



STAFF REPORT

5/23/2023

AGENDA ITEM

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

**FROM: CARLO TOMAINO
CITY MANAGER**

**BY: THOMAS BEKELE
PUBLIC WORKS DIRECTOR**

SUBJECT: RESOLUTIONS APPROVING THE ENGINEER'S REPORT AND DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 1 (LLMD) FOR FISCAL YEAR (FY) 2023-24

Summary:

The Landscape and Lighting Maintenance District (LLMD) was formed in 1992 to pay for the maintenance of common landscaped areas within the California Crown Tract, located 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 collection of special assessments for the LLMD. The proposed resolution declares the City Council's intention to levy and collect the proposed assessments, approve the Engineer's Report, and set the Public Hearing for June 13, 2023. The total proposed assessment for all lots for FY 2023-24 is \$93,150. The proposed annual assessment for basic lots is \$941.70, representing a ten percent increase of \$85.61. The proposed annual assessment for landscape easement lots is \$1,264.68, representing a ten percent increase of \$114.97. The property owners approved the proposed assessments within the LLMD through the last Proposition 218 (Proposition 218) hearing that occurred on June 14, 2022.

Recommendations:

1. Set the Public Hearing for June 13, 2023.
2. Authorize the use of fund balance or reserves from previous years from LLMD accounts for special projects, as approved by the Public Works Director in accordance with the City's Purchasing Policy.
3. Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, INITIATING PROCEEDINGS TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2023-2024 WITHIN AN EXISTING LANDSCAPING AND LIGHTING DISTRICT PURSUANT TO THE LANDSCAPING AND LIGHTING MAINTENANCE ACT OF 1972, APPOINTING THE ENGINEER OF WORK, AND ORDERING THE PREPARATION OF THE ENGINEER'S REPORT

4. Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 1 FOR FISCAL YEAR 2023-24 AND APPROVING THE ENGINEER'S REPORT

Fiscal Impact:

The proposed LLMD operating budget for FY 2023-24 is \$96,710, which will be presented for adoption at the City Council meeting of June 27, 2023. The LLMD operating budget is funded through assessments collected from property owners within the LLMD. The total proposed assessment for FY 2023-24 is \$95,945. The proposed assessments reflect a 10% increase approved by property owners within the LLMD through the last Proposition 218 hearing that occurred on June 14, 2022. The goal of the increased assessments is to create a reserve to cover future costs for wall repair, plant replacement, drainage installation, sprinkler replacement, and additional clean-up activities (Attachment A).

PROPOSED FY 2023-24 ASSESSMENT

Type of Lot	Existing FY 2022-23 Assessment	Proposed FY 2023-24 Assessment	Total Increase (10%)
Basic Lot	\$856.09	\$941.70	\$85.61
Lots with Landscaping	\$1,149.71	\$1,264.68	\$114.97

FY 2023-24 Revenue and Expense Forecast

FY 22-23 Projected End Balance	\$92,965
FY 23-24 Proposed Revenues	\$93,150
FY 23-24 Proposed Expenses	<u>\$96,710</u>
FY 23-24 Projected End Balance	\$89,405

Strategic Plan Objectives:

- Goal No. 1: Ensure long term fiscal stability.
- Goal No. 5: Ensure an enhanced quality of life for residents of the City.

Background:

The LLMD was formed in 1992 to provide a source of funds for the installation, repair, and operation of specific landscaped areas that benefit all properties within the California Crown neighborhood. 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 as shown on Exhibit A of the 2023 Engineer's Report (Attachment A) is bounded by Tract 48512 and contains 95 individual lots as follows:

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

Annually, the City Council must initiate proceedings to renew the levy and collection of special assessments for the LLMD. Assessments can only be increased in accordance with Proposition 218, which amended the California Constitution by adding Article XIII D, which limits the ability of local government to generate revenue using special assessments, local taxes, fees and charges without taxpayer or property owner approval.

