

REPORT TO THE CITY COUNCIL



DATE: June 6, 2017

TITLE: Annexation No. 18, Zone 19 to the City of Desert Hot Springs Landscape and Lighting Maintenance District No. 2 and Levying Assessments (Rancho Del Oro)

Prepared by: Albert A. Webb Associates, Tax Administration Consultant

RECOMMENDATIONS:

- 1) Staff Report;
- 2) Entertain Questions of Staff from the City Council;
- 3) Open the Public Hearing;
- 4) Take Public Testimony;
- 5) Close the Public Hearing;
- 6) City Council discussion and questions of Staff;
- 7) City Clerk tabulates the assessment ballots submitted, and not withdrawn, in support of or opposition to the proposed assessment and declares the results;
- 8) If no majority protest, then adopt the attached Resolution: 1) Declaring that No Majority Protest Exists for the Annexation of the Subject Parcels into the Assessment District; and 2) Ordering the Annexation of property (Annexation No. 18, Zone 19) to the City of Desert Hot Springs Landscape and Lighting Maintenance District No. 2 and Levying Assessments; or
- 9) If a majority protest exists, it is recommended that the City Council not adopt the attached Resolution.

BACKGROUND:

In 2004, the City Council formed the Landscape and Lighting Maintenance District No. 2 ("the District") to collect annual assessments from properties throughout portions of the City to provide a funding mechanism for the installation, maintenance and servicing of landscaping. The District is currently comprised of 18 zones, throughout the City and the improvements being provided may include but are not limited to: ground cover, shrubs, plants and trees, irrigation systems, landscape lighting, street lighting, graffiti removal, masonry walls, entry monuments, and associated appurtenant facilities. Services provided include all necessary service, operations, administration and maintenance required to keep the above mentioned improvements in a healthy, vigorous and satisfactory working condition.

The Rancho Del Oro residential subdivision is located on the north side of Mission Lakes Blvd. between Sonora Drive and West Drive, just south of Avenida Jalisco. The subdivision tracts were developed and recorded in 1992 and 1993. 259 single family homes were completed and the majority of the perimeter landscaping was installed. However, no provisions were made to maintain any of the perimeter landscape improvements and no assessment district was established or formed. The typical process is for the property owners in each subdivision to form a Landscape Maintenance District in which the cost of maintaining the landscaping is funded through an assessment that is paid for by the corresponding benefitting lots.

Initially the developer was maintaining the perimeter landscaping, but some time ago the developer stopped. In the interest of keeping the landscaping alive and viable, the City has been

maintaining. With the various financial struggles the City has been through (including multiple staff reductions) and with no funding mechanism initially established for the ongoing maintenance, the maintenance efforts were recently reduced to only the minimal as needed maintenance and emergency repairs.

Throughout the last few years, City Staff worked with the Rancho Del Oro residents in an effort to establish a permanent solution to fund the landscape maintenance. In the process, the City has hosted multiple community meetings in which all Rancho Del Oro residents were invited to attend and discuss the history and the available options. The City hosted community meetings on August, 19, 2015, June 15, 2016, and September 28, 2016. During these meetings, various landscape options with various plant palettes along with estimated associated maintenance costs were presented to the Rancho Del Oro residents by City Staff. On October 18, 2016 City staff presented the outcome of these meetings to City Council, based on their comments.

On October 18, 2016, City Council authorized the City Manager to enter into an agreement with Albert A. Webb Associates to begin the process of Annexation of the Rancho Del Oro subdivision lots into Landscape and Lighting Maintenance District No. 2, based on the results of the various Rancho Del Oro Community Meetings.

The City now will hold the hearing to see if a majority protest exists for the annexation of additional property located on the north side of Mission Lakes Blvd. between West Drive and Sonora Drive, on both sides of Cholla Drive extending approximately 305 feet north of Mission Lakes Blvd., on the east side of Sonora Drive between Mission Lakes Blvd and Avenida Dorado, and on the south side of Avenida Barona between West Drive and Del Ray Lane. This development is commonly referred to as Rancho Del Oro, Tract Map No. 23866.

The City and the City's Assessment Engineer, Albert A. Webb Associates, held three property owner outreach meetings on April 24, 2017, May 17, 2017 and May 24, 2017. The purpose of the meetings was to go over the annexation, assessments and the ballot and election process.

DISCUSSION:

On April 4, 2017 the City Council approved Resolution No. 2017-013 declaring its intention to hold a hearing to see whether a majority protest exists to annex territory to Landscape and Lighting Maintenance District No. 2 (Annexation 18, Zone 19). A public hearing on this matter was scheduled for June 6, 2017. The City Council will conduct a public hearing regarding the annexation of the Rancho Del Oro subdivision consisting of 259 single family residential lots, all individually owned, with the exception of the open space lots. Following the conclusion of the Public Hearing, the ballots will be tallied. If there is not a majority protest and the ballot procedure is successful, the City Council will adopt a Resolution ordering the Annexation of property (Annexation No. 18, Zone 19) to the City of Desert Hot Springs Landscape and Lighting Maintenance District No. 2 and the collection of assessments. If there is a majority protest, it is recommended that the City Council not adopt the attached resolution.

Albert A. Webb Associates was retained to prepare the Annexation Engineer's Report that (1) indicates how the annexed property would benefit from the existing District improvements, (2) provides an estimate of the total costs to the Annexed Property Owners and the method of apportioning these costs to the 259 individual lots and (3) provides a diagram of the area to be annexed into the District. In summary, the maximum assessment for each of the lots in the annexed area will not exceed \$274.02 for Fiscal Year 2017-18 and is subject to an increase in future fiscal years, commencing with Fiscal Year 2018-19, based on the percentage increase, if any, in the Consumer Price Index, All Items, Los Angeles-Riverside-Orange County, California (current standard base period is 1982-84=100), or by two percent (2.0%), whichever is greater.

The City has complied with all notice and balloting pursuant to the Landscaping and Lighting Act of 1972 and Proposition 218.

FISCAL IMPACT:

Currently, the costs of maintaining the Rancho Del Oro landscaping and maintenance costs are being provided by the City of Desert Hot Springs. If approved, the revenue generated from this annexation will be approximately \$70,970.00 for the first year to help offset the costs of maintaining and servicing the improvements in the existing Rancho Del Oro areas.

EXHIBIT(S):

- 1) Resolution Ordering the Annexation of Property (Annexation No. 18, Zone 19) to Landscape and Lighting Maintenance District No. 2 and Levying Assessments
- 2) Final Engineer's Report
- 3) Certificate of Election Results
- 4) City Council Members Recusal Map of the Rancho Del Oro Area