



City of Chula Vista

Staff Report

File#: 15-0343, Item#: 17.

CONSIDERATION OF TESTIMONY FOR THE FISCAL YEAR 2015/2016 LEVY OF ASSESSMENTS AND COLLECTION AGAINST THOSE ASSESSMENTS FOR CERTAIN OPEN SPACE AND MAINTENANCE DISTRICTS

- A. RESOLUTION NO. 2015-169 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR CITY OPEN SPACE DISTRICTS 2 THROUGH 7, 11, 14, 15, 17, 18, 23, 24, 26, 31 AND 33, AND BAY BOULEVARD MAINTENANCE DISTRICT
- B. RESOLUTION NO. 2015-170 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR CITY OPEN SPACE MAINTENANCE DISTRICT NO. 1
- C. RESOLUTION NO. 2015-171 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR CITY OPEN SPACE MAINTENANCE DISTRICT NO. 8
- D. RESOLUTION NO. 2015-172 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR CITY OPEN SPACE DISTRICTS 9, 10, AND THE TOWN CENTRE MAINTENANCE DISTRICT
- E. RESOLUTION NO. 2015-173 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR CITY OPEN SPACE MAINTENANCE DISTRICT NO. 20
- F. RESOLUTION NO. 2015-174 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2015/2016 FOR EASTLAKE MAINTENANCE DISTRICT NO. 1 (ELMD #1)

RECOMMENDED ACTION

Council conduct the public hearing and adopt the resolutions.

SUMMARY

The City administers and maintains 36 Open Space Districts and associated zones that have been established over the last 30 years. The Districts provide a financing mechanism to maintain the public open space areas associated with each particular development. The City Council's approval of the levy is required by the first week of August in order to meet the deadlines established by the County Auditor Controller. This item allows for the assessment of currently approved levy amounts and ensures that the County Auditor Controller deadlines are met for all 36 of the City's Open Space

Districts.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity, Levy of Assessments and Collection Against Those Assessments For Certain Open Space and Maintenance Districts and Placement of Delinquent Charges On The Next Regular Tax Bill for Collection, is not a "Project" as defined under Section 15378(b)(4) of the State CEQA Guidelines because it consists only of reporting and creating governmental funding mechanisms that will not result in a physical change therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

BOARD/COMMISSION RECOMMENDATION

Not applicable.

DISCUSSION

Open Space Districts (OSD's) were established in conjunction with each particular development to ensure financing for perpetual maintenance of common open space areas. OSD's provide a mechanism for the City to levy an annual assessment and collectible to cover the costs of maintenance associated with each OSD. Once City Council approves the annual collectible amount, it is sent to the County for inclusion on the tax bill.

Each year the City Council must take two actions before levying the annual assessment. First, Council approves the Engineer's Report on Open Space Districts, declares the City's intention to levy the annual assessment, and sets the date and time for a public hearing. The second action is to conduct the public hearing, take and consider public testimony, levy the annual assessment and set the amount to be collected against the assessment. Tonight's action is the second step in the annual process.

Pursuant to state law and Municipal Code, the City Engineer has prepared and filed the annual report for all existing Open Space Districts. Table 1 lists the names and locations of the Districts. The annual report allows Council to review the history of the Open Space Districts. The report includes information regarding:

- The proposed budgets
- Funds remaining in the account
- The proposed assessment (based upon prior year assessment plus an inflation factor)
- The collectible (the amount needed from each property owner to provide sufficient funds for the following fiscal year's maintenance)
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Table 1. Open Space Districts within the City of Chula Vista

OSD #	Name	Location
1	El Rancho del Rey Units 1 – 4	East of Paseo Ranchero – H Street & Telegraph Canyon Road
2	Lark Haven	South and East of Loma Verde Park
3	Rancho Robinhood Units 1 & 2	South of Allen School Lane
4	Bonita Ridge	Camino Elevado north of Otay Lakes Road
5	South Bay Villas	North end of Crest Drive south of E Street
6	Hilltop Vista	Camino Vista Real north of Telegraph Canyon Road
7	Zenith Units 2, 3, and 4	North & South of Palomar, east of I-805
8	Rancho Robinhood Unit 3	Surrey Drive southwest of Otay Lakes Road
9	El Rancho del Rey	Paseo del Rey, north of Telegraph Canyon Road
10	El Rancho del Rey 6, Casa del Rey	West of Paseo Ranchero – H & J Streets
11	Hidden Vista Village	East H Street, east of I-805
14	Bonita Long Canyon	North of East H Street – Otay Lakes Road & Corral Canyon Road
15	Bonita Haciendas	Canyon Drive, east of Otay Lakes Road
17	Bel Air Ridge	Northeast of Paseo Ladera & East J Street
18	Rancho del Sur	East end of East Naples Street
20	Rancho del Rey	North of East H Street, west of Otay Lakes Road
23	Otay Rio Business Park	West of Heritage/Otay Valley Road, south of Otay Rio Road
24	Canyon View Homes	Rutgers Avenue, south of East H Street
26	Park Bonita	West of the intersection of E Street & Bonita Road
31	Telegraph Canyon Estates	North of Otay Lakes Road, west of SR-125
33	Broadway Business Home Village	West side of Broadway – J & K Streets
-	Eastlake Maintenance District No. 1	Eastlake 1, Eastlake Greens, Salt Creek 1, OTC, Telegraph Canyon Channel
-	Bay Boulevard Maintenance District	Bay Boulevard – E & F Streets
-	Town Centre Maintenance District	Third Avenue – E & G Streets

