

May 3, 2006

Honorable Mayor and Members of  
the Hermosa Beach City Council

Regular Meeting of  
May 9, 2006

**PROPOSED LANDSCAPE AND STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT;  
INITIATING PROCEEDINGS, APPROVAL OF ENGINEER'S REPORT, AND SETTING PUBLIC HEARING  
DATE TO RECEIVE BALLOTS**

**Recommendation:**

It is recommended that the City Council;

1. Adopt Resolution initiating proceedings and making certain designations in connection with a proposed Landscape and Street Lighting Supplemental Maintenance District; and
2. Adopt Resolution approving an Engineer's Report and declaring its intention to order the formation of Landscape and Street Lighting Supplemental Maintenance District and to levy an assessment thereon, and setting the date for the Public Hearing to receive ballots on July 25, 2006.

**Summary:**

Last year the existing Lighting and Landscaping District began to run a deficit. In an effort to save energy and balance this budget shortfall, Council directed staff to do a pilot project to reduce street lighting. When this pilot project proved to be unacceptable to residents, Council directed staff to take steps to increase the annual assessment and balance the District budget. To that end, Council approved a contract with Harris & Associates in March, 2005, to prepare the necessary engineering report and other administrative actions necessary to hold a citywide ballot to approve this supplemental assessment, in accordance with the "Landscaping and Lighting Act of 1972".

Harris has completed this report and determined that an annual supplemental assessment of \$14.30 per Equivalent Dwelling Unit (EDU) is required to balance the District budget. The existing annual assessment paid by all property owners in the City has been \$41.45.

The proposed new annual supplemental assessment to non-residential properties is set at \$42.90 per ¼ acre. Two special zones have been identified that receive additional benefit and therefore receive a higher assessment amount. The first is a Special Lighting Area which includes the Pier Plaza and Hermosa Avenue between 10<sup>th</sup> and 14<sup>th</sup> Streets which receives approximately three times the lighting. This same area, plus upper Pier Avenue and Aviation Boulevard, is identified as a Special Tree Area. Properties within the Special Tree Area will be assessed at \$166.11 per ¼ acre and properties within the Special Lighting and Special Tree Areas will be assessed at \$210.81 per ¼ acre.

The City will be responsible for the costs determined to be of General Benefit which is determined to be 50% of the costs for traffic signals and 50% of the street lighting costs on arterial roadways. In addition, the City will be responsible for paying the assessments on City-owned properties which total approximately \$10,000 per year.

Following the adoption of these resolutions, the assessment engineer will mail ballots to all property owners by June 9, 2006. The Public Hearing will be set for July 25, 2006. This hearing will be the deadline for receiving ballots which allows for the required 45-day noticing period. Because of the enormous task of tabulating the large number of ballots, the results will be presented to Council at its next meeting - on August 8, 2006 where the final determination of formation will be determined. Under Proposition 218 guidelines, this is a majority protest rule. If 50% plus 1 vote against formation is received, then the Supplemental District will be abandoned. If 50% or more of the ballots received are in favor of the formation, then the City Council may

approve the Assessment District. If formation is successful, the tax rolls will be submitted to the County Tax Assessor by August 10, 2006, in time for next year's tax bill.

**Fiscal Impact:**


Fiscal Year 06-07 budget forecasts a budget deficit in the Lighting/Landscaping District Fund 105 of approximately \$170,000. This is due to the fact that the annual assessment has been a fixed amount and operation costs such as electricity have increased substantially. The successful formation of the Supplemental Assessment will remedy this shortfall. The Supplemental Assessment also includes an allowable annual increase of assessment set at the Consumer Price Index (CPI) which will help to keep the District whole as maintenance and operation costs continue to rise. The maximum annual assessment amount is tracked every year with CPI adjustment while the actual assessment amount is based upon actual costs.

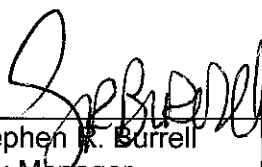
Attachments:

1. Resolution entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, APPROVING AN ENGINEER'S REPORT AND DECLARING ITS INTENTION TO ORDER THE FORMATION OF LANDSCAPE AND STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT AND TO LEVY AN ASSESSMENT THEREON, AND TAKING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH
2. Resolution entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HERMOSA BEACH, CALIFORNIA, INITIATING PROCEEDINGS AND MAKING CERTAIN DESIGNATIONS IN CONNECTION WITH A PROPOSED LANDSCAPE AND STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT
3. Engineer's Report

Respectfully submitted,

Concur:

  
Richard D. Morgan, P.E.  
Director of Public Works/City Engineer

  
Stephen R. Burrell  
City Manager

Noted for fiscal impact:

