



City of West Covina

Citywide Lighting & Maintenance District

FISCAL YEAR 2023/2024 ENGINEER'S REPORT

Intent Meeting: June 20, 2023

Public Hearing: July 18, 2023

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ENGINEER'S REPORT AFFIDAVIT

Citywide Lighting and Maintenance District

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

This Report describes the District including the improvements, budgets, parcels and assessments to be levied for Fiscal Year 2023/2024 as they existed at the time of the passage of the Resolution of Intention. Reference is hereby made to the Los Angeles County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2023.

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

By: _____

Chonney Gano, Project Manager
District Administration Services

By: _____

Tyrone Peter
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OVERVIEW

The City of West Covina (“City”), annually levies and collects assessments in order to provide and maintain facilities, improvements and services within the Citywide Lighting and Maintenance District (“District”). The District was established in 1976 pursuant to the *Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code* (“1972 Act”). Prior to Fiscal Year (“FY”) 1997-98 the District funded a variety of public improvements and services which included: street tree maintenance, median maintenance, park maintenance, municipal pool maintenance, area lighting maintenance, traffic signal maintenance, traffic engineering, and street lighting engineering. Since the passage of Proposition 218 (“Proposition”) in November 1996 and the subsequent property owner approval in July 1997, the District assessment currently funds only those services that have been designated as a “Special Benefit”, which is the maintenance of most of the street lights and street trees within the City. These funds are used for the operations and maintenance of streetlights, trimming of street trees, and removal and replacement of diseased street trees.

The Engineer’s Report (“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 for FY 2023/2024.

This Report describes the District, the improvements and the proposed assessments to be levied against properties in connection with the benefits the properties will receive from the maintenance and servicing of the District improvements for FY 2023/2024. The annual assessments to be levied on properties within the District provide a funding source for the continued operation and maintenance of local landscape improvements installed in connection with the development of properties within the District. Each fiscal year, the City establishes the District’s assessments based on an estimate of the costs to maintain, operate and service the landscape improvements and based upon available revenues including fund balances, 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: 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 adequate funds for operational reserves or periodic expenditures including installments collected for long-term improvement projects. Each parcel is assessed proportionately for only those improvements, services and expenses for which the parcel will receive special benefit.

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 (“County”) Assessor’s Office. The County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

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. Upon conclusion of the Public Hearing, the City Council will consider all public comments and review the Report. 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 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 County Auditor/Controller to be included on the property tax roll for each parcel.

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, many of these estimated costs and associated services cannot be funded by the current assessment revenues and contributions from the City. To fully fund the improvements, it may be necessary to increase assessment revenues by a percentage greater than the currently approved inflationary adjustment, which is no greater than the percentage increase of the Los Angeles-Long Beach-Anaheim Consumer Price Index (“CPI”) as published by the Department of Labor’s Bureau of Labor Statistics or 2% whichever is less. (As of January 2018, the Los Angeles-Riverside-Orange County Consumer Price Index region name changed to Los-Angeles-Long Beach-Anaheim Consumer Price Index). This will 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 XIID.

In FY 2017-18, the City conducted a property owner protest ballot proceeding for a proposed Maximum Assessment increase of 12%. Based on the results of the protest ballot, the City Council declined to adopt the new Maximum Assessment increase.

As required by the 1972 Act, this Engineer’s Report describes the improvements to be operated, 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 FY 2023/2024.

This Report consists of five (5) parts:

Part I

Plans and Specifications: A general description of the District and the improvements for which parcels are assessed. The proposed assessments as outlined in this Report are based on the improvements that provide a special benefit to the properties within the District. The plans and specifications contained in this Report generally describe the nature, location and extent of the improvements.

Part II

Method of Apportionment: A description of how the proportionate amount of the assessments is to be charged in proportion to the benefits received by each lot or parcel within the boundaries of the District.

Part III

Estimate of Costs: An estimate of the annual costs to properly operate, maintain, and service the landscape improvements and appurtenant facilities. This budget includes an estimate of the maintenance costs and incidental expenses including, but not limited to: labor, materials, equipment and administration expenses as well as the collection of appropriate funding necessary to properly support the improvements. Not all services and costs identified in these budgets can be supported by the current assessment revenues and City contributions, and as such, City staff shall make the determination of which services and activities shall be provided based on available revenues.

