



Folsom City Council Staff Report

MEETING DATE:	6/24/2025
AGENDA SECTION:	New Business
SUBJECT:	Resolution No. 11403 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be known as the Natoma Station Maintenance Assessment District No. 2025-2
FROM:	Parks and Recreation Department

RECOMMENDATION / CITY COUNCIL ACTION

Staff recommends the City Council approve Resolution No. 11403 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be known as the Natoma Station Maintenance Assessment District No. 2025-2.

BACKGROUND / ISSUE

This action is for authorization to prepare the reports that will address the formation of a new landscaping and lighting district for the area known as Natoma Station. The new district would become Natoma Station Maintenance Assessment District No. 2025-2. If approved by a vote of the property owners, the new district would replace the existing Natoma Station Landscaping and Lighting District. Pursuant to Section 22611 of the Streets and Highways Code, all assets, liabilities, revenues, expenses and installments of the original Natoma Station Landscaping and Lighting District shall be transferred to, and assumed by, the Natoma Station Maintenance Assessment District No. 2025-2 for the continued maintenance and servicing of the improvements.

The Natoma Station Landscaping and Lighting District (District) was formed in 1990 and is one of the older districts within the City. There has not been an increase in the assessment since its formation and there is no escalator authorized on the assessment as well. There are 1272 single-family dwelling units within the district, and it was formed to maintain the landscaping and associated improvements along Iron Point, Blue Ravine, Turnpike, Black Diamond, and Natoma Station, as well as the subdivision's streetlights, landscape lighting, irrigation systems, open space, monument entry signage, soundwalls, art pieces, and mini parks. To comply with Proposition 218 pertaining to new or increased assessments, the City's engineer for assessment

district proceedings, NBS Government Finance Group, recommends the formation of a new landscaping and lighting district to fund the improvements and services that will convey a special benefit to the district's residents. The proposed district, which will replace the existing district upon voter approval, will cover the entire Natoma Station Landscaping and Lighting District.

POLICY / RULE

Formation of a new landscaping and lighting district is governed by the procedure set forth in Division 15, Part 2, Chapter 2, Sections 22585 *et. seq.* of the Streets and Highways Code.

ANALYSIS

Over the last several years, the City has been monitoring the revenue and expenses in the district. The current annual assessment of \$91.70 per single family equivalent (SFE) unit does not have an escalator built into it nor has it been increased since 1990. In addition, the current annual assessment rate has been unable to keep up with inflation or provide adequate revenue to maintain and service the improvements within the District.

The City initiated a public outreach program for the Natoma Station community with two public meetings that were held on June 17, 2022, and March 13, 2024. The intent of the meetings was to discuss the options and ideas for addressing the district's financial condition and develop a viable option that will ultimately be voted on and approved (or denied) by the property owners within the District.

Staff presented four potential options for this district that are as follows: 1) Reduce level of service based on current funding; 2) create a new district that would just cover budget deficit; 3) create a new district to address budget deficit and address some deferred maintenance; and 4) create a new district to cover deficit and address all deferred maintenance and provide some enhancements. There was thoughtful discussion to ensure those in attendance had their questions answered. As a result of these two public meetings, those in attendance were supportive of Option 4. Option 4 was put out to a vote of the District property owners and results were presented on April 8, 2025, at the City Council meeting. The results of the assessment proceedings narrowly failed with 49.65% voting in favor and 50.35% opposed.

Since the results were presented on April 8, 2025, staff have held two additional community meetings to discuss the results and the service reductions that will be necessary to align with the existing assessment revenue amounts. Meetings were held on May 20, 2025, and May 28, 2025. Meetings were well attended with approximately 50 community members at each meeting. Feedback from those in attendance was that there is community support to go forward with a new ballot proceeding with increased communication with the district residents. Staff have since updated the Natoma Station website to include all relevant documents and an updated facts sheet to increase transparency and access to information. The City communications team is assisting with outreach efforts utilizing social media including district specific social media pages.

