

# **SPECIAL CITY COUNCIL MEETING MARCH 12, 2013**

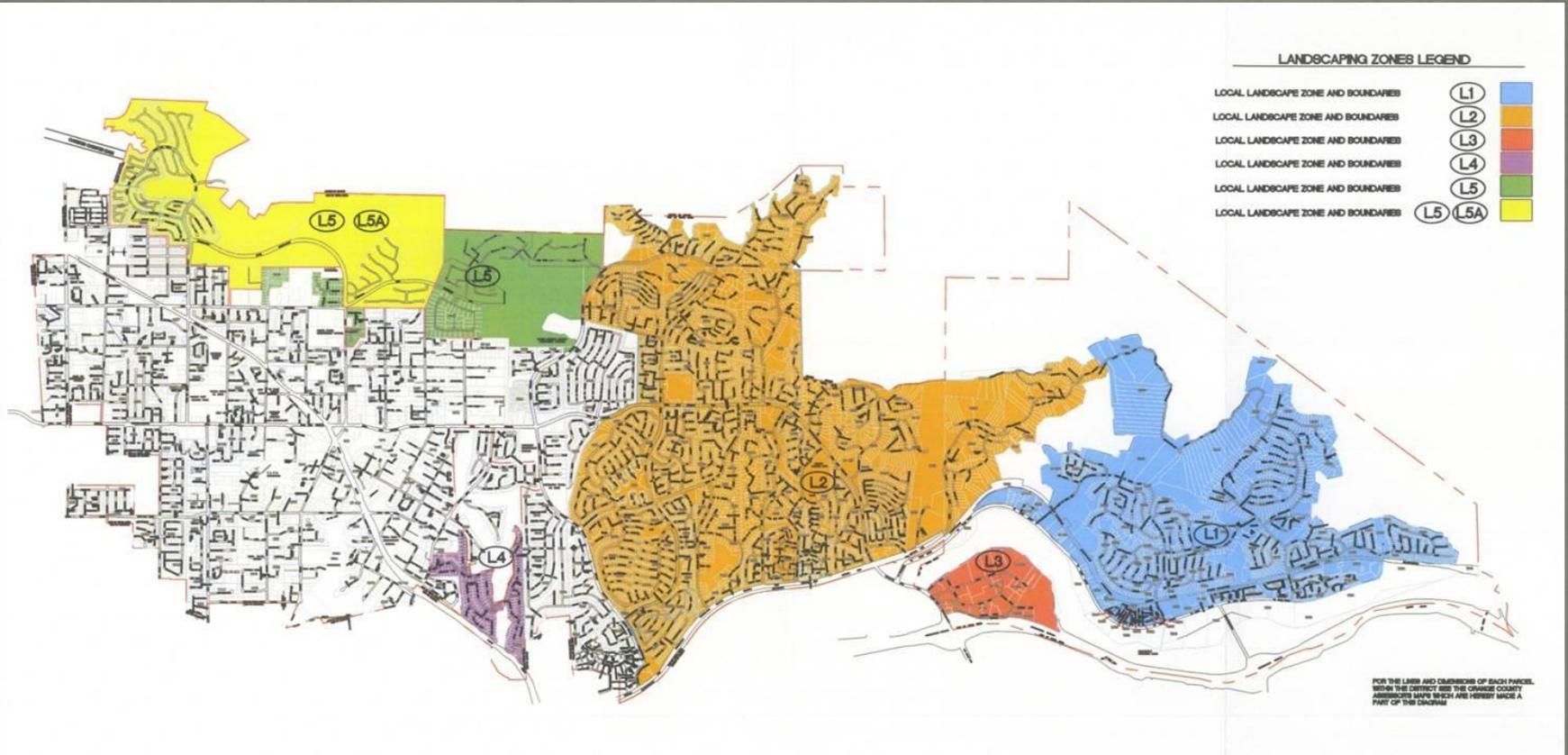


## **LANDSCAPE AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT ACTION PLAN**

# Landscape & Lighting Maintenance Assessment District

- ❖ The Landscape and Lighting Maintenance Assessment District (LMAD) has been in existence for nearly 30 years.
- ❖ It provides maintenance of the public greenbelts to ensure consistency and a standard level of care.
- ❖ The LMAD consists of several zones:
  - Arterial Landscape and Lighting Maintenance Zone
  - Landscape Zones L1, L2, L3, L4, L5 and L5A
  - Local Lighting Zone
  - Traffic Signal Zones TS1, TS2 and TS3.

