



CC Regular Meeting

AGENDA ITEM REPORT

Meeting:	April 1, 2025
Title:	Initiate Proceeding to Annex Territory, Levy & Collect Annual Assessment for FY 2025/2026, Set Public Hearing for Protests & Declare Intent to Annex Territory to Covina Landscape Maintenance District No. 1 – Zone 19
Presented by:	Rafael M. Fajardo, Director of Public Works/City Engineer
Recommendation:	<ol style="list-style-type: none">1. Adopt Resolution CC 2025-23 initiating proceedings for the annexation of territory (Zone 19) to Covina Landscape Maintenance District No. 1 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 the California Streets and Highways Code; and2. Adopt Resolution CC 2025-24 declaring the City’s intention to annex territory (Zone 19) and to levy and collect annual assessments and call for a property owner protest ballot proceeding for the Covina Landscape Maintenance District No. 1.

EXECUTIVE SUMMARY:

Adopt Resolution CC 2025-23 (Attachment A) initiating proceedings for the annexation of territory (Zone 19) to Covina Landscape Maintenance District No. 1 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 the California Streets and Highways Code and adopt Resolution CC 2025-24 (Attachment B) declaring the City’s intention to annex territory (Zone 19) to Covina Landscape Maintenance District No. 1.

BACKGROUND:

The Covina Maintenance Landscape District No. 1 (hereafter referred to as “District”) was formed on April 6, 1981, pursuant to the provisions of the *California Streets and Highways Code, Division 15, Part 2, Landscaping and Lighting Act of 1972* (hereafter referred to as the “Act”), in order to provide and maintain public landscape improvements in specified areas within the City of Covina.

Each fiscal year, prior to making and collecting assessments within the Covina Landscape Maintenance District No. 1, the City Council must adopt resolutions directing the City’s Licensed Engineer to prepare and file a report regarding the proposed assessment(s) 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 made, 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 Landscape Maintenance District No. 1.

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 operations 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 benefits to parcels in the District. Within the boundaries of the District, parcels are assigned to a zone, each of which is associated with specific improvements that provide special benefits to properties within the zone.

The attached Engineer’s Report specifically addresses the annexation of Tract No. 84311. Tract No. 84311 will be designated as Zone 19, which will develop out to seventy-five (75) condominiums, 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.

The annexation territories are more specifically identified as follows.

Zone 19

Tract No. 84311, generally located north of Limoncello Lane, east of Ruby Red Drive and west of Barranca Avenue, will develop out to seventy-five (75) condominiums and is currently identified by the Los Angeles County Assessor’s Office as parcel 8430-015-021. Improvements within this area will consist of eight (8) trees and 1,008 square feet of irrigated landscaping.

The City recommends that the rate of \$20.20 per EBU be imposed for Zone 19 for Fiscal Year 2025/2026, which will generate sufficient revenue to cover projected expenses with an inflator. The annexation territory budget can be found on page 15 of the Fiscal Year 2025/2026 Annexation Engineer’s Report.

In order to assure that the improvement funding is sufficient in the future to address the ongoing maintenance and replacement cost increases that naturally occur over time due to inflation, the special benefit assessments being presented to the property owners in the ballot proceeding conducted in connection with the Engineer’s Report includes an annual inflationary adjustment (assessment range formula). This inflationary adjustment formula provides for the Fiscal Year 2025/2026 maximum assessment (initial maximum assessment rate) for the Annexation Territory to increase by an amount equal to the lesser of: (1) three percent (3.0%), or (2) the annual percentage increase of the Local Consumer Price Index (CPI) for “All Urban Consumers” for the Los Angeles-Long Beach-Anaheim Area (February of the given year from the previous February or similar timeframe).

Table 1: Covina Landscape District No. 1, Zone 19 – FY 2025/2026 Summary

Budget Item	Zone 19
Proposed Assessments	\$1,514
General Benefit Subsidy	\$0
Total Projected Revenue	\$1,514
Landscape Maintenance Expenses	\$1,037
Administration	\$164
Total Projected Expenses	\$1,201
Estimated Ending Fund Balance (Reserves)	\$313

There is no general benefit contribution from the City for Zone 19 at present. The general benefit represents what the City would pay for minimum service if the Zone did not exist, but the improvements were in place and need to be maintained at a minimum level of service.

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:

There is no fiscal impact currently for Zone 19.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Rafael M. Fajardo
Director of Public Works/City Engineer