



City of Chula Vista

Staff Report

File#: 14-0385, **Item#:** 20.

CONSIDERATION OF TESTIMONY FOR THE FISCAL YEAR 2014/2015 LEVY OF ASSESSMENTS AND COLLECTION AGAINST THOSE ASSESSMENTS FOR CERTAIN OPEN SPACE AND MAINTENANCE DISTRICTS

- A. RESOLUTION NO. 2014-136 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS; AND COLLECTIBLES FOR CITY OPEN SPACE DISTRICTS 1 THROUGH 7, 9, 11, 14, 15, 17, 18, 20, 23, 24, 26, 31 AND 33, EASTLAKE MAINTENANCE DISTRICT NO. 1, AND BAY BOULEVARD MAINTENANCE DISTRICT
- B. RESOLUTION NO. 2014-137 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE OPEN SPACE DISTRICT NO. 8
- C. RESOLUTION NO. 2014-138 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE OPEN SPACE DISTRICT NO. 10 AND THE TOWN CENTRE MAINTENANCE DISTRICT

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 Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because the activity consists of reporting and creating governmental funding mechanisms which will not result in a potentially significant physical impact on the environment. Thus, no further 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 that are included as Attachment 1 to this report. 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)

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

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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
- Encroachment trims
- Replacement of dead or diseased plant material
- 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
- 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

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San Diego Metropolitan Consumer Price Index (CPI), and the Governor's California Fourth 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 2014/2015 are proposed at the FY 2013/2014 amounts adjusted by the inflation factor of 0.26% pursuant to the Municipal Code. This index is the lower of the published inflation factors, and represents the percentage change in the estimated California Fourth Quarter Per Capita Personal Income as contained in the Governor's budget published in January.

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 2014/2015 are as follows:

Table 2. Historical and Proposed FY 2014/2015 Assessments/Collectibles

Open Space District or Zone	Assessment per EDU	Assessment per EDU				Collectible per EDU		
	FY 13/14	Proposed FY14/15	FY13/14	Proposed FY 14/15	Proposed FY 14/15	Variance (\$)	Variance (%)	Projected Revenue (6)
1	\$124.24	\$123.56	\$98.00	\$123.56	\$25.56		26.08%	\$81,259.23
2	57.17	57.32	57.17	57.32	0.15		0.26%	14,272.68
3	391.44	392.45	387.00	392.45	5.45		1.41%	49,841.15
4	413.43	414.50	407.00	414.50	7.50		1.84%	87,045.00
5	403.16	404.21	403.16	404.21	1.05		0.26%	49,313.62
6	199.38	199.90	197.00	199.90	2.90		1.47%	32,383.80
7	139.27	139.63	111.00	98.00	-13.00		-13.27%	9,898.00
8	636.27	637.92	636.27	637.92	1.65		0.26%	70,171.20
9	180.32	180.79	178.00	180.79	2.79		1.57%	69,784.94
10	121.68	122.00	120.00	122.00	2.00		1.67%	80,124.72
11	123.14	123.47	99.00	123.47	24.47		24.72%	163,108.81
14	395.83	396.86	395.83	396.86	1.03		0.26%	342,490.18
15	379.77	380.76	374.00	380.76	6.76		1.81%	21,703.32
17	181.79	182.26	179.00	182.26	3.26		1.82%	8,383.96
18	429.55	430.67	343.00	394.00	51.00		14.87%	171,784.00
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Zone 1 - Desilting Basin	66.38	66.55	66.38	66.55	0.17		0.26%	58,315.08
Zone 2 - Rice Canyon	5.04	5.05	5.00	5.05	0.05		1.00%	19,993.96

