

**Meeting Date:** 6/17/2014

**Report Type:** Public Hearing

**Report ID:** 2014-00095

**Title:** Village Garden Landscape Maintenance District - Public Hearing (Noticed 06/06/2014)

**Location:** District 2

**Recommendation:** Conduct a public hearing and upon conclusion, pass a Resolution confirming the assessment diagram and the assessment, and levying the assessment for Fiscal Year ("FY") 2014/15 for the Village Garden Landscape Maintenance District (District).

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

**Presenter:** Sheri Smith, Program Specialist, (916) 808-7204, Department of Finance

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution

---

**City Attorney Review**

Approved as to Form  
Michael W. Voss  
5/30/2014 4:23:42 PM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 5/28/2014 1:48:21 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.

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

**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, \$28,332 can fund special benefits with assessment revenue and the remaining \$5,652 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 \$120.05, per single family home, is 13% lower than last year's assessment of \$138.15 and 28% 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 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

### **CONFIRMING THE ASSESSMENT DIAGRAM AND ASSESSMENT AND LEVYING THE ASSESSMENT FOR THE VILLAGE GARDEN LANDSCAPE DISTRICT FOR FISCAL YEAR 2014/15**

#### **BACKGROUND:**

- A.** The Village Garden Landscape Maintenance District No. 2011-01 (District), 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.** Pursuant to Chapter 3 of the 1972 Act, City Council directed the Supervising Engineer of the Department of Public Works, as the Engineer of Work for the District, to prepare and file an Annual Engineer’s Report for Fiscal Year (“FY”) 2014/15.
- D.** The annual report was updated to include 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.
- E.** The Engineer of Work filed the Annual Report on May 27, 2014, and City Council adopted Resolution 2014-0137 approving the Annual Engineer’s Report and intention to levy and collect assessments within the assessment district for FY2014/15 and set a public hearing for June 17, 2014, in the meeting place of City Council, City Hall, 915 I Street, First Floor, Sacramento, California. Notice of the hearing was given in the time and manner required by law.
- F.** The assessment in FY2014/15 represents an 11% decrease as compared to the assessment in the prior fiscal year as 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 F are true and correct.
- Section 2 The City Council confirms the assessment diagram and the assessment roll set forth in the Engineer's Annual Report and levies the assessment set forth in the Engineer's Annual Report.
- 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 Exhibits A and B are part of this resolution.

**Table of Contents:**

Exhibit A: District Map

Exhibit B: FY2014/15 District Budget & Parcel Assessment



**EXHIBIT B**  
**Village Garden Landscape Maintenance District No. 2011-01**  
**FY 2014/15**  
**(FUND 2231)**

	<b>Total Costs</b>	<b>Fund 2231</b> 79.81%	<b>General Benefit Contribution</b> 20.19%
<b>District Resources</b>			
Estimated Beginning Fund Balance		\$ 8,793	
Total Assessed to Property Owners		\$ 28,972	
<b>Total Resources</b>		<b>\$ 37,765</b>	<b>\$ 5,012</b>
<b>District Expenditures</b>			
Maintenance Tasks			
Street Maintenance	\$ 12,822	\$ 10,233	\$ 2,589
Inspections & corrective Action	\$ 5,000	\$ 3,990	\$ 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	
<b>Total Expenditures</b>	<b>\$ 29,303</b>	<b>\$ 24,291</b>	<b>\$ 5,012</b>
Contingency Increase/(Decrease)	\$ 4,681	\$ 4,681	
<b>Total Budget</b>	<b>\$ 33,984</b>	<b>\$ 28,972</b>	<b>\$ 5,012</b>
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 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).

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.