



## Agenda Report

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**File #:** 19-0561

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### **AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 6/19/2019

**TO:** Honorable Mayor and City Council Members

**FROM:** Administrative Services Department

**SUBJECT:**

Public Hearing for City Council consideration of Resolution No. 2019-034, confirming the diagram and assessment for Lighting Maintenance District No. 84-1 for Fiscal Year 2019-20.

**RECOMMENDED ACTION:**

That the City Council adopt Resolution No. 2019-034, confirming the diagram and assessment for Lighting Maintenance District No. 84-1 for Fiscal Year 2019-20.

**ANALYSIS:**

Lighting Maintenance District No. 84-1 (the "District") was established in accordance with the provisions of the Landscaping and Lighting Act of 1972 (the "1972 Act") in 1984. The purpose of the District is to provide lighting maintenance and operating services for the streetlights, traffic signals, and related appurtenances within the District's boundaries.

The District encompasses 3 benefit zones covering approximately 10,915 streetlights, 612 safety lights, and 185 traffic signals and traffic control devices in the City. The City owns and maintains 157 traffic signals; four are jointly owned and maintained with Riverside County; six are jointly-owned with the City of Norco; 16 are California Department of Transportation (CalTrans) owned and jointly-maintained, and two are owned by Riverside County but maintained by the City through the District. Riverside County provides a maintenance reimbursement to the District to cover the cost of County owned signals. Within the District, there are also 23 traffic control devices, including 5 Edison powered Dynamic Message Signs (DMS), 5 Edison powered school beacons, 1 solar/battery powered school beacon and 12 solar/battery powered enhanced crosswalks. The annual assessments proposed to be levied within the District will pay for the energy and maintenance costs of these signals and devices during Fiscal Year 2019-20.

The State of California Street and Highways Code Section 22500 requires an annual review of the assessments levied by the assessment districts formed under the 1972 Act. In order to levy and collect special assessments within the districts, Engineer's Reports must be prepared, which provide

details on the improvements that are maintained and the estimated budgets for the District.

On May 1, 2019, the City Council adopted Resolution No. 2019-015, to initiate the proceedings to levy and collect assessments for the District for Fiscal Year 2019-20, appointed Spicer Consulting Group, LLC as the engineer of record, and ordered the preparation of an Engineer's Report for the District.

On May 15, 2019, the City Council adopted Resolution No. 2019-026, to declare the City's intention to levy and collect assessments within the District, approve the preliminary Engineer's Report (the "Preliminary Report"), and provide notice of public hearing on the proposed assessments. Notice of public hearing was published in the local newspaper on June 7, 2019.

Attached is the final Engineer's (the "Report") for the District, which includes an adjustment in the anticipated energy cost from the Preliminary Report. There is a proposed net reduction in Zone 1 energy costs of \$119,544 due to retrofitting existing High-Pressure Sodium (HPS) street light fixtures with energy efficient Induction Lighting (IL) technology. This reduction will increase the contribution to the operating reserve for Zone 1. The Report includes a detailed description of the existing improvements within the District, the estimated maintenance costs, the method of assessment apportionment for each lot or parcel within the District boundaries, and a diagram showing the boundaries of the District (and zone). The Report also provides an analysis of the District's financial status.

Adoption of the recommended resolution is the last step of the annual proceedings for the levy and collection of special assessment within the District. The City Council will conduct a public hearing to afford all interested parties an opportunity to make verbal or written comments on the proposed annual assessment. At the conclusion of the hearing, it is recommended that the City Council adopt the said resolution confirming the diagram and assessments for the District for Fiscal Year 2019-20, which will constitute the levy of the assessment for the maintenance and servicing of public lighting facilities within the District, in accordance with the Streets and Highways Code.

**COMMITTEE ACTION:**

Not applicable.

**STRATEGIC PLAN:**

This item supports the City's Strategic Plan Goal 6: Improve Communications with Our Community; Objective a: Commit to transparency in all City actions. The recommended action will help achieve these goals by providing concise, forthright information regarding the annual levy proceedings for the District.

**FISCAL IMPACT:**

The cost of construction, installation, operation, servicing and maintenance of the District will be funded by the assessments levied and collected within the District. For Fiscal Year 2019-20, it is projected that the current year assessment revenue will be insufficient to cover the operating costs during the same fiscal period, resulting in an operating deficit of \$125,459, which will be covered by a one-time contribution from the Districts operating reserves. The District completed replacing the high-pressure sodium lights with the more energy efficient LED in April 2018, which will result in reduction of operating costs in future years.

Below is an overview of the District's estimated assessment revenues and proposed expenditures for

Fiscal Year 2019-20. Detailed information per zone can be found in the attached Report.

District	Estimated Costs	Estimated Assessment Revenue	General Benefit Contribution <sup>(1)</sup>	Estimated Excess/(Deficit)	Contribution (To)/From Operating Reserve	Contribution (To)/From Capital Reserve	Operating Reserve <sup>(2)</sup>	Capital Reserve <sup>(3)</sup>
LMD 84-1	\$ 2,268,966	\$ 2,029,714	\$ 113,793	\$ (125,459)	\$ 125,459	\$ -	\$ 413,669	\$ -

(1) Benefit received by non-residents of the District for the major/arterial streetlights, traffic signals, traffic control devices and landscape improvements. This amount is contributed by the City's General Fund.

(2) The Operating Reserve fund may equal up to 50% of the estimated annual cost of providing services.

(3) The Capital Replacement Reserve fund will be used for capital improvement projects. All existing improvement in the District have finite life expectancies and will require replacement at some point in the future. On an annual basis, any non-expended assessment monies, in excess of Operating Reserve contribution, will be transferred to the Capital Replacement Reserve fund until such time as there are sufficient funds to pay for the needed replacement, or respond to unforeseen capital improvement needs.

### ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the action is not subject to CEQA. This action merely declares the City's intent to levy and collect assessments within the District for Fiscal Year 2019-20, and there is no possibility that adopting the resolution will have a significant effect on the environment.

**PREPARED BY:** LIEN-CHI CANTUBA, FINANCIAL ANALYST III

**REVIEWED BY:** JENNIFER SCHAEFER, FINANCE MANAGER III

**REVIEWED BY:** KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

**REVIEWED BY:** MICHELE NISSEN, ASSISTANT CITY MANAGER

**SUBMITTED BY:** MITCHELL LANSDELL, ACTING CITY MANAGER

### Attachments:

1. Fiscal Year 2019-20 Lighting Maintenance District No. 84-1 Final Engineer's Report.
2. Resolution No. 2019-034