



Staff Report

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**File #:** 21-0649

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 07/07/2021

**TO:** Honorable Mayor and City Council Members

**FROM:** Finance Department

**SUBJECT:**

Public Hearing confirming the diagram and assessment within Zone 19 of Landscape Maintenance District No. 84-2 for Fiscal Year 2022.

**EXECUTIVE SUMMARY:**

Adoption of the recommended resolution is the last step of the annual proceedings for the levy and collection of the special assessment for Zone 19 of Landscape Maintenance District No. 84-2 for Fiscal Year 2022. The City Council will conduct a public hearing to afford all interested parties an opportunity to make verbal or written comments on the proposed annual assessment.

At the conclusion of the hearing, it is recommended that the City Council adopt the said resolution confirming the diagram and assessments for the District for Fiscal Year 2022, which will constitute the levy of the assessment for the maintenance and servicing of public landscaping and appurtenant facilities within the District, in accordance with the Streets and Highways Code.

**RECOMMENDED ACTION:**

**That the City Council** adopt Resolution No. 2021-062, confirming the diagram and assessment within Zone 19 of Landscape Maintenance District No. 84-2 for Fiscal Year 2022.

**BACKGROUND & HISTORY:**

Zone 19 of Landscape Maintenance District No. 84-2 ("LMD 84-2" or "District") was 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 appurtenant facilities within the District's boundaries.

The annual assessments proposed to be levied within the District will pay for the maintenance of parks, slopes, parkways, and open spaces during Fiscal Year 2022. 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 such 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. 2021-026, 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.

On June 2, 2021, the City Council adopted Resolution No. 2021-041, to declare the City's intention to levy and collect assessments within the District for Fiscal Year 2022, approve the preliminary Engineer's Report (the "Preliminary Report"), and provide a notice of public hearing to consider the proposed assessments. A notice of public hearing was published in the local newspaper on June 9, 2021.

Attached is the final Engineer's Report (the "Report") as it pertains to the District, which is consistent with the Preliminary Report. The Report includes a detailed description of the existing improvements within the District, the estimated maintenance costs, the method of assessment apportionment for each lot or parcel within the District boundaries, and a diagram showing the boundaries of the District. The Report also provides an analysis 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 insufficient to cover the operating costs for Zone 19 of the District during the same fiscal period, which will be covered by a one-time contribution from the operating reserves and a proposed inter-fund loan from the Dwelling Development Tax Fund (if needed, based on year-end actual fund balances).

The proposed levy for Fiscal Year 2022 is the same as the Fiscal Year 2021 levy, which will result in no increase to the parcels in the District. The District was formed with no escalator included in the method of apportionment. Staff will continue to analyze the District's financials annually to determine options to maintain operations.

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

| District          | Estimated<br>Costs | Estimated<br>Assessment<br>Revenue | Estimated<br>Excess/(Deficit) | Actual<br>Assessment<br>YOY % Change |
|-------------------|--------------------|------------------------------------|-------------------------------|--------------------------------------|
| LMD 84-2, Zone 19 | 559,682            | 464,940                            | (94,742)                      | 0.00%                                |

**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 Engineer's Report, as it pertains to the District.
2. Exhibit 2 - Resolution No. 2021-062