



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

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Fourth District

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Fifth District

DATE: May 24, 2023, and June 28, 2023

11

TO: Board of Supervisors

SUBJECT

PUBLIC HEARING TO CONFIRM FISCAL YEAR 2023-24 LEVIES IN THE SAN DIEGO COUNTY STREET LIGHTING DISTRICT AND LANDSCAPE MAINTENANCE DISTRICT ZONES NO. 1 – RANCHO SAN DIEGO AND NO. 2 – JESS MARTIN PARK AND RELATED CEQA EXEMPTION (DISTRICTS: ALL)

OVERVIEW

Special districts are created in order to provide new or enhanced local services and infrastructure to specific communities. The special districts in today's action were created to fund community parks and streetlights in the unincorporated areas of the region. Services are primarily funded by property owners and paid through assessments that are collected through the tax roll, reducing administrative costs from billing and payment collection. District boundaries, services, and maximum rates were established by voters or as a condition of development at the time of formation. The method for calculating how much each parcel pays is established in the ordinance adopted at the time of formation and may be based on a variety of factors, commonly including the type of land use, or parcel acreage. The rate cannot exceed the maximum amount in the adopted ordinance without voter approval from affected property owners. At the time of formation, residents in some districts voted to include cost escalators in their ordinances, which allow the maximum rate to increase each year to keep pace with inflation. The most commonly used cost escalator is the Consumer Price Index (CPI), which measures the cost of consumer goods.

Board of Supervisors Policy B-29: *Fees, Grants, Revenue Contracts - Department Responsibility for Cost Recovery* directs departments to recover the full cost of services provided to the residents of special districts. County of San Diego (County) staff reviewed budgets for the three districts included in today's action to determine if revenues were adequate for services or if rates should be adjusted. Staff determined the proposed rates for Fiscal Year (FY) 2023-24 are needed to continue to fund services and to ensure compliance with Board Policy B-29. Rates are also necessary to maintain financial reserves to fund future services, facility repairs, emergency repairs, improvements, and replacements. The proposed rates subject of today's action is in accordance with Articles XIII A-D of the California Constitution (Proposition 218) as amended to date and are within maximum rates set forth in each district's adopted ordinance; and therefore, do not require voter approval from affected property owners. Under Proposition 218, voters must approve the formation of the special district and the maximum amount that can be collected from property owners.

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San Diego County Street Lighting District

The San Diego County Street Lighting District is managed by the County Department of Public Works (DPW). The Street Lighting District funds the operations and maintenance of public streetlights across the unincorporated areas of San Diego county. The proposed annual assessment rate will remain at the current amount of \$2.00 per single-family residence. The current assessment is sufficient to continue to fund the operation and maintenance of streetlights for the next fiscal year.

Landscape Maintenance District Zone No. 1 – Rancho San Diego

Landscape Maintenance District Zone (LMDZ) No. 1 – Rancho San Diego – is managed by the County Department of Parks and Recreation (DPR) to fund ongoing park operation, maintenance, and improvements within the unincorporated community of Rancho San Diego in District 4. The proposed annual assessment rate will increase by 3% from \$37.46 to \$38.58 per single-family residence. The increase is due to the annual inflation of goods and services, based on a 6.45% escalation in the Consumer Price Index for 2022, with a voter-approved maximum cost escalator of 3%. The additional revenue will support ongoing services. Without the additional revenue, services would be reduced, resulting in deferred maintenance and more costly future repairs. The proposed rate is within the maximum in the ordinance and does not require voter approval from affected property owners for this action.

Landscape Maintenance District Zone No. 2 – Jess Martin Park

LMDZ No. 2 – Jess Martin Park – is managed by DPR to fund ongoing maintenance of amenities and construction of minor capital improvements at Jess Martin Park in the unincorporated community of Julian in District 2. The proposed annual assessment rate will remain at the current amount of \$47.82 per single-family residence. The voters did not approve an annual cost escalator at the time of the district's formation; however, the Board did approve an allocation of County General Purpose Revenue (GPR) to offset the benefit from park visitors who do not reside in the district. Since there is no proposed rate increase a vote from affected property owners is not required for this action. The proposed rate is sufficient to fund services for FY 2023-24.

