



Watsonville
PARKS & COMMUNITY SERVICES

Vista Montaña LLMAD

Overlay Assessment Proposal



Recommendation

Staff recommends that the City Council adopt:

1. Resolution declaring the intention to order the formation of the Vista Montaña No. 2 Landscape and Lighting Maintenance Assessment District, approving the preliminary Engineer's Report, providing notice of public hearing, and directing the mailing of assessment ballots.
2. Resolution adopting Proposition 218 assessment ballot proceedings procedures

Background





What is a Landscape & Lighting Maintenance Assessment District?

- LLMAD's are a flexible tool used by local government agencies to pay for costs of the subdivision.
- LLMAD establishment when subdivision was built.
- All services in these areas are directly funded by property owners.

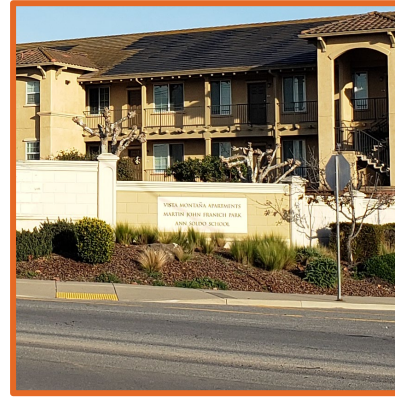
What is the Vista Montaña LLMAD?

- Conditioned with the approval of the development to maintain various facility improvements surrounding the neighborhood.



What is the Vista Montaña LLMAD

- A single-purpose special district (independent of the State, County, and City's General Fund).
- Includes: Soundwalls, Retaining Walls, Streetlights, Street Signs, Drainage Channels, Detention Basins, Drain inlets, Culvert, Pedestrian Pathways, Street Trees, Landscaping