  
Viki Copeland  
Finance Director

RESOLUTION NO. 06-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
HERMOSA BEACH, CALIFORNIA, APPROVING AN ENGINEER'S REPORT AND  
DECLARING ITS INTENTION TO ORDER THE FORMATION OF LANDSCAPE AND  
STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT AND TO LEVY AN  
ASSESSMENT THEREON, AND TAKING CERTAIN OTHER ACTIONS IN  
CONNECTION THEREWITH

WHEREAS, the City Council of the City of Hermosa Beach (the "City") has initiated proceedings to form an assessment district (the "District") pursuant to the provisions of the "Landscaping and Lighting Act of 1972," being Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the "Act") and in accordance with Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750 of the California Government Code), to fund a portion of the costs of the construction, operation, maintenance, rehabilitation and servicing of landscaping, lighting, and appurtenant facilities (the "Improvements"); and

WHEREAS, the boundaries of the proposed District shall be concurrent with the boundaries of the City as shown on the map presented to this Council and on file with the City Clerk and incorporated herein by reference; and

WHEREAS, the title of the proposed District shall be "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District"; and

WHEREAS, the Assessment Engineer, Harris & Associates, has filed with the City Clerk of the City and the City Clerk has presented to the City Council a report dated May 15, 2006 (the "Engineer's Report") regarding the proposed District and containing the matters specified in Section 22586 of the Act; and

WHEREAS, the Engineer's Report has been duly presented by the City Clerk for consideration and has been fully considered by the City Council;

NOW THEREFORE, the City Council of the City of Hermosa Beach, California, does hereby resolve as follows:

SECTION 1. The above recitals are true and correct.

SECTION 2. The Engineer's Report, including the plans, specifications, general descriptions, estimate of the cost of the construction, acquisition, preservation, improvement, servicing, financing and maintenance of the "Improvements" and incidental expenses in connection therewith, the diagram and the proposed assessments, is hereby approved as filed [or modified] and incorporated herein by this reference. The Engineer's Report shall stand as the report for the purpose of all subsequent proceedings under the Act and Article XIID, except that it may be confirmed, modified or corrected as provided in the Act.

SECTION 3. The City Council hereby finds that the public interest, necessity and convenience require the construction, operation, maintenance, rehabilitation and servicing of the Improvements, and this City Council hereby declares its intention to form an assessment district to be known as the "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District." The

boundaries of the District shall cover the real property benefited by the Improvements and is contiguous with the boundaries of the City as shown on and described on the map entitled "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District Diagram/Boundary Map," on file with the City Clerk. The City Council hereby declares and finds the land within the boundaries of the District to be specially benefited by the Improvements and/or the maintenance thereof.

SECTION 4. The District is proposed to exist in perpetuity. As set forth in the Engineer's Report, each year the maximum annual assessment rate will be increased for cost of living according to the change in consumer price index (CPI) for the Los Angeles, Riverside, Orange County area. The actual assessment to be levied each year will be as determined by the City Council, not to exceed the maximum annual assessment rate period. If approved, the assessment will be levied beginning in FY 2006-07.

SECTION 5. The City Council appoints July 25, 2006 at 7:10 p.m. in the Council Chambers, 1315 Valley Drive, Hermosa Beach, California, or as soon thereafter as the matter may be heard, as the time and place for hearing protests to the proposed Improvements and maintenance thereof, the proposed levy of assessments, the amount of the individual assessments, and related matters as set forth in the Engineer's Report, and any interested person may appear and object to the Improvements, or to the extent of the District or to said proposed assessments.

SECTION 6. The City Clerk is hereby directed to give notice of such hearing by mailing notices thereof, together with assessment ballots, in the time, form and manner provided by Section 53753 of the California Government Code, and upon the completion of the mailing of said notices and assessment ballots, the City Clerk is hereby directed to file with the City Council an affidavit setting forth the time and manner of the compliance with the requirements of law for mailing said notices and assessment ballots. The City Clerk shall cause notice of the public hearing to be given by mailing, postage prepaid, in the United States mail, and such notice shall be deemed to have been given when deposited in such mail. The notice shall be mailed not less than forty-five (45) days before the date of the public hearing ordered herein.

SECTION 9. The City Council designates Harris & Associates to answer inquiries regarding the assessment proceedings, the assessments or the District. The Engineer's Report and other written material about the District may also be reviewed at the office of the City Clerk, 1315 Valley Drive, Hermosa Beach, California, during regular business hours.

SECTION 10. This resolution shall take effect immediately.

SECTION 11. The City Clerk shall certify to the passage and adoption of this resolution; shall cause the same to be entered in the book of resolutions of the City, and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of the City in the minutes of the meeting at which the same is presented.

PASSED, APPROVED AND ADOPTED this 23rd day of May, 2006.

