ITEM NO. 15

STAFF REPORT

CITY OF OCEANSIDE

DATE: May 5, 2010

TO: Honorable Mayor and City Council Members

FROM: Economic and Community Development Department

SUBJECT: **INITIATION OF PROCEEDINGS DECLARING ITS INTENTION TO FORM THE CITYWIDE LIGHTING DISTRICT 2010-1; CONDUCT A PROPERTY OWNER BALLOTING; AND SETTING A PUBLIC HEARING**

SYNOPSIS

Staff recommends that the City Council adopt the following resolutions: 1) initiating proceedings for the formation of the Oceanside Citywide Lighting District 2010-1 and the levy and collection of assessments related thereto for FY 2010-11; 2) declaring its intention to form the Citywide Lighting District 2010-1; calling for a property owner balloting on the matter of new assessments; and setting a public hearing for June 30, 2010, at 6:00 p.m. in the City Council Chambers.

BACKGROUND

The Oceanside Lighting District 2-1991 ("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"). The revenue generated from the levy of the annual assessments against the real property within the District is used to cover the operation, maintenance and energy costs of the street lighting system and traffic signals on the public streets within the City.

In addition to the operating and maintenance costs, which have continually increased over the years since the formation of the District nearly 20 years ago, the assessments are also used to pay off the debt created through the sales 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 $250,000. The debt obligation extends through 2015.

Since the formation of the District the assessments for the property owners within the District have remained the same. For example, the assessment for a single-family residence within the District is an average of $15.81 per year. The assessment amount varies for commercial properties and condominiums, as well as for those property owners who derive a special benefit. The current revenue generated from the levy of the annual assessments is not sufficient to cover the costs to effectively operate and maintain the street lighting system and traffic signals within the City and the annual debt service.

The District currently requires $390,000 annually in Gas Tax Funds and $410,000 from the General Fund to offset the cost to maintain the street lighting system and traffic signals. Prior to FY 2000-2001 the District had 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. Beginning in FY 2000-2001 the General Fund began transferring $410,000 to the Public Works Department to supplement the costs for traffic signal maintenance. By the end of FY 2003-04 the District was forced to rely on additional revenue from the Gas Tax Fund to balance the budget. To reduce the dependence on the General Fund and the Gas Tax Fund, the City Council directed staff to explore alternative funding sources to address the District's current and anticipated future annual deficit.

ANALYSIS

Staff is recommending that the City Council approve the formation of Lighting District 2010-1 over the existing District in order to address the annual deficit as the preferred funding alternative. Instead of an increase in the existing assessment of Lighting District 2-1991, affected property owners will 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 (in the event the ballot measure is not approved) yet provide the funds necessary in order to offset the annual shortfall. The property owners within the District will be asked to cast a ballot.

Staff has hired a consultant, Willdan Financial Services ("Willdan"), to assist staff in the formation of Lighting District 2010-1. Willdan has collected the necessary data and prepared the analysis that is required by Proposition 218 in order to form Lighting District 2010-1. Willdan was required to perform a benefit analysis with respect to each of the streetlights to be included in Lighting District 2010-1 and the affected property owners in order to come up with the assessment amount for each property owner. Willdan has provided the city with two options. Option A provides for an assessment to cover only the $390,000 deficit currently being transferred from the Gas Tax Fund. The Option B assessment would cover both the Gas Tax Fund contribution and the General Fund contribution.

In order to form Lighting District 2010-1 and approve a new assessment to be levied against the affected property owners, the City Council is required to adopt a resolution declaring its intention to form Lighting District 2010-1; calling for a property owner balloting and setting a public hearing. The public hearing provides all interested person(s) an opportunity to be heard, either in writing or orally. In addition, staff and Willdan will conduct community outreach meetings regarding the proposed assessment.

FISCAL IMPACT

According to Option A of the analysis prepared by Willdan, in order to offset the Gas Tax Fund revenue in the amount of $390,000, Lighting District 2010-1 would levy an average assessment of $6.64 per year against each single-family residence in Lighting District 2010-1. This new assessment when added to the current assessment of $15.80 per year in the current District would increase the total assessment to a property owner of a typical

intention to form the Citywide Lighting District 2010-1; calling for a property owner balloting on the matter of new assessments; and setting a public hearing for June 30, 2010, at 6:00 p.m. in the City Council Chambers.

PREPARED BY:

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Program Specialist

SUBMITTED BY:

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City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager

Jane McVey, Economic & Community Development Director

Douglas E. Eddow, Real Property Manager

Teri Ferro, Financial Services Director

Attachments: Resolutions

single- family residence to $22.44 per year. By using the cost of living increases in labor, material and electricity costs since 1991 (based on an average of 3 percent per year) the assessment of $15.81 needed to increase to $27.72. Comparing the increase of $6.64 per year under Lighting District 2010-1, the cost to the property owners is significantly less.

Option B of the analysis prepared by Willdan will offset the Gas Tax Fund revenue in the amount of $390,000 and the General Fund contribution in the amount of $410,000. Lighting District 2010-1 would levy an average assessment of $12.94 per year against each single-family resident in Lighting District 2010-1. This new assessment when added to the current assessment of $15.80 per year in the current District would increase the total assessment to a property owner in a typical single-family residence to $28.74 per year. If approved, this assessment would eliminate any dependency on the Gas-Tax Fund or the General Fund and the City of Oceanside's Lighting Districts would be self-sufficient. Should a majority of the property owners approve the formation of Lighting District 2010-1, for Fiscal Year 2010-11 Option A then the current District (Lighting District 2-1991) will not require the $390,000 to the Gas Tax Fund. If the property owners approve the formation and Option B then the current District will not require the $390,000 to the Gas Tax Fund and the $410,000 to the General Fund. However, should the majority of the property owners oppose the formation of Lighting District 2010-1, the existing assessments levied under Lighting District 2-1991, for Fiscal Year 2010-11 will be unaffected.

Should the deficit continue in the District, in order to maintain the same level of service the District will need to continue transferring funds from the Gas Tax Fund and the General Fund in order to balance the budget. If not, as an alternative the City Council can elect to reduce the services received by the property owners in the City of Oceanside by reducing the hours that the street lights are kept on and/or reduce the level of street light and/or traffic signal maintenance.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The City Attorney has reviewed and approved the resolution as to form.

RECOMMENDATION

Staff recommends that the City Council adopt the following resolutions: 1) initiating proceedings for the formation of the Oceanside Citywide Lighting District 2010-1 and the levy and collection of assessments related thereto for FY 2010-11; 2) declaring its

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, DECLARING ITS INTENTION TO FORM THE OCEANSIDE CITYWIDE LIGHTING DISTRICT 2010-1; AND TO CONDUCT A PROPERTY OWNER BALLOTING ON THE MATTER OF NEW ASSESSMENTS RELATED THERETO COMMENCING WITH FISCAL YEAR 2010/2011

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 for the formation of the Oceanside Citywide Lighting District 2010-1 (hereafter referred to as "District); and the proposed levy and collection of annual special benefit assessments to partially fund the maintenance, operation and servicing of public street lighting improvements and appurtenant facilities related thereto commencing in fiscal year 2010-2011;

WHEREAS, pursuant to said Resolution, the Assessment Engineer of Work has prepared and filed with the City Clerk an Engineer's Report (hereafter referred to as the "Report") in connection with the formation of the District and the proposed levy of assessments commencing with Fiscal Year 2010/2011 (Beginning July 1, 2010 and ending June 30, 2011); in accordance with Chapter 1, Article 4 (Sections 22565 through 22574) of the Act; and said Report has been presented to the City Council.

WHEREAS, said Report, has been submitted to the City Council for review and approval as filed or modified by this Council;

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 form the District; and to levy and collect annual assessments against lots and parcels of land within the District to pay the cost and expenses related to the maintenance, servicing and operation of the District improvements authorized by the Act and in accordance with the provisions of the California Constitution Article XIIID (hereinafter referred to as the "Constitution");

///

SECTION 2. The Report as presented consists of the following:

2a) A Description of the District and Improvements (Plans and Specifications).

