
RECOMMENDATION

This is a Public Hearing to consider public comment/testimony regarding the approval and adoption of the Stockton Consolidated Storm Drainage Maintenance Assessment District No. 2005-1 (District) Annual Engineer’s Report for the 2014-2015 Fiscal Year, including the Assessment Rolls.

At the conclusion of the public hearing, if a majority protest does not exist, it is recommended that the City Council adopt a resolution overruling all protests, approving and adopting the Stockton Consolidated Storm Drainage Maintenance Assessment District No. 2005-1 Annual Engineer’s Report for the 2014-2015 Fiscal Year, which contains the budget for each Zone, and confirming and levying the assessments for each Zone as set forth in the report.

Summary

Council’s action will approve the District’s 2014-2015 Fiscal Year Annual Engineer’s Report, Budgets and Assessment Rolls for the various Zones within the District. The Municipal Improvement Act of 1913 and Stockton Improvement Procedure Code, Part V, under which the District was formed, requires annual approval of the Engineer’s Report, Budget and Assessment Rolls; and annual approval to levy the assessments.

No significant changes have been made from the Fiscal Year 2013-2014 to the Fiscal Year 2014-2015 actual assessment rates for each Zone. Administrative and routine maintenance costs are projected to remain relatively consistent. Funds for additional erosion control/stabilization work at the Riverbend, Zone 1 basin were collected in Fiscal Year 2013-2014, as this work is not routine, the rates for this Zone have dropped accordingly for this Zone in Fiscal Year 2014-2015.

DISCUSSION

Background

On July 26, 2005 the City Council adopted Resolution Number 05-0392 to establish an assessment district designated as the “Stockton Consolidated Storm Drainage Maintenance Assessment District No. 2005-1” and the creation and annexation of Zone 1 to be known as “Riverbend Zone 1.” The formation of this District was based on the provisions of the Municipal Improvement Act of 1913 (Act) and the Stockton Improvement Procedure Code, Part V (Stockton Code). Since then, 12 additional Zones have been formed and annexed to the District (Attachment A - District Zones Location Map).
The Act and Stockton Code contain provisions for the City to form an assessment district and annex zones to the district’s boundary for the maintenance and operation of improvements that impart a special benefit to an area. The purpose of this District is to provide funding for the operation, maintenance and replacement of stormwater quality treatment devices that are required by the City’s Stormwater National Pollutant Discharge Elimination System Permit.

On April 24, 2014 a copy of the 2014-2015 Fiscal Year Annual Engineers’ Report was distributed to the Mayor and City Council Members for review. On May 20, 2014, Council adopted and preliminarily approved, the 2014-2015 Fiscal Year Annual Engineers’ Report, which includes the proposed budgets for the maintenance and operation of the improvements for each Zone within the District, and the Assessment Rolls. Council action also set the public hearing for June 10, 2014.

On November 1, 2011 (approved by motion), Siegfried Engineering, Inc. was authorized to prepare the 2014-2015 Annual Engineer’s Report. A multi-year contract was approved with Siegfried Engineering to prepare the Engineer’s Reports through Fiscal Year 2014-2015, with two possible one-year extensions.

Through this process the District sets the annual assessments for each Zone that are then placed on the San Joaquin County tax roll for collection with the County real property taxes. These annual assessments provide funding for the operation, maintenance, inspection, repair, and replacement of the improvements in each Zone; and other associated administrative costs including preparing an Annual Engineer’s Report and Assessment Roll.

Property owners are responsible to fund only those improvements in their Zone. Each assessed parcel is assigned a dwelling unit equivalent factor or a per assessable acre factor. The dwelling unit equivalent factor for developed parcels is established in the original Engineer’s Report forming each Zone, and which has previously been approved by Council. A single-family residential lot is equivalent to one dwelling unit equivalent factor.

**Present Situation**

By approving the proposed resolution, the City Council will approve and adopt the Annual Engineer’s Report for the Fiscal Year 2014-2015, which includes the Budget for each Zone of the District and the Assessment Roll; and confirms the levy and collection of the assessments set forth in the Annual Engineer’s Report for the District.

The 2014-2015 Fiscal Year Annual Engineers’ Report for the District contains detailed information on the budget for each Zone, assessment amounts, and a complete description of the improvements required to be maintained. A copy of the report is on file with the City Clerk’s Office.