# CITY OF YORBA LINDA STREET LIGHTING AND LANDSCAPING MAINTENANCE ASSESSMENT DISTRICT



- ❖ Properties within the LMAD are proportionally assessed for the special benefits received by virtue of the landscaping improvements provided and maintained through zones within the LMAD.
- ❖ All properties are assessed for the Arterial Landscape and Lighting Maintenance Zone and one of the traffic signal zones. Other assessments depend on where the property is located.

## Major Issues Facing the LMAD Include:

- ❖ Water Usage and Cost
- ❖ Budget Shortfalls
- ❖ Lack of Property Rights for Some Areas
- ❖ Recent Court Decisions

Staff developed an action plan and after Council input tonight it will be ready for review by the soon to be formed Landscape Maintenance Citizen Advisory Committee (LMCAC).

# The LMCAC

- ❖ Take the proposed approach and formulate more detailed plans and programs for specific geographic areas.
- ❖ Work with local communities through community meetings to develop a consensus for the proposed plans and programs.

Once the plans and programs have been vetted through the local communities, the City Council will, once again, review the plans and programs for final approval and funding.

# MAJOR ISSUES

## WATER

- ❖ The cost of water is a major component of the LMAD budget.
- ❖ The LMAD spends over \$1.2 million on water each year.
- ❖ Water rates have increased by nearly 50 percent since 2008.
- ❖ The LMAD budget will continue to have a budget shortfall in some zones.
- ❖ The LMAD must continue to become more efficient each year just to keep pace with the rising cost of the water used to irrigate.

# Water Use Reductions

- ❖ In July of 2009 the Yorba Linda Water District (YLWD) imposed mandatory water reductions to all water users within the district.
- ❖ Because of the strict adherence to the ordinance, some of the zones have seen water cost savings even with the increased water rates.
- ❖ In the field water reductions have translated into areas of plant death.
- ❖ Simply put, we were not able to provide enough water with the water restrictions to sustain the health of some of the plants during the summer months.
- ❖ Should this situation reoccur we will see much more degradation of our landscape investment.

# Water Use Regional Responsibility

- ❖ The LMAD is the single largest water user in the city.
- ❖ As a public agency, we have a regional responsibility to reduce the amount of water used for irrigation.
- ❖ The reduction of water to the region is a new reality. The LMAD needs to adjust to reduce the demand for water.
- ❖ The current LMAD antiquated irrigation system and landscaping plant pallet can no longer be sustained.

# BUDGET

- ❖ There has not been sufficient funding to progress with any long-term planning for overall renovation.
- ❖ The LMAD had to focus on only the immediate basic maintenance efforts.
- ❖ The LMAD has seen minor assessment increases based on the Consumer Price Index (CPI), but the allowed increases have not kept pace with the rising cost of water and landscape maintenance.
- ❖ Per Proposition 218, assessment rates cannot be increased above the CPI without a vote of the benefit zone property owners.
- ❖ Except for a vote in the Arterial Landscape and Lighting Zone, which failed, there have been no voter required rate increases above the CPI since 1997, even though some elements of maintenance costs have risen significantly above the CPI rate.

# Maintenance Contracts

- ❖ In 2009 the LMAD maintenance areas were reorganized to improve efficiency and the maintenance contracts were rebid.
- ❖ In the case of Zones L1 and L4 the bids came in higher than the previous bids.
- ❖ For the LMAD as a whole, the bid process equated to a reduction of more than \$45,000 per month (although any savings are attributed only to the specific zones realizing the reduction).

- ❖ Zones L1 and L4 now have significant deficits that are being backfilled by the General Fund.
- ❖ The Zone L1 shortfall could be made up by strategically removing isolated areas from the maintenance contracts or by increasing the assessment rates.
- ❖ The Zone L4 budget shortfall is much more significant. In order to balance the Zone L4 budget, an increase of over \$150 per dwelling unit or a reduction in the maintenance area of approximately 30% would be required.

## Local Landscape Zone L2

- ❖ In 2012 a benefit analysis was conducted for local landscape Zone L2.
- ❖ The analysis resulted in the zone being divided into 16 subzones in order to meet the strict assessment requirements of Proposition 218.
- ❖ Six of the subzones show fully funded management of their specific areas even with a reduction in the annual assessment.
- ❖ Ten of the subzones show a deficit that is now backfilled by the General Fund.

