



# city of **RANCHO CUCAMONGA**

## **AGENDA**

### **CITY COUNCIL**

### **SPECIAL MEETING**

**WEDNESDAY, FEBRUARY 18, 2015 ✧ 2:00 P.M.**

Tri-Communities Room ✧ City Hall  
10500 Civic Center Drive ✧ Rancho Cucamonga, CA 91730

#### **A. CALL TO ORDER:**

A1. Pledge of Allegiance

A2. Roll Call: Mayor Michael  
Mayor Pro Tem Spagnolo  
Council Members Alexander, Kennedy and Williams

#### **B. COMMUNICATION FROM THE PUBLIC:**

**This is the time and place for the general public to address the City Council on only those items listed on the agenda.** State law prohibits the Council from addressing any issue not previously included on the Agenda. The Council may receive testimony and set the matter for a subsequent meeting. **Comments are to be limited to five minutes per individual or less, as deemed necessary by the Mayor, depending upon the number of individuals desiring to speak.** All communications are to be addressed directly to the Council, not to the members of the audience.

**This is a professional business meeting and courtesy and decorum are expected.** Please refrain from any debate between audience and speaker, making loud noises, or engaging in any activity which might be disruptive to the decorum of the meeting. The public communications period will not exceed one hour prior to the commencement of the business portion of the agenda. During this time period, all those who wish to speak on an item contained in the agenda will be given priority, and no further speaker cards for this item will be accepted once the business portion of the agenda commences.

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## **C. ITEMS OF DISCUSSION:**

- P1 C1. REVIEW OF RESULTS FROM THE WEST-SIDE PARKS AND STREET LIGHTING DISTRICTS PUBLIC ENGAGEMENT PROJECT, AND CONSIDERATION REGARDING NEXT STEPS.**

## **D. ADJOURNMENT**

I, Marie Macias, MMC, Interim City Clerk Services Director, of the City of Rancho Cucamonga, hereby certify that a true, accurate copy of the foregoing agenda was posted on February 12, 2015, per Government Code 54954.2 at 10500 Civic Center Drive, Rancho Cucamonga, California, and on the City's website.

# STAFF REPORT

ADMINISTRATIVE SERVICES GROUP



**Date:** February 18, 2015

**To:** Mayor and Members of the City Council  
John R. Gillison, City Manager

**From:** Lori Sassoon, Deputy City Manager/Administrative Services  
Bill Wittkopf, Public Works Services Director  
Ingrid Bruce, Special Districts Manager  
Erika Lewis-Huntley, Management Analyst III

**Subject:** **REVIEW OF RESULTS FROM THE WEST-SIDE PARKS AND STREET LIGHTING DISTRICTS PUBLIC ENGAGEMENT PROJECT, AND CONSIDERATION REGARDING NEXT STEPS**

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## **Background**

In September 2013, the City Council held two study sessions to discuss various options regarding the serious structural deficits in several of the City's West-Side parks, landscaping, and street lighting districts. The Council engaged in considerable discussion regarding the fiscal challenges in these districts, the diversity among the amenities provided in various areas, the need to involve the community in discussing the options, and the importance of an intense communication effort regarding the issues before any decisions were made. The Council will recall that the proposed plan would replace the existing West-side parks and street lighting districts, which have not had rate increases in more than 20 years, with eight (8) new neighborhood-based districts so that each property pays a single, updated rate for the services provided to that property that is equivalent to the costs to provide that service. Implementation of the replacement districts would require approval by a majority of the property owners voting in a Prop 218 mail ballot process.

From September–December 2013, staff conducted a very focused and extensive community engagement effort, during which the City initiated a dialogue with property owners about their priorities for local parks, lighting and landscaping, and shared information as widely as possible regarding the services provided and fiscal realities, the proposed new structure of 8 community districts, and the possible community impacts if a new structure was not approved. The goal of this process was to allow property owners to make a fully informed decision regarding the options available. In January 2014, a statistically valid survey was conducted by EMC Research of property owner views regarding the implementation of maintenance reductions as compared to the establishment of the eight new districts and associated new assessment rates.

At the regularly scheduled City Council meeting on February 5, 2014, the City Council was presented with the survey results and property owner perspectives regarding the West-Side Parks and Street Lighting District process. At that time, the research showed that property owners valued well maintained, clean and attractive parks, trails, and landscaping, however most were not aware that these parks and lights are maintained by special property assessments. A majority of West-side property owners did not support the proposed West-side district structure and its related assessment rates.

