

CITY OF REDONDO BEACH

Budget Response Report #17

June 9, 2020

Question:

What is the process for increasing Street Landscaping and Lighting assessments in accordance with Proposition 218?

Response:

The City's Street Landscaping and Lighting Assessment District (District) was formed in 1983 under the requirements of the 1972 Landscaping and Lighting Act. The District operates and maintains: 5,127 street lights (3,228 Southern California Edison owned and 1,899 City owned); 102 signals (55 traffic and 23 flashing yellow beacon and 24 flashing red beacon); and 21.85 acres of landscaping. To fund the District, the City collects assessments from residential and commercial parcels based on the street frontage and is supplemented by a subsidy from the General Fund.

The annual assessment fee has not been changed since 1991. In 2006, the City sought voter approval under Proposition 218 to raise the assessment to pay for all District costs. Redondo Beach property owners voted against the proposed fee increase.

In response to City Council's request to understand the process of amending the Assessment District, the City Attorney's office prepared the attached document, Prop 218 Requirements. The document outlines the process that must be followed to increase revenue to the District with a supplemental assessment to fully fund the assessment and meet the requirements of Proposition 218. The process has not changed since 2017.

Consideration of a supplemental assessment to the District is recommended when politically appropriate. To do so, Council direction would be needed to initiate actions to retain the services of a registered engineer with assessment district expertise to prepare a detailed engineer's report and methodology under current assessment requirements. In 2006, Harris & Associates, the firm that prepared the benefit assessment methodology, rate study and engineer's report for the attempted supplemental assessment,

was paid approximately \$70,000 for their services. Staff has reached out to qualified engineering firms to determine costs to perform a similar study and a budget of \$120,000 is recommended. In addition, mailings and administrative costs to hold a ballot by mail is estimated to be \$30,000, if Council decided to move forward with a vote of the property owners.

As outlined in the Proposed FY 20-21 Budget, Decision Package #20 recommends deauthorizing a projected to be vacant position of Public Works Maintenance Supervisor (\$144,075) and decreased funding for street light electric costs (\$98,000) to reflect the distribution pole credit from Southern California Edison resulting in an ongoing General Fund savings of \$242,075. This represents a 22% reduction in available work hours for median and parkway landscaping maintenance as compared to the current year, and a reduction of over 36% (5.5 positions in FY1819 to 3.5 positions in FY2021) over the last two years. This permanent loss of available work hours will continue the trend of less frequent maintenance at most locations.

BRR #9 in this year's budget discussion outlines the potential for other savings in short term costs. However, the long-term cost of deferring needed maintenance and the potential for reduced safety by eliminating street lighting and/or reducing tree trimming frequency make these decisions unfavorable and staff does not recommend them.

With no additional assessment, the District will continue to require a significant subsidy from the City's General Fund. If DP #20 is approved, that subsidy will be approximately 25% less moving forward, but the District should expect a reduced landscaping effort along the medians and parkways in the City. A supplemental assessment if pursued by the City, could not come into effect prior to FY21-22. If the City Council chooses to pursue a supplemental assessment, staff recommends incorporating restoration of the two Sr. Park Caretaker positions and the Public Works Maintenance Supervisor position into the proposed assessment. Staff also recommends adding other enhanced landscape efforts to the supplemental assessment expenditure plan. The marginal cost to fund a slightly more robust effort is relatively minor on a per property basis.

Attachment A - Prop 218 Requirements

PROP 218 REQUIREMENTS

I. SUBSTANTIVE REQUIREMENTS

A. Assessments **must be supported by a detailed engineer's report** prepared by a registered engineer certified by the State.

1. Determine **the proportionate special benefit** in relationship to the entire cost of the improvement or service.
2. **Must calculate the amount of the assessment** to be imposed on each identified parcel.
3. **No assessment shall exceed the reasonable cost of the proportional special benefit** that is conferred on a parcel.

B. **Identify all properties** that receive special benefit.

C. **Separate** the general benefits from the special benefits.

II. PROCEDURAL REQUIREMENTS

A. **SCHEDULE DATE.** Set a Public Hearing date for the levying of the new or increased assessment.

B. **NOTICE.** Mail notice to record property owners of each identified parcel in the district to be assessed.

1. Must be mailed not less than **45 calendar days prior to the public hearing**. The day of mailing is excluded from the 45 day mailing period.
2. Must include the **following information**.
 - a. **Amount** of the proposed assessment to be imposed on the identified parcel
 - b. **Total amount** to be imposed in the entire assessment district
 - c. **Duration** of the assessment
 - d. **Reason** for the assessment
 - e. **Basis** upon which the assessment was **calculated**
 - f. The **date, time, and location of the public hearing**
 - g. A **ballot**
 - h. A **summary of the procedures** for completing it, including a **disclosure statement that if the ballots opposing the proposed assessment exceed the ballots submitted in favor of the assessment (referred to as a majority protest), the assessment may not be imposed.**



- C. **BALLOT REQUIREMENTS.** Set a Public Hearing date for the levying of the new or increased assessment.
1. Face of the envelope with the ballot and notice **must be in at least sixteen-point type**, the following statement in substantially the following form: **"OFFICIAL BALLOT ENCLOSED."**
 2. Ballot must include the following information.
 - a. **City's address** for the receipt of completed ballot
 - b. A place for the property owner to indicate **name** and a **reasonable identification of the parcel** subject to the proposed assessment.
 - c. A place for the property owner to indicate **support or opposition** for the proposed assessment.
 3. The ballot must be **in a form that conceals its contents** once it is sealed and delivered by the person submitting the ballot.
 4. Ballot must be:
 - a. **Signed by the record owner** or his or her authorized representative
 - b. **Mailed or otherwise delivered** to the City address on notice
 - c. **Received** by the City **prior to the close of the public hearing**.
 5. Ballots must **remain sealed** until the close of the public hearing.
 6. Ballots **may be submitted, changed, or withdrawn prior to the close of the public hearing**.
 7. City **may provide return envelope**.
- D. **PUBLIC HEARING**
1. **Conduct public hearing** on the date and time stated in the notice and must not be held less than 45 calendar days after the notice of the proposed assessment and public hearing is mailed to the record owner(s) of each identified parcel.
 2. City must **consider all objections or protests**.
 3. City must **only consider valid ballots as official protests**.
 4. After public hearing has been closed, City shall **tabulate ballots**.
 5. City **may continue** public hearing.



6. City **may also continue the tabulation** of the ballots to a different time and location accessible to the public, **BUT** City must announce the time and location.

E. PROTESTS

1. An impartial person (City Clerk) shall tabulate the ballots.
2. Tabulation must be done in view of the public.
3. **Majority protests exists if**, upon conclusion of the public hearing, **ballots submitted in opposition exceed ballots submitted in favor.**
4. All returned ballots are **weighted according to the amount assessed** on each particular parcel.
5. Ballots submitted by **more than one property owner are allocated based on ownership interest.**

F. BURDEN OF PROOF IS ON THE CITY

1. Burden is on the City to **demonstrate that the properties in question receive special benefit.**
2. Burden is on the City to **demonstrate that the amount of the assessment is proportional** to the benefits conferred.