# Arterial Landscape and Lighting Zone

- ❖ The Arterial Landscape and Lighting Zone has required supplemental funding from the General Fund for several years.
- ❖ Each year the General Fund is expected to contribute approximately \$567,000 to the Arterial Landscape Zone budget of approximately \$1,800,000.
- ❖ Some area reductions were made in 2009 along La Palma Ave and Imperial Hwy
- ❖ Additional reductions would be much more visible to the traveling public and would result in a reduced aesthetic appeal throughout the city.
- ❖ A reduction of nearly 30% of the Arterial Landscape and Lighting Zone area would be required to close the deficit gap in the Arterial Landscape Zone budget.
- ❖ A proposition 218 vote would be necessary for any proposed rate increase to cover the maintenance and management of the zone.

# Arterial and Local Street Lighting

- ❖ Southern California Edison (SCE) owns and maintains most street lights within the city.
- ❖ The LMAD pays for electricity and pole tariffs for each SCE owned street light.
- ❖ The cost of street light maintenance and electricity exceeds the annual assessments collected for the Arterial Landscape and Lighting Zone and the Local Lighting Zone.
- ❖ The budget for the street light system for the 11-12 fiscal year was \$1,049,069 of which \$153,200 was supplemented from the General Fund.

- ❖ Conversion of the lighting system to energy saving fixtures would reduce some of the energy use, but in addition to a significant upfront investment to make the conversion, the conversion would result in a higher annual fee from SCE due to the high cost of the fixture's future replacement.
- ❖ Most of the fee charged by SCE for street light service is for the pole tariff (pole rental).
- ❖ Conversion to an energy saving light fixture, although environmentally responsible, would do very little to reduce the overall cost of the street light system.
- ❖ The City will need to consider raising the assessments for lighting to cover the actual costs. This will require a Proposition 218 vote.

# RIGHT-OF-WAY

- ❖ An in-depth review of the LMAD areas found that numerous areas within the LMAD are being maintained on private property without easements or agreements.
- ❖ Many of these areas contribute to the aesthetics within the neighborhood and would be considered a public benefit.
- ❖ The City Council provided direction regarding the disposition of many of the areas during the July 6, 2010 City Council meeting. In most cases the areas were to be abandoned with the property owner taking over maintenance responsibility. Council may wish to reconsider the abandonment of certain areas.
- ❖ Council may instruct staff to first negotiate with the landowner to possibly obtain an easement without cost or minimal cost to the LMAD.



# ASSESSMENT ANALYSIS

- ❖ Based on recent court decisions pertaining to the legal requirements for special assessments, in order to provide additional legal safeguards and protections for the LMAD program, the City has undertaken a benefit analysis in zones or sub-zones in the district to determine the proportionality of all assessments based on the special benefits received by each assessed parcel, respectively, as well as any general benefits provided.
- ❖ Recently, a benefit analysis was conducted for Zone L2.
- ❖ This same analysis for the other areas within the district is underway.
- ❖ Any change that would increase the benefit assessment on properties beyond the CPI escalator would require voter approval, pursuant to the requirements of Proposition 218.

# ACTION PLAN

- ❖ The Action Plan will address the issues facing the LMAD.
- ❖ These steps provide a suggested guideline to bring the LMAD zones closer to solvency while providing proper management of the LMAD assets.

It is proposed that the Landscape Maintenance Citizens Advisory Committee review this plan, develop detailed plans and programs for the effected localized areas, gain public consensus through community meetings, and then bring the plans and programs to the City Council for approval.

# Recommended Action Plan

## **1.Reduce Maintenance Costs Through the Removal of Excess Maintenance Areas**

- ❖ Remove landscaped areas that are not as readily visible to parcel owners within a zone or sub-zone.
- ❖ The maintenance responsibility of these selected areas would be turned over to the underlying property owners and the City would vacate the easement rights.
- ❖ Direction regarding the disposition of some LMAD landscape maintenance areas was made by the City Council at the July 6, 2010 City Council meeting.
- ❖ Reasonably sized neighborhood community meetings will be organized to allow better communication with the affected property owners regarding this complex issue.