The following table is a summary of the total assessments and per dwelling unit equivalent or per assessable acre factor to be assessed for each Zone of the District for Fiscal Year 2014-2015. The Zone budgets for the Fiscal Year 2013-2014 have been included on the table for comparison.
<table>
<thead>
<tr>
<th>Zone No.</th>
<th>Zone Name</th>
<th>2013-2014 Rate Per Dwelling Unit Equivalent Factor</th>
<th>2013-2014 Total Zone Assessment</th>
<th>2014-2015 Rate Per Dwelling Unit Equivalent Factor</th>
<th>2014-2015 Total Zone Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Riverbend</td>
<td>$53.28</td>
<td>$34,720.98</td>
<td>$35.48</td>
<td>$23,121.46</td>
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<td>2A</td>
<td>Cannery Park</td>
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<td>$6,275.90</td>
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<td>Cannery Park</td>
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<td>3</td>
<td>Simbad Estates</td>
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<td>$10,456.88</td>
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<td>$10,557.12</td>
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<td>4</td>
<td>Dama Estates</td>
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<td>5A</td>
<td>Silver Springs &amp; Gold Springs</td>
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<td>Silver Springs &amp; Gold Springs</td>
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<td>6</td>
<td>Old Oak Estates</td>
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<td>Moss Gardens</td>
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<td>13</td>
<td>Prologis Park at Duck Creek</td>
<td>$235.88*</td>
<td>$23,072.00</td>
<td>$236.46 *</td>
<td>$23,128.00</td>
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</tbody>
</table>

*Prologis Park at Duck Creek is the only Zone within the District which is calculated on an assessable acre basis. The Assessments for Zone 13 ProLogis Park are spread in proportion to the adjusted area for each parcel in Zone 13. The current assessable acreage is 97.81. The total zone assessment is $23,128.00 resulting in a per acre assessment of $236.46.

The per dwelling unit equivalent factor varies for each Zone and is dependent upon the improvements to be maintained and the number of dwelling unit equivalent factors within the Zone.

None of the 2014-2015 Fiscal Year assessments exceed the allowed Maximum Annual Assessment set in the original Engineer’s Reports, which were approved by landowner ballots and by the Council as part of the formation and annexation proceedings of each Zone. The Engineer’s Report forming each Zone included the provision for an annual escalator on the assessments in an amount equal to the greater of either 3.0% or the annual increase as shown in the Local Consumer Price Index for the San Francisco-Oakland- San Jose All Items, All Urban Users, as published by the Bureau of Labor Statistics for a similar period of time, which was 2.4% for 2014. For 2014-2015, a 3.0% increase has been applied to the 2013-2014 maximum allowable assessment for the calculation of the 2014-2015 maximum allowable assessment. Proposition 218 provides the latitude to approve the maximum allowable assessment, but only assess the amount needed for the projected expenses. This allows latitude to collect the maximum assessment amount in the event of unanticipated expenses, while still complying with the requirements of a Proposition 218 ballot procedure. The City will only collect...
the amounts needed, thereby reducing financial strain on property owners, while maintaining capacity to cover expenses in emergencies.

Staff has determined that the maximum allowable assessments do not need to be collected in all of the Zones in Fiscal Year 2014-2015. The assessments to be collected in each Zone cover the costs of administration, operation, and maintenance incurred by the City for each Zone. The actual amount assessed is a unique percentage for each Zone based on the actual anticipated costs. Anticipated costs differ for each Zone according to the number, type/model, and maintenance requirements of the improvements within each Zone. The actual assessments are based on the amounts needed for operations, maintenance, contingency, and reserve. This amount is described as a percentage of the maximum assessment and is a different percentage for each Zone. This percentage description is not the same as the calculation for the maximum allowable assessment.

The proposed budgets for each Zone of the District include engineering fees for the preparation of the annual engineer’s report and tax rolls; attorney’s fees; estimated cost of maintenance work; City of Stockton administrative costs; San Joaquin County processing fee for collection of the assessments on the property tax rolls; a replacement reserve amount and a contingency amount.

