



City of Chula Vista

Staff Report

File#: 16-0194, **Item#:** 7.

CONSIDERATION OF TESTIMONY FOR THE FISCAL YEAR 2016/2017 LEVY OF ASSESSMENTS AND COLLECTION AGAINST THOSE ASSESSMENTS FOR CERTAIN OPEN SPACE AND MAINTENANCE DISTRICTS

- A. RESOLUTION NO. 2016-160 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2016/2017 FOR OPEN SPACE DISTRICTS 2 THROUGH 7, 9, 11, 14, 15, 17, 18, 20 (ZONES 1, 2, 4, 5, 6, 8), 23, 24, 26, 31, 33, EASTLAKE MAINTENANCE DISTRICT NO 1 (ZONES B, C, AND D), AND BAY BOULEVARD MAINTENANCE DISTRICT
- B. RESOLUTION NO. 2016-161 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2016/2017 FOR OPEN SPACE MAINTENANCE DISTRICT NO. 1
- C. RESOLUTION NO. 2016-162 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2016/2017 FOR OPEN SPACE DISTRICTS 8 AND 20 (ZONES 3, 7, AND 9)
- D. RESOLUTION NO. 2016-163 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2016/2017 FOR OPEN SPACE DISTRICTS 10, EASTLAKE MAINTENANCE DISTRICT NO 1 (ZONE E), AND TOWN CENTRE MAINTENANCE DISTRICT
- E. RESOLUTION NO. 2016-164 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA LEVYING THE ASSESSMENTS AND COLLECTIBLES FOR THE FISCAL YEAR 2016/2017 FOR OPEN SPACE DISTRICT EASTLAKE MAINTENANCE DISTRICT NO 1 (ZONE A)

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 Open Space Districts provide a financing mechanism to maintain the public open space areas associated with each specific development. The City Council's approval of the levy is required by the first week of August in order to meet the annual deadline established by the San Diego County Auditor-Controller. This item authorizes the assessment of the recommended levy amounts and ensures that the County Auditor Controller deadlines are met for all 36 of the City's Open Space Districts.

ENVIRONMENTAL REVIEW

Environmental Notice

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

Environmental Determination

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 it consists of a governmental fiscal activity that will not result in direct or indirect adverse physical changes to the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION RECOMMENDATION

Not Applicable

DISCUSSION

Open Space Districts (OSDs) were established in conjunction with each development to ensure a financing mechanism was available for the funding of perpetual maintenance of common open space areas. The City levies annual assessments within each OSD to cover the costs of maintenance associated with each OSD area of maintenance. Once City Council approves the annual assessments, they are sent to the County for inclusion on the secured property tax bills of each affected parcel.

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 (entitled the "Open Space Districts Annual Administration Report", per the attachment of the same name), declares the City's intention to levy the annual assessment, and sets the date and time for a public hearing. The first action was completed on July 12, 2016. 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)

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 inflation factors: 1) the San Diego Metropolitan Consumer Price Index (CPI), and 2) 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 adjust the assessment by this inflation factor without this adjustment being construed as an increase, and thus being subject to an OSD balloting, per Proposition 218.

The assessments for FY 2016/17 are proposed at the FY 2015/16 amounts adjusted by the inflation factor of 1.62% pursuant to the Municipal Code. This index is the lower of the two inflation factors mentioned above, 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 for operating and asset replacement activities, prior year's savings and fund balance, and interest income.

Illustrated in Exhibit 2, are the proposed Assessments and Collectibles for FY 2016/17. The current amounts in the exhibit are based upon estimated fund balances and EDUs at this time. The Collectibles per EDU are set at the Assessment per EDU to allow for the collection of up to the maximum amount allowable.

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. If the PBID was not re-approved at some future date, and if the Town Centre LMD was dissolved, there would no longer be a funding mechanism for downtown landscape maintenance.

Based on this possibility, the Town Centre LMD remains open as a “contingent” 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 to provide the necessary funding mechanism for downtown landscape maintenance.

The current PBID was renewed with the adoption of Council Resolution No. 2016-110, for a period of ten (10) years. Given this, the Town Centre LMD will remain a “contingent” district.

OSD 7: Since April 2013, Caltrans and their contractor, Granite Construction Company, have been working on the I-805 Direct Access Ramp (DAR) Project at the East Palomar Street Bridge, which affects the entirety of Open Space District 7. Currently, 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 FastTrack. Construction is scheduled to be completed by June 2016. During the construction period, maintenance in OSD 7 has been minimal since the entire district is being re-established. Once the work is completed in May 2016, there will be a one-year maintenance and plant establishment period that the Caltrans contractor is obligated to complete at their expense. Once Caltrans has deemed the plant establishment period success criteria acceptable, OSD 7 will revert to the City. Caltrans anticipates turning the district back over to the City in April or May 2017. Caltrans has had public outreach meetings with the residents in the area.

As of April 2016, construction on the East Palomar Street/I-805 Direct Access Ramp is nearing completion. Caltrans has informed City Staff that their contractor expects to open up the East Palomar Street Bridge within the next few weeks. Landscaping will begin to be installed in May and will be required to be under a 12-month plant establishment period. Since this project affected all of the landscaping in Open Space District 7, maintenance was suspended for the duration of the construction, which began in April 2013.

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 that potential conflicts exist; in that members have property holdings within 500 feet of the Open Space Districts listed below by City Council member. Consequently, pursuant to California Code of Regulations Title 2,

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sections 18700 and 18702.2(a)(11), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the members identified below:

Mayor Salas - For Open Space Districts No. 10, Eastlake Maintenance District No. 1 (ELMD #1) Zone E, and Towne Center Maintenance District, which are the subject of Resolution D of this action.

Council Member Aguilar - For Open Space District No. 8, and Open Space District 20 (Zones 3, 7, and 9), which are the subject of Resolution C of this action.

Council Member McCann - For Open Space District No. 1, which is the subject of Resolution B of this action.

Council Member Miesen - For Eastlake Maintenance District No. 1 (ELMD #1) Zone A, which is the subject of Resolution E of this action.

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

For Fiscal Year 2016/2017, the full cost of providing landscape maintenance services in the Open Space Districts totals \$3,371,856 and each district is financially self-sustaining. All landscape maintenance costs are recovered through the OSD collectibles and reserves of each Open Space District. Given this, there is no direct impact to the General Fund.

ONGOING FISCAL IMPACT

None

ATTACHMENTS

Exhibit 1 - City of Chula Vista Open Space Districts

Exhibit 2 - Historical and Proposed FY 2016/2017 Assessments/Collectibles

Open Space Districts Annual Administration Report

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