



MINUTES
CITY OF NORCO
CITY COUNCIL
SPECIAL MEETING

Wednesday, July 2, 2014

Norco City Hall Conference Rooms A & B
2870 Clark Avenue, Norco, CA 92860



CALL TO ORDER: 5:30 p.m.

ROLL CALL: Berwin Hanna, Mayor, **Present**
Herb Higgins, Mayor Pro Tem, **Present**
Kathy Azevedo, Council Member, **Present**
Kevin Bash, Council Member, **Present**
Greg Newton, Council Member, **Present**

The City Council recessed to Closed Session (Section 54954) to consider the following matter:

§54957 Public Employee Performance Evaluation:

Title: City Manager

RECONVENE PUBLIC SESSION: 6:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION - §54957.1:

City Attorney Harper stated that there was no reportable action.

PLEDGE OF ALLEGIANCE: Council Member Newton

DISCUSSION ITEM:

1. Discussion of the Administration and Funding of the Annual Assessment Levies of Landscape Maintenance Districts No. 1 – Beazer, Tract 28765; No. 2 – Western Pacific, Tract 25779; No. 3 – Centex, Tract 28826; No. 4 – Norco Ridge Ranch, Tracts 29588 and 29589; and No. 5 – Hawk’s Crest, Tract 30230. (Dominic Milano, City Engineer; Brian Petree, Director of Parks, Recreation and Community Services)

Director of Parks, Recreation and Community Services Brian Petree gave a brief outline of discussion topics relating to the assessment districts.

City Attorney John Harper indicated that the landscape maintenance districts were formed upon the original development of the property in order to maintain public improvements of special benefit to the property owners in the districts. The cost of maintaining those improvements is reviewed on an annual basis following a public hearing and the assessment is levied based upon the actual cost of the maintenance. The maximum amount of the individual assessments was established upon the original formations of the districts and may not be exceeded without going through a formal election process.

Patrick Malone requested clarification on the annual budgets including the Consumer Price Index (CPI) increase. In response, City Attorney Harper stated that the districts have built-in increases based on the CPI.

Jodie Webber commented on the City Attorney's general statement on maintenance. In response City Attorney Harper stated that the City Engineer prepares an Engineer's Report and an annual budget for the districts. The report could include direction to look at additional capital improvements as long as they are related to the original public improvements.

Director Petree provided a brief overview of the five districts. Mr. Petree noted that landscape maintenance is provided by a contract service provider, which is responsible to meet a standard set by the City for a level of maintenance to be provided based on square footage. Each district was set up by the developer with special benefits to the property owners. The costs within each district are reviewed annually in order to determine budgets. There is an assessment cap within each district and once the cap has been reached, the assessment may only increase based on the Consumer Price Index. If the costs within a District exceed the CPI rate increase, the District will lack funds necessary to maintain it. In that case, either the level of service for the District is reduced or the District can elect to increase assessments by a ballot process.

City Engineer Milano presented a brief overview of what is required of an Engineer's Report. In order to form a district, by law, an Engineer's Report must be completed. The Engineer's Report sets boundaries. The report provides a benefit analysis and a budget. Assessment spreadsheets identify each parcel and the levies for each parcel. The benefits are localized benefits specific to each district and every parcel has equal benefits. Mr. Milano stated that an Engineer's Report must be prepared every year. Assessments are collected through property tax bills. The fiscal year budget begins in July but the County does not collect until January; therefore, the City's General Fund pays for the district's maintenance service for the first six months of the fiscal year until payment is received from the County.

In response to Mayor Pro Tem Higgins, Water and Sewer Manager Bill Thompson stated that if there is a deficit in funds within a district, and the City carries the costs on behalf of the district, then the City reduces the level of service but continues receiving the same assessment amount in order to pay back the "loan" given to the district.

Ted Hoffman commented on the option of opting out of an assessment district. City Attorney Harper indicated that it is an option for residents of a district to opt out; however, 51% of residents must agree for the district to dissolve.

Jodie Webber commented on staff recommendations to the City Engineer for information contained in the Engineer's Report. City Attorney Harper clarified the definitions of the terms used in the Engineer's Report. Mr. Harper indicated that replacement of trails is not considered a capital improvement. In terms of the Code, the definition of improvement is the installation and maintenance of an improvement, such as trail fencing.

In response to Mayor Hanna, Manager Thompson stated that staff prepares the LMD budgets based on what it costs to maintain the entire original improvement. Staff provides facts and information on what is needed for each LMD to maintain the City's standards.

For Landscape Maintenance District 1, City Engineer Milano reported a proposed total annual budget of \$11,342.00, an estimated fund balance on June 30, 2015 of \$12,884.00, and an estimated surplus of \$7,213.00.

In response to Council Member Bash, Mr. Milano indicated that the assessment for LMD 1 is \$131.18 and with the CPI increase, the proposed assessment is \$133.28. Mr. Milano also stated that there is currently a surplus in LMD 1 but in approximately five years, the property owners will need to decide on an assessment increase in order to maintain the level of service.

