



City of Covina

Landscape Maintenance District No. 1

Engineer's Report

Annexation of Territory and Establishment of
Zone 19

(Tract No. 84311)

Commencing Fiscal Year 2025/2026

Intent Meeting: April 1, 2025

Public Hearing: May 20, 2025

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ATTACHMENT C

ENGINEER'S ANNEXATION REPORT AFFIDAVIT

City of Covina

Landscape Maintenance District No. 1 Annexation of Territory and Improvements; and Establishment of Zone 19 Commencing in Fiscal Year 2025/2026

City of Covina, County of Los Angeles, State of California

As part of the Resolution of Intention packet presented for the consideration of the Covina City Council, this Report and the enclosed budget, diagrams, and description outline specific proposed changes to the Landscape Maintenance District No. 1 (LMD No. 1) for Fiscal Year 2025/2026, including the annexation of territory to LMD No. 1, the expansion of the improvements to be maintained within LMD No. 1, and the proposed annual assessments for all parcels within the Annexation Territory commencing in Fiscal Year 2025/2026. Reference is hereby made to the Los Angeles County Assessor's Parcel Maps for a detailed description of the lines and dimensions of parcels within LMD No. 1, Zone 19 and annexation territory known as Tract No. 84311 that will be subject to the proposed annual assessment.

The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2025.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Covina

By: _____

Stacey Reynolds
Principal Consultant

By: _____

Tyrone Peter
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Table of Contents

INTRODUCTION 1
 ANNEXATION TERRITORY 2
 PROCEEDINGS AND REPORT CONTENT 3

PART I — PLANS AND SPECIFICATIONS 6
 DESCRIPTION OF THE DISTRICT 6
 EXISTING DISTRICT ZONES AND IMPROVEMENTS 7
 ZONES AND IMPROVEMENTS ANNEXATION TERRITORY FISCAL YEAR 2025/2026 9

PART II — METHOD OF APPORTIONMENT..... 10
 LEGISLATIVE REQUIREMENTS FOR ASSESSMENTS 10
 BENEFIT ANALYSIS..... 10
 ASSESSMENT METHODOLOGY 11

PART III — ESTIMATE OF COSTS 14
 PROPOSED BUDGET AND ASSESSMENT 14

PART IV — BOUNDARY DIAGRAMS..... 17

PART V — ASSESSMENT ROLL..... 20

Introduction

The City of Covina ("City"), under the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code ("1972 Act") established the assessment district designated as:

LANDSCAPE MAINTENANCE DISTRICT NO. 1

(hereinafter referred to as "LMD" or "District"). Pursuant to the provisions of the 1972 Act and in compliance with the substantive and procedural requirements of Article XIID of the California State Constitution (the "California Constitution"), the City Council of the City of Covina, proposes to annex territory established as Zone 19 to expand the improvements to be provided and maintained within the LMD, and to conduct a property owner protest ballot proceeding for special benefit assessments to be levied and collected annually on the parcels within the Annexation Territory in order to fund in whole or in part the maintenance and operation of certain public improvements that may include, but is not limited to landscaping, parks and appurtenant facilities that provide special benefits to those properties commencing in Fiscal Year 2025/2026.

As required pursuant to Chapter 1, Article 4 of the 1972 Act, this Report shall serve as the detailed Engineer's Report for the annexation of territory to Landscape Maintenance District No. 1 for Zone 19 (hereafter referred to as the, "Annexation Territory") and the establishment of annual assessments to be levied and collected upon properties within the proposed Annexation Territory in connection with the special benefits each property receives from the maintenance and servicing of the improvements to be provided by the City through the District. The assessments described herein will provide an annual funding source to adequately support the ongoing maintenance, servicing, operation, and incidental expenses associated with the landscape improvements, and appurtenant facilities and amenities that benefit the identified properties within the Annexation Territory. The Annexation Territory as shown in the diagram contained in Part IV of this Report, encompasses all lots and parcels of land within a defined area of the City that will receive special benefits from the improvements to be funded by the assessments. Parcels within the Annexation Territory will be assessed for their proportionate special benefit of the shared landscape improvements and appurtenant facilities.

The City Council of the City of Covina adopted its General Plan with various elements to provide guidelines for orderly development of property within the City. The City Council further adopted ordinances and regulations governing the development of land providing for the installation and construction of certain landscaping and appurtenant facilities to enhance the quality of life and to benefit the value of property.

The requirement for the installation of landscaping, streets and appurtenant facilities is a condition of development provided for in the City's Subdivision Ordinance and is a requirement for issuance of a permit for construction of commercial, residential, and planned unit development. These improvements generally include but are not limited to street lights and related equipment and fixtures; various landscape materials such as trees, turf, shrubs, vines, and ground cover; irrigation and drainage systems; structural amenities such as monuments, block walls, retaining walls, or other fencing; hardscapes including mulch, trail and path surfaces, stamped concrete and pavers; recreational amenities such as benches, picnic facilities and play structures; signage; and related appurtenances.