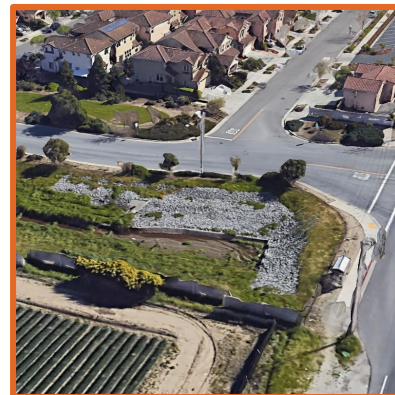
SOUNDWALLS



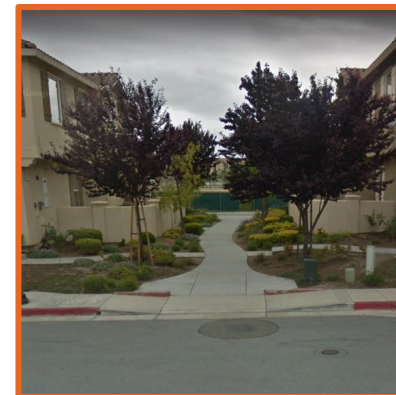
STREETLIGHTS



DRAINAGE CHANNELS



DETENTION BASIN



PEDESTRIAN & BIKE PATHS

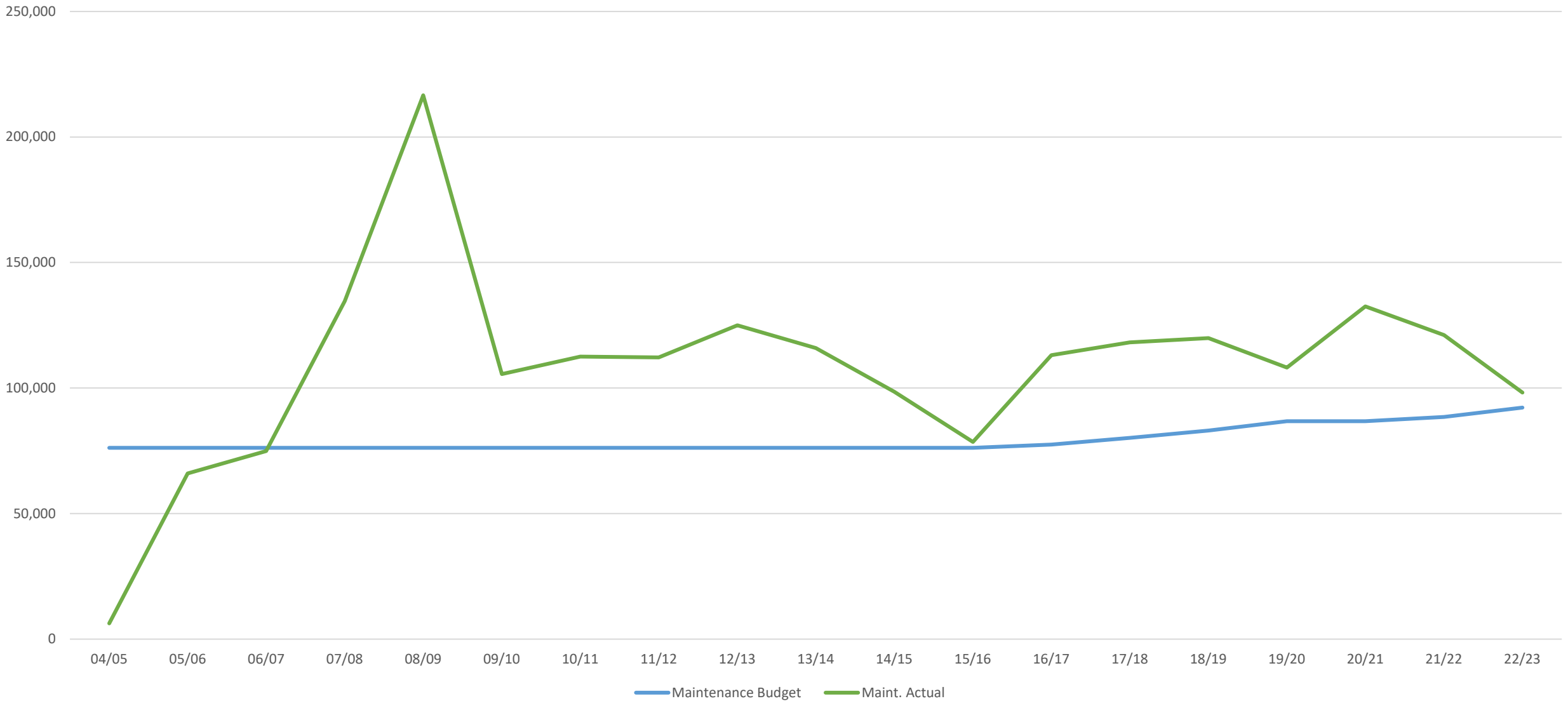


LANDSCAPED AREAS

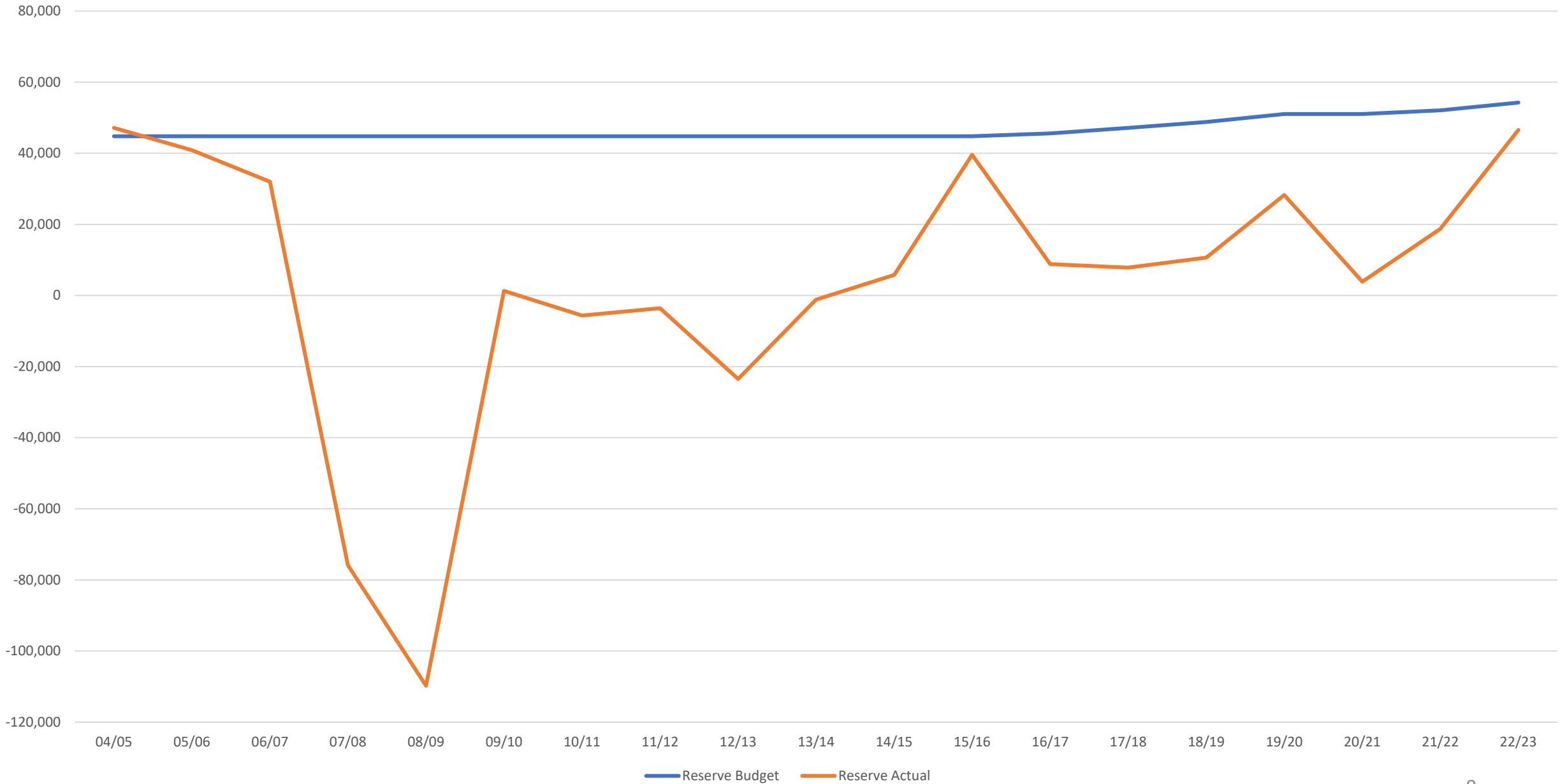
How is the Vista Montaña LLMAD funded?

- Revenues come from an annual benefit assessment paid by Vista Montaña properties and collected by the County as part of homeowner property taxes.
- Fees vary based on the LLMAD and type of residence, as determined by an annual Engineer's Report and increase annually, based on the Consumer Price Index.
- These fees pay for the ongoing **Maintenance** and future replacement (**Reserve**) of LLMAD services.
- Funds can only be used for LLMAD expenses.

Maintenance Budget vs. Actual



Reserve Budget vs. Actual



Challenges

1. 2003 - Engineer's Study underestimated annual maintenance costs for the LLMAD's assets.
2. 2003 to 2016, 2020 - No annual Consumer Price Index (CPI) fee adjustments implemented.
3. 2008 - Landscape improvement project depleted the reserve, bringing the account negative.
4. 2008 to Present - The cost of annual maintenance has been higher than the amount collected for maintenance.