This is a request to adopt resolutions to confirm assessments and authorize levies for three special districts administered by DPW and DPR. Upon adoption, the assessments will be placed on the tax roll for FY 2023-24. The deadline to place these assessments on the FY 2023-24 tax rolls is August 10, 2023. These actions are discretionary after consideration of public testimony.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

1. Find that the proposed project is categorically exempt from the California Environmental Quality Act (CEQA) as specified under Section 15301 of the State CEQA Guidelines because the activity in question addresses funding mechanisms for maintenance of existing streetlight and landscape facilities and services involving negligible or no expansion of existing or former use.

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2. Accept and approve the Engineer's Reports for the San Diego County Street Lighting District and Landscape Maintenance District Zones No. 1 – Rancho San Diego and No. 2 – Jess Martin Park.
3. Adopt a Resolution entitled: RESOLUTION OF INTENTION TO ORDER IMPROVEMENTS FOR THE SAN DIEGO COUNTY STREET LIGHTING DISTRICT and set a hearing for June 28, 2023.
4. Adopt a Resolution entitled: RESOLUTION OF INTENTION TO ORDER OPERATION, MAINTENANCE AND IMPROVEMENTS FOR LANDSCAPE MAINTENANCE DISTRICT ZONE NO. 1, and set a hearing for June 28, 2023.
5. Adopt a Resolution entitled: RESOLUTION OF INTENTION TO ORDER OPERATION, MAINTENANCE AND IMPROVEMENTS FOR LANDSCAPE MAINTENANCE DISTRICT ZONE NO. 2, and set a hearing for June 28, 2023.

If, on May 24, 2023, the Board takes the actions recommended in Items 1-5, then on June 28, 2023, a public hearing will be conducted, and the following recommendations will be considered:

6. Adopt a resolution entitled: RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENTS IN THE SAN DIEGO COUNTY STREET LIGHTING DISTRICT.
7. Adopt a resolution entitled: RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENTS IN LANDSCAPE MAINTENANCE DISTRICT ZONE NO. 1.
8. Adopt a resolution entitled: RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENTS IN LANDSCAPE MAINTENANCE DISTRICT ZONE NO. 2.

EQUITY IMPACT STATEMENT

Today's action continues the County's commitment to provide programs and services that enhance our communities. Assessments and special taxes fund services for special districts which improve the health, safety, and economic interests of local communities. Levying charges on the Fiscal Year (FY) 2023-24 tax rolls for the County of San Diego and San Diego County Street Lighting District will have a direct impact on communities throughout the unincorporated areas of the county. These levies fund street lighting and community park services to residents of approximately 117,000 parcels. Special district revenues also offset the need for the County to fund these services, which allow additional County funds to be allocated towards services in underserved communities.

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SUSTAINABILITY IMPACT STATEMENT

Today's action supports the County's Sustainability Goals to protect the health and wellbeing of residents, provide just and equitable access to County services, and make investments in energy efficiency by continuing to fund the operation, maintenance, and improvements of streetlights and parks. Streetlights enhance the health and safety of all residents and visitors who utilize County roads. Regular streetlight maintenance protects the health and wellbeing of everyone in the region and supports economic sustainability by preventing more costly maintenance treatments in the future. The Street Lighting District also supports the County's goal to invest in energy efficiency and reduce greenhouse gas emissions through the conversion of streetlight assets to LED fixtures. Specific LED fixtures are installed within dark sky designated communities to reduce light pollution and maintain compliance with the County's Dark Sky Ordinance. The nine County parks included in this action provide access to outdoor recreation and nature. Funding the operation and maintenance of these parks aligns with the County's sustainability goals to promote the health and wellbeing of citizens and allowing equitable access to County facilities.

