

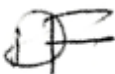


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CITY COUNCIL

AGENDA REPORT

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TO: Honorable Mayor and Members of the City Council  
FROM: Daniel Fox, City Manager   
TITLE: **FORMATION OF LANDSCAPE ASSESSMENT DISTRICT NOS. 39-2019 AND 41-2019 TO REPLACE EXISTING DISTRICT NOS. 39 AND 41.**  
STRATEGIC GOAL: *Responsible Stewardship of Public Resources*

**RECOMMENDATION:**

1. Adopt Resolution No. 2019-XX (No. 39-2019) initiating proceedings for the formation of a new landscape assessment district and designating SCI Consulting Group as the Engineer of Record;
2. Adopt Resolution No. 2019-XX (No. 41-2019) initiating proceedings for the formation of a new landscape assessment district and designating SCI Consulting Group as the Engineer of Record; and
3. Approve and authorize the Mayor to sign the Second Amendment to the Consulting Services Agreement with SCI Consulting Group to provide special assessment engineering and balloting services in the amount of \$46,000.

**FINANCIAL IMPACT:**

Assessment District Nos. 39 and 41 were formed in 1985 (prior to incorporation of the City of Diamond Bar), and assessment rates have not increased since that time. Costs to maintain the landscaping in both districts have increased significantly over the past three decades resulting in an operating deficit in both districts. Over the past five years (FY 14/15- FY 18/19), the operating deficits have been subsidized by the City's General Fund in the amount of \$340,772 and \$394,366 for District No. 39 and District No. 41, respectively. Forming new districts with self-supporting assessments will relieve the General Fund of this burden. Costs to perform the mail ballot process and the SCI contract amendment will be paid for with cost savings from the 2018 elections budget.

### **District No. 39**

As shown in the 2018 Engineer's Report, the \$294,764 of assessment generated by this District fell short of \$540,352 in expenses, causing the City's General Fund to subsidize this District in the amount of \$245,588. This shortfall is projected to increase in coming years.

### **District No. 41**

As shown in the 2018 Engineer's Report, the \$122,157 of assessment generated by this District fell short of \$266,155 in expenses, causing the City's General Fund to subsidize this District in the amount of \$143,998. This shortfall is projected to increase in coming years.

### **BACKGROUND/DISCUSSION:**

Assessment District Nos. 39 and 41 were created in 1985 to pay for the maintenance and upkeep of certain landscape and recreation features in their respective neighborhoods. District No. 39 was formed upon the request of developers Bramalea Limited, Inc., and M. J. Brock and Sons, Inc., and District No. 41 was formed upon the request of developer William Lyon Company. At that time before the 1989 incorporation of the City of Diamond Bar, the County of Los Angeles approved the formation of these two Districts and provided maintenance and administration. Upon incorporation in 1989, the City took over the administration of the Districts (maintenance as well as the annual assessment responsibilities). Both Districts were structured to be self-supporting with the ability of the City Council to set assessment at levels sufficient to raise the required revenues.

In 1996 California voters approved Proposition 218, which changed the legal requirements of increasing assessments such as these. From that year forward any increase in assessments would need to be approved by a vote of the property owners within the District by a simple majority (50% plus 1) of returned ballots. This new requirement effectively froze assessment levels for most assessments across the State, including District Nos. 39 and 41. For a few years, cost increases were modest and fiscal reserves were sufficient to fund maintenance activities. Once the reserves were depleted, the City's General Fund was utilized to cover the shortfalls in these Districts.

The continuing operational deficit for both Districts is an unintended burden on the City's General Fund. The simplest remedy is to increase assessments for each District to levels adequate to cover costs. Other options include scaling back landscape services to fit within available revenues or dissolving the Districts and ceasing all services. In the former case, it is anticipated that residents in the two areas would see noticeable declines in the health and appearance of the landscaped areas. In the latter case, several complications would arise including identifying who would inherit the maintenance responsibilities (abutting property owners, homeowners' associations, or the City) and to what level they would perform that work.

In a study session on March 19, the City Council considered the details of these options for District No. 41 and provided direction to move forward with the process to consider

increasing assessments to fund current levels of service through a ballot proceeding. In that meeting, the Council also applied the same reasoning to District No. 39 and gave the same direction.

