



Staff Report

File #: 23-0580

REQUEST FOR CITY COUNCIL ACTION

DATE: 07/19/2023

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:

PUBLIC HEARING FOR THE PROPOSED INCREASE IN ASSESSMENT FOR CITY OF CORONA LANDSCAPE MAINTENANCE DISTRICT NO 84-2 ZONE 19 AND POTENTIAL ADOPTION OF RESOLUTION DECLARING RESULTS OF ASSESSMENT BALLOT PROCEEDINGS

EXECUTIVE SUMMARY:

This staff report asks the City Council to hold a public hearing for the proposed increase in annual assessment for Landscape Maintenance District 84-2 Zone 19. The annual assessment in Zone 19 has not increased since July 1, 2002, and the zone is currently operating at a deficit due to ongoing increases in labor and maintenance costs. The process to increase assessments involves Proposition 218 mail ballot proceedings to allow property owners to submit ballots supporting or opposing the proposed increase. The City may levy the increased assessments only if a majority of the ballots received by the City are in favor of the increased assessments.

RECOMMENDED ACTION:

That the City Council:

- a. Conduct a public hearing for the proposed increase in annual assessment for Landscape Maintenance District 84-2 Zone 19.
- b. Direct the City Clerk to open and tabulate ballots and report the election results.
- c. If the City Clerk can tabulate all ballots received prior to the end of the City Council meeting of July 19, 2023:
 - 1) Accept the statements from the City Clerk as to the canvass of ballots submitted in the mail ballot proceedings for Zone 19 of Landscape Maintenance District No. 84-2.
 - 2) If the canvass of ballots reveals that a majority protest does not exist, adopt Resolution

No. 2023-086 approving the Engineer's Report, determining the results of the assessment ballot proceedings on proposition submit to property owners in Zone 19 of Corona Landscape Maintenance District No. 84-2 and confirming the diagram and assessment for Fiscal Year 2024 for Zone 19.

3) If the canvass of ballot reveals that a majority protest exists, adopt Resolution No. 2023-087 abandoning the assessment increase proceedings for Zone 19 of Corona Landscape Maintenance District No. 84-2.

d. If the City Clerk cannot tabulate all ballots received prior to the end of the City Council meeting of July 19, 2023, direct the City Clerk to continue with the tabulation of ballots and report the election results at the August 2, 2023 City Council meeting.

BACKGROUND & HISTORY:

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

Zone 19 encompasses approximately 36.78 acres dispersed throughout South Corona and includes 3,692 benefit units. Annual assessments are levied on each benefit unit to pay for services to maintain the landscaping within the public right-of-way, including all necessary operations, administration, capital improvements, and maintenance required to keep the capital improvements in satisfactory working condition. The current annual levy for Zone 19 is \$126.00 per benefit unit, and the assessment cannot be increased without a Prop 218 mail ballot proceeding, which requires that a majority of the ballots received by the City are in favor of the increased assessments.

ANALYSIS:

The annual assessment in Zone 19 has not increased since July 1, 2002, and the zone is currently operating at a deficit due to ongoing increases in labor and maintenance costs over the past 20 years. Costs are continuing to grow with new state regulations on weed abatement, mandated use of electric power equipment, and potential water use restrictions and conservation requirements. The zone also has roughly 330,000 square feet of landscape area that is missing plants and trees, and there is no funding available to replace these items.

On December 7, 2022, the City Council approved an Interfund Loan Agreement from the City's General Fund 110 to the LMD 84-2 Zone 19 Fund 468 in the amount of \$166,548 to cover the negative fund balance in Zone 19 and maintain current service levels through the end of Fiscal Year 2023. The City Council also directed staff to begin community outreach for a Prop 218 proceeding to increase the annual levy in Zone 19.

From January through March 2023, staff conducted significant outreach to all residents in Zone 19 to identify their preferred service levels for landscaping. Outreach was provided through a variety of outlets, including video, website, emails, door hangers, lawn signs, postcards, FAQs, and a community meeting. Approximately 866 surveys were completed, which determined that 78% of

residents supported increasing the assessment to maintain or enhance landscape services. The results of this outreach was presented to the City Council at a Study Session on March 15, 2023, at which time the Council directed staff to initiate proceedings to increase the assessment in Zone 19.

On May 3, 2023, the City Council adopted Resolution No. 2023-038, to initiate proceedings to increase, levy and collect assessments in Zone 19, appointed Spicer Consulting Group, LLC as the engineer of record, and ordered the preparation of an Engineer's Report for Zone 19.

On May 17, 2023, the City Council adopted Resolution No. 2023-044 declaring intention to increase, levy and collect assessments commencing in Fiscal Year 2024 in Zone 19 of LMD 84-2 and proposing a revision of the methodology for determining the amounts of the assessments for that zone to allow for an annual increase based on the increase, if any, in the consumer price index, or 2%, whichever is greater; approved the preliminary Engineer's Report and the assessment contained therein; and set a public hearing on July 19, 2023, at 6:30 p.m. with respect to the proposed increased assessments within Zone 19.

As required by law, notices for this public hearing and official ballots were mailed to all record owners of the properties in LMD 84-2 Zone 19 on June 1, 2023. In addition, all properties within Zone 19 received a door hanger, postcard mailer, and email reminders with additional details about the ballot measure. Proposition 218 requires a weighted majority approval of ballots received for the increased assessments to be authorized. The deadline for the submission of voted ballots is prior to the conclusion of the July 19 public hearing.

FINANCIAL IMPACT:

The total amount of the assessment which is proposed to be levied in FY 2024 on all parcels in Zone 19 is \$1,461,334.74, or \$395.81 per benefit unit (i.e., single-family residence). The assessment includes a maintenance assessment in the amount of \$194.14, which is an increase of \$68.14 per benefit unit, and a capital improvement replacement assessment of \$201.67 commencing in FY 2024 and ending in FY 2029. Once the loan for the capital improvements is fully repaid, the capital improvement replacement assessment of \$201.67 per benefit unit will no longer be assessed.

The improvements to restore the landscaping in Zone 19 assume a capital improvement loan in the amount of \$3,500,000 from the General Fund to the Zone 19 fund to be repaid over a five-year period. In addition, there is a general benefit contribution that the City is responsible for paying to account for improvements and services in Zone 19 that provide general benefits to other properties in the City. The City's general benefit contribution is calculated at 7% of the total assessment, or \$109,993 annually. This amount includes \$53,950 for ongoing maintenance services, and \$56,043 for the repayment of the capital loan, which will amortize in FY 2029. The City's general benefit contribution will be provided out of the 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 commonsense 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 involves the amount of assessments to be increased, levied and collected within Zone 19 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: DONNA FINCH, INTERIM COMMUNITY SERVICES DIRECTOR

REVIEWED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Exhibit 1 - LMD 84-2, Zone 19 Boundary Map
2. Exhibit 2 - Assessment Ballot
3. Exhibit 3 - Public Hearing Notice
4. Exhibit 4 - Resolution No. 2023-086 determining election results and confirming the diagram and assessment for Fiscal Year 2024 for Zone 19
5. Exhibit 5 - Resolution No. 2023-087 abandoning the assessment increase proceedings for Zone 19 of Corona Landscape Maintenance District No. 84-2