

REPORT TO THE CITY COUNCIL



DATE: November 19, 2019

TITLE: Resolution of Initiation and Resolution of Intention to Annex 259 Assessable Parcels Commonly Known as Rancho Del Oro to the City of Desert Hot Springs Landscape and Lighting Maintenance District No. 2

Prepared by: Webb Municipal Finance, LLC Tax Administration Consultant

Reviewed by: Daniel Porras, Public Works Director

RECOMMENDATION

- 1) Adopt a Resolution Initiating Proceedings to Annex Property to Landscape and Lighting Maintenance District No. 2 (Annexation No. 18, Zone 19) for Fiscal Year 2020-21, including ordering the Engineer's Report; and
- 2) Adopt a Resolution of Intention to Annex property to Landscape and Lighting Maintenance District No. 2 (Annexation No. 18, Zone 19) and to levy assessments on such property for Fiscal Year 2020-21, approve the Engineer's Report and set the date, time and place of a public hearing on the proposed annexation and assessments.

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 for formation of such a district 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 it. With no funding mechanism initially or subsequently 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 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.

In 2017, City Council held the requisite meetings and public hearings to initiate annexation into the District. Ultimately, however, annexation into the District failed.

Subsequently, the City has determined to present the annexation to the property owners for a vote one last time and held a property owner meeting to describe the process on November 6, 2019.

Staff presents the attached resolutions for City Council's consideration to initiate annexation into the District. Should the City Council adopt the attached resolutions, it will commence the process for annexing into the District the 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. As mentioned above, this development is commonly referred to as Rancho Del Oro, Tract Map No. 23866.

DISCUSSION:

Staff recommends that the City Council adopt the Resolution of Initiation as well as the Resolution of Intention preliminarily approving Annexation No. 18, Zone 19 Engineer's Report and setting the time and place of a Public Hearing on the proposed annexation. The Rancho Del Oro subdivision was not included in the original District boundaries. The Rancho Del Oro subdivision consists of 259 single family residential lots, all individually owned, with the exception of the open space lots. The Landscaping and Lighting Act of 1972 ("1972 Act") allows areas to be annexed into an existing District if and when the areas to be annexed receive substantially the same degree of benefit from the improvements that the other District properties receive.

Webb Municipal Finance, LLC. 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 \$331.00 for Fiscal Year 2020-21 and is subject to an annual increase of two percent (2.0%) in future fiscal years, commencing with Fiscal Year 2021-22.

Based on the requirements of the California State Constitution Article XIIC and XIID and Proposition 218 Omnibus Implementation Act (Government Code Sections 53750 *et seq.*) a property owner ballot protest procedure will be required in order to annex property into the District and to levy an assessment on the annexed property. In the event the City Council adopts the Resolution of Intention, ballots will be mailed to each property owner located within the property to be annexed so they can vote whether they are in favor or opposed to annexation into the District, including the maximum assessment rates as described in this report. The City will hold a Public Hearing on the matter of annexing the property and assessing a levy on the property to be annexed and all property owner ballots to be counted must be returned prior to the close of the Public Hearing scheduled for January 21, 2020, at 6:00pm, or as soon thereafter as the matter could be heard. 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 confirm the Final Fiscal Year 2020-21 Annexation 18, Zone 19 Engineer's Report and order the levy and collection of assessments starting in Fiscal Year 2020-21.

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 \$85,728.35 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 Initiating Proceedings to Annex property to Landscape and Lighting Maintenance District No. 2 (Annexation No. 18, Zone 19)
- 2) Resolution of Intention to annex property to Landscape and Lighting Maintenance District No. 2 (Annexation No. 18, Zone 19) and to levy assessments on such property for Fiscal Year 2020-21, approving the Engineer's Report, and setting the date, time and place of a hearing on the proposed annexation and assessments
Exhibit A- Description of parcels to be included in the Annexation No. 18, Zone 19
- 3) Annexation 18, Zone 19 Engineer's Report
- 4) City Council Members Recusal Map of the Rancho Del Oro Area
- 5) Annexation Timeline