



STAFF REPORT

CITY of YORBA LINDA

PUBLIC WORKS DEPARTMENT

DATE: MAY 16, 2023

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: JAMIE LAI, P.E., DIRECTOR OF PUBLIC WORKS/CITY ENGINEER
PREPARED BY: AUSTIN POSTOVOIT, SENIOR MANAGEMENT ANALYST

SUBJECT: APPROVAL OF ENGINEER'S REPORT AND DECLARATION OF INTENT TO LEVY AND COLLECT ASSESSMENTS WITHIN THE CITYWIDE YORBA LINDA LIGHTING AND LANDSCAPING MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR 2023/2024, RESOLUTION NOS. 2023-5845 AND 2023-5846 AND SETTING A PUBLIC HEARING DATE CONCERNING THE LEVY OF ASSESSMENTS

RECOMMENDATION

It is recommended that the City Council: 1.) Adopt proposed Resolution No. 2023-5845, approving the Engineer's Report regarding the levy of an annual assessment within the City of Yorba Linda Street Lighting and Landscaping Maintenance Assessment District (LMAD) for Fiscal Year 2023/2024; and 2.) Adopt proposed Resolution No. 2023-5846, declaring its intention to levy and collect assessments within the City of Yorba Linda Street Lighting and Landscaping Maintenance Assessment District (LMAD) for Fiscal Year 2023/2024, and setting a time and place for a public hearing concerning the levy of annual assessments.

BACKGROUND

The City's Street Lighting and Landscaping Maintenance Assessment District (LMAD) was formed pursuant to the Landscaping and Lighting Act of 1972 ("1972 Act"), which is included in the State of California Streets and Highways Code Division 15, Part 2, and is annually levied in compliance with the provisions of the California Constitution, Article XIII D (commonly referred to as Proposition 218).

Although consolidated into a single assessment district, the LMAD is comprised of various traffic signal, lighting, and landscaping benefit zones, which address the variations in the nature, location, and the extent of the improvements that provide special benefits to parcels in the LMAD. Within the boundaries of the LMAD, parcels are assigned to various Zones each of which is associated with a set of improvements and/or type of improvements that provide special benefit to properties within that zone.

APPROVAL OF ENGINEER'S REPORT AND DECLARATION OF
INTENT TO LEVY AND COLLECT ASSESSMENTS WITHIN THE
CITYWIDE YORBA LINDA LIGHTING AND LANDSCAPING
MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR
2023/2024, RESOLUTION NOS. 2023-5845 AND 2023-5846 AND
SETTING A PUBLIC HEARING DATE CONCERNING THE LEVY OF
ASSESSMENTS

Page | 2

DISCUSSION

The annual Engineer's Report (the "Report") has been prepared pursuant to Chapter 1, Article 4 and Chapter 3 of the 1972 Act, and presented to the City Council for their consideration and approval of the proposed improvements and services to be provided within the District and the levy and collection of annual assessments related thereto for Fiscal Year 2023/2024. The Report outlines the District Zone structure, the improvements, and the proposed assessments to be levied in connection with the benefits the properties will receive from the maintenance and servicing of the District improvements for Fiscal Year 2023/2024. The annual assessments to be levied on properties within the District provide a funding source for the continued operation and maintenance of landscaping and lighting improvements within various zones of benefit that provide special benefits to the properties within the District and each respective Zone. Each fiscal year, the City establishes the District's assessments based on an estimate of the costs to maintain, operate and service the improvements and based upon available revenues including fund balances, general benefit contributions and additional City contributions and assessment limits. The costs of the improvements and the proposed annual assessments budgeted and assessed against properties within the District may include, but are not limited to, the estimated expenditures for regular annual maintenance and repairs; incidental expenditures related to the operation and administration of the District; deficits or surpluses from prior years; revenues from other sources; and the collection of funds for operational reserves or for periodic maintenance and improvement rehabilitation projects as authorized by the 1972 Act. Each parcel is assessed proportionately for only those improvements, services, and expenses for which the parcel will receive special benefit.

Each Zone outlined in this Report reflects the various improvements and the types of improvements and services to be provided by the District for the properties that are directly associated with and benefit from those improvements. The net special benefit cost of providing improvements and services is allocated to the benefiting properties within each Zone using a weighted method of apportionment (refer to Assessment Methodology in Section II, Method of Apportionment in this Report) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services.

