



# Agenda Item

## City Council

Item #: 10.2.

7/13/2021

File #: 21-0346

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

**THRU:** Rick Otto, City Manager

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

### 1. SUBJECT

Continued 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 2021-2022. Resolution No. 11329. (Continued from June 8, 2021).

### 2. SUMMARY

Resolution 11329 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 assessment to be levied from 86-2 and 15-1 for Fiscal Year 2021-2022 are \$533,651 and \$346,478, respectively. The assessment per unit for 86-2 will remain at \$369.44. For 15-1, staff recommends a 1.5% CPI adjustment which slightly increases per unit assessment for a single family detached unit from \$244.49 to \$248.16. The assessment for 15-1 for condominiums will increase from \$173.59 to \$176.19.

### 3. RECOMMENDED ACTION

1. Adopt Resolution No. 11329. 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 Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay).
2. Establish the assessment per single family detached unit per year for Fiscal Year 2021-2022 for Landscape Maintenance Districts 86-2 (Santiago Hills) and 15-1 (Santiago Hills Overlay) at \$369.44, and \$248.16, respectively.

### 4. FISCAL IMPACT

The total expenditure for this assessment is \$1,232,694 and will be funded through Santiago Hills and Santiago Hills Overlay Landscape Maintenance Districts (291).

### 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 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. 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 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 serve the District. The annual assessment for LMD 15-1 was approved by the property owners on June 9, 2015.

The proposed Fiscal Year 2021-2022 (FY22) 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 fully fund the District would 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 will include a 1.5% 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. Community Services Department staff recommended assessing the CPI adjustment, which for FY 22 is 1.5%, to continue capital renovations of the aging landscape. The assessment for LMD 15-1 for a single family detached unit will slightly increase by \$3.67 from \$244.49 to \$248.16. The assessment for LMD 15-1 for condominiums will increase by \$2.60 from \$173.59 to \$176.19.

The maximum assessment total for LMD 86-2 for FY22 is \$533,651. The assessment total for LMD 15-1 for FY22 is \$346,478 including the 1.5% CPI adjustment. Revenues of \$30,466 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 to \$910,595 in revenue. Expenditures in FY22 are anticipated to be approximately \$1,232,694 which is \$322,099 over revenues. Reserve funds will be used to supplement the deficit in FY22 expenditures. These expenditures include \$364,008 to be used towards capital improvement projects proposed in the FY22 budget. The City continues to actively work with District residents on developing a renovation plan for their 30 year old landscape that is both fiscally and environmentally sustainable. The projected year-end reserve fund balance is \$478,870.

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 11, 2021 with the City Council Approval of Resolution No. 11324 which approved the Preliminary Engineer's Reports for LMD 86-2, and 15-1, and set July 13, 2021 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. 11329 - Landscape Maintenance Assessment District 86-2 (Santiago Hills), and 15-1 (Santiago Hills Overlay).
- Final Engineer's Report for the Annual Levy - Assessment Landscape Maintenance District No. 86-2 - Fiscal Year 2021-2022.

- Final Engineer's Report for the Annual Levy - Assessment Landscape Maintenance District No. 15-1 - Fiscal Year 2021-2022.]