



**CITY OF SANTA CLARITA
AGENDA REPORT**

PUBLIC HEARINGS

CITY MANAGER APPROVAL:

Ken Stripling

DATE: May 23, 2017

SUBJECT: ANNUAL LEVY OF ASSESSMENTS FOR OPEN SPACE
PRESERVATION DISTRICT

DEPARTMENT: Neighborhood Services

PRESENTER: Darin Seegmiller

RECOMMENDED ACTION

City Council conduct a Public Hearing and adopt a resolution approving the Engineer's Report for the Fiscal Year 2017-18 Annual Levy of Assessments for the Open Space Preservation District.

BACKGROUND

Creation of the Open Space Preservation District (OSPD) was overwhelmingly approved by the property owners of the City of Santa Clarita (City) in July 2007. The objective of the OSPD is to facilitate the purchase and preservation of undeveloped land in and around the City.

The initial maximum assessment rate, as approved by the property owners of Santa Clarita, was \$25 per equivalent benefit unit (EBU) starting Fiscal Year (FY) 2007-08. Property owners further authorized a \$1 increase in the maximum assessment rate each subsequent fiscal year. The \$1 annual increase was included as part of the proposal approved by the vote of property owners in order to maximize the ability to purchase and preserve undeveloped land in and within proximity to the City to create a surrounding green belt.

Since the formation of the OSPD, 3,001 acres have been acquired using OSPD funds, with purchases leveraged with grant funds, land bank mitigation funds, or other special funds. The City partners with a number of public entities including Santa Monica Mountains Conservancy, Riverside Land Conservancy, The Trust for Public Land, County of Los Angeles, and Mountains Recreation and Conservation Authority.

During FY 2016-17, the OSPD funded acquisitions of another 470 acres of dedicated open space in the following locations:

- Tapia Canyon - 78 acres
- Golden Valley Ranch Open Space - 143 acres
- Newhall Pass - 249 acres

Based on the voter-approved ability to adjust the OSPD applied assessment by \$1 annually, debt service payments to service the OSPD bonds increase in cost annually. By issuing "ascending debt" the City was able to borrow against future assessment rate increases in order to maximize the size of the borrowing. In FY 2016-17, the OSPD debt service totaled \$876,751, while the proposed debt service for FY 2017-18 totals \$903,651. The annual debt servicing of the bond was structured to allow these ascending costs to track, or be off-set, against the voter-approved annual adjustment to the OSPD assessed levy.

Annual debt service costs continue to increase every year through the 30-year repayment period and will total \$1,440,313 in the final year of FY 2036-37. To meet these rising annual debt service costs, the assessment rate will need to increase periodically. If the rate is gradually adjusted to track with the maximum amount authorized by property owners, staff projects the OSPD will be able to fund annual purchases totaling \$1.1 million by FY 2019-20.

In consideration of how the debt service was structured, it is appropriate for the City Council to consider an adjustment to the applied assessment. This proposed adjustment will allow the OSPD fund to keep pace with forecasted future property acquisitions, as well as increased personnel and operational costs necessary to manage the OSPD.

In FY 2016-17, the City Council elected to levy a rate of \$33 per EBU, which was \$1.00 less than the maximum assessment rate of \$34. Annually, the City Council is authorized to levy an OSPD assessment up to, but not to exceed, the maximum assessment rate.

For FY 2017-18, staff is recommending an adjustment of \$1.50 per EBU be applied as part of the annual levy of the OSPD. This proposed adjustment would increase the applied levy in FY 2017-18 from its current rate of \$33 to \$34.50 per EBU, which is \$0.50 less than the allowable maximum assessment rate of \$35 for FY 2017-18.

The process of ordering, approving, and setting the Public Hearing on the annual levy of the OSPD is required by the Landscaping and Lighting Act of 1972 and allows the City to continue levying assessments in FY 2017-18 for the purpose of acquiring open space properties. The attached Engineer's Report describes the OSPD, including the improvements, budgets, parcels, and assessments to be levied for FY 2017-18, as they existed at the time of the passage of the Resolution of Intention. This Engineer's Report was prepared by Willdan Financial Services on April 25, 2017.

ALTERNATIVE ACTION

Other direction as determined by City Council.

FISCAL IMPACT

There is no impact to the General Fund associated with this action.

ATTACHMENTS

Public Hearing Notice FY 17-18 OSPD

OSPD FY 2017-18 Resolution

OSPD FY 2017-18 Engineer's Report (available in the City Clerk's Reading File)

OSPD FY 2017-18 Assessment Roll (available in the City Clerk's Reading File)