



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen  
James R. Helmer

**SUBJECT:** INTENTION TO INCREASE  
MAINTENANCE DISTRICT 18  
ASSESSMENT

**DATE:** 03-07-07

Approved

*Katy Allen*

Date

*3/9/07*

COUNCIL DISTRICT: 8

## RECOMMENDATION

Adoption of a resolution of intention to increase the annual assessment and revise the scope of services in Maintenance District 18 (The Meadowlands) and directing the Director of Public Works to file an Engineer's Report.

## OUTCOME

Adoption of a resolution to initiate the process required to increase the annual assessment and possibly revise the scope of services for a maintenance district.

## BACKGROUND

On June 23, 1998, Council established Maintenance District 18 (The Meadowlands) ("MD 18") pursuant to San José City Charter and Chapter 14.15 of the San José Municipal Code. MD 18 was established to provide for the maintenance and operation of extraordinary improvements that provide special benefit to the Meadowlands residential community. These improvements substantially include landscaped entrance areas and special pavement at three Thompson Creek bridges to the community; landscaped areas of the historically preserved Metzger Ranch House and Barn; and sound wall, backup landscaping, and a section of pedestrian path along San Felipe Road at Flowering Meadow Lane. A map of the existing district showing the maintenance areas and the 400 parcels being assessed is provided as Attachment A.

In 1998, the assessment, with an annual inflationary adjuster, was approved by the property owners within the district boundaries. Although the adjuster has been applied each year, it has not been sufficient to keep up with escalating maintenance costs, leaving MD 18 under funded. The 2006-07 assessment ranges from \$111 to \$116 per parcel for the year depending on proximity to the maintained areas.

State and City law requires that any increase in assessment on property must be approved by the owners of the parcels assessed through an election process called a protest procedure. For maintenance districts, a four-step process is necessary for Council to hold an election. The actions required of Council are to

- Adopt a resolution of intention and to direct the Director of Public Works to file an engineer's report;
- Adopt a resolution preliminarily approving the engineer's report, and setting the date and time of the public meeting, public hearing and tabulation of ballots;
- Conduct a public meeting; and
- Conduct a public hearing, and at the end of the hearing, tabulating the ballots.

Council may, at any time during the process, withdraw its intent to increase the assessment.

### **ANALYSIS**

Action at this time was dictated by the continuing decline in available funds to maintain MD 18 to the City's acceptable standard for maintenance districts. Staff monitored the declining revenue over the last two years, budgeting funds to continue maintaining healthy plantings while not replacing expended plantings. This practice has led to the degradation of the District and has compelled staff to consider proposing an increase in assessments.

In preparation of Council's first action, staff informed the Meadowlands property owners of the funding shortfall by mail and asked them to return a 5-item questionnaire to determine how the residents feel about the existing maintenance service and the possibility of an assessment increase. As of February 22, 24% of the questionnaires have been returned and staff continues to receive a few each week. In summary, only 16% would consider reducing services to meet funding levels, and 50% agreed to consider an increase in their special assessment to return the District to the level of service provided when they approved the District. The results for all the questions are shown on Attachment B.

On January 31, the Departments of Transportation and Public Works conducted the first of two planned community meetings to gather the sentiment of the community regarding the existing level of maintenance, staff's proposed changes, and the impact of those changes on their assessments. Over 30 residents attended the meeting and requested more information about costs and a timeline of renovating the landscaping based on different levels of assessment increases. The second community meeting will be held on March 15 to address concerns raised at the first meeting and to present assessment possibilities. A supplemental memo will be provided to present additional information obtained at the second community meeting.

To adopt any increase in assessment, Council must also conduct a public hearing to allow public comment on the proposal, and conduct a form of an election called a protest procedure whereby property owners within the district cast ballots in favor or opposed to the increase, with votes weighed by the amount of the assessment on each parcel. At the conclusion of the hearing, the

increase in the assessment can only be implemented if affected property owner protests do not outweigh the ballots cast in favor of the increase. In the event the ballots submitted in opposition to the increase exceed the ballots in favor of the increase, Council cannot impose the increase in the assessment.