2b) Method of Apportionment that outlines the special benefit conferred on properties within the District from the improvements; and the calculations used to establish each parcel's proportional special benefit assessment commencing in fiscal year 2010/2011 including the establishment of:

i) Annual assessments for the ongoing maintenance, servicing and operation of local street light improvements that provide special benefits to the properties in the District; and,

ii) An Assessment Range Formula that provides for inflationary adjustments to the annual assessment for the ongoing maintenance, servicing and operation of street lighting improvements, thereby establishing the maximum assessment rate authorized each fiscal year.

2c) The estimated annual costs and expenses to provide the improvements (Budget) that establishes the proposed "Maximum Assessment Rate" and first year's assessments for the District.

2d) An Assessment Diagram (Boundary Map) that identifies the boundaries of the District, the designated zones of benefit, and the associated lots, parcels and properties included therein.

2e) An Assessment Roll containing the Assessor Parcel Numbers that comprise the District and the proportional assessments commencing Fiscal Year 2010/2011 based on the maximum assessment rates and method of apportionment.

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SECTION 3. As described in said Report, the boundaries of the District shall be coterminous with the boundaries of the City of Oceanside, and shall include all real property and parcels of land within said boundaries. Reference is hereby made to the San Diego County Assessor's maps for a detailed description of the lines and dimensions of the parcels of land therein. The proposed District shall initially include three (3) zones of benefit (hereafter referred to as "Zones"), where by reason of variations in the nature, location, and extent of the improvements, these Zones and the properties therein will receive differing degrees of benefit from the District improvements as described more fully in the Report.

SECTION 4. The District improvements shall include the operation, maintenance and servicing of public street lighting and appurtenant facilities in the City of Oceanside that have been determined to be of special benefit to properties within the District. These improvements may include, but are not limited to the materials, equipment, utilities, labor, contract services and incidental expenses necessary for the ongoing maintenance, operation and servicing of such improvements and appurtenant facilities. Maps detailing the location and extent of the proposed improvements to be serviced and maintained by the District are on file in the Public Works Department of the City of Oceanside and by reference these maps and specifications are made part of this Resolution. Those improvements determined to be of general benefit shall not be assessed against properties in the District.

SECTION 5. The annual assessments for the District shall provide a funding source to partially support the ongoing annual expenses to maintain service and operate public street lighting improvements that provide special benefits to properties in the District. The net annual cost of providing such improvements shall be collected on the County tax roll as annual assessments.

These assessments as outlined in the Report, include the Maximum Assessment Rate in each Zone for Fiscal Year 2010/2011, the calculated assessment amount proposed for each parcel to be assessed commencing in Fiscal Year

2010/2011 and an Assessment Range Formula for which the property owners of record within the District shall be balloted pursuant to the provisions of the California Constitution Article XIIID and applicable provisions California State law.

SECTION 6. The City Council hereby declares its intention to form the District to be designated as "Oceanside Citywide Lighting District 2010-1" and to levy and collect annual assessments against parcels of land within said District that are necessary to support the ongoing cost and expenses to maintain and service the improvements associated with street lights within the City of Oceanside as outlined in the Report prepared in connection therewith, commencing with Fiscal Year 2010/2011.

The City Council further declares its intention to conduct a public hearing regarding the District and the proposed levy of assessments; and calls for a property owner protest balloting proceeding related thereto in accordance the provisions of the California Constitution Article XIIID. The City Council finds that the public's best interest requires such action and levy of assessments.

That this City Council sets a public hearing on the proposed assessments for June 30, 2010, 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 7. The City Council hereby authorizes and directs the City Clerk or their designee to prepare and mail notice of the public hearing and property owner protest ballots to the property owners of record regarding the proposed levy of the assessments and the assessment range formula as outlined in the Engineer's Report, in accordance with Government Code, Section 53753 and California Constitution, Article XIIID, Section 4.

SECTION 8. The City Clerk shall certify to the adoption of this Resolution.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2010, 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 form the Oceanside Lighting District 2010-1 and to levy and collect assessments commencing in fiscal year 2010-2011

CITY OF OCEANSIDE

OCEANSIDE CITYWIDE LIGHTING DISTRICT 2010-1

ENGINEER'S FORMATION REPORT

FISCAL YEAR 2010/2011

INTENT MEETING: MAY 5, 2010

PUBLIC HEARING: JUNE 30, 2010

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ENGINEER'S REPORT AFFIDAVIT

Formation of the
Oceanside Citywide Lighting District 2010-1
And establishment of Annual Assessments for said District

City of Oceanside,
County of San Diego,
State of California

This Report and the enclosed descriptions, budget and assessment diagram outline the plans and specifications for the formation of the Oceanside Citywide Lighting District 2010-1 and establishment of the proposed assessments for each lot, parcel, and subdivision of land within said District. Reference is hereby made to the San Diego County Assessor's maps for a detailed description of the lines and dimensions of parcels within the District. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this _____ day of _____, 2010.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Oceanside

By: _____

Jim McGuire
Senior Project Manager

By: _____

Richard Kopecky
R. C. E. # 16742

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Introduction

The City Council of the City of Oceanside, County of San Diego, State of California, (hereafter referred to as "City") has by previous resolution initiated proceedings that called for the preparation and filing of an Engineer's Report to establish a special benefit assessment district within the City limits of Oceanside to be designated as the:

Oceanside Citywide Lighting District 2010-1

(hereafter referred to as "District"), for the purpose of funding in part, the ongoing operation, maintenance and servicing of public street lighting improvements within the City based on the proportional special benefits to properties within the City. The City Council proposes to form the District and to levy and collect annual assessments on the County tax rolls to fund in part such improvements and appurtenant facilities authorized pursuant to the *Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code commencing with §22500* (hereafter referred to as the "1972 Act"). In conjunction with the authority of the 1972 Act, the proposed assessments shall be made in compliance with the substantive and procedural requirements of the *California State Constitution Article XIIID* (hereafter referred to as the "California Constitution").

This Engineer's Report (hereafter referred to as "Report") has been prepared in connection with the formation of said District and the levy and collection of annual special benefit assessments related thereto commencing in fiscal year 2010/2011, pursuant to Chapter 1, Article 4 beginning with §22565 of the 1972 Act and the provisions of the California Constitution. Said District shall include all lots and parcels of land within the City of Oceanside at the time this Report was prepared, the boundaries of which are coterminous with the City boundaries.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the San Diego County Assessor's Office. The San Diego County Auditor/Controller uses Assessor's Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

As part of this District formation, the City shall conduct a property owner protest ballot proceeding for the proposed new special benefit assessments in accordance with the provisions of Government Code, Section 53753, and California Constitution, Article XIIID Section 4. In conjunction with this ballot proceeding, the City Council shall conduct a public hearing to consider public testimonies, comments and written protests regarding the formation of the District and levy of assessments. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists (ballots shall be proportionally weighted based on each parcel's proposed assessment obligation), and by resolution the City Council will confirm the results of the ballot tabulation. If majority protest exists, the City Council shall abandon the formation of the District, and the proposed levy of assessments described herein. If majority protest does not exist, the City Council may, by resolution, adopt this Report (as submitted

or amended) including the assessment diagram; order the formation of the District; approve the levy and collection of the assessments including the assessment range formula as described herein; and order the improvements to be made. In such case, the assessments (as provided herein or as amended) shall be submitted to the San Diego County Auditor/Controller for inclusion on the property tax roll commencing in fiscal year 2010/2011.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the City Council describing the District, any changes to the District or improvements, the proposed budget and assessments for that fiscal year, and the City Council shall hold a noticed public hearing regarding these matters prior to approving and adopting the annual levy of assessments.

This Report consists of five (5) parts:

Part I

Plans and Specifications: Provides an overall description of the District and the improvements. While it has been determined that street lights, specifically local street lighting, is provided throughout most of the City and these improvements will provide special benefits to parcels within the District that are directly associated with those lights, it is also recognized that local street lights do not exist on all streets within the City and some areas of the City have less local street lights than other areas of the City (location and proximity). Therefore, the District will initially be formed with three (3) zones of benefit (hereafter referred to as "Zones"), which are described in more detail in this section of the Report as well as Part II (Method of Apportionment). A diagram showing the exterior boundaries of the District and the Zones established therein is attached and incorporated herein under Part IV (District Diagram).

