



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	7/8/2025
<b>AGENDA SECTION:</b>	Public Hearing
<b>SUBJECT:</b>	Resolution No. 11431 - A Resolution Approving the Final Engineer's Report, Confirming the Diagrams and Assessments, and Ordering the Continued Levying of Assessments for Maintenance and Servicing of Improvements Within the City of Folsom Landscaping and Lighting Districts for Fiscal Year 2025-2026 for American River Canyon North, American River Canyon North No. 2, American River Canyon North No. 3, Blue Ravine Oaks, Blue Ravine Oaks No. 2, Briggs Ranch, Broadstone, Broadstone No. 4, Broadstone Unit No. 3, Cobble Ridge, Cobble Hills Ridge II/Reflections II, Folsom Heights, Folsom Heights No. 2, Hannaford Cross, Lake Natoma Shores, Los Cerros, Natoma Station, Natoma Valley, Prairie Oaks Ranch, Prairie Oaks Ranch No. 2, Prospect Ridge, Sierra Estates, Silverbrook, Steeplechase, The Residences at American River Canyon, The Residences at American River Canyon II, Willow Creek Estates East, Willow Creek Estates East No. 2, Willow Creek Estates South, and Willow Springs
<b>FROM:</b>	Parks and Recreation Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

Staff recommends the City Council adopt Resolution No. 11431 - A Resolution Approving the Final Engineer's Report, Confirming the Diagrams and Assessments, and Ordering the Continued Levying of Assessments for Maintenance and Servicing of Improvements Within the City of Folsom Landscaping and Lighting Districts for Fiscal Year 2025-2026 for American River Canyon North, American River Canyon North No. 2, American River Canyon North No. 3, Blue Ravine Oaks, Blue Ravine Oaks No. 2, Briggs Ranch, Broadstone, Broadstone No. 4, Broadstone Unit No. 3, Cobble Ridge, Cobble Hills Ridge II/Reflections II, Folsom Heights, Folsom Heights No. 2, Hannaford Cross, Lake Natoma Shores, Los Cerros, Natoma Station, Natoma Valley, Prairie Oaks Ranch, Prairie Oaks Ranch No. 2, Prospect Ridge, Sierra Estates, Silverbrook, Steeplechase, The Residences at American River Canyon, The Residences at American River Canyon II, Willow Creek Estates East, Willow Creek Estates East No. 2, Willow Creek Estates South, and Willow Springs

Creek Estates East, Willow Creek Estates East No. 2, Willow Creek Estates South, and Willow Springs.

### **BACKGROUND / ISSUE**

On June 10, 2025, the City Council adopted Resolution No. 11399 - A Resolution Approving the Preliminary Engineer's Report for the Following Landscaping and Lighting Districts for Fiscal Year 2025-2026 and Setting Public Hearing for American River Canyon North, American River Canyon North No. 2, American River Canyon North No. 3, Blue Ravine Oaks, Blue Ravine Oaks No. 2, Briggs Ranch, Broadstone, Broadstone No. 4, Broadstone Unit No. 3, Cobble Ridge, Cobble Hills Ridge II/Reflections II, Folsom Heights, Folsom Heights No. 2, Hannaford Cross, Lake Natoma Shores, Los Cerros, Natoma Station, Natoma Valley, Prairie Oaks Ranch, Prairie Oaks Ranch No. 2, Prospect Ridge, Siena Estates, Silverbrook, Steeplechase, The Residences at American River Canyon, The Residences at American River Canyon II, Willow Creek Estates East, Willow Creek Estates East No. 2, Willow Creek Estates South, and Willow Springs. The Engineer's Report for the City of Folsom Landscaping and Lighting (L&L) Districts addresses the annual assessment for each of the city's 30 existing Landscaping and Lighting Districts.

As was the case in Fiscal Year 2024-25, Natoma Station-Union Square L&L will not be assessed for Fiscal Year 2025-26 since the Homeowners' Association has elected to cover maintenance costs at this time.

