



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: David Sykes

**SUBJECT: MAINTENANCE DISTRICT
BUDGET REPORTS FOR
FISCAL YEAR 2012-2013**

DATE: May 29, 2012

Approved

Date

6/5/12

COUNCIL DISTRICTS: 2, 3, 4 and 8

RECOMMENDATION

Adopt resolutions approving and confirming the Annual Budget Reports for Fiscal Year 2012-2013 for City of San José Maintenance Districts 1, 2, 5, 8, 9, 11, 13, 15, 18, 19, 20, 21 and 22 and levying the assessments therein.

OUTCOME

The desired outcome for this proceeding is the continued maintenance of enhanced public improvements funded through the levy of special assessments.

BACKGROUND

The City has two landscape design standards for public landscaping described as Type 1 and Type 2. Type 1 is a lower maintenance design which in general includes trees and either hardscape, rocks or mulch around the trees without shrubs or ground cover. This design is used in landscape areas maintained with the General Fund. Type 2 landscaping features are a higher level design standard that generally includes trees, shrubs, and flowers and could contain other decorative features such as fountains and lakes.

The City establishes maintenance assessment districts to maintain the Type 2 public improvements that provide special benefits to the parcels served. Since the maintenance of these enhanced facilities directly benefit the individual parcels within the district rather than the City as a whole, the maintenance costs are assessed to these same parcels.

There are currently 13 maintenance districts in San José. Each includes an annual inflationary adjuster approved by the property owners in compliance with the Municipal Code and current

legislation. The 13 maintenance districts are intended to provide optimum maintenance of the Type 2 landscaping features.

ANALYSIS

Annually, the Municipal Code requires Council approval of a budget report for each maintenance district, confirming the assessments in the report, and directing that the assessments be collected with the County property taxes. While these reports must be approved separately, the maintenance district budgets are also included in the City's Proposed Operating Budget.

The 13 maintenance districts included in this action are shown in Attachment A and described in Attachment B. Each district's Annual Budget Report for Fiscal Year 2012-2013 will be on file in the City Clerk's Office prior to the Council meeting. Each report will include:

1. The maintenance budget;
2. A description of the maintenance items and services;
3. Any property configuration related changes;
4. The annually adjusted assessments;
5. The assessment roll, and;
6. The assessment diagram (map).

Annual assessment adjustment formulas approved by the property owners for these districts allow adjustments that do not exceed the annual change in the San Francisco-Oakland-San José Consumer Price Index (CPI), which for this fiscal year is 2.60 percent. None of the City's maintenance districts exceed this adjuster. Of the 13 districts, only two are actually assessing the maximum assessment.

Current legislation requires that if "general benefit" has been determined, the City must contribute to the district from "generally available funds." Since City standards would require minimally landscaped street islands on some of the streets in Maintenance District 2, 8, 9, 11, 15, 19, 20, 21, and 22, a contribution is required. The street islands in Maintenance District 1, 5, 13, and 18 are for decorative purposes only; therefore, no City contribution is made for this item.

The following table lists estimated costs for the minimal landscape maintenance that the City would provide if these maintenance districts did not exist. Accordingly, the City will contribute this same amount to each district:

MAINTENANCE DISTRICT	CITY CONTRIBUTION
2	\$2,408
8	\$2,353
9	\$23,480
11	\$6,354
15	\$16,636
18	*See following discussion

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19	\$6,195
20	\$21,461
21	\$8,996
22	\$35,223

*In Maintenance District 18, through the Parks, Recreation and Neighborhood Services maintenance budget, the City will pay the water bill (approximately \$5,000 annually) for joint service to the central area of the District and the City's Metzger Ranch. This will compensate the District for the general benefit landscape maintenance service it provides for the grounds around the Metzger ranch house and barn, preserved as a City of San José historical site.

Each City Council resolution to approve a district report will also:

1. Confirm the individual assessments as proposed or modified by Council;
2. Direct that any required City contributions be made; and
3. Direct the Director of Finance to deliver the assessments to the County for collection with the property taxes.

EVALUATION AND FOLLOW-UP

The maintenance district annual budgeting process for fiscal year 2012-2013 is on schedule if approved by Council at this June 19, 2012 meeting. No further actions are necessary and staff will return next year in June to present to Council the following year's proposed budget.

PUBLIC OUTREACH

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 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)**
- Criterion 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)**

This memorandum will be posted on the City's website for the June 19, 2012 Council Agenda. The Annual Budget Reports are filed in the City Clerk's Office for public review and will also be made available to the property owners within the districts upon requests. A notice of assessment and map for each district will be recorded with the County Recorder for public viewing and for title purposes. This will allow each district to be referenced in title searches to inform property owners of the corresponding district. Staff is also available to respond to any public inquiries.

