



**CITY OF SANTA CLARITA
AGENDA REPORT**

CONSENT CALENDAR

CITY MANAGER APPROVAL:

Ken Stripling

DATE: May 23, 2017

SUBJECT: ANNUAL LEVY OF ASSESSMENTS FOR SPECIAL DISTRICTS

DEPARTMENT: Neighborhood Services

PRESENTER: Darin Seegmiller

RECOMMENDED ACTION

City Council:

1. Adopt resolutions initiating proceedings for the levy and collection of assessments for Fiscal Year 2017-18 for the Landscape and Lighting District, Drainage Benefit Assessment Areas, and the Golden Valley Ranch Open Space Maintenance District (GVROSMD).
2. Adopt resolutions declaring the City's intention to levy assessments, preliminarily approve Engineer's Reports for the Special Districts, and set a Public Hearing for June 13, 2017.
3. Adopt the annual report for the Tourism Marketing District (TMD) and a Resolution of Intent to continue a business improvement area in the City of Santa Clarita to be designated as the Tourism Marketing District, and set a Public Hearing for June 13, 2017.

BACKGROUND

This required procedural matter orders, approves, and sets the Public Hearing for the annual levy of the following special districts:

1. Landscape and Lighting District (LLD), Landscape Maintenance Zones, with the exception of T4, T23, and T23A.
2. LLD, Streetlight Maintenance Zones A and B.
3. Drainage Benefit Assessment Areas (DBAA) 3, 6, 18, 19, 20, 22, 2008-1, 2008-2, 2013-1, 2014-1, and 2015-1.
4. Golden Valley Ranch Open Space Maintenance District (GVROSMD).
5. Tourism Marketing District (TMD).

District Consolidation

The City of Santa Clarita (City), under the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (1972 Act), and the provisions of the California Constitution Article XIII D enacted by Proposition 218 (Constitution), has annually levied and collected special assessments for the maintenance districts (Existing Districts) designated below as:

- Streetlight Maintenance District No. 1 (SMD No.1, previously LLA-1);
- Landscape Maintenance District No. 1 (LMD No. 1); and
- Landscape Maintenance District No. T1 (LMD No. T1).

Collectively, these three Existing Districts incorporate and are inclusive of Street Lighting Zones A and B, and Landscaping Zones 1, 2, 3, 3A, 4, 5, 5A, 6, 7, 7A, 8, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 2008-1, T2, T3, T3B, T4, T5, T6, T7, T8, T17, T20, T23, T23-A, T23-B, T29, T31, T33, T44, T46, T47, T48, T51, T52, T62, T65, T65-A, T65-B, T67, T68, T69, T71, T77 and T1 (Zones). As part of these proceedings the City is consolidating the Existing Districts, including the Zones, into a single assessment district to be designated as the Santa Clarita Landscaping and Lighting District (District), to provide and maintain various landscaping and lighting improvements throughout the City that provide special benefits to properties within the District.

The consolidated District will retain the Zone designations and boundaries, methods of apportionment, and previously established, authorized maximum assessments. Parcels are assigned to various Zones within the boundaries of the District, each of which is associated with a set of improvements, and/or type of improvements, that provide special benefit to properties within that zone.

The landscaping improvements are generally located within the right-of-ways and easements of the respective Landscaping Zones. Street light locations associated with the Street Lighting Zones are included on lighting inventory maps available for inspection at the City.

The attached resolutions direct Willdan Financial Services (Willdan) to prepare assessment Engineer's Reports for the City's LLD, DBAA, and GVROSMD Districts for approval by the City Council. This action also schedules a Public Hearing to consider the FY 2017-18 assessment rates recommended for these special districts, as well as the City's TMD.

The proposed special districts actions are authorized by State law as outlined in the Constitution, and required to levy assessment on properties receiving special benefits. If the recommendations are approved, a Public Hearing for ordering the FY 2017-18 levies will be scheduled for the June 13, 2017, City Council meeting.