Improvements and Services

The facilities and items to be maintained by the Open Space Districts currently consist and will remain, in general, of the following:

- Irrigation
- Aerification
- Insect infestation control
- Removal of noxious plant material
- Public walkway cleaning
- Weed abatement
- Pedestrian light maintenance
- Pruning of trees and shrubs
- Irrigation equipment upgrades
- Fertilization
- Pest Control
- Removal of weeds, trash and litter
- Trail maintenance
- Low flow and brow channel maintenance
- Slopes and Canyons
- Signage within trails/canyons
- Repair of irrigation equipment
- Brush clearance

File#: 15-0343, Item#: 17.

- Encroachment trims
- Replacement of dead or diseased plant material
- Fencing maintenance
- Retaining walls

Assessments & Collectibles

The City of Chula Vista Municipal Code makes the distinction between the assessment and the amount that the City may collect against the assessment (i.e., the collectible). Each year, the prior year’s maximum assessment amount is adjusted by an inflation factor, pursuant to the Municipal Code. This inflation factor is based upon the lower of two separate, published inflation factors: the San Diego Metropolitan Consumer Price Index (CPI), and the Governor’s California 4th Quarter per Capita Personal Income Index. In the mid-1990’s (and for all Open Space Districts established after that date), Council approved the assessments with an inflation factor. Since that date, Council may annually increase the assessment by this inflation factor without this increase being subject to a protest vote under Proposition 218.

The assessments for FY 2015/2016 are proposed at the FY 2014/2015 amounts adjusted by the inflation factor of 1.85% pursuant to the Municipal Code. This index is the lower of the published inflation factors, and represents the percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (CPI).

The collectible, is the amount to be actually collected from the property owner and is equal to, or lower than, the proposed assessment. The collectible is based on the budget, the reserve requirement, prior year’s savings and fund balance, and earned interest.

The proposed Assessments and Collectibles for FY 2015/2016 are as follows:

Table 2. Historical and Proposed FY 2015/2016 Assessments/Collectibles

Open Space District or Zone	Assessment per EDU	Collectible per EDU					Projected Revenue (6)
	FY14/15	Proposed FY15/16	FY14/15	Proposed FY15/16	Variance (\$)	Variance (%)	
1	\$123.56	\$125.85	\$123.56	\$125.85	\$2.29	1.85%	\$82,450.44
2	\$57.32	\$58.38	\$57.32	\$58.38	\$1.06	1.85%	\$14,536.62
3	\$392.45	\$399.71	\$392.45	\$399.71	\$7.26	1.85%	\$50,761.90
4	\$414.50	\$422.17	\$414.50	\$422.17	\$7.67	1.85%	\$88,653.60
5	\$404.21	\$411.69	\$404.21	\$411.69	\$7.48	1.85%	\$50,224.96
6	\$199.90	\$203.60	\$199.90	\$203.60	\$3.70	1.85%	\$32,983.20
7	\$139.63	\$142.21	\$98.00	\$31.92	(\$66.08)	-67.42%	\$3,223.92
8	\$637.92	\$649.72	\$637.92	\$649.72	\$11.80	1.85%	\$71,469.20
9	\$180.79	\$184.13	\$180.79	\$184.13	\$3.34	1.85%	\$71,070.36
10	\$122.00	\$124.26	\$122.00	\$124.26	\$2.26	1.85%	\$81,608.98
11	\$123.47	\$125.75	\$123.47	\$125.75	\$2.28	1.85%	\$166,112.06

File#: 15-0343, Item#: 17.

