ITEM NO. 20

STAFF REPORT

CITY OF OCEANSIDE

DATE: April 2, 2008

TO: Honorable Mayor and City Council Members

FROM: Economic and Community Development Department

SUBJECT: **APPROVAL OF RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991; INITIATE PROCEEDINGS FOR THE RENEWAL THEREOF; AND SET A PUBLIC HEARING**

SYNOPSIS

Staff recommends that the City Council adopt the following resolutions for the Oceanside Lighting District, Assessment District No. 2-1991, initiating the proceedings for the renewal thereof: 1) directing the City Engineer to prepare an Engineer's Report for the renewal thereof; 2) approving the Engineer's Report as prepared or modified; 3) declaring intent to levy and collect assessments for FY 2008-09 and setting a public hearing for May 14, 2008, at 6:00 p.m. to confirm the assessments.

BACKGROUND

The Oceanside Lighting District, Assessment District No. 2-1991 ("District"), was formed under the provisions of the Landscaping and Lighting Act of 1972 (the "1972 Act"), which requires the annual renewal of the District in order to levy and collect assessments for the ensuing fiscal year. The levy of the assessments provides funds for the operation and maintenance of the streetlight improvements on public streets within the District.

ANALYSIS

The City Council, under the 1972 Act, must approve of the assessments being charged by the District. Also, the levy and collection of assessments requires that an Engineer's Report be prepared, which identifies the proposed improvements to be administered and maintained, and the method of apportionment (Exhibit A). The report also provides an estimate of the costs and the proposed assessments to be levied against the respective properties (Exhibit B). A diagram shows the parcels to be assessed (Exhibit

D). The assessment roll, showing the proposed amount to be levied against each parcel (Exhibit C), is available for review in the City Clerk's Office.

The assessments are based on a formula containing costs associated with both general and local benefit zones as shown in Exhibit B of the Engineer's Report. The general benefit zone is comprised of the streetlights located on the prime, major and secondary arterials. The general benefit zone costs, which include the City's share of the state freeway and highway lighting costs for these streets, are assessed against each parcel of land within the District. The local benefit zone is comprised of property which fronts or adjoins a collector or local street. Property within this zone is assessed its proportionate share of the costs associated with the lighting system as well as its share of the general benefit zone costs.

The benefit units assigned to each parcel of land are based upon the same benefit units that are used to calculate the City's thoroughfare fees. The use of the property is the determining factor in the corresponding benefit unit assignment. For example, if a single-family residential parcel is assigned 10 benefit units and the average cost per lighting assessment unit (which includes the cost for the general benefit zone plus the local benefit zone) is $1.58, then that single-family residential parcel will be assessed $15.80.

An estimate of the costs related to the District and the proposed assessments for FY 2008-09 is contained in the accompanying Engineer's Report. Staff recommends that the City Council approve the Engineer's Report as submitted or modified and direct that the Engineer's Report be placed on file with the City Clerk's Office for public review.

FISCAL IMPACT

The costs associated with the operation of the District are offset by the assessments levied against the properties within the District. The parcel assessments are entered on the real property tax roll collected by the County of San Diego and deposited into the District's account. The amount of the proposed assessment for FY 2008-09 is the same as the amount of the assessment levied for FY 2007-08. By way of example, a single-family residential parcel will be assessed $15.80 in FY 2008-09, the same as in FY 2007-08.

The current amount of revenue generated from the levy of the annual assessments is not sufficient to cover the cost to effectively operate and maintain the streetlighting system within the City. In addition to operating and maintenance costs, the assessments are also used to pay off a 20-year debt created through the sale of Certificates of Participation. The proceeds from the sale of the Certificates of Participation were used to purchase the streetlights formerly owned by San Diego Gas

and Electric Company. The annual debt service is approximately $250,666. The debt is scheduled to be satisfied in 2015.

Prior to FY 2003-04, the District relied on its reserve fund to offset the increase in each fiscal year's operating costs in order to balance each year's operating budget. At the end of FY 2003-04 the reserve fund was depleted and the District has relied on other funding sources (i.e., gas tax fund) to balance the budget. Funding alternatives need to be explored in order to address the District's current and anticipated future annual shortfalls and to begin replenishment of the reserve fund.

