

STAFF REPORT



ITEM NO. 16
CITY OF OCEANSIDE

DATE: May 16, 2007

TO: Honorable Mayor and City Councilmembers

FROM: Public Works Department

SUBJECT: **ADOPTION OF RESOLUTION CONFIRMING THE ASSESSMENT FOR FY 2007-08, AND ORDERING THE ASSESSMENTS TO BE LEVIED FOR FY 2007-08 FOR THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991; AND APPROVAL OF THE TRANSFER OF \$390,000 IN GAS TAX FUNDS AND \$23,866 FROM THE OCEANSIDE LIGHTING DISTRICT FUND BALANCE TO SUPPORT THE DISTRICT**

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 resolution confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2007-08 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 \$23,866 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 2007-08 assessments to be levied within the District, after consideration of the evidence submitted, the City Council is requested to adopt resolutions confirming the diagram and assessments for FY 2007-08. Since changes have not been made to the Engineer's Report that was approved by the Oceanside City Council on April 4, 2007, 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 attached 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 2007-08 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.

Alternative Analysis

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 \$252,546. 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 8,000 streetlights within the City boundaries is about \$62,000 a month. Also, as new development occurs, additional streetlights that are installed add to the operational expenses.

Table: 1

Revenue

• Annual Assessments	\$1,102,464	
• Energy Fees	\$ 15,000	
• Transfer From Gas Tax	\$ 390,000	
• Transfer From Fund Balance	<u>\$ 23,866</u>	
		\$1,531,330

Expenses

• Personnel	\$ 42,300	
• Material/Operating	\$ 9,000	
• Utilities/Traffic Signals	\$ 816,442	
• Interfund	\$ 6,042	
• Debt	\$ 252,546	
• Transfer To Street Lighting Maintenance	<u>\$ 405,000</u>	
		\$1,531,330**
Difference (Surplus/Shortfall)		<u>\$ 0</u>

**Total Expenses Without Energy Reserves

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 alone was not enough to balance the budget, 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 2007-08.

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 replacing 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.

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 2007-08 is anticipated to be \$1,102,464 and the expenditures for FY 2007-08 are estimated at \$1,531,330 without an energy contingency reserve.

In addition to the assessments of \$1,102,464, 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 necessary to transfer \$23,866 from Unallocated Lighting District Fund 221 into 221.637210.5351 for utility costs.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

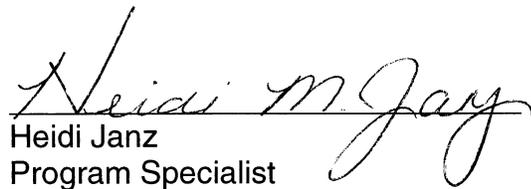
The referenced documents have been reviewed by the City Attorney and approved as to form.

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 resolution confirming the diagrams and assessments, and ordering the assessments to be levied for FY 2007-08 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 \$23,866 from the Oceanside Lighting District Fund Balance to support the District.

PREPARED BY:

SUBMITTED BY:


Heidi Janz
Program Specialist


Peter A. Weiss
Interim City Manager

REVIEWED BY:

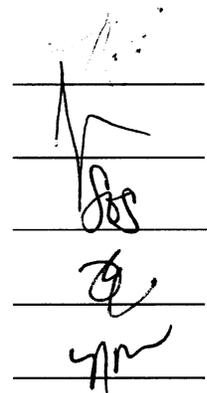
Michelle Skaggs Lawrence, Deputy City Manager

Joseph Arranaga, Acting Deputy Public Works Director

Scott Smith, Acting City Engineer

Douglas E. Eddow, Real Property Manager

Nita McKay, Financial Services Director



1 RESOLUTION NO.

2 RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE, CALIFORNIA, CONFIRMING THE 2007-2008 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. declaring its intention to levy and
10 collect assessments for fiscal year 2007-2008 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 16, 2007, 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 4, 2007, 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. which approved the Engineer's Report regarding the district's
3 proposed 2007-2008 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 16, 2007, at 6:00 p.m., said hearing on the
12 proposed 2007-2008 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. 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 _____ 2007, by the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

Mayor of the City of Oceanside

APPROVED AS TO FORM:
OFFICE OF THE CITY ATTORNEY

ATTEST:



City Attorney

City Clerk

**Resolution confirming the fiscal year 2007-2008 diagram
and assessment for the Oceanside Lighting District,
Assessment District No. 2-1991**

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2007-2008

SEE ATTACHED FOR DETAIL

SHOWING THE GENERAL NATURE, LOCATION AND EXTENT OF THE
PROPOSED IMPROVEMENT IN THE CITY OF OCEANSIDE AND THE LANDS TO
BE ASSESSED TO PAY THE COSTS THEREOF.