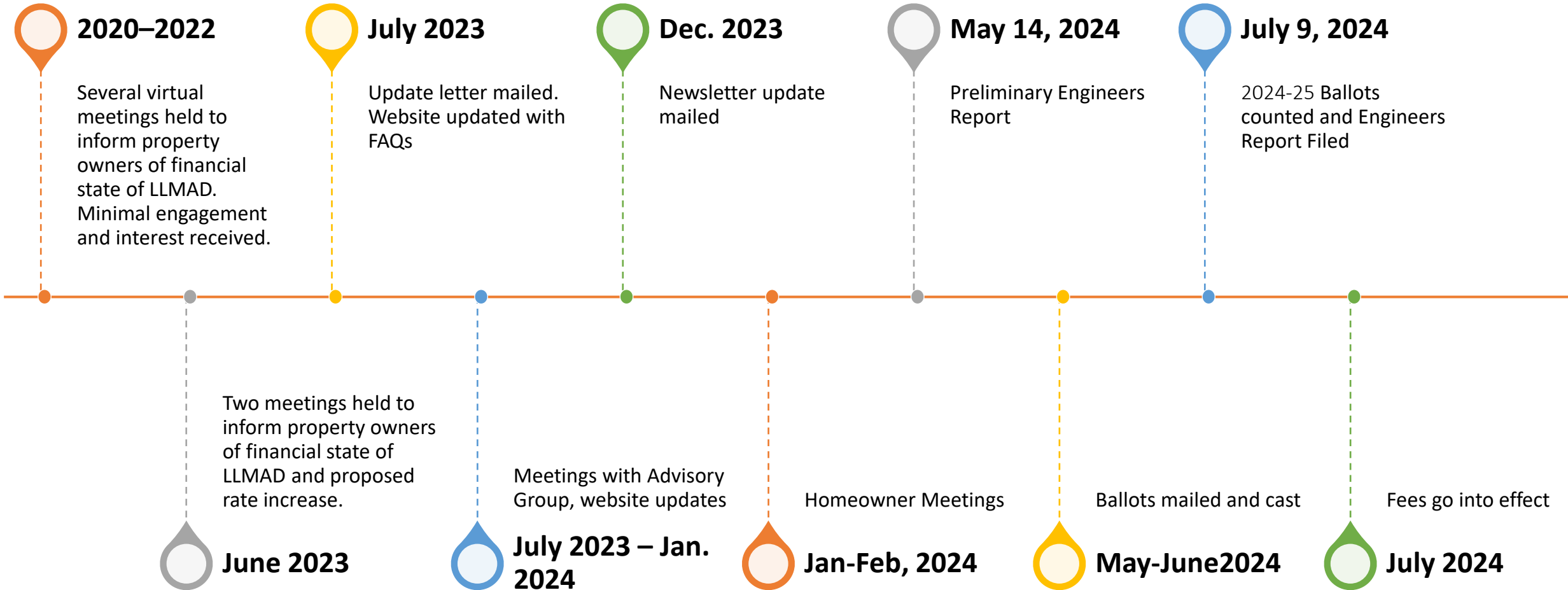


Current Financial Status

- Budget not sufficient to support current or enhanced maintenance
- Budget not sufficient to build the reserve for future replacement.
 - Reserve balance = \$72,000
 - Original Engineers Study estimated balance should be \$887,000
- Full Financial History – Available on the website



Engagement Timeline



Proposed Overlay Assessment



Proposed Increase

- Met with Advisory Group for 7 months
- Created a proposal that prioritizes maintenance and lower fee
- Goals:
 - Build an ~~Adequate Reserve~~ a Reserve
- Current fees would be used to build a reserve
- New proposed fee (Overlay Assessment) = 100% for ongoing maintenance
 - Maintenance to be performed by contracted landscape company
 - *Fee increased gradually over 5 years*
- Proposed fee consists of:
 - Bid received for landscape maintenance (approx. \$155,000 per year)
 - City costs to maintain other infrastructure (Stormwater, Lights, Signs)

