



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

Prepared by: Bill Guerin
Director of Public Works

City Manager Approval: _____

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TOPIC: POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT

SUBJECT: POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT ANNUAL ASSESSMENT:

- 1. RESOLUTION DIRECTING FILING OF ENGINEER'S 2022-23 ANNUAL REPORT**
- 2. RESOLUTION APPROVING ENGINEER'S 2022-23 ANNUAL REPORT**
- 3. RESOLUTION OF INTENTION TO ORDER IMPROVEMENTS AND SETTING A PUBLIC HEARING ON THE ANNUAL ASSESSMENT FOR THE CITY COUNCIL MEETING OF JULY 5, 2022.**

RECOMMENDATION: Staff recommends that the City Council approve the following:

1. Adopt a resolution directing filing of Engineer's FY 2022-23 Annual Report.
2. Adopt a resolution approving Engineer's FY 2022-23 Annual Report.
3. Adopt a resolution of intention to order improvement and setting a public hearing on the annual assessment for the City Council meeting of July 5, 2022.

BACKGROUND: In order to comply with provisions of the Landscaping and Lighting Act of 1972, which governs this assessment district, the City Council must approve an Engineer's report for the Point San Pedro Median Landscaping Assessment District on an annual basis. Assessments to be collected by the District will be allocated and levied annually after a public hearing, to be held this year on July 5, 2022.

In 2011, the Point San Pedro Road Median Landscaping District was formed to generate revenue to reconstruct, repair, and maintain the 29 median islands along Point San Pedro Road, from Union Street to Biscayne Drive. While the medians themselves are located within the San Rafael City limits, there are pockets of unincorporated County of Marin regions served by Point San Pedro Road, and therefore both the City and the County have a vested interest and responsibility in the medians. The original medians were constructed half a century ago, but over time their

FOR CITY CLERK ONLY

Council Meeting:

Disposition:

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infrastructure eventually decayed to the point of needing replacement. Moreover, due to significant staffing and budgetary cut-backs, landscaping maintenance for the medians prior to the formation of the assessment district had been reduced to vegetation trimming to control overgrowth. Over time, existing plants and irrigation infrastructure had deteriorated significantly to the point that very little of the original landscaping remained, other than some of the trees and vegetation that were able to survive with little water.

As a result, a group of property owners in close proximity to Point San Pedro Road (both within the City limits of the City of San Rafael and in the immediate contiguous unincorporated area of the County of Marin) organized an effort to form an assessment district to fund the capital costs associated with re-construction and restoration of the landscaping within the Point San Pedro Road medians, as well as the ongoing maintenance and operation of those improvements. As a part of the formation of the assessment district, the City of San Rafael and unincorporated portions of the County of Marin entered into a Memorandum of Understanding (MOU) in which the City of San Rafael was designated as the lead agency.

Since the formation of the district, the City has worked closely with several community members on the Point San Pedro Road Coalition's Roadway Committee who have assisted not only in recommendations and oversight of the medians, but have served as key community liaisons between the City and the residents within the Assessment District. These community members have served as the "citizen's oversight" committee for the district. Department of Public Works (DPW) Staff routinely meet with these representatives and provides updates on maintenance of the medians and takes in feedback from the residents in the area. DPW staff also work closely with those community members on key decisions on financial planning for the assessment district.

ANALYSIS: The annual assessment has two components:

1. Capital debt service assessment

This amount is to finance the debt service associated with the large capital costs of re-constructing the medians in 2014. The total project cost was \$1,703,245, which included expenditures for design, construction, and construction management. The total amount bonded for the capital portion of the district was \$1,750,000.

The total annual debt service payment for the assessment district is outlined in the 20-year debt service schedule in the Annual Engineer's Report. The average annual debt service is \$144,942. When the district was formed, residents were given the option to pre-pay the capital portion of the assessment, and some residents chose this option.

2. Operations and maintenance assessment

This portion of the assessment is intended to fund the annual operations and maintenance portion of the assessment district. Operations and maintenance costs include:

- Monthly contractual maintenance for all 29 medians
- Landscaping repairs and plant replacement
- Irrigation system maintenance and repairs
- Utilities (water and electricity)
- Financial services for administration of assessment district (Engineer's report)
- Annual fee charged by County of Marin Assessors' Office for collection of assessments

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Total operation and maintenance costs for FY 2022-23 is projected to be \$199,994.

