



**CITY OF LATHROP
MAINTENANCE DISTRICT ANNUAL
ASSESSMENTS**

June 10, 2024
Item No. 5.1

OVERVIEW

1. Maintenance Districts

- What are Maintenance Districts?
- City's Maintenance Districts
- Maintenance Districts Annual Review
- Fiscal Assessment (Summary and by District)

2. Conduct Public Hearing

- Approve Fiscal Year 2024/25 Assessment of Maintenance Districts
- Next Steps for Maintenance Districts



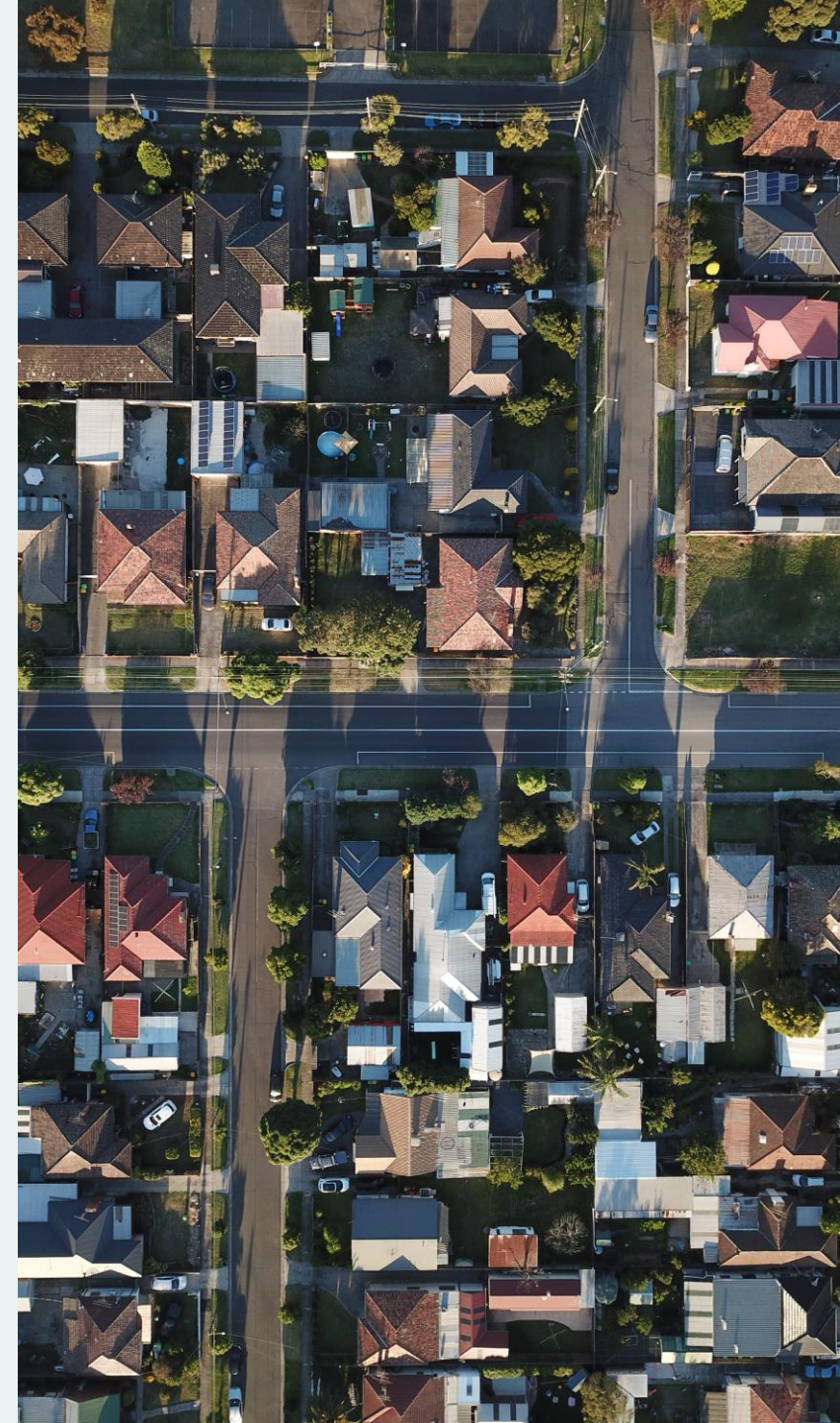
WHAT ARE MAINTENANCE DISTRICTS?

Special assessments (taxes) provide benefitting property owners the opportunity to pay for enhanced landscaping and related improvements, maintenance and services beyond those generally provided by the City.