Open Space District or Zone	Assessment per EDU	Collectible per EDU					
	FY14/15	Proposed FY15/16	FY14/15	FY14/15	Proposed FY15/16	FY14/15	FY14/15
14	\$396.86	\$404.20	\$396.86	\$404.20	\$7.34	1.85%	\$348,824.60
15	\$380.76	\$387.80	\$380.76	\$387.80	\$7.04	1.85%	\$22,104.60
17	\$182.26	\$185.63	\$182.26	\$185.63	\$3.37	1.85%	\$8,538.52
18	\$430.67	\$438.64	\$394.00	\$394.00	\$0.00	0.00%	\$171,784.00
20							
Zone 1 - Desilting Basin	\$66.55	\$67.78	\$66.55	\$67.78	\$1.23	1.85%	\$59,360.36
Zone 2 - Rice Canyon	\$5.05	\$5.14	\$5.05	\$1.27	(\$3.78)	-74.86%	\$5,006.04
Zone 3 - H. Street	\$7.20	\$7.33	\$7.00	\$7.33	\$0.33	4.71%	\$44,995.32
Zone 4 - Business Center	\$55.34	\$56.36	\$16.00	\$56.36	\$40.36	252.25%	\$146,676.04
Zone 5 - SPA I	\$404.43	\$411.91	\$404.43	\$391.68	(\$12.75)	-3.15%	\$703,063.62
Zone 6 - SPA II	\$310.74	\$316.49	\$293.00	\$316.49	\$23.49	8.02%	\$179,827.10
Zone 7 - SPA III	\$191.81	\$195.36	\$191.81	\$195.36	\$3.55	1.85%	\$229,894.80
Zone 8 - N Desilting Basin	\$44.22	\$45.04	\$44.22	\$45.04	\$0.82	1.85%	\$5,351.48
Zone 9 - Tel Cyn Channel	\$35.11	\$35.76	\$35.11	\$35.76	\$0.65	1.85%	\$1,870.98
23	\$492.41	\$501.52	\$474.00	\$442.95	(\$31.05)	-6.55%	\$50,930.28
24	\$737.88	\$751.53	\$737.88	\$751.53	\$13.65	1.85%	\$30,060.80
26	\$579.13	\$589.84	\$579.13	\$589.84	\$10.71	1.85%	\$11,206.96
31	\$598.24	\$609.31	\$540.00	\$503.71	(\$36.29)	-6.72%	\$172,769.10
33 (1)	\$1,462.07	\$1,489.12	\$0.00	\$0.00	N/A ⁽¹⁾	N/A ⁽¹⁾	\$0.00
ELMD No. 1							
Otay Lakes Rd(2)	N/A ⁽²⁾	N/A ⁽²⁾	\$2.50	\$2.50	\$0.00	0.00%	\$0.00
Zone A - Eastlake I	\$13.68	\$13.93	\$13.00	\$6.77	(\$6.23)	-47.90%	\$58,862.88
Zone B - Eastlake Greens	\$22.40	\$22.81	\$19.00	\$22.81	\$3.81	20.05%	\$76,992.22
Zone C - Oly Training Ctr	\$185.49	\$188.92	\$0.65	\$2.57	\$1.92	295.01%	\$24,023.06
Zone D - Salt Creek I	\$247.39	\$251.97	\$247.00	\$251.97	\$4.97	2.01%	\$106,779.48
Zone E - Tel Cyn Chnl(3)	\$35.27	\$35.92	\$0.00	\$11.44	\$11.44	N/A	\$7,513.32
Bay Boulevard(4)	\$3,191.59	\$3,250.63	\$0.00	\$0.00	\$0.00	N/A	\$0.00
Town Centre (5)	\$0.12	\$0.12	\$0.00	\$0.00	N/A ⁽¹⁾	N/A ⁽¹⁾	\$0.00
Total Projected Revenues							\$3,179,530.80
<p>(1) OSD 33 was formed several years ago in anticipation of development. The project has not progressed and consequently there is no maintenance required. Should the project develop in the future the District may be assessed to cover future maintenance expenses.</p> <p>(2) Zones A - d share in the cost of Otay Lakes Road medians and off-site parkways. Collectible and projected revenue for Otay Lakes Road are reflected in collectible and projected revenue for Zones A - D.</p> <p>(3) Portions of Eastlake I and Eastlake Greens are in this benefit area.</p> <p>(4) Bay boulevard rates are based on acres.</p> <p>(5) Town Centre rates have been based on parcel square footage since FY 2001/02. However, a Downtown PBID replaced this District in 2001, but the City determined that there was some potential long-term exposure for the City based on the remote potential that the current PBID might not receive sufficient support for renewal processes.</p> <p>(6) The Projected Revenue are preliminary figures based upon the prior year's EDU assignments and the Maximum Rates for Fiscal Year 2015/16.</p>							

Town Centre LMD: A downtown Property and Business Improvement District (PBID) replaced Town Centre Landscape Maintenance District (LMD) in 2001. At that time, it was anticipated that the Town Centre LMD would be dissolved. However, the City determined that there was some potential long-term exposure for the City based on the remote possibility that the current PBID might not receive sufficient support for re-approval in the future. Should the PBID not be re-approved at some future date, and if the Town Centre LMD were dissolved, there would no longer be a funding mechanism for downtown landscape maintenance.