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MAYOR

ATTEST:

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CITY CLERK

RESOLUTION NO. 06-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
HERMOSA BEACH, CALIFORNIA, INITIATING PROCEEDINGS AND MAKING  
CERTAIN DESIGNATIONS IN CONNECTION WITH A PROPOSED LANDSCAPE AND  
STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT

WHEREAS, the City Council of the City of Hermosa Beach (the "City") desires to undertake proceedings pursuant to the provisions of the "Landscaping and Lighting Act of 1972," being Part 2 of Division 15 of the California Streets and Highways Code (commencing with Section 22500) (the "Act") and in accordance with Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act (commencing with Section 53750 of the California Government Code) to form an assessment district (the "District") to fund a portion of the costs of the construction, operation, maintenance, rehabilitation and servicing of landscaping, lighting, and appurtenant facilities (the "Improvements"); and

WHEREAS, the boundaries of the proposed District shall be concurrent with the boundaries of the City as shown on the map presented to this Council and on file with the City Clerk and incorporated herein by reference; and

WHEREAS, the title of the proposed District shall be "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District"; and

WHEREAS, the City has approved a consulting engineer's contract with Harris & Associates, naming Harris & Associates as the Assessment Engineer and firm responsible for preparing the Engineer's Report and assisting in the public hearing and formation process for the proposed District.

NOW, THEREFORE, the City Council of the City of Hermosa Beach, California, does hereby resolve as follows:

SECTION 1. The City Council of the City proposes to form the "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District." The boundaries of said District shall be concurrent with the boundaries of the City as shown on the map entitled "City of Hermosa Beach Landscape and Street Lighting Supplemental Maintenance District Diagram/Boundary Map," on file with the City Clerk.

SECTION 2. The purposes of District are to fund a portion of the costs of the construction, operation, maintenance, rehabilitation and servicing of landscaping, lighting, and appurtenant facilities in public rights-of-way and dedicated easements within the proposed boundaries of said Assessment District.

SECTION 3. Harris & Associates, an engineer registered pursuant to the Professional Engineers Act (Chapter 7, commencing with Section 670, of Division 3 of the Business and Professions Code), has been designated Assessment Engineer for the proposed District. Harris & Associates is hereby ordered to prepare and file an "Engineer's Report" for the City Council's review, consideration and adoption in accordance with the Act and the laws of the State of California.

SECTION 4. This resolution shall take effect immediately.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution; shall cause the same to be entered in the book of resolutions of the City, and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of the City in the minutes of the meeting at which the same is presented.

PASSED, APPROVED AND ADOPTED this 23rd day of May, 2006.

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

STATE OF CALIFORNIA            )  
COUNTY OF LOS ANGELES    ) ss.  
CITY OF HERMOSA BEACH        )



# Engineer's Report

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for

## Landscape and Street Lighting Supplemental Maintenance District

*Prepared under the provisions of the  
Landscaping and Lighting Act of 1972*

For the

**CITY OF HERMOSA BEACH**  
Los Angeles County, California

Prepared by:



**Harris & Associates**

May 15, 2006



CITY OF HERMOSA BEACH  
LANDSCAPE AND STREET LIGHTING  
SUPPLEMENTAL MAINTENANCE DISTRICT  
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CITY OF HERMOSA BEACH  
LANDSCAPE AND STREET LIGHTING  
SUPPLEMENTAL MAINTENANCE DISTRICT

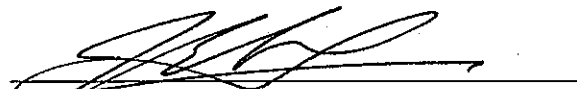
ENGINEER'S REPORT

CERTIFICATES

The undersigned acting on behalf of Harris & Associates, respectfully submits the enclosed Engineer's Report as directed by City Council pursuant to the provisions of Section 4 of Article XIID of the California Constitution, and provisions of the Landscaping and Lighting Act of 1972, Section 22500 et seq. of the California Streets and Highways Code. The undersigned certifies that she is a Professional Engineer, registered in the State of California.



Dated: May 15, 2006

  
BY \_\_\_\_\_  
Joan E. Cox  
R.C.E. No. 41965

I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment Roll and Assessment Diagram thereto attached, was filed with me on the \_\_\_\_ day of \_\_\_\_\_, 2006.

Elaine Doerfling, City Clerk  
City of Hermosa Beach  
Los Angeles County, California

By \_\_\_\_\_

I HEREBY CERTIFY that the enclosed Engineer's Report, together with Assessment Roll and Assessment Diagram thereto attached, was approved and confirmed by the City Council of the City of Hermosa Beach, California, on the \_\_\_\_ day of \_\_\_\_\_, 2006.