Revised Proposed Increase

- What does this mean?
 - Improved maintenance standards and accountability
 - Transparent ongoing communication (Financial and Operations Reports)
 - Engage neighbors through annual meetings
 - Capacity to build a more adequate reserve without shortchanging maintenance levels.
 - Dedicated crew through contracted maintenance company
- If approved, new fee and services would be effective July 2024

What is Needed

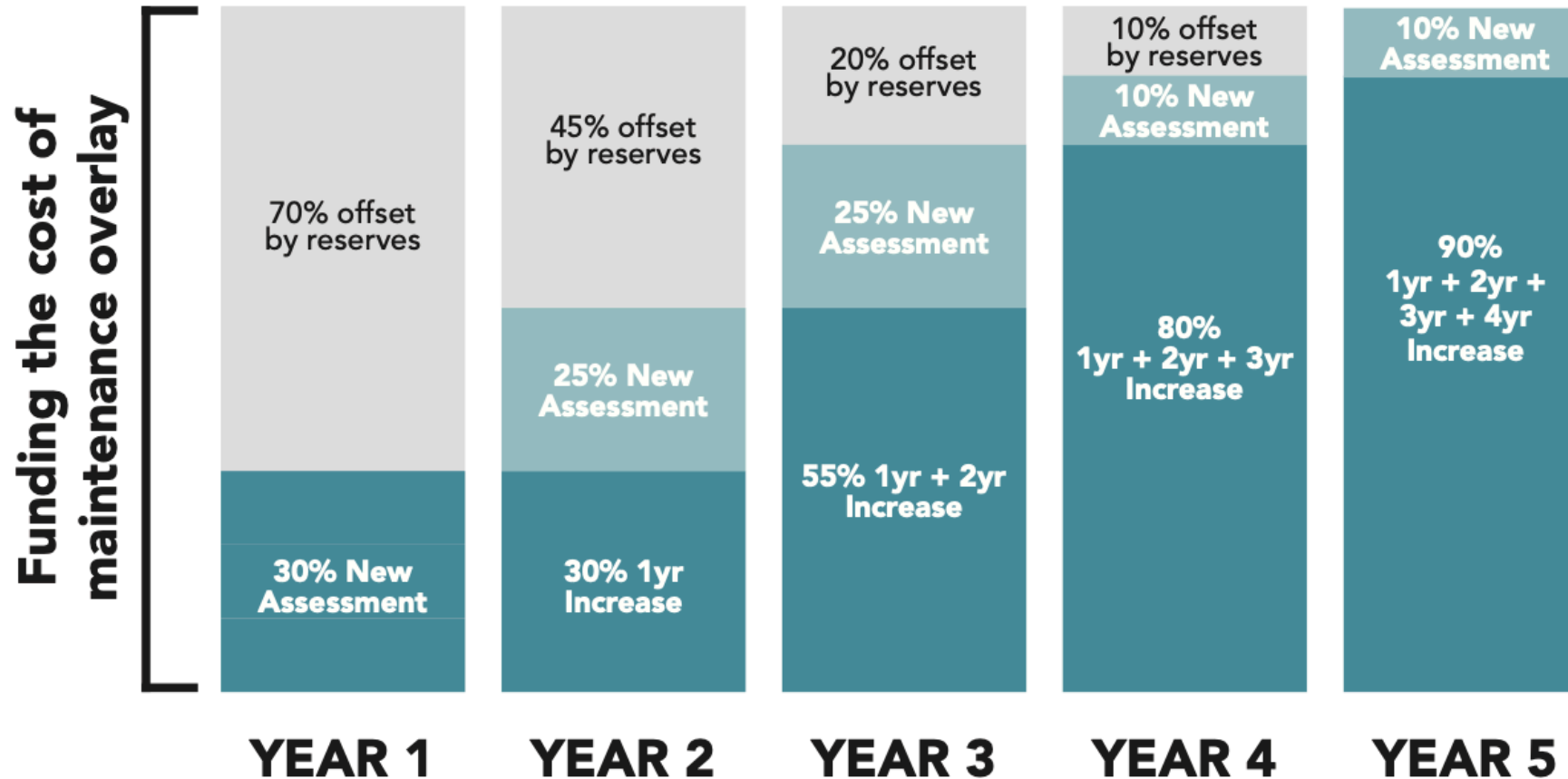
	23/24 Budget	24/25 Engineers Estimate	<i>Increase</i>
Maintenance	\$96,762	\$196,809	<i>\$100,047</i>
Reserve	\$56,890	\$228,672	<i>\$171,782</i>
Total	\$153,652	\$425,481	<i>\$271,829</i>

