



CITY OF POMONA

COUNCIL REPORT

March 18, 2019

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted By: Rene Guerrero, Interim Public Works Director

**SUBJECT: PROPOSED PHILLIPS RANCH ZONE AB ASSESSMENT DISTRICT
SERVICE LEVEL INCREASE OPTIONS**

RECOMMENDATION:

It is recommended that the City Council take the following actions:

- 1) Receive and file the City of Pomona Benefit Analysis for Phillips Ranch dated February 26, 2019 (Attachment 1) prepared by NBS Government Finance Group; and
- 2) Select a service level/assessment option as described in the “Alternatives” section of the staff report.
- 3) Should the Council decide to change the current assessment, adopt a resolution (Attachment 2) initiating proceedings to form the new Phillips Ranch Landscaping and Lighting Maintenance Assessment District, describing the proposed improvements to serve said District, and ordering the preparation of the Engineer’s Report.

EXECUTIVE SUMMARY:

Council review and approval of a service level/assessment option could result in an increase in the assessment over what is currently collected in Phillips Ranch Assessment District - Zone AB. Staff is recommending that the territory currently known as the “AB zone” be reorganized into its own separate assessment district, tentatively called the “Phillips Ranch Landscaping and Lighting Maintenance Assessment District”. The formation of a new District, and any possible increase in the assessments, will be subject to a majority protest proceeding for the property owners within the territory in compliance with the California Constitution Article XIID and the Proposition 218 Omnibus Implementation Act Gov. Code Section 53730 et seq.

FISCAL IMPACT:

The fiscal impact to the Phillips Ranch Zone AB Assessment District Fund (Fund 256) and the General Fund (Fund 101) will be dependent upon the service level/assessment option selected by Council as described in the “Alternatives” section of the staff report. If an increase to the current

level is approved by Council, staff will prepare the required documents to form a new “Phillips Ranch Landscaping and Lighting Maintenance Assessment District”, which will ultimately be decided by a property owner majority protest proceeding. Alternative 1 would leave the current assessment rate as it is for FY 2019-20, but increase it in subsequent years by the Consumer Price Index (CPI). For example, if the CPI in 2020 were to mirror the 2018 CPI of 3.81 percent, assessments would increase from \$949,500 to \$985,676 for FY 2020-21. If Alternative 2 is selected, the assessment rate will have the CPI added from 1994, when the last increase was approved by property owners for the District, through 2018 as a catch-up for FY 2019-20, and then increase the rates by CPI beginning in July 2022 based on the change between the 2021 and 2022 CPI. The 2019-20 assessment is estimated to increase to \$1,699,120 in year one and would increase annually beginning in July 2022 by CPI. If Council decides not to authorize formation of a new District and the majority protest proceeding for a change to the assessment, the annual assessment would remain the same and, over time, the General Fund may become more impacted as the need for the General Fund to subsidize landscaping and lighting services will increase. The table below illustrates the estimated revenue that could be generated if: a) Alternative 1 is selected; or b) Alternative 2 is selected; or c) No change to the current assessment is selected.

Alternative 1 (annual CPI increase)	Alternative 2 (CPI “catch-up” and annual CPI increases thereafter)	No Change to Assessment
\$949,500 in FY 2019-20 plus annual CPI increases in subsequent years	\$1,699,120 in FY 2019-20 plus annual CPI increases beginning July 2022 based on the change between 2021 and 2022 CPI	\$949,500 annually (no future change to annual assessments)

PREVIOUS RELATED ACTION:

On February 4, 2019, the City Council adopted a Resolution authorizing NBS Government Finance Group to be the Engineer of Record for FY 2019-20 for the existing Phillips Ranch Zone AB Assessment District and authorized the preparation of the 2019-20 Engineer’s Report for the Annual Assessment Levy for that District. On November 19, 2018, the City Council adopted a Resolution awarding a contract to NBS for assessment consulting services related to the Phillips Ranch Zone AB Assessment District. On April 23, 2018, the City Council authorized the formation of the Phillips Ranch Assessment District Ad-Hoc Committee.