Staff recommends that Council initiate proceedings to propose an increase to the MD 18 assessment with a possible revision to its scope of services. Staff also recommends that the proposed increase include a provision for the assessment to continue to be adjusted annually by applying the average annual change in the Consumer Price Index, in an attempt to keep pace with escalating maintenance costs. To expedite the improved maintenance, action at this Council meeting is critical so the tabulation of ballots can be completed by fiscal year end allowing for the assessment increase to be included in the upcoming County tax roll. The proposed schedule of events for imposition of an increased assessment:

January 31, 2007	1st Community Meeting (staff)
March 15, 2007	2nd Community Meeting (staff)
March 27, 2007	Adopts resolution of intention (Council)
April 24, 2007	Adopts resolution to preliminarily approve the Engineer's Report, set Public Meeting, Hearing, and Tabulation of Ballots (Council)
May 4, 2007	Publishes Notice of Public Meeting and Hearing (staff)
May 4, 2007	Mails Notice of Public Hearing along with property owner ballots (staff)
May 22, 2007	Conducts Public Meeting (Council)
June 19, 2007	Conducts Public Hearing and tabulate ballots (Council)
July 3, 2007	Records Notice of Assessments with County Recorder (staff)
August 10, 2007	Delivers list of assessments to County Tax Collector (staff)

### **POLICY ALTERNATIVES**

*Alternative #1:* Reduce level of service to correspond with the amount of funding available through existing assessment collections.

**Pros:** The election process would be avoided and assessment funds would not be expended for staff costs associated with the process.

**Cons:** Landscaping appearance would decline steadily since funding is not sufficient to replace dying plant material or repair lighting and irrigation systems.

**Reason for not recommending:** The property owners expect a higher standard of maintenance because of the existing assessment and historical performance of the district. The current level of service is less than what is typically provided by other districts throughout the City. Initial survey results show an overall disapproval of reduced services.

### **PUBLIC OUTREACH/INTEREST**

- Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this action does not meet the \$1 million threshold under Criteria 1, this memorandum will be posted on the City's website for the March 27, 2007 Council Agenda. Community outreach included a letter to the Meadowlands property owners informing them of the funding shortfall, asking for their opinions via a questionnaire on possible solutions, and informing them of upcoming community meetings. The Departments of Transportation and Public Works held a community meeting on January 31 and scheduled a follow-up meeting on March 15, 2007 to present options for the district and receive public comment. City staff is continuing to compile public comments and is available to respond to inquiries throughout the election process.

### **FISCAL/POLICY ALIGNMENT**

This action is consistent with the Council-approved Budget Strategy to continue to move in the general direction of setting fees and charges that recover costs of service.

### **COORDINATION**

This memorandum, related documents and resolutions were prepared in cooperation with the Departments of Transportation, Planning, Building and Code Enforcement, the City Attorney's Office, and the City Manager's Budget Office.

### **COST IMPLICATIONS**

The initiation of this public outreach and election process through this action will be funded by MD 18's current available reserves. The Engineer's Report will determine any general benefit costs to be paid by the City from the General Fund or other funds generally available to the City.

HONORABLE MAYOR AND CITY COUNCIL

03-07-07

**Subject: Intention to Increase Maintenance District 18 Assessment**

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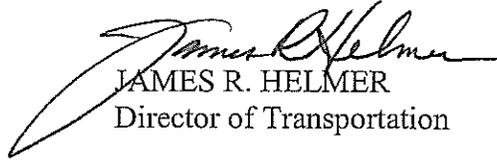
**CEQA**

CEQA: Exempt, PP07-020.