Part II

Method of Apportionment: This section of the Report provides a discussion of benefits to properties within the District, the apportionment of the improvement costs, the method of calculating each property's proportional special benefit and the calculation of annual assessments. This section also identifies and outlines an Assessment Range Formula that provides for an annual adjustment to the maximum assessment rates initially established by this Report. This Assessment Range Formula limits increases on future assessments, but also provides for reasonable cost adjustments due to inflation in subsequent fiscal years without the added expense of additional property owner protest ballot proceedings to approve such anticipated cost increases.

Part III

District Budget: An estimate of the annual funding required for the estimated annual maintenance, servicing and operation of street lighting improvements within the District and specifically the costs associated with the improvements determined to be of special benefit to parcels within the District. The budget identifies an estimate of anticipated ongoing annual expenses to service, maintain and operate existing street lighting improvements throughout the City and each respective Zone's proportional special benefit costs including, but not limited to, servicing of the street lights and related facilities, energy costs and related incidental expenses authorized by the 1972 Act. The budget establishes an initial calculated maximum assessment rate for each Zone of the District. Because the annual cost of maintaining these improvements will clearly be affected by inflation over the years, an annual inflationary adjustment (Assessment Range Formula) will be applied in subsequent fiscal years to the assessment rates established herein.

Part IV

District Diagram: A Diagram showing the exterior boundaries of the District and the current Zones therein is provided in this section of the Report and includes all parcels of land that will receive special benefits from the improvements and for which an assessment may be imposed as part of this District. Reference is hereby made to the San Diego County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V

Assessment Roll: A listing of each parcel within the District and its corresponding maximum assessment amount to be presented to the property owners of record in the protest ballot proceedings. The proposed maximum assessment amount for each parcel is based on the parcel's proportional special benefit as calculated in accordance with the method of apportionment and the proposed initial maximum assessment rates outlined in the budget.

Part I — Plans and Specifications

Description of the District

The territory within the District consists of all lots, parcels of land and subdivisions within the City of Oceanside, the boundaries of which are coterminous with the City's boundaries and the meets and bounds that define the City boundaries are incorporated herein as the meets and bounds of this District. An Assessment Diagram incorporated herein under Part IV of this Report, outlines the boundaries of the District and the Zones therein. This diagram incorporates all lots, parcels and subdivisions of land within the District and Zones as the same existed at the time this Report was prepared. The District generally includes all or a portion of the parcels identified on the following San Diego County Assessor's Parcel Map Books:

121; 122; 126;

143; 144; 145; 146; 147; 148; 149;

150; 151; 152; 153; 154; 155; 156; 157; 158

Within the boundaries of the District, three (3) Zones will initially be established to identify parcels and areas within the District that for reasons of variations in proximity and extent of the improvements, it has been determined that the parcels within these Zones receive differing degrees of special benefits from the improvements and services to be provided by the District. Zone 01 and Zone 02 have been established to incorporate properties that receive direct and particular special benefits from local street light improvements based on factors that consider their proximity and nexus to the various street lights. Zone 03 incorporates properties that have limited or no local street lights associated with their development and/or property and are considered to receive only general benefits from the City's street lights. The three Zones within the District and the improvements and benefits associated with the properties therein are described in more detail in Part II (Method of Apportionment) section of this Report.

Description of Improvements and Services

Improvements and Services Authorized by the 1972 Act

As generally defined by the Landscaping and Lighting Act of 1972 and applicable to this District, the improvements and associated assessments may include but are not limited to some or all of the following:

- The installation or construction of public lighting facilities;
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, paving, or electrical facilities;
- The acquisition of any existing improvement otherwise authorized pursuant to the Act;
- The maintenance or servicing, of any of the foregoing including the furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement including but not limited to:
  - Repair, removal, or replacement of all or any part of any improvements;
  - The cleaning, sandblasting, and painting of improvements to remove or cover graffiti;
  - Electric current or other illuminating agent for any public lighting facilities;
- The collection and accumulation of funds as reserves for the purpose of ensuing appropriate cash flow for operational activities and long-term maintenance expenses.
- Incidental expenses associated with the improvements including, but not limited to:
  - The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
  - The costs of printing, advertising, and the publishing, posting and mailing of notices;
  - Compensation payable to the County for collection of assessments;
  - Compensation of any engineer or attorney employed to render services;
  - Any expenses incidental to the issuance of bonds or notes;
  - Costs associated with the proceedings held for the approval of a new or increased assessment.
  - Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;

DISTRICT FACILITIES AND IMPROVEMENTS

Detailed maps identifying the location and extent of the District's existing street lighting improvements are on file in the Public Works Department, and by reference these maps are made part of this Report.

The maintenance, operation and servicing of the District lighting improvements generally include the furnishing of labor, materials, equipment and electricity for the ordinary and usual maintenance, operation, and servicing of street lights within the public right-of-ways and easements dedicated to the City. These activities include but are not limited to:

- Regular maintenance and servicing the street light systems and related traffic control devices including, cleaning, sandblasting, repainting of poles and equipment to remove or cover graffiti and as needed prevent corrosion; repair or replacement of signals and lighting standards, bulbs and fixtures; and furnishing of electric current or other illuminating agent.
- Periodic repair and rehabilitation of the street lighting system including replacement of old equipment with new or reconditioned equipment; and repair, removal or replacement of related equipment as required including but not limited to lighting fixtures, poles, meters, conduits, electrical cable and relocation of street light facilities as necessary including the purchase and installation of related equipment and facilities.
- Specifically not included in the District budget and proportional special benefit assessments is the installation and construction of new street. Such projects and expenditures would be considered Capital Improvement Projects that are beyond the purpose of the assessments for this District. If such projects are needed or desired, the cost of such would require funding from other sources including but not limited to an additional special assessment on the affected properties and/or funds contributed by the City.

Part II — Method of Apportionment

Based on the provisions of the 1972 Act and the California Constitution, this section of the Report summarize an analysis of the benefits provided by the City's existing street lighting improvements and services to be provided by the District (both general and special); the resulting District structure (zones of benefit); the formulas used to calculate each parcel's proportional special benefit and assessment obligation based on the entirety of the cost to provide the improvements (method of assessment); and the establishment of an inflationary formula for such assessments to address anticipated cost increases due to inflation (assessment range formula).

Benefit Analysis

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include but are not limited to the construction, maintenance, operation, and servicing of public street lighting improvements and appurtenant facilities.

The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

> *"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."*

In conjunction with the provisions of the 1972 Act, the California Constitution Article XIIID addresses several key criteria for the levy of assessments, notably:

Article XIIID Section 2d defines *District* as:

> *"District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service";*

Article XIIID Section 2i defines *Special Benefit* as:

> *"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."*

Article XIIID Section 4a defines *proportional special benefit assessments* as:

> *"An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

The method of apportionment (method of assessment) established herein is based on the premise that each assessed property receives special benefits from local street lighting improvements and services that are funded by such assessments, and the assessment obligation for each parcel reflects that parcel's proportional special benefits as compared to other properties that receive special benefits as outlined in the preceding definitions established in the 1972 Act and the California Constitution.

To identify and determine the proportional special benefit to each parcel within the District, it is necessary to consider the entire scope of the improvements provided as well as the properties that benefit from those improvements. The District's improvements and the associated costs described in this Report, have been carefully reviewed and have been identified and allocated based on a benefit rationale and calculations that proportionally allocate the net cost of only those improvements determined to be of special benefit to properties within the District. The location and extent of the various public street lighting improvements within the District and the associated costs have been identified as either "general benefit" (not assessed) or "special benefit".

In an evaluation of the City's overall street light improvements and the properties within the District, for those streets and properties that have local street lighting improvements in close proximity to those properties, approximately seventy-five percent (75%) of the properties are located on local or neighborhood streets with the remaining twenty-five percent (25`%) of the properties being located on streets designated as arterial and/or primary streets. While there is no direct correlation between the percentage of the City's parcels located on arterial and/or primary streets and proportional special benefit, it does indicate that some portion of these lights are clearly a special benefit to adjacent properties (local lighting) and not merely a general benefit to the public at large. An independent evaluation of these street light improvements and the development of properties on these streets suggest that at least half of the street lights on the City's arterial and/or primary streets are the direct result of property development rather than specifically for traffic mitigation and therefore could be considered local street lighting improvements that have a direct and particular relationship and special benefits to the properties located on or near those improvements. While the remaining half of these lights may also provide some measure of special benefit to other properties in the City because these streets are utilized to access all properties within the District, for purposes of establishing special benefit assessments for this District, the proportional cost of providing these additional lights on the arterial and/or primary streets shall be considered a general benefit and the cost of providing these lights will not be assessed through this District and shall be funded by other revenues available to the City.