Elaine Doerfling, City Clerk  
City of Hermosa Beach  
Los Angeles County, California

By \_\_\_\_\_

**FISCAL YEAR 2006-07  
ENGINEER'S REPORT PREPARED PURSUANT  
TO THE PROVISIONS OF THE  
LANDSCAPING AND LIGHTING ACT OF 1972  
SECTION 22500 THROUGH 22679  
OF THE CALIFORNIA STREETS AND HIGHWAYS CODE,  
ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION, AND  
THE PROPOSITION 218 OMNIBUS IMPLEMENTATION ACT  
(GOVERNMENT CODE SECTION 53750 ET SEQ.)**

Pursuant to Part 2 of Division 15 of the Streets and Highways Code of the State of California, Article XIII D of the California Constitution, the Proposition 218 Omnibus Implementation Act and in accordance with the Resolution of Initiation, adopted by the City Council of the City of Hermosa Beach, State of California, in connection with the proceedings for:

**LANDSCAPE AND STREET LIGHTING SUPPLEMENTAL MAINTENANCE DISTRICT**

hereinafter referred to as the "Supplemental District" or "District", I, Joan E. Cox, P.E., the authorized representative of Harris & Associates, the duly appointed ASSESSMENT ENGINEER, submit herewith the "Report" consisting of five (5) parts as follows:

**PART A – PLANS AND SPECIFICATIONS**

Contains a description of the improvements that are to be maintained or serviced by the District.

**PART B – ESTIMATE OF COST**

Identifies the estimated cost of the improvements to be provided by the District, including incidental costs and expenses in connection therewith.

**PART C – METHOD OF APPORTIONMENT**

Describes the basis on which the costs have been apportioned to each parcel of land within the District, in proportion to the estimated benefits to be received by such lots and parcels.

**PART D – ASSESSMENT ROLL**

Identifies the maximum assessment to be levied on each benefited lot or parcel of land within the District.

**PART E – ASSESSMENT DIAGRAM**

Contains a Diagram of the District Boundaries showing the exterior boundaries of the District, the boundaries of any zones within the District and the lines and dimensions of each lot or parcel of land within the District.



## PART A PLANS AND SPECIFICATIONS

The improvements are the construction, operation, maintenance, rehabilitation and servicing of landscaping, lighting, and appurtenant facilities. The District will fund costs in connection with the District improvements 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 facilities. Reference is made to Part "C" of this report for a discussion of the Zones of Benefit, and the improvements associated with them. The facilities are described as follows:

### Landscaping and Appurtenant Facilities

Landscaping improvements include but are not limited to: Landscaping, planting, shrubbery, trees, irrigation systems, hardscapes, fixtures, sidewalk maintenance resulting from landscape growth and appurtenant facilities, in public rights-of-way, medians, parkways and dedicated easements within the proposed boundaries of said Assessment District.

### Lighting and Appurtenant Facilities

Street lighting improvements 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 public rights-of-way and dedicated easements within the proposed boundaries of said Assessment District.

The public lighting system shall be maintained to provide adequate illumination. Power for streetlights shall be furnished 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 improvements, including cultivation, irrigation, trimming, spraying, fertilizing and treating for disease or injury; and the removal of trimmings, rubbish, debris and other solid waste; the cleaning, sandblasting, and painting of street lights and other improvements to remove graffiti.

Servicing means the furnishing of water for the irrigation of the landscaping and the maintenance of any of the public lighting facilities, landscaped improvements or appurtenant facilities, and the furnishing of electric current or energy, gas or other illuminating agent for the public lighting facilities, or for the lighting or operation of landscaping or appurtenant facilities.

The plans and specifications for the improvements are on file in the office of the City Engineer and are by reference herein made a part of this report.

**PART B  
 ESTIMATE OF COST**

The estimated costs for the operation, maintenance and servicing of the Improvements, shown below, are the estimated costs of maintenance if the Improvements were fully maintained for Fiscal Year 2006-07. The 1972 Act provides that the total cost of the maintenance and services, together with incidental expenses, may be financed from the assessment proceeds. The incidental expenses may include engineering fees, legal fees, printing, mailing, postage, publishing, and all other related costs identified with the district proceedings.

	Quantity	O&M Unit Cost	Total O&M Costs	Admin. Costs	FY 06-07 Annual Costs
Street Lights	1,413 each	\$337.00	\$476,181		
Less 50% Arterial General Benefit	(306) each	\$168.50	(\$51,561)		
Less Strand Beach Lights	(30) each	\$337.00	(\$10,110)		
			\$414,510	\$37,770	\$452,280
Traffic Signals			\$14,000		
Less 50% Signal General Benefit			(\$7,000)		
			\$7,000	\$638	\$7,638
Street Trees	192 each	\$74.00	\$14,208	\$1,295	\$15,503
Medians			\$69,757	\$6,356	\$76,113
<b>Subtotal Annual Costs:</b>			<b>\$505,475</b>	<b>\$46,059</b>	<b>\$551,534</b>

Landscaping and Street Lighting District revenue, less general benefit amounts: (\$386,243)

**Total to Supplemental Assessment: \$165,291**

**Administrative Costs**

District Formation	\$32,000
City Administration	\$10,176
County Administrative Charge	\$4,000
Replacement Reserve	\$0
Fund Balance as of Jun 30 Previous FY	(\$117)
<b>Subtotal Administrative Costs:</b>	<b>\$46,059</b>

The 1972 Act requires that a special fund be set-up for the revenues and expenditures of the District. Funds raised by assessment shall be used only for the purpose as stated herein. The City may advance funds or incur bonded indebtedness, if needed, to ensure adequate cash flow or timing of the provision of the facilities, and will be reimbursed for any such advances or payment of annual bond debt service upon receipt of assessments. Any surplus or deficit remaining on July 1 must be carried over to the next fiscal year.