Part IV

Boundary Map: A diagram showing the boundaries of the District is provided in this Report and includes all parcels determined to receive special benefits from the improvements. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District are shown on the Los Angeles County Assessor's Parcel Maps and shall include any subsequent lot line adjustments or parcel changes therein. Reference is hereby made to the Los Angeles County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District. A diagram showing the overall boundaries of the District is on file with the City Clerk and the Office of the City Engineer, and by reference is made part of this Report.

Part V

Assessment Roll: A listing of the assessment amount associated with each parcel within the District. The assessments presented herein are unchanged from the previous fiscal year.

PROPOSITION 218 COMPLIANCE

On November 5, 1996, California voters approved Proposition 218. This Proposition amended the California Constitution and was the latest in a series of initiatives reducing the revenue-raising discretion of California local governments. The provisions of the Proposition, now California Constitution Articles XIII C and XIII D, can be summarized in four general areas:

1. Strengthens the general and special tax provisions of Proposition 13 and Proposition 62.
2. Extends the initiative process to all local taxes, assessments, fees, and charges.
3. Adds substantive and procedural requirements to assessments.

4. Adds substantive and procedural requirements to property-related fees and charges.

Proposition 218 required that beginning July 1, 1997, all new and existing assessments (with some exceptions) must conform to new substantive and procedural requirements. However, certain assessments are exempted from these requirements until they are increased.

Generally, these exemptions include:

- (a) Assessments used exclusively to fund sidewalks, streets, sewers, water, flood control, drainage systems, or vector control.
- (b) Assessments imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed.
- (c) Assessments used exclusively for bond repayments, the cessation of which would violate the Contract Impairment Clause of the U.S. Constitution.
- (d) Assessments previously approved by a majority of voters.

The assessments for the District were approved in a mailed ballot election in July 1997 in accordance with the Article XIID substantive and procedural requirements. Any subsequent increases in the assessments above those initially approved by the mailed election will be subject to the procedures and approval process of Section 4 of Article XIID of the California Constitution.

I. PLANS AND SPECIFICATIONS

A. DESCRIPTION OF WORK

The existing facilities to be maintained and serviced include street lighting facilities and street trees.

The District will fund the costs in connection with the district maintenance and servicing including, but not limited to, personnel, electrical energy, water, materials, contracting services, and other expenses necessary for the satisfactory operation of these facilities. The facilities are described as follows:

Landscaping and Appurtenant Facilities

Facilities include but are not limited to: trees, irrigation system, hardscape, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public right-of-way, parkways, and dedicated easements within the boundaries of the District.

Lighting and Appurtenant Facilities

Facilities include but are not limited to: poles, fixtures, bulbs, conduits, conductors, equipment including guys, anchors, posts and pedestals, metering

devices and appurtenant facilities as required to provide lighting in the public right-of-way and dedicated easements within the boundaries of the District.

The public lighting system shall be maintained to provide adequate illumination. Electricity for streetlights shall be furnished by the Southern California Edison Company, and it shall be adequate for the intended purpose. Rates for power shall be those authorized by the California Public Utilities Commission.

“Maintenance” means the furnishing of services and materials for the ordinary and usual operation, maintenance and servicing of the landscaping, public lighting facilities and appurtenant facilities, including repair, removal or replacement of all or part of any of the landscaping, public lighting facilities or appurtenant facilities; providing for the life, growth, health, and beauty of the landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, and treating for disease or injury; the removal of trimmings, rubbish, debris, and other solid waste.

“Servicing” means the furnishing of water for the irrigation of landscaping and the maintenance of any of the public lighting facilities and furnishing of electrical energy for the public lighting facilities or for the lighting or operation of landscaping or appurtenant facilities.

B. IMPROVEMENTS AUTHORIZED BY THE 1972 ACT

As applicable or may be applicable to this proposed District, the 1972 Act defines improvements to mean one or any combination of the following:

The installation or planting of landscaping.

The installation or construction of statuary, fountains, and other ornamental structures and facilities.

The installation or construction of public lighting facilities.

The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.

The maintenance or servicing, or both, of any of the foregoing.

The acquisition of any existing improvement otherwise authorized pursuant to this section.