The District Budget incorporated herein under Part III of this Report, provides a summary of the total estimated cost of providing the various street light improvements and the allocation of those costs as special benefit to properties within each of the District Zones versus those funded by the City, including general benefit.

Assessment Methodology

In order to calculate and identify the proportional special benefit received by each parcel and their proportionate share of the improvement costs it is necessary to consider not only the improvements and services to be provided, but the relationship each parcel has to those improvements as compared to other parcels in the District

Article XIIID Section 4a reads in part:

> *"...The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement or for the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."*

Street lighting like most public improvements, provide varying degrees of benefit (whether they be general or special) based largely on the extent of such improvements, the location of the improvements in relationship to the properties, and the reason or need for such improvements as it relates to individual properties. In this District these issues are each considered in determining the proportional special benefit to each parcel by the use of benefit zones that reflect the extent and location of the improvements in relationship to the properties, as well as the specific use and size of each property which reflects each parcel's need for such improvements and its reasonable cost of the proportional special benefit as compared to other properties that benefit from those improvements.

Zones of Benefit

In an effort to ensure an appropriate allocation of the estimated annual cost to provide the District improvements based on proportional special benefits, this District will be established with benefit zones ("Zones") as authorized pursuant to *Chapter 1 Article 4, Section 22574* of the 1972 Act:

> *"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."*

While the California Constitution requires that "*The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement...*"; it is reasonable to conclude that certain street lights (i.e. a portion of the lights on primary and secondary streets) have been installed for the purpose of nighttime traffic mitigation and will benefit both the community as a whole and the public at large. Many of these lights serve a more broad purpose and the cost of providing such lights would largely be considered a general benefit On the other-hand, street light improvements installed in connection with the development of nearby properties or would otherwise be necessary for the development of such properties to their full and best use are clearly local street light improvements that provide special benefits to those developments and properties. However, these local lighting improvements are not

mutually exclusive or typically isolated to a particular parcel but are rather shared, and directly affect entire neighborhoods or groups of parcels. The location and extent of the specific local street light improvements in relationship to those neighborhoods or groups of parcels immediately adjacent or in close proximity to those improvements must be considered.

Based on a through review of the location and extent of the District's street lighting improvements and their direct proximity and relationship to surrounding properties it has been determined that there are clear and definable differences in the level of local street lighting in various areas of the District. In recognition of these differences, the District shall initially be established with three (3) non-contiguous Zones to reflect the proportional special benefits that various properties receive from specific local street light improvements. The following provides a description of the three Zones:

Zone 01

Zone 01 incorporates and includes those parcels within the District that receive direct special benefits from local street light improvements that were installed in connection with the development of the parcel or would otherwise have been required or necessary for the development or future development of such property to its full and best use; and the overall proximity and spacing of local street lighting in the area is consistent with the City's typical intensity and spacing standards. This Zone represents parcels associated with approximately 80% of the street lights in the District identified as special benefit and for which properties will be assessed.

Zone 02

Zone 02 incorporates and includes those parcels within the District that receive direct special benefits from local street light improvements that were installed in connection with the development of the parcel or were installed specifically for the properties in that area, but the overall proximity or extent of the local street lighting associated with the parcel is less than the criteria established for Zone 01. This Zone represents parcels associated with approximately 20% of the street lights in the District identified as special benefit and for which properties will be assessed.

Zone 03

Zone 03 incorporates and includes those parcels within the District that are not included in Zones 01 or 02. It has been determined that these parcels have limited or no local street light improvements within their immediate proximity. Because theses parcels currently derive only general benefits from the District's street lighting improvements (lighting on arterial and/or primary streets) these properties shall not be assessed.

Details regarding the location and extent of the street lighting improvements within the District and the Zones therein are on file in the Office of Public Works Services Department and by reference these documents are made part of this Report. A diagram showing the exterior boundaries of the District and the three Zones therein is attached and incorporated herein under Part IV (District Diagram) of this Report.

EQUIVALENT BENEFIT UNITS

In addition to the use of Zones, the method of apportionment established for this District to reflect the proportional special benefit of each parcel utilizes a weighted methodology of apportionment typically referred to as an Equivalent Benefit Unit (EBU) methodology. This method of apportionment establishes the typically detached single-family home site as the basic unit of assessment. A single-family residential unit is assigned one (1.0) Equivalent Benefit Unit (EBU) and other property types (land uses) are proportionately weighted (weighted EBU) based on a benefit formula that equates each property's specific characteristics and special benefits to that of the single-family residential unit. This proportional weighting may be based on several considerations that may include, but are not limited to: the type of development (land use), development-status (developed versus undeveloped), size of the property (acreage or units), vehicular trip generation, street frontage, densities or other property related factors including any development restrictions or limitations; as well as the property's location and proximity to the improvements (which is addressed by its Zone designation).

For the improvements and assessments outlined in this Report, it has been determined that the most appropriate proportional special benefit calculation for each parcel is reasonably determined by three basic property characteristics:

- Location — As previously noted, each parcel in the District shall be identified and grouped into one of three Zones based on each parcel's proximity and relationship to the District improvements;

- Land use — Commercial/Industrial Use; Residential Use, Institutional Use, Vacant Land (Undeveloped Property), Public Property etc.; and,

- Property Size — Acreage for non-residential properties; Units for residential properties. Property size (acreage or units) provides a definable and comparative representation of each parcel's proportional special benefit not only to similar types of properties but to other properties as well.

The following outlines the special benefits and equivalent benefit unit calculations to be applied to each of the various land use classifications identified for this District to establish each parcel's proportional special benefit compared to other parcels within each respective Zone of the District:

Single-Family Residential Property — This land use is defined as a fully subdivided residential home site with a single residential unit developed on the property. The special benefits that local street lighting provides to such properties include, but are not limited to:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property

For purposes of establishing the proportional special benefits and equivalent benefit units for other land uses in this District, the single-family residential land use is designated as the basic unit of assessment and shall be assigned 1.000 EBU per parcel (unit).

Multi-Family Residential & Mixed Use Property — This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the parcel. (This land use includes apartments, duplexes, triplexes, etc., but does not generally include condominiums, town-homes). This land use designation also includes properties identified by the County Assessor's Office as mixed use property for which there is more than one residential unit (known number of residential units) associated with the property and for which the parcel's primary use is residential, but may also include a commercial component or unit associated with that property. The special benefits that local street lighting provides to such properties include, but are not limited to:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property.

Although multi-family residential properties receive similar special benefits to that of single-family residential property and an appropriate and comparative calculation of proportional special benefits is reasonably reflected by the parcel's total number of residential units, it would not be reasonable to conclude that on a per unit basis, the benefits are equal. Studies have consistently shown that multi-family units impact public infrastructure at reduced levels compared to a single-family residence, which is reflective of their reduced structure size and need for various public improvements. Furthermore, as the density (number of units per parcel) increase, the average distance from the street light improvements tend to increase and the number of vehicular trips generated tend to decline because the population density per unit tend to decrease (largely because of reduced unit sizes). Based on these considerations, it is reasonable to conclude that the actual number of street lights per unit is less than that of a single-family residential property and appropriate weighting of the proportional special benefit per unit for multi-family residential properties as compared to a

single-family residential is best represented by the following sliding scale: 0.750 EBU per unit for the first 5 units; plus 0.625 EBU per unit for units 6 through 25; plus 0.500 EBU per unit for units 26 through 50; plus 0.375 EBU per unit for units 51 through 100; plus 0.250 EBU per unit for units 101 or above.

Condominium/Town-home Property — This land use is defined as a fully subdivided residential condominium or town-home parcel that typically has one residential unit associated with each Assessor's Parcel Number, but is part of a multi-unit development for which each condominium or town-home parcel shares or has common interest (common area) with the other residential parcels in that development. The special benefits that local street lighting provides to such properties include, but are not limited to:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property.