For Fiscal Year 2023/2024, as part of the ongoing annual review of the improvements associated with each zone, and to ensure consistency throughout the District, the Engineer's Report reflects some updates to the diagrams presented in "Part V- Assessment Diagrams", and square footages discussed in the improvement descriptions in "Part I - Plans and Specifications" which more accurately depict the landscaping areas maintained by the LMAD.

District changes for Fiscal Year 2023/2024 are limited to the annexation of Tract 17341 "Cielo Vista Development" into the District. The parcels that comprise the tract were

APPROVAL OF ENGINEER'S REPORT AND DECLARATION OF
INTENT TO LEVY AND COLLECT ASSESSMENTS WITHIN THE
CITYWIDE YORBA LINDA LIGHTING AND LANDSCAPING
MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR
2023/2024, RESOLUTION NOS. 2023-5845 AND 2023-5846 AND
SETTING A PUBLIC HEARING DATE CONCERNING THE LEVY OF
ASSESSMENTS

Page | 3

incorporated into the following zones: Arterial Lighting, Arterial Landscape (Zone A-3), Traffic Signal (Zone TS-2) and Local Landscaping (Zone L-2K). The annexation is described more fully in the Engineer's Report "Attachment 3". Additionally, assessment diagrams and/or improvement descriptions for the following Zones reflect notable updates or changes to Local Landscaping Zone L-1B, Local Landscaping Zone L-2A and Arterial Landscaping Zone A-4, also described in Attachment 3. All other modifications are not considered significant changes and for the most part involve minor updates to the maintained improvement areas previously depicted in the Fiscal Year 2022/2023 Engineer's Report. Specifically, the Assessment Diagrams and improvement descriptions for Local Landscaping.

At a noticed annual Public Hearing, the City Council will accept all public comments and written protests regarding the District and the annual levy of assessments. Based on those public comments and written protests, the City Council may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report and confirmation of the assessments, the City Council will, by resolution, order the improvements to be made and confirm the levy and collection of assessments pursuant to the 1972 Act. The assessments as approved will be submitted to the Orange County Auditor/Controller to be included on the property tax roll for each parcel.

As required by the 1972 Act, this Engineer's Report describes the improvements to be provided, maintained, and serviced by the District, an estimated budget for the District improvements, and the proposed assessments to be levied upon each assessable lot or parcel within the District for Fiscal Year 2023/2024. While the budgets outlined in this Report reflect the estimated costs necessary to fully and adequately provide for the maintenance and operation of the improvements within the District, in some circumstances the estimated costs and associated services cannot be fully funded by the combination of the current special benefit assessment revenues and the City contribution for general benefits. Therefore, in addition to the City's contribution for general benefit costs, on a case-by-case basis and at the discretion of the City Council, the City may also provide additional funding to support the improvements and/or implement service reductions for the fiscal year. To fully fund the improvements that are considered special benefits, it may be necessary in the future to increase assessment revenues which would require the support of the property owners for new or increased assessments through a ballot proceeding conducted under the provisions of the California Constitution Article XIII D.

FISCAL IMPACT

As identified in the Engineer's Report, the total estimated annual LMAD assessments for Fiscal Year 2023/2024 amount to \$8,646,085. The General Benefit portion that the City must pay from the General Fund has been calculated to be \$1,211,169. This amount has been budgeted as a transfer from the General Fund to the LMAD Fund, less a partially offsetting credit for a portion of the ad valorem property tax revenue collected in local landscaping

APPROVAL OF ENGINEER'S REPORT AND DECLARATION OF
INTENT TO LEVY AND COLLECT ASSESSMENTS WITHIN THE
CITYWIDE YORBA LINDA LIGHTING AND LANDSCAPING
MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR
2023/2024, RESOLUTION NOS. 2023-5845 AND 2023-5846 AND
SETTING A PUBLIC HEARING DATE CONCERNING THE LEVY OF
ASSESSMENTS

Page | 4

zones L-4A and L-4B, the arterial landscaping zones, and the lighting and traffic signal zones. The net transfer from the General Fund is projected to be \$1,147,637 which has been included in the proposed General Fund budget for Fiscal Year 2023/2024. This amount will be adjusted at the end of the fiscal year based on actual ad valorem property tax revenue received during Fiscal Year 2023/2024.

