



CITY COUNCIL STAFF REPORT



July 16, 2024

ITEM TITLE

Open Space Maintenance Districts: Approve Levying the Assessments and Collectibles for Fiscal Year 2024-25

Report Number: 24-0118

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

Conduct the public hearing and adopt the following resolutions:

- A. Levying the Assessments and Collectibles for Fiscal Year 2024-25 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, and Bay Boulevard Maintenance District;
- B. Levying the Assessments and Collectibles for Fiscal Year 2024-25 for Open Space District 1;
- C. Levying the Assessments and Collectibles for Fiscal Year 2024-25 for Open Space District 2;
- D. Levying the Assessments and Collectibles for Fiscal Year 2024-25 for Open Space District 20 Zone 5; and
- E. Levying the Assessments and Collectibles for Fiscal Year 2024-25 for Open Space District 20 Zone 7

SUMMARY

The City administers and maintains thirty-six (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 specific developments. The City Council's approval of the levy is required by the first week of August in order to meet the annual deadline established by the San Diego County

Auditor-Controller. This item authorizes the assessment of the recommended levy amounts and ensures that the County Auditor Controller deadlines are met for all 36 of the City’s Open Space Districts.

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 reporting and creating 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 San Diego County Auditor-Controller 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 assessment. First, Council approves the Engineer’s Report on Open Space Districts (entitled the “Annual Open Space Districts Engineer’s Report”, per the attachment of the same name), declares the City’s intention to levy the annual assessment, and sets the date and time for a public hearing. The first action was completed on June 11th, 2024. The second action is to conduct the public hearing, take and consider public testimony, authorize the levy of the annual assessment and set the amount to be collected against the assessment. Tonight’s action is the second step in the annual process.

Pursuant to state law and the Chula Vista 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 OSDs. The annual report allows City Council to review the history of the Open Space Districts. The report includes information regarding:

- The proposed budgets
- Funds remaining in the account
- 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, and will remain, in general, the following:

- Irrigation
- Aerification
- Insect infestation control
- Removal of noxious plant material
- Public walkway cleaning
- Weed abatement
- Pedestrian light maintenance
- Pruning of trees and shrubs
- Irrigation equipment upgrades
- Encroachment trims
- Replacement of dead or diseased plant material
- Fertilization
- Pest Control
- Removal of weeds, trash and litter
- Trail maintenance
- Low flow and brow channel maintenance
- Slopes and Canyons
- Signage within trails/canyons
- Repair of irrigation equipment
- Brush clearance
- Fencing maintenance
- 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 (i.e., 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), City Council approved the assessments with an inflation factor. Since that date, City 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 (“FY”) 2024-25 are proposed at the FY 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 less 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 FY 2024-25. The current amounts in the exhibit are based upon estimated fund balances and Equivalent Dwelling Units (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.

Town Centre LMD: 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

The public hearing was noticed on July 5th, 2024, 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.

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 member identified below:

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

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

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

Mayor McCann: For Open Space District 20 Zone 7, which is the subject of Resolution E 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

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. 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.

ONGOING FISCAL IMPACT

These expenses will be considered as part of the annual budget development process in future years.

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 Final Engineers Report

*Staff Contact: Patricia Macias, Fiscal Debt Management Analyst
Sarah Schoen, Director of Finance/Treasurer*