At the June 10, 2025, City Council meeting, City Council directed the Engineer of Record to include a table within the Final Engineers Report to reflect revenues and expenses to further highlight operational deficits as well as the total District account balance as of April 30, 2025. Annual operational deficits are funded from the Landscape and Lighting Districts pooled cash account. Any reserve fund balance deficits are assigned to the specific district and is the ongoing financial responsibility of the district. Operating deficits can be reduced by annual reserve fund collections or a reduction in services provided to the district. The chart referenced below can be found on pages 44 and 45 in the June 2025 Final Engineers Report for Fiscal Year 2025-26.

## Revenue and Expense Table

District	Assessment Revenue FY 2025/26	Total Expense FY 2025/26	Revenue Less Expenses FY 2025/26	Fund Balance April 30, 2025	Reserve Fund Collection / (Contribution) FY 2025/26	Estimated Reserves (through December 31, 2025)	Installment Costs Reserve FY 2025/26	Estimated Reserve Fund Balance (June 30, 2026)
American River Canyon North	\$105,204.68	\$76,523.54	\$28,681.14	(\$209,611.26)	\$28,681.14	(\$51,015.69)	(\$66,341.79)	(\$298,287.60)
American River Canyon North No. 2	12,432.00	9,462.76	2,969.24	201,491.00	2,969.24	(6,308.51)	(219,802.08)	(21,650.35)
American River Canyon North No. 3	296,409.08	405,466.32	(109,057.24)	844,995.70	(109,045.72)	(163,644.21)	(839,133.48)	(266,827.71)
Blue Ravine Oaks	36,069.00	27,820.05	8,248.95	154,612.35	8,248.95	(18,546.70)	(104,648.88)	39,665.72
Blue Ravine Oaks No. 2	18,852.90	36,656.78	(17,803.88)	91,727.17	(17,803.88)	(24,437.85)	(103,125.00)	(53,639.56)
Briggs Ranch	80,575.10	206,320.37	(125,745.27)	(218,603.95)	(125,745.19)	(137,546.91)	(223,480.63)	(705,376.68)
Broadstone	395,641.38	577,040.63	(181,399.25)	264,562.78	(181,379.76)	(384,693.75)	(300,042.91)	(601,553.64)
Broadstone No. 3	38,256.88	31,058.65	7,198.23	33,330.10	7,207.70	(20,705.77)	(24,663.97)	(4,831.94)
Broadstone No. 4	105,453.34	158,498.03	(53,044.69)	(862,439.24)	(53,034.45)	(105,665.35)	(189,100.00)	(1,210,239.04)
Cobble Hills II/Reflections II	44,011.46	62,242.66	(18,231.20)	(89,950.25)	(18,231.20)	(41,495.11)	(235,056.88)	(384,733.44)
Cobble Ridge	11,181.80	22,365.21	(11,183.42)	132,516.62	(11,182.61)	(14,910.14)	(42,581.52)	63,842.36
Folsom Heights	21,831.04	16,354.56	5,476.48	58,310.26	5,476.48	(10,903.04)	(9,304.35)	43,579.35
Folsom Heights No. 2	76,642.72	80,293.49	(3,650.77)	280,733.47	(3,650.77)	(53,528.99)	(154,976.76)	68,576.95
Hannaford Cross	20,165.34	35,220.09	(15,054.75)	(51,414.28)	(15,054.75)	(23,480.06)	(39,043.48)	(128,992.57)
Lake Natoma Shores	20,744.54	37,847.56	(17,103.02)	75,706.68	(17,103.02)	(25,231.71)	(25,894.73)	7,477.22
Los Cerros	40,837.66	63,774.43	(22,936.77)	84,193.13	(22,936.77)	(42,516.29)	(45,098.56)	(26,358.49)
Natoma Station	170,279.44	274,582.43	(104,302.99)	(729,219.98)	(104,288.88)	(183,054.95)	(537,736.96)	(1,554,300.78)
Natoma Valley	30,095.84	60,194.86	(30,099.02)	267,388.41	(30,097.43)	(40,129.91)	(63,753.62)	133,407.45
Prairie Oaks Ranch	196,219.98	136,552.06	59,667.92	(513,022.13)	59,676.49	(91,034.71)	(6,521.74)	(550,902.08)
Prairie Oaks Ranch No. 2	317,758.00	319,391.15	(1,633.15)	236,066.98	(1,633.13)	(112,260.77)	(446,672.00)	(324,498.92)
Prospect Ridge	47,207.30	30,564.60	16,642.70	61,403.49	16,643.05	(20,376.40)	(131,253.64)	(73,583.50)
Sierra Estates	11,413.00	13,849.29	(2,436.29)	12,497.40	(2,436.29)	(9,232.86)	(8,260.87)	(7,432.62)
Silverbrook	15,485.10	11,343.06	4,142.04	94,304.27	4,147.64	(7,562.04)	(103,455.08)	(12,565.21)
Steeplechase	24,282.72	34,391.12	(10,108.40)	23,692.88	(10,108.40)	(22,927.41)	(27,245.65)	(36,588.58)
The Residences at American River Canyon	13,149.84	25,617.36	(12,467.52)	45,275.63	(12,467.35)	(17,078.24)	(27,413.04)	(11,683.00)
The Residences at American River Canyon II	16,065.60	25,613.37	(9,547.77)	45,275.63	(9,547.77)	(17,075.58)	(27,413.04)	(8,760.76)
Willow Creek Estates East	60,058.80	26,088.79	33,970.01	(66,357.76)	33,970.01	(17,392.53)	(18,260.87)	(68,041.15)
Willow Creek Estates East No. 2	84,663.54	104,328.32	(19,664.78)	63,597.02	(19,663.97)	(69,552.21)	(217,860.87)	(243,480.03)
Willow Creek Estates South	160,496.72	232,609.34	(72,112.62)	433,740.69	(72,104.44)	(155,072.89)	(165,739.13)	40,824.23
Willow Springs	14,548.38	16,497.18	(1,948.80)	6,934.60	(1,948.80)	(10,998.12)	(1,739.13)	(7,751.45)