The Assessment District therefore has **two** funds: An Operation and Maintenance Reserve Fund and a Capital & Debt Service Reserve Fund. The estimated Year End Fund balances are as follows:

Fund	6-30-22 Fund Balance (Projected)
Operation and Maintenance Reserve Fund #234	\$144,388.68
Capital & Debt Service Reserve Fund #714	\$221,000.00

The fund balance in the Operations and Maintenance Reserve Fund #234 may be used for regular maintenance activities and for broader improvements. The Capital and Debt Service Reserve Fund #714 is restricted for capital improvements related to the initial reconstruction of the medians.

From FY 2013-14 to FY 2017-18, the total annual assessment stayed flat at \$79.48. While the assessment stayed flat, the revenue generated did not keep up with the actual operations and maintenance costs for the 29 medians. The revenue generated under the \$79.48 assessment for operation and maintenance costs was \$82,814 while the actual operational cost was closer to \$110,150. Year after year, the difference was made up by steady use of a modest Operation and Maintenance Fund balance. Though there was the ability to increase the total assessment by 3% each year, the City did not elect to bring forward an increase in prior years, due to input from the citizen’s oversight committee (“committee”). The City and committee agreed to first get a better handle on issues and actual costs associated with maintaining the relatively new medians to a standard that meets the community’s expectations, prior to pursuing an increase.

In recent years, the City and the committee have made considerable progress on resolving community concerns regarding maintenance expectations of the medians. Since FY 2018-19, the City and committee have agreed on the need to raise the assessment annually up to the maximum allowable rate in order to bring the revenues generated from the annual assessment closer to the actual annual maintenance costs for the 29 medians.

While the District has reduced the gap between the revenue generated and expenses, there remains a shortfall. Per the District formation documents, annual assessments can be increased up to 3% or the value of the Consumer Price Index (CPI), whichever is greater. The [CPI as of February 28, 2022 for the San Francisco-Oakland-Hayward region](#), of which San Rafael derives its inflation calculation, stood at 5.2%. Therefore, the City and committee are recommending a rate increase of 5.2% to be applied for FY 2022-23. This increase in revenue will offset the increased costs for maintenance and utilities (mostly water and electricity) for the District.

The assessment proposed for FY 2022-23 is the maximum allowable rate of **\$108.12** (considering the allowed increase of the greater of local area CPI of 5.2% for FY 2022-23). The assessment district does not need to return to the voters of the assessment district for approval of the increase per Proposition 218.

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The FY 2022-23 assessment is composed of:

Debt Service Assessment (Not Prepaid)**	\$55.52 per EBU*
Non-Bonded Assessment (annual Operation and Maintenance costs)	\$52.60 per EBU*
Total FY 2022-23 Assessment	\$108.12 per EBU*

**EBU = Equivalent Benefit Unit method of assessment apportionment establishes a basic unit (base value) of benefit and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of the basic unit. Details for how the EBU applies to other land uses, such as apartments and businesses, is outlined in the Engineer’s Report.*

*** When the assessment district was first established property owners were allowed to pay a pre-payment for the improvement cost. Parcels that have prepaid or paid off their full assessment lien (bonded obligation) are no longer levied for the Debt Service Assessment, but will continue to pay their proportionate share of the Non-Bonded Operation and Maintenance Assessment.*

A four-year history of assessments is as follows:

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23 (proposed)
Total Assessment	\$83.98	\$96.88	\$99.79	\$102.78	\$108.12
% Increase over prior year	6%**	15%**	3%	3%	5.2%
Operations & Maintenance Revenue Generated*	\$124,284	\$129,551	\$138,613	\$150,107	\$164,514

**Each year about 4% of assessments are uncollected, and therefore annual revenues are always slightly lower than anticipated*

***The increases in FY 2018-19 and FY 2019-20 assessments were greater than 3% due to “catch up” increases allowed from prior years when the assessment was not increased.*

The total proposed increase over last year’s rate is \$5.34. The revenue generated from this increase will be used entirely to support operation and maintenance costs of the district.