The installation of landscaping and appurtenant facilities is the responsibility of the sub-divider or other development/applicant, triggered by the approval of a tentative subdivision map or other development application. After installation, it is City policy that the servicing, operation, maintenance, repair and replacement of landscaping and appurtenant facilities in turn become the financial responsibility of the properties that specially benefit from the facilities.

In accordance with the 1972 Act, the District utilizes benefit zones ("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 benefit to properties within that Zone.

ANNEXATION TERRITORY

The Annexation Territory consists of all lots and parcels of land within the planned areas identified as Tract No. 84311. Tract No. 84311 will develop out to seventy-five (75) condominiums designated as Zone 19. This annexation area will pay the special benefit costs associated with the ongoing annual maintenance of the improvements within the Zone.

This Report has been prepared pursuant to the provisions of the California Constitution and the 1972 Act and shall serve as the detailed Engineer's Report regarding the annexation of the designated Annexation Territory into the Covina Landscape Maintenance District No. 1 and the proposed assessments to be levied on the properties therein commencing in Fiscal Year 2025/2026 for the proportional special benefits the properties will receive from the ongoing maintenance and servicing of the improvements associated with and/or resulting from the development of properties within the Annexation Territory.

The City Council proposes to annex the Annexation Territory into the District as Zone 19 (Proposed Zone), and to levy and collect annual special benefit assessments on the County tax rolls to provide ongoing funding for the direct expenditures, incidental expenses, and fund balances that are necessary to service and maintain the landscaping improvements associated with and resulting from the development of property within the Annexation Territory. The improvements described in this Report for the Annexation Territory are based on the initial improvement and development plans for Assessor Parcel Number 8430-015-021 and by reference those plans and specifications are made part of this Report.

The estimated budget provided herein is based on the City's estimate of the expenses for local improvements and services within the Annexation Territory. The resulting annual assessments are calculated utilizing the method of apportionment established under Part II of this report and are made pursuant to the 1972 Act and the substantive and procedural provisions of the California Constitution.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the Los Angeles County Assessor's Office. The Los Angeles County Auditor/Controller uses APNs and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

PROCEEDINGS AND REPORT CONTENT

This Report specifically addresses the proposed annexation of territory, establishment of the Zone, the resulting Zone boundary, the various improvements within the Zone, and the proposed assessment to be levied in connection with the special benefits the properties will receive from the maintenance and servicing of the improvements based on the estimated operating and maintenance expenses. The proposed annual assessments to be levied on properties within the Annexation Territory will provide a source of funding for the continued operation, maintenance and servicing of the landscaping and appurtenant facilities (collectively referred to as improvements) to be provided by the District for the special benefit of properties within the Zone.

The District assessments as described herein are based on the City's estimate of the costs to maintain, operate and service the improvements. The costs of the improvements and the proposed annual assessments budgeted and assessed against properties within the Annexation Territory 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 and/or periodic repairs, replacements and rehabilitation projects as authorized by the 1972 Act. The net annual cost to provide the improvements for each Zone are allocated to the benefiting properties within that Zone using a weighted method of apportionment (refer to Assessment Methodology in Part II, Method of Apportionment) that calculates the proportional special benefit and assessment for each parcel as compared to other properties that benefit from the District improvements and services. Thus, each parcel is assessed proportionately for only those improvements, services and expenses for which the parcel will receive special benefit.

Ballot Proceedings

As part of these proceedings, the City shall conduct a property owner protest ballot proceeding ("Ballot Proceeding") for the proposed levy of an assessment pursuant to the provisions of the California Constitution, Article XIII D 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 Zone boundaries and the assessments described herein. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists as defined in Article XIII D of the California Constitution.

As specified by the California Constitution, Article XIII D Section 4e:

"A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property."

After completion of the ballot tabulation, the City Council will confirm the results of the balloting. If majority protest exists for the Proposed Zone assessments, further proceedings to annex the parcels within the Proposed Zone into the District shall be abandoned.

If tabulation of the ballots indicate that majority protest does not exist for the Proposed Zone assessments and the assessment range formula presented and described herein, the City Council by resolution may adopt this Report (as submitted or amended); approve the assessment diagrams (Zone Boundary Diagram) contained herein; order the annexation of the parcels to the LMD and the improvements to be made; and confirm the assessments as outlined in this Report.

The assessments as approved, may be levied and collected on the County tax rolls commencing in Fiscal Year 2025/2026 together with the assessments for other properties in the District. For Fiscal Year 2025/2026 and each subsequent fiscal year, an engineer's annual levy report for the District shall be prepared and presented to the City Council to address any proposed changes to the District, including Zone 19, as well as any proposed changes to the improvements, budgets and assessments for that fiscal year. The City Council shall hold a noticed public hearing regarding these matters prior to approving and ordering the levy of annual assessments for the District.

If in any fiscal year, the proposed annual assessments for parcels with the District exceed the maximum assessments described herein, such an assessment would be considered an increased assessment and must be confirmed through a mailed property owner protest ballot proceeding for the affected parcels before that or increased assessment may be imposed.

