



Staff Report

File #: 21-0650

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 Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 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 the special assessment within Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 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. 2021-063, confirming the diagram and assessment within Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 of Landscape Maintenance District No. 84-2 for Fiscal Year 2022.

BACKGROUND & HISTORY:

Zones 1, 2, 4, 7, 10, 14, 15, 17, 18, and 20 of Landscape Maintenance District No. 84-2 ("LMD 84-2" or "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 appurtenant facilities within the District's boundaries.

Each zone imposes a different assessment levy based on the benefit areas associated with that zone. 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. 2021-027, 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.

On June 2, 2021, the City Council adopted Resolution No. 2021-042, 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 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 zones 2, 17, and 18 during the same fiscal period, which will be covered by a one-time contribution from each respective zone's reserves.

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. Zones 2, 17, and 18 were 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 Costs	Estimated Assessment Revenue	General Benefit Contribution ⁽¹⁾	Estimated Excess/(Deficit)	Actual Assessment YOY % Change
LMD 84-2, Zone 1	3,631	4,147	-	516	0.00%
LMD 84-2, Zone 2	89,470	81,084	209	(8,177)	0.00%
LMD 84-2, Zone 4	80,813	93,615	-	12,802	0.00%
LMD 84-2, Zone 7	72,972	78,793	-	5,821	0.00%
LMD 84-2, Zone 10	1,357,542	2,139,266	-	781,724	0.00%
LMD 84-2, Zone 14	395,861	588,663	767	193,569	0.00%
LMD 84-2, Zone 15	26,166	27,556	-	1,390	0.00%
LMD 84-2, Zone 17	34,231	22,110	-	(12,121)	0.00%
LMD 84-2, Zone 18	63,821	35,980	383	(27,458)	0.00%
LMD 84-2, Zone 20	784,569	1,068,698	-	284,129	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 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. 2021-063