated Assessment Revenue	General Benefit Contribution(1)	Estimated Excess/(Deficit)	Actual Assessment YOY % Change
Zone 19	\$608,024.29	\$465,192.00	(\$32,563.44)	(\$110,268.85)	0.00%

¹⁾ Benefit received by non-residents of the District for the landscape improvements. This amount is contributed by the City's General Fund.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely declares the City's intent to levy and collect assessments within the District for Fiscal Year 2024, and there is no possibility that adopting the resolution will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: ERMA MONTANO, SENIOR FINANCIAL ANALYST

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - FY 2024 LMD 84-2 Preliminary Engineer's Report, as it pertains to the District
2. Exhibit 2 - Resolution No. 2023-030