Report Content

This Report has been prepared in connection with the annexation of a parcel into the LMD and the resulting assessments for the parcels at build-out within Zone 19 established herein in connection with the annexation of territory for Fiscal Year 2025/2026, pursuant to a resolution of the City Council and consists of the following five (5) parts.

Part I — Plans and Specifications

Contains a general description of the District and zones of benefit ("Zones") and specifically addresses the improvements and services that provide special benefits to the parcels within the Annexation Territory which include, but is not limited to local landscaping, and related amenities including operational expenses and fund balances authorized by the 1972 Act. The plans and specifications contained in this Report generally describe the nature and extent of the improvements. In conjunction with these general descriptions of the improvements a visual depiction of the improvements is provided in the Zone Boundary Diagram contained in Part IV of this Report. The detailed plans and specifications for the improvements in the Annexation Territory are on file in the Public Works Department of the City of Covina and by reference are made part of this Report.

Part II — Method of Apportionment

Outlines the special and general benefits associated with the improvements to be provided within the Annexation Territory, and the basis upon which the estimated costs to provide such improvements has been apportioned to each parcel of land therein in proportion to the special benefits to be received.

Part III — Estimate of Costs

Identifies the estimated annual funding costs (budget) required for the maintenance and operation of the improvements including, but not limited to, annual maintenance and service expenses, utility costs, related incidental expenses, and fund balances authorized by the 1972 Act and deemed appropriate to fully support the improvements. Those improvements and/or costs determined to be of general benefit shall be funded by a City contribution. This budget establishes the maximum assessments to be approved by the property owner(s) of record within the Annexation Territory as part of the Ballot Proceeding.

This section also identifies and outlines an Assessment Range Formula (inflationary adjustment) that provides for an annual adjustment to the maximum assessment rate that establishes limits on future assessments but also provides for reasonable cost adjustments due to inflation.

Part IV — Boundary Diagrams

Diagrams showing the existing District and Annexation Territory. The lines and dimensions of each lot, parcel, and subdivision of land contained in this diagram are inclusive of all parcels listed in “Part V — Assessment Roll” of this Report and the corresponding County Assessor’s Parcel Maps for said parcels as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein. Reference is hereby made to the Los Angeles County Assessor’s maps for a detailed description of the lines and dimensions of each lot and parcel of land within the Annexation Territory.

Part V — Assessment Roll

A listing of the proposed assessment amounts for each parcel within the Annexation Territory. The “Balloted Maximum Assessment” amount for each parcel represents that parcel’s proposed maximum assessment amount for each parcel within the Proposed Zone commencing in Fiscal Year 2025/2026 and is based on the parcel’s calculated proportional special benefit as outlined in “Part II — Method of Apportionment,” and calculated assessment rate established by the budget in “Part III — Estimate of Costs.” The assessment amount identified as the “FY 2025/2026 Estimated Assessment” represents the anticipated assessment amounts to be levied and collected on the County Tax Rolls for Fiscal Year 2025/2026. The actual assessment amounts to be levied and collected for Fiscal Year 2025/2026 shall be finalized, approved and adopted by the City Council together with the assessments for other properties in the District as part of the annual assessment process for Fiscal Year 2025/2026.

If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Report is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of the Report and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions might subsequently be declared invalid or unconstitutional.

Part I — Plans and Specifications

DESCRIPTION OF THE DISTRICT

The purpose of this District and specifically the Annexation Territory is to provide in part through annual assessments, funding for the ongoing operation, maintenance, and servicing of local landscaping, and related appurtenant facilities and services in specified areas of the City. The territory within the District consists of those lots or parcels of land within the City of Covina for which the City, through the District, maintains these local improvements and related amenities installed in connection with the development of those properties and for the benefit of those lots or parcels.

As authorized by the 1972 Act, the improvements provided by the District and associated with the Zone incorporate various local and related amenities installed in connection with the development of the property (properties) and are maintained and serviced for the benefit of real property within Zone 19. The maintenance of the improvements may also include various appurtenances including, but not limited to block walls, retaining walls or other fencing, trail and path surfaces, stamped concrete, pavers, mulch or other hardscapes, irrigation and related electrical equipment and drainage systems, benches, play structures, picnic or other recreational facilities, monuments, signage, ornamental lighting, street lighting, and related equipment. The work to be performed within the Zone may include but is not limited to (as applicable), the personnel, materials, equipment, electricity, water, contract services, repair and rehabilitation of the improvements and incidental expenses required to operate the District and provide the improvements and services.

Improvements provided within the District may include but are not limited to:

- Landscaping and related facilities and amenities located within designated street medians, parkway and streetscape side-panels, and entryways within the public right of ways or easements adjacent to public right of ways; and within public places including greenbelt areas, open spaces, and neighborhood parks within Zone 19. These improvements may include, but are not limited to:
 - Various landscape materials such as trees, turf, shrubs, vines, ground cover, annual or perineal plantings;
 - Irrigation and drainage systems;
 - Structural amenities such as monuments, block walls, retaining walls, or other fencing; and
 - Hardscapes including mulch, trail and path surfaces, stamped concrete and pavers.

