



Legislation Text

File #: 18-265, **Version:** 1

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SUBJECT: Maintenance Districts' Engineer's Report and Budgets for Fiscal Year 2018/2019 - Public Meeting

REPORT IN BRIEF

Consider public input on the various Maintenance Districts' budgets during the public meeting, without taking action on the determination of assessment levy until the close of the public hearing scheduled for Monday, June 18, 2018.

RECOMMENDATION

City Council - Adopt a motion seeking public input on the Fiscal Year 2018/2019 Maintenance Districts' budgets, without taking action until the public hearing is closed on June 18, 2018.

ALTERNATIVES

1. Approve as recommended by the Director of Public Works; seek public input on the Maintenance Districts' budgets, without taking action until the public hearing is closed on June 18, 2018; or,
2. Return to staff with specific direction; or,
3. Deny.

AUTHORITY

Chapter 26 of Part 3 of Division 7 of the State of California Streets and Highway Code provides the applicable general law for Maintenance Districts; and,

Article I (alternative method for the levy of benefit assessments) of Title 13 Division VIII, of the Merced Municipal Code (MMC) dealing with Maintenance Districts, provides for subsequent modification to exiting Maintenance Districts; and,

Initiative Measure (Proposition 218, Sections 2,3,4,5, and 6) approved at the November 5, 1996 election, and also known as, the "Right to Vote on Taxes Act," provides for assessment ballot proceedings.

CITY COUNCIL PRIORITIES

Addresses Fiscal Year 2018/2019 City Administrative Priority for Maintenance District Funding.

DISCUSSION

State Law requires the Merced City Council each year hold both a public meeting and public hearing on the various Maintenance Districts for the coming fiscal year, before final adoption of the budget.

Therefore, on April 16, 2018 at their regularly scheduled meeting Council set the public meeting date for June 4, 2018, and the public hearing for June 18, 2018.

The 2018/2019 City Engineer's Reports and Budgets on the various Maintenance Districts have been submitted to the City Clerk's office, as required by MMC Sections 13.62.130 and 13.62.150, and are available upon request for review. Attachment 1 is a summary of the budgets, assessment levies, and abeyances.

Council at its regularly scheduled meeting held on January 16, 2018, authorized an assessment ballot hearing to obtain property owner approval to increase annual levies for the following Districts: Northwood Village, East College Homes, Moss Landing, and Ridgeview Meadows.

The property owners in the Moss Landing District approved an increase to their annual levy and will appear on their Merced County Tax bill for Fiscal Year 2018/2019.

Conversely, Northwood Village, East College Homes, and Ridgeview Meadows assessment ballots failed. Therefore, annual assessments will remain at their existing amounts. Maintenance work at these locations will continue to match available revenue and fund reserves will be utilized when necessary to cover costs for critical operations such as storm pump utilities.

Fahrens Park II

The budget includes \$25,000 in continued funding for eucalyptus tree maintenance and beautification. Trees have been identified for inspection, pruning, and removal. They are located on the north and south sides of Buena Vista Drive, between North Highway 59 and Lago Court, including the bike paths along Fahrens and Black Rascal Creeks.

The goal of the project is to ensure these trees are safe, healthy and to minimize conflicts with pedestrians, vehicle traffic, and dwellings. Also, it will enhance the existing character and beauty of the area and naturalistic scenic bike pathways.

This work will begin prior to the start of the winter season with all dead, diseased, and hazardous trees or branches removed to include undergrowth and debris.

This project will be a partnership with the California Department of Forestry/Mount Bullion Conservation Camp, private landscape contractor, and Public Works staff.

Several Districts' Utility Budgets will reflect increased costs due to watering schedules resuming to regular cycles since the drought has been officially declared over.

In addition, various species of shrubs and groundcover have recently been planted in many Districts as part of the Landscape Vegetation Replacement and Irrigation Repair project. Providing adequate water to these immature plants is vital to their survival.

Although the drought is over, staff will continue its diligence in reducing irrigation expenses, such as temporarily turning off irrigation services during the winter season, as well as adjusting timers in relation to weather conditions.