FISCAL IMPACT

Funds for this request are included in the Fiscal Year 2023-24 CAO Recommended Operational Plan in the Departments of Public Works and Department of Parks and Recreation. There is no proposed change in the assessment for the San Diego County Street Lighting District and Landscape Maintenance District Zone No. 2 – Jess Martin Park. A rate increase is proposed for Landscape Maintenance District Zone No. 1 – Rancho San Diego. If approved, this request will result in total revenue of approximately \$275,988 for the Street Lighting District, \$182,716 for LMDZ No. 1 – Rancho San Diego, and \$99,843 for LMDZ No. 2 Jess Martin Park. The funding source for this request comes from property owner paid assessments and a portion of countywide property tax revenue. There will be no change in net General Fund cost and no additional staff years.

The proposed assessment levies are evaluated annually in an amount sufficient to recover the full cost as required by Board Policy B-29: *Fees, Grants, Revenue Contracts—Department Responsibility for Cost Recovery*. Accordingly, there is no projected unrecovered cost, and a waiver of Board Policy B-29 is not needed. The funding source is assessment levies on property owners within the identified districts.

If the Board of Supervisors does not adopt the resolutions, the proposed assessments cannot be placed on the tax rolls for FY 2023-24. Without the funds generated by the assessments, services for street lighting and landscape maintenance would be greatly reduced unless other funding sources are identified.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

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BACKGROUND

Special districts are created and funded by residents of a community to provide new or enhanced local services and infrastructure. Some special districts are large; many are very small, all serving diverse regions of the county, including some incorporated cities. There are a variety of special districts, and each type is governed by different State laws. The County of San Diego (County) provides services for special districts that were created to fund community parks and streetlights in the unincorporated areas of the region. Services are mainly funded by property owners through assessments that are collected through annual property tax bills, reducing the cost to ratepayers by eliminating the administrative costs from annual billing and payment collection. District boundaries were established by voters or as a condition of development at the time of formation. The Street Lighting District and Landscape Maintenance Development Zones were formed under the Landscape and Lighting Act of 1972.¹ The method for calculating the charge varies based on the type of district and ordinances adopted when the districts were formed. The method is based on a variety of factors, commonly including the type of land use, or parcel acreage. At the time of formation, residents in some districts voted to include cost escalators in their ordinances, which allow special districts to increase the maximum rate each year to keep pace with inflation. The most commonly used cost escalator is the Consumer Price Index (CPI), which measures the cost of consumer goods and is produced by the Bureau of Labor and Statistics.

All proposed rates are in accordance with Articles XIII A-D of the California Constitution (Proposition 218) as amended to date and are within the maximum rates set forth in each district's adopted ordinance;² and therefore, do not require voter approval from affected property owners. Under Proposition 218 (The Right to Vote on Taxes Act), which was approved by the California voters on November 6, 1996, governs how votes must occur. Voters must approve special district formations, the maximum amount that can be collected from property owners, and an increase in property-based fees above the rate approved by voters.

Board Policy B-29: *Fees, Grants, Revenue Contracts – Department Responsibility for Cost Recovery* (Board Policy B-29) directs all County departments to recover the full cost for services. This policy ensures that there are sufficient revenues to pay for services. Staff reviewed district rates to determine if increases were needed or if rates could be reduced. Staff determined that the proposed rates for Fiscal Year (FY) 2023-24 are needed to fund the costs of all services in accordance with Board Policy B-29.

Assessments are listed separately on property tax bills and include a customer service number for residents to call if they have questions regarding their annual bill or services. To levy the assessments on the County tax roll, a public hearing is required to approve each district's Engineer's Report that describes the budget, assessment rate, the method of how rates are applied,

¹https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=SHC&division=15.&title=&part=2.&chapter=1.&article=1.