Operations and Maintenance Budget FY 2022-23

Monthly contractual maintenance	\$83,786
Landscaping Rehabilitation/Repair	\$11,500
Irrigation repairs	\$11,500
Utilities (Water + Electricity)	\$45,000
Engineer’s Report	\$11,200
County Fee	\$9,000
Total	\$171,986

This table and others can be found in the attached Engineer’s report. It is important to note that all Point San Pedro Road Median Landscaping Assessment District fees collected are legally restricted for use on the Point San Pedro medians and cannot be used for any other purpose.

It should also be noted that the budget for irrigation has been increased significantly for FY 2022-23. Marin Municipal Water District (MMWD) has notified the City that due to current drought conditions, the utility costs of irrigation, especially for high-water needs landscaping like that in

place in the Pt. San Pedro medians, will increase significantly in coming years. Additionally, the irrigation system in place for the medians is extensive in length and highly complex. The financial cost associated with any leaking irrigation infrastructure will also be much higher in coming years due to the drought compared to previous years.

Knowing the shifting climate conditions, and that future drought years are likely, the committee will be working closely with the City staff to plan for strategic replacement of high-water needs plants with more drought-tolerant landscaping. As replanting is needed and funds are available, the committee will assist in selecting drought resist vegetation consistent with the comprehensive landscaping plans for the medians.

FISCAL IMPACT: All operation and maintenance reserve fund revenues and expenses are contained within the Point San Pedro Road Median Assessment District Fund (fund no. 234). All debt service revenues and expenses are contained within the Point San Pedro Road Median Assessment District Fund #714.

The Public Works Department does incur General Fund staff costs for personnel who execute and manage the landscaping maintenance contract. There are also staff costs associated with budgetary and financial management of the assessment district and coordination with the consultant who prepares the annual Engineer's report. Per the MOU from 2011, the City has agreed to offset the City staff time associated with maintaining the assessment district as a City contribution to the assessment district, at an approximate cost of \$15,060. For FY 2022-23, the bond value reduction is expected to reduce by approximately one percent of the value of total funds, at cost of approximately \$3,328. The County makes an annual financial payment to the Assessment district as their contribution to the cross-jurisdictional district. For FY 2022-23, the County payment will be \$8,845.02, which will be deposited into the district's Operations and Maintenance fund.

COMMUNITY OUTREACH: The City continues to work closely with several community representatives of the Pt. San Pedro Road Coalition Roadway Committee who have served as the Citizen's Oversight committee for the district.

The committee is in frequent and direct communication with the Public Works Department Parks Supervisor who manages the median's landscaping contractor. The committee has been a great partner to the City; serving as the liaison to the community in relaying concerns and reporting issues when they arise, as community members are often the first eyes on issues with the medians. The committee also receives a weekly report from the maintenance contractor of work done on the medians, and routinely utilizes it to respond to inquiries from residents.

Each spring, the City meets with committee members specifically to review the financials of the district and discuss various strategies to ensure that the district remains financially solvent over time.

After this meeting, the Committee members post an annual note to the community via NextDoor and the [Pt. San Pedro Road Coalition website](#) updating residents on the district's financial situation and maintenance priorities.

OPTIONS:

The City Council has the following options to consider relating to this item:

1. Adopt the three resolutions as presented.
2. Provide direction to staff to modify any or all of the resolutions.

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3. Do not adopt the resolutions. If the resolutions are not adopted by the City Council, the public hearing will not take place and the City will be unable to levy the annual assessment against property owners within the Assessment District.

RECOMMENDED ACTION:

1. Adopt a resolution directing filing of Engineer's FY 2022-23 Annual Report.
2. Adopt a resolution approving Engineer's FY 2022-23 Annual Report.
3. Adopt a resolution of intention to order improvement and setting a public hearing on the annual assessment for the City Council meeting of July 5, 2022.

ATTACHMENTS:

1. Resolution Directing Filing of Engineer's Annual report FY 2022-23
2. Resolution Approving Engineer's Annual Report FY 2022-23
3. Resolution of Intention to Order Improvements and Setting a Public Hearing on the Annual Assessment for the City Council meeting of July 5, 2022
4. [Engineer's Annual Report FY 2022-23](#) (hyperlinked)

RESOLUTION NO.