Incidental expenses associated with the improvements including, but not limited to:

The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;

The costs of printing, advertising, and the publishing, posting and mailing of notices;

Compensation payable to the County for collection of assessments;

Compensation of any engineer or attorney employed to render services;

Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;

Any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5.

Costs associated with any elections held for the approval of a new or increased assessment.

The 1972 Act defines "Maintain" or "maintenance" to mean furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including:

Repair, removal, or replacement of all or any part of any improvement.

Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury.

The removal of trimmings, rubbish, debris, and other solid waste.

The cleaning, sandblasting, and painting of walls and other improvements to remove or cover graffiti.

C. DESCRIPTION OF IMPROVEMENTS AND SERVICES

The following outlines the various improvements associated with the properties and developments throughout the District. The detailed plans and specifications of the District improvements are on file in the office of the City Public Works Department and by reference are made part of this Report.

There are currently no ongoing Capital Improvement Projects:

II. METHOD OF APPORTIONMENT

A. PROPOSITION 218 BENEFIT ANALYSIS

The costs of the proposed improvements have been identified and allocated to properties within the District based on special benefit. The improvements provided by this District and for which properties are assessed are local public landscape improvements and related amenities that were installed in connection with the development of the properties or would otherwise be required for the development of properties within each respective Zone of the District. The assessments and method of apportionment is based on the premise that these improvements would otherwise not have been required without the development of those parcels within the District.

Article XIID Section 2(d) 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 2(i) 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 4(a) 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.” The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the construction, maintenance, and servicing of public lights, landscaping and appurtenant facilities. The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value”.

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

Pursuant to Section 22574 of the 1972 Act permits the designation of zones of benefits within any individual assessment district if "by reason of variation in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." Thus, the 1972 Act requires the levy of a true "assessment" rather than a "special tax."

In addition, Proposition 218 the "Right to Vote on Taxes Act" which was approved on the November 1996 Statewide Ballot, requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that

parcel. Prop. 218 provides that only special benefits are assessable and the City must separate the general benefits from the special benefits.

The formula used for calculating assessments in this District reflects the composition of the parcels, and the improvements and services provided in order to fairly apportion the costs based on estimated benefit to each parcel.

B. BENEFIT ANALYSIS

The assessment is proposed to be levied to defray the cost of the operation, servicing, and maintenance of street trees and street lighting and appurtenant facilities, including but not limited to, personnel, electrical energy, utilities such as water, materials, contracting services, and other items necessary for the satisfactory operation of these services.

Street Lighting Benefit:

Proper maintenance and operation of the street lighting system benefits in proximity adjacent to the lights by providing security, safety and community character, and vitality. The amount of benefit received will vary with the different land use on the property. There are three (3) categories from which the total special benefit of a parcel is derived:

1. **Security and Safety Benefit.** The prevention of crime, the alleviation of the fear of crime, and the prevention of traffic accidents in a community.
2. **Community Character and Vitality Benefit.** The promotion of social interaction, promotion of business and industry, and the contribution to a positive night time visual image for the community.
3. **Lighting Intensity Benefit.** As the lighting levels increase, so do the benefits associated with the lighting. Lighting Standards usually require approximately twice the level of lighting in commercial/industrial areas than in residential areas.

Parcels, which are located on streets with streetlights, receive a special lighting benefit. Parcels which are located on private streets receive a substantially reduced benefit from local lighting, parcel which do not have any local streetlights receive no benefit from street lighting.

Lighting at the street intersection, which is defined as safety lighting, is considered to be the minimum lighting requirement for vehicular safety; therefore, safety lighting represents the general benefit portion of street lighting. Additionally, lights, which are on arterials of the City, which do not have parcels fronting on them, are considered a general benefit. Those general benefit portions of the City's lighting budget will not be assessed.

Benefit Zones. Most parcels within the City front on streets with streetlights and therefore receive a direct lighting benefit. However, there are some areas in the City, which have a higher level of lighting and these have been designated as additional Benefit Zones.

Zone A. The Civic Center and Plaza at West Covina areas receive a higher level of street lighting.

Zone B. The properties along Glendora Avenue from Walnut Creek Parkway to the I-10 Freeway receive a higher level of street lighting than Zone A.

