

**MOORPARK CITY COUNCIL  
AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Mary K. Lindley, Parks, Recreation & Community Services Director 

**DATE:** August 25, 2008 (CC Meeting of September 3, 2008)

**SUBJECT:** Consider Revisions to Landscape and Lighting Assessment District Capital Reserve Fund Balance Policy

**DISCUSSION**

Beginning in FY 2002/03, the City Council approved Engineer's Reports provided for a Capital Reserve Account for each Assessment Zone/District to ensure that any significant repairs, improvements, and replacement would be funded by the affected property owners. Such repairs, improvements, and repairs include, but are not limited to, walls, slopes, irrigation, monument signage, fences, and trails.

As provided for in the Engineer's Report, the Reserve Account is not to exceed an amount equal to three times (300%) the projected current annual operating budget for any Zone/District. When a Reserve Account exceeds that amount, the amount of the assessment is adjusted according to the CPI (maximum assessment), but the amount of the assessment levied upon the affected properties is reduced to an amount determined by the Assessment Engineer to be sufficient to fund the program for the next year, but not less than 10 percent of the maximum assessment amount. When the Capital Reserve falls below the established cap, the levy is adjusted upwards and maintained at, or about the 300% level. The City Council is being asked to revise the 300% Capital Reserve Account cap on all of the City's Landscape and Lighting Assessment Districts to 100% (equivalent to one year of projected current operating budget).

Due to the slow pace of development, often times properties are assessed for landscape and lighting improvements long before the City assumes responsibility for the maintenance of those improvements. As a result, the fund balance in these accounts builds up. To address this problem, it is recommended that the fund balance cap be reduced. Consistent with the current policy, it is staff's intent to perform CIP adjustment on all Zone/Districts, where applicable. Those that have a Capital Reserve Account balance of one year operating cost or greater will be assessed a levy amount commensurate to bringing the balance to within the approved cap range. When the

Capital Reserve Account balance falls below one year operating costs, the levy will be adjusted upwards, but not greater than the maximum rate. If approved, the one-year cap will not take effect until FY 2009/10.

At this time, the amount of the proposed assessment levy the Council will be asked to consider for the above identified Zones/Districts in FY 2009/10 is unknown. The Assessment Engineer and Finance Department will begin calculating annual operating costs and Capital Reserve Account balances around March 2009. All that can be known at this time is that the levy will fall somewhere between the Maximum Assessment and the revised one-year cap.

### **FISCAL IMPACT**

In the case of a major event such as slope failure or act of nature that destroys the improvements within the LMD's, there may not be sufficient funds in the Capital Reserves to make necessary repairs. However, the City would have the ability to recover such costs over one or more years by raising the levy to the maximum. The downside in such an event is that the City would need to loan the money to front the funds needed (if City funds are available) or use short term borrowing for such purposes. In either case, interest costs would also have to be funded by the Zone/District.

### **STAFF RECOMMENDATION**

Approve the Capital Reserve Account cap of one year's operating expense for the City's Landscape and Lighting Assessment Districts.