



El Dorado Hills
Community Services District

**EL DORADO HILLS
COMMUNITY SERVICES DISTRICT**

To: Board of Directors

From: Kevin A. Loewen, General Manager

Prepared By: Tauni Fessler, Parks and Planning Director

Meeting Date: January 9, 2020

Report Date: December 19, 2019

Subject: **Non-Inflationary Factor Landscape Lighting and Assessment Districts - Asset Replacement and Recommended Assessment Adjustments**

Recommended Action:

1. Review and discuss the resident survey results collected from the four (4) non-inflationary factor (“underfunded”) Landscape and Lighting Assessment Districts (“LLADs”);
2. Support District staff moving forward to engage the residents with the survey results and next course of action;
3. Preliminarily and tentatively authorize the one-time General Fund contribution to each of the specified LLADs to repair/replace those assets identified within this report, contingent upon the LLAD being revised to include an inflationary factor and updated assessment value; and
4. Allocate funds and direct David Taussig & Associates (“DTA”) to proceed with the voting process to correct the non-inflationary factor of each LLAD.

Background:

An LLAD is a funding mechanism, assessed by a levy on parcels, and created to financially assist local governments, such as the District, in providing the administration, operations and maintenance of assets within a defined boundary. Between the late 1980s and mid-1990s, the District formed several LLADs to fund the improvements, operations and maintenance of assets throughout El Dorado Hills, such as irrigation and landscape areas, street lights, fencing, entry monuments, and a variety of other park and open space facilities. The assets and funds associated

with the LLADs are individually tracked within the District's budget and reported on an annual basis.

On January 24, 2018, the El Dorado Hills Community Services District ("District") hosted a meeting for the residents of El Dorado Hills who pay into District-managed LLADs, specifically those formed without an annual inflationary factor. These four (4) LLADs include: Bass Lake A (LLAD #16), Green Valley Hills (LLAD #21), La Cresta (LLAD #27), and Oakridge (LLAD #23).

A presentation by David Taussig & Associates (DTA) provided an opportunity for residents to ask questions, receive insight to the operations and maintenance obligations provided by the District, and review available options to resolve the maintenance challenges due to insufficient funding of these LLADs.

The District then mailed a follow-up informational letter and survey to each of the residents of the underfunded LLADs in early 2019. The letter provided general background information on the formation process and purpose of LLADs, as well as specific information related to the assets within each LLAD, the present budget status, and the need to find a solution to the non-inflationary factor so that general maintenance, repair and replacement can be performed to the expected level of service.

The survey portion of the letter outlined three (3) available options:

OPTION 1

Residents organize a Homeowners Association (HOA) and dissolve the LLAD completely. With this dissolution, the HOA would be required to manage and provide maintenance services to the area. Should the Green Valley Hills residents opt to absorb maintenance operations into a newly formed HOA, formation of a "shell LLAD" would be required to ensure that if the HOA were to fail, the District has the ability to activate the LLAD to fund maintenance operations.

OPTION 2 (recommended)

Residents agree to the recommended inflationary increase to their current assessment to meet the operations and maintenance needs. This is the District's recommended solution to maintain and preserve the current level of service.

OPTION 3

The District is open to alternative solutions, should either of the options listed above not occur, i.e., *Option 3 - No Change*. *Should this be a desired option, the District would need to provide additional information to explain the level of service and asset replacement adjustments that would result in a "no change" selection.*

In addition to soliciting feedback through the survey, staff performed an audit of the condition of the assets within each LLAD, preparing a budget for the assets that are overdue/due for replacement, as well as developing budgets that would provide the necessary staff hours, contract services, utility costs, and asset maintenance each LLAD requires if maintained appropriately.

Discussion:

The survey results, asset replacement costs, and proposed assessment adjustments are outlined below for each of the four (4) LLADs. For those LLADs that expressed they would support an increase to their LLAD assessment, the District is considering making a one-time General Fund contribution to cover the cost for the repair and/or replacement of those assets that are poor to fair (2 years of remaining life or less).

On December 17, 2019, the Parks and Planning Committee reviewed the survey results and analysis presented by Staff, recommending the item be forwarded to the full Board of Directors for review and action, with the direction that Staff will evaluate the landscaped areas of the four (4) LLADs and prepare recommendations to assist in the reduction of maintenance, energy and water use to find cost savings that can be offered as options during the resident engagement process.

