



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of July 22, 2025

**TO:** Mayor and Members of the City Council

**VIA:** Dante Hall, City Manager

**SUBMITTED BY:** Glenn Dombeck, Public Works Director/City Engineer

**SUBJECT:** Declare Results of Protest Balloting Proceedings and Confirm Fiscal Year 2025/26 Assessments for Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1

### **RECOMMENDED ACTION:**

City staff is recommending City Council take the following actions:

1. Adopt a Resolution Declaring the Results of the Ballot Tabulation Regarding the Proposed Increase to the Maximum Assessment Rate for Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 commencing Fiscal Year 2025/26; and
2. Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagram and Assessments, and Ordering Levy of Assessments for Fiscal Year 2025/26 for Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 pursuant to the Landscaping and Lighting Act of 1972; and
3. Adopt a Resolution Authorizing the City Manager and Finance Director to Execute Any and All Necessary Documentation to Repay the General Fund for Monies Loaned to Victoria by the Bay Landscaping and Lighting District in an Amount Not to Exceed \$700,000 Over 10 Years and will bear no interest.

### **EXECUTIVE SUMMARY:**

This agenda item is a continuation of the June 24, 2025 meeting where the City Council considered the proposed assessment increase for Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 (Victoria by the Bay LLAD). Following the public hearing on June 24, 2025, the ballots returned by Victoria by the Bay LLAD property owners were publicly tabulated outside City Council Chambers.

City staff recommends City Council adopt resolutions to (1) declare the results of the Victoria by the Bay LLAD ballot tabulation, (2) approve the Fiscal Year 2025/26 Final Engineer's Report, Confirming Diagram and Assessments, and (3) authorize the City Manager and Finance Director to repay the General Fund from the LLAD funds and to execute any and all documentation required to do so.

## **BACKGROUND:**

In the fall of 2023 and spring of 2024, the City conducted Proposition 218 proceedings to increase assessments for the Victoria by the Bay LLAD to eliminate an increasing operating and fund deficit. Victoria by the Bay LLAD property owners did not approve the proposed increases, with votes of 77% to 23% in the fall of 2023 and 70.3% to 29.7% in the spring of 2024, respectively. Since then, the Victoria by the Bay LLAD has incurred another year of operating deficit, bringing the projected beginning Fiscal Year 2025/26 cumulative deficit to approximately \$700,000.

On March 11, 2025, City Council authorized Proposition 218 proceedings to notice and ballot property owners within the Victoria by the Bay LLAD again to approve an assessment increase beginning in Fiscal Year 2025/26 of \$50 annually over a 10-year period (\$500 total). On May 8, 2025, notices and ballots were mailed to all affected property owners in the Victoria by the Bay LLAD, in accordance with Proposition 218. The instructions included that ballots had to be returned by mail by 5:00 PM on June 24, 2025, or in person by the conclusion of public testimony of the Public Hearing that same evening.

Immediately following the close of the public hearing on June 24, 2025, the returned ballots were publicly tabulated outside the City Council Chambers. Property owners voted 50.02% **in favor** of increasing the maximum assessment rates. Since a majority of the ballots returned, weighted by proposed assessment, were in support of the increase, the assessment increase commencing Fiscal Year 2025/26 can now be approved by City Council.

## **ANALYSIS:**

Of the 794 ballots mailed to affected property owners within the Victoria by the Bay LLAD, 270 were returned and tabulated. Upon tabulating the 270 ballots returned, it was confirmed the Victoria by the Bay LLAD property owners approved the proposed assessment increase with **50.02%** of the weighted ballots in favor and **49.98%** opposed.

To levy assessments for the Victoria by the Bay LLAD in FY 2025/26, the City Council is required to approve the attached Victoria by the Bay LLAD Engineer's Report and adopt the resolutions declaring the results of the ballot tabulation and confirming the Victoria by the Bay LLAD assessments.

The City was required by applicable government accounting practices to use General Fund money to cover the Victoria by the Bay LLAD negative cash deficit with an inter-fund loan. At this time, the City can begin to repay the General Fund the approximately \$700,000. It is anticipated the Victoria by the Bay LLAD inter-fund loan will be repaid within 10 years.

#### **FISCAL IMPACT:**

Due to the ongoing operating and cumulative fund deficit, the Victoria by the Bay LLAD has relied on an inter-fund loan from the City's General Fund to cover expenses. With property owner approval of the increased assessments, the maintenance of public landscaping and lighting improvements within the Victoria by the Bay neighborhoods can continue at its current levels. The Victoria by the Bay LLAD annual operating deficit is anticipated to be eliminated in 5 years and the loan from the General Fund is anticipated to be repaid within a 10-year period.

#### **ATTACHMENTS:**

1. Resolution Declaring the Results of the Property Owner Protest Balloting Proceedings for the Victoria by the Bay LLAD.
2. Resolution Confirming Diagrams and Fiscal Year 2025/26 Assessments for the Victoria by the Bay LLAD.
3. Resolution Authorizing the City Manager and Finance Director to Execute Any and All Necessary Documentation to Repay the General Fund for Monies Loaned to Victoria by the Bay Landscaping and Lighting District in an Amount Not to Exceed \$700,000 Over 10 Years.
4. Final Engineers Report