



**CITY OF SALINAS
COUNCIL STAFF REPORT**

DATE: JUNE 9, 2020

DEPARTMENT: PUBLIC WORKS DEPARTMENT

FROM: DAVID JACOBS, PUBLIC WORKS DIRECTOR

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TITLE: SETTING PUBLIC HEARING DATES FOR LEVYING ANNUAL ASSESSMENTS FOR THE LANDSCAPE AND MAINTENANCE ASSESSMENT DISTRICTS

RECOMMENDED MOTION:

A motion to approve Resolutions ordering an Engineer’s Report, stating its intention to levy and collect an assessment, and setting public hearing dates for levying of annual assessments for the landscape maintenance districts.

RECOMMENDATION:

It is recommended that the City Council approve Resolutions ordering Engineer’s Reports for the Airport Business Center Landscape Maintenance District, and the North/East Area, Harden Ranch, Vista Nueva, Mira Monte and Monte Bella Maintenance Districts stating its intention to levy and collect an assessment and set a public hearing date for August 4, 2020.

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 Article II, Chapter 21C of the Salinas City 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. Assessments are renewed annually, but prior to levying, an Engineer’s Report must be ordered, prepared and presented at a public hearing. Based on the maintenance district formulas, the rates expected to be assessed in FY 20-21 are expected to remain the same in all but one district.

BACKGROUND:

There are six landscape maintenance assessment districts (LMAD) within the City of Salinas: the Airport Business Center Landscape Maintenance District, the North/East Area Maintenance District, the Harden Ranch Maintenance District, the Vista Nueva Maintenance District, the Mira Monte Maintenance District and the Monte Bella Maintenance District. These Districts were created under the Landscaping and Lighting Act of 1972, which 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 assessments are renewed annually. Prior to renewal, an Engineer’s Report must be ordered, prepared and presented at a public hearing.

Staff is not recommending any changes to the formula on how assessments are levied in any of the maintenance districts, therefore the mailing of ballots is not required. Pursuant to current assessment procedure, direct notices are also not required. However, notices of the public hearings are required and will be published in *The Salinas Californian*, following Council’s approval of the proposed scheduled public hearings.

Airport Business Center District

This District was formed prior to the passage of Proposition 218 in 1996 and does not include an inflationary factor. Assessment rates have remained at \$214 per acre and cannot be increased without the approval of the property owners.

Since property owners rejected a proposed increase in 2003, the Airport District has been operating at a minimally sustainable level. Budget has been balanced by reducing the frequency of landscape services and water usage.

In April 2019, Staff met with property owners to gain an understanding regarding 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. Staff will work with a consultant to develop a revised assessment methodology to 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.

North East Area District

In 1999 it was determined that the assessment rate would not be adequate for future years to maintain desired levels of maintenance service due to the increasing age of improvements. Therefore, the City conducted a property owner assessment ballot in accordance with Prop 218 to increase rates and add an annual escalator. A majority of property owners were not opposed to the change and approved the addition of an inflation factor, which is tied to the average Engineer’s News Record (ENR) cost index increase for the prior year. The average of the ENR index for construction increased 1.6% from calendar year 2019 to 2020. The assessments rates will be increased accordingly.

Three years ago, the District’s fund was tapped into to pay for the damages created by the February 2017 Storm event. Subsequently, the District’s fund balance was not enough to offset the difference between budgeted expenditures and assessment revenues, therefore service levels were reduced to an affordable level. With the decrease in maintenance and the increase in assessment rates, the District is starting to look better financially.

Mira Monte District

The Mira Monte District also included an inflationary factor tied to the ENR cost index. Staff does not recommend an increase for the Mira Monte District since enough reserves are available to cover the cost of ongoing maintenance.

Harden Ranch Maintenance District

At the time of formation, in 1991, the Harden Ranch District's assessment formula did not include an inflationary factor. Assessments were set at a level that would cover maintenance costs. Prices continued to increase and in 1999 the District underwent a ballot proceeding to include an annual escalator based on the Consumer Price Index ("CPI"), but the majority of property owners' votes received were against the increase.

Single Family Residential units are assessed a total of \$76.72 per year (including collection fees), which at the time of formation, in 1991, was enough to cover maintenance costs. Due to inflation, the assessment revenue covers approximately 30% of the service level that was provided twenty years ago. In an effort to reduce costs, the landscape maintenance contract was re-negotiated in late 2019 to reduce service levels as needed to balance available revenues and expenditures.

Staff and consultant held a community meeting on November 7, 2019 at the El Dorado Park Community Center. Property owners concluded that they needed more detailed budget information on past expenses, and details of costs associated with the desired amenities, before considering an increase.

Vista Nueva Maintenance District

At the time the Vista Nueva District was created, a flat \$12 increase per year (not to exceed a maximum total assessment of \$600 per year) was incorporated in the assessment formula. The maximum assessment of \$600 per year was reached nine years ago when the rate increased from \$592 to \$600 per year. Therefore, the assessment rate will not increase this year as the annual assessment has reached its cap.

Monte Bella Maintenance District

The Monte Bella Maintenance District assessment formula calls for an inflationary factor to increase the greater of three percent (3%) or the percentage increase in the CPI (1.1%).

Eight years ago, a ten percent (10%) decrease in this District was approved because subdivision build-out had slowed. Since then, home construction has restarted. Phases 5A and 5B were approved in 2017 and 2018 respectively and assessed for the first time in Fiscal Year 18-19. On October 8, 2019, City Council approved Phase 6, which includes an additional 78 units. These parcels will be assessed this year for the first time.

Staff does not recommend increasing assessment due to the available reserves for long-term capital improvements.

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:

This item relates to the City Council 2020-2023 Goal of Operational Efficiencies. The Strategic Plan can be viewed here [\[link\]](#).

DEPARTMENTAL COORDINATION:

The Public Works Department’s Admin Division and Maintenance Divisions contribute staff time and resources to the day-to-day maintenance and administration of the Districts. Every year in August, Finance and Public Works Departments work cooperatively to prepare and submit the levy to the County for bi-annual collections.

FISCAL AND SUSTAINABILITY IMPACT:

Adopting the proposed resolutions has no fiscal impact to the General Fund as each district is entirely self-supporting with no subsidies from the General Fund. Staff continues to diligently seek out cost saving measures in order to sustain low maintenance costs.

Based on Districts’ formulas, the rates expected to be assessed in FY 20-21 are as follows:

DISTRICT	ACTUAL FY 19/20 RATES	PROPOSED 20/21 RATES
Airport Business Center	\$217.49 per acre	No Change
North/East	\$201.83 / Low Density unit	\$205.06 / Low Density unit
	\$120.99 / Medium Density unit	\$122.92 / Medium Density unit
	\$ 80.73 / High Density unit	\$ 82.02 / High Density unit
Harden Ranch	\$66.72 per unit	No Change
	\$353.66 per acre	
Vista Nueva	\$600.00 per parcel	No Change
Mira Monte	\$594.74 per parcel	No Change
Monte Bella	\$802.20 per parcel	No Change

ATTACHMENTS:

Resolutions