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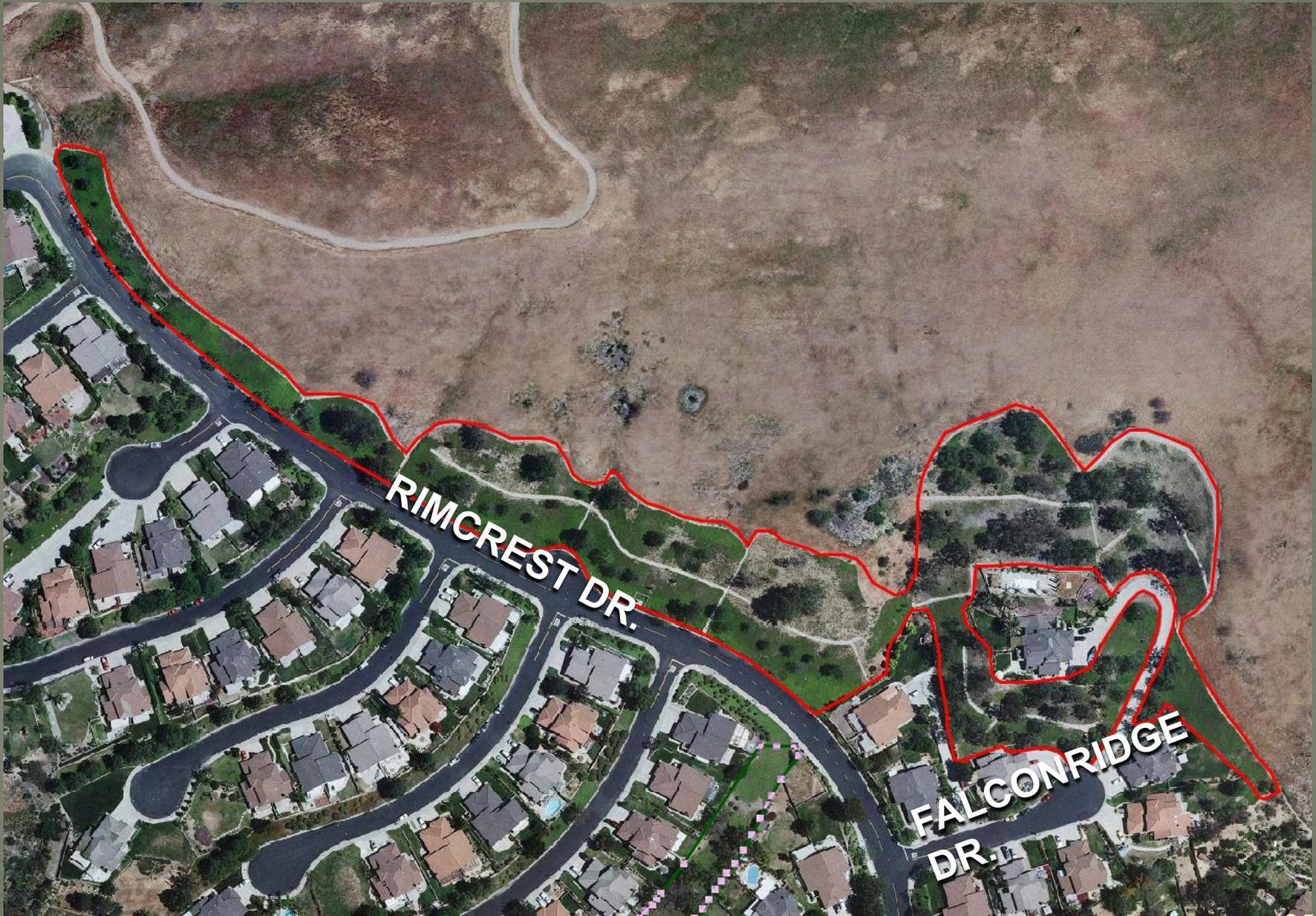
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- ❖ Community meetings will be held to discuss the proposed actions with the affected neighborhood and property owners prior to any abandonment actions.
- ❖ It may be necessary for the City Council to allocate funding from the General Fund Reserve and approve an Irrigation Conversion Financial Assistance program to assist property owners in installing an irrigation system within the LMAD vacated landscape area, which will be owned and maintained by the individual property owners.
- ❖ A reimbursement program with a maximum unit cost of \$1.00 per square foot of vacated landscape area is proposed.
- ❖ The proposed landscape maintenance area changes previously approved by the City Council on July 6, 2010 were reviewed by the Orange County Fire Authority (OCFA), and specific recommendations were provided for each site.

