

**City Manager's Report****June 14, 2022 City Council Meeting****Prepared by: Dave Warren, Assistant City Manager/Director of Finance****Item #: 11.2****Subject:** Adopt a Resolution:

1. Approving the Engineer's Reports for the Cottonwood Park and Orchard Hill Landscaping and Lighting Maintenance Districts attached hereto and referenced herein; and
2. Confirming the assessments and the diagrams as described in full detail in the reports on file with the City Clerk; and
3. Directing NBS to prepare and submit the levy of assessments to El Dorado County for the placement of the Fiscal Year 2022/2023 secured property tax roll; and
4. Confirming the adoption of this Resolution shall constitute the levy of assessments for the Fiscal Year commencing July 1, 2022 and ending June 30, 2023, pursuant to Section 22631 of the Act.

**Purpose:**

To hold a Public Hearing and approve the City's Landscaping, Lighting, and Maintenance District assessments for Fiscal Year 2022/2023.

**Strategic Plan Strategies:**

Meet financial commitments and reporting requirements.

**Background:**

At its meeting held on May 10, 2022, the City Council adopted a Resolution declaring its intention to provide for annual levy and collection of assessments for the City's Landscaping and Lighting Maintenance Districts (LLMD) as required by Division 15, Part 2, of the Streets and Highways Code of the State of California for Cottonwood Park and Orchard Hill subdivisions. The adoption of the said Resolution was step one of a two-step process required by the Streets and Highways Code. The Council was provided with the draft annual engineer's reports detailing the annual assessments. However, the adoption of those reports requires a Public Hearing. Copies of the reports are attached for your reference. The Public Hearing on these reports is scheduled for tonight's Council meeting.

**Discussion:**

Currently, neither district has a built in inflator to help offset the rising cost of maintaining the identified lighting, parks, and open space, and the actual costs for maintaining each district far exceeds the maximum annual assessments. In response to the City Council's request, staff began

exploring options in 2020 for updating the LLMD assessment districts and implementing an annual inflator that would increase the assessments based on the annual change in the Consumer Price Index (CPI). The City obtained a proposal from its consultant, NBS, to update the Orchard Hill LLMD including performing a special and general benefit analysis and work to increase the assessments. The cost of the proposal was \$29,500 plus any customary out-of-pocket expenses. This base cost is actually \$9,036 (\$29,500 - \$20,464) more than the annual assessments. Because the Orchard Hill LLMD does not have any reserves, the \$29,500 proposal was determined to be cost prohibitive. Staff has decided to take a hybrid approach and perform a study in-house with NBS' assistance, which should cost much less. Since that time, staff has inventoried the LLMD's existing assets and begun analyzing the true cost of operating and maintaining the District going forward. Staff plans on presenting its findings and recommendations to the City Council this fall.

The remaining phases 4 and 6 of the Cottonwood Park Subdivision are currently under development, and the final parcel map is anticipated to be completed sometime in the fall of 2022 or early winter 2023. At its meeting held on December 14, 2021, the City Council approved a consulting services agreement with NBS to form a Community Facilities District (CFD) to accommodate the existing LLMD. Once established, the new CFD will share in the cost of operating and maintaining the existing LLMD assets that provide benefit to phases 4 and 6. The cost of establishing the new CFD will be borne by the existing property owner. Staff will be working with the property owner over the coming months to establish the new CFD and implementing it as early as the 2023/2024 tax year.

**Cost:**

The anticipated costs of operating and maintaining the Cottonwood Park and Orchard Hill LLMDs in Fiscal Year 2022/2023 are \$14,255 and \$20,464 respectively.

**Options:**

1. Adopt the resolution approving the annual levy and collection of LLMD assessments as presented.
2. Direct staff to take other actions.

**Environmental:**

Tonight's action is not applicable.

**Budget Impact:**

The Engineer's Reports for both the Orchard Hill and Cottonwood Park LLMDs present status quo budgets and levy calculations, and the current level of assessments are adequate in covering the basic cost of operating and maintaining both districts for Fiscal Year 2022/2023.

**Recommendation:**

Adopt a Resolution:

1. Approving the Engineer's Reports for the Cottonwood Park and Orchard Hill Landscaping and Lighting Maintenance Districts attached hereto and referenced herein; and

2. Confirming the assessments and the diagrams as described in full detail in the reports on file with the City Clerk; and
3. Directing NBS to prepare and submit the levy of assessments to El Dorado County for the placement of the Fiscal Year 2022/2023 secured property tax roll; and
4. Confirming the adoption of this Resolution shall constitute the levy of assessments for the Fiscal Year commencing July 1, 2022 and ending June 30, 2023, pursuant to Section 22631 of the Act.



**M. Cleve Morris, City Manager**



**Dave Warren, Assistant City Manager/  
Director of Finance**

**Attachments:**

- A. Resolution
- B. Cottonwood Park LLMD Engineer's Report
- C. Orchard Hill LLMD Engineer's Report