NOTE: FOR DETAILS AND DIMENSIONS SEE SAN DIEGO COUNTY
ASSESSOR'S MAP BOOK

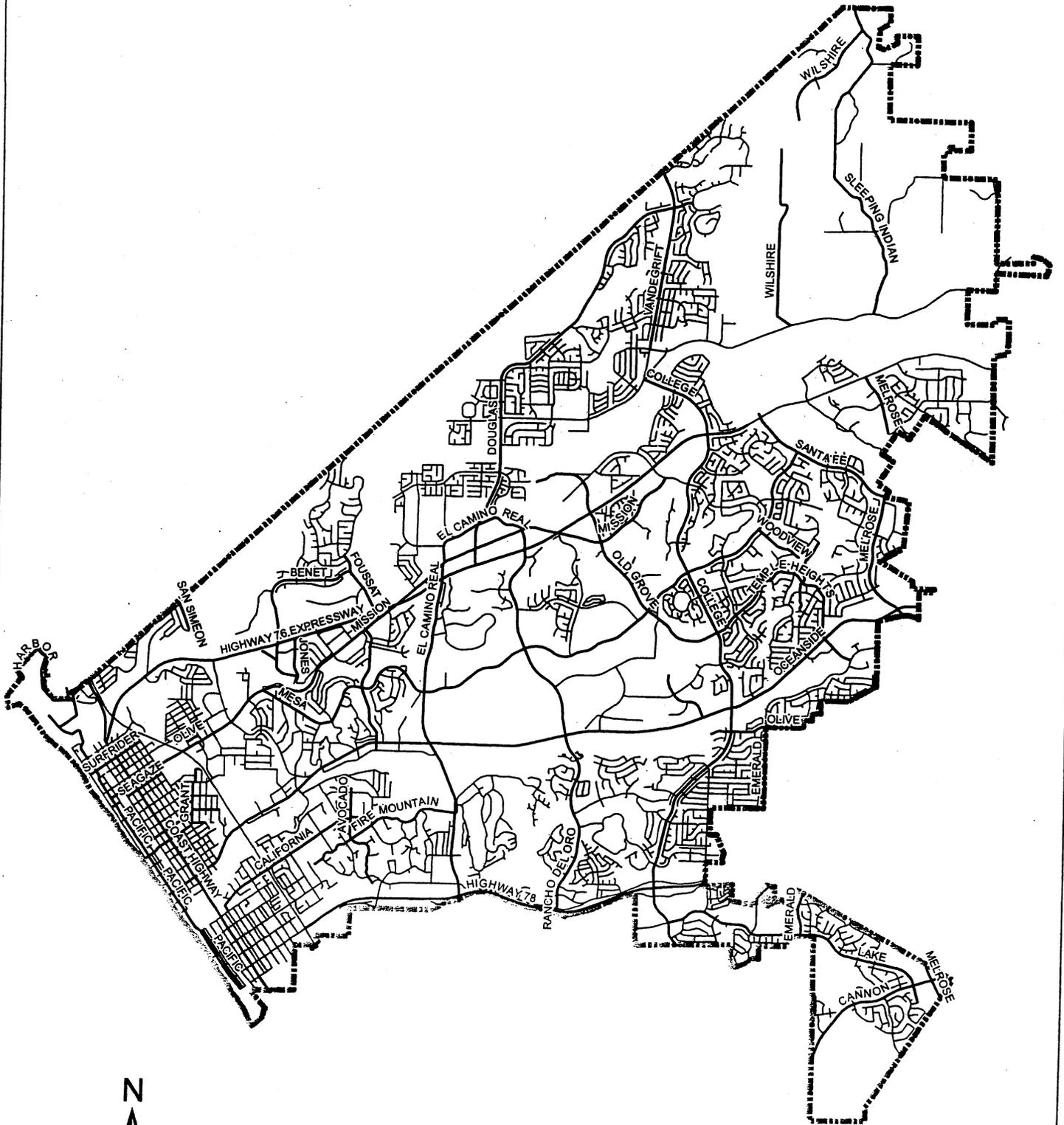
I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF THE
OCEANSIDE LIGHTING DISTRICT, ASSESSEMENT DISTRICT NO. 2-1991, CITY OF
OCEANSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF SAID
CITY OF OCEANSIDE AT A REGULAR MEETING THEREOF HELD ON THE _____ DAY OF
_____ 20__ BY RESOLUTION NO. _____