Those parcels which also have public lighting in adjacent alleyways receive an equal amount of benefit for the alley lights as for the streetlights, therefore, these parcels are assessed two times the benefit of the basic local lighting. The parcels that front streets without streetlights do not receive a local lighting benefit and therefore are not assessed.

Street Trees:

Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings.

The City maintains street trees throughout the City. The trees are located within the public right-of-way and provide aesthetically pleasing environment, shade, beautification, and according to some authorities' air purification and sound attenuation. These positive attributes increase the desirability of properties located on streets that have trees on them.

More importantly, proper maintenance of these facilities, especially routine trimming of street trees and removal/replacement of deceased trees, is essential to the safety of the users of adjacent properties.

Parcels that are located on streets which do not have trees do not benefit and are not assessed. Street trees on arterials of the City that do not have parcels fronting on them are considered a general benefit. There are approximately seven hundred and eighty-four (784) such trees out of approximately twenty-seven thousand forty-eight (27,048) street trees in the City, or 2.90%. Therefore, 2.90% of the City street tree budget will be funded through the City's General Fund account.

C. ASSESSMENT METHODOLOGY

The methods of apportionment utilized for the District calculates the receipt of special benefit from the respective improvements based on the actual or proposed land use of the parcels. The special benefit received by each lot or parcel is equated to the overall land use of the parcel based on the parcel's actual land use or proposed planned development and is reliant upon the special benefit received from the improvements planned or existing within the District.

To identify and determine the special benefit to be received by each parcel, it is necessary to consider the entire scope of the improvements. The costs associated with the improvements shall be fairly distributed among the parcels based upon the special benefit received by each parcel. Additionally, in compliance with Section 4 of Article XIID, each parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred to that parcel. The benefit formula used to determine the assessment obligation is therefore based upon both the improvements that benefit the parcels of the District as well as the proposed land use of each property as compared to other parcels that benefit from those specific improvements.

Equivalent Dwelling Units:

Since the assessments will be levied against parcels of property as shown on the tax rolls, the final charges must be assigned by Assessor's Parcel Number. If assessments were to be spread just by parcel, not considering land use or parcel size, a single-family parcel would be paying the same as a fifty (50) unit apartment parcel or a large commercial establishment in a similar zone and this would not be equitable and would not satisfy the Prop. 218 requirements.

The single-family residential parcel has been selected as the basic unit for calculation of assessment since it represents 80% of the parcels in the City. Therefore, the single-family residential parcel is defined as an Equivalent Dwelling Unit ("EDU"). A methodology has been developed to calculate the EDUs for other residential land uses and for non-residential parcels. Every land-use is converted to EDUs: parcels containing apartments are converted to EDUs based on the number of dwelling units on each parcel of land; commercial and industrial parcels are converted based on the lot size of each parcel of land.

The EDU method is usually seen as more appropriate and equitable for landscaping and lighting districts, as the benefit to each parcel from the improvements being maintained extends beyond the front of their property. Therefore, assessments are apportioned as a function of land-use type and whether a property is developed or not. This may be more clearly shown by taking an example of condominiums. Under the current method of assessment, the frontage along the whole condominium complex is measured, and then is divided by the number of units within the complex. This spreads a relatively small assessment to each of the condominiums, which is not commensurate with the benefit each one of them receives.

EDU Application:

Single-Family Residential - The single-family residential parcel has been selected as the basic unit for calculation of the benefit assessment. The basic unit shall be called an Equivalent Dwelling Unit (EDU). Parcels zoned for single-family residential uses are assessed **1 EDU**.

Multi-Family Residential - Multiple residential (including condominiums) land use equivalencies are determined based on the number of dwelling units on each parcel. Due to population density and size of structure relative to the typical single-family residence, each dwelling unit defined as multi-family residential, including condominiums, would be **0.75 EDU**. Benefits to a multi-family residential property do not increase proportionately as the number of units increase. Therefore, the population per unit decreases as the residential land use density increases and there is a corresponding reduction in benefit to a parcel. Also, as the number of dwelling units increase, the average value per rental unit decreases. Therefore, there is a reduced benefit to a parcel as the number of dwelling units increase. By decreasing the equivalency as the number of units increase, a reasonable benefit assessment is achieved. Therefore, the equivalency is reduced to **0.5 EDU** per dwelling unit, for five (5) through fifteen (15) dwelling units (as parcels with 5 to 15 units are considered "high medium density" as opposed to the "low density" of duplexes, triplexes and fourplexes), and the equivalency is reduced to **0.25 EDU** per dwelling unit for more than 15 units, which are considered to be "high density". Fifteen units are established as the limit of the "high medium density" category as State law (California Title 25, Section 42) requires that apartment complexes with 16 or more dwelling units have a manager located on the premises, which is an indication of "high density".

