

Meeting Date: 5/27/2014

Report Type: Consent

Report ID: 2014-00083

Title: Village Garden Landscape Maintenance District - Initiate Proceedings

Location: District 2

Recommendation: Pass 1) a Resolution directing filing of Annual Report for Fiscal Year (FY) 2014/15; and 2) a Resolution a) approving Engineer's Annual Report and Intention to Order Maintenance of Improvements for FY2014/15; and b) setting a time and place for a Public Hearing on June 17, 2014.

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution Filing Annual Report
- 5-Resolution Setting Assessment

City Attorney Review

Approved as to Form
Michael W. Voss
5/14/2014 10:42:04 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/8/2014 12:55:43 PM

Description/Analysis

Issue: On July 19, 2011, City Council approved formation of the Village Garden Landscape Maintenance District No. 2011-01 (District). The property owners within North Pointe subdivisions one through five and the Norwood subdivision petitioned the City of Sacramento to form the District in order to provide maintenance services in the area.

The District provides for maintenance of masonry walls, landscaping, and irrigation systems within the subdivisions. Maintenance efforts include periodic mowing of grass, trimming of trees and shrubs, fertilizing landscaped areas, furnishing water for irrigation of all plant material, as well as upkeep, repair, and replacement of the irrigation system, planted materials, amenities, and masonry walls.

The District is required, by the California Streets and Highways Code, to present an annual budget to City Council. Approval of the Engineer's Report and the District's annual budget will authorize the City to collect assessments to provide partial funding for maintenance activities in the District for FY2014/15.

Unlike prior years, the District can only fund a portion of the total cost. The Engineer's Report has been modified to incorporate changes in case law and the resulting requirement to separate the benefits of the District between "special benefits" to property and "general benefits" to society at-large. Only special benefits can be funded by the assessments of the District. Analysis of the use of the amenities of the District shows that residents of the District represent approximately 80% of those benefitting from the improvements. This percentage is the special benefit provided by the District. The remaining amount must be funded from other sources. The sources and budget are detailed in the Financial Considerations section and on Exhibit B to the Resolution.

Policy Considerations: The recommended action supports funding for landscape maintenance services in the District via property-based assessments.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under CEQA guidelines, administration of the District does not constitute a project and is therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to the renewal and administration of an assessment district.

Commission/Committee Action: None

Rationale for Recommendation: The actions in the recommended Resolutions are required by the California Streets and Highways Code, as set forth in Section 22500 of the Landscaping and Lighting Act of 1972, for annual proceedings of an existing district.

Financial Considerations: The total estimated budget for the District in FY2014/15 is \$33,984 as shown on Exhibit B to the Resolution and detailed in the Engineer's Report on file with the Public Improvement Financing Division of the Department of Finance, designated by the City Clerk's Office to be the repository of documents associated with special districts. Pursuant to the Engineer's Report, \$28,972 can fund special benefits with assessment revenue and the remaining \$5,012 will be absorbed by the Streets budget of the Department of Public Works and is explained in greater detail in the Background section of this report.

The proposed assessment of \$122.76, per single family home, is 11% lower than last year's assessment of \$138.15 and 26% below the maximum allowed assessment of \$165.82 for FY2014/15. The maximum allowed adjusts annually as determined by the February-over-February change in the Consumer Price Index for the San Francisco-Oakland-San Jose area (All Urban Consumers).

Local Business Enterprise (LBE): Not applicable

BACKGROUND

Recent California case law regarding the application of Proposition 218 to assessment districts has resulted in a requirement to separate the benefits of the Village Garden Maintenance District 2011-01 (District) between “special benefits” to property and “general benefits” to society at-large. The ongoing maintenance of the District improvements will provide aesthetic, safety, and economic activity benefits to the property within the District. However, it is recognized that the ongoing maintenance of District improvements activities will also provide a level of benefit to some property within proximity to the District, as well as visitors and individuals passing through the District or utilizing the North Point Park within the District. This benefit to people who are not in the District is a general benefit and cannot be funded with the assessments of the District.

Therefore, the general benefit created as a result of the District’s improvements has been considered and the Engineer’s Report has been modified to incorporate the following analysis:

- Local Streets – 98.2% of the benefit of the interior streets and the neighborhood park is attributable to the residents of the District, while 1.8% of the benefit is attributed to residents living within a quarter mile of the District and the general public traveling to the neighborhood park and on the local streets.
- Collector Streets – 90.71% of the benefit of the collector street, Sully Street, is attributable to residents of the District, while 9.29% of the general public will likely use Sully Street to get to their various destinations.
- Arterial Streets – 23% of the benefit of the arterial street, Main Avenue, is attributable to residents of the District, while 77% of the general public will likely utilize Main Avenue to get to their various Destinations.
- When the percentages above are applied to the square footages of the streets within the district, the overall conclusion is that the specific benefit to residents of the District is 79.81% and the general benefit to the public is 20.19%.