## **Update on Budget-Balancing Measures & Community Engagement Efforts**

Given the lack of majority community support for the replacement districts plan at that time, staff was directed to implement a set of budget-balancing measures in LMD 1 and PD 85 that were adequate in the near term to bring revenues and expenditures nearly into alignment, while continuing to backfill

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SLD 2 with Gas Tax funds. These measures were in addition to the reductions that had already been in place for the last several years. Further changes included reducing park maintenance to less than a "C" service level, reducing mowing and overall maintenance, naturalizing green space, deferring replacement of equipment, reducing staff and contracting for more services, partnering with sports and equestrian groups to maintain sports fields and the equestrian facility at Heritage Park, and temporarily draining and fencing the Red Hill lake feature while developing more efficient maintenance options. Other measures implemented include the establishment of new fees for the use of City sports fields by out-of-town sports organizations, as well as adoption of a new Park Maintenance Fee for the use of picnic shelters, sports fields, and special event areas. A comprehensive summary of the budget-balancing measures to date can be found in Attachment #1.

While these maintenance changes took place, staff has continued the outreach effort to provide information and gather feedback regarding the West-side districts issues and options. In addition to the previous outreach methods (i.e., informational letters, fliers, postcards, newsletter articles, presentations at community meetings, a dedicated page on the City website, online surveys, social media, electronic billboards, RCTV-3 bulletins, videos, and informational booths at community events), staff also employed new strategies to continue the dialogue with residents. An interactive community engagement website, [www.RCCommunityIdeas.com](http://www.RCCommunityIdeas.com), was launched to provide a virtual Town Hall environment where residents can learn more and provide feedback. The City created a special edition of the Rancho Reporter newsletter focused on the assessment districts, as well as an electronic newsletter to provide monthly updates on the status of the districts. Park signage with direct messaging encouraging the community to join the conversation on the West-side Districts was also used. A comprehensive summary of the communication efforts employed during this community engagement project can be found in Attachment #2.

This most recent engagement effort spanning the last year, culminated in a telephone survey conducted by EMC Research in December 2014. The survey was conducted in four of the eight proposed new districts to see if attitudes towards the proposed West-side districts structure had changed following the nearly yearlong community engagement process and the implementation of the budget-balancing measures. The survey results indicate that even after extensive outreach and moderate service cuts, awareness and support for the assessment has remained virtually unchanged. Results show that trust in the City remains very high and the vast majority of residents continue to feel that the parks, trails, and facilities are well maintained. Awareness of the current assessment remains low and anti-tax sentiment persists; more than half of residents agree they are likely to oppose a new tax measure no matter what it is for.

### **Moving Forward: Consider West-side Community Facilities District (CFD)**

Implementation of the budget-balancing measures has balanced revenues and expenditures in PD 85 and LMD 1, at least in the short term. That state of balance, however, is a fragile one, as reserves remain depleted, and capital repairs in the parks cannot be deferred indefinitely; as water, electricity, and contract labor costs rise, the budget will once again be out of balance. Gas Tax funds continue to make up the deficit in SLD 2, which diminishes the City's ability to repair and repave our City streets as they age. The structural budget deficits that result from increasing costs and flat revenue must ultimately be addressed, either with significant reductions in maintenance expenditures, or with property owner approval of adjusted assessment rates. In summary, while we are in budget balance today, the medium and long-term problem remains unsolved.

Property owners have provided the City with insight into their perspectives regarding the West-side eight districts concept. It is clear that Prop 218 elections are not viable in any of the proposed districts, so staff would not recommend pursuing those elections. However, as we have been discussing over the last several years, several of these large districts are now at a financial tipping point.

Given the immediate need to address these issues and the community's opinions regarding the 8 district plan, staff recommends proceeding with an alternative option. The Council may recall that the CFD option is one that was considered early in the process of looking at the West-side districts. One advantage is that its legal structure permits a single large district, which is no longer a feasible option under assessment district law. The CFD, if approved, would completely dissolve the existing West-side districts and establish one large district. The formula would include a tiered residential rate so when a property is sold for the first time it would increase to a higher rate, as well as provide for an annual inflator. The distinct disadvantage with a CFD is that it requires two-thirds approval by voters.

In the West-side CFD scenario, assuming services were to be restored to a "B" level, the residential rate would be approximately \$89 per year per residential unit, with a 50% discounted rate for low income seniors. Commercial and industrial rates vary. With the implementation of the West-side CFD, over 1/3 of the residential property owners would actually see a decrease in their rate, while the majority of the remaining 2/3 would see an average increase of \$58 per year.

EMC Research conducted a separate survey in January 2015 of likely voters in the west-side of Rancho Cucamonga to test the viability of this West-side CFD as an alternative. Staff from EMC Research will present an overview of the survey results to the City Council at its February 18<sup>th</sup> meeting. In summary, the research shows that only a simple majority of west-side voters support the CFD initially, which is below the two-thirds needed to pass. Although support for the tax is low, support for the projects is very high. As with the property owners, information about safety, accountability, and clean, enjoyable parks are the most important among west-side voters. The research showed that hearing additional information, specifically the benefits of the program, has a big impact on west-side voter support, boosting it nearly 15 points. Although peak support obtained for the CFD in the survey still lags six points under the two-thirds required for approval, this is without any community outreach on this specific option. Therefore, in order for a CFD measure to be successful, there will need to be a very well-planned public information campaign effort.

