



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of January 28, 2025

TO: Mayor and Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Jeff Brown, Acting Public Works Director

SUBJECT: Service Levels for Victoria by the Bay Landscaping and Lighting Assessment District

RECOMMENDED ACTION:

It is recommended that the City Council provide direction to City Staff by minute order on the timing of the service level reductions for the residential parkway strips in the Victoria by the Bay Landscaping and Lighting Assessment District (LLAD).

EXECUTIVE SUMMARY:

This agenda item is a continuation of the July 23, 2024, and August 29, 2024, City Council meetings. As such, the information contained in those staff reports remains applicable and is attached for tonight's discussion.

At the August 29, 2024, meeting, Vice Mayor Bailey made a motion, seconded by Council Member Walker-Griffin, to deny Staff's recommendation to establish a date when cost-cutting measures would begin. The Council alternatively requested Staff to provide an overview of all Lighting Landscaping Districts (LLADs), which was provided on October 8, 2024. Further, the Council requested Staff to continue discussions with Victoria by the Bay and Alexandria By the Bay Homeowners Associations and report back in January. Since the August 29 meeting, discussions with the homeowner associations have stalled. One association agreed to meet but decided it would be better to meet after the Council decided when the cost-cutting measures would become effective. The other association has not yet agreed to meet with the City. Staff returns this evening to receive direction from the City Council on this matter.

By way of background, at the March 26, 2024 meeting, the City Council decided to eliminate irrigation and landscape maintenance (excepting trees) of the residential planter

strips as the cost-cutting measure to cure the structural deficit and eliminate the fund deficit over a 10-year period if the Proposition 218 process was not successful. City Council also added the caveat that the timing of the elimination of these services would be at Council's direction.

At the July 23 meeting, the City Council set the FY 2024-25 assessment rates for Victoria by the Bay LLAD at \$617.03 per single-family home, which is a 2.37% increase from last year. The 2.37% increase is equal to the applicable Consumer Price Index (CPI) and is the maximum allowable rate increase. The property owners voted not to raise rates by a higher amount by a wide margin of 70.7% to 29.3%. Under Proposition 218, a majority of the weighted returned ballots must support the increase to be able to implement it. The discussion regarding service level reductions was continued to a future meeting by the 3 Councilmembers in attendance to allow a full Council discussion to occur.

With the severity of the District's structural deficit in mind – estimated to be \$449K beginning FY 2024-2025 and to increase by \$14K each subsequent month – staff is again recommending the service cuts occur as soon as is reasonably possible. This would include time for a transition to occur to allow for:

- Notification to property owners of the pending service cuts via a mailed postcard.
- Negotiating a modified scope of work with the City's landscape contractor.
- Communicate with the HOAs on the viability of having them assume the maintenance responsibility of the residential parkway strips.

FISCAL IMPACT:

The absence of a rate increase or modifications to existing services may have significant financial repercussions for the Victoria by the Bay LLAD fund. Current projections indicate that the structural deficit could increase by approximately \$14,000 per month. This escalating deficit could challenge the fund's long-term sustainability.

ATTACHMENTS:

1. October 8, 2024 Staff Report
2. August 29, 2024 Staff Report
3. July 23, 2024 Staff Report
4. June 25, 2024 Staff Report
5. Final Engineers Report