## PART C METHOD OF APPORTIONMENT OF ASSESSMENT

### General

Part 2 of Division 15 of the Streets and Highways Code, the Landscaping and Lighting Act of 1972, permits the establishment of Assessment Districts by cities for the purpose of providing certain public improvements which include the operation, maintenance, rehabilitation and servicing of public street lights, traffic signals and landscaping.

Section 22573, Landscaping and Lighting Act of 1972 requires that assessments be levied according to benefit rather than according to assessed value. This section states:

"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."

The Act permits the designation of zones of benefit within any individual assessment district if "by reason of variations in the nature, location, and extent of the improvements, the various areas will receive different degrees of benefit from the improvements." (Sec. 22574). 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 and added Article XIID to the California Constitution, requires that a parcel's assessment may not exceed the reasonable cost of the proportional special benefit conferred on that parcel. XIID provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. XIID also requires that publicly owned properties that benefit from the improvements be assessed.

This report establishes the formula to be used to distribute the costs of providing the services described in this report to the benefiting parcels within the City.

### Special Benefit Determination

#### Street Lighting

Proper maintenance and operation of the street lighting system in close proximity to certain lots or parcels provides a special benefit to such lots or parcels by providing security, safety and community character and vitality as outlined below.

#### BENEFITS OF STREET LIGHTING

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##### Security and Safety

- Mitigates crime
- Alleviates the fear of crime
- Reduces traffic accidents
- Enhances pedestrian safety

##### Community Character and Vitality

- Promotes social interaction
  - Promotes business and industry
  - Contributes to a positive nighttime visual image
  - Decorative lights provide a pleasing daytime appearance
-

**Local Lighting.** All parcels in the City have street lighting in close proximity to them; therefore, all parcels receive special benefit from local street lighting.

**Special Lighting Area.** The parcels along Pier Ave, from Hermosa Ave to The Strand, and along Hermosa Ave, from one block north to one block south of Pier Ave, enjoy a higher level of lighting than parcels in the rest of the City. There are approximately three times as many lights within this area; therefore, these parcels receive three-times the level of benefit than the rest of the parcels in the City.

The Special Lighting Area is shown on sheet 1 of the Assessment Diagram at the back of this report.

**Arterial Lighting.** Street lighting (including traffic signals, flashing beacons, intersection safety lighting and lighting on arterial streets) on the major thoroughfares and arterials, which are the main travel ways of the City, provides a special benefit to each and every assessable lot or parcel within the City, enhancing their value by: 1) improved nighttime visibility for the access of emergency vehicles, and 2) improved safety and traffic circulation to and from parcels citywide.

The City recognizes that a portion of the maintenance, operation and servicing of the City's arterial lighting improvements funded by the District provide a general benefit to the public at large. Arterial streets, by their nature, have traffic that travels through the City from surrounding regional areas without stopping in the City. This pass-through traffic receives benefits from the safety provided by the maintenance, operation and servicing of street lighting and traffic signals on the arterial streets. It is estimated that approximately 50% of all traffic on the arterials is pass-through traffic.

Therefore, the City contribution to the District is equal to 50% of the estimated arterial lighting costs. This general benefit contribution is funded through the City's existing Landscaping and Street Lighting District.

**The Beach lighting along the Strand.** There are a total of 30 lights along the Strand that provide for illumination of the beach area. These 30 lights are considered general benefit and are funded through the City's existing Landscaping and Street Lighting District.

### Street Landscaping

Trees, landscaping, hardscaping and appurtenant facilities, if well maintained, provide beautification, shade and enhancement of the desirability of the surroundings, and therefore increase property value. In Parkways and Land Values, written by John Nolan and Henry V. Hubbard in 1937, it is stated:

"... there is no lack of opinion, based on general principals and experience and common sense, that parkways *do in fact add value* to property, even though the amount cannot be determined exactly.... Indeed, in most cases where public money has been spent for parkways the assumption has been definitely made that the proposed parkway will show a *provable* financial profit to the City. It has been believed that the establishment of parkways causes a rise in real estate values throughout the City, or in parts of the City,..."

It should be noted that the definition of "parkways" above may include the roadway as well as the landscaping along side the roadway.