The development attributes of condominiums and town-homes tend to be a blend of the single-family residential and multi-family residential properties. Like multi-family residential properties, individual condominium and town-home units (individual parcels) within such developments may not have actual street frontage where the local street light improvements are located, but rather the common area lot which they share has street frontage. (In most cases, each residential unit fronts a private road or driveway that directly accesses the street where the local street light improvements are located). Because condominium and town-home properties represent individual residential units that are privately owned, like single-family residential properties these properties tend to be owner occupied with relatively fewer vacancies per unit than multi-family residential properties. However, because this property type usually has a much higher development density (greater number of units per acre) than single-family residential properties the actual number of street lights per unit is clearly less than that of a single-family residential property.

In consideration of the special benefits associated with these properties and the development characteristics discussed above, it has been determined that an appropriate allocation of special benefit for condominiums, town-homes and similar residential properties is best represented by an assignment of 0.750 EBU per unit. (Because these parcels typically represent a single residential unit or small group of units that are each privately owned, no adjustment for multiple units is applied to this land use as it is for multi-family residential properties).

Developed Commercial/Industrial Property — This land use is defined as a developed property with structures (buildings) that is used or may be used for commercial purposes, whether the structures are occupied or not. This land use does not include parcels for which the primary use of the property is considered residential or Hotels and Motels (transient

residential). This land use classification includes most types of commercial enterprises including but not limited to commercial retail; food services; banks; shopping centers; recreational facilities; office buildings and professional buildings, as well as industrial properties including service centers; warehousing and manufacturing. This land use classification also includes any parcel that may incorporate a single residential unit, but is also used in whole or in part for commercial purposes. The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property;
- Increased accessibility and/or hours of operation that result from adequate nighttime lighting on the streets near or adjacent to the property;
- Greater nighttime visibility of the property and associated business with the property.

Clearly, the presence of local street lighting or the lack thereof has a direct and distinct impact on commercial/industrial properties and the businesses associated with those properties. Utilizing trip generation data outlined by the Institute of Transportation Engineers Informational Report, Seventh Edition; commercial/industrial properties generate on average approximately four (4) times the daily vehicular trips per acre than the trips generated by a single-family residential property (9.57 trips per single-family residential unit compared to 42.32 trips per acre for commercial properties). While the actual daily trips generated by a particular commercial/industrial property may be greater or less than this average, it does provide a reasonable indicator of the proportionality of the special benefits associated with local street lighting for such properties. In support of this finding, an analysis of development densities in the City indicates that on average, single-family and condominium developments yield approximately 4.06 residential units per acre.

Although the preceding evaluations suggest that the direct proportional special benefits to commercial/industrial properties is reasonably reflected by an apportionment of 4.000 EBU per acre, because most commercial/industrial parcels represents a separate and independent commercial enterprise or business with immediate proximity to local street lighting, it has been determined that the proportional special benefit for any individual commercial or industrial parcel is at least equal to that of a single-family residential property. Therefore, a commercial/industrial parcel that is less than one-quarter of an acre in size shall be assigned 1.000 EBU (minimum EBU). Likewise, it is reasonable to conclude that there is a limit to the proportional special benefit that any single parcel receives from local street lights (maximum EBU).

Developed Hotel/Motel and Timeshare Property — Although Hotel/Motel and Timeshare Properties are usually viewed as a commercial enterprise, these particular properties clearly have a more significant nighttime use and traffic generation than other commercial/industrial properties that result from their transient residential activities. The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property;
- Increased use of the property that result from adequate nighttime lighting immediately adjacent to or near the property which is essential to the extended nighttime operation associated with these properties;
- Greater nighttime visibility of the property that improves potential customer attraction thereby increasing business activity and use of the property.

Clearly, the presence of local street lighting or the lack thereof can have a direct and significant impact on hotel and motel properties because of their heightened nighttime business activities. To reflect this increased proportional special benefit resulting from higher nighttime use and need for local street lighting as compared to other commercial/industrial properties, the proportional special benefits and assessments for this land use classification shall be based on 6.000 EBU per acre.

Developed Institutional Property — This land use is defined as developed private properties used for the purposes of public related services or activities, including but not limited to Colleges, Private Schools, Places of Worship, Day Care Centers, Fraternal Organizations, Hospitals, Convalescent or Retirement Homes, or other similar public service or assembly type properties. The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property.

While properties in this land use classification are generally considered non-residential properties, it has been determined that this land use classification clearly receives less special benefit form local street lighting than commercial/industrial properties based on several considerations: they represent businesses/operations that provide public related or community services (educational, medical care, religious etc.); they are generally a non-profit

organization; and they have significantly less nighttime use and trip generation. Based on the special benefits that local street lighting provides to such properties and in consideration of their limited nighttime use, the Equivalent Benefit Units applied to these properties shall be based on 2.000 EBU per acre.

Developed Public Property — This land use is defined as developed public or government owned property used for public related services or activities, including but not limited to city facilities including parks, community centers, fire and police stations, and city offices; county or state offices and facilities; federal, state or county court facilities; US postal service facilities; public schools; public utility facilities or offices; or other similar developed public properties. The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (especially vandalism) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property.

While many of these properties have the potential to be converted or utilized as commercial or other non-residential enterprises, because their purpose and function is specifically for public related services and activities and they generally have no or limited nighttime use and trip generation, which is similar to Institutional properties. Based on the special benefits that local street lighting provides to such properties and in consideration of their limited nighttime use, the Equivalent Benefit Units calculated for these properties shall be based on 2.000 EBU per acre.

While these properties receive proportional special benefits from the improvements, it must be noted that the County Tax Collector's Office typically identifies these properties as "Non-Taxable" and does not generate tax bills for these properties and as a matter of practical application, the calculated special benefit and proposed assessment obligation for such properties cannot be collected through the tax roll as other District assessments. Therefore, in addition to those costs determined to be of general benefit, the City shall contribute to the District additional funding to cover the proportional assessment obligation and revenue that would otherwise be applied to these properties. Each fiscal year, the assessment engineer shall calculate the proportional special benefit and financial obligation associated with these properties and the annual budget shall reflect a proportional City contribution in an amount to the District that is equal to or greater than that calculated obligation. (The amount of that contribution need not be identified separately in the budget, but may be included as part of the City's overall annual contribution to the District). Because no actual assessment shall be levied on parcels classified as Public Property, as part of the notice and ballot proceedings being conducted in connection with the formation of the District, the ballots for these properties shall reflect a zero ($0.00) assessment amount.

Parking Lot/Limited Use Property — This land use classification is applied to developed privately owned properties that the City considers not to be fully developed commercial/industrial, institutional or residential properties. This land use classification is typically applied to parcels that are identified as parking lots with limited or no buildings; but may also identify parcels that have limited or restricted non-residential use where the typical commercial/industrial or institutional classification is not applicable or appropriate. The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (dumping, graffiti, vandalism and loitering) commonly associated with poorly lighted areas;
- Improved nighttime ingress and egress to the property;
- Potential increased use and trip generation that result from adequate nighttime lighting which promotes extended hours of operation.

Based on these special benefits and in consideration of use and need for local street lighting, the Equivalent Benefit Units applied to these properties shall be based on 1.000 EBU per acre.

Vacant Property — This land use is defined as property that has been identified as undeveloped, but has reasonable development potential (Few or no development restrictions). The special benefits that local street lighting provides to such properties include:

- Direct and/or ambient lighting of the property and the immediate area (street and sidewalk) providing improved nighttime visibility;
- Reduces property-related crimes (dumping, graffiti, vandalism and loitering) commonly associated with poorly lighted areas;

In an evaluation of the special benefits associated this land use as compared to that of developed properties it becomes evident that the proportional special benefits associated with vacant property is clearly less than that of developed properties. Although vacant properties certainly derive special benefits from local street lighting, these special benefits are limited to the land (lot) itself. Conversely, approximately half of the direct and immediate special benefits for developed properties are related to the daily use or potential use of that property (specifically nighttime use). Based on these special benefit considerations and the direct advantages of local street lighting, the Equivalent Benefit Units applied to these properties shall be based on 0.500 EBU per acre.