Abeyances

At the Council meeting held on February 17, 2015, Council approved the Maintenance District Operating and Capital Reserve Fund policy to determine appropriate reserve levels; and to determine appropriate benefit assessment abeyances for Districts that have reserve balances above that required by the Fund Balance policy.

The maximum reserve necessary to ensure continued operations, improvements, and repairs for individual Districts shall be calculated by adding the following:

1. An amount equal to one-year operating reserves; and,
2. An amount equal to that necessary to replace foreseeable losses of capital equipment, exclusive of any storm pump specific items contained within the District; and,
3. An amount equal to that necessary to complete any future (unbuilt) planned capital improvement projects.

Maintenance Reserve	Recommended		Reserve	Annual Assessment	Annual Assessment
District	Fund	5-Year	Balance After	Per Unit Without	Per Unit With
Name	Balance	Abeyance	Abeyance	Abeyance	Abeyance
Glenhaven Park	\$39,305	\$15,168	\$24,137	\$36.82	\$7.36
Quail Run	\$97,893	\$21,758	\$76,135	\$21.59	\$12.59
Sequoia Hill	\$78,075	\$11,200	\$66,875	\$152.82	\$123.73
SkyMoss	\$69,416	\$10,701	\$58,715	\$221.59	\$181.78 ¹
				\$229.06	\$187.91 ²

Note 1: SkyMoss Zone 1, Storm Drain Public Improvements

Note 2: SkyMoss Zone 2, Storm Drain and Landscape Public Improvements

Districts receiving abeyances will be for a period of one (1) to five (5) years and not to exceed 80% of the current assessment levy. The four (4) Districts that abeyances are recommended for will require approximately five (5) years to reach appropriate reserve levels.

History and Past Actions

Maintenance Districts were originally established to pay for the operation and maintenance costs associated with maintaining storm drainage systems, street lighting, and aesthetically pleasing landscaping to open spaces such as park strips and street center-islands.

Property owners within these identified Districts are levied annual assessments against each lot or parcel of land to cover these expenses.

Proposition 218, enacted by the voters in 1996, requires the City to conduct an assessment ballot proceeding in order to levy increased assessments, beyond the allowed adjustment, based on the United States Department of Labor's All Urban Consumers-Western Region CPI report.

Each year City Council must hold both a public meeting and public hearing on the various

Maintenance Districts' budgets for the coming fiscal year, before final adoption of the budget.

The approval process for Districts with no increase in assessment above the allowable CPI is as follows:

- Public Works Department determines annual budget costs by District;
- City Engineer prepares annual report and assessment spread;
- Council adopts resolution approving Engineer's Reports and sets dates for public meeting and public hearing;
- Council seeks public input at public meeting, but takes no other action;
- Following a public hearing, Council adopts resolution approving, confirming, and adopting Engineer's Reports.

The approval process for Districts with an increase in assessment above the allowable CPI is as follows:

- Public Works Department determines annual budget costs by District;
- Engineer prepares annual report and assessment spread;
- If the proposed increase in annual assessments is greater than the amount allowed under Proposition 218, then an assessment ballot proceeding must be held. Assessments remain at the previous year's rate, until the legal ballot process is followed;
- Notices and ballots are mailed 45-days prior to the scheduled public hearing;
- Council holds a public hearing to determine voter approval of increased assessments and the public hearing is continued to a subsequent meeting to allow time to open and tally the sealed ballots;
- Following the "continued" public hearing, Council adopts a resolution approving, confirming, and adopting the Engineer's Reports based on the results of the ballots.

In closing, operating budgets are balanced with available revenue and/or fund balance reserves. The CPI adjustment increase to budgets with previously held successful ballot proceedings will be 3.1%; compared to 2.5% last fiscal year.

Council will have the opportunity to consider a motion on the various budgets following the close of the public hearing scheduled for Monday, June 18, 2018.

IMPACT ON CITY RESOURCES

The Finance Department has confirmed each District's operational and maintenance expenses, revenues and fund balance reserves.

ATTACHMENT

1. Budget Summaries