**Landscaped Medians.** The landscape improvements in the medians along the major thoroughfares provide positive enhancement of the City and therefore increase property desirability and property values. These major thoroughfares are the entryways into the City and as such provide beautification to the entire City. Landscaping along the major thoroughfares provides only incidental benefits to motorists traveling to, from or through the City.

**Street Tree Areas.** Street trees within the public street parkways provide special benefit to those properties directly adjacent to those tree-lined parkways. Because all of the tree-lined parkways are along the major thoroughfares, which are the entryways into the City, 50% of the benefit is allocated to all parcels in the City and 50% is allocated to the adjacent properties. The following areas within the City currently receive a street tree benefit:

- Pier Ave, between Hermosa Ave and the alley east of The Strand,
- Hermosa Ave, between 10<sup>th</sup> St and 14<sup>th</sup> St,
- Pier Ave, between Monterey Blvd and Bard Street, and
- Aviation Blvd, between Pacific Coast Hwy and the east City Limits.

Within approximately one year, the following areas will have street trees adjacent to them as well. These areas will be assigned a Street Tree Special Benefit, but will not be assessed for street trees until the trees have been installed:

- Pier Ave, between the alley east of Hermosa Ave to Monterey Blvd, and
- Pier Ave, between Bard St and Pacific Coast Hwy.

The street trees along Herondo Street are not funded through this Supplemental Maintenance District as they are in the process of being removed; therefore, no special benefit has been assigned to the properties adjacent to those street trees.

The Street Tree Areas are shown on sheet 2 of the Assessment Diagram at the back of this report.

## Special Benefit Methodology

The District boundaries are coterminous with the City of Hermosa Beach. To establish the special benefit to the individual parcels within the District, a Benefit Unit system is proposed. Each parcel of land is assigned Benefit Units (BU's) in proportion to the estimated special benefit the parcel receives relative to the other parcels within the District from the Program. Benefit Units are established by considering both the dwelling unit equivalency of a property and the benefits provided, as discussed above.

### Basic Formula:

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

### Equivalent Dwelling Units

In order to allocate benefit fairly between the parcels, an Equivalent Dwelling Unit (EDU) methodology is proposed which equates different types of land uses to a single-family residential parcel, thereby allowing a uniform method of assessment.



The EDU method uses the single-family home as the basic unit of apportionment. A **single family home** equals one Equivalent Dwelling Unit (EDU). Every other land use is converted to EDU's as described below. All properties in the District will be assigned dwelling units and land use classifications per the County Assessor's roll. (Inaccuracies in the County data will be reviewed on a case by case basis as they are brought to the City's attention.)

A methodology has been developed to calculate the EDU's for other residential land uses and for non-residential parcels. Every land use is converted to EDU's: parcels containing apartments are converted to EDU's based on the number of dwelling units on each parcel of land; non-residential parcels are converted based on the lot size of each parcel of land.

This methodology is summarized in the table below:

Land-Use Category	Basic Unit	EDU Factor	EDU Rates
• Exempt		0.0	
• Single Family Residential (SFR)	1 D.U.	x 1.0	= 1.0 EDU / DU
• Condominium, duplex, tri-plex and 4-plex	1 D.U.	x 1.0	= 1.0 EDU / DU
• Multi-Family Residential (5 or more units)	1 D.U.	x 0.75	= 0.75 EDU / DU
• Mobile Home Park	1 space	x 0.5	= 0.5 EDU / Space
• Non-Residential	1 acre	x 12.0	= 12.0 EDU / Acre
Based on the average SFR parcel density of 12 DU/Acre			
• Vacant SFR lots	1 parcel	x 0.25	= 0.25 EDU / Parcel
• Vacant / Parks	1 acre	x 3.0	= 3.0 EDU / Acre

D.U. = Dwelling Unit

### Residential

**Single Family Residences (SFR).** A single family home equals 1 EDU.

**Condominiums, Duplexes, Triplexes, and Four-plexes.** In Hermosa Beach, condominiums, duplexes, triplexes and four-plexes are a size similar to typical single-family homes; therefore, these uses are assessed 1 EDU per dwelling unit.

**Multi-family Residences (Apartments with 5 or more units) and Mobile Home Parks.** Multi-family residential parcels and mobile home park equivalencies are determined by multiplying the number of dwelling units on each parcel by 0.75 and 0.5, respectively, due to the relative population density of these types of dwelling units and reduced unit size compared to the typical density and size of a SFR. Studies have consistently shown that the average apartment unit impacts infrastructure approximately 75% as much as a single-family residence, and the average mobile home unit impacts infrastructure approximately 50%. (Sources: Institute of Transportation Engineers Informational Report Trip Generation, Fifth Edition, 1991; Metcalf and Eddy, Wastewater Engineering Treatment, Disposal, Reuse, Third Edition, 1991). Trip generation and wastewater usage are a function of population density. Based on this, it is concluded that other infrastructure will be similarly impacted at a reduced level. The smaller

average unit size of multiple-residential and mobile homes result in a lesser enhancement per unit to property values.

