

REPORT TO THE CITY COUNCIL



DATE: January 21, 2020

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

Prepared by: Webb Municipal Finance, LLC, Tax Administration Consultant

Reviewed by: Daniel Porras, Public Works Director
Jennifer Mizrahi, City Attorney

RECOMMENDATION

- 1) Staff Report;
- 2) Entertain questions of Staff from the City Council;
- 3) Open the Public Hearing;
- 4) Take public testimony from those in favor of the annexation;
- 5) Take public testimony from those opposed to the annexation;
- 6) Take public testimony from those in a neutral position;
- 7) Close the Public Hearing;
- 8) City Clerk tabulates the assessment ballots submitted, and not withdrawn, in support of or opposition to the proposed assessment and declares the results;
- 9) If no majority protest, City Council to 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 Levying Assessment; OR

If a majority protest exists, it is recommended that the City Council not adopt the 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 several community meetings in 2017, 2018 and again in 2019. The last meeting was held on November 12, 2019.

On November 19, 2019, City Council authorized the City Manager to enter into an agreement with Webb Municipal Finance, LLC to begin the process of Annexation of the Rancho Del Oro subdivision lots into Landscape and Lighting Maintenance District No. 2.

The City now desires to hold a public hearing to annex 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.

DISCUSSION:

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 was required in order to annex property into the District and to levy an assessment on the annexed property. On November 19, 2019, the City Council approved Resolution No. 2019-054 declaring its intention to annex territory to Landscape and Lighting Maintenance District No. 2 (Annexation 18, Zone 19). On Friday, December 6, 2019, ballots were 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 the Engineer's report. A public hearing on this matter was scheduled for January 21, 2020. 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.

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 \$320.10 for Fiscal Year 2020-21 and is subject to an increase in future fiscal years, commencing with Fiscal Year 2022-23 by two percent (2.0%) annually.

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 \$82,905.32 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
- 2) Final Engineer's Report
- 3) City Council Members Recusal Map of the Rancho Del Oro Area