Based on this possibility, the Town Centre LMD is kept open as a “ghost” district. This means that the City will set the maximum assessment amount for the District on an annual basis, even though property owners will not be billed any sum on the tax roll. Should the PBID not be re-approved, the Town Centre LMD will be in place and provide the necessary funding mechanism for downtown landscape maintenance.

The current PBID was renewed with the adoption of Council Resolution No. 2006-222, for a period of ten (10) years. So the Town Centre LMD remains as a “ghost” district.

OSD 7: Since April 2013, Caltrans and their contractor, Granite Construction Company, are currently working on the I-805 Direct Access Ramp (DAR) Project at the East Palomar Street bridge which impacts all of Open Space District 7. At the East Palomar Street overcrossing, a northbound on-ramp and southbound off-ramp direct access ramp system with an adjacent transit station and a park and ride lot is being constructed. This project will provide new access to and from I-805 and East Palomar Street for Bus Rapid Transit and high occupancy vehicles. Construction is scheduled to be completed in August 2015. During construction, maintenance in OSD 7 has been minimal since the entire district is being re-established. Once the work is completed, there will be a one-year maintenance and plant establishment period that the Caltrans contractor is obligated to complete at their expense. Once the plant establishment period success criteria have been deemed acceptable by Caltrans, OSD 7 will be turned back over to the City. Turnover of the district from Caltrans to the City is therefore expected as early as September 2016. Caltrans has had public outreach meetings with the residents in the area.

Standard Notice Process for Annual Levy

The public hearing was noticed pursuant to Government Code 6061, which requires that a notice be published in a newspaper of general circulation at least 10 days before the public hearing.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found a conflict exists, in that Councilmember McCann has property holdings within 500 feet of Open Space District No. 1 and 20,

File#: 15-0343, Item#: 17.

which are the subject of Resolutions B and E of this action.

Staff has reviewed the property holdings of the City Council and has found a conflict exists, in that Councilmember Aguilar has property holdings within 500 feet of Open Space District No. 8 and Open Space District 20, which are the subject of Resolutions C and E of this action.

Staff has reviewed the property holdings of the City Council and has found a conflict exists, in that Mayor Casillas Salas has property holdings within 500 feet of Open Space District No. 9, 10 and Towne Center Maintenance District, which are the subject of Resolution D of this action.

Staff has reviewed the property holdings of the City Council and has found a conflict exists, in that Councilmember Miesen has property holdings within 500 feet of Eastlake Maintenance District No. 1 (ELMD #1), which is the subject of Resolution F of this action.

Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18705.2(a)(11), the above listed items present disqualifying real property-related financial conflicts of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified members.

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong & Secure Neighborhoods and a Connected Community. Well maintained community open space areas throughout the city for public enjoyment, relaxation, self-improvement and community connection supports the goals of a Healthy Community and a Connected Community.

CURRENT YEAR FISCAL IMPACT

The full cost of providing landscape maintenance services in these Open Space Districts totals \$4,098,069.00. The maximum assessment will provide \$3,179,530.80 in revenues. There is a gap of \$918,538.20 that will be addressed through the planned use of reserves in various OSDs. The increase in the costs of providing maintenance services is attributable to new landscape maintenance contracts and prevailing wage requirements. Expenditures are offset through the OSD collectible and reserves of each District. By carefully monitoring expenses and sustaining healthy reserves, the Districts can absorb the increase. The budgets will be adjusted accordingly in future fiscal years.

ONGOING FISCAL IMPACT

The cost of providing maintenance services is anticipated to increase due to new landscape maintenance contracts and prevailing wage requirements. These costs will be offset by the OSD

File#: 15-0343, **Item#:** 17.

collectibles and reserves of each District. City staff will continuously monitor expenses, review budgets and adjust collectibles annually as needed in order to sustain healthy reserves and ensure the Districts will continue to be able to fund the required maintenance.

ATTACHMENTS

1. Open Space Maintenance Districts Annual Report

Staff Contact: Robert Beamon