The EDU's assigned to a multi-residential or a mobile home parcel are calculated based on the number of dwelling units and the appropriate EDU factor. For example, the EDU factor for multi-residential (0.75) is multiplied by the number of dwelling units on the parcel to determine the total EDU's for the multiple residential parcel. Similarly, the total EDU's for a mobile home parcel are calculated by multiplying the EDU factor (0.5) by the number of mobile home units on the parcel.

### **Developed Non-Residential**

Developed non-residential properties are defined as improved commercial, industrial and institutional properties (such as churches). In converting these properties to EDU's, the size of the parcels are compared to the median size of a single-family residential lot, which is approximately a 3,600 square foot lot. This equals approximately 12 SFR lots per acre of land. Therefore, developed non-residential parcels are assigned EDU's at a rate of 12 EDU's per acre.

### **Vacant / Parks**

Vacant property consists of parcels with few or no improved structures. These properties have virtually no impacts on infrastructure to make a comparison to developed property; however, based on the Los Angeles County Assessor's data, the average land value of a SFR property is approximately 50% of the total value. Splitting the difference between value and impacts, vacant property is assigned EDU's at the rate of 25 percent of improved property.

A vacant subdivided lot, designated exclusively for a single-family residential unit, will be assigned 0.25 EDUs per lot.

Other vacant parcels, including those properties designated as agricultural, are assessed based upon the acreage of the parcel. All of these parcels will be assigned EDU's at the rate of 25% of the developed non-residential properties, or 3.0 EDU's per acre.

### **Exempt**

Exempted from the assessment are the areas of streets, avenues, lanes, roads, drives, courts, alleys, and public easements, rights-of-ways, and parkways. Also exempted from assessment are utility rights-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.

### **Government-Owned Property**

Proposition 218 states, "Parcels within a district that are owned or used by any [public] agency...shall not be exempt from the assessment unless the agency can demonstrate...that [the] parcels in fact receive no special benefit."

Government-owned (public) properties must be assessed for the benefits they receive. If no benefit is received then the government-owned parcels can be "exempt" from the assessment. Uses such as City Hall and maintenance yards are assessed as developed non-residential property.

**Benefit Factors**

All properties within the City are assigned a Benefit Factor of 1, with the following exception:

**Exception.** The parcels in the Special Lighting Area are assigned a Benefit Factor of 3 for the street lighting benefit.

**Benefit Units**

As discussed above, the basic formula for calculating Benefit Units for each property is as follows:

**Basic Formula:**  
 (Equivalent Dwelling Units) x (Benefit Factor) = Benefit Units

For the vast majority of the parcels in the City, the assigned Benefit Units equal the Equivalent Dwelling Units (EDU's) because the Benefit Factor is 1.

For the Special Lighting Area, the Benefit Units are equal to three-times the EDU's.

The following tables provide parcel and Benefit Unit summaries for the various improvements described above.

**Street Lighting Improvements**

Land Use	Parcel Count	Dwelling Units	Acres	EDU's	Benefit Units
Single Family Res (SFR)	3,150	3,150		3,150.000	3,150.000
Condominium and 2, 3 and 4-plexes	2,953	4,734		4,734.000	4,734.000
Multi-Family Res (5 units or more)	178	1,898		1,423.500	1,423.500
Mobile Home Parks	3	81		40.500	40.500
Churches	8		3.34	40.130	40.130
Non-Residential	392		83.98	1,007.817	1,007.817
Schools	7		17.44	209.256	209.256
Single Family Vacant	91			22.750	22.750
Vacant / Park	92		93.14	279.413	279.413
<b>Special Lighting Area</b>					
Non-Residential	40		5.42	65.055	195.165
	6,914	9,863	203.32	10,972.421	11,102.531



**Median Landscaping and Traffic Signal Improvements (all parcels in City)**

<b>Land Use</b>	<b>Parcel Count</b>	<b>Dwelling Units</b>	<b>Acres</b>	<b>EDU's</b>	<b>Benefit Units</b>
Single Family Res (SFR)	3,150	3,150		3,150.000	3,150.000
Condominium and 2, 3 and 4-plexes	2,953	4,734		4,734.000	4,734.000
Multi-Family Res (5 units or more)	178	1,898		1,423.500	1,423.500
Mobile Home Parks	3	81		40.500	40.500
Churches	8		3.34	40.130	40.130
Non-Residential	432		89.40	1,072.872	1,072.872
Schools	7		17.44	209.256	209.256
Single Family Vacant	91			22.750	22.750
Vacant / Park	92		93.14	279.413	279.413
	6,914	9,863	203.32	10,972.421	10,972.421