## POLICY / RULE

Pursuant to Streets and Highways Code Section 22586, an annual Engineer's Report shall be filed with the City Clerk. The City Council is also required to adopt a resolution confirming the diagram and assessment pursuant to Section 22631 of the Streets and Highway Code.

Pursuant to Streets and Highways Code Section 22656, if there is a surplus or a deficit in the improvement fund of an assessment district at the end of any fiscal year, the surplus or deficit shall be carried forward to the next annual assessment to be levied within such district and applied as a credit or a debit, as the case may be, against such assessment.

## **ANALYSIS**

The Preliminary Engineer's Report approved by Resolution No. 11399 described the maintenance and servicing to be performed in the city's 30 Landscaping and Lighting Districts for Fiscal Year 2025-26. The establishment of annual assessments for each of the L&L Districts requires a resolution confirming the diagram and assessment. The Engineer's Report is in compliance with the Landscaping and Lighting Act of 1972; including but not limited to Sections 22565 et seq (preparing a report that complies with the article); and Sections 22660 and 22662 (regarding annual installments procedures/process).

### **Assessment to Properties**

This year's assessments to properties have been broken into three categories and are depicted in the provided table below. Districts that are showing an increase in assessments this year are districts that were formed with provisions for CPI (consumer price index) otherwise known as an escalator, or cost of living increase. Many of these districts are newer districts or overlay districts that either still do not have an adequate fund balance or need additional assessments to achieve a balanced budget. The next category is static or no increase. These are the districts that do not have provisions for CPI's or have CPI's but do not need to utilize them currently to achieve a balanced budget. The last category is decrease; these are districts that have an adequate fund balance and do not need to levy the full assessment to achieve a balanced budget. There was also one (1) district being removed from the tax roll, Union Square, because it has an HOA that manages their landscape areas.