Exempt Property (Parcel) — This land use identifies parcels that for various reasons, it has been determined that the parcel does not and will not receive special benefits from street lighting improvements. This land use classification may include but is not limited to:

- Lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County);
- Dedicated public easements including open space areas, utility rights-of-way, greenbelts, parkways, or other publicly-owned or utility-owned land that serves the community or general public and are not considered or classified as developed public properties;
- Parcels of land that are privately owned, but cannot be developed independently from an adjacent property or is part of a shared interest with other properties, such as common areas, sliver parcels, bifurcated lots or properties with very restrictive development potential or use.

Because these properties either provide a public service that is comparable to street lighting or they are dependent on another property or development, these types of parcels have no direct need for street lighting and are considered to receive no special benefits Therefore these parcel shall be exempt from assessment and are assigned 0.0000 EBU. However, these properties shall be reviewed annually by the assessment engineer to confirm the parcel's use and/or development status has not changed.

Special Case Property — In many districts where multiple land use classifications are involved, there may be one or more properties that the standard land use classifications do not accurately identify the use and special benefits received from the improvements or there may be something about that particular parcel that should be noted for review in subsequent fiscal years. The following are some examples of properties that may be classified as Special Case properties:

- Example 1: A parcel may be identified as a Vacant Property, however only a small percentage of the parcel's total acreage can actually be developed. In this case, an appropriate calculation would be based on the net acreage that can be utilized rather than the gross acreage of the parcel. Therefore the parcel is identified as a Special Case so that each year the parcel's proportional special benefit and assessment is accurately addressed utilizing the property's net acreage rather than gross acreage.
- Example 2: The use of a particular property and its proportional special benefit is not in question, but there is some characteristic or issue regarding the property that should be noted or reviewed in future years.
- Example 3: The most common reason for identifying a parcel as a Special Case is usually related to development. A property may be identified by the County as Vacant land, but the property is either being developed or has already been developed. Another example would be a property that would normally be identified as Vacant Land, but is being treated as Exempt Property because due to current and temporary development restrictions that will likely change in the future. In this case, this designation serves as a prompt to review the status of that property each year, and if and when the status of that property changes, the land use designation can be appropriately changed.

Therefore the Equivalent Benefit Units assigned to Special Case Properties will vary depending on the circumstances and reasons for treating each particular property as a Special Case. The Equivalent Benefit Unit(s) assigned to each such parcel may be based on adjusted acreage, units or a combination of those factors. The City and/or the assessment engineer tasked with the administration of the District shall annually review each parcel designated as a Special Case Property and based on that review shall make appropriate adjustments to that property's land use and Equivalent Benefit Unit assignment as warranted.

The following is a summary of property types and the Equivalent Benefit Unit assignments described in the preceding discussion of Equivalent Benefit Units.

Table II: Summary of Equivalent Benefit Unit Assignments

Land Use	Benefit Unit Calculations
Single-Family Residential Property	1.000 per unit
Multi-Family Residential & Mixed Use Property	0.750 per unit (units 1-5) 0.625 per unit (units 6-25) 0.500 per unit (units 26-50) 0.375 per unit (units 51-100) 0.250 per unit (units greater than 100)
Condominium/Town-home Property	0.750 per unit
Developed Commercial/Industrial Property	4.000 per acre (minimum 1.000 EBU; maximum 40.000 EBU)
Developed Hotel/Motel Property	6.000 per acre (minimum 1.500 EBU; maximum 60.000 EBU)
Developed Institutional Property	2.000 per acre (minimum 0.500 EBU; maximum 20.000 EBU)
Developed Public Property	2.000 per acre (minimum 0.500 EBU; maximum 20.000 EBU)
Parking Lot/Limited Use Property	1.000 per acre (minimum 0.250 EBU; maximum 10.000 EBU)
Vacant Property	0.500 per acre (minimum 0.125 EBU; maximum 5.000 EBU)
Exempt Property	0.000 per parcel
Special Case Property	varied based on circumstances associated with each parcel

Allocation of Improvement Costs

Pursuant to the provisions of the California Constitution, the proportionate special benefit derived by each parcel within the District and its corresponding assessment obligation shall be determined in relationship to the entirety of the capital cost of a public improvement or the maintenance and operation expenses of a public improvement.

The following formulas are used to calculate each parcel's Levy Amount (proportional assessment obligation):

Step 1: Based collectively on the preceding discussion and findings, the estimated annual cost to provide the various District improvements have been identified as either general benefit or special benefit. Those improvement costs determined to be of general benefit shall not be assessed to properties within the District and these costs are deducted from the total budget to establish the improvement costs determined to be of special benefit.

Total Budget – General Benefit & City Contribution = Total Special Benefit Costs

Step 2: Those improvement costs determined to be of special benefit are apportioned to each of the three Zones established for this District in proportion to the cost of providing the local street lighting improvements for that Zone. As previously noted, it has been determined that properties within Zone 03 do not receive special benefits from local street lighting and receive only general benefit from other District street lighting. Therefore no costs are budgeted as special benefit in this Zone and the properties therein are not assessed.

Zone Specific Special Benefit Costs = Total Zone Budget

The Total Zone Budget for each Zone establishes the "Balance to Levy" for that Zone. This Balance to Levy amount is the proportionately allocated to each parcel within the Zone based on their calculated EBU.

Total Zone Budget = Balance to Levy (Zone)

Step 3: Each parcel's proportional special benefit is calculated based on the Equivalent Benefit Unit rationale previously discussed:

Parcel's Land Use Benefit x (Acreage or Units) = Parcel's EBU

Step 4: The total number of Equivalent Benefit Units for the District and each Zone therein is determined by the sum of all individual EBU(s) applied to parcels that receive a special benefit from the improvements. An assessment amount per EBU (Assessment Rate) for each Zone is established by taking the Balance to Levy in that Zone, and dividing that amount by the total number of EBU(s) for that Zone.

Total Balance to Levy/ Total EBU = Assessment Rate (Calculated for each Zone)

Step 5: This Assessment Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation.

Rate per EBU x Parcel EBU = Parcel Levy Amount

The budgets that establish the assessment rate for each Zone are outlined in Section III (District Budget) of this Report.

Assessment Range Formula

Pursuant to the California Constitution Article XIIID, the imposition of any new or increased assessment requires certain noticing and meeting requirements. Prior to the passage of Proposition 218 (Now Articles XIIIC and XIIID of the California Constitution), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed."

As part of this District formation and establishment of annual assessments to fund the ongoing operation, maintenance and servicing of those improvements, the proposed assessments submitted to the property owners of record shall include an annual inflationary adjustment referred to as an Assessment Range Formula. The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment that are inevitably associated with providing such improvements and activities, thereby reducing the need for additional noticing and mailing procedures simply because of inflationary factors. This Assessment Range Formula is defined by the following:

Commencing in the second fiscal year (Fiscal Year 2011/2012), and each fiscal year thereafter, the maximum assessment rate established in the previous fiscal year shall be adjusted by the greater of:

(1) Three percent (3.0%); or,

(2) The percentage increase of the Local Consumer Price Index (CPI).

The Consumer Price Index used for the inflationary adjustment shall be for the San Diego County Area for All Urban Consumers, as developed by U.S. Bureau of Labor Statistics. The CPI used shall be as determined by the Bureau of Labor Statistics for a similar period of time.

Each fiscal year the City shall identify the annual percentage change in the CPI, using the difference over a 12-month period between the current year and of the previous year. This annual percentage change in the CPI is generally established based on the annual percentage change from January to December, but a similar time period may be used if more current data is available. This percentage difference shall then establish the range of increase to the maximum assessment rate allowed based on CPI. If the percentage change in the CPI is less than three percent (3%), the maximum assessment rate shall be increased by three percent. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the City shall use the revised index or comparable system as approved by the City Council for determining fluctuations in the cost of living.