Descriptions of the four special districts and the TMD follow.

Landscaping and Lighting District (LLD) - Landscape Maintenance Zones

Fifty-eight financially independent Landscape Maintenance Zones are administered by the City.

These zones, primarily administered through contracts, encompass over 1,400 acres of landscape areas including street medians, parkways, side-panels, parks, numerous monument signs, more than 20 miles of paseos, and approximately 60,000 trees.

Each zone confers a special benefit upon properties through the installation and maintenance of landscape and ornamental features. Approximately 30,000 homes and businesses within LLD zones, comprised of varying size and amenities, financially contribute to supporting these amenities by way of a special assessment appearing on their consolidated annual property tax bill. The City takes a conservative fiscal approach to the management of the zones, having implemented many cost-saving measures and aggressively rebidding landscape contracts to ensure operational costs remain competitive.

Where rate escalators have been authorized by parcel owners, and are a component of the base rate, the maximum annual assessment rate adjusts automatically. The City Council may levy assessment rates up to, or less than, the maximum assessment rate. While maximum assessment rates adjust automatically, the actual assessment levied each year must be approved by the City Council as part of a noticed public hearing.

For FY 2017-18, the annual Consumer Price Index (CPI) increase for the previous year through December 2016 is approximately 1.97 percent. The inclusion of CPI escalators allow the City to maintain and provide a consistent level of landscape service to each of the LLD zones as maintenance costs increase from year-to-year. CPI escalators also allow the City to be responsive to requests identified by the community for new projects and maintain adequate funds to support future capital reserve needs.

For FY 2017-18, staff is recommending the City Council levy less than the maximum allowable rate for 69 percent (40 of 58) of the City's active Landscape Zones. In instances where the maximum levied assessment is recommended, these LLD zones do not meet their financial operational and reserve goals, and/or do not include a consumer price index escalator to allow operations to keep pace with increasing maintenance costs. A detailed Recommended Rate Table that provides background information and identifies recommended FY 2017-18 assessment levies, has been included as an attachment to this report.

Each year, assessment rates recommended to the City Council are determined on the specific needs of each LLD zone. For a typical LLD zone, maintenance contracts represent 26 percent of the total annual operational cost. The City's landscape maintenance contracts include provisions that allow vendors to request a CPI adjustment if the contracts are renewed into their option years. A typical maintenance contract term is two years with three, one-year options.

The remaining 74 percent, which makes up the operating costs of a LLD zone, funds expenditures that include administration, water and electrical utilities, plant replacements, scheduled and unanticipated repairs, and monitoring services. For FY 2017-18, administration costs represent 14.2 percent of the total LMD operational budget. A breakout of all LLD operational costs is provided below.

Maintenance/Repairs	\$	4,012,700	26.7%
Landscape Services	\$	3,952,669	26.2%
Water	\$	2,747,503	18.2%
Administration	\$	2,133,659	14.2%
Reimbursement to the General Fund	\$	846,160	5.6%
Inspections	\$	621,401	4.1%
Utilities	\$	313,879	2.1%
Other O & M/Payroll in Specific Zones	\$	255,203	1.7%
Transfers Out	\$	98,501	0.7%
Contractual Services	\$	78,607	0.5%
Totals	\$	15,060,282	100.0%

In 2010, the City undertook efforts to upgrade nearly 700 LLD irrigation devices to smart controller technology, furthering Santa Clarita’s philosophy to be good stewards of our natural resources. These smart controllers enabled LLD to immediately reduce its water usage by nearly 20 percent and proved invaluable during the prolonged State-wide drought. In calendar year 2015, the LLD operation reduced its water usage by almost 550 million gallons. Overall, during the last seven years the City has saved more than 2 billion gallons of water.

