



# Agenda Item

## City Council

Item #: 3.21.

5/13/2025

File #: 25-0184

**TO:** Honorable Mayor and Members of the City Council

**THRU:** Tom Kisela, City Manager

**FROM:** Christopher Cash, Public Works Director

### 1. SUBJECT

Approval of the Landscape Maintenance Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay) Preliminary Engineer's Report for Fiscal Year 2025-2026. Resolution No. 11611.

### 2. SUMMARY

The City declares its intention to assess an annual levy, approve the Preliminary Engineer's Report, and set a public hearing. The total assessments to be levied from Landscape Maintenance Assessment Districts 86-2 (Santiago Hills) and Landscape Maintenance Assessment District 15-1 (Santiago Hills Overlay) for Fiscal Year 2025-2026 are \$533,651 and \$389,964, respectively. Assessment for the Santiago Hills Overlay includes staff recommendation of an annual adjustment of 3.0% based on the Consumer Price Index for the Los Angeles-Long Beach-Anaheim area.

### 3. RECOMMENDED ACTION

1. Adopt Resolution No. 11611. A Resolution of the City Council of the City of Orange regarding Landscape Maintenance Assessment Districts 86-2 (Santiago Hills), and 15-1 (Santiago Hills Overlay) declaring its intention to provide for an annual levy and collection of assessments for Fiscal Year 2025-2026; set a time and place for a public hearing to receive public testimony on the foregoing matters; and give preliminary approval of the certified Engineer's Report for Landscape Maintenance Assessment Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay).
2. Declare the intent to levy an annual assessment, and establish June 10, 2025, at 6:00 p.m. at City Hall Council Chamber, 300 E Chapman Avenue, Orange, CA 92866, as the time and place for the Public Hearing on the assessments.

### 4. FISCAL IMPACT

There is no direct fiscal impact to the City. The approval of the annual assessment for Fiscal Year 2025-2026 will generate \$957,843 with a proposed expenditure of \$1,100,708 in the Santiago Hills Landscape Maintenance District (291) Fund and will be included in the FY 2025-2026 Budget Adoption.

291.0000.40350.0000	Assessment 86-2	\$533,651
291.0000.40360.0000	Assessment 15-1	\$389,964
291.7026.48230.0000	Reimbursement	<u>\$ 34,228</u>
	Total	\$957,843

## 5. STRATEGIC PLAN GOALS

Goal 5: Improve Infrastructure, Mobility, and Technology

## 6. DISCUSSION AND BACKGROUND

In 1987, Landscape Maintenance District 86-2 (LMD 86-2) was established to maintain the landscape improvements constructed by Assessment District 86-1 (District) in Santiago Hills. Annually, a detailed accounting of expenses is compiled, and a new assessment is calculated for the benefiting property owners.

This year's assessment for a single family detached unit is \$369.44 and \$221.66 for condos. This is the same as last year and the largest assessment currently allowed. Revenue in the District is derived from assessments paid by property owners, both residential and commercial, as well as the Rancho Santiago Community College District who reimburses the District for the cost to maintain the parkways adjacent to the school.

On April 14, 2015, the City Council approved the formation of a new district (LMD 15-1) to exactly overlay the existing LMD 86-2 and to provide additional funding necessary to sustain standard landscape maintenance and continue capital improvement projects. The annual assessment for LMD 15-1 was approved by the property owners on June 9, 2015.

The proposed Fiscal Year 2025-2026 (FY26) budget for the combined LMD 86-2 and LMD 15-1 indicates the amount of funding required to maintain District landscape and provides a capital budget to replace aging landscaping and infrastructure over time. Additional revenues to fund the District may be obtained through the overlay district, LMD 15-1, and a separate agreement with Rancho Santiago Community College District. The existing LMD 86-2 will stay at the maximum assessment; however, the assessment for LMD 15-1 is permitted to increase annually, up to 3.0%, consistent with Consumer Price Index (CPI) increases for the Los Angeles-Long Beach-Anaheim area. Public Works Department staff recommends assessing the CPI adjustment of 3.0% to continue capital renovations of the aging landscape. The assessment for 15-1 for a single family detached unit will increase by \$8.13 from \$271.17 to \$279.30. The assessment for 15-1 condominiums will increase by \$5.78 from \$192.53 to \$198.31.

The maximum FY26 assessment total for LMD 86-2 is \$533,651. The maximum FY26 assessment total for LMD 15-1 is \$389,964, which includes the 3.0% CPI adjustment. Revenues of \$34,228 from Rancho Santiago Community College District are included in the assessment total as a reimbursement for landscape maintenance costs paid by LMD 86-2 and LMD 15-1. This totals \$957,843 in revenue.

Expenditures in FY26 are anticipated to be approximately \$1,100,708, which is 17% higher than the FY 25 budgeted amount. This is due to the June 2025 expiration of the current landscape contract and a projected cost increase for landscape maintenance. The City continues to actively work with District residents to implement a fiscally and environmentally sustainable renovation plan for their 30-year-old landscape. The projected year-end reserve fund balance is \$1,130,905. Reserve funds will be used to supplement any deficit in FY26 expenditures.

The attached Preliminary Engineer's Reports contains detailed information about the assessment. It is proposed to schedule the Public Hearing on June 10, 2025 at 6:00 p.m., at City Hall, 300 E Chapman Avenue, Orange, CA 92866.

## 7. ATTACHMENTS

- Resolution No. 11611
- Preliminary Engineer's Report for the Annual Levy Assessment Landscape Maintenance District No. 86-2 Fiscal Year 2025-2026
- Preliminary Engineer's Report for the Annual Levy Assessment Landscape Maintenance District No. 15-1 Fiscal Year 2025-2026