**Street Tree Improvements (Current)**

<b>Land Use</b>	<b>Parcel Count</b>	<b>Dwelling Units</b>	<b>Acres</b>	<b>EDU's</b>	<b>Benefit Units</b>
Condominium and 2, 3 and 4-plexes	2	4		4.000	4.000
Churches	1		13.19	6.683	6.683
Non-Residential	104		14.75	177.023	177.023
Vacant / Park	5		0.36	1.083	1.083
	112	4	28.30	188.789	188.789

**Street Tree Improvements (Future)**

<b>Land Use</b>	<b>Parcel Count</b>	<b>Dwelling Units</b>	<b>Acres</b>	<b>EDU's</b>	<b>Benefit Units</b>
Condominium and 2, 3 and 4-plexes	1	4		4.000	4.000
Non-Residential	17		12.21	146.505	146.505
	18	4	12.21	150.505	150.505

**Assessment Rate Calculations**

The FY 2006-07 maximum assessment rates are calculated as follows (except for the special street lighting area, a single family residential property is assessed 1 Benefit Unit):

Improvements	Cost Estimate	/	Benefit Units	=	FY 06-07 Max. Asmt Rate*
Street Lights (less current asmt revenue)	\$66,037	/	11,102.531	=	\$5.95 / BU
Traffic Signals	\$7,638	/	10,972.421	=	\$0.70 / BU
Medians and Citywide Trees	\$83,865	/	10,972.421	=	\$7.65 / BU
Local Street Trees	\$7,752	/	188.789	=	\$41.07 / BU

These rates are considered the Maximum Assessment Rates that may be assessed for this fiscal year.

\* The maximum annual assessment rate will be increased each year by the annual change in the Consumer Price Index (CPI), during the preceding year ending in January, for All Urban Consumers, for the Los Angeles, Riverside and Orange County areas. The actual assessments levied in any fiscal year will be as approved by the City Council and may not exceed the maximum assessment rate without receiving property owner approval for the increase.

The following are sample calculations for the various land uses in the City in the various benefiting areas:

**Sample Calculations**

Land Use	No. of Units or Parcel Size	x	EDU Factor	x	Benefit Factor	=	Benefit Units	FY 06-07 Max. Asmt
<b>Street Lights, Traffic Signals, Medians and Citywide Trees (most parcels in the City)</b>								
Single family home	1 dwelling	x	1	x	1.0	=	1.00	\$14.30
Single family vacant lot	1 parcel	x	0.25	x	1.0	=	0.25	\$3.58
Condominium	1 dwelling	x	1	x	1.0	=	1.00	\$14.30
Duplex	2 dwellings	x	1	x	1.0	=	2.00	\$28.60
4-plex	4 dwellings	x	1	x	1.0	=	4.00	\$57.20
10-unit Apartment	10 dwellings	x	0.75	x	1.0	=	7.50	\$107.25
Mobile Home Park	21 spaces	x	0.5	x	1.0	=	10.50	\$150.15
Commercial, Industrial, or Church	0.25 acre	x	12	x	1.0	=	3.00	\$42.90
Commercial, Industrial, or Church	0.5 acre	x	12	x	1.0	=	6.00	\$85.80
Vacant or Park	0.25 acre	x	3	x	1.0	=	0.75	\$10.73
Vacant or Park	0.5 acre	x	3	x	1.0	=	1.50	\$21.45
<b>Street Lights, Traffic Signals, Medians and Citywide Trees and Local Trees</b>								
Duplex	2 dwellings	x	1	x	1.0	=	2.00	\$110.74
Commercial, Industrial, or Church	0.25 acre	x	12	x	1.0	=	3.00	\$166.11
Commercial, Industrial, or Church	0.5 acre	x	12	x	1.0	=	6.00	\$332.22
<b>Special Area Street Lights, Traffic Signals, Medians and Citywide Trees and Local Trees</b>								
Commercial, Industrial, or Church	0.25 acre	x	12	x	1.0	=	3.00	\$201.81
Commercial, Industrial, or Church	0.5 acre	x	12	x	1.0	=	6.00	\$403.62



## **PART D**

### **ASSESSMENT ROLL**

The Assessment Roll is a listing of the proposed assessment for Fiscal Year 2006-07 apportioned to each lot or parcel, as shown on the last equalized roll of the Assessor of the County of Los Angeles. The Assessment Roll is provided below and is incorporated herein.

The description of each lot or parcel is part of the records of the Assessor of the County of Los Angeles and these records are, by reference, made part of this Report.

## **PART E**

### **ASSESSMENT DIAGRAM**

The Assessment Diagram for the Supplemental District is provided on the following page.

The lines and dimensions of each lot or parcel within the Supplemental District are those lines and dimensions shown on the maps of the Assessor of the County of Los Angeles, for the year when this Report was prepared, and are incorporated by reference herein and made part of this Report.