COORDINATION

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

FISCAL/POLICY ALIGNMENT

This action is consistent with the Council-approved Budget Principle in that it utilizes special assessments for enhanced services.

COST IMPLICATIONS

This Council action only relates to the property assessments for Fiscal Year 2012-2013. The assessment revenue is shown in the source and use of funds for each district's budget. The budgets are considered by Council as a part of the City Operating Budget hearings.

1. **AMOUNT OF RECOMMENDATION:** All costs for the maintenance districts will be paid by the property owners within the districts by a direct benefit assessment against each benefiting property with the exception of City general benefit contributions.
2. **COST ELEMENTS FOR FISCAL YEAR 2012-2013:** For all maintenance districts, the total Proposed 2012-2013 budget is:

SOURCE OF FUNDS

Beginning Fund Balances	\$	7,986,818
General Fund		
MD 2		2,408
MD 8		2,353
MD 9		23,480
MD 11		6,354
MD 15		16,636
MD 19		6,195
MD 20		21,461
MD 21		8,996
MD 22		35,223
Revenue		
Interest		27,500
Taxes and Special Assessments		1,888,600
TOTAL SOURCE OF FUNDS	\$	10,026,024

USE OF FUNDS

Expenditures		
Non-Personal/Equipment	\$	1,846,700
Personal Services		490,155
Overhead		147,284
Workers' Comp Claims		6,500
Ending Fund Balances		
Reserve for Encumbrances		623,188
Retirement Pre-Payment Reserve		2,009
Unrestricted		6,910,188
TOTAL USE OF FUNDS	\$	10,026,024

Assessment revenue is received from the County in January and May in approximately equal payments. As the initial amount for each fiscal year is received seven months after the start of that fiscal year, ending fund balances must be large enough to cover the complete funding of encumbrances for maintenance contracts plus seven months of all other operating costs. All districts have infrequent but major maintenance needs, such as the repair or replacement of fountains or structures, so replacement funds are accumulated in the ending fund balance.

3. SOURCE OF FUNDING: 352 – Maintenance District No. 1 Fund
 354 – Maintenance District No. 2 Fund
 357 – Maintenance District No. 5 Fund
 361 – Maintenance District No. 8 Fund
 362 – Maintenance District No. 9 Fund
 364 – Maintenance District No. 11 Fund

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366 – Maintenance District No. 13 Fund
368 – Maintenance District No. 15 Fund
372 – Maintenance District No. 18 Fund
359 – Maintenance District No. 19 Fund
365 – Maintenance District No. 20 Fund
356 – Maintenance District No. 21 Fund
367 – Maintenance District No. 22 Fund

4. OPERATING COSTS: The recommendations contained in this memorandum are in compliance with the Council-approved Budget Strategy. Any enhancements to service levels in these districts will be funded by assessments in these districts.

BUDGET REFERENCE

The Maintenance Assessment District Funds specified above are appropriated in the 2012-2013 Proposed Operating Budget (pp. XI-64 thru XI-76).

CEQA

CEQA: Not a project, File No. PP10-069(a), annual reports.

