



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: JUNE 8, 2021

DEPARTMENT: PUBLIC WORKS DEPARTMENT

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TITLE: ANNUAL LEVY OF ASSESSMENTS FOR LANDSCAPE & MAINTENANCE DISTRICTS

RECOMMENDED MOTION:

A motion to approve twelve (12) resolutions approving Engineer's Reports and ordering the levy of collection of annual assessments within 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 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 May 11, 2021, City Council approved resolutions to initiate the process. Public notices of the public hearings are required and were published in The Monterey Herald following the Council's May 11th approval.

As stated in the May 11, 2021 report to City Council, the North/East District assessment will increase 3.83%, the annual inflation factor based on the Engineer's News-Record (ENR) average construction cost index of twenty (20) cities, which is published each April in ENR's construction economic issue. All other districts' assessments will remain the same.

Below is a summary of the assessment rates for Fiscal Year 21/22. Rates do not include the \$10.00 per parcel collection fee.

DISTRICT	ACTUAL FY 2020/2021 RATES		PROPOSED 2021/2022 RATES		INCREASE / (DECREASE)
Airport Business Center	\$217.49	Per acre	\$217.49	Per acre	-0-
North/ East	\$205.06 \$122.92 \$ 82.02	Per Low Density Unit Per Medium Density Unit Per High Density Unit	\$212.90 \$127.74 \$ 85.16	Per Low Density Unit Per Medium Density Unit Per High Density Unit	3.83%
Harden Ranch	\$66.72 \$353.66	Per unit Per acre	\$66.72 \$353.66	Per unit Per acre	-0-
Vista Nueva	\$600.00	Per parcel	\$600.00	Per parcel	-0-
Mira Monte	\$594.71	Per parcel	\$594.71	Per parcel	-0-
Monte Bella	\$802.20	Per parcel	\$802.20	Per parcel	-0-

Local agency assessment rolls must be sent to the Assessor's Office by August 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. 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 activity is not subject to CEQA. Because the proposed action and this matter have no potential to cause any effect on the environment, or because it falls within a category of activities excluded as projects pursuant to CEQA Guidelines section 15378, this matter is not a project. 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:

Staff recommendation supports the Council 2020-2023 Goal of Maintaining Operational Efficiencies. The Strategic Plan can be viewed here [[link](#)].

DEPARTMENTAL COORDINATION:

Public Works Department's Engineering and Maintenance Divisions work cooperatively to manage the Districts' budget and oversee the Districts' day-to-day maintenance activities. The 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 2021-22 are estimated as follows:

District	Total Levy
Airport Business Center	\$14,468.00
North/East District	\$862,970.00
Harden Ranch District	\$155,164.00
Vista Nueva District	\$29,890.00
Mira Monte District	\$122,762.00
Monte Bella District	\$719,837.00
TOTAL	\$1,905,091.00

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. The annual amounts required by the 50% policy and the projected amounts are shown below.

District	2021-2022 Operating Budget	Desired Reserves	Fund Balance
Airport Business Center	\$14,466	\$7,233	\$9,370
North/East District	\$642,612	\$321,306	\$672,529
Harden Ranch District	\$133,559	\$66,779	\$62,513
Vista Nueva District	\$30,100	\$15,050	\$310,166
Mira Monte District	\$151,025	\$75,513	\$319,284
Monte Bella District	\$1,906,197	\$953,099	\$3,133,983

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.

Airport Business Center District

In 2019 staff met with District's property owners to gain an understanding of the most desired approach to obtaining and maintaining fiscal responsibility. The property owners, in attendance, concluded that they were interested in including the city-owned parcels along Moffett Street and changing to a different method of spreading assessments. The current formula is based entirely upon acreage and exempts government owned parcels.

Within the next year, staff intends to work with a consultant to develop a revised assessment methodology that will consider the frontage of parcels deriving benefits from the District instead of acreage. Once a revised preliminary methodology is available, staff will meet again with property owners to survey the level of support before moving forward with a balloting process.

Harden Ranch Maintenance District

Thirty years ago, at the time of District formation, the assessment fee of \$76.72 per year (including collection fees) was enough to cover maintenance costs. Now, due to inflation, the assessment revenue covers less than one third (approximately 32%) of the service level that was provided three decades ago. The landscape maintenance contract was re-negotiated two years ago to reduce service levels as needed to balance available revenues and expenditures.

Maintenance levels will continue to decrease as costs increase. City has initiated discussions with District property owners regarding an assessment increase in order to increase services to desired levels. It will require a property owner ballot voting process to gain approval for the assessment increase including a built-in annual inflation adjustment so that assessment rates can maintain pace with the cost of inflation. The City expects to continue discussions with property owners as resources permit.

ATTACHMENTS:

Resolution Amending and/or Approving Engineer's Report for Each District

Resolution Ordering the Annual Levy for Each District