



City of Rialto

Legislation Text

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For City Council Meeting [July 27, 2021]

TO: Honorable Mayor and City Council

APPROVAL: Marcus Fuller, City Manager

FROM: Michael Tahan, Interim Public Works Director

Request City Council to Conduct a Public Hearing to Adopt (1) **Resolution No.7756** Approving the Engineer's Reports and Ordering the Levy of Assessments for Fiscal Year 2021/2022 for Street Light Maintenance District No. 1, (2) **Resolution No.7757** for Landscape Maintenance District No. 1, (3) **Resolution No.7758** for Landscaping and Lighting District No. 2.
(ACTION)

BACKGROUND

On July 13, 2021, City Council received a presentation outlining the budgets for the three landscape and lighting districts. The Engineer's Reports have been modified to reflect City Council direction to maintain special assessment rates at existing rates with no increase, and to subsidize in amounts required to provide the services. Moreover, the City Manager has met with Staff to discuss preparation of a "Plan of Action" to demonstrate that the reoccurring complaints of poor landscape maintenance services will be addressed. This Plan of Action will be pursued over the next 6 months to ensure by January 2022 the City Manager and Staff can reassess the benefit of the services being provided and the cost therefore.

ANALYSIS/DISCUSSION:

This action is the second and final step in the process for annual levying of special assessments to collect funds for maintenance of improvements within Street Light Maintenance District No. 1 (SLD 1), Landscape Maintenance District No. 1 (LMD 1), and Landscaping and Lighting Maintenance District No. 2 (LLMD 2). The method for calculating the special assessments for these Districts remains unchanged from last year. Formulas apply to the special assessments to the properties in the City based on the benefit of having streetlights and/or landscaping with and without trees, and other District services within the City. Engineer's Reports for SLD 1, LMD 1, and LLMD 2 have been prepared pursuant to requirements of the Act, and the projected revenues and expenditures have been estimated for these Districts in Fiscal Year 2021/2022.

Street Light Maintenance District No. 1 (SLD 1):

The maximum special assessments to be levied within SLD 1 proposed for Fiscal Year 2021/2022 remain at pre-Proposition 218 levels at \$837,502 and remain unchanged. Please note the SLD 1 has no escalation built into the rate. The estimated expenditures for SLD 1 for Fiscal Year 2021/2022 are \$1,492,903 resulting in a budget deficit of \$655,400. After allocating the full SLD 1 Fund Balance of

\$256,312 there remains a deficit of \$399,088.

The budgeted expenditures of \$1,492,903 for SLD 1 are further identified as follows:

• Street light services:	\$	775,200
• Debt service (street light acquisition):	\$	286,009
• Personnel costs (SLD 1 coordination):	\$	27,864
• Tree trimming services:	\$	<u>403,830</u>
Total Cost:		\$1,492,903

The Engineer's Report for SLD 1 provides a full discussion of LMD 1 and a detailed budget (**Attachment 1**).

Landscape Maintenance District No. 1 (LMD 1):

The special assessments to be levied within LMD 1 proposed for Fiscal Year 2021/2022 remain at pre-Proposition 218 levels at \$542,543 and remain unchanged. Please note the LMD 1 has no escalation built into the rate. The estimated expenditures for LMD 1 for Fiscal Year 2021/2022 are \$917,745 resulting in a budget deficit of \$375,203. The estimated LMD 1 Fund Balance is estimated at \$89,204 leaving a net deficit of \$302,303.

Zones 1 and 2 have a reserve fund collection of \$16,304, while Zone 3 has a deficit of \$302,303. The budget is showing the full deficit amount of \$302,303 as reserve funds collected from Zones 1 and 2 cannot be used to offset the deficit in Zone 3.

The Engineer's Report for LMD 1 provides a full discussion of LMD 1 and a detailed budget (**Attachment 2**).

Landscaping and Lighting Maintenance District No. 2 (LLMD 2):

The special assessments to be levied within LLMD 2 proposed for Fiscal Year 2021/2022 are \$929,915. Although LLMD 2 allows for annual CPI increases, in accordance with City Council direction the annual CPI increase has not been implemented. The estimated expenditures for LLMD 2 for Fiscal Year 2021/2022 are \$1,031,777 resulting in a fund balance of \$31,643 at the end of Fiscal Year 2021/2022.

The Engineer's Report for LLMD 2 provides a full discussion of LLMD 2 and a detailed budget (**Attachment 3**).

Water Usage Summary

At City Council's request, Staff has compiled water costs for both LMD 1 and LLMD 2 as shown in Table 1 below for the period of 2016 to 2021.