The analysis is further detailed in the Engineer’s Report on file with the Public Improvement Financing Division of the Department of Finance, designated by the City Clerk’s Office to be the repository of documents associated with special districts.

The general benefit portion has a cost of \$5,012, and as such other sources must be used to fund this work. Other sources can include other assessment districts that predate the enactment of Proposition 218 if the districts maintain compliance with all applicable statutory and constitutional requirements. City staff has identified the City’s Landscaping and Lighting District (Citywide L&L) as an eligible source to fund the portion of costs that cannot be funded by the District. The improvements fall within the territory covered by the Citywide L&L and their inclusion is consistent with the Engineer’s Report, formation documents, and statutory requirements.

The Department of Public Works, the City Attorney’s Office, and the Finance Department agree that funding the general benefits of the District from the Streets allocation of Citywide L&L is the best solution under the circumstances. The cost of

maintenance of improvements authorized by Citywide L&L far exceeds the assessment revenue from Citywide L&L. The Department of Public Works utilizes other sources of revenue, such as Measure A, gas tax, and other funds in addition to the Citywide L&L to maintain the improvements throughout the City.

A detail of amounts allocated to each source of funding is provided on Exhibit B to the Resolution.

**SCHEDULE OF PROCEEDINGS
VILLAGE GARDEN LANDSCAPE MAINTENANCE DISTRICT 2011-01
FY2014/15**

| | |
|---------------------|---|
| May 27, 2014 | Council Considers Resolution of Intention and Sets Date for Public Hearing |
|---------------------|---|

June 5, 2014 Publish Notice of Meeting and Public Hearing

June 17, 2014 City Council – Public Hearing, Council Orders Annual Levy

August 2014 Assessments to County for Placement on Tax Roll

RESOLUTION NO.

Adopted by the Sacramento City Council

DIRECTING FILING OF ANNUAL REPORT FOR THE VILLAGE GARDEN LANDSCAPE MAINTENANCE DISTRICT 2011-01 FY2014/15 (Pursuant to Landscaping and Lighting Act of 1972)

BACKGROUND:

- A.** The Village Garden Landscape Maintenance District No. 2011-01 (District), the boundaries of which are depicted in Exhibit A, was established by the City Council and approved by the property owners on July 19, 2011.
- B.** The City Council established the District under the Landscaping and Lighting Act of 1972 (part 2 of Division 15 in the Streets and Highways Code, beginning with Section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for landscaping maintenance services and related services to be provided within the District, all in accordance with the 1972 Act.
- C.** The Engineer's Report has been updated to incorporate analysis determining the special benefit derived from District activities by each parcel paying the assessment and separating that from the general benefit received by people outside of the District, in accordance with current case law regarding assessment districts.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1 The City Council finds and determines that the background statements A through C are true and correct.
- Section 2 The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, is hereby directed to file the updated annual report in accordance with the provisions of the 1972 Act.
- Section 3 This resolution is adopted pursuant to Section 22622 of the Streets and Highways Code.
- Section 4 Exhibit A is part of the resolution.

