



STAFF REPORT

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6/24/2025

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**AGENDA ITEM**

**TO: HONORABLE MAYOR  
AND MEMBERS OF THE CITY COUNCIL**

**FROM: CARLO TOMAINO  
CITY MANAGER**

**BY: THOMAS BEKELE  
PUBLIC WORKS DIRECTOR/CITY ENGINEER**

**SUBJECT: PUBLIC HEARING AND ADOPTION OF A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF SIGNAL HILL, CALIFORNIA, CONFIRMING THE DIAGRAM AND  
ASSESSMENT FOR LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 1  
AND LEVYING ASSESSMENTS ON ASSESSABLE LOTS AND PARCELS FOR  
FISCAL YEAR 2025-26**

**Summary:**

The City formed the Landscape and Lighting Maintenance District No. 1 (LLMD) in 1992 to fund the maintenance costs of common landscaped areas within the California Crown Tract. The California Crown Tract lies south of East Hill Street, north of East 19th Street, west of Temple Avenue, and east of North Orizaba Way. Annually, the City Council must initiate proceedings to renew the levy and collect special assessments for the LLMD. The proposed Resolution declares the City Council's intention to levy and collect the proposed assessments. The total proposed assessment for all California Crown Tract lots for Fiscal Year (FY) 2025-26 is \$106,564.

The proposed annual assessment for basic lots is \$1,077.30, representing a four percent increase of \$41.43; the proposed yearly assessment for landscape easement lots is \$1,446.80, representing a four percent increase of \$55.65. Property owners approved the proposed assessments within the LLMD through the last Proposition 218 hearing that occurred on June 14, 2022. Staff is requesting the City Council adopt a Resolution to declare the intent to levy and collect assessments for Fiscal Year 2025-26 for the LLMD.

**Strategic Plan Goal:**

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 4 Infrastructure: Maintain and improve the City's physical infrastructure, water system, and recreational spaces.

Recommendations:

1. Staff recommends the City Council open a public hearing, consider public testimony, confirm the diagram, approve and adopt the proposed annual assessments, and declare the City Council's order to levy and collect assessments for the Landscape and Lighting Maintenance District No. 1.
2. Adopt a Resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, CONFIRMING THE DIAGRAM AND ASSESSMENT FOR LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 1 AND LEVYING ASSESSMENTS ON ASSESSABLE LOTS AND PARCELS FOR FISCAL YEAR 2025-26.

Fiscal Impact:

The proposed LLMD operating budget for Fiscal Year (FY) 2025-26 includes proposed expenditures totaling \$115,036. The City funds the LLMD operating budget using assessments collected from property owners within the LLMD. The total proposed assessment will show projected revenues for FY 2025-26 totaling \$106,564. The difference of \$8,472 will be covered using a portion of the available fund balance designated for special projects. The City projects an available fund balance of \$74,516.76 at the end of FY 2024-25 and anticipates a remaining balance of \$66,044.76 at the end of FY 2025-26.

The proposed assessment reflects a 4% increase approved by property owners within the LLMD through the last Proposition 218 hearing on June 14, 2022. The assessment is intended to create a reserve to cover future costs for plant replacement, drainage installation, sprinkler replacement, and additional clean-up activities.

The Proposed FY 2025-26 Assessment and Revenue and Expense Forecast are shown in the table below:

Proposed FY 2025-26 Assessment

Type of Lot	Existing FY 2024-25 Assessment	Proposed FY 2025-26 Assessment	Total Increase (4%)
Basic Lot	\$1,035.87	\$1,077.30	\$41.43
Lots with Landscaping	\$1,391.15	\$1,446.80	\$55.65

FY 2025-26 Revenue and Expense Forecast

FY 24-25 Projected End Balance	\$ 74,516.76
FY 25-26 Proposed Revenues	\$106,564.00
FY 25-26 Proposed Expenses	<u>\$115,036.00</u>
FY 25-26 Projected End Balance	\$ 66,044.76

Background:

The City formed the LLMD in 1992 to provide a source of funds for installing, repairing, and operating specific landscaped areas that benefit all properties within the California Crown Tract. Annually, the City Council must initiate proceedings to renew the levy and collect special assessments for the LLMD. The City Council may only increase assessments in accordance with Proposition 218, which amended the California Constitution by adding Article XIII D, limiting the ability of local government to generate revenue using special assessments, local taxes, fees, and charges without taxpayer or property owner approval.