The maintenance of these improvements may include, but is not limited to the regularly scheduled mowing, trimming, pruning, fertilization, pest control, weed and graffiti abatement, installation, replacement and rehabilitation of the landscaping, repair or replacement of irrigation or drainage systems, and repair or replacement of hardscape improvements and recreational amenities. The City Public Works Department shall authorize and schedule such maintenance and servicing as needed and based on available Zone funding.

EXISTING DISTRICT ZONES AND IMPROVEMENTS

In accordance with the 1972 Act, the District utilizes Zones and/or Sub-Zones (collectively referred to as Zones) to address variations in the nature, location, and extent of the improvements that provide special benefits to parcels in the District. Each Zone is associated with specific improvements and/or types of improvements that provide special benefit to properties within that Zone. The boundaries of each Zone are based on the improvements to be maintained and the relationship and proximity of the developments and properties that derive special benefits from those specific improvements.

As of Fiscal Year 2024/2025, the District is comprised of the following Zones and developments.

Zone 1

Generally located in the southeast region of the City, south of Covina Hills Road, north of Holt Avenue and the San Bernardino Freeway, and east of Grand Avenue. The Zone was established in April 1981 and the annual assessments provide for the maintenance of landscaping in Parque Xalapa, Forest Hills Drive and Covina Hills Road Slope and Oak Tree Park.

Zone 2

Generally located in the north-central region of the City, south of Arrow Highway, north of Cienega and west of Grand Avenue. The Zone was established in April 1981 and the annual assessments provide for the maintenance of landscaping at the entrances to Arrow Grand Circle off Arrow Highway and the north side of Cienega Street between Grand Avenue and Barranca Avenue that is adjacent to the properties within the Zone.

Zone 4

Comprised of four (4) residential developments (single-family and condominiums) generally located south of Arrow Highway, north of Puente Street along the Azusa Avenue corridor. These four residential developments are inclusive of Tract 15506, Tract 14394, Tract 18642, Tract 33882 and Tract 34224. The annual assessments for Zone 4 provide for the maintenance of street landscaping (including street tree maintenance) associated with the properties as well as a portion of the maintenance costs of Azusa Avenue landscaping (15% of the costs).

Zone 5

Comprised of the commercial/industrial properties generally located south of Arrow Highway, north of Badillo Street along the Azusa Avenue corridor. The annual assessments for Zone 5 provide for the maintenance of street landscaping (including street tree maintenance) specifically associated with these properties including 85% of the maintenance costs of Azusa Avenue landscaping.

Zone 6

Annexed into the District in Fiscal Year 2017/2018. Tract No. 73455 is comprised of sixty-three (63) single-family residential properties, generally located south of E. Cypress Street, west of N. Kidder Avenue and east of N. Banna Avenue. Improvements within this area consist of approximately 6,143 square feet of parkway landscaping and twenty-eight (28) local street trees.

Zone 7

Known as Citrus Promenade was annexed into the District in Fiscal Year 2018/2019. Tract No. 74512-1, generally located east of Citrus Avenue and west of Fairvale Avenue is comprised of one hundred seventeen (117) townhomes. Improvements within this area consist of median and parkway landscaping along Citrus Avenue.

Zone 8

Annexed into the District in Fiscal Year 2018/2019. Parcel Map No. 72690 generally located south of Dexter Street and east of 4th Avenue has been developed into three (3) townhomes and is identified by the Los Angeles County Assessor's Office as parcel 8444-010-031. Improvements within this area consist of four (4) street trees.

Zone 9

Annexed into the District in Fiscal Year 2018/2019. Parcel Map No. 73595 generally located south of E. Ruddock Street, west of Reeder Avenue and north of E. Badillo Street was planned to be subdivided into a four (4) lot residential subdivision and is identified by the Los Angeles County Assessor's Office as parcel 8427-022-045. Improvements within this area were planned for four (4) street trees. However, development has not occurred and Zone 9 has not been levied commencing Fiscal Year 2023/2024.

Zone 10

Known as Atwood, annexed into the District in Fiscal Year 2019/2020. Tract No. 72116 generally located south of W. San Bernardino Road, west of N. Citrus Avenue and north of W. Orange Street contains sixty-eight (68) townhomes, four (4) live/work lofts and one (1) parcel containing three (3) office/retail units. Improvements within this area consist of thirty-one (31) street trees.

Zone 11

Annexed into the District in Fiscal Year 2021/2022. Tract No. 73660 generally located west of N. Citrus Avenue and north of W. Orange Street developed into eight (8) condominium units and is identified by the Los Angeles County Assessor's Office as parcel 8431-028-113. Improvements within this area consist of two (2) street trees.