↑
Original Proposal

Fee Proposal

	Total - Single Family Home	Total - Townhome	Total - Apartment
Current Assessment 23/24	\$ 560.28	\$ 448.22	\$ 154.56
Estimated Overlay Assessment	\$ 733.77	\$ 587.02	\$ 169.67
Estimated New Total	\$ 1,294.05	\$ 1,035.24	\$ 324.23
New Proposed Percent Increase	133% Total	131% Total	109% Total
Original Proposal (July 2023) - Actual Amount Needed Per Engineers Report	\$ 1,433.72	\$ 1,146.96	\$ 395.51
Per Engineer Report <i>Percent Increase Needed</i>	156%	156%	156%
Assessment <i>Needed vs. Proposed</i>	(87%)	(89%)	(65%)

Fee Proposal Implementation



Fee Proposal

Proposed Staggered Assessment:

Increase in this Year	% Increase	Single Family Home	Townhome	Apartment
2025	30%	\$220.13	\$176.11	\$50.90
2026	25%	\$183.44	\$146.76	\$42.42
2027	25%	\$183.44	\$146.76	\$42.42
2028	10%	\$73.38	\$58.70	\$16.97
2029	10%	\$73.88	\$58.70	\$16.97

***+ Annual C.I.P.**

Fee Proposal

Proposed Assessment Rates¹	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29
Single Family	\$ 222.33	\$ 407.61	\$ 592.89	\$ 667.00	\$ 718.88
Townhome/Condominium	\$ 177.87	\$ 326.09	\$ 474.31	\$ 533.60	\$ 575.10
Apartment Unit	\$ 51.41	\$ 94.25	\$ 137.09	\$ 154.23	\$ 166.23

Note 1 - Assessment rates for future fiscal years starting at FY 2025-26 are subject to increase by an amount equal to the annual change in the San Francisco Bay Area Consumer Price Index.

If Fee Increase does not Pass

- Annual assessment will remain in place.
- The goal of building a reserve will be prioritized.
- Ongoing maintenance will be reduced to ONLY essential infrastructure and health and safety items. No landscape maintenance will occur until replacement reserve is replenished.

Summary of Options

NEW Gradual Increase Option -

Increase current LLMAD assessment to have *enhanced* maintenance and a *less than adequate* reserve and increased over several years.

If Homeowners do not Approve Compromised Option - Do not increase fees and postpone all landscape maintenance within the LLMAD until replacement reserve is replenished.

Ballot Process



Prop 218 Benefit Assessment Process

- Assessment amounts vary by parcel and are based on several unique parcel characteristics and factors:
 - Each **parcel owner** will receive one ballot
 - Each ballot is weighted in proportion to the parcel's proposed assessment
- Total assessment amount is the amount of 'votes.'
- Only **returned ballots** are tabulated, and they are weighted based on their proposed assessment.

Prop 218 Benefit Assessment Process

- Decided by **property owners** in a mailed ballot proceeding.
- Requires **weighted majority of returned ballots** (>50%).
- Assessments based on type of property and number of dwelling units and adjusted by the amount of **special benefit** each property receives.
- Common local funding option in the State of California.