The primary objective of forming a new district, which would have the same boundary as the existing district, is to specifically address deferred maintenance of the improvements within the district, debt repayment, plan for life-cycle replacements and repairs for years into the future and provide for an annual inflationary adjustment as needed. Such deferred items include outdated and un-centralized irrigation systems, replacement of missing landscaping, addressing tree care and implementation of water conservation measures such as replacing dead/dying trees and shrubs with water wise plantings, and LED streetlight retrofits. Should the new landscaping and lighting district be formed, it is proposed to complete many of the deferred maintenance improvements over the first few years as well as embark on the phased replacement plan for the older landscape areas.

The City has successfully created six new overlay districts with similar objectives and a similar process within the last fourteen years for American River Canyon North No. 3 created in 2007, Blue Ravine Oaks No. 2 created in 2011, Folsom Heights No. 2 created in 2013, Broadstone No. 4 created in 2015, Willow Creek Estates East in 2017, and Prairie Oaks Ranch No. 2 in 2021. These past assessment districts were overlay districts in addition to the original district. This district is proposed to replace the original district; this will allow us to reduce the costs of engineering reports annually and work from one appropriately funded budget for all district assets. The attached resolution proposes the initiation of a formation proceeding for a new landscaping and lighting district and directs the engineer to prepare and file the report outlining the proposed assessment.

The next steps are preparation of the Preliminary Engineer's Report scheduled for City Council on August 12, 2025, and the mailing of a notice which contains information about the formation of the proposed district and the levy proposed, as well as the time and place of the public hearing. The notice along with a ballot will be mailed to all property owners on or around August 19, 2025. The Final Engineer's Report is scheduled for public hearing on October 14, 2025. Prior to the approval of the Final Engineer's Report, the ballots received will be counted which is a process overseen by the City Clerk and open to the public. In the absence of a majority protest of the votes as weighted by assessment amount in accordance with Assessment Law against the imposition of a new assessment, the City Council may consider approving a resolution to approve the Final Engineer's Report, form the district, and authorize the levy and collection of the new assessments. The proceeding for the formation of a new assessment district shall be abandoned if a majority protest exists.

Historically Expenses Have Exceeded Revenues

The existing revenue from the collected assessments has been unable to fund the expected day-to-day unscheduled costs such as irrigation repairs, tree maintenance, and landscape replacements, as well as not being able to set aside funds for life-cycle costs in the district. As a result, the account balance as of April 30, 2025, was negative \$729,220. Significant cuts to service have been proposed in the budget which will slow the growth of the deficit, but without new assessment revenues the deficit will continue to grow as the cost of services increases over time. Expenses have exceeded revenues for several years, which highlights the need for additional assessment.

Revenues vs. Expenditures

Natoma Station					
	Actual	Actual	Actual	Adopted	Projected
	2021-22	2022-23	2023-24	2024-25	2025-26
Assessment Revenues	\$ 174,252	\$ 173,482	\$ 169,289	\$ 174,000	\$ 170,279
Expenditures	\$ 246,858	\$ 338,710	\$ 253,075	\$ 267,701	\$ 233,138
	\$ (72,606)	\$ (165,229)	\$ (83,786)	\$ (93,701)	\$ (62,859)
Account Balance April 30, 2025	\$ (729,220)				

FINANCIAL IMPACT

There may be a small fiscal impact to the general fund to provide for the proportion of the district that provides a general benefit, the majority of the costs associated with this district will be borne by the district and for the benefit of the district residents.

ENVIRONMENTAL REVIEW

The formation of a financing district maintaining and servicing existing landscaping and lighting improvements is not a project under the California Environmental Quality Act. No environmental review is required.

ATTACHMENT

1. Resolution No. 11403 - A Resolution Initiating Proceedings for the Formation of a Landscaping and Lighting Assessment District to be known as the Natoma Station Maintenance Assessment District No. 2025-2.

Submitted,

Kelly Gonzalez, Director
Parks & Recreation Department