Bass Lake A - LLAD #16

Bass Lake A (LLAD #16) was formed in 1995 and is comprised of 278 lots. For the past 23 years, a level or “flat” assessment of \$99 per lot has been assessed. Assets and maintenance areas include:

- 47,769 square feet of landscaping along Bass Lake Road, the entrance, along Alyssum Circle and Tea Rose Drive. The landscaping includes trees, shrubs, turf, natural grass, and an irrigation system,
- 1,190 lineal feet of wooden rail fence with 27 brick pilasters along Bass Lake Road at the entrance of the project,
- 21 street lights located at the intersections in units 1 and 2,
- 11,058 square feet of concrete walkway along Bass Lake Road,
- Entry sign walls and lighting at entrance to project,
- 115 lineal feet of masonry block wall located on Bass Lake Road street side.

Survey Result - Support LLAD Increase

Of the 278 lots, 145 owners responded to the survey. Of the 145 responses, 111 owners support an increase to the LLAD. This equates to 77% of those who participated support the increase or 40% of the overall lots.

Bass Lake A (278 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	5
	2	Support LLAD Increase	111
	3	Other	15
	N/A	Returned undeliverable and re-mailed	14
Total			145
Non-Responsive			(133)

The assets overdue/due for repair or replacement total approximately \$30,317 and include:

- Entry Monument - Painting Exterior Stucco
- Signage - Monument - Stucco
- Fencing - Wood/Split-Rail (West Perimeter)
- Retaining Wall - Masonry Block Wall - Maintenance
- Landscape - Irrigation Components
- Landscape - Tree Maintenance/Plant Replacement
- Fencing - Pilasters at West Perimeter & Entry
- Street Light - LED Bulb Replacement
- Lighting - Landscape LED Fixtures
- Lighting - Landscape - Trees

Based on the calculation of current fully burdened staff costs, contract service expenses, utilities and general maintenance needs, the estimated proposed assessment for fiscal year 2020/2021 would increase from \$99 per lot to \$235.05 per lot.

NOTE: Should the residents elect to add the three (3) open space lots to the LLAD (currently under neglected maintenance/management by the developer), there would be an added estimated increase of \$8.51 per parcel for the CSD to perform annual weed abatement of those three (3) open space lots. (max assessment, per lot, would be \$243.56).

Green Valley Hills - LLAD #21

Green Valley Hills (LLAD #21) was formed in 1989 and is comprised of 222 lots. For the past 29 years, a “flat” or “level” assessment of \$76.90 per lot has been assessed. Assets and maintenance areas include:

- Landscaping - 93,980 sq. ft.
- Fencing - 3,855 linear feet of redwood fencing and brick pilasters
- Signs - Two (2) village entrance signs
- Streetlights - Four (4)

Survey Result - Support LLAD Increase

Of the 222 lots, 77 owners responded to the survey. Of the 77 responses, 48 owners support an increase to the LLAD. This equates to 62% of those who participated support the increase or 22% of the overall lots.

Green Valley Hills (222 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	7
	2	Support LLAD Increase	48
	3	Other	19
	N/A	Returned undeliverable and re-mailed	3

Total Non-responsive	77 (145)
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The assets overdue/due for repair or replacement total approximately \$180,790 and include:

- Fencing - Paint/Stain Exterior
- Fencing - Wood Replacement/Repair of Eastern/Southern Boundaries
- Painting - Wrought Iron Entry Signs
- Landscape - 24 Station Controller
- Landscape - Bark Replacement at Eastern/Southern Boundaries
- Landscape - Tree Maintenance at Eastern/Southern Boundaries
- Landscape - Shrubs at Eastern/Southern Boundaries
- Fencing - Pilasters at Eastern & Southern Boundaries
- Monument Signage - Salmon Falls & Green Valley
- Monument Signage (misc.) - Salmon Falls & Village Center Drive

Based on the calculation of current fully burdened staff costs, contract service expenses, utilities and general maintenance needs, the estimated proposed assessment for fiscal year 2020/2021 would increase from \$76.90 per lot to \$351.34 per lot.

La Cresta - LLAD #27

La Cresta (LLAD #27) was formed in 1989 and is comprised of 102 lots. For the past 29 years, a level or “flat” assessment of \$99 per lot has been assessed. Assets and maintenance areas include:

- Landscaping - 5,407 square feet
- Weed Abatement - 41,260 square feet
- Stucco Wall - 800 lineal feet
- Iron Fence 1,018 lineal feet
- Wood Fence 1,337 lineal feet
- Stucco Entry Sign - 165 lineal feet
- Walkway - 12,240 square feet
- Streetlight - One (1)

Survey Result - Support LLAD Increase

Of the 102 lots, 47 owners responded to the survey. Of the 47 responses, 22 owners support an increase to the LLAD. This equates to 47% of those who participated support the increase or 22% of the overall lots.

