



STAFF REPORT

DATE: 05/06/2026
TO: Honorable Mayor and City Council Members
FROM: Finance Department

2026-136

REQUEST FOR CITY COUNCIL ACTION

SUBJECT:

RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN LMD 84-2 ZONES 1, 2, 4, 6, 7, 10, 15, 17, 18, AND 19 FOR FISCAL YEAR 2027, APPROVING PRELIMINARY ENGINEER'S REPORT, AND PROVIDING NOTICE OF PUBLIC HEARING

EXECUTIVE SUMMARY:

This staff report asks the City Council to adopt a resolution declaring the City's intent to levy and collect Fiscal Year 2027 assessments, approve the preliminary Engineer's Report, and set a public hearing for June 17, 2026. At that time, the City Council may approve the annual assessments and order the levy of assessments within the District. Landscape Maintenance District No. 84-2 provides landscape maintenance and operating services for the public landscaping and related appurtenances within the District's boundaries.

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2026-024, declaring intention to levy and collect assessments within Zones 1, 2, 4, 6, 7, 10, 15, 17, 18, and 19 of the Landscape Maintenance District No. 84-2 for Fiscal Year 2027, approving preliminary Engineer's Report, and providing notice of public hearing on the proposed assessments.

BACKGROUND & HISTORY:

Zones 1, 2, 4, 6, 7, 10, 15, 17, 18, and 19 of the Landscape Maintenance District No. 84-2 ("LMD 84-2" or "District") were established in 1986 in accordance with the provisions of

the Landscaping and Lighting Act of 1972 (the "1972 Act"). The district's purpose is to provide landscape maintenance and operating services for the public landscaping and related appurtenances within its boundaries.

The annual assessments proposed to be levied within the District will pay for the maintenance services during Fiscal Year 2027. The services provided include all necessary operations, administration, capital replacements, and maintenance required to keep the above-mentioned improvements in a healthy and satisfactory working condition.

ANALYSIS:

The State of California Street and Highways Code Section 22500 requires an annual review of the assessments levied by the assessment districts formed under the 1972 Act. An engineer's report must be prepared to levy and collect special assessments within the districts. The Report provides details on the improvements maintained and the estimated budgets for each district.

On April 15, 2026, the City Council adopted Resolution No. 2026-021 to initiate the proceedings to levy and collect assessments for the District for Fiscal Year 2027. It appointed Spicer Consulting Group, LLC as the engineer of record and ordered the preparation of an Engineer's Report for the District.

Attached to this report is the preliminary Engineer's Report (the "Report") as it pertains to the District. The report includes a detailed description of district's existing improvements, estimated maintenance costs, assessment apportionment methods, and a diagram showing the district's boundaries. It also provides analyses of the District's financial status.

FINANCIAL IMPACT:

The cost of operation, servicing, and maintenance of the District will be funded by the assessments levied and collected within the District. For Fiscal Year 2027, the assessment revenues are projected to be sufficient to cover the operating costs for Zones 1, 2, 4, 7, 10, 15, 17, and 19 within the District during the same fiscal period. The estimated surplus in these zones will be added to the capital reserve for future capital improvement within the District. It is also projected that the assessment revenues will be insufficient to cover the operating costs for Zones 6 and 18 during the same fiscal period. Both Zones 6 and 18 do not have a built-in escalator for the annual levy. The estimated deficits are due to rising costs over the years and the levy not keeping up with the expenditures.

In the Fiscal Year 2027, the estimated operating deficit in Zone 6 is \$10,355, which will be covered by a one-time contribution from the capital and operating reserves in the same zone. The current estimated reserve balance in Zone 6 is \$444,095 as of June 30, 2025. Based on the Fiscal Year 2027 expenditure budget, the reserve balance will be exhausted in approximately 42 years.

In the Fiscal Year 2027, the estimated operating deficit in Zone 18 is \$850, which will be covered by a one-time contribution from the capital and operating reserves in the same

zone. The current estimated reserve balance in Zone 18 is \$84,031 as of June 30, 2025. Based on the Fiscal Year 2027 expenditure budget, the reserve balance will be exhausted in approximately 98 years.

Below is an overview of the District’s estimated assessment revenues and proposed expenditures for the Fiscal Year 2027. Detailed information can be found in the attached Report.

District	Estimated Costs	Estimated Assessment Revenue	General Benefit Contribution ⁽¹⁾	Estimated Excess/(Deficit)	Actual Assessment YOY % Change
Zone 1	\$3,720.26	\$4,147.36	\$0.00	\$427.10	0.00%
Zone 2	\$65,908.40	\$80,875.44	\$209.09	\$15,176.13	0.00%
Zone 4	\$86,586.41	\$93,609.68	\$0.00	\$7,023.27	0.00%
Zone 6	\$325,124.00	\$314,768.69	\$0.00	(\$10,355.31)	0.00%
Zone 7	\$66,874.00	\$78,793.00	\$0.00	\$11,919.00	0.00%
Zone 10	\$1,573,007.00	\$2,139,262.93	\$0.00	\$566,255.93	0.00%
Zone 15	\$18,121.00	\$27,749.81	\$0.00	\$9,628.81	0.00%
Zone 17	\$19,739.00	\$22,110.00	\$0.00	\$2,371.00	0.00%
Zone 18	\$37,213.14	\$35,980.00	\$382.80	(\$850.34)	0.00%
Zone 19	\$473,201.51	\$465,444.00	\$33,124.11	\$25,366.60	0.00%

¹⁾ Benefit received by non-residents of the District for the landscape improvements. This amount is contributed by the City’s General Fund.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely declares the City’s intent to levy and collect assessments within the District for Fiscal Year 2027, and there is no possibility that adopting the resolution will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: ERMA MONTANO, SENIOR FINANCIAL ANALYST

REVIEWED BY: BRUCE FOLTZ, FINANCE DIRECTOR

ATTACHMENTS:

1. Exhibit 1 – FY 2027 LMD 84-2 Preliminary Engineer’s Report, as it pertains to the District

2. Exhibit 2 – Resolution No. 2026-024