Mobile Homes - Mobile home parks, and mobile homes located within mobile home parks, are converted to EDUs based on the population density and size of structure relative to a single-family residence. Therefore, mobile home parks and mobile homes located within mobile home parks would be assessed **0.5 EDU** per mobile home. No decrease would be applied to this factor, as mobile homes are all separate dwellings with no common walls.

Non-Residential - In converting improved non-residential properties to EDUs, the factor used is the City of West Covina's average density for single-family residential areas, which are five (5) dwelling units per acre. All properties developed for non-residential uses are therefore assigned **5 EDUs** per acre for the first five (5) acres. It is our experience, based upon a review of large non-residential parcels, that the utilization of that portion of non-residential property greater than 5 acres more closely resembles that of vacant land as it is typically undeveloped. Therefore, after the first 5 acres, each additional acre will be charged 25% of 5 EDUs which results in **1.25 EDUs** per acre, similar to vacant land as described below.

Vacant Property:

Vacant property is described, as parcels with no improved structures. These properties receive benefits based on their land, as this is the basis of their value. Based on the opinions of professional appraisers, appraising current market property values for real estate in Southern California, the land value portion of the property typically ranges from 20 to 30 percent of the property's total value. Additionally, the utilization of vacant property is significantly less than improved property, and vacant

property has a traffic generation rate of 0. Therefore, it is recommended that vacant property be assessed at the rate of 25 percent of improved property.

Vacant Residential - Parcels defined as residential parcels, which do not have structures on the parcels, are assessed 25% of the parcel with a single-family dwelling thereon. The parcel will be assessed **0.25 EDU** per parcel.

Vacant Non-Residential - Parcels defined as parcels which are not residential parcels and which do not have structures on the parcel area assessed based upon the acreage of the parcel. The parcels will be assessed at the rate of 25% of the developed non-residential properties, or **1.25 EDU** per acre or any portion thereof, with a minimum of **0.25 EDU** per parcel and up to a maximum of **5 acres (6.25 EDUs)** per parcel, as parcels over five (5) acres may be considered as open space, and no longer receive any benefit.

Public Property - Article XIID of the California Constitution requires that all benefiting public properties be assessed for their fair share of the benefit. Public property, which is developed and used for residential or business purposes will be assessed the same as private property with the same use. Schools will be assessed as Commercial/Industrial uses. Parks will be assessed as vacant property.

Exempt - Excepted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements, and right-of-way, public greenbelts, parkways and that portion of property that is not developed and used for business purposes similar to private commercial, industrial and institutional activities. Also, excepted from assessments would be utility right-of-way, common areas (such as in condominium complexes), landlocked parcels and small parcels vacated by the City as these parcels have little or no value and therefore do not benefit from the improvements.

The land use classification for each parcel has been based on the Los Angeles County Assessor's Roll.

LAND USE CODES AND EQUIVALENT DWELLING UNITS

Land Use Codes	Total EDU		
Single-Family Residential (SFR)	1.0 per unit		
Condominiums	0.75 per unit		
Multi-Family Residential	0.75 per unit for the first 4 units	0.5 per unit over 4 and up to 15 units	0.25 per unit over 15 units
Mobile Home Parks	0.5 per DU		
Commercial/Industrial and Other Non-Residential (including Schools)	5.0 per acre for the first 5 acres	1.25 per acre over 5 acres	
Vacant SFR	0.25 per parcel		
Vacant (25% of Non-Residence EDUs) (includes Parks)	1.25 per acre (5 acre maximum)		

Benefit Factors:

There are varying levels of benefit to property from the operation and maintenance of street lighting and street trees based on the different types of property use. Because the benefit to the property varies depending on the type of land use of the property, a Benefit Factor is applied to the EDU formula for each property for each type of improvement to obtain Benefit Units for each Property.

$$(\text{Equivalent Dwelling Unit}) \times (\text{Benefit Factor}) = \text{Benefit Units}$$

The following table outlines the Benefit Factors for street lighting:

STREET LIGHTING BENEFIT FACTORS

	Residential	Commercial/Industrial
Security & Safety	1	1
Community Character & Vitality	1	1
Lighting Intensity	1	2
Total	3	4

Schools will receive a residential benefit factor, as they tend to be in residential areas and benefit similarly to residential property. Parks are assessed as vacant land and receive a non-residential benefit factor.