Most maintenance districts are formed at the time a development is built.



Currently, about 1 in 3 properties in California is part of an assessment district.



CITY'S MAINTENANCE DISTRICTS

The City's Districts have been divided into benefit zones to establish a reasonable, fair, and consistent method of apportioning special benefits to each parcel.

In Lathrop, Districts generate revenue from special assessments which provide funding for various services such as:

- **Parks** – including playground equipment, basketball courts and restrooms
- **Public lighting facilities** – including street lighting and traffic signals
- **Public Safety** – Police and Animal Control
- **Streetscapes**
- **Storm drains/Flood control**

Assessment revenues can only be increased by the limits set at the time the district was created. (e.g.: escalation factor)

City's Districts:

1. Industrial Lighting
2. Residential Lighting
3. Mossdale Landscape and Lighting
4. Stonebridge Landscape
5. Stonebridge Drainage and Lighting
6. Storm Drain Zone 1
7. Storm Drain Zone 1A
8. Woodfield

MAINTENANCE DISTRICTS ANNUAL REVIEW

Maintenance Districts rates are reviewed annually by staff before they are presented to Council for consideration and approval.



FISCAL ASSESSMENT — SUMMARY

- Districts are designed to be self-sufficient entities meaning its revenues should equal its expenditures.
- Districts with an escalator are more sustainable long-term than the ones without. Lathrop has created districts with and without escalation factors.
- When Districts' revenues are not enough to support its spending, a General Fund subsidy is required.

Key Terms

Escalation Factor: Factor used to increase revenues as needed (usually between 2-5%).

General Fund Subsidy: General Fund contribution when districts' revenues cannot cover all of its expenditures.

Districts can only be modified (add an escalation factor or increase its annual rate) by a Proposition 218 process where the majority of the residents in the district agree to the increase.

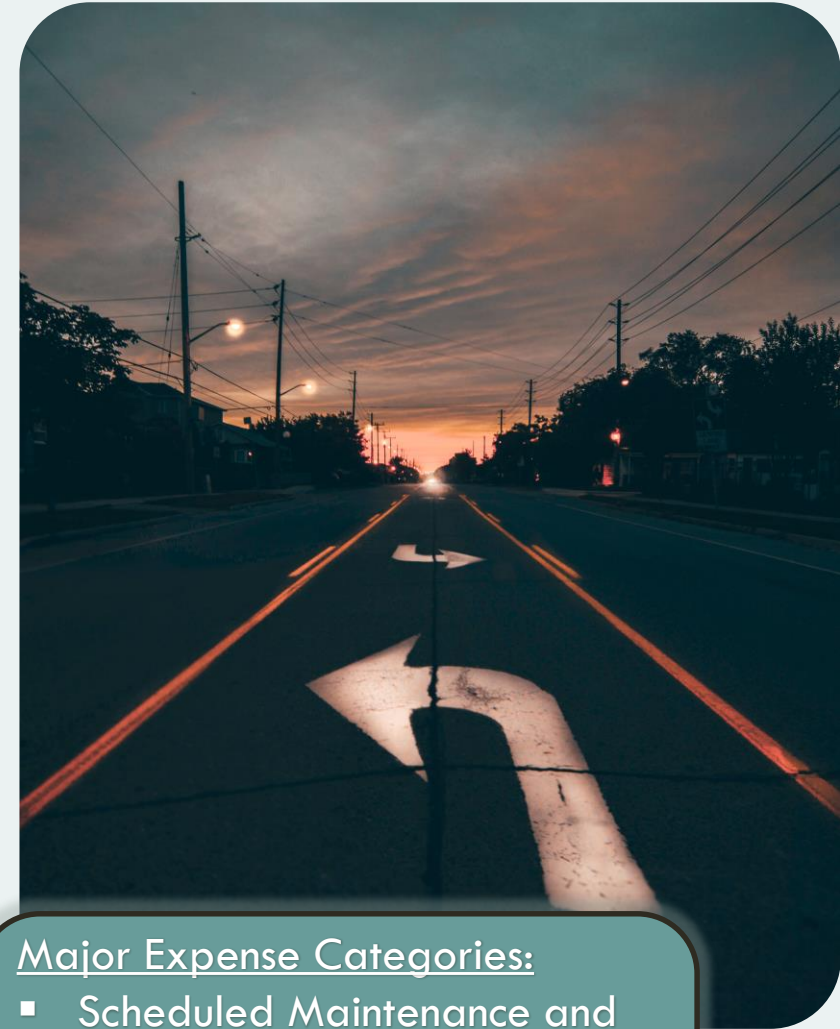
FISCAL ASSESSMENT — BY DISTRICT

Street Lighting

- Established in 1999 to support the maintenance, operations, and services of the City’s Industrial and Residential Street Lighting improvements.
- Annual escalator for Residential is the higher of 3% or the Consumer Price Index (CPI). CPI for 2023 is 2.62%.
- Annual escalator for Industrial is the annual Consumer Price Index (CPI), not to exceed 3%. CPI for FY 2023 is 2.62%.