#### **Alternative Options Considered and Not Recommended**

Given the results of the extensive community outreach, the results of the opinion surveys, and the immediate need to address the fiscal challenges in the West-side districts, at this time, a CFD is the best of the available options. Staff also considered other alternatives to the West-side CFD, however, the other options discussed below are less viable and not recommended.

- **Consider a Citywide CFD.**

A preliminary look at one large citywide CFD indicates it would be very difficult because the city's population distribution is skewed to the west and would require extensive engineering efforts to determine costs and rates. This option would require extensive planning, research, and analysis regarding the issues.

- **Make reductions in other General Fund programs, and use General Fund dollars to backfill existing districts.**

This option is not recommended, for several key reasons. First, cutting General Fund programs to help West-side districts would cause services citywide to decline, while the resulting savings would only benefit West-side property owners. Secondly, property owners in most of the planned communities (LMD's 2, 4, and 6) have recently voted to increase their assessments in order to preserve maintenance levels. In LMD 8, when residents did not approve an assessment rate increase, maintenance was cut and in some cases totally discontinued. Consistency and fairness across the community would advise that this pattern continue, with each district being required to live within its means.

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- **Use General Fund reserves to backfill existing districts.**

When facing difficult budget decisions, stakeholders often point to reserves as a possible source of immediate relief. The use of reserves is certainly appropriate for capital expenditures, or in extenuating economic circumstances, such as the City's temporary use of reserves to moderate the impact of the recent recession.

The budget deficits in the West-side districts are not one-time challenges; they are structural in nature and can only be expected to worsen, not get better. The use of one-time funds (reserves) for ongoing expenditures is not in keeping with Rancho Cucamonga's history of prudent fiscal practices and would have long-term negative financial consequences. It would negatively affect the City's credit rating, negatively impact the replacement and repair of citywide facilities and equipment, and negatively impact the ability to fund future infrastructure projects. It would also raise the same issues of consistency and fairness between property owners in these areas and the other assessment districts. Staff would strongly recommend against the use of reserves to backfill the existing districts.

### **Recommendation**

Given the immediate need to address the fiscal challenges of the West-side districts and the community's opinions expressed through the extensive community engagement efforts and polling surveys, staff recommends a West-Side Community Facilities District as the most viable option for a long-term revenue source. Staff recommends that the City Council consider a West-side Community Facilities District and provide direction to staff at the next regularly scheduled City Council Meeting on March 4, 2015.

The process for establishing the CFD requires specific actions by the City Council and subject property owners. The City Council acting as the legislative body for the proposed CFD will need to adopt a resolution formally starting the process for formation of the CFD. At the March 4<sup>th</sup> meeting, staff will provide a legal schedule and the costs of placing a CFD measure on the ballot.

### **Attachments:**

- 1) Summary of Budget-Balancing Measures
- 2) Summary of Community Engagement Efforts

**Proposed Budget-Balancing Measures in LMD 1 and PD 85****Phase I – January 2014****LMD 1**

To continue addressing some of the current and future shortfalls in LMD1, the Public Works Services Department has developed a cost savings and service area reduction plan for Bear Gulch Park, East & West Beryl Parks, Church Park, Golden Oak Park, Hermosa Park, Old Town Park and the landscape areas within LMD1.

- All sports field maintenance will be performed by the sports group scheduled for that site during their playing season. City staff will provide oversight and maintenance of the irrigation systems and facilities. City staff will also perform turf and field renovation during the 8-10 weeks of scheduled closure period.
- Removal of sports field mowing and annual fertilization and aerification from the current maintenance contract.
- Change to year round bi-weekly mowing for all general use park areas.
- Reduction of Operations and Maintenance accounts.
- Eliminate one full-time Maintenance Worker position.
- Fully contract out the maintenance of Golden Oak Park, Hermosa Park and Old Town Park. These parks could be maintained through contract services.
- Cost savings in landscape areas due to service reductions and/or abandonment of locations.
- Eliminate all part-time positions.
- Do not replace broken equipment.

**PD 85**

All sports field maintenance will be performed by the sports group scheduled for that site during their playing season. City staff will provide oversight and maintenance of the irrigation systems and facilities. City staff will also perform turf and field renovation during the 8- 10 weeks of scheduled closure period.