Zone 12

Annexed into the District in Fiscal Year 2021/2022. Tract No. 1224 Lot 6, generally located west of N. Citrus Avenue and north of W. Orange Street developed into two (2) commercial buildings and is identified by the Los Angeles County Assessor's Office as parcel 8431-028-111. Improvements within this area will consist of six (6) street trees.

Zone 13

Known as Covina Bowl was annexed into the District in Fiscal Year 2022/2023. Tract No. 82874 generally located south of W. San Bernardino Road, north of W. Badillo Street and west of N. Rimsdale Avenue developed out to a restaurant and one hundred thirty-two (132) condominiums originally identified by the Los Angeles County Assessor's Office as parcels 8434-017-008, 8434-017-009, and 8434-018-020. Improvements within this area will consist of twenty-five (25) street trees and 7,757 square feet of irrigated landscaping.

Zone 14

Known as Zest was annexed into the District in Fiscal Year 2022/2023. Tract No. 83178 generally located south of Kelby Park and west of Barranca Avenue developed into one hundred fifty-one (151) townhomes and was identified by the Los Angeles County Assessor's Office as parcel 8430-015-018. Improvements within this area consist of four (4) street trees and 662 square feet of irrigated landscaping.

Zone 15

Known as Campsite Brewery was annexed into the District in Fiscal Year 2023/2024. Tract No. 45569 (Campsite Brewery) generally located north of Front Street and west of Curtis Avenue is one (1) business with two (2) buildings and identified by the Los Angeles County Assessor's Office as parcel 8430-018-019. Improvements within this area consist of twelve (12) street trees and 2,307 square feet of irrigated landscaping.

Zone 16

Annexed into the District in Fiscal Year 2023/2024. Parcel Map No. 82493 generally located north of East Puente Street and west of Monte Vista Avenue with two (2) residential parcels currently identified by the Los Angeles County Assessor's Office as parcel 8446-009-020 and 021. Improvements within this area consist of three (3) street trees.

Zone 17

Annexed into the District in Fiscal Year 2023/2024. Tract No. 83343 is generally located north of Covina Boulevard, west of Fairvale Avenue and east of Citrus Avenue developed into thirty-eight (38) residential townhomes and was identified by the Los Angeles County Assessor's Office as parcel 8406-019-098. Improvements within this area consist of eighteen (18) street trees and 3,275 square feet of irrigated landscaping.

Zone 18

Annexed into the District in Fiscal Year 2023/2024. Tract No. 83203 is generally located north of W. Puente Street, east of S. 4th Avenue and west of S. 3rd Avenue and is planned for ten (10) residential townhomes currently identified by the Los Angeles County Assessor's Office as parcel 8444-010-028. Improvements within this area consist of fourteen (14) street trees and 2,750 square feet of irrigated landscaping.

ZONES AND IMPROVEMENTS ANNEXATION TERRITORY FISCAL YEAR 2025/2026

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.

Part II — Method of Apportionment

LEGISLATIVE REQUIREMENTS FOR ASSESSMENTS

The costs of the proposed improvements have been identified and allocated to properties within the Annexation Territory based on proportional special benefit, consistent with the provisions of the 1972 Act and the assessment provisions of Proposition 218 (being contained in Article XIID of the California Constitution). The improvements provided by this District and for which properties within the Annexation Territory are assessed, are identified as local landscaping and related amenities that were either installed in direct connection with the development of properties to be included within the designated Proposed Zone or were installed for the benefit of those properties as a result of property development or potential development of those properties and were considered necessary elements for the development of such properties to their full and best use. The formulas used for calculating assessments and the designation of Zones herein reflect the composition of parcels within the Annexation Territory, and the improvements and activities to be provided, and have been designed to fairly apportion the cost of providing those improvements based on a determination of the proportional special benefits to each parcel.

In addition to the provisions of the 1972 Act, Article XIID of the California Constitution outlines specific requirements regarding assessments including the following:

Article XIID Section 2d defines District as follows:

“District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.”

Article XIID Section 2i defines Special Benefit as follows:

“Special benefit means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute “special benefit.”

Article XIID Section 4a defines proportional special benefit assessments as follows:

“An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

BENEFIT ANALYSIS

Landscaping Special Benefit

The ongoing maintenance of landscaped areas within the District (specifically Zone 19 as addressed in this Report), provide aesthetic benefits to the properties and a more pleasant environment to walk, drive, live, and/or work. The primary function of these landscape improvements and related amenities is to serve as an aesthetically pleasing enhancement and green space for the benefit of the immediately surrounding properties and developments for which the improvements were constructed and installed and/or were facilitated by the development or potential development of properties within Zone 19. These landscape

improvements are an integral part of the physical environment associated with the parcels in the Zone and while some of the improvements may in part be visible to properties outside the Zone, collectively if these improvements are not properly maintained, it is the parcels within the Zone (as may be applicable) that would be aesthetically burdened. Additionally, the street landscaping in Zone 19 serve as a pleasant aesthetic amenity that enhances the approach to the parcels. In some District zones, the landscaped areas may include green space areas (neighborhood parks, greenbelts, open space and/or trails) that may provide a physical buffer between properties, overall open space within a development, and/or recreational areas that serve as an extension of the physical attributes of the parcels assessed, such as their front or rear yards. As a result, the maintenance of these landscape improvements and the related amenities provide particular and distinct benefits to the properties and developments associated with those improvements within each Zone.

