



# CITY COUNCIL STAFF REPORT



**June 11, 2024**

## **ITEM TITLE**

Open Space Districts: Initiate Proceedings, Approve the Engineer's Report, Declare the Intention to Levy and Collect Assessments for the Open Space Districts for Fiscal Year 2024-25, and Set a Public Hearing

**Report Number:** 24-0084

**Location:** The Open Space Districts are located throughout the City, for specific District locations please see attachment 3

**Department:** Finance

**G.C. § 84308:** No

**Environmental Notice:** The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines. Therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **Recommended Action**

Adopt the following resolutions:

- A) Initiating proceedings for the levy and collection of assessments for Fiscal Year 2024-25 for Open Space Districts 1 through 11, 14, 15, 17, 18, 20, 23, 24, 26, 31, 33, Eastlake Maintenance District No 1, Town Centre Maintenance District, and Bay Boulevard Maintenance District pursuant to the Landscaping and Lighting Act of 1972;
- B) Approving the Engineer's Report, declaring the intention to levy and collect assessments; and setting a public hearing for July 16, 2024, regarding the Fiscal Year 2024-25 assessments for Open Space Districts 3 through 11, 14, 15, 17, 18, 20 (Zones 1 through 4, 6, 8, and 9), 23, 24, 26, 31, 33, Eastlake Maintenance District No 1, Town Centre Maintenance District, and Bay Boulevard Maintenance District;
- C) Approving the Engineer's Report, declaring the intention to levy and collect assessments; and setting a public hearing for July 16, 2024, regarding the Fiscal Year 2024-25 assessments for Open Space District 1;
- D) Approving the Engineer's Report, declaring the intention to levy and collect assessments; and setting a public hearing for July 16, 2024, regarding the Fiscal Year 2024-25 assessments for Open Space District 2;

E) Approving the Engineer's Report, declaring the intention to levy and collect assessments; and setting a public hearing for July 16, 2024, regarding the Fiscal Year 2024-25 assessments for Open Space District 20 Zone 5;

F) Approving the Engineer's Report, declaring the intention to levy and collect assessments; and setting a public hearing for July 16, 2024, regarding the Fiscal Year 2024-25 assessments for Open Space District 20 Zone 7.

## **SUMMARY**

The City administers and maintains 36 Open Space Districts and associated zones that have been established over the last 30 years. The Open Space Districts provide a financing mechanism to maintain the public open space areas associated with each specific development. The City Council's approval of the levy is required by the first week of August to meet the annual deadline established by the San Diego County Auditor-Controller. This item represents the initial step in an annual two-step process. Specifically, it declares the intention to levy and collect assessments, approves the Fiscal Year 2024-25 Engineer's Report, and sets the date of the public hearing. These efforts provide for the levy of assessments to provide maintenance services, as detailed below and ensures the San Diego County Auditor-Controller deadlines are met for all of the City's Open Space Districts and their associated zones.

## **ENVIRONMENTAL REVIEW**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines, because the proposed activity consists of a reporting action and creation of a governmental fiscal/funding mechanism which does not result in a physical change in the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

## **BOARD/COMMISSION/COMMITTEE RECOMMENDATION**

Not applicable.

## **DISCUSSION**

Open Space Districts (OSDs) were established in conjunction with each development to ensure a financing mechanism was available for the funding of perpetual maintenance of common open space areas. The City levies annual assessments within each OSD to cover the costs of maintenance associated with each OSD area of maintenance. Once City Council approves the annual assessments, they are sent to the County for inclusion on the secured property tax bills of each affected parcel.

Each year the City Council must take two actions before levying the annual assessments. This item is the first step and includes Council approval of the Engineer's Report on Open Space Districts, declaration of the City's intention to levy the annual assessments and setting of the date and time for a public hearing. The second item, scheduled for July 16, 2024, includes a public hearing, consideration of public testimony, authorization to levy annual assessments and confirmation of the amount to be collected.

Pursuant to state law and Municipal Code, the City Engineer has prepared and filed the annual report for all existing Open Space Districts. The report is attached as Attachment 3 to this agenda statement. Attachment 1 lists the names and locations of the Districts. The annual report allows Council to review the history of the Open Space Districts. The report includes information regarding:

- The proposed budgets
- Funds balances
- The proposed assessment (based upon prior year assessment plus an inflation factor)
- The Collectible (the amount needed from each property owner to provide sufficient funds for the following fiscal year's maintenance)

### **Improvements and Services**

The facilities and items to be maintained by the Open Space Districts currently consist of the following:

- |  |   |
|--|---|
| ▪ Irrigation                                     | ▪ Fertilization                         |
| ▪ Aerification                                   | ▪ Pest Control                          |
| ▪ Insect infestation control                     | ▪ Removal of weeds, trash and litter    |
| ▪ Removal of noxious plant material              | ▪ Trail maintenance                     |
| ▪ Public walkway cleaning                        | ▪ Low flow and brow channel maintenance |
| ▪ Weed abatement                                 | ▪ Slopes and Canyons                    |
| ▪ Pedestrian light maintenance                   | ▪ Signage within trails/canyons         |
| ▪ Pruning of trees and shrubs                    | ▪ Repair of irrigation equipment        |
| ▪ Irrigation equipment upgrades                  | ▪ Brush clearance                       |
| ▪ Encroachment trims                             | ▪ Fencing maintenance                   |
| ▪ Replacement of dead or diseased plant material | ▪ Retaining walls                       |