CITY CLERK, CITY OF OCEANSIDE

FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF OCEANSIDE
THIS _____ DAY OF _____ 20__

CITY CLERK, CITY OF OCEANSIDE

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

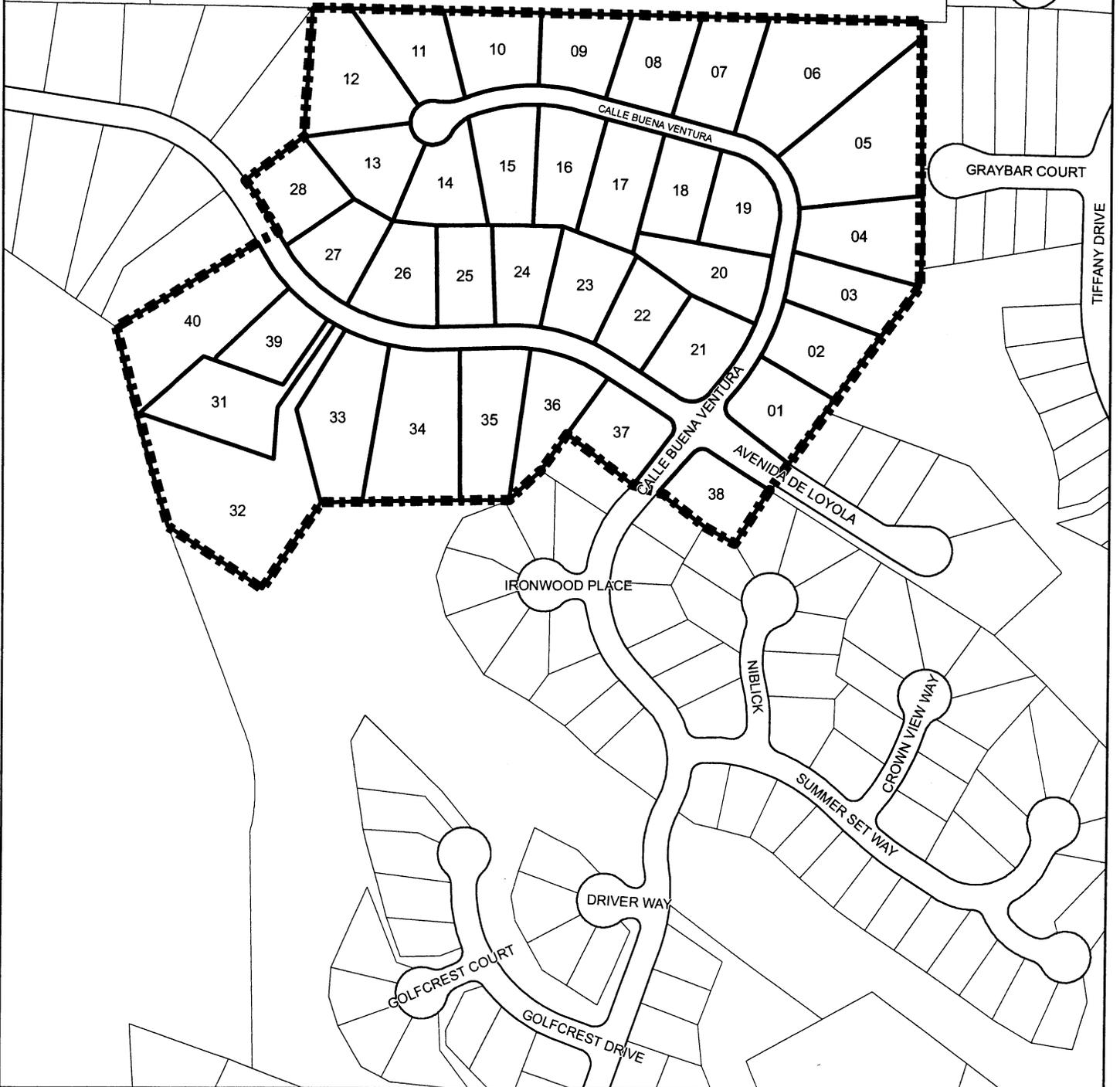


No Scale

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2 - 1991
ZONE "A"
FISCAL YEAR 2007 - 2008



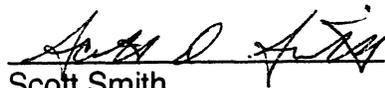
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**ENGINEER'S REPORT
OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2007-2008**

As directed by the City Council of the City of Oceanside, I, Scott Smith, Acting City Engineer, respectfully submit the following Report regarding the 2007-2008 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
Acting City Engineer

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT 2-1991
FISCAL YEAR 2007-2008

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 2007-2008

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 2007-2008

EXHIBIT "B"

MAINTENANCE AND ADMINISTRATIVE
 EXPENSES SUMMARY

	Approved Budget FY 2006-07	Projected Expenses 2007-08
EXPENSES	<u>Combined per Year *</u>	<u>Combined per Year *</u>
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	\$2,500	\$8,500
f. Advertising	\$500	\$500
Sub-Total Operating Expenses	\$3,000	\$9,000
3. Utilities (2)		
3a. Street Lights	\$814,442	\$816,442
3b. Traffic Signals	\$0	\$0
3c. Energy Contingency (3)	\$18,442	\$19,087
Sub-Total Utilities	\$832,884	\$835,529
4. Non-Capital Improvements	\$0	\$0
5. Interfund	\$6,042	\$6,042
6. Radio Network	\$0	\$0
7. Debt Service	\$252,546	\$252,546
8. Transfer to Street Lighting Maintenance (1)	\$405,000 (5)	\$405,000 (5)
