We are a welcoming, active and business-friendly rural foothill community built on California's rich gold rush history.

City Manager's Report
May 9, 2023 City Council Meeting
Prepared by: Dave Warren, Assistant City Manager/Director of Finance
Item #: 7.5

Subject: Consider declaring the intention to provide for annual levy and collection of assessments pursuant to the provisions of Division 15, Part 2, of the Streets and Highways Code of the State of California and setting a time and place for public hearing thereon (Orchard Hill and Cottonwood Park).

Recommendation:

Adopt a resolution declaring the intention to provide for annual levy and collection of assessments pursuant to the provisions of Division 15, Part 2, of the Streets and Highways Code of the State of California and setting a time and place for public hearing thereon (Orchard Hill and Cottonwood Park).

Purpose:

To declare the City's intention to levy and collect assessments for the Landscaping and Lighting Maintenance Districts (LLMD) in Fiscal Year 2023/2024 and set a date for the associated public hearing.

Strategic Plan Strategy:

Fiscal Stability/Sustainability: Strategy No. 6- Meet Financial Commitments and Reporting Requirements

Background:

Each year, the City levies annual assessments within its LLMDs. The City maintains two such districts: Orchard Hill and Cottonwood Park. The Orchard Hill LLMD was created in September 1996 and the Cottonwood Park LLMD was created in October 1999.

The districts provide for the creation of parks and small landscape maintenance zones and ensure funding for ongoing maintenance of Public landscaping improvements that are in or adjacent to the Orchard Hill and Cottonwood Park subdivisions. The park and landscape zones were a requirement of the developments and are intended to complement the subdivision appearance. The City has caused annual assessments to be levied via the El Dorado County tax roll since each district's respective inception. The collected assessments are held in separate funds specifically designated for and restricted to payment of costs directly attributed to the maintenance and lighting of landscape zones within the district for which the assessments were levied. The engineer's reports, resolution of intention, and public hearing are requirements set forth in Division 15, part 2, of the Streets and Highways Code of the State of California.

Discussion:

Two meetings are required to complete the annual assessment process. At this regular meeting on May 9, 2023, the City Council will review the draft annual Engineer's Reports detailing the annual assessments, and consider the attached resolution declaring the City's intention to levy and collect the annual assessments. Staff is not seeking City Council adoption of the Engineer's Reports until the second required meeting. The report is provided for the City Council's preliminary deliberation. The attached resolution sets a public hearing on the proposed levy for June 13, 2023. The public hearing will serve as the second required meeting, and staff will seek Council's formal adoption of the annual Engineer's Report at that time.

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 this summer. 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 continue working with the property owner over the coming months to establish the new CFD and implementing it as early as the 2024/2025 tax year.

Options:

1. Adopt the resolution declaring the intention to provide for annual levy and collection of LLMD assessments as presented.
2. Direct staff to take other actions.
3. Take no action.

Environmental:

The recommended action is not a project pursuant to the California Environmental Quality Act.

Cost:

The anticipated basic costs of operating and maintaining the Cottonwood Park and Orchard Hill LLMDs in Fiscal Year 2023/2024 are $14,255 and $20,464 respectively.

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 2023/2024.

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