



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT A RESOLUTION TO APPROVE THE PREPARATION OF A REPORT FOR THE ANNUAL LEVY OF ASSESSMENTS WITHIN THE HERMOSA BEACH LANDSCAPING AND STREET LIGHTING DISTRICT DURING FY 2026–2027

CEQA: Determine the resolution is exempt from the California Environmental Quality Act (CEQA) pursuant to section 15378 of the CEQA Guidelines (Public Works Director Joe SanClemente)

Recommended Actions:

Staff recommends City Council:

1. Determine the resolution is exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15378; and
2. Adopt a resolution (**Attachment 1**) to approve the preparation of a report for the annual levy of assessments within the Hermosa Beach Landscaping and Street Lighting District during Fiscal Year 2026–2027.

Executive Summary:

The Hermosa Beach Landscaping and Street Lighting District (District) collects funds for the maintenance and operation of the citywide street lighting program and landscaping within street medians and parkways. The District must be renewed annually through a three-step process. Staff recommends initiation of the renewal process for Fiscal Year 2026–2027.

Background:

The District was created in Fiscal Year (FY) 1989–1990, pursuant to the Landscaping and Lighting Act of 1972 (Streets and Highways Code Sections 22500–22679). The District assessment funds the maintenance and operation of streetlights, traffic signals, and landscaping located within parkways and medians citywide. The assessment rate has remained unchanged since the passage of Proposition 218 in 1996 and is set at \$41.45 per dwelling unit.

The City Council must approve the annual enrollment of assessments within the District through a three-step process. First, City Council directs the Director of Public Works to prepare an Engineer’s Report, which includes the list of parcels within the District, the method of apportioning the assessment across these parcels, and the estimated cost of maintaining and operating the District. Second, staff presents the Engineer’s Report to

City Council for approval and requests to set a date for a public hearing declaring the City Council's intention to order certain improvements and to levy and collect assessments within the district for the new fiscal year. The third and final step is to hold a public hearing to gather public input on the proposed assessment and to determine whether there is a majority protest to the annual levy of assessments for FY 2026–2027.

Analysis

The City complies with Proposition 218 and can continue to levy assessments without requiring a ballot, provided the assessments are not increased. The assessment rate per dwelling unit has not increased since the passage of Proposition 218 in 1996 and will continue at the rate of \$41.45 per dwelling unit in FY 2026–2027.

By approving the attached resolution, City Council authorizes initiation of the annual renewal process by authorizing the preparation of an Engineer's Report, which would contain maps, methodology, costs, and estimated assessments for the District. The Lighting and Landscaping Act of 1972 requires the following action items in order to levy and collect assessments for the District for FY 2026–2027:

1. The Director of Public Works files the Engineer's Report consisting of, among other things, the map and the assessments with the City Clerk;
2. The City Council adopts a resolution approving the report as prepared under the direction of the Director of Public Works;
3. The City Council adopts a resolution setting the date, time, and place for a Public Hearing in order to accept input on the report for the District for FY 2026–2027.
4. The City Council holds a Public Hearing and, if no majority protest is heard, adopts a resolution confirming the map and assessment for the District for FY 2026–2027 and levies the assessment rate for the fiscal year commencing on July 1, 2026, and ending on June 30, 2027; and
5. The City Council adopts the FY 2026–2027 estimated revenue for secured collections for the district.

The Hermosa Beach Landscaping and Street Lighting District only partially funds the maintenance and operation of the citywide street lighting program and landscaping within street medians and parkways. The estimated total cost to maintain the District was budgeted this current Fiscal Year 2025-26 to be \$858,542 plus net administration costs of \$9,872. However, the anticipated assessment to be collected is only \$468,079. At its June 24, 2025 meeting to adopt the FY 2025-26 Budget, City Council approved a transfer of \$400,335 from the General Fund to cover this deficit.

Environmental Analysis:

The proposed project is categorically exempt from CEQA. Under Section 15378 of CEQA, adoption of this Resolution is not a “project” within the meaning of Section 15378 because it constitutes an administrative and fiscal action directing preparation of an Engineer’s Report, and initiating annual assessment proceedings does not authorize or approve any specific physical change to the environment. In addition, the action is exempt from CEQA even if this action were deemed a “project” pursuant to Section 15301, Class 1 – Existing Facilities, because it involves the continued maintenance, operation, and servicing of existing public landscaping, lighting, traffic signals, and related improvements with no expansion of existing use. Furthermore, the action is exempt from CEQA pursuant to Section 15061(b)(3), Common Sense Exemption, because it can be seen with certainty that there is no possibility that adoption of this Resolution may have a significant effect on the environment. Lastly, none of the exceptions set forth in Section 15300.2 apply.

Fiscal Impact:

The City continues to run a deficit between what is collected through the assessment and what is needed to operate and maintain the district. During the FY 2025–26 budget adoption process, City Council approved a transfer of \$400,335 from the General Fund to the City’s Lighting & Landscaping Fund to cover the deficit. It is anticipated that a similar transfer would be needed to cover the expected deficit for the upcoming FY 2026–2027 budget.

The review of the district’s rates and consideration of the creation of a new supplemental district would require further evaluation and is pending staff availability. To effectuate any proposed rate increase, it must be placed on the ballot in an upcoming general election in compliance with Proposition 218.

Attachment:

Draft Resolution

Respectfully Submitted by: Karla Vargas, Assistant Engineer

Concur: Brandon Araujo, Senior Engineer

Concur: Saad Malim, City Engineer

Concur: Joe SanClemente, Public Works Director

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, City Manager