Landscaping General Benefit

Based on the parameters of special benefit as outlined by the California Constitution, general benefit may be described as an overall and similar benefit to the public in general resulting from the improvements, activity or services to be provided for which an assessment is levied. Although the Proposed Zone improvements are located on public streets that are visible to the general public, it is clear that the ongoing maintenance of these improvements are only necessary for the appearance, safety and advantage of the properties within the Zone and are not required nor necessarily desired by any properties outside the Zone. Inasmuch as the improvements and the services to be provided are specific to the development and properties within the Zone and these improvements and services do not extend beyond the Zone's boundaries, any access or proximity to these improvements by other nearby properties or developments would be considered incidental and the potential general benefits to the public at large are considered intangible.

ASSESSMENT METHODOLOGY

To assess benefits equitably it is necessary to calculate each property's relative share of the special benefits conferred by the funded improvements and service. The Equivalent Benefit Unit (EBU) method of assessment apportionment is utilized for this District and establishes a basic unit (base value) of benefit and then calculates the benefit derived by each assessed parcel as a multiple (or a fraction) of that basic unit. The EBU method of apportioning special benefits is typically seen as the most appropriate and equitable assessment methodology for assessment districts, as the benefit to each parcel from the improvements are apportioned as a function of comparable property characteristics which may include but is not limited to land use and property size.

For the purposes of this Engineer's Report, an EBU is the quantum of benefit derived from the various Zone improvements by a single-family residential parcel. The single-family residential parcel has been selected as the basic unit for calculation of assessments. Thus, the "benchmark" property (the single-family residential parcel) derives one EBU of benefit and is assigned 1.00 Equivalent Benefit Unit. Pursuant to the 1972 Act, the costs of the District may be apportioned by any formula or method that fairly distributes the net amount to be assessed, among all assessable parcels in proportion to the estimated benefits to be received by each parcel from the improvements. The benefit formula used for the District should reflect the composition of the parcels, and the improvements and services provided, to fairly apportion the costs based on special benefit to each parcel.

The existing District's Method of Apportionment utilizes commonly accepted assessment engineering practices, established pursuant to the 1972 Act and the provisions of the California Constitution. The method outlined for Zone 19 is based on the premise that each assessed parcel receives benefit from the improvements maintained and financed by the District's assessments. The desirability of properties within the Zone is enhanced by the presence of well-maintained landscaping in close proximity to those properties. The costs associated with the improvements within Zone 19 are equitably spread among the benefiting parcels within the Zone and the funds collected shall be dispersed and used for only the improvements and services provided by the District.

Identifiers for each Zone designation are identified below:

Zones 1, 2, 5 and 12

*Balance to Levy / Total Number of 1,000 sq. ft. (Lot Size) = Levy per 1,000 sq. ft.
Converted to Equivalent Benefit Units ("EBU")
Balance to Levy / Total Number of EBUs = Assessment Rate per EBU*

Zones 4, 6, 7, 8, 9, 11, 14, 16, 17 and 18

*Balance to Levy / Total Number of Units = Levy per Unit
Converted to EBU
Balance to Levy / Total EBU = Assessment Rate per EBU*

Zone 10

Residential

*Balance to Levy / Total Number of Units = Levy per Unit
Converted to EBU
Balance to Levy / Total EBU = Assessment Rate per EBU*

Commercial

*Balance to Levy / Total Number of 1,000 sq. ft. (Lot Size) = Levy per 1,000 sq. ft.
Converted to EBU
Balance to Levy / Total Number of EBUs = Assessment Rate per EBU*

Live/Work

Each residential unit is assessed one (1) Equivalent Benefit Unit (EBU), and each commercial parcel is assessed at a rate per square foot. The four (4) live-work units are assessed 1 EBU per residential unit plus 1,000 square feet per levy for non-residential use. It is anticipated that the typical live-work unit will be 5,453.50 SF (square feet) with 70% of the area assigned to non-residential use, which equals 3,809.75 SF.

*Balance to Levy / Total Number of Units (Levy Units) plus Levy per Acre
Converted to EBU
Balance to Levy / Total EBU = Assessment Rate per EBU*

Zone 13

Residential

*Balance to Levy / Total Number of Units = Levy per Unit
Converted to EBU*

Balance to Levy / Total EBU = Assessment Rate per EBU

Commercial

*Balance to Levy / Total Number of 1,000 sq. ft. (Lot Size) = Levy per 1,000 sq. ft.
Converted to EBU*

Balance to Levy / Total Number of EBUs = Assessment Rate per EBU

The levy amount for each parcel is then calculated by multiplying the Zone Assessment Rate by assigned EBU on each parcel:

Assessment Rate x Parcel's EBU = Parcel Levy Amount

Zone 15

Commercial

*Balance to Levy / Total Number of 1,000 sq. ft. (Lot Size) = Levy per 1,000 sq. ft.
Converted to EBU*

Balance to Levy / Total Number of EBUs = Assessment Rate per EBU

New Annexation Territory

Zone 19

Residential

*Balance to Levy / Total Number of Units = Levy per Unit
Converted to EBU*

Balance to Levy / Total EBU = Assessment Rate per EBU

Part III — Estimate of Costs

The 1972 Act provides that the estimated costs of the improvements shall include the total cost of the improvements, including incidental expenses.

