



Staff Report

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**File #:** 21-0637

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 07/07/2021

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

**FROM:** Finance Department

**SUBJECT:**

Public Hearing confirming the diagram and assessment for Lighting Maintenance District No. 84-1 for Fiscal Year 2022 and to detach certain territory from the District.

**EXECUTIVE SUMMARY:**

Adoption of the recommended resolution is the last step of the annual proceedings for the levy and collection of the special assessment for Lighting Maintenance District No. 84-1 for Fiscal Year 2022 and to detach certain territory from 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 2022, 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.

**RECOMMENDED ACTION:**

**That the City Council** adopt Resolution No. 2021-059, confirming the diagram and assessment for Lighting Maintenance District No. 84-1 for Fiscal Year 2022 and to detach certain territory from the District.

**BACKGROUND & HISTORY:**

Lighting Maintenance District No. 84-1 ("LMD 84-1" or "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.

**ANALYSIS:**

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 such districts, Engineer's Reports must be prepared, which provide details on the improvements that are maintained and the estimated budgets for each district.

On May 5, 2021, the City Council adopted Resolution No. 2021-023, to initiate the proceedings to levy and collect assessments for the District for Fiscal Year 2022, appointed Spicer Consulting Group, LLC as the engineer of record, and ordered the preparation of an Engineer's Report for the District.

On June 2, 2021, the City Council adopted Resolution No. 2021-038, to declare the City's intention to levy and collect assessments within the District for Fiscal Year 2022 and to detach certain territory from the District, to approve the preliminary Engineer's Report (the "Preliminary Report"), and to provide a notice of public hearing to consider the proposed assessments. A notice of public hearing was published in the local newspaper on June 9, 2021.

Attached is the final Engineer's Report (the "Report") for the District, which is consistent with the Preliminary Report. 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. The Report also provides an analysis of the District's financial status.

#### **FINANCIAL 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 2022, 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 \$385,386, which will be covered by a one-time contribution from the District's operating reserves.

The proposed levy for Fiscal Year 2022 is the same as the Fiscal Year 2021 levy, which will result in no increase to the parcels in the District. The District was formed with no escalator included in the method of apportionment. Per Proposition 218, which was adopted in 1996, an increase in the assessment rates would require a vote of the property owners. The District is a citywide lighting district and has approximately 36,800 property owners. For Fiscal Year 2022, an estimated deficit will be covered by a one-time contribution from the District's reserves. Based on the current fiscal year's estimated operating expenditures and reserve contribution, reserves would be exhausted within a 2-3 year period. Staff will continue to analyze the District's financials annually to determine future funding options to maintain operations.

Below is an overview of the District's estimated assessment revenues and proposed expenditures for Fiscal Year 2022. Detailed information can be found in the attached Report.

District	Estimated Costs	Estimated Assessment Revenue	General Benefi Contribution <sup>(1)</sup>	Estimated Excess/(Deficit)	Actual Assessment YOY % Change
LMD 84-1	\$ 2,519,555	\$ 2,024,515	\$ 109,654	\$ (385,386)	0.00%

*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.*

**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 2022, and there is no possibility that adopting the resolution will have a significant effect on the environment. Therefore, no environmental analysis is required.

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

**REVIEWED BY:** KIM SITTON, FINANCE DIRECTOR

**Attachments:**

1. Exhibit 1 - FY 2022 LMD 84-1 Engineer's Report
2. Exhibit 2 - Resolution No. 2021-059