As water conservation continues to be a priority, the LMD operation is undertaking efforts to replace high water use landscape with drought resistant plant materials. Further, staff is working to enhance water efficiency through the installation of flow sensors and master valves in locations where they currently do not exist. These amenities will allow staff to utilize smart controller features, previously unavailable, and increase the City’s overall water savings. During the next several years, the City will continue removing all remaining turf from older medians and replacing it with low-water-use plants. This effort commenced with the removal and replacement of all turf in the median along Valencia Boulevard in 2016 and will continue along both Magic Mountain Parkway and Orchard Village Road in the coming year.

Finally, to ensure compliance with the Political Reform Act as contained in Government Code Sections 81000 through 91014, separate agenda items and resolutions have been prepared for proceedings required for LMD Zones T4, T23 and T23A.

Landscaping and Lighting District (LLD) – Street Light Maintenance Zones

The Street Light Maintenance Zones A and B, benefit properties by funding energy and maintenance costs associated with the streetlights and traffic signals. The zones are comprised of parcels that encompass the original district transferred to the City from Los Angeles County, and parcels which annexed into the District at a later date. In total, there are 17,959 streetlights within the City. To keep pace with the cost of operating and maintaining the street lighting system, staff recommends the City Council levy the maximum assessment for each zone.

Drainage Benefit Assessment Areas (DBAA)

Eleven DBAAs are administered by the City. Each DBAA benefits properties by preventing groundwater from rising to a point where property damage could occur and/or channeling surface or sub-surface water to drainage areas. Pump stations, hydro-augers, monitoring and observation wells, terrace drains, swale drains, and appurtenant facilities are utilized. For FY 2017-18, staff is recommending the City Council levy the maximum allowable rate for four of the City's 11 DBAAs. The City Council recently approved the creation of DBAA 2017-1, which services the Vista Canyon Development, and DBAA 2017-2, which services the Golden Valley Ranch Residential Development. These two DBAAs are not included in this year's annual levy process because the Council already approved the FY 17-18 levy of assessments for these DBAAs as part of their creation.

Golden Valley Ranch Open Space Maintenance District (GVROSMD)

As a condition of project approval, the City Council required the Golden Valley Ranch development to create an open space maintenance district. The GVROSMD is comprised of 920 acres of natural and undeveloped land, which is administered by the City through contracts for park-ranger services. Trail maintenance and open-space management within the District boundaries are also funded by the District. For FY 2017-18, staff is recommending the City Council levy less than the maximum allowable rate for the GVROSMD.

Tourism Marketing District (TMD)

As part of the 21-Point Business Plan for Progress, the TMD was established to provide an assessment of two percent, assessed by local hotels on visitors. These funds are used to market the City of Santa Clarita as a tourism destination and attract high-quality, high-economic impact events to the City.

The recommended action for the Tourism Marketing District is authorized by the Parking and Business Area Law of 1989 (Section 36500 et. seq. of the Streets and Highways Code of the State of California), which permits the City to levy assessments on businesses within a business improvement area and to use such proceeds for the benefit of the businesses within said area.

For the Tourism Marketing District, each business in the benefit zone shall pay a charge of 2 percent of total room rents charged and received from transient hotel guests who do not make the hotel their principal place of residence.

ALTERNATIVE ACTIONS

Other direction as determined by the City Council.

FISCAL IMPACT

There is no impact to the General Fund associated with these actions. Adequate funds to prepare the attached Engineer's Reports were previously appropriated by the City Council as part of the FY 2016-17 Annual Budget.

ATTACHMENTS

LLD Excluding T4, T23 and T23A FY 2017-18 Initiate Resolution

LLD Excluding T4 T23 and T23A FY2017-18 Intent Resolution

DBAA FY 2017-18 Initiate Resolution

DBAA FY 2017-18 Intent Resolution

GVROSMD FY 2017-18 Initiate Resolution

GVROSMD FY 2017-18 Intent Resolution

TMD FY 2017-18 Intent Resolution

LLD FY 2017-18 Recommended Rate Table

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

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

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

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