- Removal of sports field mowing and annual fertilization and aerification from the current maintenance contract.
- Change to year round bi-weekly mowing for all general use park areas.
- Reduction of Operations and Maintenance accounts.
- Turn over the equestrian center at Heritage Park to an outside management company or group.
- Perform water audit and turn off the water to the large mulch areas.
- Redesign Lake Feature.
- Do not backfill two recently vacated positions.
- Operate all lighting at these facilities during assigned park hours only. The site goes dark when the park is closed (not implemented due to safety concerns).
- Eliminate all part-time positions.
- Do not replace broken equipment.

**Phase II – January 2015**

**LMD1**

**Contract Landscape Areas:**

- All common areas sites will only receive the most basic level of service. This is a level of service less than "C".
- Stopped irrigation repairs. We will turn water off to the area that is broken and log the site for future repair.
- Stopped all projects within this district.
- Reduced water consumption by 35% only applying enough water to keep landscape material alive.
- Removed turf to reduce water and maintenance costs.
- Only completing emergency and safety repairs as necessary.

**Parks:**

- Maintaining a bi-weekly mowing schedule.
- There will be no significant field or turf renovation work.
- Basic park maintenance handled by contract at minimum level (approximately "C" level).
- Reduced water consumption by 35%.
- Stop all facility and playground repairs except for emergency and safety related items.

**PD85:**

- Reducing our water usage by 50% by turning off the water to most areas in the park. Only watering the Sports Turf areas, around the playgrounds and entries.
- Tree planted areas at Red Hill and Heritage are being deep watered 1x/month.
- Redwood grove at Red Hill is being watered regular, alternating with potable water from the building due to plant decline from excessive salts in the water.
- Stop all facility and playground repairs except for emergency and safety related items.
- General park maintenance services are being provided at a minimum level (approximately "C" level).

**ATTACHMENT 2:****Summary of West-Side Districts Community Engagement Efforts**

- The City mailed out two informational mailers in December 2013. The first mailer provided property owners with a survey to discuss issues concerning their neighborhood parks and lighting districts. Each mailing totaled over 26,000 mailers.
- The City set up an online survey mimicking the mailer survey using Survey Monkey. Between the two surveys the City received over 1,400 responses.
- The City had articles featured in the 909 Magazine, school newsletters, and the Alta Loma Riding Club newsletter.
- The City mailed out an Informational letter and Frequently Asked Questions article to community leaders.
- Over the last five months, two different Parks and Lighting informational messages have been posted to the Electronic Billboards on Archibald and Foothill and the 15 freeway.
- A dedicated City website ([www.cityofrc.us/districts](http://www.cityofrc.us/districts)) was created to provide property owners to get the latest information concerning the Proposed Districts and have access to the online survey. Additionally, a GIS web application was developed that allowed property owners to determine their current and proposed assessments.
- A total of 35 presentations have been done since October 2013 at City boards and commissions, Council, school boards, real estate group, sports groups, Superintendents' meetings and individual homeowners.
- The City asked school district and sports groups to share the City's Proposed Parks and Lighting District information with their participants.
- City staffed manned an informational booth for four consecutive Saturday's in November at Red Hill Park.
- Staff has continually dispersed informational signage and flyers at libraries, community centers and City Hall.
- Staff sent three informational emails using Constant Contact software on the current status of the districts. The first was sent on February 13, 2014 to 598 contacts, the second email was sent on April 8, 2014 to 1,022 contacts, and the third was sent on May 8, 2014 to 1641 contacts. The contacts were developed from the responses to the City survey, Constant Contact signups and through the City's webpage.
- City staff utilizes social media sites Facebook and Twitter to update property owners on the most current information and status of the Proposed Districts.
- City staff has developed a new interactive Community Engagement website [www.RCCommunityIdeas.com](http://www.RCCommunityIdeas.com) utilizing MindMixer. The purpose of this site is to engage the community and increase awareness of current issues pertaining to the Special Assessment Districts on the West-side. This includes neighborhood parks, street lighting, and the Lake at Red Hill Park.

- Staff has developed eight different postcards to hand out at city events and city facilities bringing increased awareness to the current issues relating to the Special Assessment Districts on the West-Side. Additionally, staff has developed posters based on the postcards and provided the posters to local little leagues to post at the games.
- City staff emailed the RC Connection E-newsletter in April and May 2014 to over 15,000 contacts highlighting the issues related to the Special Assessment Districts on the West-side.
- Staff developed a special informational Rancho Cucamonga Reporter insert for the Summer 2014 Edition of the Grapevine. This eight page special edition focused on “Your Neighborhood Districts” and how the City is sharing information on Landscape Maintenance and Lighting Districts, how the City funds our parks and street lights, re-imagining a more sustainable and energy-efficient Red Hill Lake, partnerships with sports groups, and more.