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Foothill community built on California's rich gold rush history.”*



City Manager's Report

May 28, 2024 City Council Meeting

Prepared by: Dave Warren, Assistant City Manager/Director of Finance

Item #: 11.2

Subject: Consider approving the Engineer's Reports for the Cottonwood Park and Orchard Hill Landscaping and Lighting Maintenance Districts and directing NBS to prepare and submit the levy of assessments to El Dorado County for the placement of the Fiscal Year 2024/2025 secured property tax roll.

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 2024/2025 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, 2024 and ending June 30, 2025, 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 2024/2025.

Strategic Plan Strategies:

Meet financial commitments and reporting requirements.

Background:

At its meeting held on April 23, 2024, 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 continues to analyze 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.

At its meeting held on December 12, 2023, the City Council approved Ordinance No. 1713, which authorized the levy of special tax assessments for the Cottonwood Park Phases 4 and 6 Maintenance and Services Community Facilities District (CFD) No. 2023-1. The associated tax assessments will be used to pay for the maintenance and operation of the District's streets, storm drains, its proportional share of Duffey Park, and associated administrative costs. The new CFD has an annual inflator, which will help the associated assessments keep up with rising costs. Staff plans on adding the new tax assessments to the property tax roll effective Fiscal Year 2024/2025.

Cost:

The anticipated costs of operating and maintaining the Cottonwood Park and Orchard Hill LLMDs in Fiscal Year 2024/2025 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 2024/2025.



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