TOTAL EXPENSES	\$1,541,772	\$1,550,417
TOTAL EXPENSES (W/O ENERGY RES.)	\$1,523,330	\$1,531,330

REVENUE SUMMARY

	Approved Budget 2006-07	Projected Revenue 2007-08
REVENUE	<u>Combined per Year *</u>	<u>Combined per Year *</u>
Total Annual Assessments	\$1,082,000	\$1,102,464
Transfer from Gas Tax	\$390,000 (5)	\$390,000 (5)
18-Month Energy Fees	\$15,000	\$15,000
Transfer from Fund Balance		\$21,866 (6)
Fund Balance Interest	\$2,000	\$2,000
TOTAL REVENUE	\$1,489,000	\$1,531,330

ASSESSMENT UNIT SUMMARY

	Projected FY 2006-07	Projected FY 2007-08
No. of Assessment Units		
Local	574,000	578,848
Non-Local	1,122,300	1,169,252
Weighted Average per Assessment Unit		
Local	1.2628	1.2688
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 6/30/06)	\$40,000	\$108,459 (6)
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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 2007-08 have been increased 3 1/2% over the extrapolated actuals for 2006-07. 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 2006-07 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 2007-08.
 - (5) For FY 2007-08 the \$390,000 to be transferred from the Gas Tax Fund and an additional \$15,000 for a total of \$405,000 will be transferred to the Transportation Division to offset Street Light Maintenance costs.
 - (6) \$21,866 will be transferred from the Fund Balance to cover an additional shortfall. The transfer will leave approximately \$86,593 in the Fund Balance.
- * 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 ENGINEER'S REPORT PER COUNCIL ACTION ON APRIL 4, 2007.

EXHIBIT C IS ON FILE IN THE CITY CLERK'S OFFICE AND IS AVAILABLE FOR REVIEW.