Benefit Units:

The budget for basic lighting is \$1,159,639. The proposed applied basic lighting assessment rate is estimated at \$13.44 per BU, which includes the costs of basic lighting and associated capital improvements and contribution to reserves totaling \$1,391,666. Accordingly, a single-family residential parcel’s assessment would equal 3 BU x \$13.44/BU = \$40.32. The Following table provides a preliminary summary of Street Lighting Benefit Units (BU's) for the City.

STREET LIGHTING BENEFIT UNITS						
Land Use	Parcels	Dwellings	Acres	EDU's	Benefit Factor	Benefit Units
Single Family Residential	20,734	20,734		20,734.00	3	62,202.00
Condominium	3,603	3,603		2,702.25	3	8,106.75
Multi-Family Residential	494	8,106		3,087.50	3	9,262.50
Mobile Home Parks	2	265		132.50	3	397.50
Commercial	690		1326.20	4,177.02	4	16,708.10
Vacant SFR	150		61.85	37.50	3	112.50
Vacant Non-SFR ⁽¹⁾	337		1,025.92	1,689.32	4	6,757.26
Totals	26,010	32,708	2,413.96	32,560.09		103,546.61

⁽¹⁾ Government properties are assessed as Vacant Non-SFR land use.

Note: Zones A & B have different benefit factors. See following tables.

Lighting Benefit Zone A:

The budget for Zone A lighting is \$53,773. The proposed applied preliminary basic lighting assessment rate is estimated at \$40.85 per BU, which includes the costs of Zone A lighting and associated capital improvements, and contribution to reserves totaling \$70,820. The following table shows the preliminary summary of the BUs in Zone A.

ZONE A BENEFIT UNITS					
Land Use	Parcels	Acreage	EDU's	Benefit Factor	Benefit Units
Commercial	43	69.94	280.72	4	1,122.89
Vacant Non-SFR	17	50.58	152.69	4	610.76
Totals	60	120.52	433.41		1,733.65

Lighting Benefit Zone B:

The budget for Zone B lighting is \$17,423 and is additional to the budget for Zone A. The proposed applied preliminary basic lighting assessment rate is estimated at \$23.80 per BU plus \$40.85 per BU for Zone A, for a total applied assessment rate of \$64.65 per BU, which includes the costs lighting and associated capital improvements, and contribution to reserves totaling \$8,750. The following table shows the preliminary summary of the BUs in Zone B.

ZONE B BENEFIT UNITS

Land Use	Parcels	Acreage	EDU's	Benefit Factor	Benefit Units
Commercial	24	6.15	30.74	4	122.95
Vacant Non-SFR	3	2.48	3.10	4	12.39
Totals ⁽¹⁾	27	8.63	33.84		135.34

⁽¹⁾ Totals may not foot due to rounding.

No additional factors have been assigned for street trees; therefore, the Benefit Unit factors are the same as the EDU factors for each land use.

Street Tree Benefit:

The total budget for Street Trees is \$390,674. The proposed applied preliminary assessment rate is estimated at \$18.53 per BU, which includes the costs of street tree maintenance and associated capital improvements, and contribution to reserves totaling \$460,965. A single-family residential parcel’s assessment would be equal to 1 BU x \$18.53/BU = \$18.53. The following table provides a preliminary summary of Street Tree Benefit Units (BUs) for the City.

STREET TREE BENEFIT UNITS						
Land Use	Parcels	Dwellings	Acres	EDU's	Benefit Factor	Benefit Units
Single Family Residential	15,646	15,646		15,646.00	1	15,646.00
Condominium	3,497	3,497		2,622.75	1	2,622.75
Multi-Family Residential	417	5,350		2,136.50	1	2,136.50
Mobile Home Parks	1	157		78.50	1	78.50
Commercial	432		1,032.91	2,989.89	1	2,989.89
Vacant SFR	115		44.45	28.75	1	28.75
Vacant Non-SFR (including Parks)	291		851.66	1,374.30	1	1,374.30
Totals	20,399	24,650	1,929.02	24,876.68		24,876.68

⁽¹⁾ Government properties are assessed as Vacant Non-SFR land use.