The adjusted maximum assessment is calculated each fiscal year independent of the annual budget and proposed annual assessment. Although the adjusted maximum assessment will increase each year, the proposed budget and annual assessment rate adopted for a fiscal year may not change from the previous fiscal year. If the budget and the corresponding District assessments for that fiscal year do not require an increase or the increase is less than the

Part III — District Budget

The District budget identifies an estimate of anticipated annual expenses associated with the ongoing operation, maintenance and servicing of street light improvements determined to be of special benefit that includes, but is not limited to maintenance of local street lights and related facilities, energy costs and incidental expenses that are authorized by the 1972 Act. The City is proposing the formation of this District to partially fund the operation, maintenance and servicing of lighting improvements throughout the City that provide special benefits to properties within the City. This District includes three Zones that reflect the proportional special benefits various properties, developments and subdivisions receive from street lights within the City.

The budget on the following page outlines the overall estimated annual cost to provide the District improvements, that portion of the costs that are considered to be general benefit and special benefit, and the proportional allocation of those special benefit costs to the three Zones in the District along with the additional funding support from the City to establish the proposed initial maximum assessment rates to be applied to the various parcels within each Zone.

BUDGET

	Total Budget	Contribution from Other Sources (*)	Special Benefit	Zone 1 Allocation	Zone 2 Allocation	Zone 3 Allocation
Personnel Expenses	$ 43,600.00	$ 32,700.00	$ 10,900.00	$ 8,720.00	$ 2,180.00	$ -
Operating Expenses						
Materials	10,000.00	5,000.00	5,000.00	4,000.00	1,000.00	-
Professional Services	45,220.00	8,500.00	36,720.00	29,376.00	7,344.00	-
Advertising	1,000.00	500.00	500.00	400.00	100.00	-
Street Light Expenses	675,000.00	506,250.00	168,750.00	135,000.00	33,750.00	-
Traffic Signals Expenses	140,000.00	105,000.00	35,000.00	28,000.00	7,000.00	-
Non-Capital Improvements	-					
Interfund	6,342.00	4,756.50	1,585.50	1,268.40	317.10	-
Radio Network	1,600.00	1,200.00	400.00	320.00	80.00	-
Debt Service	250,666.00	187,999.50	62,666.50	50,133.20	12,533.30	-
Transfer to Street Lighting Maintenance	410,000.00	307,500.00	102,500.00	82,000.00	20,500.00	-
Subtotal	***1,583,428.00***	***1,159,406.00***	***424,022.00***	***339,217.60***	***84,804.40***	-
Reserve Fund	106,005.50	-	106,005.50	84,804.40	21,201.10	-
Total	$ 1,689,433.50	$ 1,159,406.00	$ 530,027.50	$ 424,022.00	$ 106,005.50	$ -
Balance to Levy			***$ 530,134.88***	***$ 424,259.74***	***$ 105,875.14***	***$ -***
Total Parcels			57,590	47,020	10,060	510
Total EBUs			102,265.96	63,894.54	31,794.34	6,577.09
Proposed Maximum Rate per EBU				**$ 6.64**	**$ 3.33**	**$ -**

(*) "Contribution from Other Sources" may include but is not limited to interest earnings, existing assessment revenues, transfers from exiting fund balances or other revenues available to the City. These contributions are significantly greater and off-set any quantifiable general benefit.

BUDGET

	Total Budget	Contribution from Other Sources (*)	Special Benefit	Zone 1 Allocation	Zone 2 Allocation	Zone 3 Allocation
Personnel Expenses	$ 89,150.00	$ 32,700.00	$ 56,450.00	$ 45,189.00	$ 11,261.00	$ -
Operating Expenses						
Materials	10,000.00	5,000.00	5,000.00	4,003.00	997.00	-
Professional Services	45,220.00	8,500.00	36,720.00	29,395.00	7,325.00	-
Advertising	1,000.00	500.00	500.00	400.00	100.00	-
Street Light Expenses	925,000.00	361,250.00	563,750.00	451,293.00	112,457.00	-
Traffic Signals Expenses	250,000.00	250,000.00	-	-	-	-
Non-Capital Improvements						
Interfund	6,342.00	4,756.00	1,586.00	1,270.00	316.00	-
Radio Network	1,600.00	1,200.00	400.00	320.00	80.00	-
Debt Service	250,666.00	188,000.00	62,666.00	50,165.00	12,501.00	-
Transfer to Street Lighting Maintenance	410,000.00	307,500.00	102,500.00	82,053.00	20,447.00	-
Subtotal	***1,988,978.00***	***1,159,406.00***	***829,572.00***	***664,088.00***	***165,484.00***	**-**
Reserve Fund	203,240.00	-	203,240.00	162,700.00	40,540.00	-
Total	$ 2,192,218.00	$ 1,159,406.00	###########	$ 826,788.00	$ 206,024.00	$ -
Balance to Levy						
Total Parcels				47,020	10,060	510
Total EBUs				63,894.54	31,794.34	6,577.09
Proposed Maximum Rate per EBU				**$ 12.94**	**$ 6.48**	

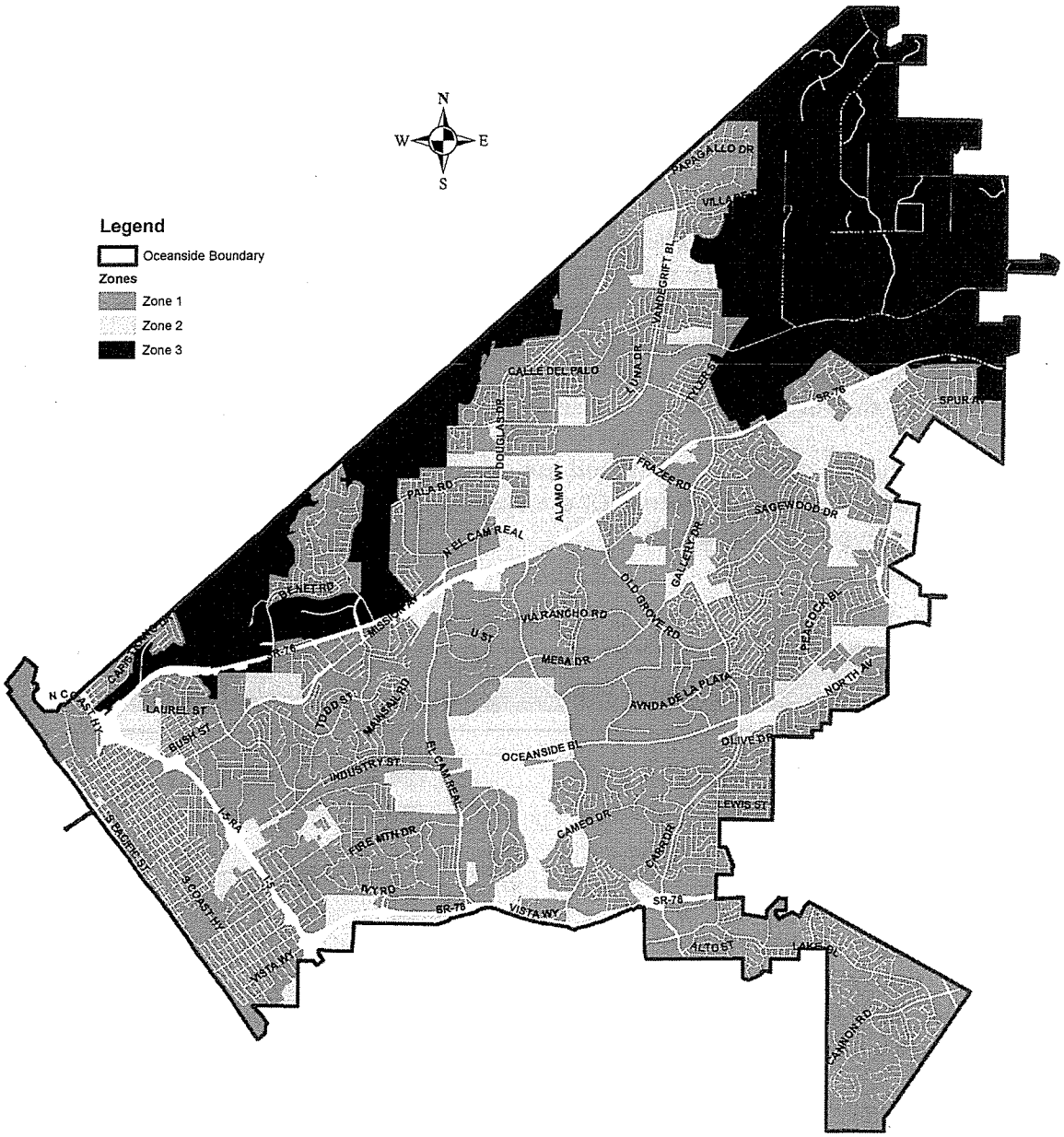
(*) "Contribution from Other Sources" may include but is not limited to interest earnings, existing assessment revenues, transfers from exiting fund balances or other revenues available to the City. These contributions are significantly greater and off-set any quantifiable general benefit.