In addition, the founding documents allowed for the creation of an Architectural Control Committee (ACC), consisting of LLMD property owners, to prioritize the goals of the LLMD. The LLMD assessment area is shown on Exhibit A of the 2025 Engineer's Report (Attachment B). The LLMD is bound by Tract 48512 and contains 95 individual lots as follows:

- 64 basic residential lots
- 26 residential lots with landscape easements and
- 5 oil lots

In addition, the City may levy LLMD assessments only for special benefits and require all assessments to be supported by a detailed Engineer's Report prepared by a Registered Professional Engineer certified by the State of California. The increase in property desirability and value due to the maintenance of adjacent or surrounding trees, landscape, trail, hardscape, and appurtenant facilities is considered or defined as a special benefit. The Engineer's Report provides a detailed analysis of the improvements, operations, and maintenance expenses and their respective required funding to demonstrate that the assessed properties receive a special benefit over and above the benefits conferred on the general public.

In March 2021, the ACC hosted multiple site meetings with City staff to discuss the condition of the existing landscape, utility costs, and long-term expectations regarding district maintenance. Based on the desired level of maintenance, the ACC proposed collecting approximately \$105,400.00 in reserve revenue over a five-year term. City staff held community meetings in March and April 2022 to inform residents about the upcoming Proposition 218 proceeding and the proposed FY 2022-23 assessment increase. At that time, a majority of residents voiced support for the need to maintain the aging infrastructure and landscape, as well as the increased assessment. Therefore, in June 2022, the City conducted levy assessments using a new methodology outlined in the 2022 Engineer's Report. The 2022 Engineer's Report included the following key points:

- The report reclassified Lots 4, 5, 6, 7, 8, 22, 23, 24, 25, 26, and 27 from Basic to Landscape Easement lots to properly allocate those receiving special benefits. The report also reclassified Lots 62 and 53 from Landscape Easement to Basic lots due to the absence of special benefits received. As a result, the 2022 Engineer's Report recommended reducing the new total number of Basic lots to 26 and increasing the Landscape Easement lots to 64.
- The assessment excluded Signal Hill Petroleum (SHP) oil lots because SHP does not receive any special benefit from enhanced landscape care within the surrounding area. On April 26, 2022, SHP entered into a Property Maintenance Agreement with the City to maintain its own

landscape to current or better conditions.

- The 2022 Report identified a specific assessment roll for each parcel. The report reflects the planned increase to the annual property tax bill as follows:
  - FY 2022-23: \$19.62 per month increase
  - FY 2023-24: 10% increase
  - FY 2024-25: 10% increase
  - FY 2025-26: 4% increase
  - FY 2026-27: CPI increase

As part of the Proposition 218 proceedings, the City mailed 90 assessment ballots to property owners within the LLMD; the City received 43 of those ballots before the close of the public hearing. Of these, 26 of the submitted assessment ballots supported the proposed assessment levy and 17 assessment ballots were in opposition. Property owners submitted more assessment ballots in support of the proposed assessments than in opposition. As a result, no majority protest occurred, and the City Council adopted the resolutions declaring the ballot results and approving the increased assessments.

#### Analysis:

On May 27, 2025, the City Council approved scheduling a public hearing for June 24, 2025, to order the levy and collection of assessments for the LLMD for FY 2025-26. The City Council also approved the 2025 Engineer's Report and authorized the use of fund balance or reserves from previous years in LLMD accounts for special projects, subject to approval by the Public Works Director in accordance with the City's Purchasing Policy. Based on the proposed FY 2025-26 operation expenses plus planned special projects, the FY 2025-26 estimated operating budget for the LLMD is \$115,036. The budgetary breakdown is as follows:

Expense Description	FY 2025-26 Proposed Amount
Salaries & Benefits	\$23,041
Contract Services	\$6,000
Utility Services (Water & Electricity)	\$16,000
Lawn Care Services	\$34,995
Planned Special Projects	\$35,000
<b>Total</b>	<b>\$115,036</b>

Based on the proposed budget for FY 2025-26, the Engineer's Report identifies an annual assessment for basic lots as \$1,077.30 and the proposed yearly assessment for the landscape easement lots as \$1,446.80, both representing a four percent increase of \$41.43 and \$55.65, respectively. Staff meets on a monthly basis with the ACC to provide an update on the ongoing maintenance and discuss potential maintenance items that require improvement; projects slated for FY 2025-26 include the following:

FY 2025-26 Special Projects	
Enhanced irrigation and landscape improvements	
Total Proposed Budget	\$35,000

Staff recommends that the City Council approve the attached resolution declaring the City Council's order to levy and collect assessments for landscaping and maintenance activities within LLMD (Attachment C). If approved by the City Council, staff would submit the proposed assessments to the Assessor's Office for inclusion in the Los Angeles County tax rolls, ensuring that the assessments are correctly recorded and collected along with property taxes for FY 2025-26, with the updated amounts reflected in property owners' annual tax bills.

Reviewed for Fiscal Impact:

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Siamlu Cox

Attachments:

- A. 2025 Engineer's Report
- B. Resolution Confirming LLMD Diagram and Assessment