Street Lighting	Residential (3%)	Industrial (2.62%)
Beginning Fund Balance:	\$ 279,385	\$ 168,060
Assessment Revenues	151,804	67,867
Assessment Expenses	(143,031)	(77,701)
General Benefit Contribution (GF)	<u>10,000</u>	<u>14,100</u>
Ending Fund Balance:	\$ 298,157	\$ 172,326

For FY 24/25, General Fund contribution of \$24,100 is needed.



Major Expense Categories:

- Scheduled Maintenance and Streetlight Repairs
- Electric Charges for Streetlights (approx. 526 – per PG&E data)

FISCAL ASSESSMENT — BY DISTRICT

Mossdale Landscape & Lighting

- Established in 2004 to support the maintenance, operations, and services of the Mossdale Landscape and Lighting improvements.
- 3% annual escalator (Proposed assessment of \$320.07 – max assessment of \$320.07).

Mossdale Landscape and Lighting		
Beginning Fund Balance:	\$	186,159
Assessment Revenues		718,558
Assessment Expenses		<u>(781,836)</u>
Ending Fund Balance:	\$	122,881

Major Expense Categories:

- Contracted Landscaping Services
- Water & Electric Charges for Streetlights (approx. 823 – per PG&E data)



FISCAL ASSESSMENT — BY DISTRICT

Storm Drain Zone 1

- Supports the maintenance, operations, and services of the Zone 1 Storm Drainage Improvements.
- Rate unchanged since Fiscal Year 1996/97 – District created without an escalator.

Major Expense Categories:

- Personnel
- Communication Equipment
- Contracted Services

Storm Drain Zone 1	
Beginning Fund Balance:	\$ 98,487
Assessment Revenues	239,253
Assessment Expenses	(426,689)
General Benefit Contribution (GF)	<u>178,520</u>
Ending Fund Balance:	\$ 89,570

For FY 24/25, General Fund contribution of \$178,520 is needed.



FISCAL ASSESSMENT — BY DISTRICT

Storm Drain Zone 1A (Crossroads)

- Supports the maintenance, operations, and services of the Crossroads Storm Drainage improvements.
- Rate unchanged since Fiscal Year 1996/97 – District created without an escalator.

Storm Drain Zone 1	
Beginning Fund Balance:	\$ 157,544
Assessment Revenues	113,394
Assessment Expenses	(162,387)
General Benefit Contribution (GF)	<u>50,000</u>
Ending Fund Balance:	\$ 158,551

Major Expense Categories:

- Personnel
- Maintenance and Repairs
- Communication Equipment
- Water & Electric Charges

For FY 24/25, General Fund contribution of \$50,000 is needed.

NEXT STEPS

City Council’s Action:

- Hold a Public Hearing;
- Approve Fiscal Year 2024/25 Assessment of Maintenance Districts

District	FY 23/24 Rates	FY 24/25 Proposed Rates	Change	Notes
Street Lighting - Industrial	\$ 8.59 to \$ 43.79	\$ 8.82 to \$ 44.94	\$0.23 to \$1.15	2.62% CPI escalator
Street Lighting - Residential	\$ 9.04 to \$ 68.74	\$ 9.31 to \$ 70.80	\$0.27 to \$2.06	3% max escalator
Mossdale Landscaping and Lighting	\$ 310.75	\$ 320.07	\$ 9.32	Max assessment of \$320.07 (3%)
Storm Drain Zone 1	\$ 112.52	\$ 112.52	\$ 0	Rate unchanged since FY 1996/97
Storm Drain Zone 1A (Crossroads)	\$ 199.92	\$ 199.92	\$ 0	Rate unchanged since FY 1996/97

City Council’s Action Needed:

- Approve the final Engineer’s Report for all Districts and order the levy and collection of annual assessments for FY 2024/25.
- Once approved, the assessment information will be submitted to the County Auditor-Controller’s Office for levy.