



Item Number: 14

**City Council / Board of Directors**

**Written Communications**

**Meeting of: June 6, 2023**

**Submitted By:**

Brian Gengler, City Engineer

**Subject:**

Annual Confirmation of Maintenance Assessment Districts for Fiscal Year 2023/2024

**Recommendation:**

That the Honorable City Council:

- (1) Approve Resolution Nos. 23-039, 23-042, 23-045, and 23-048 authorizing the initiation of proceedings for the annual levy of assessments for the Drainage Facilities Assessments Districts, Landscaping Maintenance Assessment Districts, Maintenance Assessment Districts, and the City-Wide Streetlight Assessment District for Fiscal Year 2023/2024;
- (2) Approve Resolution Nos. 23-040, 23-043, 23-046, and 23-049 preliminarily approving the consolidated Engineer's Reports filed in support of the levy of assessments for Fiscal Year 2023/2024; and
- (3) Approve Resolutions Nos. 23-041, 23-044, 23-047, and 23-050 declaring its intention to levy the maintenance assessment districts for Fiscal Year 2023/2024 and setting a Public Hearing date of June 20, 2023.

**Fiscal Impact:**

The recommended approvals will not result in a fiscal impact. Additional appropriations are not required. The planned expenses have been included in the Fiscal Year 2023/2024 proposed budget. The table shown below shows the budget account codes and revenue amounts budgeted for each assessment district.

District	Budget Account No.	Revenue Budget Amt.
LMAD 1	3705501-40180	\$175,959
LMAD 2	3705502-40180	\$278,458
LMAD 3	3705503-40180	\$175,462
LMAD 4	3705504-40180	\$2,955
LMAD 5	3705505-40180	\$158,845
LMAD 6	3705506-40180	\$877,784

LMAD 7	3705507-40180	\$28,846
LMAD 8	3705508-40180	\$111,261
DFAD 1	3705530-40180	\$395,288
DFAD 2	3705531-40180	\$76,808
DFAD 3	3705532-40180	\$86,905
MAD 1	3705550-40180	\$86,268
MAD 2	3705551-40180	\$64,498
SLAD	2004501-40180	\$1,256,000

MAD 3 was established in 2020 and is currently undeveloped. As such, it was not budgeted in the Fiscal Year 2023/2024 proposed budget. The projected revenue amounts above are based on the actual amounts that have been collected in the previous years.

**Strategic Plan Goal:**

This item aligns with Goal E, Strategy 1 in the Strategic Plan, “Invest in Infrastructure” and “Implement the City’s Capital Improvement Program to meet community needs,” and Goal A, “Financial Sustainability.” Annual assessment revenue supports the expenses for operations, maintenance and improvement of associated landscaping, parks and infrastructure.

**Background:**

In 1987, the City Council established the first Landscape Maintenance Assessment District (LMAD) to fund the perpetual maintenance of the landscaped areas along major and secondary arterial roadways adjacent to housing developments. In 2003, the City Council established the first Drainage Facilities Assessment District (DFAD) to fund the perpetual maintenance of drainage basins and channels in housing developments. In 2006, the City Council established the first Maintenance Assessment District (MAD) to fund the perpetual maintenance of parks within housing developments. In July of 2013, the City-Wide Street Lighting Assessment District (SLAD) was established to provide a supplemental funding source for the perpetual maintenance of the City’s street lighting, safety lighting, and traffic signal lighting systems and facilities. All of these Assessment Districts were formed under the Landscape and Lighting Act of 1972, Section 22605 of the Streets and Highways Code, Section 22500 et seq. as per the requirements set forth in Proposition 218. Per Section 22624, the Council is first asked to initiate proceedings and order the Engineer’s Reports, preliminarily approve the Engineer’s Reports, and declare intent to levy and set the Public Hearing date. This procedure allows the public to review the Engineer’s Reports and staff to make any needed changes or corrections. The final Engineer’s Reports are presented at a subsequent Public Hearing meeting.

**Discussion:**

Currently, the City has a total of 15 assessment districts: eight LMADs, three DFADs, three MADs, and one City-Wide SLAD. The Landscape and Lighting Act of 1972 requires an annual confirmation of the assessments to be applied for each parcel within the assessment districts, along with an Engineer’s Report. The Engineer’s Report for each assessment district describes the following: improvements that are maintained; services provided for maintenance and operations; estimated annual expenses; properties

assessed in the district; the method of apportionment of the assessment; the calculated assessment per benefit unit; and estimated assessment revenues.

The chart below lists each assessment district, the assessment amount per benefit unit, number of parcels for each assessment district, whether a cost inflator is allowed and, if so, the recommended increase for Fiscal Year 2023/2024.

Type	No.	Assessment per Benefit Unit	Year Formed	Cost Inflator Allowed?	Increase
LMAD	1	\$28.14	1987	No	0%
LMAD	2	\$147.33	1989	No	0%
LMAD	3	\$69.38	1990	No	0%
LMAD	4	\$1.64	1997	No	0%
LMAD	5	\$141.84	2002	Yes	0%
LMAD	6	\$144.70	2003	Yes	0%
LMAD	7	\$105.45	2005	Yes	0%
LMAD	8	\$165.32	2005	Yes	0%
DFAD	1	\$216.46	2003	Yes	0%
DFAD	2	\$69.63	2003	Yes	7.32%
DFAD	3	\$128.86	2006	Yes	0%
MAD	1	\$173.00	2006	Yes	0%
MAD	2	\$252.58	2006	Yes	0%
MAD	3	TBD	2020	Yes	0%
SLAD	City-Wide	\$19.46	2013	Yes	15%

A cost escalation of the assessment rate is allowed for cost increases of electric power, administrative costs, and inflation on cost of living. This fiscal year, a 15% increase of the assessment rate for SLAD and 7.32% increase for DFAD 2 are recommended to maintain an adequate cash balance in their corresponding funds. MAD 3 is currently undeveloped and at this time the assessment rate has not been determined. The Engineer's Reports include more details regarding the number of parcels and how the rates are applied. These reports can be revised, if needed, to be consistent with the final FY 2023/2024 budget revenues and expenses. The final reports will be presented during the scheduled Public Hearing. If the attached resolutions are approved, the Public Hearing will be held on June 20, 2023.

Therefore, staff recommends that the City Council:

- (1) Approve Resolution Nos. 23-039, 23-042, 23-045, and 23-048 authorizing the initiation of proceedings for the annual levy of assessments for the Drainage Facilities Assessments Districts, Landscaping Maintenance Assessment Districts, Maintenance Assessment Districts, and the City-Wide Streetlight Assessment District for Fiscal Year 2023/2024;
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Staff remains available for any questions the Council may have.

**Attachments:**

- A. Maintenance Assessment Districts Maps
- B. Engineer's Reports
- C. Resolution No. 23-039
- D. Resolution No. 23-040
- E. Resolution No. 23-041
- F. Resolution No. 23-042
- G. Resolution No. 23-043
- H. Resolution No. 23-044
- I. Resolution No. 23-045
- J. Resolution No. 23-046
- K. Resolution No. 23-047
- L. Resolution No. 23-048
- M. Resolution No. 23-049
- N. Resolution No. 23-050