



Staff Report

File #: 21-0507

REQUEST FOR CITY COUNCIL ACTION

DATE: 06/02/2021

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:

Resolution declaring intention to levy and collect assessments within Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 of the Landscape Maintenance District No. 84-2 for Fiscal Year 2022, approving preliminary Engineer's Report as it pertains to Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20, and providing notice of public hearing on proposed assessments.

EXECUTIVE SUMMARY:

Adoption of the recommended resolution will declare the City's intent to levy and collect Fiscal Year 2022 assessments, approve the preliminary Engineer's Report, and set a public hearing for July 7, 2021, 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. 2021-042, declaring intention to levy and collect assessments within Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 of the Landscape Maintenance District No. 84-2 for Fiscal Year 2022, approving preliminary Engineer's Report as it pertains to Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20, and providing notice of public hearing on proposed assessments.

BACKGROUND & HISTORY:

Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 of the Landscape Maintenance District No. 84-2 (the "District") were established in accordance with the provisions of the Landscaping and Lighting Act of 1972 (the "1972 Act") in 1986. 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.

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, Engineer's Reports must be prepared, which provide details on the improvements that are maintained and the estimated budgets for each district.

On May 5, 2021, the City Council adopted Resolution No. 2021-027, to initiate the proceedings to levy and collect assessments for the District for Fiscal Year 2022, 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 as it pertains to the District, which includes a detailed description of the existing improvement, 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 2022, it is projected that the current year assessment revenues will be sufficient to cover the operating costs for zones 1, 4, 7, 10, 14, 15, and 20 within the District during the same fiscal period. It is also projected that the current year assessment revenues will be insufficient to cover the operating costs for zone 2, 17, and 18 during the same fiscal period, which will be covered by a one-time contribution from each respective zone's reserves.

Below is an overview of the District's estimated assessment revenues and proposed expenditures for Fiscal Year 2022. Detailed information for each zone can be found in the attached Report.

District	Estimated Costs	Estimated Assessment Revenue	General Benefit Contribution ⁽¹⁾	Estimated Excess/(Deficit)	Contribution (To)/From Operating Reserve	Contribution (To)/From Capital Reserve	Operating Reserve ⁽²⁾	Capital Reserve ⁽³⁾
LMD 84-2, Zone 1	3,631	4,147	-	516	-	(516)	1,816	20,555
LMD 84-2, Zone 2	89,470	81,084	209	(8,177)	-	8,177	44,735	33,252
LMD 84-2, Zone 4	80,813	93,615	-	12,802	-	(12,802)	40,407	192,600
LMD 84-2, Zone 7	72,972	78,793	-	5,821	-	(5,821)	36,486	100,377
LMD 84-2, Zone 10	1,357,542	2,139,266	-	781,724	-	(781,724)	678,771	6,329,922
LMD 84-2, Zone 14	395,861	588,663	767	193,569	-	(193,569)	197,931	1,455,368
LMD 84-2, Zone 15	26,166	27,556	-	1,390	-	(1,390)	13,083	63,284
LMD 84-2, Zone 17	34,231	22,110	-	(12,121)	11,859	262	5,256	0
LMD 84-2, Zone 18	63,821	35,980	383	(27,458)	-	27,458	31,911	6,669
LMD 84-2, Zone 20	784,569	1,068,698	-	284,129	-	(284,129)	392,285	2,142,354

- 1) Benefit received by non-residents of the District for the landscape improvements. This amount is contributed by the City's General Fund.
- 2) The Operating Reserve fund may equal up to 50% of the estimated annual cost of providing services.
- 3) The Capital Replacement Reserve fund will be used for capital improvement projects. All existing improvement in the District have finite life expectancies and will require replacement at some point in the future. On an annual basis, any non-expended assessment monies, in excess of Operating Reserve contribution, will be transferred to the Capital Replacement Reserve fund until such time as there are sufficient funds to pay for the needed replacement, or respond to unforeseen capital improvement needs.

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 general rule 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 action is not subject to CEQA. This action merely declares the City's intent to levy and collect assessments within the District for Fiscal Year 2022, 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: LIEN-CHI CANTUBA, FINANCIAL ANALYST III

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - FY 2022 LMD 84-2 Preliminary Engineers Report, as it pertains to the District
2. Exhibit 2 - Resolution No. 2021-042