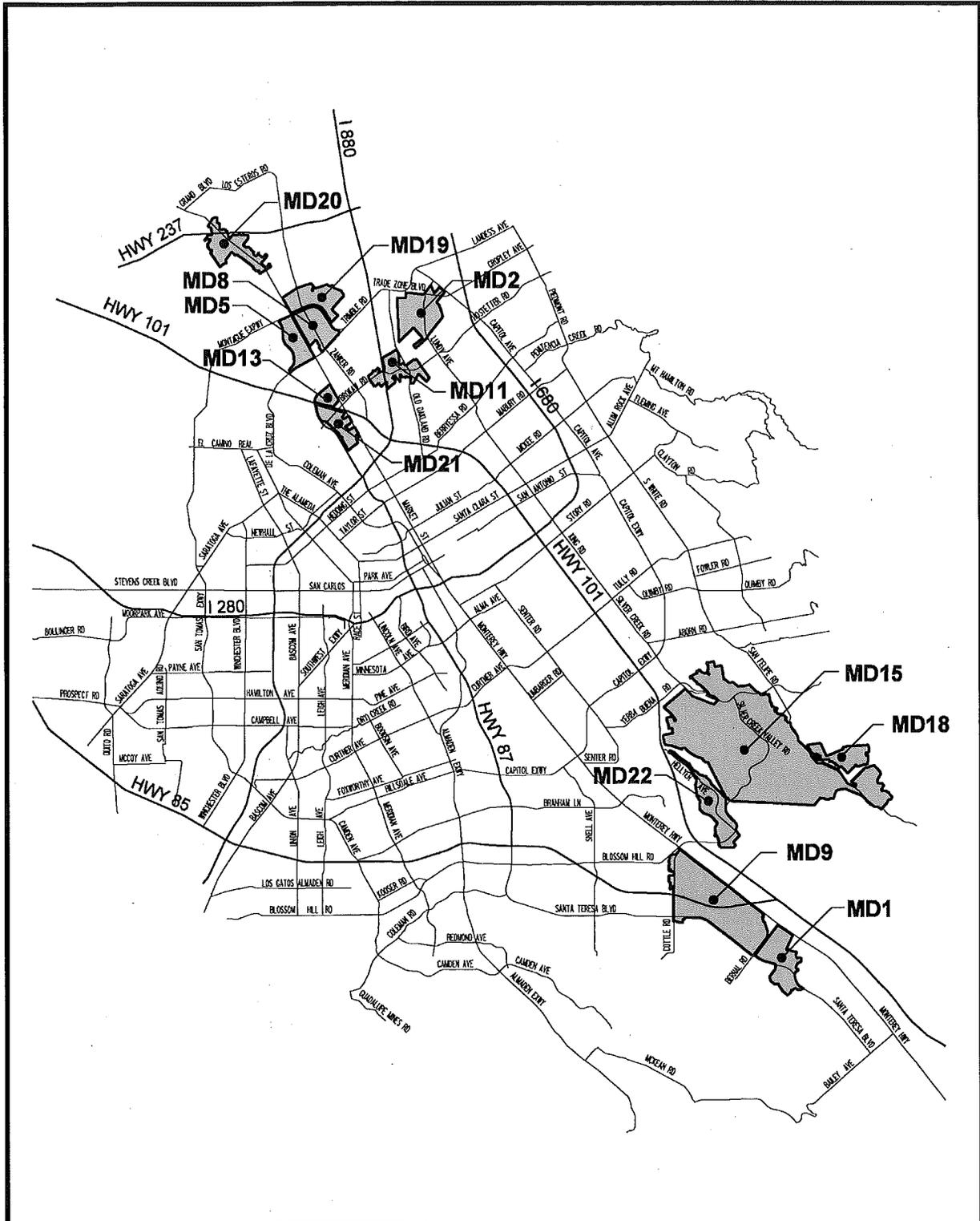
/s/

DAVID SYKES
Director of Public Works

For questions please contact Thomas Borden, Special Districts Manager, Public Works Department, at 408-535-6831.

Attachments

ATTACHMENT A





CITY OF SAN JOSE

 CAPITAL OF SILICON VALLEY

PUBLIC WORKS DEPARTMENT

 DEVELOPMENT SERVICES DIVISION

BY: SPECIAL DISTRICTS

VICINITY MAP



NOT TO SCALE

CITY OF SAN JOSE, COUNTY OF SANTA CLARA

 STATE OF CALIFORNIA

MAINTENANCE DISTRICTS

 FISCAL YEAR 2012-13

ATTACHMENT B

DISTRICT NAME & YEAR FORMED	CD *	MAINTENANCE SERVICES	LOCATION / BOUNDARIES	LAND USE	ASSESSMENT		GENERAL BENEFIT CONTRIBUTION
					NET	MAX	
MD 1 (Los Paseos) 1979	2	<ul style="list-style-type: none"> • Pedestrian pathway landscaping 	<u>North:</u> Monterey Hwy. <u>East:</u> Cheltenham Wy. <u>South:</u> Santa Teresa Blvd. <u>West:</u> Bernal Rd.	Residential / Commercial	\$205,565**	\$211,074**	\$0
MD 2 (Trade Zone – Lundy Ave) 1977	4	<ul style="list-style-type: none"> • Median island landscaping • Park strips • Mini parks 	<u>North:</u> Trade Zone Blvd. <u>East:</u> WPRR <u>South:</u> Mc Kay Dr. <u>West:</u> SPRR	Residential / Industrial	\$70,054	\$70,063	\$2,408
MD 5 (Orchard – Plumeria) 1979	4	<ul style="list-style-type: none"> • Median island landscaping 	<u>North:</u> Montague Expy. <u>East:</u> N. 1 st St. <u>South:</u> Trimble Rd. <u>West:</u> Guadalupe River	Industrial	\$65,700	\$73,534	\$0
MD 8 (Zanker – Montague) 1980	4	<ul style="list-style-type: none"> • Median island landscaping • Park strips 	<u>North:</u> Montague Expy. <u>East:</u> Montague Expy. <u>South:</u> Trimble Rd. <u>West:</u> N. 1 st St.	Industrial	\$78,737	\$90,217	\$2,353
MD 9 (Santa Teresa – Great Oaks) 1981	2	<ul style="list-style-type: none"> • Median island landscaping • Frontage landscaping 	<u>North:</u> Monterey Hwy. <u>East:</u> Bernal Rd. <u>South:</u> Santa Teresa Blvd. <u>West:</u> Cottle Rd.	Residential / Industrial / Commercial	\$119,967	\$142,468	\$23,480
MD 11 (Brokaw Rd. – Junction to Old Oakland) 1984	4	<ul style="list-style-type: none"> • Median island landscaping 	<u>North:</u> Fox Ln. <u>East:</u> Ringwood Ave. <u>South:</u> Coyote Creek <u>West:</u> Junction Ave.	Residential / Industrial / Commercial	\$62,165	\$62,168	\$6,354