Assessment Rate Summary:

The following table summarizes the Applied and Maximum Assessment rates for parcels in each of the zones of benefits:

ASSESSMENT RATE SUMMARY		
Benefit Category	Applied Rate Per Benefit Unit	Maximum Rate Per Benefit Unit
Basic Local Lighting	\$13.44	\$13.4405
Light Zone A	\$40.85	\$40.8510
Light Zone B	\$64.65	\$64.6532
Street Tree Benefit	\$18.53	\$18.5386

*Note: City will apply the Applied Rate per benefit unit.

D. ASSESSMENT RANGE FORMULA

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any 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 and conditions were later confirmed through Senate Bill 919 (the Proposition 218 implementing legislation).

The purpose of establishing an assessment range formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly

noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, balloting of property owners is required pursuant to the Article XIID Section 4. The property owner ballots include an Assessment to be approved, as well as the approval of an assessment range formula.

The Maximum Assessment is equal to the initial Assessment approved by property owners adjusted annually by the percentage increase of the Local Consumer Price Index (“CPI”) for Los Angeles-Long Beach-Anaheim for All Urban Consumers from March to March up to 2%. As of January 2018, the Los Angeles-Riverside-Orange County Consumer Price Index region name changed to Los-Angeles-Long Beach-Anaheim Consumer Price Index. Each Fiscal Year, the Maximum Assessment will be recalculated, and a new Maximum Assessment established. For Fiscal Year 2023/2024, CPI increased 3.65%, therefore percentage increase is 2%.

The Maximum Assessment is adjusted annually and is calculated independent of the annual budgets and proposed assessments established for each Zone of the District. Any proposed annual assessment (rate per EBU) less than or equal to this Maximum Assessment (for each Zone) is not considered an increased assessment, even if the proposed assessment is much greater than the assessment applied in the prior Fiscal Year.

III. ESTIMATE OF COSTS

The total estimate of costs for maintenance of the proposed improvements for FY 2023/2024, as defined under Section 22569 of the 1972 Act, are those as hereinafter set forth. Said cost estimates include the total District costs for constructing or installing any proposed improvements and for maintenance and servicing the existing improvements including incidental expenses; the amount of any surplus or deficit in the maintenance fund to be carried over from the previous year; any annual installments to be collected over more than a single year; as well as the amount of any contributions to be made from any other sources.

A. CAPITAL IMPROVEMENT PROJECT FUND

For FY 2023/2024, there are no planned capital improvements.

B. PROPOSED INCREASE SCOPE OF WORK AND SUMMARY OF OPERATING COSTS

Citywide Lighting and Maintenance District Fiscal Year 2023-24 Estimated Operating Costs		
	<u>Existing Maintenance</u>	<u>Optimal Maintenance</u>
Direct Maintenance		
<i>Personnel Services</i>		
Full Time Salaries & Benefits	\$63,462	\$126,925
Overtime	231	462
Subtotal	<u>\$63,694</u>	<u>\$127,387</u>
<i>Maintenance and Services</i>		
Maintenance Contracts	\$22,452	\$44,904
Utilities	1,179,650	2,359,300
Supplies, Vehicle Maintenance, and Gas	33,365	66,729
Property & Liability Insurance	50,257	100,514
Subtotal	<u>\$1,285,723</u>	<u>\$2,571,447</u>
Total Direct Maintenance	\$1,349,417	\$2,698,834
Engineering & Incidentals		
<i>Personnel Services</i>		
Full Time Salaries & Benefits	\$25,380	\$50,761
Subtotal	<u>\$25,380</u>	<u>\$50,761</u>
<i>Maintenance and Services</i>		
Consultant Services	\$287	\$574
Service Contracts	437,598	875,196
Supplies, Vehicle Maintenance, and Gas	1,218	2,436
Equipment Outlay	350,000	
Administration and Overhead	77,764	155,527
Subtotal	<u>\$866,867</u>	<u>\$1,033,733</u>
Total Engineering & Incidentals	\$892,247	\$1,084,494
Total Operating Budget	\$2,241,664	\$3,783,328

Note: The variance is the amount needed to support the recommended increased scope of work for Citywide Lighting and Maintenance District. The recommended scope of work includes the repair and replacement of light standards, hardscape repair and replacement of off-grade, cracked and broken sidewalks and ADA ramps, tree trimming, maintenance, and/or removal of the street trees on a citywide cycle, and landscape maintenance including trash removal and clearing of the median plants, shrubbery, and irrigation

Note: Adjustments for budget to equal assessment amount.