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL DIRECTING
FILING OF ENGINEER'S ANNUAL REPORT FY 2022-23**

**POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT
(Pursuant to the Landscaping and Lighting Act of 1972)**

THE CITY COUNCIL OF THE CITY OF SAN RAFAEL RESOLVES that:

1. CSW/Stuber-Stroeh Engineering Group, Inc. is designated by this Council as the Engineer of Work for the Point San Pedro Road Median Landscaping Assessment District, City of San Rafael, Marin County, California, and is hereby directed to file with the City Clerk an annual report for fiscal year 2022-23 in accordance with the provisions of the Landscaping and Lighting Act of 1972.

2. This resolution is adopted pursuant to Section 22622 of the Streets and Highways Code.

I, **LINDSAY LARA**, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on the 6th day of June 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

RESOLUTION NO.

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL APPROVING
ENGINEER'S ANNUAL LEVY REPORT FY 2022-23**

**POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT
(Pursuant to the Landscaping and Lighting Act of 1972)**

THE CITY COUNCIL OF THE CITY OF SAN RAFAEL RESOLVES that:

1. CSW/Stuber-Stroeh Engineering Group, Inc., as designated Engineer of Work for Point San Pedro Road Median Landscaping Assessment District, has filed with the City Clerk an Engineer's Annual Levy Report for fiscal year 2022-23 in accordance with the provisions of the Landscaping and Lighting Act of 1972.

2. The aforementioned Engineer's Annual Levy Report, on file with the City Clerk, is approved as filed.

I, **LINDSAY LARA**, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on the 6th day of June 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

RESOLUTION NO.

**SAN RAFAEL CITY COUNCIL RESOLUTION OF INTENTION TO ORDER
IMPROVEMENTS AND SETTING A PUBLIC HEARING ON THE ANNUAL
ASSESSMENT FOR THE CITY COUNCIL MEETING OF JULY 5th, 2022**

**POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT
(Pursuant to the Landscaping and Lighting Act of 1972)**

THE CITY COUNCIL OF THE CITY OF SAN RAFAEL RESOLVES that:

1. The City Council intends to levy and collect assessments within the Point San Pedro Road Median Landscaping Assessment District, City of San Rafael, Marin County, California, during the fiscal year 2022-23. The area of land to be assessed is located in the City of San Rafael, Marin County.

2. In accordance with this Council's resolution directing the filing of an Engineer's Annual Report, CSW/Stuber-Stroeh Engineering Group, Inc., Engineer of Work, has filed with the City Clerk the report required by the Landscaping and Lighting Act of 1972. All interested persons are referred to that report for a full and detailed description of the improvements, the boundaries of the assessment district and the proposed assessments upon assessable lots and parcels of land within the assessment district.

3. The proposed assessment increases the assessment \$2.99 from the previous year, from \$102.78 to \$108.12 per EBU (Equivalent Benefit Unit), which is the maximum allowable assessment amount for FY 2022-23.

4. On Tuesday, the 5th of July, 2022 at the hour of 7:00 o'clock P.M., the City Council will conduct a public hearing on the question of the levy of the proposed annual assessment. The hearing will be held live at the San Rafael City Council Chambers and virtually through Zoom at the webinar location listed on the agenda online

at <https://www.cityofsanrafael.org/departments/public-meetings/>, as well as being streamed to YouTube at www.youtube.com/cityofsanrafael.

5. The City Clerk is authorized and directed to give the notice of hearing required by the Landscaping and Lighting Act of 1972 by publishing a copy of this resolution once in the Marin Independent Journal, publication to be completed not less than ten (10) days before July 5, 2022.

I, **LINDSAY LARA**, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the Council of said City on the 6th day of June 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

Attachment 4 - Engineer's Annual Report FY 2022-23

<https://storage.googleapis.com/proudcity/sanrafaelca/uploads/2022/06/2022-06-01-PSP-Assessment-District-Annual-Engineers-Report-2019-10-018-2022-5-20-redacted-6-1.pdf>