Table 1

Fund	Vendor Name	2016	2017	2018	2019	2020	2021
LLMD2	FONTANA WATER CO.	\$ 1,648	\$ 5,710	\$ 15,768	\$ 19,364	\$ 22,536	\$ 82,814
	RIALTO WATER SERVICES	\$ 10,923	\$ 13,116	\$ 11,062	\$ 11,939	\$ 11,942	\$ 14,516
	WEST VALLEY WATER DIST.	\$ 6,296	\$ 14,365	\$ 18,812	\$ 18,240	\$ 15,209	\$ 13,802
	LLMD2 Total	\$ 18,867	\$ 33,191	\$ 45,642	\$ 49,543	\$ 49,687	\$ 111,132
LMD1	FONTANA WATER CO.	\$ 6,394	\$ 5,605	\$ 8,642	\$ 7,478	\$ 8,187	\$ 9,249
	MARYGOLD MUTUAL WATER CO.	\$ 2,321	\$ 2,613	\$ 2,628	\$ 2,997	\$ 3,518	\$ 2,950
	RIALTO WATER SERVICES	\$ 107,488	\$ 130,324	\$ 152,634	\$ 140,255	\$ 150,232	\$ 173,214
	WEST VALLEY WATER DIST.	\$ 184,495	\$ 229,139	\$ 259,190	\$ 222,331	\$ 270,800	\$ 301,982
LMD1 Total		\$ 300,698	\$ 367,682	\$ 423,095	\$ 373,060	\$ 432,737	\$ 487,395

It should be noted that the increase from 2020 to 2021 with water purchased from Fontana Water Co. is due primarily to the fact that most of the new development annexed into LLMD 2 is located in their water service area.

Electricity Usage Summary

At City Council's request, Staff has compiled the electricity costs for LLMD 2, LMD 1 and SLD 1 as shown in Table 2 below for the period of 2016 to 2021. Data shows savings from 2016 for SLD 1, LMD 1 and LLMD 2. Staff is coordinating with Southern California Edison to ensure that all accounts are reflecting the savings related to the street light acquisition approved in 2016 and implemented in 2017 in addition to energy savings due to the LED conversions and any credits that may be applicable for previous years.

Table 2

Fund	2016	2017	2018	2019	2020	2021
LLMD2	\$ 67,737	\$ 63,482	\$ 57,393	\$ 53,922	\$ 51,857	\$ 43,623
LLMD1	\$ 43,148	\$ 49,588	\$ 40,405	\$ 34,136	\$ 19,149	\$ 18,839
SLD1	\$ 710,478	\$ 669,385	\$ 452,010	\$ 451,825	\$ 430,558	\$ 475,169
Grand Total	\$ 821,363	\$ 782,455	\$ 549,808	\$ 539,883	\$ 501,563	\$ 537,631

"Plan of Action"

The City Manager as directed applicable staff to focus their attention on the poor landscape maintenance services currently being provided to the City. Accordingly, focused attention over the next 6 months will occur, including these generally described items of work:

- **IRRIGATION** - Staff will closely monitor the proper operation of all irrigation systems and ensure the landscape maintenance contractor performs timely repairs to ensure efficient coverage of all plant materials.
- **PLANT MATERIAL** - Staff will enforce the provisions of the City's agreement with the landscape maintenance contractor to remove and replace dead or dying plant materials.
- **INSPECTIONS** - Staff will coordinate and schedule additional focused inspections on all District Zones with the landscape maintenance contractor to confirm satisfactory performance of the landscape maintenance services.
- **OTHER NON-DISTRICT LANDSCAPED AREAS** - Staff will also review and identify privately owned exterior landscaped areas along parkways not maintained by the City through LMD 1 or LLMD 2, and coordinate with other City staff to document, inspect, and issue citations for failure to

adequately maintain these landscaped areas.

- **WATER COSTS vs MAINTENANCE COSTS** - Staff will evaluate water rates, cost comparisons with maintenance of drought tolerant landscapes, and the total water savings anticipated.
- **CONTRACT COSTS** - Staff will enforce liquidated damages applicable for the landscape maintenance contractor's failure to perform required services on the schedule identified in the agreement.

At the direction of the City Manager, the City's Public Works Superintendent will coordinate focused attention of all the landscaped areas within LMD 1 and LLMD 2 and ensure the landscape maintenance contractor's compliance with the standards and performance measures identified in the agreement. More importantly, as the City's landscape maintenance contractor has had responsibility for maintaining the landscaped areas for many years, it is the City Manager's opinion the contractor is responsible to replace all dead or missing plant material, and will be enforcing the provisions of the City's agreement appropriately.

The City Council's message was heard, and the City Manager has imposed on appropriate Staff an obligation to supervise and monitor the landscape maintenance services closely. Over the course of the next 6 months the City Manager will work with Staff to ensure standards of maintenance are improved as required by the City's agreement, that dead or missing plant material is replaced, and the level of services are provided as expected by the community and the City Council. To the extent the City's landscape maintenance contractor cannot perform, Staff will be prepared to bid replacement of the service at end of the year, if required.

Summary

Staff recommends the City Council hold the Public Hearing, consider any comments, and adopt the Resolutions to ensure the City can continue to levy the total of \$2,309,960 in annual special assessments within SLD 1, LMD 1, and LLMD 2. To the extent the action does not occur, the City's General Fund would be required to subsidize in whole the costs incurred with continued maintenance of these Special Districts, including on-going debt service payments related to the City's acquisition of the SCE street lights.

The City Clerk published the notices for the Public Hearing as required by Sections 22552 and 22553 of the California Streets and Highways Code.