Assessment to Properties by District					
District	FY 2024/25 Assessment per SFE	FY 2025/26 Assessment per SFE	Difference	Increase / Decrease	FY 2025/26 Maximum Authorized Rate
Lake Natoma Shores	\$ 138.16	\$ 183.58	\$ 45.42	Increase	\$ 183.58
The Residences at American River Canyon II	\$ 1,569.22	\$ 1,606.56	\$ 37.34	Increase	\$ 1,606.56
Prospect Ridge	\$ 1,317.44	\$ 1,348.78	\$ 31.34	Increase	\$ 1,348.79
The Residences at American River Canyon	\$ 755.56	\$ 773.52	\$ 17.96	Increase	\$ 773.53
Sierra Estates	\$ 445.90	\$ 456.52	\$ 10.62	Increase	\$ 456.52
Prairie Oaks Ranch No. 2	\$ 343.00	\$ 353.30	\$ 10.30	Increase	\$ 353.30
Folsom Heights No. 2	\$ 238.56	\$ 248.84	\$ 10.28	Increase	\$ 248.84
American River Canyon North No. 3	\$ 312.96	\$ 322.34	\$ 9.38	Increase	\$ 322.35
Blue Ravine Oaks No. 2	\$ 110.92	\$ 114.26	\$ 3.34	Increase	\$ 114.26
Willow Creek Estates East No. 2 - Zone A&B	\$ 111.68	\$ 114.34	\$ 2.66	Increase	\$ 114.34
Willow Creek Estates East No. 2 - Zone C	\$ 102.62	\$ 105.10	\$ 2.48	Increase	\$ 105.11
Broadstone No. 4 - Zone A	\$ 42.40	\$ 43.68	\$ 1.28	Increase	\$ 43.68
Broadstone No. 4 - Zone B	\$ 40.38	\$ 41.60	\$ 1.22	Increase	\$ 41.60
Broadstone No. 4 - Zone C	\$ 39.80	\$ 41.00	\$ 1.20	Increase	\$ 41.00
Broadstone No. 4 - Zone D	\$ 39.04	\$ 40.22	\$ 1.18	Increase	\$ 40.22
Broadstone No. 3	\$ 41.90	\$ 42.89	\$ 0.99	Increase	\$ 42.90
Natoma Valley	\$ 397.44	\$ 380.96	\$ (16.48)	Reduced	\$ 1,075.00
Cobble Ridge	\$ 191.96	\$ 114.10	\$ (77.86)	Reduced	\$ 263.95
American River Canyon North	\$ 102.94	\$ 102.94	\$ -	Static	\$ 102.94
American River Canyon North No. 2	\$ 77.70	\$ 77.70	\$ -	Static	\$ 77.70
Blue Ravine Oaks	\$ 218.60	\$ 218.60	\$ -	Static	\$ 218.60
Briggs Ranch	\$ 122.28	\$ 122.28	\$ -	Static	\$ 122.28
Broadstone	\$ 164.98	\$ 164.98	\$ -	Static	\$ 164.99
Cobble Hills II/Reflections II	\$ 113.14	\$ 113.14	\$ -	Static	\$ 113.14
Folsom Heights	\$ 70.88	\$ 70.88	\$ -	Static	\$ 70.88
Hannaford Cross	\$ 195.78	\$ 195.78	\$ -	Static	\$ 195.78
Los Cerros	\$ 121.18	\$ 121.18	\$ -	Static	\$ 121.18
Natoma Station	\$ 91.70	\$ 91.70	\$ -	Static	\$ 91.71
Prairie Oaks Ranch	\$ 213.60	\$ 213.60	\$ -	Static	\$ 213.61
Silverbrook	\$ 132.27	\$ 132.27	\$ -	Static	\$ 132.32
Steeplechase	\$ 157.68	\$ 157.68	\$ -	Static	\$ 157.68
Willow Creek Estates East	\$ 80.40	\$ 80.40	\$ -	Static	\$ 80.40
Willow Creek Estates South	\$ 109.88	\$ 109.88	\$ -	Static	\$ 109.88
Willow Springs	\$ 28.14	\$ 28.14	\$ -	Static	\$ 28.14

### Installment Summary

The installment summaries describe short-term installments collected pursuant to Section 22660 of the Streets and Highways Code to meet the districts' future repair and replacement needs anticipated to occur within an approximate five-year time frame, as well as long-term installments collected to meet those future needs anticipated to occur within 5 to 30-year time frames.