² https://leginfo.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&article=XIII%20D

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and parcel assessment amount. The Engineer's Reports are filed with the Clerk of the Board. If the Board of Supervisors takes the recommended actions to schedule a Public Hearing for June 28, 2023, the public will be noticed regarding the proposed rates through advertisements in local publications. This item is to adopt resolutions to confirm FY 2023-24 assessments for San Diego County Street Lighting District, and Landscape Maintenance District Zones No. 1 – Rancho San Diego and No. 2 – Jess Martin Park.

Department of Public Works - San Diego County Street Lighting District

The San Diego County Street Lighting District is managed by the County Department of Public Works (DPW) and provides street lighting services across the unincorporated area. The district funds electricity costs for 10,490 streetlights. DPW provides operation and maintenance for 6,802 (65%) lights with district funds, and SDG&E maintains the remaining 3,688 (35%) lights. There are approximately 100,000 property owners within the current district boundary. The district does not receive County General Purpose Revenue and funds all services through a portion of the countywide property tax revenue and property owner paid assessments.

DPW completed a light emitting diode (LED) retrofit on all County-owned lights in 2020 which reduced energy use, energy cost, and greenhouse gas emissions. The County staff-initiated project reduced annual greenhouse gas emissions equal to 374 passenger vehicles driven for one year. For dark sky designated communities, the County installed warm white LED fixtures with a 50% dimming feature that also helped to reduce light pollution. The energy cost savings have been passed to property owners through rate reductions over the last three fiscal years, with the current assessment sufficient to continue to fund the operation and maintenance of streetlights for the next fiscal year. SDG&E transitions lights to LED as they burn out. DPW continues to coordinate with SDG&E and currently 6% of their lights have been replaced with LED fixtures.

The amount each parcel is charged is determined by the type of land use and the number of dwelling units (represented by "benefit units"). The proposed annual assessment rate will remain unchanged at \$2.00 per benefit unit, with a single-family residence or residential condominium unit charged \$2.00 annually. The Engineer's Report defines the proposed assessment rate by outlining program components, costs, and revenue required to fund services (Attachment A).

Department of Parks and Recreation - Landscape Maintenance Districts

The Landscape Maintenance District Zones (LMDZ) are managed by the Department of Parks and Recreation (DPR) and provide park maintenance, operations, and improvements. Parks and recreation facilities create healthy communities, protect valuable natural and cultural resources, provide recreation opportunities, increase efficiency and sustainability, and foster responsible economic development. Well-maintained parks can also increase property values and help conserve land, energy, and resources.

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Landscape Maintenance District Zone No. 1 – Rancho San Diego (District 2)

LMDZ No. 1 – Rancho San Diego was established in 2006 to supplement revenue to provide operations, maintenance, and improvements for eight parks in County Service Area No. 26 – Rancho San Diego, located in Rancho San Diego. The district does not receive General Purpose Revenue (GPR) and is full cost recovery through assessments from 4,664 property owners within the district boundary. The district funds maintenance at Cottonwood Park, Damon Lane Park, Del Parque Park, Hillsdale Park, Hilton Head Park, Lonnie Brewer Park, Steele Canyon Park, and Woodhaven Park.

The Engineer’s Report defines the proposed assessment rate by outlining program components, costs, and revenue required to fund services (Attachment B). The amount each parcel is charged is based on the type of land use and the number of dwelling units (represented by “benefit units”). The proposed maximum annual assessment will increase by 3% from \$37.46 to \$38.58 per benefit unit. The district ordinance ties all future rate increases to the Consumer Price Index (CPI), with a voter approved cost escalator that sets an allowable annual maximum rate increase of 3%. Although the CPI rose 6.45% due to inflation in 2022, the allowable rate increase of 3% will have to be applied. The proposed rate increase is required to maintain existing service levels and offset increased operation and maintenance costs. If the increased levy were not approved, DPR would need to seek \$182,716 of County General Purpose Revenue to maintain existing service levels. The proposed rate increase will be used for utility, contract, and labor costs for park operations.

