



## CC Regular Meeting

# AGENDA ITEM REPORT

<b>Meeting:</b>	April 1, 2025
<b>Title:</b>	Initiate Proceedings for to Annex Territory & to Levy and Collect Annual Assessments Commencing with FY 2025/2026, Set Public Hearing for Protests in Relation Thereto, & Declaring Intention to Annex Territory to Covina Lighting District No. 1978-79
<b>Presented by:</b>	Rafael M. Fajardo, Director of Public Works/City Engineer
<b>Recommendation:</b>	<ol style="list-style-type: none"><li>1. Adopt Resolution CC 2025-25 initiating proceedings for the annexation of territory to Covina Lighting District No. 1978-79 and the levy and collection of annual assessments related thereto commencing with FY 2025/2026, pursuant to the Provisions of Part 2 of Division 15 of California Streets and Highways Code; and</li><li>2. Adopt Resolution CC 2025-26 declaring the City's intention to annex territory (No. 83) and to levy and collect annual assessments and call for a property owner protest ballot proceedings for the Covina Lighting District No. 1978-79.</li></ol>

### EXECUTIVE SUMMARY:

Adopt Resolution CC 2025-25 (Attachment A) initiating proceedings for the annexation of territory to Covina Lighting District No. 1978-79 and the levy and collection of annual assessments related thereto commencing with Fiscal Year 2025/2026, pursuant to the provisions of Part 2 of Division 15 of California Streets and Highways Code and adopt Resolution CC 2025-26 (Attachment B) declaring the City's intention to annex territory to Covina Lighting District No. 1978-79.

### BACKGROUND:

The Covina Lighting District No. 1978-79 (hereafter referred to as "District") was formed on November 20, 1978 pursuant to the *California Streets and Highways Code, Division 15, Part 2, Landscaping and Lighting Act of 1972* (hereinafter referred to as the "1972 Act"), to finance the energy and maintenance costs of new streetlights installed by several commercial and residential developers. The District was formed through a public hearing process and the properties within the District were designated Zone A for single-family residential and condominium units and Zone B for commercial, industrial, and apartment properties.

The City expanded the District in 1980 to include all developments that may or may not be required to install new streetlights but were required to construct public improvements adjacent to the property being developed, except when the development did not increase the existing floor area by fifty percent pursuant to the regulations of Chapter 11 of the Covina Municipal Code. Although a citywide District was not implemented, it was the City's intent to work toward incrementally expanding the District to cover the entire City.

In December 1988, the District was expanded by annexing (through public hearing proceedings) parcels east and west of Azusa Avenue from Arrow Highway to 600 feet south of Badillo Street. A number of parcels were annexed to the District when streetlights were installed in conjunction with utility undergrounding projects. Parcels were also annexed to the District in connection with City sponsored street projects. These annexations were in areas where the property owners requested that streetlights be installed on their blocks with the owners paying for the installation of the streetlights. Subsequent annexations to the District included similar projects and developments but also included various individual residential and commercial properties that were annexed to the District as a condition of property improvements (building permits). This process of annexation resulted in the existing District that represents approximately thirty-five percent (35%) of the parcels within the City.

Each fiscal year, prior to making and collecting assessments within the Covina Lighting District No. 1978-79, the City Council must adopt resolutions directing the City's Licensed Engineer to prepare and file a report regarding the proposed assessments for each Zone, approving the Engineer's Report (Attachment C), and declaring the City Council's intention to levy and collect assessments for the upcoming fiscal year. Additionally, before any assessments may be levied, the City Council must also adopt a resolution establishing a noticed public hearing to hear any protests against the assessment and for the approval of the Engineer's Report and adoption of a resolution ordering the levy of assessments for Fiscal Year 2025/2026.

#### **DISCUSSION:**

Pursuant to the provisions of the 1972 Act, being Division 15, Part 2 of the California Streets and Highways Code, commencing with Section 22500, the attached Engineer's Report is prepared in compliance with the requirements of Chapter 1, Article 4 of the Act regarding the annexation of territory into the City's existing Covina Lighting District No. 1978-79.