## 2. Negotiations/Purchase of Easements for Specific Landscape Areas Currently Maintained without Easements or Agreements

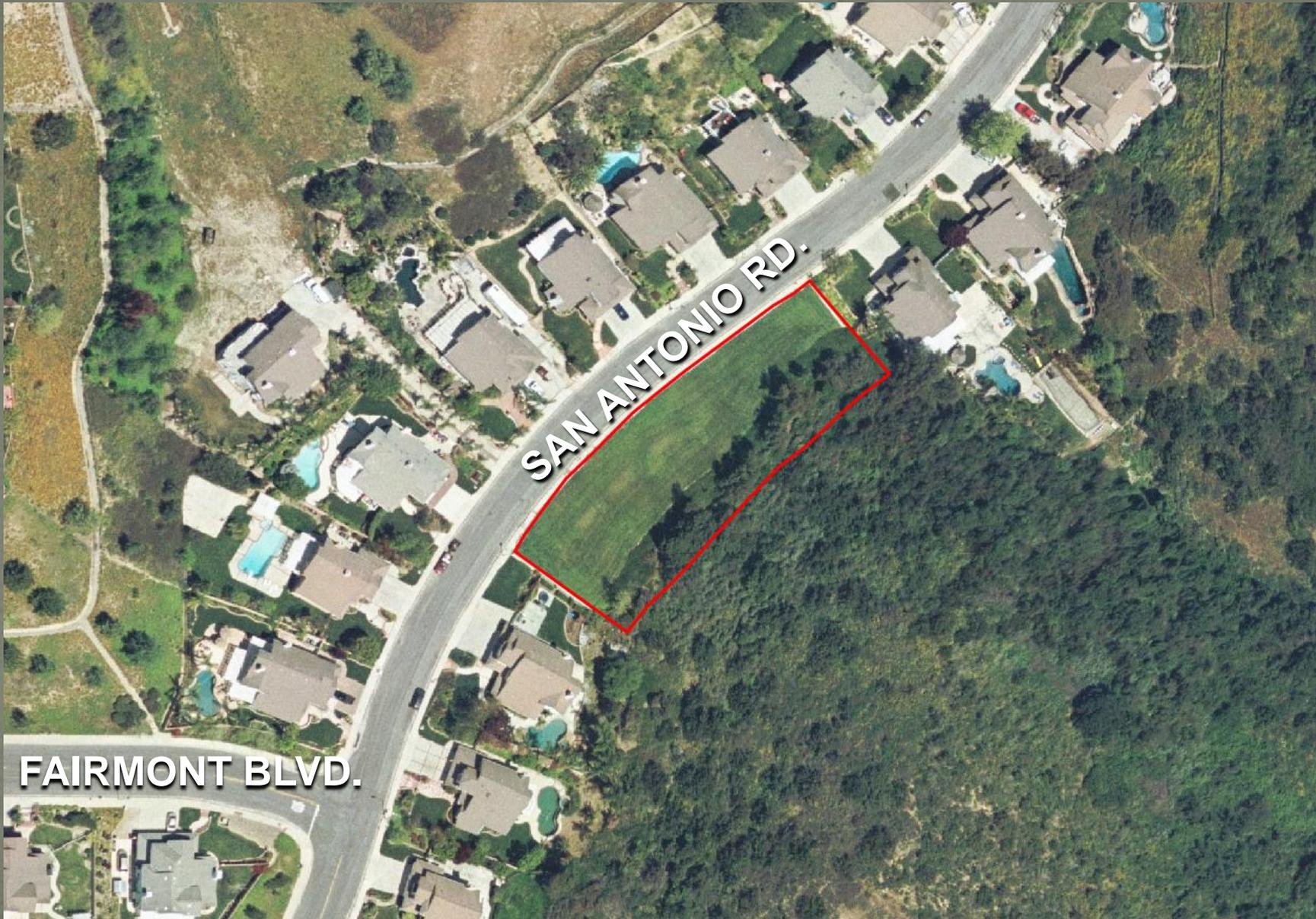
- ❖ Removal of landscape areas currently maintained without easements or agreements was approved by the City Council at the July 6, 2010 City Council meeting.
- ❖ It is recommended that the City Council reconsider the disposition of the landscaped slopes along
  - Rim Crest Drive
  - The slope at the corner of Fairmont Boulevard / Little Canyon Lane
  - The greenbelt along the east side of San Antonio road north of Fairmont
  - The slope along Fern Circle
  - The slope along Manzanita Avenue.
- ❖ As currently landscaped, these areas are understood to provide special benefits for which parcel owners are currently assessed.