Alternatives are as follows:

1) Increase assessments in the District

Prior to 1996, only City Council action was needed to approve an assessment increase. When "The Right to Vote on Taxes Act" (Proposition 218) was passed in 1996, the Act limited the way local governments could generate revenue by imposing a requirement that voter approval (by a mailed ballot) was needed to increase any existing assessments. Accordingly, any increase in the assessment amount within the District will require a majority vote of the affected property owners.

2) Form an overlay lighting district

Create an overlay (i.e., additional) district over the existing District in order to address the annual shortfall. Again, the affected property owners would be asked to cast a ballot. However, instead of an increase in the existing assessment they would be asked to approve an additional annual assessment in the amount of the shortfall. This alternative would allow the existing District assessment to remain unchanged yet provide the funds necessary in order to offset the shortfall should the overlay proposal pass.

3) Gas tax funding source and/or other source

The City Council can decide to use other City funds to offset the annual deficiency in the District budget. For example, inasmuch as the cost for operating and maintaining traffic signals are included in the District's annual budget, additional gas tax revenue has been utilized in the past. As previously mentioned, staff is recommending that the gas tax fund in addition to the fund balance offset the additional District shortfall in FY 2008-09.

4) Reduction of services

In lieu of increasing revenue to offset the shortfall, the District could reduce expenditures. An example of an expenditure savings would be a reduction of services.

A reduction of services would include turning off lights in various sections of the City and/or replace higher wattage streetlights with lower wattage. Staff would have to provide a detailed analysis to determine the cost savings and effectiveness of these options should this alternative be recommended by the City Council.

In FY 2008-09, as in previous years, the City will transfer $390,000 from the gas tax fund and $15,000 from energy fees to cover streetlighting maintenance. The City will also transfer $16,484 from the Fund Balance to cover the additional operating shortfall. The transfer will leave approximately $167,000 in the Fund Balance. Below is a summary of revenue and expenses for FY 2008-09 for the Oceanside Lighting District.

Table: 1

Revenue		
• Annual Assessments	$1,109,966	
• Energy Fees	$ 15,000	
• Interest	$ 3,000	
• Transfer From Gas Tax	$ 390,000	
• Transfer From Fund Balance	$ 16,484	
Balance		$1,534,450
Expenses		
• Personnel	$ 42,300	
• Material/Operating	$ 9,000	
• Utilities/Traffic Signals	$ 816,442*	
• Interfund	$ 6,042	
• Debt	$ 250,666	
• Transfer To Street Lighting Maintenance	$ 410,000	
		$1,534,450
Difference (Surplus/Shortfall)		$ 0

*Total Expenses Without Energy Reserves

The City Council will be requested to approve the Engineer's Report for the District on April 2, 2008. The Engineer's Report is substantially the same report approved by the City Council for FY 2007-08. For the public hearing scheduled for May 14, 2008, the City Council will be requested to approve a Modified Engineer's Report. The Modified Engineer's Report typically adjusts the Engineer's Report to more accurately reflect the expenditures and revenue for FY 2008-09.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council adopt the following resolutions for the Oceanside Lighting District, Assessment District No. 2-1991, initiating the proceedings for the renewal thereof: 1) directing the City Engineer to prepare a Engineer's Report for the renewal thereof; 2) approving the Engineer's Report as prepared or modified; 3) declaring intent to levy and collect assessments for FY 2008-09 and setting a public hearing for May 14, 2008, at 6:00 p.m. to confirm the assessments.

PREPARED BY:

Janet K. Craig
Program Specialist

SUBMITTED BY:

Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager

Jane McVey, Economic & Community Development Director

Douglas E. Eddow, Real Property Manager

Scott O. Smith, City Engineer

Teri Ferro, Financial Services Director

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, DECLARING ITS INTENTION TO LEVY AND COLLECT ASSESSMENTS WITHIN THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991, FOR FISCAL YEAR 2008-2009 AND SETTING A PUBLIC HEARING ON THE PROPOSED ASSESSMENTS

WHEREAS, pursuant to the Landscape and Lighting Act of 1972, the City Council of the City of Oceanside adopted Resolution No. _____ directing the City Engineer to prepare a Report on the Oceanside Lighting District for fiscal year 2008-2009;

WHEREAS, said Report, on file with the City Clerk of the City of Oceanside, contains a full and detailed description of the boundaries of the assessment district, the proposed assessments to be levied against each assessable lot or parcel of land within the district, and a description of the improvements to be maintained or modified;