The maintenance scope of work for those Zones within the District that have a stormwater treatment basin includes: vector control; weed abatement; rodent control; slope dressing; mowing; disking; and grading the basin bottom (as needed); trash and debris pick-up and removal; cleaning of the basin structures; and sedimentation relocation. The maintenance scope of work for those Zones within the District that have an underground stormwater treatment vault filtration system includes: pumping out fluids from the vault; removing solids and accumulated sedimentation from the bottom of the unit to prohibit them from discharging to the receiving waterways; and periodic cartridge replacement as needed for those unit models that have filter cartridges to them.

In 2012, the City conducted an extensive analysis on the type, model, and anticipated service life-expectancy of each of the Stormwater Quality Treatment Devices maintained by the District to determine annualized reserve amounts that needs to be collected for future replacement of the Stormwater Quality Treatment Devices. The target replacement reserve amounts have been inserted into the proposed budgets for Fiscal Year 2014-2015 to be collected as part of the assessment amounts.

While the history of stormwater treatment proprietary filtration devices is relatively new, staff researched such sources as the Army Corp of Engineers to determine the service life and deterioration rates of concrete structures installed below ground. As well, staff accounted for the initial price of the units at the time of installation, and inflation for the rise in cost of materials and labor. It was then compared with the guidelines of the original Engineer’s Report for each of the various units to determine if the amounts annually collected were reasonable. For most of the Zones within the District, staff has determined that the annual reserve amounts collected could be reduced from the amounts suggested in the original Engineer’s Report.

The budgets and anticipated year-end fund balances for each Zone in the Consolidated District can be found in Attachment B.

No operation and maintenance costs have been budgeted for three zones - Cannery Park Zone 2A, Westlake Villages Zone 11, and Moss Gardens Zone 12. The stormwater quality post-construction
treatment devices in Cannery Park Zone 2A and Westlake Villages Zone 11 have not been fully
developed and are not expected to be in operation in Fiscal Year 2014-2015. Therefore, staff has only budgeted for the pro-rated administrative costs attributed to those Zones for the preparation of the Engineer’s Report which must be filed annually for all Zones in the District.

In the terms and conditions of the annexation Engineer’s Report for the Moss Gardens Zone 12, the City agreed to take a secondary position to the Homeowners’ Association. The Association agreed to maintain and operate the Zone’s stormwater treatment devices in that Zone. The City will only incur operation and maintenance costs if the Association defaults in its maintenance responsibilities. Again, in Fiscal Year 2014-2015, the District will only collect from that Zone the pro-rated administrative costs attributed to that Zone for the preparation of the Engineer’s Report which must be filed annually as well as the amount for reimbursement of staff costs to perform routine inspections of the devises to ensure that the devices are operating properly.

This public hearing allows any interested person an opportunity to make a protest for each Zone in the Annual Report, to the maximum annual assessment, to the actual 2014-2015 assessment, to the proposed budget, or to the proposed method and proportion of assessment either in writing or orally. A majority protest exists if more than fifty percent (50%) of the owners of the area of assessable lands within the District in each Zone files a written or verbal protest. The required notice of this public hearing was published in The Record once, at least 10 days before the hearing date (published on May 31, 2014).

FINANCIAL SUMMARY

The City makes no financial contributions to the District. All fees, costs, and expenses incurred are paid from the proceeds of the annual assessments to be levied and collected on the San Joaquin County tax roll. The use of the funds collected within the various Zones of this District are restricted by Proposition 218 and pay only the expenses related to the maintenance and operation of the specific Stormwater Quality Treatment Device(s) detailed in the original Engineer’s Report for each Zone. The funds collected from the property owners of a Zone can only be used for work on the device(s) in that specific Zone as it imparts special benefit restricted to the properties of that area. District funds are segregated and cannot be used to operate, maintain, or support the activities of the stormwater, or any other utility at large.

No significant changes have been made from the Fiscal Year 2013-2014 to the Fiscal Year 2014-2015 actual assessment rates for each Zone.

Administrative and operational costs for the maintenance of the stormwater treatment basin in Cannery Park Zone 2B are proportionately spit with the City’s Stormwater Utility as the basin is also used for flood control purposes. Cannery Park Zone 2B is the only Zone within the District that maintains a device with dual function.

There is no impact to the General Fund, or any other unrestricted fund, from this action.

Attachment A - District Zones Location Map
Attachment B - Summary of Zone Budgets