



## Legislation Text

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**File #:** 19-269, **Version:** 1

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

**SUBJECT:** Report - Allows for Public Input on Various Maintenance Districts' Engineer's Reports and Budgets for Fiscal Year 2019/2020 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, 2019.

### RECOMMENDATION

**City Council** - Adopt a motion seeking public input on the Fiscal Year 2019/2020 Maintenance Districts' budgets, without taking action until the public hearing is closed on June 17, 2019.

### 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, 2019; 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 2019/2020 City Administrative Priority for Maintenance District Funding.

### DISCUSSION

The Fiscal Year 2019/2020 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.

Attached is a summary worksheet 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 3.1%.

### **Fahrens Park II**

The budget includes \$20,000 in continued funding for eucalyptus tree maintenance and beautification. Trees will be identified for inspection, pruning, and removal as necessary. 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 for 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**

Additional funding has been included in this year's Maintenance Materials & Services budget account line of approximately \$5,600, over last year's originally approved budget amount of \$1,875.

These funds will be utilized to cover the costs of replanting flowers, trees, shrubs, and other vegetation in our streetscapes and flowerbeds, replenishing inventory levels of sprinkler nozzles, heads, piping, and controllers, as well as other associated parts and tools. The replanting of vegetation and purchase of irrigation supplies is essential in maintaining a healthy, esthetically pleasing landscaped environment to this vibrant section of the city.

### **Campus North, 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 large quantity of mature landscape within these Districts, and the disparity between expenditures and revenue maintaining existing vegetation within available funding remain a challenge. Staff will continue to explore ways of reducing expenditures, as well as being proactive in maximizing revenues. As in year's past we 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 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 District Name	Reserve Fund	Recommended 5-Year Balance 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	\$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;
- City 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%.

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, 2019.

## **IMPACT ON CITY RESOURCES**

Maintenance District revenue and expenses are tracked in their separate funds. The Finance Department has confirmed each District's operational and maintenance expenses, revenues and fund balance reserves.

## **ATTACHMENT**

### **1. Engineer's Report Summaries**