La Cresta (102 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	2
	2	Support LLAD Increase	22
	3	Other	17

	N/A	Returned undeliverable and re-mailed	6
Total			47
Non-responsive			(55)

The assets overdue/due for repair or replacement total approximately \$153,360 and include:

- Entry Wall - Paint Exterior Stucco
- Pilasters & Wall - Paint Exterior Stucco
- Fencing - Paint Exterior Wrought Iron
- Fencing - Masonry Wall Stucco Entry
- Fencing - Wrought Iron Fence
- Lighting - Landscape Entry Monument Fixtures
- Signage - Entry Monument
- Landscape - Irrigation Components - Valves/Sprinklers/Drainage
- Landscape - Tree Maintenance at Entry Area
- Landscape - Plant Replacement at Entry Area
- Landscape - Bark Replacement at Entry Area
- Fencing - Stucco Pilasters
- Fencing - Brick Pilasters

Based on the calculation of current fully burdened staff costs, contract service expenses, utilities and general maintenance needs, the estimated proposed assessment for fiscal year 2020/2021 would increase from \$158.30 per lot to \$491.02 per lot.

Due to the responses received being close in count between support of an assessment increase and seeking alternative options, a recommendation could be proposed to reduce landscape or change materials (ie. convert planted areas to rock), which would result in reduced maintenance and time needed to maintain the areas.

Oakridge - LLAD #23

Oakridge (“LLAD #23”) was formed in 1995 and is comprised of 60 lots. For the past 23 years, a level or “flat” assessment of \$289.43 per lot has been assessed. Assets and maintenance areas include:

- Landscaping and irrigation - 38,410 square feet
- Streetlights - Ten (10)
- Stucco wall - 25,522 square feet
- Asphalt pedestrian walkway - 35,000 square feet

Survey Result - Support LLAD Increase

Of the 57 lots, 18 owners responded to the survey. Of the 18 responses, 12 owners support an increase to the LLAD. This equates to 55% of those who participated support the increase or 21% of the overall lots.

Oakridge (57 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	0
	2	Support LLAD Increase	12
	3	Other	3
	N/A	Returned undeliverable and re-mailed	3
Total Non-responsive			18 (39)

The assets overdue/due for repair or replacement total approximately \$146,149 and include:

- Asphalt Resealing - of pedestrian walkway
- Masonry/Stucco wall repair, paint/seal (25,522 sf)
- Irrigation - misc. repair/replacement of valves, sprinklers
- Tree maintenance of perimeter
- Plant replacement at perimeter/road island
- Pilaster repairs to perimeter wall
- Monuments at Woedee & Tah Nee maintenance (3)

Based on the calculation of current fully burdened staff costs, contract service expenses, utilities and general maintenance needs, the estimated proposed assessment for fiscal year 2020/2021 would increase from \$289.43 per lot to \$1,020.24 per lot.

Oakridge LLAD is comprised of several costly assets in comparison to the number of lots that contribute to this assessment district. The District's recommendation will be to reduce landscape along all frontage areas to assist in reducing the maximum assessment currently proposed.

Issue:

After Committee review and recommendations were obtained another request for review by legal counsel was made. Counsel has advised that some of the LLADs may in fact include inflationary factor authorization, however, to implement the full impact of assessment increases identified here (above) would be contraindicated. Further, the recommendation is to continue with the Proposition 218 ballot path, with the option to implement inflationary factor(s) should the ballot measure(s) fail. The General Manager and Counsel are continuing to review this item, however, time is of the essence if any sort of ballot is to occur prior to the annual budget development.

Next steps and timeline in this process include:

January 9, 2020

- Review, support and receive direction from the District's Board of Directors to proceed with the recommended actions.

Mid-Late January 2020

- Engage the residents of the LLADs to discuss the survey results, proposed assessment increases, and the voting process necessary to implement the revised assessment, or options to address the funding issues. At this time, staff will ascertain the acceptability of the proposed LLAD changes - including asset improvements, deletions, or other modifications - and reduce/refine the overall general fund capital cost assumptions.

February 13, 2020

- Present to the Board of Directors the Preliminary LLAD Assessments and approve to issue the Property Owner Voter Election.

February 2020

- Ballot issued to each LLAD for vote.

March 12, 2020 - Regular Board Meeting

- Hold a Public Hearing for each of the LLADs. *(From the date of this action, the item will be brought back to the Board of Directors to finalize the amended assessments no sooner than 45 days from the Public Hearing date.)*

May 14, 2020 - Regular Board Meeting

- Finalize adoption of the amended LLAD assessments.