WHEREAS, the amount of the proposed assessment rate is the same or less than the amount of the assessment rate authorized to be levied for the 2007-2008 fiscal year;

WHEREAS, the City Council of the City of Oceanside adopted Resolution No. _____ approving the aforementioned Report either as filed or modified by this Council;

WHEREAS, the levy of the proposed assessment is exempt from the provisions of Article XIIID of the California Constitution (Proposition 218) pursuant to Section 5 Subsection (a) and/or (b) of that Article; and

WHEREAS, the ongoing operation, maintenance and renovation of the improvements will require assessments to be levied on the assessable lots and parcels of land within this district.

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NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. That it is the intent of this Council to levy and collect assessments for fiscal year 2008-2009 within the Oceanside Lighting District, Assessment District No. 2-1991, the general location of said district is all that real property within and having the same boundaries as the City of Oceanside.

SECTION 2. That the proposed assessments shall be used to pay the district administrative costs and the maintenance and material costs incurred to maintain, renovate and increase street lighting and appurtenant structures within the boundaries of the Oceanside Lighting District.

SECTION 3. That the proposed assessments shall not be used to maintain improvements that are not within the boundaries of the Oceanside Lighting District, Assessment District No. 2-1991.

SECTION 4. That this City Council sets a public hearing on the proposed assessments for May 14, 2008, at 6:00 PM, or as soon thereafter as possible, in the City Council Chambers located at 300 N. Coast Highway, Oceanside, California.

Any interested person(s) will be heard at this public meeting. Prior to the conclusion of this hearing, anyone may file with the City Clerk a written protest regarding the proposed assessments. Said protest must state why the protest is being made and contain a description sufficient to identify the property owned by the protesting party.

SECTION 5. That the City Clerk of the City of Oceanside is directed to give notice of this public hearing as required by Section 22626 of the Street and Highways Code.

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

_____
City Attorney

ATTEST:

_____
City Clerk

Resolution declaring its intent to levy and collect assessments for fiscal year 2008-2009 within the Oceanside Lighting District, Assessment District No. 2-1991

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, DIRECTING THE CITY ENGINEER TO PREPARE A REPORT ON THE FISCAL YEAR 2008-2009 RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

WHEREAS, the City Council of the City of Oceanside, pursuant to the Landscaping and Lighting Act of 1972, hereinafter referred to as the "Act", adopted Resolution No. R91-211, which ordered the formation of the Oceanside Lighting District, Assessment District No. 2-1991;

WHEREAS, pursuant to the Act, the City Engineer is required to prepare a Report on the Oceanside Lighting District and present it to the City Council for examination;

WHEREAS, the ongoing administration and maintenance of the improvements and appurtenant structures within the City-maintained portions of the Oceanside Lighting District will require assessments to be levied on the assessable lots or parcels of land within the district;

WHEREAS, pursuant to the Act, the levy of any annual assessment after the formation of such an assessment district must be initiated by City Council adoption of a resolution directing the City Engineer to prepare and file a Report in accordance with the provisions of Article 4 of Chapter 1 of the Act; and

WHEREAS, pursuant to the Act, said resolution generally must describe any proposed new improvements or substantial changes in existing district improvements planned for the fiscal year for which the resolution applies.

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NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. That no new improvements or substantial changes in existing improvements are planned for fiscal year 2008-2009 within the Oceanside Lighting District. The amount of proposed assessment rate shall not exceed the maximum assessment rate authorized to be levied in the district for the 2007-2008 fiscal year.

SECTION 2. That the City Engineer is directed to prepare a Report on the Oceanside Lighting District in accordance with Section 22565 et. seq. of the California Streets and Highways Code. Said Report shall be filed with the City Clerk for submission to the City Council and contain a full and detailed description of the boundaries of the assessment district, the proposed assessments to be levied on each assessable lot or parcel of land within the district and the improvements to be maintained.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

_____
City Clerk

_____
City Attorney

Resolution directing the City Engineer to prepare a report the Fiscal year 2008-2009 renewal of the Oceanside Lighting District, Assessment District No. 1-1988