Benefit Assessment Features

- The proposed assessment is based on the fiscal year 2024-25 budget.
- If approved, the assessment would be paid **on an annual basis**.
- In order for assessment-derived revenues to keep up with rising costs, an annual adjustment tied to the Consumer Price Index (CPI) may be applied to each succeeding year.
- In the event that the actual assessment rate for any given year is not increased by an amount equal to the CPI change, any such deferred assessment increase may be added to the total amount assessed in any subsequent year.

Benefit Assessment Features

- If approved, the authority to revise the assessment annually by CPI will rest with the **City Council**.
- The proposed assessment has “**no sunset**.”
- However, this assessment will only be charged if the City Council can **justify the budgetary need**.
- In addition to the possible increases described on the previous slide, the City Council may also **maintain or lower** the assessment rate in a certain fiscal year.
- The City Council may also choose **not to levy the assessment** if funds are no longer needed.

What is the Process to Increase Funding

Proposition 218: Right to Vote on Taxes Act

- Approved by California voters in 1996
- Establish and Quantify General and Special Benefits in Engineer's Report
- Determination of special benefit must be analyzed by a qualified licensed Professional Engineer
- All parcels within the District receiving special benefit must be assessed
- Assessment must be proportional to the special benefit received
- Zones of benefits (Factors such as proximity and access to Improvements)

What is the Process to Increase Funding

Proposition 218: Assessment Process

- Adopt a resolution directing the preparation of the Engineer's Report (March 26, 2024)
- Prepare the Engineers Report (March - April 2024)
- Adopt a resolution preliminarily approving the Engineer's Report (May 14, 2024)
- Mail assessment ballot and notifications (May 23, 2024)
- Hold public hearing and close balloting period (June 2024)
- Adopt a resolution approving Final Engineer's Report, ordering assessments, and confirming the assessment diagram (July 9, 2024)
- File the diagram and assessment with the County (August 2024)

OFFICIAL ASSESSMENT BALLOT
City of Diamond Bar
Landscape Assessment District 39-2022

INSTRUCTIONS FOR THE COMPLETION AND RETURN OF OFFICIAL BALLOTS

1. Read the enclosed Ballot Guide for information about the proposed annual assessment for landscape maintenance services and additional balloting information.
2. Fill in the oval next to the word "YES" or "NO".
3. Sign and date the official ballot. Only official ballots which are signed and clearly marked will be counted.
4. How to return your ballot: 1) Mail your official ballot in the enclosed pre-addressed postage paid return envelope or 2) deliver it in person to Diamond Bar City Hall, Windmill Room, 1st Floor, located at 21810 Copley Drive, Diamond Bar, CA.
5. If you make a mistake in completing your ballot or wish to change or withdraw your ballot, please call (800) 676-7516.

For additional information on the proposed fee and detailed instructions on completing the ballot, please refer to the enclosed ballot guide.

Parcel Number(s): 1234567890	Total Proposed Assessment: \$ 491.97
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SAMPLE BALLOT
123 BEAUTIFUL ST
DISNEYLAND CA 1234

← FOLD HERE (this side should be on the outside after fold)

City of Diamond Bar
P. O. Box 4038
Diamond Bar, CA 91765-0038

OFFICIAL ASSESSMENT BALLOT
City of Diamond Bar
Landscape Assessment District 39-2022

YES, I approve the proposed annual assessment for landscape maintenance services, including future annual adjustments for inflation based on an amount up to the change in the Los Angeles-Riverside-Orange County area Consumer Price Index ("CPI").

NO, I do not approve the proposed annual assessment for landscape maintenance services.

A YES vote means the City will have the funds to continue performing this maintenance.
A No vote means maintenance of private properties performed by the City would become the responsibility of the property owner(s) as of July 2022.