Master Plan Strategic Recommendations:

- | | |
|------|--|
| E.13 | Practice fiscal responsibility in all acquisitions and expenditures. |
| E.15 | Maintain and enhance General Fund support of parks, recreation programs and maintenance. |
| E.20 | Maintain existing parks and facilities by updating the Capital assets report and funding the deferred maintenance program. |

Fiscal Impact:

At this time, it is crucial to move forward with the engagement process and be poised to initiate the formal voting process with the residents of these four (4) LLADs to amend their assessments for this upcoming fiscal year 2020/2021.

A request of \$70,000 from the District's General Fund Capital Deficiency Reserve is needed to cover costs associated with the voting process.

Should the District provide a one-time contribution to asset repair and/or replacement for the four (4) LLADs, funding would be allocated from the District's General Fund Capital Deficiency Reserve to each of the LLADs as follows:

LLAD	District-funded Contribution for Asset Repair/Replacement	One-time
Bass Lake A (LLAD #16)		\$ 30,317
Green Valley Hills (LLAD #21)		\$ 180,790
La Cresta (LLAD #27)		\$ 153,360
Oakridge (LLAD #23)		\$ 146,149
Sub-Total		\$ 510,616
Other Expenses		
Voting Process (preparation, meetings, outreach, add. services) <i>*(estimate - \$15,000+/- per LLAD)</i>		\$ 70,000*
TOTAL		\$580,616**

****NOTE:** Costs notated above for asset repair/replacement are a “worst-case” scenario. These costs will be refined through the landscape evaluation process and reduced for both the one-time General Fund contribution and the annual assessment to be levied.

Attachments:

- A. Summary of Responses (Survey Results) - LLAD Outreach 2019
- B. Preliminary DRAFT Assessment Rates for Fiscal Year 2020/2021

Non-inflationary Factor (*underfunded*) LLAD Response Information

(letters mailed on 1/11/2019, due date 1/31/2019)

**letters from BLA, GVH, LC (few) continue to be returned, as of 4/4/2019*

Bass Lake A (278 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	5
	2	Support LLAD Increase	111
	3	Other	15
	N/A	Returned undeliverable and re-mailed	14
Total			145
Non-responsive			(133)

Green Valley Hills (222 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	7
	2	Support LLAD Increase	48
	3	Other	19
	N/A	Returned undeliverable and re-mailed	3
Total			77
Non-responsive			(145)

La Cresta (102 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	2
	2	Support LLAD Increase	22
	3	Other	17
	N/A	Returned undeliverable and re-mailed	6
Total			47
Non-responsive			(55)

Oakridge (57 lots)	Option	Detail	Response
	1	Support creating an HOA to manage assets	0
	2	Support LLAD Increase	12
	3	Other	3
	N/A	Returned undeliverable and re-mailed	3
Total			18
Non-responsive			(39)

**El Dorado Hills Community Services District
Bass Lake A Landscaping And Lighting Assessment District #12
Fiscal Year 2020-2021 Assessment District Budget**

Description	FY 2020-2021 Total Budget (Amount Funded to District)
Direct Costs	
Salaries & Benefits	\$26,219.44
Services and Supplies	\$10,594.97
Capital Improvements/Replacement	\$0.00
Subtotal	\$36,814.41
Administration Costs	
County Collection Charges	\$402.65
Professional Fees	\$402.85
Administrative Overhead	\$16,666.80
Subtotal	\$17,472.30
Levy Breakdown	
Total Direct and Administration Costs	\$54,286.71
Available Fund Balance 7/1/20 ¹	(\$31,331.86)
Contribution to/(from) General Reserve	\$0.00
Contribution to/(from) Equipment Reserve	\$0.00
Contribution to/(from) Operating Reserve	\$31,331.86
Contribution to/(from) Capital Improvement Reserve	\$10,072.60
Contribution to/(from) Deferred Maintenance Reserve	\$1,800.00
Contribution to/(from) Sidewalk Reserve	\$0.00
Contribution to/(from) Tree Mitigation Reserve	\$0.00
Contribution to/(from) Trail Reserve	\$0.00
Contribution (from) General Fund	(\$814.30)
Balance to Levy	\$65,345.01
Balance to Levy	\$65,345.01
District Statistics	
Total Assessable Parcels	278
Total Benefit Units	278
FY 2020-21 Levy Per Unit	\$235.05

