



Staff Report

File #: 23-0455

REQUEST FOR CITY COUNCIL ACTION

DATE: 05/17/2023

TO: Honorable Mayor and City Council Members

FROM: City Manager's Office

SUBJECT:

RESOLUTION DECLARING INTENTION TO INCREASE, LEVY AND COLLECT ASSESSMENTS COMMENCING IN FISCAL YEAR 2024 IN ZONE 19 OF LANDSCAPE MAINTENANCE DISTRICT NO. 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, AND SETTING THE TIME AND PLACE OF A PUBLIC HEARING ON SUCH ASSESSMENTS

EXECUTIVE SUMMARY:

This staff report asks the City Council to consider approving a resolution declaring intention to increase, levy and collect the annual assessment in Landscape Maintenance District No 84-2, Zone 19, commencing in Fiscal Year 2024; setting a public hearing on July 19, 2023, at 6:30 p.m. with respect to the proposed increased assessments; and approving the preliminary engineer's report. 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. To increase the assessment, a Prop 218 ballot measure is required with a 50% + 1 majority vote of the property owners.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2023-044, declaring intention to increase, levy and collect assessments commencing in Fiscal Year 2024 in Zone 19 of Landscape Maintenance District No. 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.

- b. Approve the preliminary Engineer's Report and the assessments contained therein.
- c. Set a public hearing on July 19, 2023, at 6:30 p.m. with respect to the proposed increased assessments within Zone 19 commencing Fiscal Year 2024.

BACKGROUND & HISTORY:

Landscape Maintenance District No. 84-2, Zone 19 ("LMD 84-2" or "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 ballot measure which requires a 50% + 1 majority vote of the property owners to pass.

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 that have occurred throughout the past 20 years. Costs are continuing to grow with new state regulations on weed treatments, mandated use of electric power equipment, and potential water use restrictions and conservation requirements. The Zone 19 Fund has an existing negative fund balance of \$66,548, and the annual deficit is anticipated to grow by an estimated \$100,000 in Fiscal Year (FY) 2023. In addition to operating at a deficit, the zone also has approximately 330,000 square feet of landscape area that is missing plants and trees, and there are no funds 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 election 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 by Zone 19 residents, 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 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.

Attached to this report is the preliminary Engineer's Report as it pertains to Zone 19, which includes the amount of proposed assessments for the extent of the maintenance, servicing and operation of landscaping, repayment of the City interfund loan in the amount of \$166,548, and the cost of the capital improvements within Zone 19 to be provided through an interfund loan in the estimated amount of \$3,500,000 with a five-year repayment schedule.

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 component in the amount of \$194.14, which is an increase of \$68.14 per benefit unit, and a capital improvement replacement component 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 component 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 468 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 are not over and above the benefits received by 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 fby 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 merely sets the special taxes 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, ASSISTANT TO THE CITY MANAGER

REVIEWED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Exhibit 1 - LMD 84-2, Zone 19 Boundary Map
2. Exhibit 2 - Resolution No. 2023-044
3. Exhibit 3 - Preliminary Engineer's Report