



# Agenda Item

## City Council

Item #: 9.3.

6/10/2025

File #: 25-0266

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

**THRU:** Tom Kisela, City Manager

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

### 1. SUBJECT

Public Hearing to consider approval of the Landscape Maintenance Assessment Districts 86-2 (Santiago Hills), and 15-1 (Santiago Hills Overlay) Final Engineer's Reports for Fiscal Year 2025-2026. Resolution No. 11614.

### 2. SUMMARY

Resolution 11614 is the second step and will complete the process of the annual assessment for Landscape Maintenance Assessment Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay). The total assessments to be levied from 86-2 and 15-1 for Fiscal Year 2025-2026 are \$533,651 and \$389,964, respectively. The annual assessment per unit for 86-2 will remain at \$369.44 for a single family detached unit and \$221.66 for a condominium. For 15-1, staff recommend a 3.0% Consumer Price Index adjustment, the maximum allowed, which increases per unit assessment from \$271.17 to \$279.30 for a single family detached unit and from \$192.53 to \$198.31 for condominiums.

### 3. RECOMMENDED ACTION

1. Conduct and close Public Hearing.
2. Adopt Resolution No. 11614. A Resolution of the City Council of the City of Orange approving the Engineer's Reports and providing for the annual assessment for Landscape Maintenance Assessment Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay).
3. Establish the assessment per single family detached unit per year for Fiscal Year 2025-2026 for Landscape Maintenance Assessment Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay) at \$369.44 and \$279.30 respectively for single family detached, and \$221.66 and \$198.31 respectively for condominiums.

### 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 Assessment District (291) Fund.

291.0000.40350.00000	Assessment 86-2	\$533,651
291.0000.40360.00000	Assessment 15-1	\$389,964
291.7026.48230.00000	Reimbursement	<u>\$ 34,228</u>

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Total	\$957,843
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## 5. STRATEGIC PLAN GOALS

Goal 3: Enhance and promote quality of life in the community

a: Renovate, maintain, develop and/or expand public use places and spaces.

## 6. DISCUSSION AND BACKGROUND

In 1987, Landscape Maintenance Assessment District 86-2 (LMD 86-2) was established to maintain the landscape improvements constructed by Assessment District 86-1 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. The assessment for a condominium is \$221.66. 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 overlay the existing LMD 86-2 and to provide additional funding necessary to serve the District. 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 the Districts' landscape and provides a capital budget to replace aging landscaping and infrastructure over time. Additional revenues to fully fund the Districts would be obtained through the overlay district, LMD 15-1, and a separate agreement with the Rancho Santiago Community College District. The existing LMD 86-2 will stay at the maximum assessment; however, the assessment for LMD 15-1 will include a 3.0% Consumer Price Index (CPI) increase. The Assessment for LMD 15-1 is permitted to increase annually consistent with CPI increases for the Los Angeles-Long Beach- Anaheim area that is 3.4% as of December 2024. The Public Works Department recommends assessing the CPI adjustment for FY26 the maximum 3.0% allowed to continue capital renovations of the aging landscape. The annual 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 assessment total for LMD 86-2 for FY26 is \$533,651. The assessment total for LMD 15-1 for FY26 is \$389,964 including the 3.0% CPI adjustment. Revenues of \$34,228 from Rancho Santiago Community College District are included 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 projected FY26 combined year-end reserve fund balance is \$1,130,905. Reserve funds will be used to supplement any deficit in FY26 expenditures.

The attached Final Engineer's Report contains detailed information about the assessment.

Each year, the process for setting the assessment of the Landscape Maintenance Districts is initiated. The process began on May 13, 2025 with the City Council's Approval of Resolution No.

11611 which approved the Preliminary Engineer's Reports for LMD 86-2 and 15-1, and set June 10, 2025 as the date for the public hearing. This public hearing is the second step in the process and is held in accordance with the Lighting and Landscape Maintenance Act of 1972 as outlined in the "Order of Procedure". At this time, property owners will have an opportunity to be heard on this issue.

## **7. ATTACHMENTS**

- Resolution No. 11614
- Final Engineer's Report - Landscape Maintenance District No. 86-2
- Final Engineer's Report - Landscape Maintenance District No. 15-1