



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen

SUBJECT: SEE BELOW

DATE: 05-29-07

Approved

Katy Allen

Date

6/5/07

COUNCIL DISTRICT: 8

SUBJECT: SETTING THE APPROVAL PROCESS TO INCREASE THE ANNUAL ASSESSMENT AND REVISE THE SCOPE OF SERVICES FOR MAINTENANCE DISTRICT 18

RECOMMENDATION

Council takes the following actions to propose an increase to the annual assessment and revise the scope of services for Maintenance District 18 (The Meadowlands):

- (a) Adoption of a resolution preliminarily approving the Engineer's Report.
- (b) Setting the public meeting to be held on August 14, 2007 at 1:30 p.m.
- (c) Setting the public hearing and tabulation of property owner ballots for September 18, 2007 at 7:00 p.m.
- (d) Directing that the notice of said meeting and hearing and ballots be mailed to the property owners in district.

OUTCOME

Adoption of a resolution to preliminarily approve the Amended Engineer's Report and to call an election that satisfies the legal requirement to allow affected property owners to vote on the proposed increase in assessment for Maintenance District 18.

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 to provide for the maintenance and operation of extraordinary improvements. 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.

On an annual basis, staff determines the assessment revenue needed to fund the maintenance of the landscaped areas at the City's acceptable standard for maintenance districts. Over the last two years, due to rising maintenance costs, projected expenditures have outpaced revenue. Consequently, staff budgeted funds to continue maintaining healthy plantings while not replacing expended plants due to insufficient assessment revenue. Since many of the plants are reaching the end of their life cycle, which will lead to the further degradation of the landscape, staff is compelled to consider proposing an increase in the assessment or a reduction in the scope of services.

Community meetings were held on January 31, 2007 and March 15, 2007 to gather the sentiment of the community regarding the existing level of maintenance, staff's proposed changes, and the potential impact of those changes on their assessments. Consensus at the meetings combined with the recent neighborhood committee survey results indicates the majority opinion of the property owners is in favor of an increase to the assessment and an upgrade to the current level of service.

State and City law requires that any increase in assessment must be approved by a simple majority of property owners in the maintenance district through a special election process called a protest procedure. The first of a four-step process necessary for Council to conduct a special election was completed on March 27, 2007, when Council adopted a resolution of intention for a proposed increase in assessment or reduction of services to MD 18 and directed staff to file an Engineer's Report.

ANALYSIS

As required by the Resolution of Intention, staff presents to Council for preliminary approval the attached Amended Engineer's Report. The report includes the proposed changes to: the description of improvements to be maintained and the maintenance work; the budget and assessments for Fiscal Year 2008-2009; the base assessment and escalation limit; the assessment spread formula; the general benefit share; the assessment roll; and, the boundary description in words and the district map. In summary, as a result of staff and community cooperation, the annual aggregate assessment for the district is proposed to increase \$39,451.76 in Fiscal Year 2008-2009 to \$85,100.14. This results in an increase of \$98.58 for the 396 standard rate parcels, raising their assessment from \$114.06 to \$212.64; and an increase of \$103.52 for the 4 premium rate parcels, raising their assessment from \$119.76 to \$223.28. This would represent a minor increase of less than \$9 per month per parcel. The District will continue to utilize the Consumer Price Index for the inflationary adjustment of this new assessment amount.

The Public Meeting on August 14, 2007 and Public Hearing on September 18, 2007 will allow for public testimony to be presented to Council. Council must consider all objections or protests

to the proposed assessment increase. The hearing may be continued if necessary to allow staff to respond to Council's inquiries or to implement changes proposed by Council. At the close of the Public Hearing, Council will 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 weighted by the amount of the assessment on each parcel. 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. If approved, the proposed assessment increase will commence in fiscal year 2008-2009 and will be adjusted annually by the Consumer Price Index. 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. MD 18 must then continue operations at its current funding level. A reduction in service level would then be expected.

The Notice of Public Hearing is scheduled to be mailed on or before August 3, 2007 and will include the property owner ballot. The notice will inform the owners of the public meeting and hearing, the services to be provided by the district and the proposed assessment. Each completed ballot must be received by the City Clerk prior to the close of the public hearing in order to be included in the tabulation. Although this is a mailed ballot election, any property owner may submit their ballot at the hearing.

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 June 19, 2007 Council agenda. Community outreach included letters to the Meadowlands property owners informing them of the funding shortfall, asking for their opinions via a questionnaire on possible solutions, notifying them of upcoming community meetings, and informing them that the election schedule has changed to allow feedback from the neighborhood committee. The Departments of Transportation and Public Works held community meetings on January 31, 2007 and March 15, 2007 to present options for the district and receive public comment. In April, the neighborhood committee met with City staff to review the contents of their follow-up district survey. The survey queried the property owners about the level of renovation they would be in favor of financing. The survey results, as of May 4, 2007, reported 80% of the respondents favored an increase for a district-wide renovation. City staff stays in communication with the neighborhood committee, gathering

additional feedback as the process continues and will remain available to compile public comments and 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

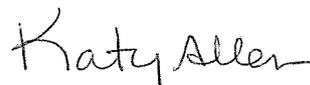
This memorandum, related documents and resolutions were prepared in cooperation with the Departments of Transportation, and Planning, Building and Code Enforcement; the City Attorney's Office and the City Manager's Budget Office.

COST IMPLICATIONS

The election process and associated public outreach are funded by MD 18's current available reserves. General benefit costs estimated at \$5,000 must be paid by the City from the parks maintenance funds or other funds that may be generally available to the City. All special benefit costs, \$82,000, will be paid by the owners of property within the District by a district benefit assessment against each benefiting property. The anticipated increase in assessment, which is estimated to be at \$37,777, will be received in 2008-2009 due to extending the election schedule to allow additional public feedback through the efforts of the recently formed neighborhood committee.

CEQA

CEQA: Exempt, PP07-020.



KATY ALLEN
Director, Public Works Department

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