### **Assessments & Collectibles**

The City of Chula Vista Municipal Code makes the distinction between the assessment and the amount that the City may collect against the assessment (the "Collectible"). Each year, the prior year's maximum assessment amount is adjusted by an inflation factor, pursuant to the Municipal Code. This inflation factor is based upon the lower of two inflation factors: 1) the San Diego Metropolitan Consumer Price Index (CPI), and 2) the Governor's California 4th Quarter per Capita Personal Income Index. In the mid-1990's (and for all Open Space Districts established after that date), Council approved the assessments with an inflation factor. Since that date, Council may annually adjust the assessment by this inflation factor without this adjustment being construed as an increase, and thus being subject to an OSD balloting, per Proposition 218.

The assessments for fiscal year 2024-25 are proposed at the fiscal year 2023-24 amounts adjusted by the inflation factor of 3.79% pursuant to the Municipal Code. This index is the lower of the two inflation factors mentioned above and represents the percentage change in the San Diego Metropolitan Consumer Price Index (CPI).

The Collectible is the amount to be actually collected from the property owner and is equal to, or lower than, the proposed assessment. The Collectible is based on the budget, the reserve requirement for operating and asset replacement activities, prior year's savings and fund balance, and interest income.

Illustrated in Attachment 2 are the proposed Assessments and Collectibles for fiscal year 2024-25. The proposed fiscal year 2024-25 Collectibles per Equivalent Dwelling Unit (EDU) are preliminary and will be updated with actual amounts at the public hearing on July 16, 2024. The current amounts in the table are based upon estimated fund balances and EDUs at this time. The Collectibles per EDU are set at the Assessment per EDU to allow for the collection of up to the maximum amount allowable.

A downtown Property and Business Improvement District (PBID) replaced Town Centre Landscape Maintenance District (LMD) in 2001. At that time, it was anticipated that the Town Centre LMD would be dissolved. However, the City determined that there was some potential long-term exposure for the City based on the remote possibility that the current PBID might not receive sufficient support for re-approval in the future. If the PBID was not re-approved at some future date, and if the Town Centre LMD was dissolved, there would no longer be a funding mechanism for downtown landscape maintenance.

Based on this possibility, the Town Centre LMD remains open as a "contingent" district. This means that the City will set the maximum assessment amount for the District on an annual basis, even though property owners will not be billed any sum on the tax roll. Should the PBID not be re-approved, the Town Centre LMD will be in place to provide the necessary funding mechanism for downtown landscape maintenance.

The current PBID was renewed with the adoption of Council Resolution No. 2016-122, for a period of ten (10) years. Given this, the Town Centre LMD will remain a "contingent" district.

### **Standard Notice Process for Annual Levy**

Upon approval by City Council, the public hearing will be noticed pursuant to Government Code 6061, which requires that a notice be published in a newspaper of general circulation at least 10 days before the public hearing. Tonight's resolution approves this report and sets the date and time for a public hearing to consider the levy of assessments and the collection of the funds.

### **DECISION-MAKER CONFLICT**

Staff has reviewed the property holdings of the City Council and has found that conflicts exists, in that members have real property holdings within 500 feet of the boundaries of the Open Space Districts listed below by City Council. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702.2(a)(7), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the members identified below:

Mayor McCann and Council Member Chavez: For Open Space District 1, which is the subject of Resolution C of this action.

Council Member Morineau: For Open Space District 2, which is the subject of Resolution D of this action.

Council Member Chavez: For Open Space District 20 Zone 5, which is the subject of Resolution E of this action.

Mayor McCann: For Open Space District 20 Zone 7, which is the subject of Resolution F of this action.

Staff has reviewed the property holdings of the City Council and has found that, Council Member Preciado has real property holdings within 1,000 feet, but beyond 500 feet, of the boundaries Open Space District 11 which is the subject of this action. However, to the extent that any decision would have a reasonably foreseeable financial effect on the member's real property, the effect would be nominal, inconsequential, or insignificant. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18702(b), this item does not present a real property-related conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

### **CURRENT-YEAR FISCAL IMPACT**

There is no direct fiscal impact to the General Fund or any other funds by this action, as the proposed levies are effective in fiscal year 2024-25.

### **ONGOING FISCAL IMPACT**

For fiscal year 2024-25, the full cost of providing landscape maintenance services in the Open Space Districts totals \$4,146,901. In addition to the landscape maintenance services costs, \$202,428 in planned projects will be included.

Landscape maintenance costs and planned project expenditures are generally recovered through the OSD Collectibles and reserves of each Open Space District in the fiscal year 2024-25 budget. However, due to rising costs of landscape maintenance services, several districts may need General Fund financial support, reduced services in these areas, or a combination of both. Public Works and Finance staff will monitor expenditures throughout fiscal year 2024-25 and may recommend mid-year actions to provide General Fund financial support, if necessary.

### **ATTACHMENTS**

1. Open Space Districts within the City of Chula Vista
2. FY 2024-25 Proposed Assessments and Collectibles
3. FY 2024-25 Chula Vista OSD Preliminary Engineers Report

*Staff Contact: Patricia Macias, Finance Department  
Sarah Schoen, Director of Finance/Treasurer*