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DATE: May 5, 2025

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Delana Bradford, MBA - Management Analyst II, Public Works Department  
Kent Carothers, PE - City Engineer, Public Works Department  
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SUBJECT: Resolution Declaring Intention to Levy and Collect Assessments Within the City's Landscape Assessment Districts, Accepting the Engineer's Report, and Giving Notice of the Time and the Place of the Public Hearing on the Levy of the Proposed Assessments for Fiscal Year 2025/26

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### **RECOMMENDATION**

It is recommended that the City Council approve the Resolution Declaring Intention to Levy and Collect Assessments Within the City's Landscape Assessment Districts, Accepting the Engineer's Report, and Giving Notice of the Time and the Place of the Public Hearing on the Levy of the Proposed Assessments for Fiscal Year 2025/26.

### **BACKGROUND**

Each year, in accordance with the California Streets and Highways Code Sections 22620 through 22631, the City Council must initiate proceedings to set annual assessments for the Landscape Assessment Districts (LADs). This year, the program is undergoing an extensive analysis, resulting in several notable changes which are outlined in the Discussion section below.

The City currently has 50 LADs within its limits, of which 43 are active, all of which encompass public landscaped areas. These districts were established to maintain various common amenities—such as medians, islands, frontage strips, pathways, sound walls, fences, and irrigation systems—associated with each subdivision. The Engineer's Report outlines the specific scope of services for each district, which must be approved by the City Council and is attached for reference. Annual LAD maintenance costs are equitably distributed among private parcels within each district and collected on behalf of the City through the County's property tax process. The City manages fund balances for each district and oversees expenditures for both routine upkeep and necessary repairs. An annual public hearing is required to finalize the assessments; this action formally sets that hearing for July 7, 2025.

## DISCUSSION

Over the past decade, the LAD program has encountered significant financial challenges as assessment levels have not kept pace with rising labor, materials, and service costs, a trend seen in many California municipalities. Consequently, some LADs have struggled to maintain sufficient fund balances to cover essential maintenance activities. Despite these difficulties, the City remains committed to preserving these spaces for both public safety and the overall aesthetic appeal of Petaluma, ensuring the community continues to benefit from well-kept, vibrant shared areas.

This year, the City of Petaluma engaged NBS, a public finance consultant, to guide the review and restructuring of the City's LAD program. NBS offers expertise in four main areas:

- **Assessment Analysis:** Evaluating current assessment structures and recommending updates
- **Boundary & Asset Review:** Using GIS data to clarify each district's responsibilities and financial outlook
- **Financial Planning:** Preparing short- and medium-term projections to help prevent future funding gaps
- **Community Outreach & Training:** Supporting engagement efforts and working with City staff to facilitate public discussions

Based on NBS's initial findings, some immediate changes are proposed to enhance the long-term financial sustainability of the LAD program. This upcoming year, sixteen districts will see assessment increases of up to 50%<sup>1</sup> (the highest assessment increase being \$71.77 over the course of the year), ensuring revenues align with service costs and bringing these districts closer to their authorized maximum assessment levels. An additional four districts will see a 2.7% increase tied to the Consumer Price Index (CPI) of February 2025, as permitted by their original formation documentation and reflecting annual increases in operational expenses. Twenty-three of the districts will receive the standard 2% increase, and the seven currently inactive districts will remain unchanged.

Increasing the assessments this year will help stabilize funding for critical maintenance and improvements, ensuring the long-term vitality of Petaluma's public landscapes. With adequate resources, the City can continue to provide safe, attractive, and environmentally responsible open spaces, medians, and other key areas and support the goals contained in the City's Blueprint for Climate Action. The resulting enhancements, from more reliable irrigation to regular upkeep, support public safety, bolster property values, and enhance the overall quality of life in Petaluma, ultimately reflecting the City's commitment to a vibrant, well-maintained community, enhancing the City's green infrastructure and greenhouse gas sequestration potential.

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<sup>1</sup> These districts are currently assessed at levels significantly below the maximum rates originally approved. Under the law, increasing the assessments up to the authorized amount is permitted. When the districts were formed, the Engineer's Report established the maximum assessment at 100% of the proposed rate; however, the City has only been levying a percentage of that amount. The proposed increases are intended to bring actual assessments in line with the levels previously approved by the City Council and supported by voters in each Landscape Assessment District (LAD), ensuring adequate funding for the maintenance and improvements originally envisioned for each district.

Each year, in compliance with the Streets and Highways Code, the City Council must complete a three-step process to set annual assessments for the LADs, ensuring sufficient funding for landscape maintenance. On April 21, 2025, the Council took the first step by adopting a resolution initiating proceedings for the annual levy of assessments and ordering the preparation of an Engineer's Report for Fiscal Year 2025–2026.

The next step is to approve the attached Resolution Declaring Intention to Levy and Collect Assessments within the LADs, accept the Engineer's Report, and provide notice of the time and place of a Public Hearing on the proposed assessments for FY 2025–2026. This Public Hearing is scheduled for July 7, 2025, and notice will be published in the *Argus-Courier* on May 23, 2025. The hearing will allow for additional public comment, after which the Council may consider adopting the Resolution Ordering the Levy and Collection of Assessments for FY 2025–2026. If approved, this final resolution and the assessments will be submitted to the Sonoma County Auditor-Controller by August 10, 2025, for inclusion on the 2025–2026 property tax bills mailed in the fall. Property owners would then pay these assessments with their property taxes, which are due on December 10, 2025, and April 10, 2026.