*Totals may not foot due to rounding.

C. PROPOSED INCREASE SCOPE OF WORK AND SUMMARY OF TOTAL COSTS

The City's budget for the operation and services costs detail the estimated costs and fund balances for FY 2023/2024 as available at the time of preparation of this Report. The 1972 Act provides that the total cost can be recovered in the assessment spread including incidental expenses. The latter can include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

The 1972 Act requires that a special fund be set-up for the revenue and expenditures of the district. Funds raised by assessment shall be used only for the purpose as stated herein. A contribution to the District by the City may be made to reduce assessments, as the City Council deems appropriate. Any balance or deficit remaining on July 1st must be carried over to the next fiscal year.

Also located in the budget is the proposed increase in scope of maintenance work at optimal levels. Increased scope of work for Citywide Lighting and Maintenance District is recommended to include the repair and replacement of light standards, hardscape repair and replacement of off-grade, cracked and broken sidewalks and ADA ramps, tree trimming, maintenance, and/or removal of the street trees on a citywide cycle, and landscape maintenance including trash removal and clearing of the median plants, shrubbery, and irrigation. It is estimated that the budget required for the increased lighting, hardscape, and landscaping scope is approximately double the existing LMD budgets.

As costs have risen, maintenance has suffered. A full study of what a proper level of maintenance would cost is needed to ascertain what a proper level of maintenance would cost and explore how to properly set the assessment rate. Such a study will take several months and, if rates are to be increased, would require a vote by the affected property owners.

Pending completion of a further analysis, this report recommends that assessment rates be maintained at their current levels for Fiscal Year 2023/2024.

City of West Covina Citywide Lighting and Maintenance District Fiscal Year 2023-24 Estimated Operating Costs			
	<u>Existing Maintenance</u>	<u>Optimal Maintenance</u>	
Previous Fiscal Year Fund Balance	\$699,612	\$699,612	
Revenues			
Assessment Income (Total Balance to Levy)	\$1,942,462	\$1,942,462	
Interest	8,140	8,140	
Total Projected Revenue	\$1,950,602	\$1,950,602	
Expenditures			
Direct Costs			
Lighting			
Direct Lighting	\$1,779,794	\$3,559,589	
Zone A	53,773	107,546	
Zone B	17,423	34,846	
Subtotal	\$1,850,990	\$3,701,981	
Street Lights			
Direct Street Trees	\$390,674	\$781,348	
Subtotal	\$390,674	\$781,348	
Total Operating Budget			
Capital Improvement⁽¹⁾	\$0	\$0	
Total Operating and Capital Budget	\$2,241,664	\$4,483,329	
Ending Fund Balance	\$408,550	(\$1,833,115)	

⁽¹⁾ See Capital Project Fund Section III. A.

Note: The variance is the amount needed to support the recommended increased scope of work for Citywide Lighting and Maintenance District. The recommended scope of work includes the repair and replacement of light standards, hardscape repair and replacement of off-grade, cracked and broken sidewalks and ADA ramps, tree trimming, maintenance, and/or removal of the street trees on a citywide cycle, and landscape maintenance including trash removal and clearing of the median plants, shrubbery, and irrigation

Note: Adjustments for budget to equal assessment amount.

*Totals may not foot due to rounding

IV. BOUNDARY MAP

A diagram showing the exterior boundaries of the District, boundaries of any zone within the District and the lines and dimension of each lot or parcel of land within the district is on file in the Office of the City Engineer.

V. ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District shall be the parcel 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. A listing of the proposed lots and parcels to be assessed within this District along with the assessment amounts shall be submitted to the City Clerk, under a separate cover, and by reference is made part of this Report.