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, APPROVING THE CITY ENGINEER'S REPORT REGARDING THE 2008-2009 FISCAL YEAR RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, the City Council of the City of Oceanside adopted Resolution No.04-R287-1 directing the City Engineer to prepare a report on the Oceanside Lighting District, Assessment District No. 2-1991 for fiscal year 2008-2009;

WHEREAS, the City Engineer has prepared or caused the preparation of said report in accordance with the Act;

WHEREAS, said report contains a full and detailed description of the boundaries of the assessment district, the annual budget, the method of apportionment for calculating the assessment and the proposed assessments to be levied against each assessable lot or parcel of land within the district, and a description of the improvements to be maintained or modified;

WHEREAS, the amount of the proposed assessment is the same as or less than the amount of the assessment levied for the 2007-2008 fiscal year;

WHEREAS, the levy of the proposed assessment is exempt from the provisions of Article XIIID of the California Constitution (Proposition 218) pursuant to Section 5, Subsection (a) and/or (b) of that Article; and

WHEREAS, the City Council has examined and reviewed the Engineer's Report as presented, and is satisfied that the assessments have been spread in accordance with the benefits received from the improvements, operation, maintenance and services to be performed within the district.

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NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

SECTION 1. That said report is approved as submitted and ordered to be filed in the Office of the City Clerk of the City of Oceanside.

SECTION 2. That the City Clerk of the City of Oceanside is directed to endorse upon the Engineer's Report for the Oceanside Lighting District its approval and the date thereof.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2008, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

_____
City Attorney

ATTEST:

_____
City Clerk

Resolution approving the City Engineer's Report regarding the 2008-2009 fiscal year renewal of the Oceanside Lighting District, Assessment District No. 2-1991

ENGINEER'S REPORT
OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2008-2009

As directed by the City Council of the City of Oceanside, I, Scott Smith, City Engineer, respectfully submit the following Report regarding the 2008-2009 fiscal year renewal of the Oceanside Lighting District. This Report is made pursuant to Article 4 of Chapter 1 of the Landscaping and Lighting Act of 1972, being Part 2 of Division 15 of the Streets and Highways Code of the State of California. This Report consists of four parts (Exhibits "A" through "D") defined as follows:

Exhibit "A" - Specifications for the improvements to be administered, operated, maintained and modified or upgraded. The plans for these improvements are part of this Report, but are separate and on file in the Public Works Department/Engineering Division.

Exhibit "B" - Cost estimate for the administration, operation, maintenance and modification or upgrade of the improvements outlined in Exhibit "A".

Exhibit "C" - An assessment roll showing the proposed amount to be specifically assessed against each lot or parcel of real property within the assessment district. San Diego County Assessor's Parcel Number describes each parcel and each parcel has been assigned said number for the purposes of this proceeding. The amount assessed is based on Exhibit "B".

Exhibit "D" - Diagram showing the boundaries of the assessment district, parcels of real property within the district, and the location of the improvements. County Assessor's Number keys the diagram to Exhibit "C". The assessment roll and maps of the San Diego County Assessor shall govern for all details concerning the description, lines and dimensions of any lot or parcel shown.

_____

Scott Smith
City Engineer

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT 2-1991
FISCAL YEAR 2008-2009

SPECIFICATIONS FOR THE STREET LIGHTING ELECTRICAL SERVICE

SECTION I. CLASSIFICATION

All streetlights in the Oceanside Lighting District shall be categorized into two classifications, as follows:

A. Class A street lights shall include all street lamps installed on overhead serviced wooden standards.

B. Class B street lights shall include all street lamps which are now installed, or are to be installed, on underground serviced non-wooden standards.

SECTION II. SCOPE OF WORK

1. Work To Be Done:

A. The work to be done consists of the furnishing of all current necessary for the illumination of the existing Class A and Class B streetlights.

B. The Contractor shall furnish all transformers, lines, switching equipment and such other materials and devices to provide current of the proper requirements to Class A and Class B street lighting circuits.

2. Electrical Current:

The current supplied shall not vary more than 5% plus or minus from that for which the system was designed. The service locations for all Class A and Class B street lighting circuits are shown on plans on file in the Office of the City Engineer.

3. Lamps to Be Lighted:

The Contractors shall furnish current, as hereinbefore specified, to all lamps that are shown on the plans for the lighting district and to provide switching service for lighting said lamps from 15 minutes after sunset to 30 minutes before sunrise every day of the year.