### Comparison to Last Year

District budgets for this upcoming year will continue focusing on improvements and restorations that enhance each district's commitment to water conservation, prolonging assets life, drought tolerant landscaping improvements, fire safety, and tree stewardship. As such, some districts will be retrofitting and centralizing irrigation controllers, inventorying street trees, changing out plant materials to water wise varieties, and converting over to LED streetlights. Many of the City's

districts are over 20 years old and do not have escalators built into their rates to track with cost-of-living increases and economic changes. As such, districts being monitored for future outreach regarding a new assessment overlay district are Briggs Ranch (36 years old), Hannaford Cross (34 years old), Cobble Ridge II / Reflections II (31 years old), Broadstone (33 years old) & Broadstone No.4. Broadstone No.4 was approved by voters and adopted by the City Council in July 2016. The budget for Broadstone No. 4 was structured to provide for immediate needs in the first five years by way of a higher assessment, then reduced to a lower assessment for maintenance in the following years. This second (reduced) level of assessment is inadequate to address the long-term maintenance and renovation needs of the district. Lastly, the city will continue outreach for an increase in Natoma Station in the 2025-26 Fiscal Year.

Steeplechase, Blue Ravine Oaks & Blue Ravine Oaks No.2 (The Shores), Willow Creek Estates East & Willow Creek Estates East No.2, Willow Creek Estates South (Lexington Hills), Los Cerros, Lake Natoma Shores (The Preserves), Willow Springs, and Sierra Estates have been identified as having projected budget revenue shortfalls that may impact their ability to maintain basic landscape and lighting services within the next five years. To ensure continued service levels and fiscal sustainability, these districts will require outreach efforts and consideration of new or increased property assessments in accordance with Proposition 218 procedures.

### **FINANCIAL IMPACT**

Each Landscaping and Lighting District levies and collects funds to cover operating and maintenance costs attributed to district assets. One (1) district is being removed from the tax roll (Union Square because it has an HOA that manages the landscape areas).

Pursuant to Streets and Highways Code Section 22662 (b) as reflected in the Revenue and Expense Table, there are eight districts with a negative fund balance as of April 30, 2025. Staff is requesting the Council provide for a temporary advance to the improvement funds of these districts from the Landscape and Lighting Districts pooled cash account to fund the operational deficit and the negative fund balance, which will enable staff to continue to provide the minimum level of service pending prop 218 proceedings. These advanced funds shall be directed to be paid back at 0% interest over the next 15 fiscal years, commencing in FY 2026-27 and concluding in FY 2040-41. Staff shall include amortization tables for each district to accompany the FY 2026-27 engineers report.

### **ENVIRONMENTAL REVIEW**

This action is exempt from environmental review under the California Environmental Quality Act (CEQA).

### **ATTACHMENTS**

1. Resolution No. 11431 - A Resolution Approving the Final Engineer's Report, Confirming the Diagrams and Assessments, and Ordering the Continued Levying of Assessments for Maintenance and Servicing of Improvements Within the City of Folsom Landscaping and Lighting Districts for Fiscal Year 2025-26 for American River Canyon North, American River Canyon North No. 2, American River Canyon North No. 3, Blue Ravine Oaks, Blue Ravine Oaks No. 2, Briggs Ranch, Broadstone, Broadstone No. 4, Broadstone Unit No. 3,

Cobble Ridge, Cobble Hills Ridge II/Reflections II, Folsom Heights, Folsom Heights No. 2, Hannaford Cross, Lake Natoma Shores, Los Cerros, Natoma Station, Natoma Valley, Prairie Oaks Ranch, Prairie Oaks Ranch No. 2, Prospect Ridge, Sierra Estates, Silverbrook, Steeplechase, The Residences at American River Canyon, The Residences at American River Canyon II, Willow Creek Estates East, Willow Creek Estates East No. 2, Willow Creek Estates South, and Willow Springs

2. Final Engineer's Report – The City of Folsom Landscaping and Lighting Districts, June 2025

Submitted,

Kelly Gonzalez, Parks & Recreation Director