



---

DATE: May 1, 2013

TO: Honorable Mayor and City Councilmembers

FROM: Property Management Division

SUBJECT: **APPROVAL OF THE RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991, INITIATE PROCEEDINGS FOR THE RENEWAL THEREOF, SET A PUBLIC HEARING; AND DIRECTION TO FORM AN OVERLAY LIGHTING DISTRICT IN THE RANCHO DEL ORO NEIGHBORHOOD**

**SYNOPSIS**

Staff recommends that the City Council adopt the following resolutions for the Oceanside Lighting District, Assessment District No. 2-1991, initiating the proceedings for the renewal thereof: 1) directing the City Engineer to prepare an Engineer's Report for the renewal thereof; 2) approving the Engineer's Report as prepared or modified; and 3) declaring intent to levy and collect assessments for FY 2013-14 and setting a public hearing for June 5, 2013, at 5:00 p.m. to confirm the assessments; and provide direction to return to City Council with appropriate resolutions to initiate proceedings to form an overlay lighting district to pay for new street lights in the Rancho Del Oro neighborhood.

**BACKGROUND**

The Oceanside Lighting District, Assessment District No. 2-1991 ("District"), is a citywide district that was formed under the provisions of the Landscaping and Lighting Act of 1972 (the "1972 Act"), which requires the annual renewal of the District in order to levy and collect assessments for the ensuing fiscal year. The levy of the assessments provides funds for the operation and maintenance of the street light improvements on public streets within the District. The assessments also fund the debt service incurred to acquire the street lights from San Diego Gas & Electric ("SDG&E") after the District was formed.

Located within the District is the Rancho Del Oro neighborhood, which area lies within the boundaries of The Villages of Rancho Del Oro Master Homeowners' Association ("HOA"). This area is hereinafter referred to as the "RDO Area". The street lights within the RDO Area are not of the same type as the remainder of the District and are in need of replacement. The cost to replace the streetlights in the RDO Area is the responsibility of the property owners within the boundaries of the RDO Area and not the District.

In June 2011, the HOA chose to litigate the replacement cost responsibility rather than collaborate with the City to resolve the street lighting problem. In February of 2013, the Superior Court granted judgment in favor of the City. The Court agreed that the City has no legal obligation to replace the street lights in the RDO Area. The City issued a notice to the residents within the RDO Area describing the street light situation and options for financing replacement of the lights. A copy of the notice provided by the City is attached.

## **ANALYSIS**

### *Oceanside Lighting District, Assessment District No. 2-1991*

The City Council, under the 1972 Act, must approve of the assessments being charged by the District. Also, the levy and collection of assessments requires that an Engineer's Report be prepared, which identifies the proposed improvements to be administered and maintained, and the method of apportionment (Exhibit A). The report also provides an estimate of the costs and the proposed assessments to be levied against the respective properties (Exhibit B). A diagram shows the parcels to be assessed (Exhibit D). The assessment roll, showing the proposed amount to be levied against each parcel (Exhibit C), is available for review in the City Clerk's Office.

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

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

In addition to the costs to operate, maintain and repair the street lights within the District, the costs also include an annual debt service incurred for the acquisition of the street lights from SDG&E. On February 27, 2013, the City Council approved the remaining debt to be paid in full. Notwithstanding this payoff, the FY 2013-14 budget reflects, as a reserve, the amount previously set aside as debt service. This reserve is created to help fund the future acquisition of improved lighting products to be used

citywide. It is anticipated that this could occur in the second half of FY 2013-14 resulting in energy savings in FY 2014-15 and into the future to fund the balance of the cost to retrofit the street lights.

An estimate of the costs related to the District and the proposed assessments for FY 2013-14 is contained in the accompanying Engineer's Report. Staff recommends that the City Council approve the Engineer's Report as submitted or modified and direct that the Engineer's Report be placed on file with the City Clerk's Office for public review.

#### *Overlay Lighting District for Rancho Del Oro Neighborhood*

The City, with the authority to form a lighting district within its jurisdiction, is looking to provide an option for the property owners within the RDO Area to fund the replacement of the street lights within the RDO Area. A new or overlay lighting district ("Overlay District"), if approved by a majority of the property owners within the RDO Area, could provide the funding mechanism and the operational structure needed to replace the street lights within the RDO Area.

However, before an Overlay District for the RDO Area can be formed, a number of steps need to occur. Those steps include hiring a consultant to analyze the cost of such an Overlay District; obtaining cost estimates and developing a schedule to replace the street lights; preparing City Council resolutions, an engineer's report and other documentation, conducting a required public balloting of affected property owners pursuant to proposition 218; and setting the applicable public hearing dates.