The 1972 Act also provides that the amount of any surplus, deficit, or contribution be included in the estimated cost of improvements. The net amount to be assessed on the lots or parcels within the Annexation Territory is the total cost of maintenance and servicing with adjustments either positive or negative for reserves, surpluses, deficits, and/or contributions.

PROPOSED BUDGET AND ASSESSMENT

The budget and assessments outlined on the following page for the Annexation Territory for the designated Zone 19 are based on the national standards and related funding necessary for the operation, maintenance and servicing of the District improvements identified in Part I of this Report.

This budget represents an estimate of the special benefit expenses anticipated to be collected for Fiscal Year 2025/2026 at the time this Report was prepared and establishes the maximum assessment rates to be balloted and approved by the property owner(s) of record within the Annexation Territory as part of the Ballot Proceeding.

Annexation Territory Budget Fiscal Year 2025/2026

BUDGET ITEM	Zone 19 Budget
ANNUAL MAINTENANCE (DIRECT COSTS)	
Direct Landscape Maintenance Expenses	
Landscape Maintenance and Appurtenant Facilities	\$483
Tree Trimming	143
Landscape Utilities (Water/Electricity)	170
Maintenance & Street Infrastructure	69
Rehabilitation & Replacement	172
Total Annual Landscape Maintenance Expenses	\$1,037
INDIRECT COSTS	
Administration	
Administration Overhead	\$45
County Administration Fee	21
Professional Services	73
Legal Notices	25
Total Administration	\$164
Total Costs & Expenses	\$1,201
LEVY ADJUSTMENTS	
Operational Reserves	\$313
General Benefit (contribution)	0
General Fund (Contribution)	0
Total Levy Adjustments	\$313
BALANCE TO LEVY	\$1,514
DISTRICT STATISTICS	
Current Parcel Count	1
Total Parcels at Built -Out	75
Parcels Levied at Built Out	75
Total EBUs	75.0000
Proposed Maximum Assessment per EBU	\$20.20
Proposed Assessment for FY 2025/2026	\$20.20

Note: The budget has been rounded to the nearest dollar.

Annual Inflationary Adjustment (Assessment Range Formula)

It is recognized that the cost of providing for the improvements described in Part I, Plans and Specifications, of this Report will inevitably increase over time as a result of inflation and that any "new or increased assessments" require certain noticing and balloting requirements pursuant to Article XIID of the California Constitution (Proposition 218). However, Government Code Section 54954.6(a) provides that a "new or increased assessment" does not include "an assessment that does not exceed an assessment formula or range of assessments...previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition of a new or increased assessment is reaffirmed in the Proposition 218 Omnibus Implementation Act, Government Code Section 53753.5.

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 during the Ballot Proceeding conducted in connection with this Report includes an annual inflationary adjustment (assessment range formula). This inflationary adjustment formula provides for the Fiscal Year 2025/2026 maximum assessments (initial maximum assessment rate) established herein 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 Areas (February of the given year from the previous February or similar time frame).

The adoption of the maximum assessment rates and the Assessment Range Formula described herein does not mean that the annual assessments will necessarily increase each fiscal year, nor does it absolutely restrict the assessments to the annually adjusted maximum assessment rates. Although the maximum assessment rates that may be levied shall be increased each fiscal year, the actual amount to be assessed will be based on the Balance to Levy for that fiscal year. If the calculated assessment is less than the adjusted maximum assessment, then the calculated assessment may be approved by the City Council for collection. If the calculated assessment (based on the proposed budget) is greater than the adjusted maximum assessment for that fiscal year, then the assessment would be considered an increased assessment and would require property owner approval through another property owner protest ballot proceeding before imposing such an increase. Otherwise, it would be necessary to reduce the budget or provide a contribution from the City to reduce the Balance to Levy (amount to be assessed) to an amount that can be supported by an assessment rate less than or equal to the adjusted maximum assessment rate authorized for that fiscal year.

The Assessment Range Formula shall be applied to the maximum assessment rates for Zone 19 in the Annexation Territory commencing in Fiscal Year 2025/2026 and shall be applied in each subsequent fiscal year unless the City Council formally suspends its application.