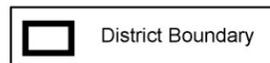
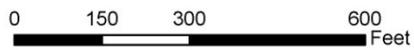
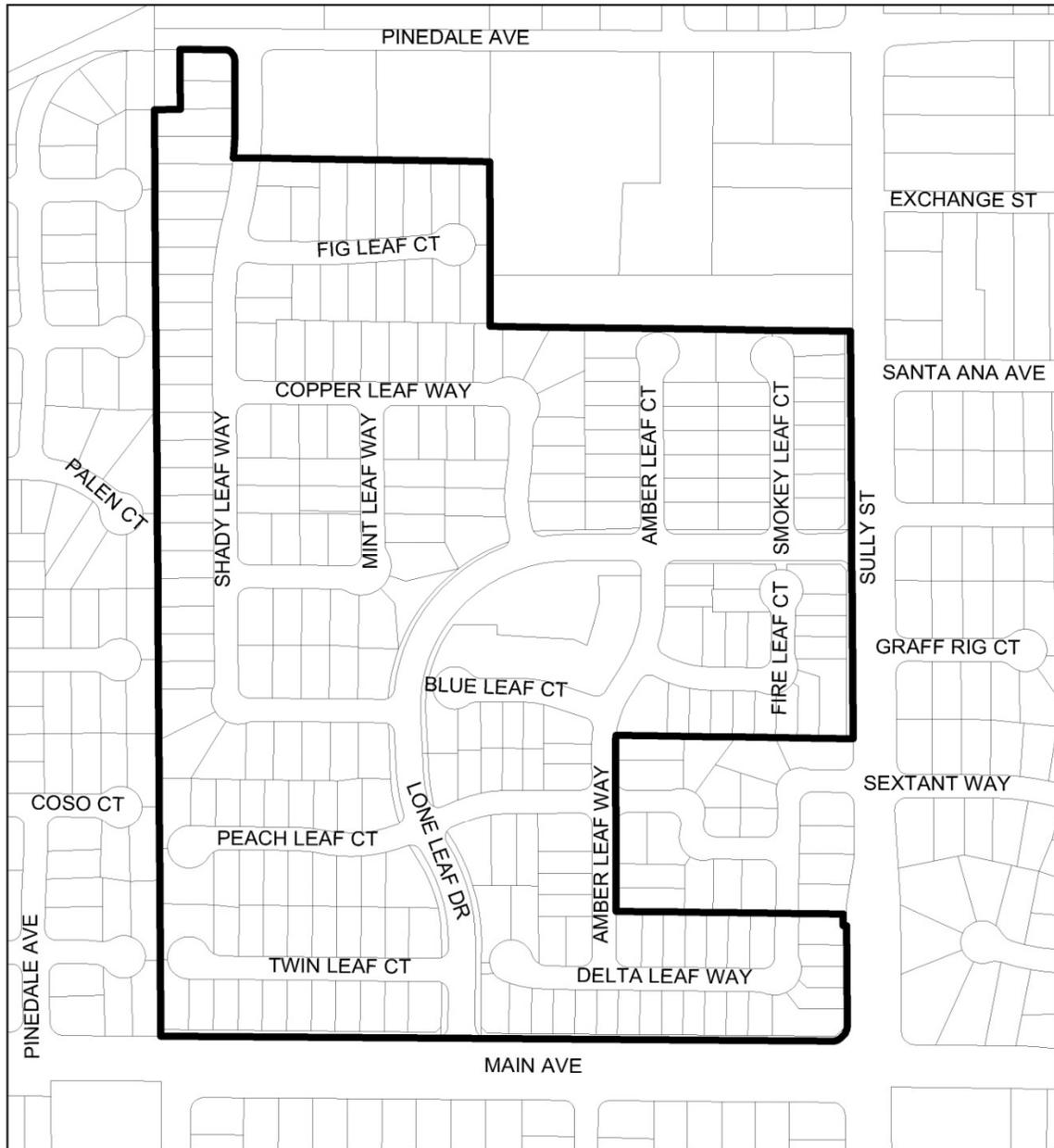
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Exhibit A: District Map

EXHIBIT A

District Boundary Map

Village Garden Landscape Maintenance District No. 2011-01



RESOLUTION NO.
Adopted by the Sacramento City Council

**APPROVING ENGINEER'S ANNUAL REPORT
AND INTENTION TO ORDER
MAINTENANCE OF IMPROVEMENTS FOR THE
VILLAGE GARDEN LANDSCAPE MAINTENANCE DISTRICT 2011-01
FISCAL YEAR 2014/15
(Pursuant to Landscaping and Lighting Act of 1972)**

BACKGROUND:

- A.** The Village Garden Landscape Maintenance District No. 2011-01 (District), the boundaries of which are depicted in Exhibit A, was established by the City Council and approved by the property owners on July 19, 2011.
- B.** The City Council established the District under the Landscaping and Lighting Act of 1972 (part 2 of Division 15 in the Streets and Highways Code, beginning with Section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for landscaping maintenance services and related services to be provided within the District, all in accordance with the 1972 Act.
- C.** The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, was directed to file an updated annual report in accordance with the provisions of the 1972 Act.
- D.** The updated annual report includes an analysis that quantifies the amount of special benefit derived from District activities by the parcels paying the assessment. The result of the analysis is that 79.81% of the services provided in the district are a special benefit to the parcels within the District and 20.19% of the services are a general benefit to people outside of the District. Pursuant to state law, the City can only collect assessments in the amount needed to provide special benefit and must utilize other sources of funding to provide the general benefit portion. A detailed budget is shown on Exhibit B.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1 The City Council finds and determines that the background statements A through D are true and correct.
- Section 2 The City Council hereby approves the Engineer's updated Annual Report (FY2014/15) on file with the Public Improvement Finance division, designated by the City Clerk to be the repository of documents associated with special districts.