Part IV — District Diagram

The parcels within the District consist of the lots, parcels and subdivisions of land within the City of Oceanside. The District Diagram identifies the boundaries of the District and the Zones therein, and is based on the San Diego County Assessor's Maps, the San Diego County Assessor's secured roll information and the street lighting improvements that existed at the time this Report was prepared. The combination of this Diagram and the Assessment Roll outlined in Part V of this Report; collectively constitute the District's Assessment Diagram.

A copy of the District Diagram is provided on the following page. A full size copy of this diagram is on file in the Office of Public Works Services Department, and by reference this diagram is made part of this Report.

ASSESSMENT DIAGRAM FOR
OCEANSIDE CITYWIDE LIGHTING DISTRICT 2010-1
CITY OF OCEANSIDE, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA



Part V — Assessment Roll

Parcel identification for each lot or parcel within the District is based on the District Diagram presented herein and available parcel maps and property data from the San Diego County Assessor's Office at the time this Report was prepared. A summary of the parcels to be assessed within this District along with the associated assessment amounts are provided herein. The actual assessment roll listing each of the parcels to be assessed within this District along with their respective assessment amounts (to be balloted) have been provided to the City Clerk under a separate cover due to the voluminous number of properties to be assessed.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rates described in this Report as approved by the City Council rather than a proportionate share of the original assessment.

The following is a summary of the land use classifications (parcels) and assessment amounts for each Zone within the District as established by the assessment rates and method of apportionment previously described.

Zone 1

	Parcel Count	EBUs	Levy Amount
Commercial	939	6,204.20	$ 41,195.87
Condominium	7,124	5,449.50	$ 36,184.68
Exempt	27	-	$ -
Hotel/Motel			
Industrial	455	7,327.23	$ 48,652.83
Institutional	63	331.79	$ 2,203.09
Multi-Family Residential 16-60 units			
Multi-Family Residential 2-4 units			
Multi-Family Residential 5-15 units			
Multi-Family Residential 60+ units			
Public	1,087	6,424.29	$ 42,657.31
Single Family Residential	36,199	36,199.00	$ 240,361.36
Vacant	1,126	1,958.53	$ 13,004.61
Grand Total	47,020	63,894.54	$ 424,259.74

Zone 2

	Parcel Count	EBUs	Levy Amount
Commercial	85	1,214.37	$ 4,043.86
Condominium	1,232	894.00	$ 2,977.02
Exempt	5	-	$ -
Hotel/Motel	4,081	16,054.06	$ 53,460.03
Industrial	99	706.25	$ 2,351.82
Institutional	24	432.05	$ 1,438.73
Multi-Family Residential 16-60 units	57	777.00	$ 2,587.41
Multi-Family Residential 2-4 units	655	1,536.75	$ 5,117.38
Multi-Family Residential 5-15 units	254	1,221.25	$ 4,066.76
Multi-Family Residential 60+ units	59	2,869.13	$ 9,554.19
Public	338	2,903.53	$ 9,668.76
Single Family Residential	2,938	2,938.00	$ 9,783.54
Vacant	233	247.94	$ 825.64
Grand Total	10,060	31,794.34	$ 105,875.14

Zone 3

	Parcel Count	EBUs	Levy Amount
Commercial	4	181.12	$ -
Condominium	84	61.50	$ -
Exempt	3	-	$ -
Hotel/Motel			
Industrial	7	257.17	$ -
Institutional	1	183.61	$ -
Multi-Family Residential 16-60 units			
Multi-Family Residential 2-4 units	4	6.75	$ -
Multi-Family Residential 5-15 units	1	8.13	$ -
Multi-Family Residential 60+ units			
Public	104	4,551.90	$ -
Single Family Residential	142	142.00	$ -
Vacant	160	1,184.91	$ -
Grand Total	510	6,577.09	$ -

Total

	Parcel Count	EBUs	Levy Amount
Commercial	1,028	7,599.69	$ 45,239.72
Condominium	8,440	6,405.00	$ 39,161.70
Exempt	35	-	$ -
Hotel/Motel	4,081	16,054.06	$ 53,460.03
Industrial	561	8,290.65	$ 51,004.65
Institutional	88	947.46	$ 3,641.82
Multi-Family Residential 16-60 units	57	777.00	$ 2,587.41
Multi-Family Residential 2-4 units	659	1,543.50	$ 5,117.38
Multi-Family Residential 5-15 units	255	1,229.38	$ 4,066.76
Multi-Family Residential 60+ units	59	2,869.13	$ 9,554.19
Public	1,529	13,879.73	$ 52,326.07
Single Family Residential	39,279	39,279.00	$ 250,144.90
Vacant	1,519	3,391.37	$ 13,830.25
Grand Total	57,590	102,265.96	$ 530,134.88

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, INITIATING PROCEEDINGS FOR THE FORMATION OF THE OCEANSIDE CITYWIDE LIGHTING DISTRICT 2010-1; AND THE LEVY AND COLLECTION OF ASSESSMENTS RELATED THERETO COMMENCING WITH FISCAL YEAR 2010/2011

WHEREAS, pursuant to the provisions of the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the Streets and Highways Code of California, beginning with Section 22500 (hereafter referred to as the "1972 Act") the City Council desires to initiate proceedings for the formation of the "Oceanside Citywide Lighting District 2010-1" (hereafter referred to as the "District"); and to levy and collect annual assessments to pay for the operation, maintenance and servicing of public street lighting improvements and appurtenant facilities related thereto. The 1972 Act provides for the formation of an assessment district pursuant to Chapter 2 Article 1 of the 1972 Act, and the levy and collection of assessments by the County on behalf of the City pursuant to Chapter 4 Article 2 of the 1972 Act;

WHEREAS, the City has retained Willdan as the Engineer of Work, for the purpose of assisting with the formation of the District, the establishment of assessments, and to prepare and file an Engineer's Report with the City Clerk in accordance with the 1972 Act and to assist with the property owner ballot proceedings connected therewith pursuant to the provisions of the California Constitution Article XIIID (hereafter referred to as the "Constitution").

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

SECTION 1. The proposed improvements shall include the operation, maintenance and servicing of public lighting improvements and appurtenant facilities in the City of Oceanside that have been determined to be of special benefit to properties within the District. These improvements may include, but are not limited to, the materials, equipment, utilities, labor, contract services and incidental expenses

necessary for the ongoing maintenance, operation and servicing of such improvements and appurtenant facilities within public right-of-ways or public areas. Maps detailing the location and extent of the proposed improvements to be serviced and maintained by the District are on file in the Public Works Department of the City of Oceanside and by reference these maps and specifications are made part of this Resolution.

SECTION 2. The boundaries of the proposed District shall be coterminous with the boundaries of the City of Oceanside, within the County of San Diego, State of California and shall include all parcels within said boundaries. Reference is hereby made to the San Diego County Assessor's maps for a detailed description of the lines and dimensions of the parcels therein. The proposed District may include zones of benefit where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements.

SECTION 3. The proposed annual assessments for the District shall provide a funding source to partially fund the ongoing annual expenses to maintain service and operate local street lighting improvements that provide special benefits to properties in the District. The net annual cost of providing such improvements shall be collected on the County tax rolls as annual assessments.

SECTION 4. The City Council hereby orders Willdan to prepare and file with the City Clerk an Engineer's Report concerning the formation of the Oceanside Citywide Lighting District 2010-1 and the levy of special benefit assessments for properties therein for the ongoing maintenance, servicing and operation associated with the street lighting that provides special benefits to those properties.

SECTION 5. The City Clerk shall certify to the adoption of this Resolution.

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PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2010, 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 2010-2011 within the Oceanside Citywide Lighting District 2010-1