



STAFF REPORT

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7/9/2024

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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**

**SUBJECT: PUBLIC HEARING - RESOLUTION CONFIRMING THE DIAGRAM AND ASSESSMENT FOR LANDSCAPE AND LIGHTING MAINTENANCE DISTRICT NO. 1 AND LEVYING ASSESSMENTS ON ASSESSABLE LOTS AND PARCELS FOR FISCAL YEAR 2024-25**

Summary:

The City formed Landscape and Lightning Maintenance District (LLMD) in 1992 to fund the cost of maintenance of common landscaped areas within the California Crown Tract. The California Crown Tract boundaries are 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. The total proposed assessment for all California Crown Tract lots for FY 2024-25 is \$102,465.58. The proposed annual assessment for basic lots is \$1,035.87, representing a ten percent increase of \$94.17. The proposed annual assessment for landscape easement lots is \$1,391.15, representing a ten percent increase of \$126.47. Property owners approved the proposed assessments within the LLMD through the last Proposition 218 hearing that occurred on June 14, 2022.

Strategic Plan Goal(s):

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

Goal No. 5 High-Functioning Government: Strengthen internal communication, recruitment, retention, systems and processes to increase the effectiveness and efficiency of city services.

Recommendation:

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 2024-25

Fiscal Impact:

The proposed LLMD operating budget for FY 2024-25 includes expenditures totaling \$100,558.00. This budget is funded through assessments collected from property owners within the LLMD. The total proposed assessment for FY 2024-25 is \$102,465.58, reflecting a 10% increase approved by property owners during the last Proposition 218 on June 14, 2022. The approved increased assessment creates a reserve for future costs related to plant replacement, drainage installation, sprinkler replacement, and additional clean-up activities. The following charts provide a detailed breakdown of the proposed assessments for FY 2024-25, highlighting the increase compared to the previous fiscal year and the forecasted revenue and expenses for FY 2024-25, along with the projected ending balances:

PROPOSED FY 2024-25 ASSESSMENT

Type of Lot	Existing FY 2023-24 Assessment	Proposed FY 2024-25 Assessment	Total Increase (10%)
Basic Lot	\$941.70	\$1,035.87	\$94.17
Lots with Landscaping	\$1,264.68	\$1,391.15	\$126.47

FY 2024-25 REVENUE AND EXPENSE FORECAST

FY 2023-24 Projected Ending Balance	\$71,583.00
FY 2024-25 Proposed Revenues	\$102,465.58
FY 2024-25 Proposed Expenses	<u>(\$100,558.00)</u>
FY 2024-25 Projected Ending Balance	\$73,490.58

Background:

The City formed the LLMD 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 Tract. 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 2024 Engineer's Report (Attachment A) 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.

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, 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, 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 who is 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 to be funded to demonstrate 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 for the maintenance 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. The City held community meetings in March and April 2022, 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 increased assessment, citing the need to better maintain the aging infrastructure and landscaping. 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. The Engineer's Report reclassified Lots 62 and 53 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.
- The Engineer's Report excluded Signal Hill Petroleum (SHP) oil lots from the assessment as SHP does not receive special benefit as a result of enhanced landscape maintenance 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 with the planned increase on 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, the City mailed 90 assessment ballots to property owners within the LLMD; 43 of those ballots were received prior to the close of the public hearing. Of these

ballots, 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.

At the June 11, 2024, City Council approved the following actions:

- Set the Public Hearing to order the levy and collection of assessments for LLMD for FY 2024-25 for July 9, 2024;
- Approved the Engineer's Report; and
- Authorized 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.

#### Analysis:

Based on the proposed FY 2023-24 budget plus special projects, the FY 2024-25 estimated operating budget for the LLMD is \$100,558. The budgetary breakdown is as follows:

Expense Description	FY 2024-25 Proposed Budget
Salaries & Benefits	\$26,993
Contract Services	\$8,805
Utility Services (Water & Electricity)	\$6,530
Maintenance & Supplies	\$4,670
Lawncare Services	\$18,451
General Services	\$110
Special Projects	\$35,000
<b>Total</b>	<b>100,559</b>

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 2024 Engineer's Report. The total proposed assessment for all lots for FY 2024-25 is \$102,465.58. The proposed annual assessment for basic lots is \$1,035.87, representing a ten percent increase of \$94.17. The proposed annual assessment for landscape easements lots is \$1,391.15, representing a ten percent increase of \$126.47.

Staff meets on a monthly basis with ACC to provide an update on the ongoing maintenance and discuss potential maintenance items that require improvement. Projects slated for FY 2024-25 include the following:

FY 2024-25 Special Projects	
Enhanced irrigation and landscape improvements	
Total Proposed Budget	\$35,000

Staff recommends 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 B). The next step involves submitting the proposed assessments to the Assessor's Office for inclusion in the Los Angeles County tax rolls. This ensures that the assessments are properly recorded and collected along with property taxes for FY 2025-26. Property owners will see the updated assessments reflected in their annual tax bills.

Reviewed for Fiscal Impact:

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Sharon del Rosario

Attachments:

- A. 2024 Engineer's Report
- B. Resolution Confirming LLMD Diagram and Assessment FY 2024-25