I hereby declare, under penalty of perjury, that I am the property owner(s) or authorized representative of the owner(s) for the parcel(s) identified on this official ballot. Ballots must be marked and signed by recorded property owner or authorized representative to be counted.

Signed _____ Date _____ Print Name _____

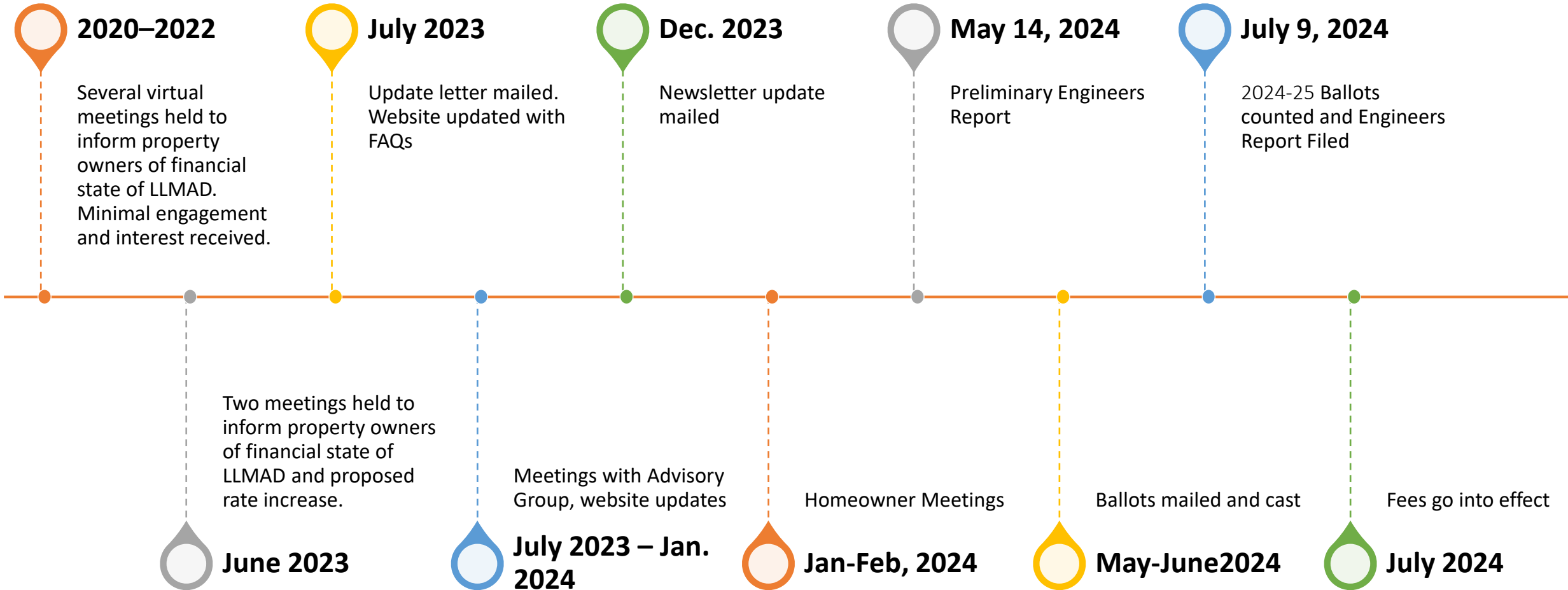
Completed official assessment ballots must be received by Tuesday, March 15, 2022 at 6:30 p.m. at the Diamond Bar City Hall, Windmill Room, 1st Floor, located at 21810 Copley Drive, Diamond Bar, CA.

FOLD THE BALLOT SO THAT THIS SIDE IS ON THE INSIDE OF THE FOLD BEFORE PLACING THIS BALLOT IN THE RETURN ENVELOPE.

Next Steps



Engagement Timeline



Recommendation

Staff recommends that the City Council adopt:

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Questions/ Thoughts?