KATY ALLEN

Director, Public Works Department



JAMES R. HELMER

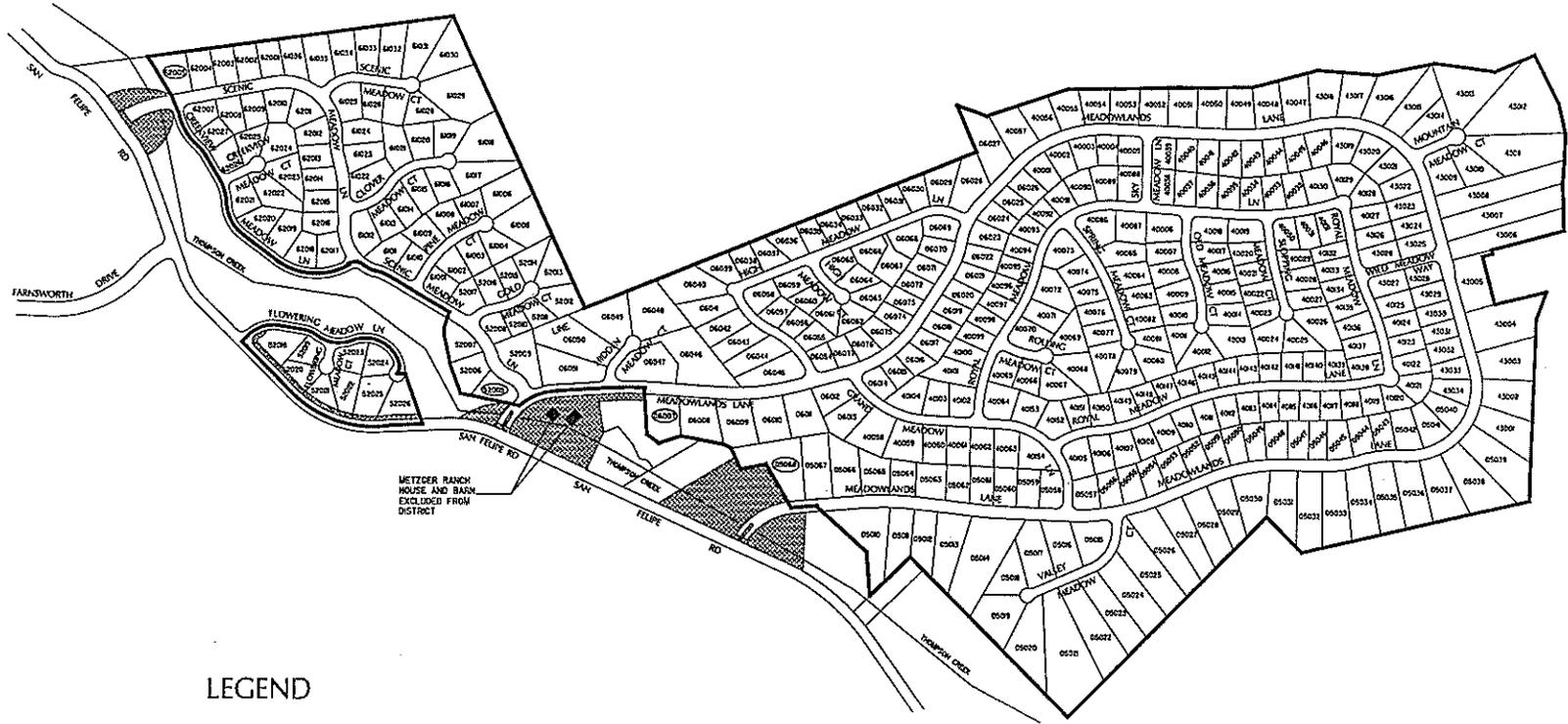
Director of Transportation

For questions please contact TIMM BORDEN, DEPUTY DIRECTOR, DEPARTMENT OF PUBLIC WORKS, at (408) 535-8300.

PD:tmb:pj

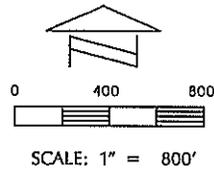
Attachments

CMmd18incINTENT.doc



LEGEND

-  DISTRICT BOUNDARY
-  STREET R/W
-  PROPERTY LINE
-  MAINTENANCE AREA
- 12345 DISTRICT PARCEL NUMBER \*
- \* FOR ASSESSOR'S PARCEL NUMBER, PRECEED DISTRICT PARCEL NUMBER WITH 660  
I.E. DPN 12345 = APN 660-12-345
-  PARCELS WITH PREMIUM ASSESSMENTS



CITY OF SAN JOSE  
 COUNTY OF SANTA CLARA, STATE OF CALIFORNIA  
**MAINTENANCE DISTRICT 18**  
 (THE MEADOWLANDS)

# ATTACHMENT B

Questionnaire Results as of February 22, 2007  
400 mailed -- 96 returned (24%)

