



## **CITY OF SALINAS COUNCIL STAFF REPORT**

---

**DATE:** JULY 2, 2019

**DEPARTMENT:** PUBLIC WORKS DEPARTMENT

**FROM:** DAVID JACOBS, PUBLIC WORKS DIRECTOR

**THRU:** HILDA GARCIA, PW ADMIN SUPERVISOR

**TITLE:** ANNUAL LEVY ASSESSMENTS FOR LANDSCAPE & MAINTENANCE DISTRICTS

### **RECOMMENDED MOTION:**

A motion to approve the twelve resolutions approving engineers' reports and levying of annual assessments for the landscape maintenance assessment districts

### **RECOMMENDATION:**

It is recommended that City Council approve resolutions approving the Engineer's Report and ordering the annual levy and collection of assessments for the Airport Business Center Landscape Maintenance District, and the North/East Area, Harden Ranch, Vista Nueva, Mira Monte and Monte Bella Maintenance Districts

### **EXECUTIVE SUMMARY:**

There are six landscape maintenance assessment districts (LMAD) within the City of Salinas that were created under the Landscaping and Lighting Act of 1972 (the Act), adopted locally in the Salinas Municipal Code. The Act allows property owners to assess themselves within a specific area, or "district" in order to generate funds for various improvements within the district. Council adopted the necessary resolutions in June and set public hearings in order to approve the engineer's reports and the levying of assessments in order to meet the August 1 assessment roll due date to the Monterey County Assessor's Office.

### **BACKGROUND:**

There are six landscape maintenance assessment districts (LMAD) within the City of Salinas that were created under the Landscaping and Lighting Act of 1972 (the Act), and adopted locally in Article II, Chapter 21C of the Salinas Municipal Code. The Act allows 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 renews these assessments annually. On June 4, 2019, 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 following the Council's June 4, 2019 approval.

As stated in the June 4, 2019 report to City Council, the North/East District assessment will increase 2.34%, the annual inflation factor based on the Engineer's News-Record (ENR) average construction cost index for twenty (20) cities, which is published each April in ENR's construction economics issue. All other districts' assessments will remain the same.

Table 1 below is a summary of last fiscal year's assessment rates and this fiscal year's proposed rates (not including the \$10.00 per parcel collection fee).

**Table 1 – Rate Comparisons**

DISTRICT	FY 2018/2019 RATES	PROPOSED 2019/2020 RATES
Airport Business Center	\$217.49 per acre	No Change
North/East	\$197.22 per Low Density unit \$118.22 per Medium Density unit \$ 78.88 per High Density unit	\$201.83 per Low Density unit \$120.99 per Medium Density unit \$ 80.73 per High Density unit
Harden Ranch	\$66.72 per unit \$353.66 per acre	No change
Vista Nueva	\$600.00 per parcel	No change
Mira Monte	\$594.74 per parcel	No change
Monte Bella	\$802.20 per parcel	No change

Council usually approves the necessary resolutions in June, setting public hearings in July to meet the August 1<sup>st</sup> 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<sup>st</sup> of each tax year in order for the parcel levies to be billed and collected.

#### CEQA CONSIDERATION:

**Not a Project.** The City of Salinas has determined that the proposed action is not a project as defined by the California Environmental Quality Act (CEQA) (CEQA Guidelines Section 15378). In addition, CEQA Guidelines Section 15061 includes the general rule that CEQA applies only to activities which have the potential for causing a significant effect on the environment. Because the matter does not cause a direct or foreseeable indirect physical change on or in the environment, this matter is not a project. Any subsequent discretionary projects resulting from this action will be assessed for CEQA applicability.

#### STRATEGIC PLAN INITIATIVE:

The staff recommendation supports the Council Goal of Effective, Sustainable Government.

#### DEPARTMENTAL COORDINATION:

Public Works Department's Engineering and Maintenance Divisions work cooperatively to manage the District's budget and oversee the Districts' day-to-day maintenance activities. Finance Department works closely with Public Works in obtaining and then transmitting the up-to-date levy information to the County for processing.

## FISCAL AND SUSTAINABILITY IMPACT:

Based on proposed maintenance district formulas, the total levy to be received (including the City \$10.00 per parcel collection fee) in FY 2019-20 are estimated as follows:

- Airport Business Center      \$ 14,078      Same as FY 2018-2019
- North/East District      \$820,100      2.34% increase from FY 2018-2019
- Harden Ranch District      \$155,164      Same as FY 2018-2019
- Vista Nueva District      \$ 29,400      Same as FY 2018-2019
- Mira Monte District      \$122,785      Same as FY 2018-2019
- Monte Bella District      \$657,265      Same from FY 2018-2019

City Council approved the final maps for Monte Bella Subdivision, Phase 5A and Monte Bella Subdivision Phase 5B on April 4, 2017 and June 18, 2018 respectively. Combined these two subdivisions include 156 single family lots, which were assessed for the first time in FY 18-19 increasing assessments by 27% over the previous fiscal year.

Last year the City received 96.65% of the total levy amount billed due to non-payment of assessments 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” and meeting this level of reserves may require increases, in some cases, beyond the inflationary factor allowed by the formula previously approved. For the past few years it has been impossible to maintain this reserve level for two districts. The annual amounts required by the 50% policy and the projected amounts are shown below.

**Table 2-Fund Balances**

<b>District</b>	<b>2019-2020 Operating Budget</b>	<b>Desired Reserves</b>	<b>Total Fund Balance Available</b>
Airport Bus Center	\$ 20,934	\$ 10,467	\$ 5,589
North/East	\$ 621,868	\$ 310,934	\$ 161,893
Harden Ranch	\$ 156,565	\$ 78,283	\$ -
Vista Nueva	\$ 30,400	\$ 15,200	\$ 261,484
Mira Monte	\$ 122,785	\$ 61,393	\$ 341,928
Monte Bella	\$ 215,925	\$ 107,962	\$ 3,127,157

The Harden Ranch and Airport Business Center Districts’ operating budgets have exceeded assessment revenues for the past several years, however districts have drawn upon available fund balances to maintain current service levels. The Airport District’s fund balance is expected to be depleted within the next year, while the Harden Ranch District is already operating at a minimally sustainable level. Since there is no CPI increase for either district, service levels will be reduced further in the coming fiscal year. In order to address this, City Staff will work with Harris & Associates to initiate, and if viable, submit a Proposition 218 ballot measure to the property owners in order to adjust the assessment rates to fully fund both districts’ expenditures which would include a provision for annual escalation of rates to account for inflation.

Not included in the fund balance above is the Monte Bella Subdivision Improvements CIP which includes \$1.6m in capital reserves set aside for street slurry sealing/overlay, playground equipment and other infrastructure maintenance.

ATTACHMENTS:

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