Agenda Item No: 2.d

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: June 16, 2026

Submitted by: Matthew Di Mario

From: Public Works

Subject:
PUBLIC HEARING TO PROVIDE FOR THE ANNEXATION AND ANNUAL LEVY OF ASSESSMENT FOR THE CITY OF PLACENTIA LANDSCAPE MAINTENANCE DISTRICT 92-1 FOR FISCAL YEAR 2026-27

Financial Impact:
Annual Revenue: $507,834 (LMD 92-1 Assessments)
Annual Expense: $443,105 (Proposed FY 26-27 Budget LMD 92-1 Fund No. 210)

Summary:
The City of Placentia administers Landscape Maintenance District ("LMD") 92-1 ("District"). Property owners in the District pay an assessment on their property tax bill for the maintenance of common area landscaping. Each year, the City Council must order the preparation of an Engineer's Report which determines the amount of the assessment to be levied and reconfirms the boundaries and composition of the district. Based on the Engineer's Report (Attachment 1 - Exhibit C), the assessment rates for Fiscal Year ("FY") 2026-27 for LMD 92-1 will remain the same at current levels, which is the maximum allowed by law for this district without a new vote of the property owners to approve a rate adjustment. This action requests that the City Council conduct a public hearing to receive public testimony, and upon conclusion of the public hearing, adopt a resolution annexing four (4) parcels into the District, adopt a resolution approving the Engineer's Report and setting the annual levy of assessment for FY 2026-27.

Recommended Action:
It is recommended that the City Council:

1. Open the Public Hearing concerning the annexation, levy and collection of assessments within the Landscape Maintenance District 92-1; and
2. Receive the Staff Report, consider all public testimony, ask questions of staff; and
3. Close the Public Hearing; and
4. Adopt Resolution No. R-2026-44, a Resolution of the City Council of the City of Placentia, California, ordering the annexation of territory to its Landscape Maintenance District No. 92-1 (Annexation 2026-02) and approving the amended map for said District; and
5. Adopt Resolution No. R-2026-45, a Resolution of the City Council of the City of Placentia, California, approving the Engineer's Report, confirming diagram and

assessment, and ordering levy of continued assessments for Fiscal Year 2026-27 for Placentia Landscape Maintenance District No. 92-1.

Strategic Plan Statement:
This item is consistent with Strategic Goal No. 1, Fiscal Sustainability. This action will generate revenue to cover landscape maintenance and related expenses in the District. Assessments from specific properties will help provide dedicated revenues to pay for maintenance services in the District.

Discussion:
On May, 1992, the City Council adopted Resolution No. 92-R-123, which initially formed the District. This District, utilizing benefit assessments, funds the cost to maintain and administer the landscape areas identified within LMD 92-1, which includes Placentia Champions Sports Complex ("Complex"). In 1996, the City Council transferred the financial responsibility for maintenance of the Complex from the District to the City's General Fund. At the time it was determined that since the Complex had grown operationally and hosted sport leagues from outside the City, the General Fund should instead fund the cost to maintain the Complex. However, in 2010, the City Council adopted Resolution No. R-2010-03, which returned the financial responsibility of maintaining the Complex back to the District. This was done due to the extensive financial difficulties the City was faced with at the time, and the City's General Fund could not support the cost of maintaining the Complex. The Complex, however, is still an assessed improvement within the District and is one of numerous improvements maintained by the District. By 2014, it had become apparent that the District no longer generates sufficient revenue to maintain all the improvements within the District even when excluding the cost to maintain the Complex. As part of the Fiscal Year ("FY") 2014-15 Operating Budget the maintenance cost for the Complex was informally transferred again to the City's General Fund to reduce the structural deficit within the District's fund.

In addition to landscape maintenance, the District's assessments cover irrigation and electrical costs, infrastructure maintenance and repair, and management of expenses. These costs have consistently risen over time. Including the Complex's maintenance costs in the District budget would create an annual deficit requiring a General Fund subsidy. Therefore, the Complex's maintenance costs are included in the City's General Fund and not budgeted in the District. It is important to note that the City collects user fees from sports groups using the Complex and fees for sports field lights, which contribute to General Fund revenues and help offset the maintenance costs for the Complex.

In 1996, the voters of California approved Proposition 218, which limits the ability of public agencies to increase assessments for such districts. The cost to maintain the Complex and all other District improvements will continue to grow, and despite removing the maintenance costs of the Complex from the District. The current maximum rate per assessment unit established for the LMD 92-1 is summarized as follows:

Land Use Type	Current Assessment Rate
Single-Family Residential	$154.87 per parcel
Commercial/Industrial	$1,547.70 per acre
Multi-Family Residential	$108.41 per unit
Undeveloped	$774.35 per parcel

Public Hearing Process

The Landscaping and Lighting Act of 1972 (Streets and Highways Code § 22500-22647) requires that the City undertake certain proceedings for any fiscal year during which assessments are to be levied and collected upon private property. These proceedings are accomplished at two (2) separate City Council meetings. On May 19, 2026, the City Council adopted Resolution No. 2026-28 declaring its intention to provide for the Annual Annexation and Levy of Assessments for LMD 92-1 and setting the time and date for a public hearing.

LMD 92-1 is exempt from, and not subject to the procedures and approval processes set forth in Article XIII D, Section 4 of the California Constitution enacted by Proposition 218 on November 5, 1996. The reason LMD 92-1 is not subject to Proposition 218 can be attributed to the fact that Proposition 218 also enacted Article XIII D, Sections 5 and 5(b) which exempted assessment districts formed prior to November 6, 1996, and which were formed pursuant to a petition signed by those owning all the parcels subject to the assessment at the time the assessment was initially imposed. This exemption is contingent on there being no increase in the amount assessed on a property owner in a category from the prior year. Since LMD 92-1 was formed prior to November 6, 1996, pursuant to a petition signed by those owning all the parcels subject to the assessment at the time the assessment was initially imposed, the District is exempt from the procedures and approval process set forth by Proposition 218.

The Annual Levy of Assessments is for the purpose of providing landscape maintenance and means of assessment for the same as shown in the attachments. Each fiscal year, the City Council directs the preparation of an Engineer's Report, budgets and proposed assessments before the assessments can be levied. The Engineer's Report establishes the foundation and justification for the continued collection of the assessments for FY 2026-27. Documents to provide for the annual levy are presented for City Council approval as follows:

1. Resolution confirming a Diagram and Assessment, providing for Annual Assessment Levy (Attachment 2)
2. Engineer's Report and Assessment Diagram (Attachment 1 - Exhibit C)
3. Assessment Roll (Attachment 3)

On April 21, 2026, the City Council approved Resolution No. R-2026-20, which annexed 230 properties into the LMD. Since April 21, 2026, four (4) additional properties have requested annexation. This brings the total number of parcels in the District to 2,652. Staff recommends that the City Council conduct the public hearing and adopt Resolutions Nos. R-2026-44 and R-2026-45. Although verbal testimony may be taken, protests to the annual levy must be submitted in writing and filed with the City Clerk. The City Clerk will provide City Council with copies of any written protests received subsequently.

Financial Summary:

For FY 2026-27, LMD No. 92-1 will have an estimated $443,105 (various GL accounts) in expenditures and projected assessment revenue of $507,834 (210-90000-4209). There is no impact on the General Fund associated with these recommended actions.

Attachments

Attachment 1 - R-2026-44
Attachment 1 - Exhibit B
Attachment 1 - Exhibit C

Attachment 2 - R-2026-45
Attachment 3 - Assessment Roll