The City Council of the City of Covina, being the legislative body for the District, may, pursuant to the Act, annex territory and levy annual assessments for the operation and administration of the District. In Section 22608 of the Act, it states "*right of majority protest shall be limited to the territory proposed to be annexed.*"

In addition, the Act provides for the levy of annual assessments after annexation into or formation of an assessment district for the continued maintenance and servicing of the improvements. The Act further allows various areas to be annexed into an existing district when the territory in the annexation receives substantially the same proportional special benefits from the improvements. The costs associated with the installation, maintenance, and servicing of the improvements may be assessed to properties which benefit from the installation, maintenance, and servicing of such improvements.

In accordance with the Act, the District utilizes benefit zones to address variations in the nature, location, and extent of the improvements that provide special benefit to parcels in the District. There are two Zones in the Covina Lighting District No. 1978-79 designated as Zones A and B. Zone A is comprised of single-family residences and condominium units. Zone B is comprised of commercial, industrial, apartment and similar multi-family residential properties. The proposed assessments are for the costs of providing street lighting in these two zones.

The attached Engineer's Report specifically addresses the annexation of approximately 2.78 acres of territory consisting of Tract No. 84311, which will develop out to seventy-five (75) condominiums, as established in the Report in connection with the annexation territory for Fiscal Year 2025/2026, pursuant to a resolution of the City Council. The Report consists of five parts: Part I: Plans and Specifications, Part II: Method of Apportionment, Part III: Estimate of Costs, Part IV: Boundary Diagram, and Part V: Assessment Roll.

This territory is more specifically identified as:

APN 8430-015-021 (Tract 84311)

APN 8430-015-021 at build out will be comprised of seventy-five (75) condominiums generally located north of Limoncello Lane, east of Ruby Red Drive and west of Barranca Avenue.

This annexation territory is proposed to be annexed into the District and levied assessments commencing in Fiscal Year 2025/2026 and shall be known and referred to as:

Annexation No. 83 for the Covina Lighting District No. 1978-79

This annexation area will pay the special benefit costs associated with the on-going annual maintenance of the improvements including the servicing, operation, maintenance, repair, and replacement of the improvements.

The Fiscal Year 2025/2026 proposed assessment rate is \$20.80 per Benefit Unit (BU) for Zone A. The rate of \$20.80 per unit for Zone A is the maximum assessment rate for Zone A.

**Table 1: Annexation No. 83 Assessment Rates and Revenue**

<b>Zone A</b>	<b>Units/BU</b>	<b>Proposed Rate</b>	<b>Assessment Revenue</b>
Tract No. 84311	75 units	\$20.80/unit	\$1,560.00

The Engineer’s Report proposes a \$1,508.00 General Fund contribution for Zone A for Fiscal Year 2025/2026.

**Table 2: Annexation No. 83 – Fiscal Year 2025/2026 Summary**

<b>Zone A</b>	
<b>Budget Item</b>	<b>Total Amount</b>
Proposed Assessments	\$1,560
General Fund Contribution	\$1,508
<b>Total Projected Revenue</b>	<b>\$3,068</b>
Energy and Maintenance	\$2,785
Administration	\$283
<b>Total Projected Expenditures</b>	<b>\$3,068</b>
<b>Estimated Ending Fund Balance</b>	<b>(\$0)</b>

Requirement

Balloting proceedings will be held on June 3, 2025. The City will conduct a property owner protest ballot proceeding (“Ballot Proceeding”) at that time for the proposed levy of a new assessment pursuant to the provisions of the California Constitution, Article XIID, Section 4, and in accordance with the provisions of Government Code, Section 53753. In conjunction with this Ballot Proceeding, the City Council will conduct a noticed public hearing to consider public testimonies, comments, and written protests regarding the annexation, the resulting new Zone boundaries, and the new assessments described herein.


**FISCAL IMPACT:**

The assessment of properties within Annexation No. 83, under the proposed assessment rates, raises the funds to pay part of the special benefit portion of the costs associated with Annexation No. 83. A General Fund contribution to the Lighting District (Fund 2710) in the amount of \$1,508.00 will be included in Fiscal Year 2025/2026 budget.

**CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):**

Not applicable.

Respectfully submitted,



Rafael M. Fajardo  
Director of Public Works/City Engineer