Landscape Maintenance District Zone No. 2 – Jess Martin Park (District 2)

LMDZ No. 2 – Jess Martin Park is a nine-acre park, established in 2008, is located in the unincorporated community of Julian. The park includes three ballfields, a multipurpose field, a skate area, and outdoor fitness area. The County provides ongoing maintenance of amenities and construction of minor capital improvements. The district is partially funded by assessments from 4,819 property owners within the district, and a portion of County General Purpose Revenue. When the district was formed, the Board approved an allocation of County General Purpose Revenue (GPR) to offset the benefit from park visitors who do not live, work, or own property within the district. During the formation, it was established for 90% of costs are to be covered by the voter approved assessment, and 10% was determined to be a general benefit that would be covered by GPR. Voters did not approve an annual cost escalator in the district ordinance; therefore, any increase to the maximum assessment rate requires voter approval from affected property owners. To date, the district has relied on its fund balance to maintain the current level of service without impacting GPR contributions, but that fund balance is dwindling. To minimize impacts to GPR going forward, DPR will utilize the final remaining fund balance, increase the use of volunteers, and reduce staff time at the park. Ultimately, if fund balance or volunteer service is not available, services would be reduced, which could result in deferred maintenance and more costly future repairs.

The Engineer’s Report defines the proposed assessment rate by outlining program components, costs, and revenue required to fund services (Attachment C). The amount each parcel is charged is based on the type of land use and the number of dwelling units (represented by “benefit units”).

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The proposed FY 2023-24 annual assessment rate is unchanged at \$47.82 per benefit unit. The assessment has been the same since the district's formation in 2008.

ENVIRONMENTAL STATEMENT

Section 15301 of the California Environmental Quality Act (CEQA) Guidelines categorically exempts from CEQA review, actions consisting of the “operation, repair, maintenance, permitting, leasing, licensing or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion of existing or former use.” The key consideration is whether the activity involves negligible or no expansion of an existing use. The project consists of the approval of assessments in the San Diego County Street Lighting District and Landscape Maintenance Districts for the purpose of conducting ongoing maintenance to public facilities. The project will result in negligible or no expansion of existing uses and therefore is categorically exempt from CEQA pursuant to Section 15301 of the State CEQA Guidelines.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions to confirm levies to be placed on the tax rolls support the Community and Sustainability Initiatives in the County of San Diego's (County) 2023- 2028 Strategic Plan by providing funding to maintain fiscal stability for the maintenance of San Diego County Street Lighting District and the Landscape and Maintenance District Zones that maintain park and recreational facilities within Rancho San Diego and Jess Martin Park. Street Lighting and Park facilities enhance the safety of our communities and increase the well-being of County residents and visitors.

Respectfully submitted,



SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

Note: Due to the size of the attachments, the documents are available online through the Clerk of the Board's website at www.sandiegocounty.gov/content/sdc/cob/bosa.html.

- A. San Diego County Street Lighting District Engineer's Report, Fiscal Year 2023-24
- B. Landscape Maintenance District Zone No. 1 Engineer's Report, Fiscal Year 2023-24
- C. Landscape Maintenance District Zone No. 2 Engineer's Report, Fiscal Year 2023-24
- D. Resolution of Intention to Order Improvements for the San Diego County Street Lighting District

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- E. Resolution of Intention to Order Operation, Maintenance and Improvements for Landscape Maintenance District Zone No. 1
- F. Resolution of Intention to Order Operation, Maintenance and Improvements for Landscape Maintenance District Zone No. 2
- G. Resolution Confirming Diagram and Assessments in the San Diego County Street Lighting District
- H. Resolution Confirming Diagram and Assessments in Landscape Maintenance District Zone No. 1
- I. Resolution Confirming Diagram and Assessments in Landscape Maintenance District Zone No. 2