

STAFF REPORT



ITEM NO. **10**
CITY OF OCEANSIDE

DATE: May 13, 2009

TO: Honorable Mayor and City Council Members

FROM: Economic and Community Development Department

SUBJECT: **ADOPTION OF RESOLUTION CONFIRMING THE ASSESSMENT FOR FY 2009-10, AND ORDERING THE ASSESSMENTS TO BE LEVIED FOR FY 2009-10 FOR THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991; AND APPROVAL OF THE TRANSFER OF \$390,000 IN GAS TAX FUNDS, \$15,000 IN ENERGY FEES AND \$10,214 FROM THE OCEANSIDE LIGHTING DISTRICT FUND BALANCE**

SYNOPSIS

The Landscaping and Lighting Act of 1972 requires the annual renewal of the Citywide lighting district in order to levy and collect assessments for the following fiscal year. To accomplish the renewal, the City Council must hold a public hearing and adopt resolutions confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2009-10 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of \$390,000 in Gas Tax Funds, \$15,000 in Energy Fees and \$10,214 from the Oceanside Lighting District Fund Balance to support the District.

BACKGROUND

The Oceanside Lighting District ("District") was formed in 1991 pursuant to the authority granted by the Landscaping and Lighting Act of 1972 of the California Streets and Highways Code. The formation of the District eliminated the eight separate lighting districts covering various sections of the City of Oceanside ("City"), and provides the means to finance the operation and maintenance of the street lighting system on the public streets within the City.

Each year the City Council is required to conduct a public hearing regarding the proposed fiscal year assessments to be levied within the District. The public hearing provides all interested persons an opportunity to be heard, either in writing or orally at the public hearing, regarding the renewal and assessments. Since the formation of the District the assessments for the property owners within the District have remained the same.

ANALYSIS

As part of the public hearing process regarding the proposed FY 2009-10 assessments to be levied within the District, after consideration of the evidence submitted, the City Council is requested to adopt the resolution confirming the diagram and assessments for FY 2009-10. Since no changes were made to the Engineer's Report that was approved by the Oceanside City Council on April 1, 2009, the City Council is not required to approve a Modified Engineer's report. (The Engineer's Report is attached to this report for reference.) 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 a parcel are based on similar factors used to calculate the City's thoroughfare fees. The use of the property is the determining factor in the corresponding benefit unit assignment. Single-family residential homes are assigned 10 benefit units whereas shopping centers are assigned 500 benefit units per acre.

An itemized outline of District costs, including the calculation of the average annual assessment per benefit unit, is summarized in the Engineer's Report and in Exhibits A, B and D. Exhibit C of the Engineer's Report includes the proposed assessments to be levied against each lot and parcel of real property within the District. Exhibit C is available for review in the City Clerk's office.

The City Council is required to conduct a public hearing regarding the proposed FY 2009-10 assessments to be levied within the Oceanside Lighting District. The public hearing provides all interested persons an opportunity to be heard, either in writing or orally at the public hearing, regarding the renewal and assessments.

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 street lighting 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 \$253,410. The debt is scheduled to be satisfied in 2015.

The assessments levied within the District have not been increased since 1991, the year the Citywide lighting district was formed. A single-family residence is assessed \$15.80 annually. Although the assessment revenue has not increased since 1991, the District expenditures have increased over the years. Electric consumption is one of the largest components of the overall expenditures that have steadily increased. Currently, the cost to provide electricity to operate the approximately 8,328 streetlights within the City boundaries is about \$60,000 a month. Also, as new development occurs, additional streetlights that are installed add to the operational expenses.

FISCAL IMPACT

The annual assessments are entered on the property tax roll, collected by the County of San Diego and deposited into the lighting district’s account. The total amount of the assessments levied for FY 2009-10 is anticipated to be \$1,109,966 and the expenditures for FY 2009-10 are estimated at \$1,528,180.

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	<u>\$ 10,214</u>	
Balance		\$1,528,180
Expenses		
• Personnel	\$ 42,300	
• Material/Operating	\$ 9,000	
• Utilities/Traffic Signals	\$ 729,240	
• Interfund	\$ 4,230	
• Debt	\$ 253,410	
• Lighting District Overlay Costs	\$ 80,000	
• Transfer To Street Lighting Maintenance	<u>\$ 410,000</u>	
		<u>\$1,528,180</u>
Difference (Surplus/Shortfall)		\$ 0

In addition to the assessments of \$1,109,966, the budgeted revenues for the Lighting District Fund 221 include a transfer of \$390,000 from the Gas Tax Fund and an additional \$15,000 from Energy Fees. In order to meet the Engineer’s estimate of expenditures, it will be also necessary to transfer \$10,214 from Unallocated Lighting District Fund 221 into 221.637210.5351 for utility costs.

Since the District has relied on its reserve fund to offset the increase in operating costs to balance the operating budget, funding alternatives were explored and per the direction of the City Council staff is in the process of developing an overlay (i.e., additional) district over the existing district. Should this formation be approved by the affected voters, the overlay alternative would eliminate the need for transfers from the Gas Tax Funds and the Unallocated Lighting District Fund in the future.