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT 2-1991
FISCAL YEAR 2008-2009

SECTION III. SUPERVISION

The work to be done and the service to be rendered herein provided for shall be done under the general supervision of the Public Works Director. Additionally, the Public Works Director will provide notification in writing of any imperfect work or insufficient service that needs correction.

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2008-2009

EXHIBIT "B"

MAINTENANCE AND ADMINISTRATIVE EXPENSES SUMMARY	**Approved Budget FY2007-08**	**Projected Expenses 2008-09**
EXPENSES	Combined per Year *	Combined per Year *
1. Personnel (1)	$42,300	$42,300
2. Operating Expenses (1)		
a. Maintenance & Repair	*$0*	*$0*
b. Materials	*$0*	*$0*
c. Uniform/Clothing Allowance	*$0*	*$0*
d. Miscellaneous Supplies & Services	*$0*	*$0*
e. Professional Services	*$8,500*	*$8,500*
f. Advertising	*$500*	*$500*
Sub-Total Operating Expenses	$9,000	$9,000
3. Utilities (2)		
3a. Street Lights	*$816,442*	*$816,442*
3b. Traffic Signals	*$0*	*$0*
3c. Energy Contingency (3)	*$19,087*	*$19,755*
Sub-Total Utilities	$835,529	$836,197
4. Non-Capital Improvements	$0	$0
5. Interfund	$6,042	$6,042
6. Radio Network	$0	$0
7. Debt Service	$252,546	$250,666
8. Transfer to Street Lighting Maintenance (1)	$405,000	$410,000 (5)
TOTAL EXPENSES	$1,550,417	$1,554,205
TOTAL EXPENSES (W/O ENERGY RES.)	**$1,531,330**	**$1,534,450**

REVENUE SUMMARY	**Approved Budget 2007-08**	**Projected Revenue 2008-09**
REVENUE	Combined per Year *	Combined per Year *
Total Annual Assessments	$1,102,464	$1,109,966
Transfer from Gas Tax	$390,000 (5)	$390,000 (5)
18-Month Energy Fees	$15,000	$15,000
Transfer from Fund Balance	$21,866	$16,484 (6)
Fund Balance Interest	$2,000	$3,000
TOTAL REVENUE	**$1,531,330**	**$1,534,450**

ASSESSMENT UNIT SUMMARY	FY 2007-08	Projected FY 2008-09
No. of Assessment Units		
Local	578,848	580,458
Non-Local	1,169,252	1,187,287
Weighted Average per Assessment Unit		
Local	1.2628	1.2628
Non-Local	0.3175	0.3175
Annual Assessment		
Per Single Family Residence	$15.80	$15.80
Per Condominium Unit	$12.84	$12.84

FUND BALANCE ACCOUNT		
Estimated Fund Balance	(as of 6/30/08)	$167,000

Footnotes

(1) Street Light Maintenance costs (e.g. related Personnel, Interfund, Maintenance & Repair) are no longer included in the budget. The costs are now part of the Transportation Division of the Public Works Department and are funded by the Gas Tax Fund contribution, which is also passed through to the Transportation Division.

(2) The Street Light cost line item and the Traffic Signal line item, which have previously been shown separately are now combined under Utilities. Both of these line items are for the San Diego Gas & Electric charges for electricity.

(3) The Utilities line item for the Projected Expenses 2008-09 have been increased 3 1/2% over the extrapolated actuals for 2007-08. Due to the uncertainty of expenses associated with energy related costs and the volatility of the oil industry, an Energy Contingency line item for Projected Expenses 2008-09 has been included. In the event such a contingency is needed there currently are sufficient funds in the Fund Balance Account.

(4) An additional $120,000 (for a total of $390,000) was transferred from the Gas Tax Fund to cover the anticipated shortfall for FY 2008-09.

(5) For FY 2008-09 the $390,000 to be transferred from the Gas Tax Fund and an additional $20,000 for a total of $410,000 will be transferred to the Transportation Division to offset Street Light Maintenance costs.

(6) $16,484 will be transferred from the Fund Balance to cover an additional shortfall.