ENVIRONMENTAL IMPACT:

Pursuant to Section 15378(a), a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. According to Section 15378(b), a Project does not include: (5) Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

GENERAL PLAN CONSISTENCY:

Approval of this action complies with the City of Rialto General Plan Goals and related Policies:

- Goal 2-8: Preserve and improve established residential neighborhoods in Rialto.**
- Goal 2-10: Create distinctive gateways at all entry points into Rialto and for individual districts or neighborhoods.**
- Goal 2-12: Design new streets to be pedestrian friendly.**
- Goal 2-13: Achieve quality aesthetic design of all signage in the City of Rialto.**
- Goal 2-17: Provide high-quality and environmentally sustainable landscaping.**
- Goal 2-19: Encourage neighborhood preservation, stabilization, and property maintenance.**
- Goal 2-21: Ensure high-quality planned developments in Rialto.**
- Goal 2-22: Promote commercial and/or industrial development that is well designed, people-oriented, environmentally sustainable, sensitive to the needs of the visitor or resident, and functionally efficient for its purpose.**

LEGAL REVIEW:

The City Attorney has reviewed and supports the staff report, resolutions, and Engineer's Reports.

FINANCIAL IMPACT:

Operating Budget Impact:

Adoption of the Resolutions are required to formally approve the levy of special assessments within SLD 1, LMD 1, and LLMD 2, for a total levy of \$2,309,960. This revenue covers most of the costs required in performing services in these Special Districts. To the extent the levy is not approved, the General Fund would be required to subsidize all costs incurred in continuing to provide these services.

Street Lighting Maintenance District No. 1 (SLD 1):

Consistent increases in labor costs and significant increases in utility costs have resulted in increased costs to maintain the improvements within SLD 1, which exceeded the maximum special assessments levied within SLD 1. In prior years, SLD 1 has operated at a deficit, relying on the General Fund to cover the excess costs. Based on the Engineer's Report, the Fiscal Year 2021/2022 special assessments will generate \$837,502 in revenue for SLD 1 in Fund 490 and remains unchanged from prior years. Estimated costs for SLD 1 is \$1,492,903 resulting in a budget deficit of \$655,400. After allocating the full SLD 1 Fund Balance of \$256,312 there remains a deficit of \$399,088.

The Fiscal Year 2021/2022 budget has been revised to include a transfer out in the amount of \$399,088 for SLD 1.

Landscape Maintenance District No. 1 (LMD 1):

As a result of consistent increases in labor costs and significant increases in utility costs, the costs to maintain the improvements within LMD 1 in prior years exceeded the maximum special assessments that can be levied within LMD 1. Based on the Engineer's Report, the Fiscal Year 2021/2022 special assessments will generate \$542,543 in revenue for LMD 1 in Fund 225 and remains unchanged from prior years. The estimated expenditures for LMD 1 for Fiscal Year 2021/2022 are \$917,745 resulting in a budget deficit of \$391,507. The estimated LMD 1 Fund Balance is \$89,204 leaving a net deficit of \$302,303.

The Fiscal Year 2021/2022 budget has been revised to include a transfer out in the amount of \$302,303 for LMD 1.

Landscaping and Lighting Maintenance District No. 2 (LLMD 2):

As a result of consistent increases in labor costs and significant increases in utility costs, the costs to maintain the improvements within LLMD 2 in prior years exceeded the maximum special assessments that were levied within LLMD 2 that were adopted below the maximum available special assessment rate. The LLMD 2 Fund was stabilized through use of accumulated Fund Balance, however, the estimated Fund Balance will be depleted in Fiscal Year 2021/2022. Based on the Engineer's Report, for Fiscal Year 2021/2022 special assessments will generate \$929,915 and remains unchanged from prior years. The estimated expenditures for LLMD 2 for Fiscal Year 2021/2022 are \$1,031,777 resulting in a budget deficit of \$96,262. The estimated LLMD 2 Fund Balance is \$127,904 leaving a net Fund balance estimated at \$31,643 at the end of Fiscal Year 2021/2022.

Capital Improvement Budget Impact:

There is no impact to the Capital Improvement Budget related to this action.

Licensing:

A Business license application and payment of a Business License tax is not required.

RECOMMENDATION:

Staff requests that the City Council:

- Open the Public Hearing and take public comment;
- Adopt **Resolution No. ____** Approving the Engineer's Report and Ordering the Continued Operation and Maintenance of Improvements for Street Light Maintenance District No. 1 and Ordering the Levy and Collection of Annual Assessments related thereto for Fiscal Year 2021/2022.
- Adopt **Resolution No. ____** Approving the Engineer's Report and Ordering the Continued Operation and Maintenance of Improvements for the Landscape Maintenance District No. 1 and Ordering the Levy and Collection of Annual Assessments related thereto for Fiscal Year 2021/2022.
- Adopt **Resolution No. ____** Approving the Engineer's Report and Ordering the Continued Operation and Maintenance of Improvements for Landscape and Lighting District No. 2 and Ordering the Levy and Collection of Annual Assessments related thereto for Fiscal Year 2021/2022.