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- ❖ Should there be a significant cost to obtain easement rights, the property owners that would benefit from the LMAD retaining the landscape maintenance would have the option to vote on having the cost assessed against their properties.
- ❖ The assessment could be a one time assessment or it could be spread over a period of years.
- ❖ It may be necessary for the City Council to allocate funding from the General Fund Reserve and approve an Irrigation Conversion Financial Assistance program to assist property owners in installing an irrigation system within the LMAD vacated landscape area

### **3. Fund and Implement a Renovation Plan**

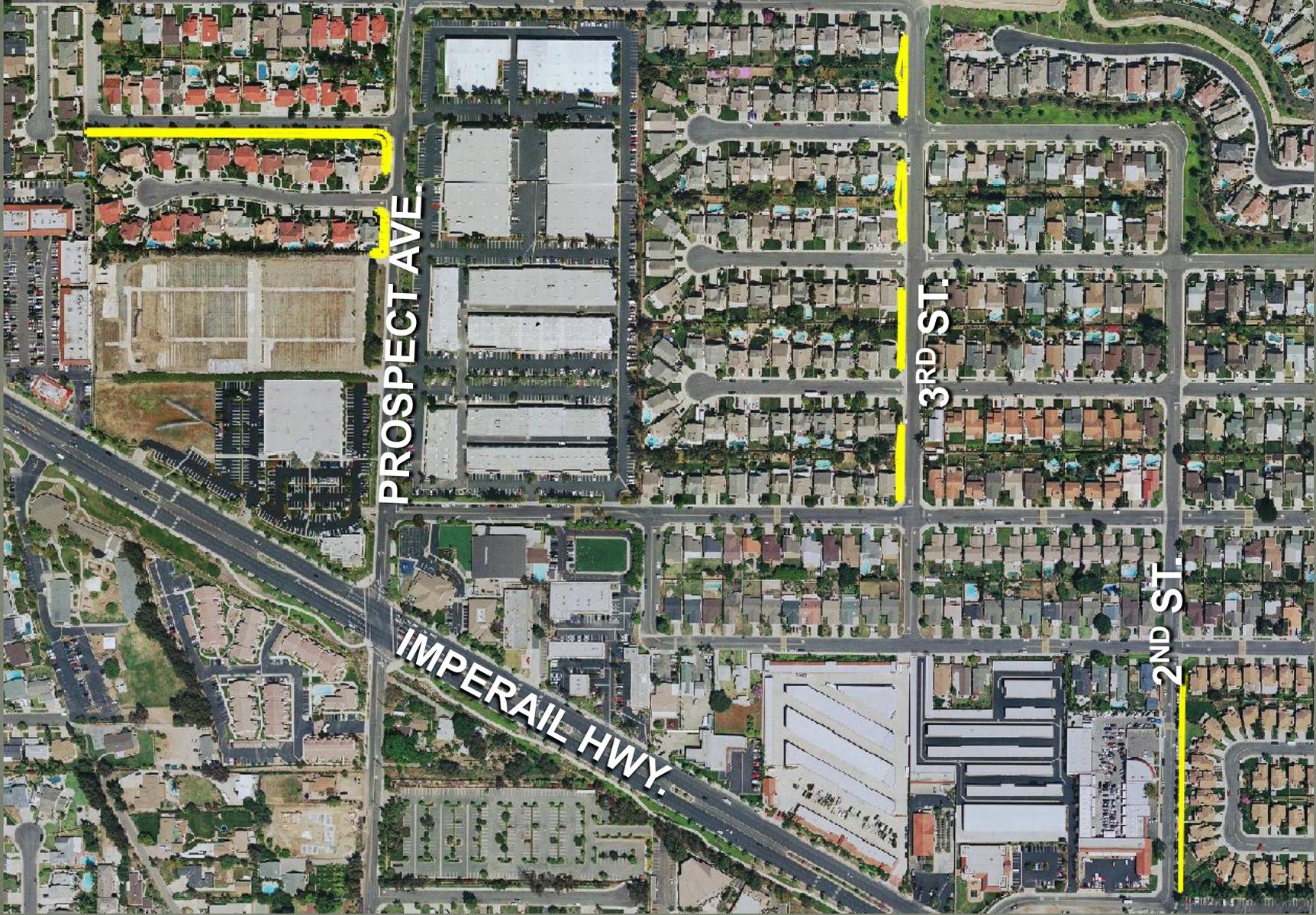
- ❖ This will potentially change the look to which many residents have become accustomed.
- ❖ It will require the redesign of many areas and will need to be vetted through a public input process.
- ❖ The savings could be used to help fund the renovation plan or pay back any loans made to the LMAD.
- ❖ The maintenance area reduction savings alone will not be enough to fund the renovation program.
- ❖ The renovation program will require upfront funding to get the program started.
- ❖ Fund and implement a renovation plan that would renovate the aging irrigation systems and replace the water thirsty plant material with more water friendly plant pallets.