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2-1991
FISCAL YEAR 2007-2008

SEE ATTACHED FOR DETAIL

SHOWING THE GENERAL NATURE, LOCATION AND EXTENT OF THE
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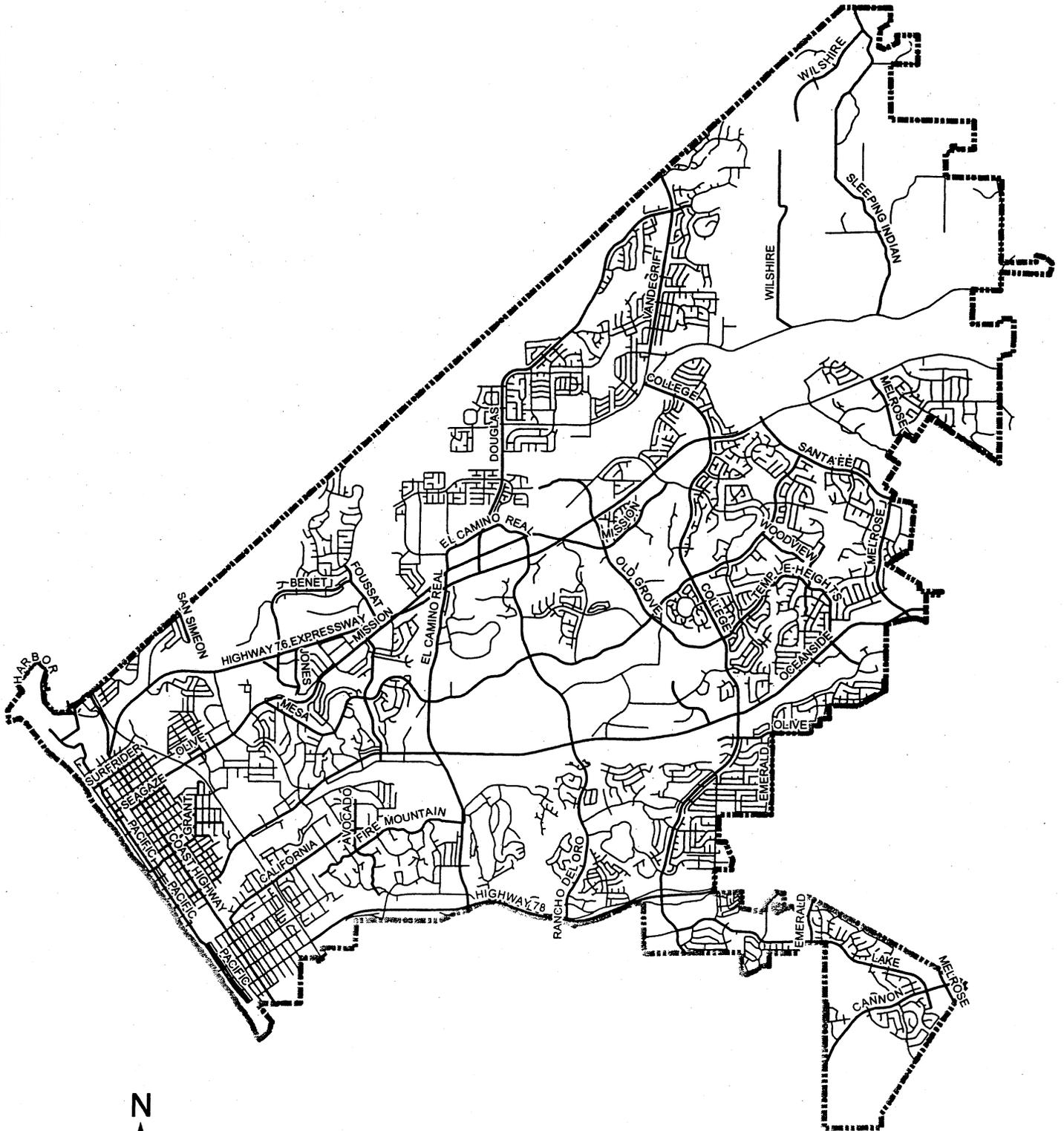
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_____ 20__ BY RESOLUTION NO. _____

CITY CLERK, CITY OF OCEANSIDE

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THIS _____ DAY OF _____ 20__

CITY CLERK, CITY OF OCEANSIDE

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



No Scale

OCEANSIDE LIGHTING DISTRICT
ASSESSMENT DISTRICT NO. 2 - 1991
ZONE "A"
FISCAL YEAR 2007 - 2008