DISCUSSION:

On April 23, 2018, the City Council approved the formation of the Phillips Ranch Assessment District Ad-Hoc Committee (Committee). The work of the Committee has resulted in a recommendation of an assessment level option for an area that has not had an assessment increase since the 1990’s. Any changes to the assessment amounts would be subject to a majority protest proceeding for the property owners within the Phillips Ranch Assessment District. The Committee is comprised of nine voting members and one alternate who volunteer their time bi-monthly to meet and design a plan for the Assessment District.

To assist the Committee in developing financial and service level alternatives, the City hired NBS Government Finance Group. NBS prepared the Benefit Analysis for the Phillips Ranch Landscaping and Lighting Assessment District (Attachment 1), which describes the financial and service level alternatives. NBS has worked with the City Attorney to ensure recommendations will meet local, state, and federal regulations including compliance with Proposition 218 and appropriate assessment district regulations. NBS will handle the noticing and protest ballot process, and submit the appropriate materials (updated rate if approved and current rate if protested) to Los Angeles County by the FY 2019-20 property assessment deadline.

To obtain a Consultant to perform this work, a bid process began September 18, 2018. In addition to posting the bid to the City's website and Public Notice Board, it was posted on the PlanetBid website. Twenty-three (23) external vendors were notified through Bid Broadcast, with two vendors submitting bids. After an inter-department team reviewed the proposals, NBS was determined the most qualified, responsive, and responsible bidder.

The Committee reviewed the Benefit Analysis for the Phillips Ranch Landscaping and Lighting District and is recommending Alternative 2, described below, which represents an increase to the current assessment rate. This increase will help to fund deferred maintenance needs relating to street lighting and trees, landscape, and open space maintenance. Because Phillips Ranch's assessment would be different from other Districts in the City, staff recommends that the City form a new District to cover the territory of Zone AB - the "Phillips Ranch Landscaping and Lighting Maintenance Assessment District".

Alternatives:

The City Council is being asked to select one of the two alternatives described in detail in the Benefit Analysis for Phillips Ranch Landscaping and Lighting Maintenance Assessment District (Attachment 1). Once a service level/assessment option is determined by Council, any increase in the assessment or assessment formula will be subject to a majority protest proceeding for property owners within the District, unless the City Council decides to make no change to the current assessment.

The City Council has the following alternatives:

- 1) For FY 2019-20, leave the current assessment rate as it is, but increase future assessment rates by the CPI. If this service level is chosen, it is likely that maintenance levels in Phillips Ranch will have to be prioritized for safety issues and require future additional funding from the General Fund. This would require property owner approval on June 17, 2019. This change would require Council to adopt the attached resolution (Attachment 2) initiating proceedings to form the Phillips Ranch Landscaping and Lighting Assessment District.
- 2) Increase the 2019-20 assessment to the level it would have been had the CPI been included from 1994 to 2018, and then increase the assessment amount by CPI annually beginning in July 2022 based on the change between the 2021 and 2022 CPI. This is the option recommended by the Phillips Ranch Assessment District Ad-Hoc Committee. After the analysis by NBS in the Benefit Analysis Report for Phillips Ranch Landscaping and Lighting Assessment District (Attachment 1), it was determined that this option

would provide for the full service level of maintenance. This would require property owner approval on June 17, 2019. This change would require Council to adopt the attached resolution initiating proceedings to form the new Phillips Ranch Landscaping and Lighting Maintenance Assessment District.

- 3) Maintain the current assessment levels. Similar to Alternative #1, maintenance levels in Phillips Ranch will be prioritized for safety issues and will require future additional funding from the General Fund. No majority protest proceeding is required.

Prepared by:

Shandy Dittman, Senior Management Analyst

ATTACHMENT:

Attachment No. 1 – Benefit Analysis Report for Phillips Ranch Landscaping and Lighting Assessment District.

Attachment No. 2 – Resolution Initiating Proceedings to Form New Assessment District