Staff has completed an analysis of the current fiscal condition of the local landscaping zones based on the Fiscal Year 2023/2024 Engineer's Report. This analysis has confirmed that there are no local landscaping zones in which assessments and/or fund balance on hand are likely to be insufficient to cover the cost of providing maintenance services. Therefore, there is no projected required or budgeted General Fund subsidy for the local landscaping zones.

As noted during the prior year Engineer's Report, two Local Landscape Zones have budgeted expenditures exceeding projected available revenues. These Zones, L-1A and L-1B both currently have fund balances on hand sufficient to cover the deficit in the coming year. Staff and consultants have closely monitored the budgets and expenditures for these zones over the past fiscal year. It was previously anticipated that a Proposition 218 process would need to be conducted during Fiscal Year 2022-2023, but this was able to be delayed until Fiscal Year 2023-2024 due to sufficient fund balance availability and modifications made to maintenance strategies.

Financial projections continue to indicate that reserves are anticipated to deplete by the end of the upcoming fiscal year, and unless significant changes are implemented to either reduce expenditures or increase revenues, the Zone's expenses will exceed available revenues (assessments and reserves). As such, staff have engaged the property owners within Zone L-1B to initiate the preliminary stages of the Proposition 218 process. The initial phases include community outreach, budget forecasting and development of potential budgetary "options". It is anticipated that the latter stages of the Proposition 218 process (which would include the critical property owner petition phase) will be undertaken for L-1B in the Fall or Winter of 2023. The timeframe for the efforts in Zone L-1B was extended to allow for a greater degree of community involvement. Staff has also contracted with Willdan to provide Proposition 218 services for Zone L-1A, which will undergo a similar process to L-1B. Preliminary budget options have been developed for Zone L-1A and preliminary community engagement efforts are planned for later this year.

It should also be noted that a General Fund contribution for the City's arterial landscaping zones totaling \$499,695 has been included in the budget for Fiscal Year 2023/2024. Per the Council's previous direction, any difference between the assessment revenues available in the arterial zones and the cost of maintaining those areas is funded by the General Fund. No General Fund contributions are projected to be required in Fiscal Year 2023/2024 for the lighting and traffic signal zones, where assessment and ad valorem revenues are sufficient to fully cover the maintenance and operation costs.

APPROVAL OF ENGINEER'S REPORT AND DECLARATION OF
INTENT TO LEVY AND COLLECT ASSESSMENTS WITHIN THE
CITYWIDE YORBA LINDA LIGHTING AND LANDSCAPING
MAINTENANCE ASSESSMENT DISTRICT FOR FISCAL YEAR
2023/2024, RESOLUTION NOS. 2023-5845 AND 2023-5846 AND
SETTING A PUBLIC HEARING DATE CONCERNING THE LEVY OF
ASSESSMENTS

Page | 5

NEXT STEPS

The proposed action items for Council are to adopt the proposed two resolutions (Attachments 1 and 2) which approve the Fiscal Year 2023/2024 Engineer's Report and declares the City's intention to levy and collect assessments and setting a Public Hearing to confirm the assessments. At the proposed Public Hearing on June 6, 2023, any public comments and written protests regarding the District and the annual levy of assessments may be heard. The time period between approval of the Engineer's report and the Public Hearing allows approximately 3 weeks for public review. Based upon those public comments and written protests, the City Council may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report and confirmation of the assessments, the Council may, by resolution, order the improvements to be made, and confirm the levy and collection of assessments pursuant to the 1972 Act. The assessments, as approved, will be submitted to the Orange County Auditor/Controller by August 10, 2023, to be included on the property tax roll for each parcel.

ALTERNATIVES

Do not approve the Engineer's Report as presented and the Declaration of Intent to Levy and Collect Assessments and direct staff to make changes to the Report. If an Engineer's Report is not approved in time, this may not allow the collection of assessment proceeds for Fiscal Year 2023/2024 to contribute towards the higher cost in maintaining streetlights and landscaping.

ATTACHMENTS

Attachment 1 - Resolution No. 2023-5845 — Approval of the Engineer's Annual Report
(Fiscal Year 2023/2024)

Attachment 2 - Resolution No. 2023-5846 — Intent to Levy Assessments and Setting of
Public Hearing Date

Attachment 3 – Fiscal Year 2023/2024 Engineer's Report