**Procedure**

The task of increasing the assessment levels requires a ballot proceeding where the property owners would need to approve the increase. The procedure is laid out in Division 15, Part 2 of the California Streets and Highways Code as well as Section 53750 - 53754 of the Government Code (Proposition 218). It requires three steps: (1) adopt a resolution to initiate the proceedings and direct preparation of the Engineer’s Report (tonight’s action), (2) adopt a resolution approving an Engineer’s Report (which establishes assessment rates) and setting the date for a public hearing, and (3) conducting the public hearing at which time ballots will be tabulated and the outcome of the balloting proceeding will be known. The ballots, along with a formal notice, will be mailed to each property owner after the second resolution is adopted and at least 45 days prior to the public hearing. The ballots can be returned any time up to the close of that hearing. The assessment passes by a majority of the ballots cast and returned (50% plus 1). The tentative dates for the key steps are as follows (with Council actions in **bold**):

Key Task	Dates
<b>Resolution 1 – Initiate Process; Designate SCI as Engineer of Record</b>	<b>April 16</b>
Conduct Two Community Meetings	May 13 and May 14
Deliver Draft Engineers Reports	May 7
Deliver Final Engineers Reports, Resolutions and Staff Report	May 14
<b>Resolution 2 – Approve ER, set hearing date, authorize ballots</b>	<b>May 21</b>
Mail ballot packets	May 31
Respond to inquiries, ballot requests	June 3 – July 16
<b>Resolution 3 – Conduct hearing, tabulate ballots, order levies (if approved)</b>	<b>July 16</b>

In accordance with the statutes, these proceedings are voted on by property owners (instead of registered voters).

There will be two concurrent, but separate, procedures occurring; one each for District No. 39-2019 and District No. 41-2019. These two new assessment districts are being structured to replace the two existing districts (Nos. 39 and 41). Since the results of the ballot proceeding will not be known until July 16, the annual renewal processes for the two existing districts will continue so that they can be assessed in the event that the new districts are not approved by the property owners.

The proposed rates for the two Districts have not yet been determined. FY 2019-2020 Budgets are being prepared and will be incorporated into the Engineer’s Reports.

## **Community Outreach**

In addition to the require procedures, the City will hold two community meetings for each District to inform affected property owners of the issues and proposed actions, and to solicit any feedback. The meeting dates are being finalized and will be provided to residents by letter, with the tentative dates as follows:

District	No. 41-2019	No. 39-2019
Date	Monday, May 13, 2019	Tuesday, May 14, 2019
Location	Heritage Park	Diamond Bar Center
Time 1	6:30 – 7:30 pm	6:30 – 7:30 pm
Time 2	7:30 – 8:30 pm	7:30 – 8:30 pm

A letter will be sent to all property owners in each district informing them of the proposed actions and inviting them to the meetings.

## **SCI Consulting Group Contract Amendment**

SCI Consulting Group currently provides annual administration services for the City's three existing landscape maintenance districts (38, 39 and 41) including preparation of Engineer's Reports, levy rolls and other documents for submittal to the County Auditor/Controller for the collection of these assessments. SCI also provides other on-call consulting services related to the analysis of options for remedying the annual shortfalls in Districts 39 and 41.

The formation of new assessment districts requires specialized skills to be certain all documents and procedures comply with Proposition 218 including Engineer's Reports, official notices and ballots as well as working with residents' concerns through an outreach effort. SCI has been a premier assessment consultant for 34 years, assisting cities/public agencies in forming mail-balloted assessment districts statewide. SCI will provide a turn-key process to get the proposed ballot measures delivered with the best chance of success. Upon request of City staff, SCI submitted a proposal to provide the necessary consulting services related to these two district formation procedures for a cost of \$46,600.

**PREPARED BY:**



David G. Liu, Public Works Director/City Engineer

4/16/2019

*Dianna Honeywell*

Dianna Honeywell, Finance Director

4/11/2019

Attachments:

1. 8.1.a Reso No. 2019-xx; LLAD #39-2019 Formation
2. 8.1.b Reso No. 2019-xx; LLAD #41-2019 Formation
3. 8.1.c 2nd Amendment - Consulting Services Agreement