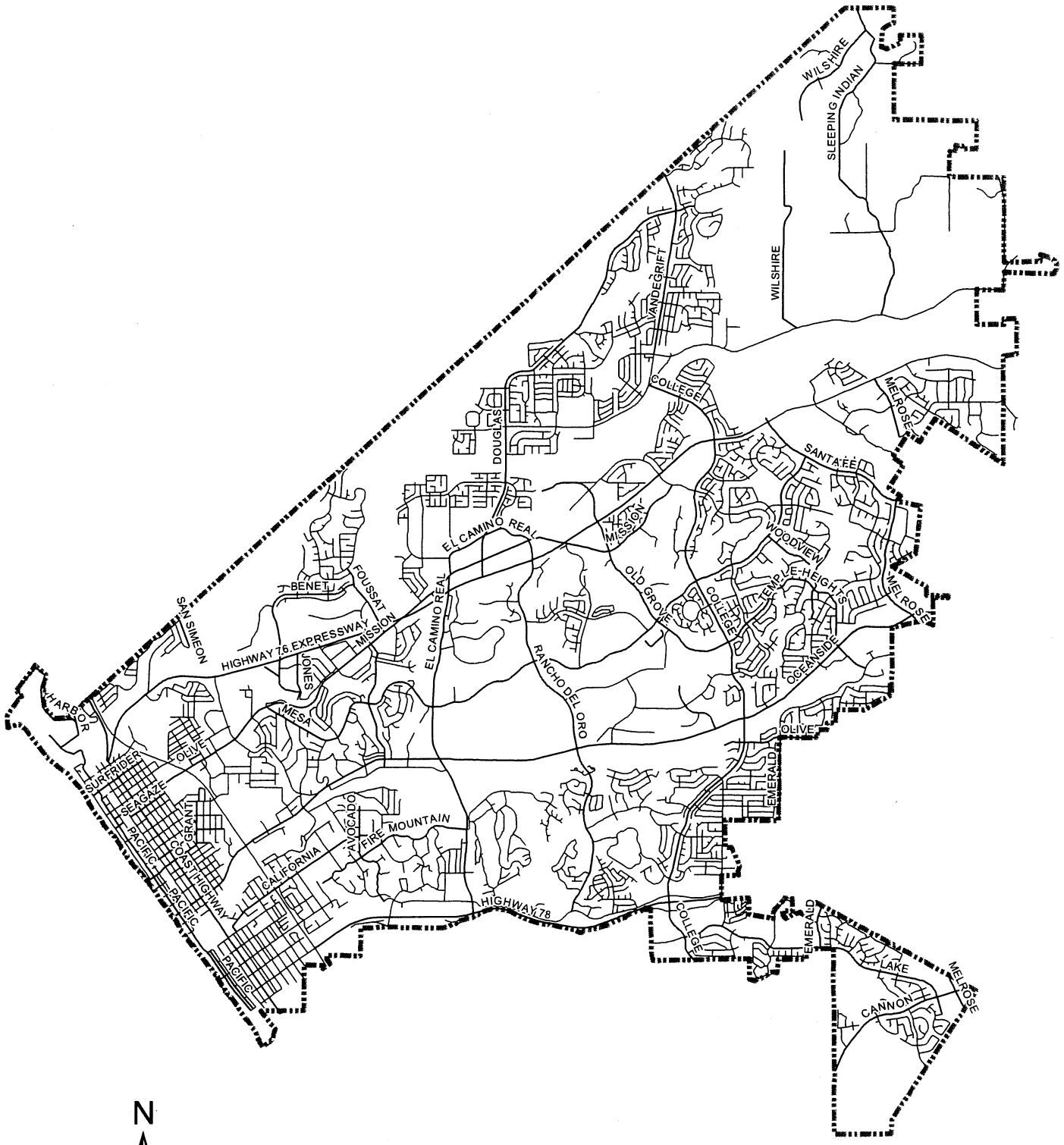
* Combined per Year is the sum of the Local and Non-Local expenses and revenues that were separated in previous years.