Section 3 The City Manager is authorized to make any necessary budgetary adjustments associated with the approval of the Engineer's Annual Report for FY2014/15.

Section 4 The City Council intends to levy and collect assessments within the District during FY2014/15. The area of land to be assessed is located in the City of Sacramento, Sacramento County.

Section 5 The maintenance of improvements to be made in this assessment district is generally described as follows:

Furnish all tools, equipment, apparatus, facilities, labor, material, supplies, and utilities necessary or desirable to maintain and service the landscape improvements as shown on Exhibit A, and more particularly described on plans and specifications approved by the City of Sacramento on file at the City of Sacramento, Public Improvement Finance division, 915 I Street, 3rd Floor, Sacramento, California 95814.

The improvements generally consist of masonry walls, landscaping, and irrigation systems for the landscape areas within or adjacent to the residential subdivisions identified on the attached schematic diagram. Maintenance of the improvements will include, but not be limited to, periodic mowing of grass, trimming of trees and shrubs, and fertilizing, together with the regular furnishing of water for irrigation of all plant material, and the repair, maintenance, and replacement of the irrigation system, planted materials, and amenities. Maintenance of masonry walls includes periodic repair as required.

Section 6 In accordance with this Council's resolution directing the filing of an annual report, the Engineer of Work has filed, with the Public Improvement Finance division, the report required by the 1972 Act. All interested parties are referred to that report for a full and detailed description of the improvements, the boundaries of the assessment district and the proposed assessments upon assessable lots and parcels of land within the assessment district.

Section 7 At the hour of 6:00 pm on Tuesday, June 17, 2014, the City Council will conduct a public hearing on the questions of the levy of the proposed annual assessment. The hearing will be held at the meeting place of the City Council located in the City Hall, 915 I Street, First Floor, Sacramento, California.

Section 8 The proposed assessment of \$122.76, per single family home, is 11% lower than last year's assessment of \$138.15 and 26% below the maximum allowed assessment of \$165.82 for FY2014/15 as shown on Exhibit B.

Section 9 The City Clerk is authorized and directed to give the notice of hearing

required by the 1972 Act.

Section 10 Exhibits A and B are part of the resolution.