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

The Landscaping and Lighting Act of 1972 requires the annual renewal of the Citywide lighting district in order to levy and collect assessments for the following fiscal year. To accomplish the renewal, the City Council must hold a public hearing and adopt resolutions confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2009-10 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of \$390,000 in Gas Tax Funds, \$15,000 in Energy Fees and \$10,214 from the Oceanside Lighting District Fund Balance to support the District

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Scott O. Smith, City Engineer

Teri Ferro, Financial Services Director







1 RESOLUTION NO.

2 RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE, CALIFORNIA, CONFIRMING THE 2009-2010 FISCAL
4 YEAR DIAGRAM AND ASSESSMENT FOR THE OCEANSIDE
5 LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

6 WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of
7 Division 15 of the California Streets and Highways Code of California, Section
8 22500 et seq., hereinafter referred to as the "Act", the City Council of the City of
9 Oceanside adopted Resolution No. 09-R0167-1 declaring its intention to levy and
10 collect assessments for fiscal year 2009-2010 to pay the maintenance, operations
11 and administrative costs for appurtenant improvements within the Oceanside
12 Lighting District, Assessment District No. 2-1991;

13 WHEREAS, said resolution also set a public hearing for May 13, 2009, at
14 6:00 p.m., or as soon thereafter as possible, in the City Council Chambers located
15 at 300 North Coast Highway, Oceanside, California, as the time and place to hear
16 protests and objections to the proposed assessment and the renewal of said
17 district.

18 WHEREAS, the City Clerk of the City of Oceanside has given notice of said
19 hearing by publishing the resolution of Intention, as required by Section 22626 of
20 the Act;

21 WHEREAS, the Engineer's Report for the Oceanside Lighting District was
22 approved by the Oceanside City Council on April 1, 2009, and no changes have
23 been made to that report.

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

1 WHEREAS, the City Council of the City of Oceanside adopted Resolution
2 No. 09-R0166-1 which approved the Engineer's Report regarding the district's
3 proposed 2009-2010 costs and assessments;

4 WHEREAS, the City Council of the City of Oceanside has examined and
5 considered the proposed assessment in said Report and proceedings prior thereto,
6 in addition to the evidence presented at said hearing; and

7 WHEREAS, upon completion of said hearing, the City Council of the City of
8 Oceanside determined that a majority protest did not exist.

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

11 SECTION 1. That on May 13, 2009, at 6:00 p.m., said hearing on the
12 proposed 2009-2010 fiscal year assessment and renewal was duly held, and each
13 and every step required under the Act and the California Constitution to levy said
14 assessment and renew said district in the proceedings prior to and including said
15 hearing has been duly taken.

16 SECTION 2. That the City Council does determine that the Engineer's
17 Report, approved by its Resolution No. 09-R0166-1 and the amount of the
18 assessment rates shown in said Report, should be confirmed.

19 SECTION 3. That the City Council does determine that the amounts to
20 be assessed against the individual parcels shown on the assessment diagram
21 contained in said Report are approved and confirmed, and the City Clerk of the
22 City of Oceanside is directed to endorse upon the Engineer's Report for the
23 Oceanside Lighting District its approval and the date thereof.

24 SECTION 4. The City Clerk of the City of Oceanside is directed to file
25 said diagram and assessment as required by Section 22641 of the Act.

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PASSED AND ADOPTED by the City Council of the City of Oceanside,
California, this _____ day of _____ 2009, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

ATTEST:

Barbara Samuelson, ABST.

City Attorney

City Clerk

**Resolution confirming the fiscal year 2009-2010 diagram
and assessment for the Oceanside Lighting District,
Assessment District No. 2-1991**

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2009-2010

EXHIBIT "B"

**MAINTENANCE AND ADMINISTRATIVE
EXPENSES SUMMARY**

EXPENSES

	Approved Budget FY2008-09	Projected Expenses FY2009-10
	<u>Combined per Year</u>	<u>Combined per Year</u>
1. Personnel	\$42,300	\$42,300
2. Operating Expenses		
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		
3a. Street Lights	\$816,442	\$729,240 (1)
3b. Traffic Signals	\$0	\$0
3c. Energy Contingency	\$19,755	\$17,502 (2)
Sub-Total Utilities	\$836,197	\$746,742
4. Non-Capital Improvements	\$0	\$0
5. Interfund	\$6,042	\$4,230
6. Radio Network	\$0	\$0
7. Debt Service	\$250,666	\$253,410
8. Lighting District Overlay Costs		\$80,000 (3)
9. Transfer to Street Lighting Maintenance	\$410,000	\$410,000 (4)
TOTAL EXPENSES	\$1,554,205	\$1,545,682
TOTAL EXPENSES (W/O ENERGY RES.)	\$1,534,450	\$1,528,180

REVENUE SUMMARY

REVENUE

	Approved Budget 2008-09	Projected Revenue 2009-10
	<u>Combined per Year</u>	<u>Combined per Year</u>
Total Annual Assessments	\$1,109,966	\$1,109,966
Transfer from Gas Tax	\$390,000	\$390,000 (5)
18-Month Energy Fees	\$15,000	\$15,000
Transfer from Fund Balance	\$16,484	\$10,214 (6)
Fund Balance Interest	\$3,000	\$3,000
TOTAL REVENUE	\$1,534,450	\$1,528,180

ASSESSMENT UNIT SUMMARY

	FY 2008-09	Projected FY 2009-10
No. of Assessment Units		
Local	580,458	580,458
Non-Local	1,187,287	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

Fund Balance	(as of 01/31/09)	\$295,423
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Footnotes

- (1) The Utilities line item for the Projected Expenses 2009-10 represent the extrapolated actuals for year to date totals for 2008-09 increased by 3%.
- (2) 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 for FY2009-2010 has been included. In the event such a contingency is needed there are sufficient funds in the Fund Balance Account.
- (3) A total of \$80,000 is necessary to pursue the creation of an Overlay Assessment District for FY 2010-11 as directed by the City Council.
- (4) A total of \$410,000 will be transferred to the Transportation Division to offset Street Light Maintenance costs.
- (5) A total of \$390,000 will be transferred from the Gas Tax Fund to cover the anticipated shortfall for FY 2009-10.
- (6) \$10,214 if needed may be transferred from the Fund Balance to cover an additional shortfall.