



**SAN RAFAEL CITY COUNCIL AGENDA REPORT**

**Department: Public Works**

**Prepared by: April Miller  
Public Works Director**

**City Manager Approval:** 

**TOPIC: POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT**

**SUBJECT: RESOLUTION CONFIRMING THE ENGINEER’S ANNUAL LEVY REPORT FOR THE POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT AND THE ASSESSMENT DIAGRAM CONNECTED THEREWITH AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS FOR FY 2022-23**

**RECOMMENDATION:** Staff recommends that the City Council hold the public hearing and adopt the resolution.

**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. On June 6, 2022, City Council adopted three resolutions in accordance with this year’s Annual Engineer’s Report and assessment process:

1. Resolution Directing Filing of Engineer’s FY 2022-23 Annual report
2. Resolution Approving Engineer’s FY 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

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 San Rafael City limits, there are pockets of County unincorporated regions served by Point San Pedro Road, therefore both the City and the County have a vested interest and responsibility in the medians. As a part of the formation of the assessment district, the City of San Rafael and the County of Marin entered into a Memorandum of Understanding (MOU) setting forth their respective rights and duties with respect to the formation of the assessment district and also designating the City of San Rafael as the lead agency.

The San Rafael City Council is responsible for filing and approving an Annual Engineer’s Report for the assessment district, which includes a proposed levy and assessment for the upcoming fiscal year 2022-23. Prior to the final approval of the report and the levy of assessments each year, the City Council must hold a public hearing to provide members of the public with an

**FOR CITY CLERK ONLY**

**Council Meeting:**

**Disposition:**

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opportunity to comment on the Annual Report and proposed assessment. Pursuant to the Landscaping and Lighting Act of 1972, the purpose of the public hearing is to comply with requirements of the California Streets and Highways code (sections referenced):

1. (Section 22628) Any interested person, prior to the conclusion of the hearing, may file a written protest with the clerk, stating their objection to the assessment and Engineer's report as filed;
2. (Section 22630) During the hearing, the City Council may order changes in any of the matters provided in the Engineer's report;
3. (Section 22630.5) If there is a majority protest against the increase of the assessment from any previous year, the proposed increase in the assessment shall be abandoned.
4. (Section 22631) If a majority protest has not been filed, the City Council may adopt a resolution confirming the diagram and assessment, either as originally proposed or as changed. The adoption of the resolution confirms the levy of an assessment for FY 2022-23.

**ANALYSIS:** As presented at the June 6, 2022 City Council meeting, the Assessment District intends to increase the total annual assessment by \$5.34 for FY 2022-23 per Equivalent Benefit Unit (EBU). The Equivalent Benefit Unit 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.

The total 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

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

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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.

The FY 2022-23 assessment is composed of:

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

*\*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)
<b>Total Assessment</b>	\$83.98	\$96.88	\$99.79	\$102.78	<b>\$108.12</b>

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<b>% Increase over prior year Operations &amp; Maintenance Revenue Generated*</b>	6%** \$124,284	15%** \$129,551	3% \$138,613	3% \$150,107	<b>5.2%</b> <b>\$164,514</b>
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*\*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
<b>Total</b>	<b><u>\$171,986</u></b>

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 resistant 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

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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. Conduct the public hearing and adopt the resolution, thus ordering the levy of assessments for FY 2022-23.
2. Do not adopt the resolution, which will result in no levy of assessments for FY 2022-23. This may result in an inability for the required maintenance on the Point San Pedro to be performed, as there will be no revenue for the assessment district collected in the coming year if the levy of assessments is not approved.

**RECOMMENDED ACTION:** Hold the public hearing and adopt the resolution.

### **ATTACHMENTS:**

1. Resolution ordering the levy and collection of assessments for FY 2022-23
2. Public Hearing Notice
3. [Engineer's Annual Report FY 2022-23](#) (hyperlinked)

**RESOLUTION NO.**

**RESOLUTION OF THE SAN RAFAEL CITY COUNCIL CONFIRMING THE ENGINEER'S ANNUAL LEVY REPORT FOR THE POINT SAN PEDRO ROAD MEDIAN LANDSCAPING ASSESSMENT DISTRICT AND THE ASSESSMENT DIAGRAM CONNECTED THEREWITH AND ORDERING THE LEVY AND COLLECTION OF ASSESSMENTS FOR FY 2022-23**

**WHEREAS**, the City Council, pursuant to the provisions of the Landscaping and Lighting Act of 1972, being Part 2, Division 15 of the California Streets and Highways Code, commencing with Section 22500 (the "1972 Act"), did by previous Resolution adopted on June 6, 2022, initiate proceedings for the annual levy of assessments for the San Rafael Pt. San Pedro Road Median Landscaping Assessment District (the "District") for the fiscal year commencing July 1, 2022 and ending June 30, 2023 (Fiscal Year 2022-23) for the special benefits received by properties therein from the improvements related thereto, and set a public hearing held on July 5, 2022; and

**WHEREAS**, an Engineer's Report, entitled "City of San Rafael Pt. San Pedro Road Median Landscaping Assessment District, Fiscal Year 2022-23 Engineer's Annual Levy Report", a copy of which is on file in the Department of Public Works and incorporated herein by reference, has been prepared, filed and presented to the City Council in connection with the proposed annual levy of assessments for parcels within the District for Fiscal Year 2022-23 as required by the 1972 Act and the Constitution; and

**WHEREAS**, at the public hearing, the City Council provided an opportunity for interested parties to comment on the annual report, either in writing or orally, and the City Council desires to proceed to levy and collect the annual assessments against parcels of land within the District for Fiscal Year 2022-23, to pay the costs and expenses determined to be of special benefit to the properties within the District, as described in the Engineer's Report;

**NOW, THEREFORE IT IS HEREBY RESOLVED** that the City Council does hereby confirm the diagram and assessments as set forth in the annual report of the Engineer of Work and does hereby levy the assessments set forth therein for Fiscal Year 2022-23.

**I, LINDSAY LARA**, Clerk of the City of San Rafael, do 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 5<sup>th</sup> day of July 2022, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

# Marin Independent Journal

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CITY OF SAN RAFAEL  
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## PROOF OF PUBLICATION (2015.5 C.C.P.)

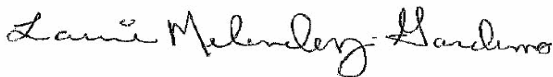
### STATE OF CALIFORNIA County of Marin

I am a citizen of the United States and a resident of the County aforesaid: I am over the age of eighteen years, and not a party to or interested in the above matter. I am the principal clerk of the printer of the MARIN INDEPENDENT JOURNAL, a newspaper of general circulation, printed and published daily in the County of Marin, and which newspaper has been adjudged a newspaper of general circulation by the Superior Court of the County of Marin, State of California, under date of FEBRUARY 7, 1955, CASE NUMBER 25566; that the notice, of which the annexed is a printed copy (set in type not smaller than nonpareil), has been published in each regular and entire issue of said newspaper and not in any supplement thereof on the following dates, to-wit:

06/24/2022

I certify (or declare) under the penalty of perjury that the foregoing is true and correct.

Dated this 24th day of June, 2022.



Signature

## PROOF OF PUBLICATION

Legal No. **0006679115**

### RESOLUTION NO. 15086

**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/citofsanrafael](http://www.youtube.com/citofsanrafael).
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: Bushey, Hill, Kertz, Llorens Gulati & Mayor Kate**  
**NOES: COUNCILMEMBERS: None**  
**ABSENT: COUNCILMEMBERS: None**

/s/LINDSAY LARA, City Clerk

June 24, 2022

## Attachment 3 - 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>