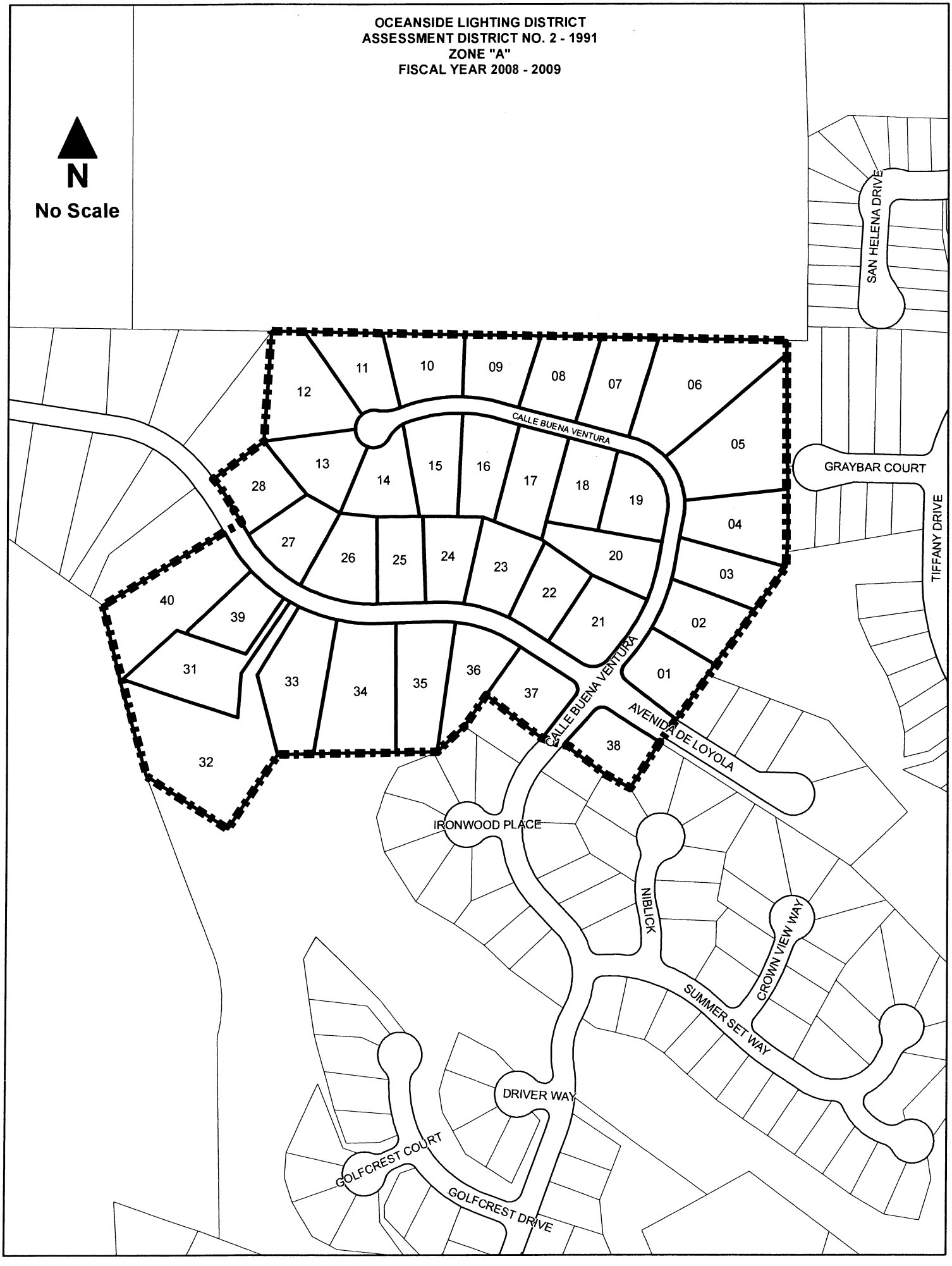
EXHIBIT "C" CONTAINS THE PROPOSED AMOUNT TO BE ASSESSED ON EACH LOT AND PARCEL WITHIN THE DISTRICT.

EXHIBIT "C" IS MADE A PART OF THE PRELIMINARY ENGINEER'S REPORT PER COUNCIL ACTION ON APRIL 2, 2008.

ASSESSMENT DIAGRAM
OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991

Exhibit D




OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2 - 1991
ZONE "A"
FISCAL YEAR 2008 - 2009
N
No Scale
SAN HELENA DRIVE
GRAYBAR COURT
TIFFANY DRIVE
CALLE BUENA VENTURA
AVENIDA DE LOYOLA
IRONWOOD PLACE
NIBLICK
CROWN VIEW WAY
SUMMER SET WAY
DRIVER WAY
GOLFCREST COURT
GOLFCREST DRIVE
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