

**REPORT TO THE
CITY COUNCIL**
City of Salinas, California

DATE: July 12, 2016

FROM: Gary Petersen, Director of Public Works

BY: Don Reynolds, Assistant Public Works Director

SUBJECT: **ANNUAL LEVY OF ASSESSMENTS FOR:**

- 1. AIRPORT BUSINESS CENTER LANDSCAPE MAINTENANCE DISTRICT**
- 2. NORTH/EAST AREA MAINTENANCE DISTRICT**
- 3. HARDEN RANCH MAINTENANCE DISTRICT**
- 4. VISTA NUEVA MAINTENANCE DISTRICT**
- 5. MIRA MONTE MAINTENANCE DISTRICT**
- 6. MONTE BELLA MAINTENANCE DISTRICT**

RECOMMENDATION:

It is recommended that the City Council approve twelve resolutions approving engineer's reports and levying of annual assessments for the landscape maintenance assessment districts.

DISCUSSION:

There are six landscape maintenance assessment districts (LMAD) within the City of Salinas that were created under the Landscaping and Lighting Act of 1972 or Article II, Chapter 21C of the Salinas City Code. The Landscaping and Lighting Act of 1972 allows the property owners to assess themselves within a specified area, or "district" in order to generate funds for installing, maintaining, and servicing public lighting, landscaping, and improvements in their neighborhood. The City annually renews the assessments and on June 14, 2016, the City Council approved resolutions to initiate the process. Public notices of the public hearings are required and were published in *The Salinas Californian* and *El Sol*, the required three times following the Council's June 14 approval.

As previously stated in Staff's June 14 report, the North/East District assessments will increase 2.55% per the rise in the cost index. Costs were also reduced in this District when Measure G was able to assume to cost of the Park Maintenance staff allowing a more flexible use of this staff position through-out the City. The cost savings were used to retain the services of Cal Fire's Gabilan Crew to clear the debris from the Gabilan Creek before the winter rains came. No other increases are being considered for the other districts.

The Airport Business District is operating at an extreme deficit. We have had to stop irrigating in order to save funds. The Harden Ranch District has all but liquidated its savings and will need to consider a re-engineering or assessment increase in the next year. Neither of these two Districts are eligible for a cost of living increase.

Below is a summary of the assessment rates for Fiscal Year 16/17. (The rates do not include the \$10.00 per parcel City collection fee.)

DISTRICT	FY 2015/2016	2016/2017
Airport Business Center	\$217.49 per acre	\$217.49 per acre (No Change)
North/East Area	\$181.68 per Low Density unit or, \$109.00 per Medium Density unit or, \$ 72.67 per High Density unit	\$186.31 per Low Density unit or, \$111.78 per Medium Density unit or, \$ 74.57 per High Density unit
Harden Ranch	\$66.72 per unit \$353.66 per acre	\$66.72 per unit (No Change) \$353.66 per acre (No Change)
Vista Nueva	\$600.00 per parcel	\$600.00 per parcel (No Change)
Mira Monte	\$594.74 per parcel	\$594.74 per parcel (No Change)
Monte Bella	\$792.57 per parcel	\$792.57 per parcel (No Change)

ISSUE:

Shall the City Council approve the necessary resolutions approving engineer’s reports and levying of annual assessments against the properties within the six subject maintenance districts?

FISCAL IMPACT:

Based on proposed maintenance district formulas, total levy to be assessed (including the City \$10.00 per parcel collection fee) in FY 2016-17 are estimated as follows:

- Airport Business Center \$ 14,468 Same as FY 2016-17
- North/East District \$761,550 2.55% increase from FY 2016-17
- Harden Ranch District \$155,185 Same as FY 2016-17
- Vista Nueva District \$ 28,890 Same as FY 2016-17
- Mira Monte District \$122,762 Same as FY 2016-17
- Monte Bella District \$565,751 Same as FY 2016-17

The City receives only 75% to 85% of the total levy each year due to non-payment of assessments that are sent out with the County property tax bills.

The City has a long-standing financial policy to maintain an operating reserve equal to 50% of maintenance costs; however, this policy is “advisory only” in that meeting this level of reserves would, in some cases, require a voter approved assessment increase. For the past few years it has been impossible to maintain this reserve level for each of the districts. The annual amounts required by the 50% policy and the projected amounts are shown below for each district.

District	Annual Operating Budget	50% of Annual Maintenance Cost (desired reserves)	Fund Balance 2016/2017
Airport Bus. Cntr.	\$ 20,200	\$ 10,100	\$ 5,219
North/East	\$651,920	\$325,960	\$ 252,004
Harden Ranch	\$152,470	\$ 76,235	\$ 128,422
Vista Nueva	\$ 29,240	\$ 14,620	\$ 139,611
Mira Monte	\$121,150	\$ 60,575	\$ 256,379
Monte Bella	\$233,149	\$116,574	\$2,878,145

Capital Reserves for Mira Monte are \$143,900 and Monte Bella has \$1,720,830, set aside for street slurry sealing/overlay, playground equipment, and other infrastructure maintenance. This year, the City will be spending \$250,000 of the Monte Bella reserve for traffic calming on Freedom Parkway and other main streets. Harden Ranch has \$65,000 set aside for new playground equipment.

TIME CONSIDERATIONS:

Council usually adopts the necessary resolutions in June, setting public hearings in July, to meet the August 1 assessment roll due date to the Monterey County Assessor’s Office. Local agency assessment rolls must be sent to the Assessor’s Office by August 1 of each tax year in order that parcel levies can be billed and collected.

ALTERNATIVES/IMPLICATIONS:

Council may not approve the resolutions. This would the assessments would not be levied and the City would be left without the necessary funding to maintain the public improvements within each district.

CITY COUNCIL GOALS:

Adopting these resolutions to levy the annual assessments promotes the City Council’s goals of Economic Diversity and Prosperity, Safe, Livable Community, Excellent Infrastructure, and Quality of Life. The assessment funds are used to employ City landscape contractors and City Staff to maintain streets, landscaping, street lights, playground equipment, and abate graffiti.

CONCLUSIONS:

Council is requested to approve the following resolutions for each maintenance district:

1. A Resolution amending and/or approving the Engineer’s Report for each district; and
2. A Resolution ordering the annual levy and collection of assessment for each District.

Distribution:
City Council
City Manager
City Attorney
Department Directors

Back Up Pages:
Resolution Amending and/or Approving Engineer’s report for each District
Resolution Ordering the Annual Levy for each District
Engineer’s Report for each District is on file with the City Engineer and the City Clerk