Staff is recommending that the City Council provide staff with direction to return to City Council with the appropriate resolutions to initiate proceedings to form an Overlay District to fund the replacement of the street lights in the RDO Area. Such direction would also include the expenditure of the necessary funds to hire such consultant. The amount could be funded from the reserve in the District's FY 2013-14 budget, as that amount is to be set aside to help fund the acquisition of improved lighting products for the District. Said cost would be reimbursed should the Overlay District formation be approved.

#### **FISCAL IMPACT**

##### *Oceanside Lighting District, Assessment District No. 2-1991*

The costs associated with the operation, maintenance and repair by the District are offset by the assessments levied against the properties within the District. The parcel assessments are entered on the real property tax roll collected by the County of San Diego and deposited into the District's account. The amount of the proposed assessment for FY 2013-14 is the same as the amount of the assessment levied for FY 2012-13. By way of example, a single-family residential parcel will be assessed \$15.80 in FY 2013-14, the same as in FY 2012-13. 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 FY 2013-14 to offset this shortfall, as in previous years, \$390,000 will be transferred from the gas tax fund balance (213.6900.0101) to (640618101.6800.0213) and appropriated to the Lighting District account (640618101.5351); and \$10,000 from Street Light Energy Fees anticipated revenue (1221.4336.0001) will be appropriated to the 320317221.5351 account for street light maintenance. The transfers will leave approximately \$166,269 in lighting district (221) restricted fund balance.

Revenue

• Annual Assessments	\$1,142,695
• Energy Charge	\$ 10,000
• Interest	\$ 3,000
• Transfer from Gas Tax	\$ <u>390,000</u>
<b>Balance</b>	<b>\$1,545,695</b>

Expenses

• Personnel	\$ 49,512
• Material/Operating	\$ 9,000
• Utilities/Traffic Signals	\$ 815,000
Radio Network	\$ 1,600
• Interfund	\$ 7,064
• Lighting Retrofit Reserve	\$ 253,519 (1)
• Transfer to Street Lighting Maintenance	\$ <u>410,000</u>
<b>Balance</b>	<b>\$1,545,695</b>

Footnote

(1) In previous years, approximately \$253,519 was the amount to pay for the debt service to acquire the street lights from SDG&E. Although the remaining debt was paid in full in FY 2012-13, the budget for FY 2013-14 reflects said amount as a reserve to potentially help fund the future acquisition of the improved lighting product.

*Overlay Lighting District for Rancho Del Oro Neighborhood*

The cost to hire a consultant to analyze the cost of forming an Overlay District, develop cost estimates to replace the street lights and other related expenses, and prepare the documentation needed to form the Overlay District is estimated at \$47,500. At this time there are sufficient funds in the District's FY 2013-14 budget (Lighting District fund (640618101.5351)) as \$253,519 has been set aside as a reserve to fund improved lighting products. At this time it is not anticipated that the entire amount will be needed to help fund the future acquisition of improved lighting products.

**COMMISSION OR COMMITTEE REPORT**

Does not apply.

**CITY ATTORNEY'S ANALYSIS**

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

**RECOMMENDATION**

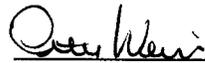
Staff recommends that the City Council adopt the following resolutions for the Oceanside Lighting District, Assessment District No. 2-1991, initiating the proceedings for the renewal thereof: 1) directing the City Engineer to prepare an Engineer's Report for the renewal thereof; 2) approving the Engineer's Report as prepared or modified; and 3) declaring intent to levy and collect assessments for FY 2013-14 and setting a public hearing for June 5, 2013, at 5:00 p.m. to confirm the assessments; and provide direction to return to City Council with appropriate resolutions to initiate proceedings to form an overlay lighting district to pay for new street lights in the Rancho Del Oro neighborhood.

PREPARED BY:



Rosa A. Jones  
Contract/Lease Coordinator

SUBMITTED BY:



Peter A. Weiss  
City Manager

REVIEWED BY:

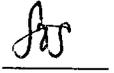
Michelle Skaggs Lawrence, Deputy City Manager



Douglas Eddow, Real Property Manager



Scott O. Smith, City Engineer



Teri Ferro, Financial Services Director



Attachments: Resolutions  
City Notice

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE, CALIFORNIA, DIRECTING THE CITY ENGINEER TO PREPARE A REPORT ON THE FISCAL YEAR 2013-2014 RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

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

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

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

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

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

///

///

///

///

///

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

3 SECTION 1. That no new improvements or substantial changes in existing  
4 improvements are planned for fiscal year 2013-2014 within the Oceanside Lighting  
5 District. The amount of proposed assessment rate shall not exceed the maximum  
6 assessment rate authorized to be levied in the district for the 2012-2013 fiscal year.