Geoff Kahan asked if assessments are by parcel size or if assessments are equal. Mr. Milano stated that every parcel within a District is assessed the same amount regardless of parcel size.

For Landscape Maintenance District 2, City Engineer Milano reported a proposed total annual budget of \$131,453.00, an estimated deficit in the fund balance on June 30, 2015 of \$10,916.00, and an estimated amount of unfunded needs of \$168,393.00. Mr. Milano stated that the current assessment is \$601.88 and with the CPI increase, the proposed assessment is \$611.51.

For Landscape Maintenance District 3, Mr. Milano reported a proposed total annual budget of \$83,537.00, an estimated fund balance on June 30, 2015 of \$57,017.00, and an estimated amount of unfunded needs of \$12,592.00. The current assessment is \$908.98 and with the CPI increase, the proposed assessment is \$923.52.

For Landscape Maintenance District 4, City Engineer Milano reported a proposed total annual budget of \$529,952.00, and estimated fund balance on June 30, 2015 of \$331,416.00, and an estimated deficit of unfunded needs of \$243,904.00. The current assessment is \$958.40 and with the Consumer Price Index, the proposed assessment is \$973.73. Mr. Milano discussed the trail fencing replacement program for this district. When the program was put together, staff determined there was approximately 64,200 lineal feet of trail fencing as opposed to the 84,000 lineal feet noted in previous documents. Staff attributes the difference to the original count not considering driveways, corners, trees, catch basins, etc. Last year's report noted the need for \$50,000 a year for a ten-year

program to replace fencing. At the Council level, it was determined to set aside \$75,000 for a trail fencing replacement capital project. Mr. Milano discussed the parcels on Mt. Shasta in this district. From 2004-2009, the parcels were assessed although they were not receiving a benefit. Mr. Milano requested, and Council approved in 2010, that the parcels on Mt. Shasta not be assessed since they do not have maintenance needs. In regards to the trail fencing replacement program, the parcels on Mt. Shasta have trail fencing and have requested to have their trails maintained. Therefore, for Fiscal Year 2014-2015, the assessment for those parcels on Mt. Shasta will be \$286.00 as their fair share of the cost associated with trail fencing replacement.

Council Member Newton inquired about by what action were the parcels at Mt. Shasta Drive removed from LMD. City Engineer Milano clarified that the parcels were not removed from the LMD, instead they were removed from being assessed since they were not receiving landscape services.

For Landscape Maintenance District 5, Mr. Milano reported a balanced budget and the district has the ability to increase the amount of the assessment; however, the amount of \$926.42 per parcel will remain the same for the next fiscal year. He indicated that the proposed total annual budget is \$47,927.00, the proposed fund balance on June 30, 2015 is \$72,308.00, and the estimated surplus is \$7,240.00.

For increases in assessments outside of the Consumer Price Index increase, which go through the election process, City Engineer Milano suggested having the public meetings for the districts in December to be able to process ballots in January or February. At that point, mid-year budgets are in and would afford staff time to conduct public hearings.

Council Member Newton commented on the restrictions of the wetlands in LMD 4 and inquired about the \$5,000 budgeted. Director Thompson stated it is for trash pick-up. The County Conservation District determined an assessment of \$16,000 for the maintenance of the wetlands. Staff has been able to negotiate a lower cost but is ultimately looking at not being assessed at all.

There was some discussion regarding the use of reclaimed water to reduce the costs of water use for the districts. Mr. Thompson discussed upcoming projects, which will provide reclaimed water to the LMDs within the next four to five years.

An unidentified resident asked regarding the surplus in LMD 4. Mr. Milano indicated that the surplus noted in the Engineer's Report is a six-month reserve used to pay the contractors. In response to the resident, Mr. Milano also indicated that the goal for LMD 4 is to replace fencing annually or every two years over the next 10-15 years. The resident also commented on Valley Crest creating grading issues by not adhering to the 2% grade requirement when making repairs.

Jodie Webber thanked the City Council for educating the public on Landscape Maintenance Districts. Ms. Webber expressed concerns regarding communications from staff to the City Engineer and the sequence of events. Ms. Webber stated that when the public brings errors to the Council's attention, there is no time to correct them because the City does not provide sufficient time.

Council Member Azevedo commented that the process has been the same for the past eleven years and suggested moving up the LMD public hearings to several months prior to the budget workshops, preferably in the Spring.

Ted Hoffman thanked the Council for this workshop. Mr. Hoffman commented on the total budget of \$800,000 for all the Landscape Maintenance Districts. Mr. Hoffman expressed his concerns that, of the total budget, \$90,000 is spent on administrative costs.

ADJOURNMENT

Mayor Hanna adjourned the meeting at 8:30 p.m.

CHERYL L. LINK, CITY CLERK