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Exhibit A: District Map

Exhibit B: FY2014/15 District Budget & Parcel Assessment

EXHIBIT A

District Boundary Map

Village Garden Landscape
Maintenance District No. 2011-01

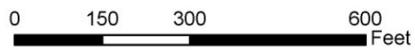
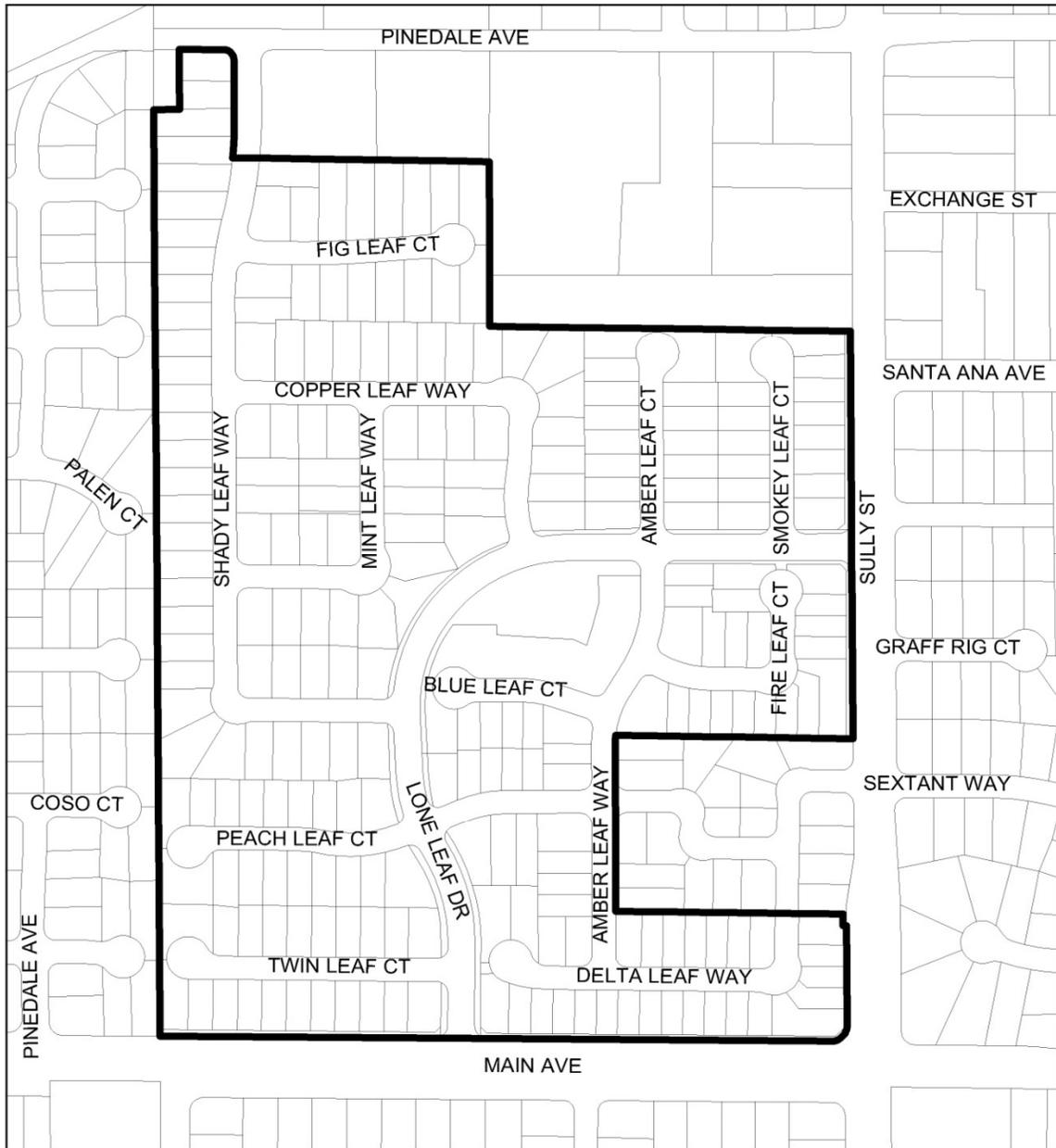


EXHIBIT B

**Village Garden Landscape Maintenance District No. 2011-01
FY2014/15**

District Budget

| | Total Costs | Fund 2231 79.81% | General Benefit Contribution 20.19% |
|---------------------------------------|--------------------|-----------------------------|--|
| District Resources | | | |
| Estimated Beginning Fund Balance | | \$ 8,793 | |
| Total Assessed to Property Owners | | \$ 28,972 | |
| Total Resources | | \$ 37,765 | \$ 5,012 |
| District Expenditures | | | |
| Maintenance Tasks | | | |
| Street Maintenance | \$ 12,822 | \$ 10,233 | \$ 2,589 |
| Inspections & corrective Action | \$ 5,000 | \$ 3,991 | \$ 1,010 |
| Utilities | \$ 7,000 | \$ 5,587 | \$ 1,413 |
| Administrative Costs | | | |
| Public Improvement Financing | | | |
| Administration | \$ 3,170 | \$ 3,170 | |
| Parcel reporting | \$ 159 | \$ 159 | |
| Accounting | | | |
| Administration | \$ 952 | \$ 952 | |
| County Billing | \$ 200 | \$ 200 | |
| Total Expenditures | \$ 29,303 | \$ 24,291 | \$ 5,012 |
| Contingency Increase/(Decrease) | \$ 4,681 | \$ 4,681 | |
| Total Budget | \$ 33,984 | \$ 28,972 | \$ 5,012 |
| Estimated Ending Fund Balance | | <u>\$ 13,474</u> | |
| Year-Over-Year Change in Fund Balance | | <u>\$ 4,681</u> | |

Parcel Assessment

| District Name | FY2014/15 Maximum Assessment | FY2013/14 Assessment per Residential Parcel | FY2014/15 Assessment per Residential Parcel |
|---|------------------------------------|---|---|
| Village Garden Landscape Maintenance District No. 2011-01 | \$165.82 | \$138.15 | \$122.76 |

The annual assessment may be increased for inflation. The amount of the increase will be based on the change in the February-over-February Consumer Price Index for the San Francisco-Oakland-San Jose area (All Urban Consumers) or a substitute index of a similar nature should that index be discontinued.

Note: If the change in the February-over-February CPI is negative in any given year, the maximum assessment in the subsequent tax year will remain the same as in the prior year.