**El Dorado Hills Community Services District
Green Valley Landscaping And Lighting Assessment District #03
Fiscal Year 2020-2021 Assessment District Budget**

Description	FY 2020-2021 Total Budget (Amount Funded to District)
Direct Costs	
Salaries & Benefits	\$31,550.74
Services and Supplies	\$17,216.83
Capital Improvements/Replacement	\$0.00
Subtotal	\$48,767.57
Administration Costs	
County Collection Charges	\$354.82
Professional Fees	\$402.85
Administrative Overhead	\$7,468.33
Subtotal	\$8,226.00
Levy Breakdown	
Total Direct and Administration Costs	\$56,993.57
Available Fund Balance 7/1/20 ¹	(\$13,770.76)
Contribution to/(from) General Reserve	\$0.00
Contribution to/(from) Equipment Reserve	\$0.00
Contribution to/(from) Operating Reserve	\$13,770.76
Contribution to/(from) Capital Improvement Reserve	\$16,988.38
Contribution to/(from) Deferred Maintenance Reserve	\$4,871.00
Contribution to/(from) Sidewalk Reserve	\$0.00
Contribution to/(from) Tree Mitigation Reserve	\$0.00
Contribution to/(from) Trail Reserve	\$0.00
Contribution (from) General Fund	(\$854.90)
Balance to Levy	\$77,998.04
Balance to Levy	\$77,998.04
District Statistics	
Total Assessable Parcels	222
Total Benefit Units	222
FY 2020-21 Levy Per Unit	\$351.34

**El Dorado Hills Community Services District
La Cresta Landscaping And Lighting Assessment District #17
Fiscal Year 2020-2021 Assessment District Budget**

Description	FY 2020-2021 Total Budget (Amount Funded to District)
Direct Costs	
Salaries & Benefits	\$13,052.70
Services and Supplies	\$10,594.97
Capital Improvements/Replacement	\$0.00
Subtotal	\$23,647.67
Administration Costs	
County Collection Charges	\$247.98
Professional Fees	\$185.52
Administrative Overhead	\$11,584.94
Subtotal	\$12,018.44
Levy Breakdown	
Total Direct and Administration Costs	\$35,666.11
Available Fund Balance 7/1/20 ¹	(\$13,770.76)
Contribution to/(from) General Reserve	\$0.00
Contribution to/(from) Equipment Reserve	\$0.00
Contribution to/(from) Operating Reserve	\$13,770.76
Contribution to/(from) Capital Improvement Reserve	\$14,953.31
Contribution to/(from) Deferred Maintenance Reserve	\$0.00
Contribution to/(from) Sidewalk Reserve	\$0.00
Contribution to/(from) Tree Mitigation Reserve	\$0.00
Contribution to/(from) Trail Reserve	\$0.00
Contribution (from) General Fund	(\$534.99)
Balance to Levy	\$50,084.43
Balance to Levy	\$50,084.43
District Statistics	
Total Assessable Parcels	102
Total Benefit Units	102
FY 2020-21 Levy Per Unit	\$491.02

**El Dorado Hills Community Services District
Oakridge Landscaping And Lighting Assessment District #05
Fiscal Year 2020-2021 Assessment District Budget**

Description	FY 2020-21 Total Budget (Amount Funded to District)
Direct Costs	
Salaries & Benefits	\$28,325.28
Services and Supplies	\$13,243.71
Capital Improvements/Replacement	\$0.00
Subtotal	\$41,568.99
Administration Costs	
County Collection Charges	\$206.00
Professional Fees	\$181.00
Administrative Overhead	\$29,099.80
Subtotal	\$29,486.80
Levy Breakdown	
Total Direct and Administration Costs	\$71,055.79
Available Fund Balance 7/1/20 ¹	(\$12,101.86)
Contribution to/(from) General Reserve	\$0.00
Contribution to/(from) Equipment Reserve	\$0.00
Contribution to/(from) Operating Reserve	\$12,101.86
Contribution to/(from) Capital Improvement Reserve	\$21,225.68
Contribution to/(from) Deferred Maintenance Reserve	\$1,400.00
Contribution to/(from) Sidewalk Reserve	\$0.00
Contribution to/(from) Tree Mitigation Reserve	\$0.00
Contribution to/(from) Trail Reserve	\$0.00
Contribution (from) General Fund	(\$35,527.90)
Balance to Levy	\$58,153.58
Balance to Levy	\$58,153.58
District Statistics	
Total Assessable Parcels	57
Total Benefit Units	57
FY 2020-21 Levy Per Unit	\$1,020.24