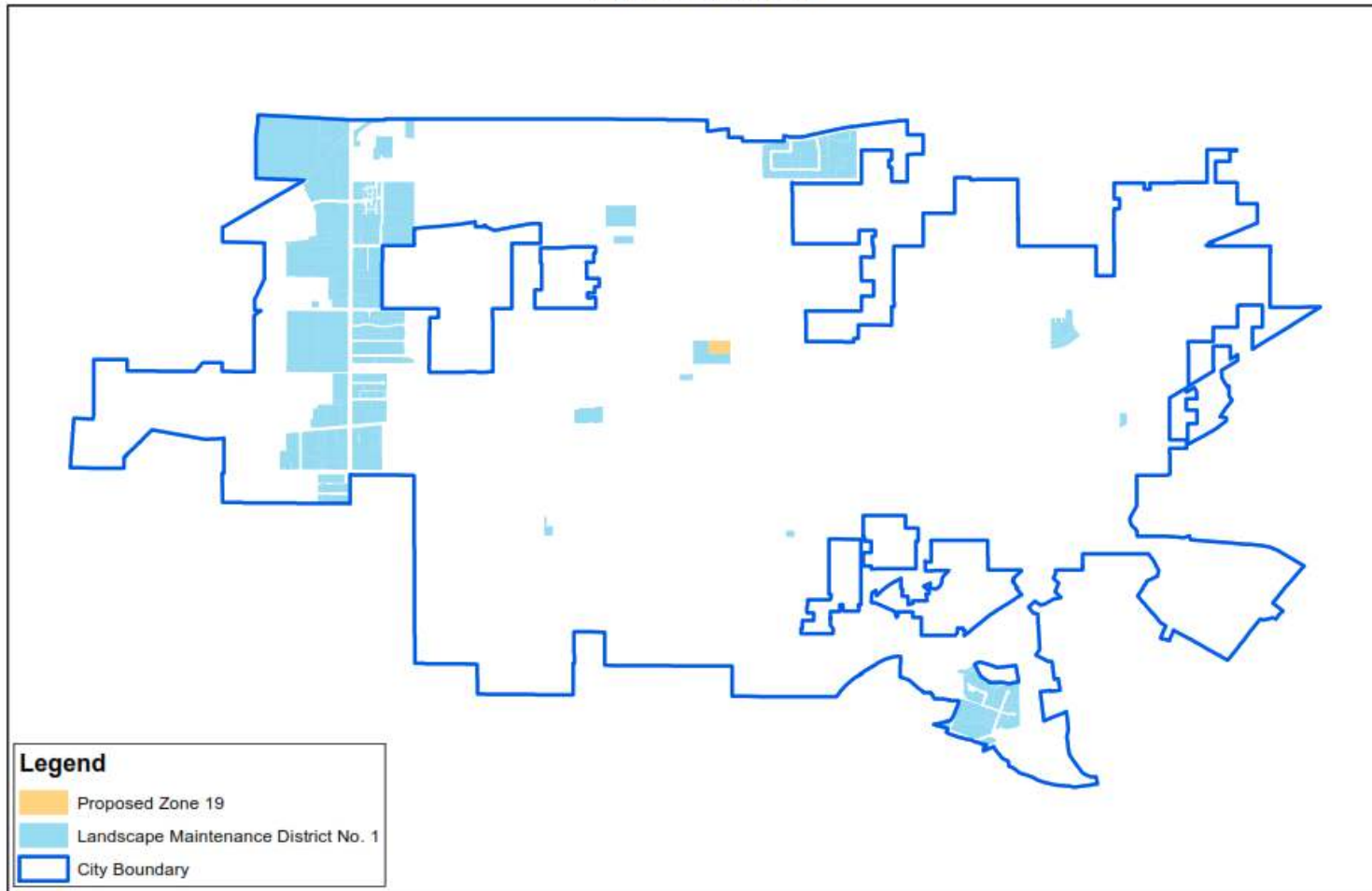
Part IV — Boundary Diagrams

The Fiscal Year 2025/2026 District Diagrams on the following pages show the boundaries of the Covina Landscape Maintenance District No. 1 including Zone 19 (Sheet 1) and a separate diagram for Zone 19 (Sheet 2).

LANDSCAPE MAINTENANCE DISTRICT NO. 1

CITY OF COVINA
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
ANNEXATION

SHEET 1 OF 2



LANDSCAPE MAINTENANCE DISTRICT NO. 1

SHEET 2 OF 2

CITY OF COVINA
COUNTY OF LOS ANGELES
STATE OF CALIFORNIA
ANNEXATION



Part V — Assessment Roll

Parcel identification for each lot or parcel within the Annexation Territory shall be the APN as shown on the Los Angeles County Secured Roll for the year in which this Report is prepared and reflective of the Assessor's Parcel Maps.

The following is the lot and parcel of land (parcel) within the Annexation Territory and the corresponding maximum assessments being set for Fiscal Year 2025/2026.

APN	Zone	Owner	Area	Acres	EBU	Maximum Rate Per Assessment Unit FY 2025/2026	Maximum Assessment FY 2025/2026
8430-015-021	19	TH BARRANCA II LLC	Tract 84311	2.780	75.000	\$20.20	\$1,515.00