## **4. Initiate the Proposition 218 Voting Procedure for The Zones Where Shortfalls May Still Exist**

- ❖ Upon establishment of the Renovation Plan, initiate the Proposition 218 voting procedure to increase rates for the zones where funding shortfalls remain even after cost reductions measures have been taken or direct staff to reduce the maintenance areas and remove street lights as necessary so that the maintenance costs fall within the existing assessment revenue.

## 5. Allocate Funds from the General Fund Reserve to Implement an Expansion of the LMAD Benefit Analysis Study

- ❖ Allocate funds from the General Fund Reserve to implement an expansion of the LMAD benefit analysis study to include areas currently outside the local landscape zones that include significant amounts of enhanced landscape improvements maintained using funds from the General Fund.
- ❖ A Proposition 218 vote would be required for the addition of new or expanded local landscape zones.
- ❖ The addition of new or expanded local landscape zones will reduce the non-LMAD landscape maintenance demand on the General Fund, which is currently \$229,000 per year.







# FISCAL IMPACT

- ❖ Special assessment districts are formed to fund maintenance of local improvements that are a special benefit to properties within the district so that the General Fund can be used for other purposes.
- ❖ Properties receive various special benefits through enhanced landscaped areas and street lighting, which are maintained by the LMAD.
- ❖ The Landscape And Lighting Maintenance Assessment District should operate independent from the General Fund and should not require regular supplemental funding from the General Fund for day to day maintenance or long term renovations.

- ❖ The General Fund may loan funding to the LMAD when deficits occur; the ability for the LMAD to pay back the loan must be obtained through increased rates, reduced maintenance costs, or both.
- ❖ The General Fund reserve will need to provide the funding to implement the Action Plan.
- ❖ The General Fund would be required to cover the costs to remove areas from the LMAD and for any proposed voting procedures.
- ❖ The General Fund may loan the LMAD funds to cover the cost of the Renovation Program and could be partially repaid through the savings received by reduced maintenance and water costs with the remainder made up from additional area reduction cost savings or assessment increases.

# Easement Vacation

The easement vacation process and the work to modify the LMAD maintenance areas will require research and documentation by a licensed Land Surveyor for legal descriptions of easement areas, legally mandated postings, public advertisements, and recordation with the County of Orange, and extensive mailings and notices to affected residents. Additionally, funds will be required to perform modifications to some existing landscaping to meet Orange County Fire Authority standards. The proposed budget allocation is outlined below that will allow for completion of this task:

Surveying and documentation	\$ 30,000
Additional survey & engineering service to vacate easements:	\$100,000
Legal recordings (200 + parcels):	\$ 20,000
Legal signage and posting:	\$ 5,000
Copying and mail service:	\$ 10,000
Public advertisement and notices:	\$ 10,000
Tree removal & landscape modifications:	<u>\$ 25,000</u>
Total Estimated Cost	\$200,000

# Negotiation/Purchase of Easements for Specific Landscape Areas without Easements or Agreements

Easement Negotiation / Coordination / Survey / Map Preparation	\$ 60,000
Easement Purchase Costs**	<u>\$250,000</u>
Total Estimated Cost	\$310,000

*\*\*May be assessed to benefit properties with approval through a Proposition 218 vote process. Actual easement purchase costs will vary widely. The amount shown is a very rough estimate.*

# **Irrigation Conversion Financial Assistance Program – All Transferred Areas**

Estimated Cost

\$2,500,000

(Includes the transfer of landscape areas to private maintenance on the west side, where possible, if areas are not voted into the LMAD)

# Benefit Analysis Study

Estimated Cost \$150,000

(Addition of select west side neighborhoods into the LMAD)

# Voting Procedure for Proposed Rate Increase

Estimated Cost \$150,000

**Sub-Total General Fund Expense  
(Non Eligible LMAD Items)**

**\$3,310,000**

# Renovation Plan

- ❖ Three renovation options are identified in the Renovation Plan.
  - Option 1 includes the upgrade of the irrigation controllers to “Smart Controllers” in the first year.
  - Option 2 includes Option 1 plus a ten-year irrigation system renovation program.
  - Option 3 includes Options 1 & 2 plus a ten-year planting renovation program.

