



## Legislation Details (With Text)

**File #:** 20-264      **Version:** 1      **Name:**

**Type:** Public Hearing Item      **Status:** Passed

**File created:** 5/26/2020      **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority/Successor Agency to the Redevelopment Agency

**On agenda:** 6/15/2020      **Final action:** 6/15/2020

**Title:** SUBJECT: Public Hearing on the Various Maintenance Districts' Engineer's Reports and Budgets for Fiscal Year 2020/2021 with Adoption of Resolutions for Approval, Confirmation, and Adoption of the Engineer's Reports for the Various Maintenance Districts as Originally Submitted or as Modified; and Approval of Abeyances for Maintenance Districts with Operating Reserve Balances Above the Amount Required by the Fund Balance Policy

### REPORT IN BRIEF

Considers adopting a Resolution approving, confirming, and adopting Engineer's Reports and Budgets; and a Resolution approving abeyances for Districts with operating reserve balances above the amount required by the Fund Balance policy for the various Maintenance Districts after the close of the Public Hearing.

### RECOMMENDATION

City Council - Adopt a Motion:

A. Adopting Resolution 2020-39, a Resolution of the City Council of the City of Merced, California, approving, confirming, and adopting Engineer's Reports on Maintenance Districts; and,

B. Adopting Resolution 2020-40, a Resolution of the City Council of the City of Merced, California, approving, confirming, and adopting Engineer's Reports on Glenhaven Park, Quail Run, Sequoia Hill, and Sky Moss Maintenance Districts, including the adoption of temporary partial abeyance of assessments for each District.

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Budget Summary Report.pdf, 2. Resolution 2020-39, 3. Resolution 2020-40 - Abeyances

Date	Ver.	Action By	Action	Result
6/15/2020	1	City Council/Public Finance and Economic Development Authority/Parking Authority/Successor Agency to the Redevelopment Agency	approved	Pass

*Report Prepared by: Ken Elwin, P.E., Director of Public Works*

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## ALTERNATIVES

1. Adopt Resolution approving, confirming, and adopting Engineer's Reports on the various Maintenance Districts; 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 2020/2021 City Administrative Priority for Maintenance District Funding.

## DISCUSSION

The Fiscal Year 2020/2021 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.

Attachment 1 is a summary of the budgets, assessment levies, and abeyances. Several Districts will continue to benefit from existing operating reserve funds, as well as a consumer price index (CPI) increase adjustment of 2.8%.

### **Fahrens Park II**

The budget includes \$20,000 in continued funding for eucalyptus tree maintenance and beautification. The trees identified for inspection, pruning, and removal 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 each year is to ensure these trees are safe and healthy 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.

### **Downtown**

Funding in the amount of \$20,000, has been included for the repair of the historic clock at Bob Hart Square.

Replanting of flowers, trees, shrubs, and other vegetation on Main Street will continue throughout the fiscal year. This annual change out is essential in maintaining a healthy, esthetically pleasing landscaped environment to this vibrant section of the city.

### **Campus North**

Bi-weekly landscape service will continue at Campus North through the fiscal year. This District benefitted from irrigation services that were temporarily turned off, which ultimately increased the Fund reserve.

### **Hansen Park, Olivewood, and Pleasanton Park**

Landscape maintenance services at these particular Districts 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.

### **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, 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 equals 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 District Name	Reserve Fund Balance	Recommended 5-Year Abeyance	Reserve Balance After Abeyance	Annual Assessment Per Unit Without Abeyance	Annual Assessment Per Unit With 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	\$204.79	\$165.33	1
				\$214.70	\$173.33	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;
- 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 Districts with previously held successful ballot proceedings is 2.8% for Fiscal Year 2020/2021.

Council will have the opportunity to consider a motion on the various budgets following the close of the public hearing scheduled for Monday, June 15, 2020.

### **IMPACT ON CITY RESOURCES**

No budget appropriations are needed. Funding provided in the proposed Fiscal Year 2020/2021 Budget.

### **ATTACHMENTS**

1. Engineer's Report Summaries
2. Resolution 2020-39
3. Resolution 2020-40 - Abeyances