AGN. NO. __

MOTION BY SUPERVISOR KATHRYN BARGER JUNE 22, 2021

ADDRESSING FUNDING SHORTFALLS FOR THE COUNTY'S LANDSCAPE MAINTENANCE DISTRICTS

The County's Landscape Maintenance Districts were created pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, in order to collect assessments to pay for the cost of maintaining landscaping benefiting the assessed properties. On July 12, 1979, August 10, 1995, and July 22, 1997 the Board approved the formation of LLA Districts 1, 2, and 4 and zones therein for the County's Landscape Maintenance Districts (LMD).

Many of the Districts and zones therein were created prior to the passage of Proposition 218, which requires local governments obtain approval from property owners, through a notice and ballot process, for property-related assessments. Therefore, most of the zones do not have a mechanism to increase assessment rates in line with increases in costs of providing services, without directly balloting impacted property owners. Only 14 of the 29 existing LMD zones have built in Consumer Price Index (CPI) cost escalators.

This has led to significant issues across multiple zones and required the County to resort to reducing maintenance to continue to provide services with existing revenues. Subsequently, many of the zones have required capital investment to address the impacts of reduced maintenance of landscaping and appurtenant facilities such as irrigation systems, water meters, and electrical meters

The LMD Program was previously administered by the Los Angeles County Department of Parks and Recreation (DPR). However, as the majority of the LMD program covered non-park locations like landscaped streets medians, parkways, and slopes, the Board voted unanimously to transfer the program from the Department of Parks and Recreation (DPR) to the Department of Public Works (DPW) on September 30, 2014.

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DPW conducted an assessment of the LMD program and outlined steps required to ensure the viability and solvency of the Districts in a report back to the Board on January 26, 2015. The report noted that of the 48 zones, 17 were transferred to local cities and/or Homeowner's Associations (HOAs). Of the remaining 31 zones, 15 faced financial uncertainty, with two zones (Zone 56 – Commerce Center Drive, Zone 28 – Vista Grande) facing a fund balance deficit by Fiscal Year 2016-2017. The Board recently approved the dissolution of Zone 28 effective June 30, 2021; however, Zone 56 continues to face a projected fund balance deficit even with reduced maintenance. In addition, the 2015 Board Report noted the following recommendations:

- For the 13 LMD zones projected to have a fund balance deficit between FY 2017-18 and 2023-24, a condition assessment would be conducted for each zone at least 2 years prior to the projected deficit.
- To enhance management of the LMDs, reach out to the community within each LMD to involve them in the decision-making process regarding their options through community meetings and public outreach. When a funding shortfall is projected for an LMD zone, hold community meetings at least 2 years prior and share the following information:

    1. The condition assessment and the detailed financial assessment of the LMD.
    2. The projected increase in the existing assessment necessary to maintain the existing level of maintenance services.
    3. The reduced level of maintenance services necessary to keep the existing assessment unchanged.
    4. Some level of service reduction with some increase in the existing assessment to meet the desires of the majority of the community.
    5. The option to dissolve the LMD zone allowing the property owners to collaborate and maintain the landscaping at their desired level of service using maintenance services they acquire directly from the private sector.

However, since 2015, only one zone has gone through the community outreach and balloting process as outlined in the Board Report, to increase assessment rates. Currently, DPW estimates that 10 of the 29 zones face fund balance deficits within the next five years. All ten zones were identified as being financially challenged in the 2015 Board Report.

DPW, as one of the largest Departments in the County, also carries significant overhead charges that can be difficult to absorb within assessment districts, which have fixed revenues and variable expenditures that can be subject to spikes in capital outlays.

Given the challenges with raising assessments, DPW has been studying other alternatives if property owners vote against rate increases. In some cases, the zones could be dissolved and turned over to an established homeowner's association (HOA), which could absorb and take over services at a cost savings to the property owners.

However, in other cases, there are no underlying HOAs, including for the ten zones identified as facing financial uncertainty. This presents a challenge as dissolution of the LMD zone would leave private property owners to work collaboratively to manage irrigation, drainage structures such as swales, brush clearance, fences, electrical and water meters, and other appurtenant infrastructure across multiple lots and parcels.

Despite their challenges, LMDs can be a viable option to provide DPR necessary resources to operate and maintain new County parks and multi-use trails developed as part of residential subdivisions.

I, THEREFORE, MOVE, that the Board of Supervisors direct the Department of Public Works to conduct an evaluation of the current LMD program and report back in 30 days with a comprehensive plan to address the program's systemic challenges, including:

1. Condition assessment of all 29 zones, including identification of zones with projected fund balance deficit within one, three, five, and ten years, as well as recommended actions to raise assessment rates or dissolve the subject zone;
2. Community outreach plan, including cost estimates, schedules, and resources needed to complete necessary actions to either raise assessment rates or move forward with dissolution of zones for those identified in Directive #1; and
3. Options and recommendations to address dissolution of zones where there is no HOA, including the cost and timeline for revocation of easements and options to assist property owners with infrastructure maintenance post-dissolution.

I, FURTHER MOVE, that the Board of Supervisors direct the Chief Executive Officer, in coordination with the Directors of the Departments of Public Works, Parks and Recreation, Auditor-Controller, and Treasurer-Tax Collector to report back in 90 days on the following:

1. Determination of whether the LMD program is financially and logistically viable in its current form;
2. Recommendations for best practices and policy recommendations to improve the viability and efficiency of the LMD program, including determination of an appropriate County Department to operate it; and
3. Recommendations for potential changes to improve LMD Program administration, including revised program architecture and structure, as well as appropriate classifications and staffing levels aimed to also reduce the program's overhead.

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