



## Legislation Text

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**File #:** 24-267, **Version:** 1

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*Report Prepared by: Jeff Frederick, Public Works Manager - Tax Services*

**SUBJECT:** Report to Allow for Public Input on the Various Maintenance Districts' Engineer's Reports and Budgets for Fiscal Year 2024/2025 During the Public Meeting

### REPORT IN BRIEF

Considers 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 17, 2024.

### RECOMMENDATION

**City Council** - Adopt a motion seeking public input on the Fiscal Year 2024/2025 Maintenance Districts' budgets, without taking action until the Public Hearing is closed on June 17, 2024.

### 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 17, 2024; 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 City Administrative Priority for Maintenance District Funding.

### DISCUSSION

The Fiscal Year 2024/2025 budgets and engineer's reports on the various Maintenance Districts are complete and expenses are balanced with available revenue.

They are available upon request for review and have been submitted to the City Clerk's office, as required by MMC Sections 13.62.130 and 13.62.150.

Several Districts will continue to benefit from existing operating reserve funds, as well as a consumer price index (CPI) increase adjustment of 3.6%. Attachment 1 is a summary of the budgets and assessment levies.

#### LED Light Conversion

The budget includes \$175,999 in carry over funding for LED streetlight conversions. The benefits for converting to LED lights are energy efficiency, longer lifespan of the light, a quicker start of the light, and better visibility for residents after dark.

The funding for this project has been budgeted in the Districts below, which also shows the breakdown of cost to each District.

District	Amount
Las Brisas	\$21,463
Paulson Place	\$7,265
Ronnie	\$2,642
Fahrens Park II	\$113,589
Sequoia Hill	\$7,265
Sky Moss	\$14,529
Vista Del Sol	\$9,246
<b>Total</b>	<b>\$175,999</b>

#### Sidewalk, Curb/Gutter Replacement

The budget includes \$52,900 in funding for sidewalk and curb/gutter replacement and repairs. Issues with lifting sidewalks and curbs/gutters need to be addressed for safety concerns, aesthetics, and improved function.

The funding for this project has been budgeted in the Districts below, which also shows the breakdown of cost to each District.

District	Amount
Silverado	\$17,900
Sunset West	\$25,000
Sequoia Hill	\$10,000
<b>TOTAL</b>	<b>\$52,900</b>

#### Tree Removal and Re-Planting

The budget includes \$10,000 for tree removal and re-planting in Las Brisas. Trees will be identified

for inspection and removal as necessary.

The goal each year is to ensure trees are safe and healthy to minimize conflicts with pedestrians, vehicle traffic, and dwellings. This will enhance the existing character and beauty of the areas. Re-planting of appropriate tree species will also take place.

#### Reduction of Landscape Maintenance Services

Landscape maintenance services provided by a contractor at several Maintenance Districts will be reduced due to the rising costs for services in proposals received from the result of having to go out for an RFP for landscape maintenance services.

Quail Creek, West Creek Homes, Silverado, Sunset West, Fahren's Park I, Sequoia Hill, SkyMoss, Lowes, Yosemite Gateway, and Vista del Sol will have scheduled maintenance bi-weekly.

Oakmont #3, Village Landing, Downtown, and Paulson Place will have scheduled maintenance monthly.

Northwood Village will have scheduled maintenance quarterly. This budget is benefitting from having irrigation services shut off which ultimately increases their Fund Reserve balances.

Merced Auto Center will receive maintenance services on a will-call basis. This District has a previous failed assessment ballot hearing to increase the annual assessment levies that were not approved by the property owners by majority vote.

Staff will continue to explore ways of reducing expenditures, as well as being proactive in maximizing revenues. As in year's past staff will explore the availability of partnering with volunteer service groups for future landscape activities.

#### Campus North, Pleasanton Park, Hansen Park and Olivewood

Campus North will receive a one-time clean up during the year. This District has a previous failed assessment ballot hearing to increase the annual assessment levies that were not approved by the property owners by a majority vote.

Pleasanton Park will be able to support scheduled maintenance monthly.

Hansen Park and Olivewood will continue to be completed on a will-call basis, commensurate with available funding. Due to the quantity of mature landscape within these Districts, and the disparity between expenditures and revenue, maintaining existing vegetation within available funding continues to be a challenge.

Staff will continue to explore ways of reducing expenditures, as well as being proactive in maximizing revenues. As in year's past staff will explore the availability of partnering with volunteer service groups for future landscape activities.

#### Underfunded Districts

There are a number of Maintenance Districts that are currently underfunded and have no CPI increase. This has resulted in reduction of services, cutting back or turning off irrigation, and the possibility of stopping services altogether. These Districts have less than a year's operating expenses in their fund reserve balance. It is our recommendation that the following Districts be considered for going out to ballot so the residents of these areas can vote on establishing a CPI increase. Those Maintenance Districts are: Quail Creek, Oakmont #3, Northwood Village, East College Homes, Oakbrook, Yosemite Village, Pleasanton Park, Merced Auto Center, Ridgeview Meadows, Fahren's Park I, Olivewood, Campus North, and Hansen Park.

### 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;
- 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 is 3.6%.

Council will have the opportunity to consider a motion on the various budgets following the close of the public hearing scheduled for Monday, June 17, 2024.

## **IMPACT ON CITY RESOURCES**

Funding is provided in the Proposed Fiscal Year 2024-2025 Budget.

## **ATTACHMENT**

1. Budget Summary Report FY 24-25
2. Maintenance District Map
3. Maintenance Districts Presentation