* Council District

** Includes ad valorem tax estimated at \$140,000 from County collections. District special assessment \$65,565.

ATTACHMENT B

DISTRICT NAME & YEAR FORMED	CD *	MAINTENANCE SERVICES	LOCATION / BOUNDARIES	LAND USE	ASSESSMENT		GENERAL BENEFIT CONTRIBUTION
					NET	MAX	
MD 13 (Karina – O’Nel) 1985	4	<ul style="list-style-type: none"> • Median island landscaping 	<u>North:</u> Guadalupe Pkw. <u>East:</u> N. 1 st St.. <u>South:</u> Brokaw Rd <u>West:</u> Hwy 101	Industrial	\$44,749	\$44,749	\$0
MD 15 (Silver Creek Valley) 1992	8	<ul style="list-style-type: none"> • Trail, slope, and conservation area landscaping • Median island landscaping • Sidewalk and parkstrip landscaping • Sound walls • Emergency vehicle access areas 	<u>North:</u> Yerba Buena Rd. <u>East:</u> San Felipe Rd. <u>South:</u> Silver Creek Valley Rd. <u>West:</u> Hwy 101/Hellyer Ave.	Residential / Commercial	\$945,600	\$1,345,627	\$16,636
MD 18 (The Meadowlands) 1998	8	<ul style="list-style-type: none"> • Entrance and slope landscaping • Pedestrian Path • Street-side of sound walls 	<u>North:</u> The Villages <u>East:</u> Urban service boundary <u>West:</u> San Felipe Rd. <u>South:</u> Richmond Ranch	Residential	\$91,933	\$91,933	\$5,000
MD 19 (River Oaks Area Landscaping) 2001	4	<ul style="list-style-type: none"> • Median island landscaping • Special paving 	<u>North:</u> River Oaks Pkw. <u>East:</u> Coyote River <u>South:</u> Montague Expy. <u>West:</u> N. 1 st St.	Residential / Commercial	\$43,470	\$63,463	\$6,195
MD 20 (Renaissance-North First) 2001	4	<ul style="list-style-type: none"> • Median island landscaping • Frontage landscaping • Sound walls 	<u>North:</u> Nortech Pkw. <u>East:</u> Rose Orchard Wy. <u>South:</u> Tasman Dr. <u>West:</u> Guadalupe River	Residential / Industrial	\$40,002	\$51,806	\$21,461

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DISTRICT NAME & YEAR FORMED	CD *	MAINTENANCE SERVICES	LOCATION / BOUNDARIES	LAND USE	ASSESSMENT		GENERAL BENEFIT CONTRIBUTION
					NET	MAX	
MD 21 (Gateway Place Airport Parkway) 2002	3	<ul style="list-style-type: none"> • Median island landscaping 	<u>North:</u> Hwy. 101 <u>East:</u> N. 1 st St <u>South:</u> Sonora Ave. <u>West:</u> Guadalupe Pkwy.	Industrial	\$71,214	\$83,081	\$8,996
MD 22 (Hellyer Ave – Silver Creek Valley Road) 2002	2	<ul style="list-style-type: none"> • Median island landscaping 	<u>North:</u> Hwy. 101 <u>East:</u> Hellyer Ave. <u>South:</u> Silver Creek Valley Rd. <u>West:</u> Coyote Creek	Industrial	\$49,992	\$58,992	\$35,223

* Council District