# RENOVATION PLAN

Option Description	Arterial Zone	Zone L-1	Zone L-2	Zone L-3	Zone L-4	Zone L-5	Total 1 <sup>st</sup> Year
<b>Option 1 - Cost of Implementation</b>							
Upgrade to 'Smart-Controller' Technology	\$ 571,000	\$ 176,000	\$ 465,000	\$ 2,600	\$ 10,700	\$ 70,000	\$1,295,300
<b>Total Cost – Option 1</b>	<b>\$ 571,000</b>	<b>\$ 176,000</b>	<b>\$ 465,000</b>	<b>\$ 2,600</b>	<b>\$ 10,700</b>	<b>\$ 70,000</b>	<b>\$1,295,300</b>
<b>Option 2 - Cost of Implementation</b>							
Upgrade to 'Smart-Controller' Technology	\$ 571,000	\$ 176,000	\$ 465,000	\$ 2,600	\$ 10,700	\$ 70,000	\$1,295,300
Initiate a 10-year cyclic Sprinkler System Renovation Program**	\$ 54,000	\$ 31,000	\$ 63,000	\$ 500	\$ 3,400	\$ 17,000	\$ 168,900
<b>Total Cost – Option 2</b>	<b>\$ 625,000</b>	<b>\$ 207,000</b>	<b>\$ 528,000</b>	<b>\$ 3,100</b>	<b>\$ 14,100</b>	<b>\$ 87,000</b>	<b>\$1,464,200</b>
<b>Option 3 - Cost of Implementation</b>							
Upgrade to 'Smart-Controller' Technology	\$ 571,000	\$ 176,000	\$ 465,000	\$ 2,600	\$ 10,700	\$ 70,000	\$1,295,300
Initiate a 10-year cyclic Sprinkler system Renovation Program**	\$ 54,000	\$ 31,000	\$ 63,000	\$ 500	\$ 3,400	\$ 17,000	\$ 168,900
Replace Water-thirsty Plantings (10 yrs.)*	\$ 129,000	\$ 103,000	\$ 200,000	\$ 2,000	\$ 0****	\$ 30,000	\$ 464,000
<b>Total Cost – Option 3</b>	<b>\$ 754,000</b>	<b>\$ 310,000</b>	<b>\$ 728,000</b>	<b>\$ 5,100</b>	<b>\$ 14,100</b>	<b>\$ 117,000</b>	<b>\$1,928,200</b>

\*This project is expected to take approximately 10 years to fully implement – full cost has been annualized in this table.

\*\* This represents a permanent element of the budget for each zone.

\*\*\* The current landscaping is relatively water-wise so the added expense is not justifiable given the budget constraints L-4 faces.

- ❖ It is recommended, at a minimum, that the General Fund loan the LMAD the funding needed to initiate Option 1.
- ❖ Although there would be some minor cost savings initially with the upgrade of the controllers, the more significant cost savings would be gained through the ten-year irrigation system and planting renovation programs.
- ❖ The attached ten-year finance plan is based on a 7% water savings for the upgrade of the irrigation controllers, a 2% savings for irrigation system renovation, and an 18% savings for landscape renovations.
- ❖ As noted in the ten-year finance plan, the total amount in cost savings falls short of repaying the loan at the end of ten years.
- ❖ An increase in property assessments would be required to be able to fully pay back the General Fund Loan within the ten year renovation cycle.

# LANDSCAPE AND LIGHTING MAINTENANCE ASSESSMENT DISTRICT ACTION PLAN

## ~ CHECKLIST ~

YES NO

### Easement Vacation Process

Estimated Cost

\$200,000

### Negotiation/Purchase of Easements for Specific Landscape Areas without Easements or Agreements

Estimated Cost

\$310,000

### Irrigation Conversion Financial Assistance Program – All Transferred Areas

Estimated Cost

\$2,500,000

### Benefit Analysis Study

Estimated Cost

\$150,000

**YES NO Voting Procedure for Proposed Rate Increase**

Estimated Cost \$150,000

Remove landscape area and/or street lights so that maintenance costs fall within existing assessment revenue.

**Sub-Total General Fund Expense  
(Non Eligible LMAD Expenses) \$3,310,000**

## Renovation Plan and Finance Program

- |   |          |  |      |               |
|---|----------|--|------|---------------|
| ■ | Option 1 | Includes the upgrade of the irrigation controllers to "Smart Controllers" in the first year. |      | \$1,295,300   |
| ■ | Option 2 | Includes Option 1, plus a ten-year irrigation system renovation program.                     |      | \$1,295,300   |
|   |          | Total after ten years  | Plus | \$ 168,900/yr |
|   |          |  |      | \$2,984,300   |
| ■ | Option 3 | Includes Options 1 & 2, plus a ten-year planting renovation program.                         |      | \$1,295,300   |
|   |          | Total after ten years  | Plus | \$ 632,900/yr |
|   |          |  |      | \$7,624,300   |

# QUESTIONS? DISCUSSION

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