### **PUBLIC OUTREACH**

This agenda item appeared on the City's tentative agenda document on April 21, 2025, which was a publicly noticed meeting.

In compliance with Streets and Highways Code Section 22626(a), a Notice of Public Hearing will be published in the *Argus-Courier* on May 23, 2025. As part of the scheduled City Council meeting, this Hearing will consider all oral or written protests made or filed by any interested person and will consider and act upon the Engineer's Report for the districts.

Public outreach for the LADs began with a district-specific survey launched on March 17, 2025, which will remain open through May 16, 2025. This survey allows property owners and residents to provide input on current maintenance practices, funding structures, and potential improvements within their respective districts. By gathering firsthand feedback, City staff can better tailor future strategies to the specific needs and priorities of each community.

Building on the survey's results, the City will hold a series of virtual meetings dedicated to each district. These targeted sessions will enable parcel owners to receive detailed information on the unique conditions, funding constraints, and service levels of their district, and ask questions directly to City staff and consultants. Following these virtual meetings, in-person forums will be offered based on each district's priority year, giving community members an opportunity to share feedback, voice concerns, and collaborate with staff on potential actions. Ultimately, this structured and multifaceted outreach effort is designed to encourage meaningful dialogue and foster a shared understanding of the path forward for each LAD.

## **COUNCIL GOAL ALIGNMENT**

### **1. A City That Works for Everyone**

Maintaining public landscapes through LADs ensures consistent, high-quality upkeep across all neighborhoods. This dedicated funding mechanism promotes equitable investment in Petaluma's shared spaces so that all residents benefit, fostering a sense of inclusion and civic pride citywide.

### **2. An Economy That Prospers**

Well-maintained medians, streetscapes, and open spaces help attract visitors, support local businesses, and increase property values. By preserving the city's visual appeal, LADs enhance Petaluma's competitive edge as a vibrant place to live, work, and do business.

### **3. An Environmental Legacy We Can Be Proud Of**

Landscaping and green infrastructure supported through LADs contribute to cleaner air, cooler urban temperatures, and healthier ecosystems. These sustainably managed public spaces further Petaluma's commitment to long-term environmental stewardship and climate resilience.

### **4. A Safe Community That Thrives**

Proper lighting, clear sightlines, and well-tended vegetation make public areas safer and more welcoming. LAD-funded maintenance deters vandalism and other crimes, which in turn helps foster a sense of security and wellbeing throughout the city.

### **5. Spaces and Places That Inspire**

By preserving Petaluma's distinctive character, Landscape Assessment Districts encourage beautification projects that energize the community. Inviting, well-designed landscapes also provide opportunities for recreation, gatherings, and cultural events—sparking creativity, connection, and a shared sense of place.

## **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

Petaluma's Landscape Assessment Districts help advance the City's climate and sustainability goals—such as carbon sequestration, reduced urban heat island effects, and water conservation—while also supporting education, volunteerism, and habitat conservation.

Currently, the City and its landscape maintenance contractor are reviewing vegetation in these districts to replace or supplement existing landscaping with more drought-tolerant species, thereby reducing water use. In compliance with the City's Integrated Pest Management Program (IPMP), staff are developing a plan to implement organic weed abatement methods, turning off irrigation during the rainy season, exploring the use of recycled water where feasible, and evaluating the efficiency of existing irrigation controller systems. Taken together, these measures bolster climate resilience and demonstrate Petaluma's commitment to responsible resource management.

Furthermore, the Blueprint for Climate Action contains a number of relevant actions that could be implemented through LAD maintenance. These actions include OSM-1: Local and regional sequestration projects, OSM-2: Carbon gardening campaign, OSM-4 Natural Open Space

Management framework, CLM-2 Comprehensive Land Management Plan, CLM-5: Compost application and monitoring; CLM-6: Model landscape gardens, and CLM-7: Plant walks.

### **ENVIRONMENTAL REVIEW**

The environmental analysis for compliance with the California Environmental Quality Act (CEQA) was completed with the formation of each LAD. Landscaping and lighting district assessments are exempt from the California Environmental Quality Act (CEQA) under Guidelines Section 15378(b)(4) because government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment is not considered a project. Any work performed with the assessed funds is categorically exempt under California Environmental Quality Act (“CEQA”) Guidelines, Sections 15301 (Existing Facilities) and 15304 (Minor Alterations to Land) as any improvements will occur within areas previously disturbed, and there are negligible or no expansion of use beyond what currently exists and there are no cumulative impacts, unusual circumstances or other factors that would make the exemption inapplicable pursuant to CEQA Guidelines section 15300.2.

### **FINANCIAL IMPACTS**

The proposed action is necessary to place charges on the tax roll by August 10, 2025, which fund LAD maintenance and operations for the fiscal year.

The recommended assessment increases described above will generate an estimated \$67,500 in additional revenue for FY 2025–2026, thereby partially reducing the current program deficit of approximately \$349,000. Aligning assessment levels with actual maintenance costs is crucial to maintaining healthy fund balances in special districts and preventing more severe financial shortfalls. Moreover, the City’s broad community engagement efforts, which may culminate in Proposition 218 processes for select districts that opt to raise assessments, are designed to further reduce the deficit and align with transparent, community-focused approaches.

### **ALTERNATIVES**

If the LAD assessments are not renewed for the upcoming fiscal year, the City would either need to identify alternative funding sources to cover maintenance activities or significantly curtail or suspend existing services.

### **ATTACHMENTS**

1. Resolution
2. Engineer’s Report
3. Notice of Public Hearing