In addition, assessments may only be levied for special benefits, and requires that all assessments 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 upkeep 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 to be funded to demonstrate that the properties being assessed 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 for the upkeep of the district. Based on the desired maintenance activities, the ACC proposed approximately \$105,400 of reserve revenue to be collected over a five-year term. In March and April 2022, community meetings were held to inform residents about the upcoming Proposition 218 proceeding and assessment increase for FY 2022-23. At that time, a majority of residents voiced support for the need to better maintain the aging infrastructure and landscape as well as the increased assessment. Therefore, in June 2022, the levy assessment with a new methodology identified in the 2022 Engineer's Report (Attachment B) was conducted. The 2022 Engineer's Report included the following key points:

- Reclassification of 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. Lots 62 and 53 were reclassified from Landscape Easement to Basic lots due to the absence of special benefit received. Therefore, the new total number of Basic lots was reduced to 26 and Landscape Easement lots increased to 64.
- Signal Hill Petroleum (SHP) oil lots were excluded from the assessment as SHP does not receive any special benefit as a result of enhanced landscape care within the surrounding area. On April 26, 2022, SHP entered into a Property Maintenance Agreement (Attachment C) with the City, to maintain their 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 and on: CPI increase

As part of the Proposition 218 proceedings, 90 assessment ballots were mailed to property owners within the LLMD; 43 of those ballots were received prior to the close of the public hearing. Of these, 26 submitted assessment ballots were in support of the proposed assessments levy, and 17 assessment ballots were in opposition. The assessment ballots in support of the levy of the proposed assessments outweighed the assessment ballots in opposition, therefore, there was no majority protest established and the City Council adopted the resolutions declaring the results of the ballots and the increased assessments.

Analysis:

Based on the proposed FY 2022-23 budget plus planned special projects, the FY 2023-24 estimated operating budget for the LLMD is \$96,710. The budgetary breakdown is as follows:

Expense Description	FY 2023-24 Proposed Amount
Salaries & Benefits	\$10,334
Contract Services	\$10,610
Utility Services (Water & Electricity)	\$13,000
Maintenance & Supplies	\$4,245
Lawncare Services	\$28,421
General Services	\$100
Planned Special Projects	\$30,000
Total	\$96,710

The City Council is required to initiate proceedings for the levy and collection of special assessments within the LLMD on an annual basis. The annual assessment for each of the 95 lots is shown on page eight of the 2023 Engineer's Report. The total proposed assessment for all lots for FY 2023-24 is \$93,150. The proposed annual assessment for basic lots is \$941.70, representing a ten percent increase of \$85.61. The proposed annual assessment for landscape easements lots is \$1,264.68, representing a ten percent increase of \$114.97.

In early 2023, staff met with the ACC to review several maintenance items such as enhancement of landscape, repair of stucco wall, painting, and replacement of aging trees. A list of special projects was developed for FY 2023-24 with the concurrence of the ACC. Projects slated for FY 2023/24 include the following:

FY 2023-24 Planned Special Projects	Budget
Removal of overgrown vegetation at landscape easement north of Signal Pointe St.	\$ 3,000
Paint and stucco wall repair	\$ 7,000
Enhance landscape and irrigation	\$10,000
Wrought iron fence replacement/maintenance	\$ 10,000
Total	\$ 30,000

The attached resolution declares the City Council's intent to levy and collect assessments for landscaping and maintenance activities within LLMD and approves the FY 2023-24 Engineer's Report. The Public Hearing is scheduled to be held at the June 13, 2023, City Council meeting. Notice of the public hearing will be published pursuant to Section 22626(a) of the California Streets and Highways Code.

Reviewed:

Sharon del Rosario

Approved:

Carlo Tomaino

Attachments:

- A. 2023 Engineer's Report
- B. 2022 Engineer's Report
- C. Signal Hill Petroleum's LLMD Maintenance Agreement
- D. Resolution: Ordering the Preparation of an Engineer's Report
- E. Resolution: Declaring Intention to Levy and Collect Assessments