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Zone 3 - H Street	7.18	7.20	2.00	7.00	5.00	250%	42,997.53
Zone 4 - Business Center	55.20	55.34	0.00	16.00	16.00	N/A	41,639.87
Zone 5 - SPA I	403.38	404.43	111.00	404.43	293.43	264%	725,951.85
Zone 6 - SPA II	309.94	310.74	0.00	293.00	293.00	N/A	166,485.53
Zone 7 - SPA III	191.32	191.81	189.00	191.81	2.81	1.49%	225,719.90
Zone 8 - N Desilting Basin	44.11	44.22	0.00	44.22	44.22	N/A	5,254.22
Zone 9 - Tel Cyn Channel	35.02	35.11	35.02	35.11	0.09	0.26%	1,841.91
23	491.13	492.41	180.00	474.00	294.00	163%	54,500.52
24	735.96	737.88	735.96	737.88	1.92	0.26%	29,515.20
26	577.63	579.13	577.63	579.13	1.50	0.26%	11,003.47
31	596.69	598.24	373.00	540.00	167.00	44.77%	185,220.00
33 (1)	1,458.28	1,462.00	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	N/A (2)	0.00
Zone A - Eastlake I	13.64	13.68	11.00	13.00	2.00	18.18%	113,086.45
Zone B - Eastlake Greens	22.34	22.40	7.00	19.00	12.00	171%	64,151.22
Zone C - Oly Training Ctr	185.01	185.49	0.00	0.65 (7)	0.65 (7)	N/A	6,075.88
Zone D - Salt Creek I	246.75	247.39	246.75	247.00	0.25	0.10%	104,678.60
Zone E - Tel Cyn Chnl(3)	35.18	35.27	0.00	0.00	0.00	N/A	0.00
Bay Boulevard(4)	3,183.31	3,191.50	0.00	0.00	0.00	N/A	0.00
Town Centre (5)	0.12	0.12	0.00	0.00	N/A (5)	N/A (5)	0.00
Total Projected Revenues							\$3,107,995.80

- (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.
- (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.
- (3) Portions of Eastlake I and Eastlake Greens are in this benefit area.
- (4) Bay Boulevard rates are based on acres.
- (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 future renewal processes.
- (6) The Projected Revenues are preliminary figures based upon the prior year's EDU assignments and the Maximum Rates for Fiscal Year 2014/15.
- (7) Collectible adjusted to reflect increase in EDUs from 500 to 9,347.50.

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. The new freeway access will serve Bus Rapid Transit, high occupancy vehicles and single occupancy vehicles using FasTrak. Construction is scheduled to be completed by January 2015. During construction, maintenance in OSD 7 will be minimal. Caltrans has had public outreach meetings with the residents in the area.

Construction duration is from April 2013 to approximately January 2015 and as a part of the reconstruction of East Palomar Street, the district landscaping will be entirely redone. Due to the construction period of approximately 22 months followed by a scheduled 12-month contractor plant establishment period after project completion, it is anticipated that the district budget will be minimal for the remainder of Fiscal Year 2013/14 and then very minimal for Fiscal Year 2014/15. Once the plant establishment period success criteria have been deemed acceptable by Caltrans, OSD 7 will be turned back over to the City either in late calendar year 2015 or early 2016. Turnover of the district from Caltrans to the City is therefore expected in mid-FY2015/16.

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 City Council and has found a property-related conflict of interest exists, in that Councilmember Aguilar has real property holdings within 500 feet of the boundaries of Open Space District No. 8 which is the subject of Resolution B of this action.

Staff has reviewed the property holdings of City Council and has found a property-related conflict of interest exists, in that Councilmember Salas has real property holdings within 500 feet of the

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boundaries of Open Space District No. 10 which is the subject of Resolution C of this action.

Staff is not independently aware, and has not been informed by any 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 & 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 \$3,468,104.02. The current maximum assessment will provide \$3,107,108.80 in revenues. There is a gap of \$360,108.22 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 a new landscape maintenance contract. 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

Staff continues to monitor expenses and adjust budgets annually through the City's budget process to maintain sufficient reserve levels throughout each Open Space District

ATTACHMENTS

1. Open Space Maintenance Districts Annual Report

Staff Contact: Silvia Cosio