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

14 PASSED AND ADOPTED by the City Council of the City of Oceanside,  
15 California, this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

- 16 AYES:
- 17 NAYS:
- 18 ABSENT:
- 19 ABSTAIN:

20  
21  
22  
23 ATTEST:

24  
25 \_\_\_\_\_  
26 City Clerk

\_\_\_\_\_  
MAYOR OF THE CITY OF OCEANSIDE

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY

\_\_\_\_\_  
*Barbara Hamilton, #8857*  
City Attorney

27 Resolution directing the City Engineer to prepare a report the  
28 Fiscal year 2013-2014 renewal of the Oceanside Lighting District,  
Assessment District No. 1-1988

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
3 OCEANSIDE, CALIFORNIA, APPROVING THE CITY  
4 ENGINEER'S REPORT REGARDING THE 2013-2014 FISCAL  
5 YEAR RENEWAL OF THE OCEANSIDE LIGHTING DISTRICT,  
6 ASSESSMENT DISTRICT NO. 2-1991

7 WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, the City  
8 Council of the City of Oceanside adopted Resolution No. directing the City  
9 Engineer to prepare a report on the Oceanside Lighting District, Assessment  
10 District No. 2-1991 for fiscal year 2013-2014;

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

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

18 WHEREAS, the amount of the proposed assessment is the same as or less  
19 than the amount of the assessment levied for the 2012-2013 fiscal year;

20 WHEREAS, the levy of the proposed assessment is exempt from the provisions  
21 of Article XIID of the California Constitution (Proposition 218) pursuant to Section  
22 5, Subsection (a) and/or (b) of that Article; and

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

27 ///

28 ///

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

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

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

8 PASSED AND ADOPTED by the City Council of the City of Oceanside,  
9 California, this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

10 AYES:

11 NAYS:

12 ABSENT:

13 ABSTAIN:

14 \_\_\_\_\_  
15 Mayor of the City of Oceanside

16 APPROVED AS TO FORM:  
17 OFFICE OF THE CITY ATTORNEY

18 \_\_\_\_\_  
19 *Robert J. ...*  
20 \_\_\_\_\_  
21 City Attorney

22 ATTEST:

23 \_\_\_\_\_  
24 City Clerk

25  
26  
27 Resolution approving the City Engineer's Report regarding the  
28 2013-2014 fiscal year renewal of the Oceanside Lighting District,  
Assessment District No. 2-1991

ENGINEER'S REPORT  
OCEANSIDE LIGHTING DISTRICT  
ASSESSMENT DISTRICT NO. 2-1991  
FISCAL YEAR 2013-2014

As directed by the City Council of the City of Oceanside, I, Scott O. Smith, City Engineer, respectfully submit the following Report regarding the 2013-2014 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 and on file in the Public Works Department.
- 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 O. Smith  
City Engineer

OCEANSIDE LIGHTING DISTRICT  
ASSESSMENT DISTRICT 2-1991  
FISCAL YEAR 2013-2014

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.

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.

<b>MAINTENANCE AND ADMINISTRATIVE EXPENSES SUMMARY</b>	Approved Expenses FY 12-13	Projected Expenses FY 13-14	
<u>EXPENSES</u>	<u>Combined per Year</u>	<u>Combined per Year</u>	
1. Personnel	\$47,154	\$49,512	
2. Operating Expenses			
a. Materials	\$0	\$0	
b. Professional Services	\$8,500	\$8,500	
c. Advertising	\$500	\$500	
Sub-Total Operating Expenses	<u>\$9,000</u>	<u>\$9,000</u>	
3. Utilities			
a. Street Lights	\$675,000	\$675,000	
b. Traffic Signals	\$140,000	\$140,000	
c. Energy Contingency			
Sub-Total Utilities	\$815,000	\$815,000	
4. Non-Capital Improvements	\$0	\$0	
5. Interfund	\$6,728	\$7,064	
6. Radio Network	\$1,600	\$1,600	
7. Debt Service	\$250,563	\$0	(1)
8. Lighting retrofit reserve		\$253,519	(2)
9. Transfer to Street Lighting Maintenance	<u>\$410,000</u>	<u>\$410,000</u>	(3)
<b>TOTAL EXPENSES</b>	<b>\$1,540,045</b>	<b>\$1,545,695</b>	
<b>TOTAL EXPENSES (W/O ENERGY RES.)</b>	<b>\$1,540,045</b>		

<b>REVENUE SUMMARY</b>	Approved Revenue 2012-13	Projected Revenue FY 13-14	
<u>REVENUE</u>	<u>Combined per Year</u>	<u>Combined per Year</u>	
Total Annual Assessments	\$1,107,821	\$1,142,695	
Transfer from Gas Tax	\$390,000	\$390,000	(4)
18-Month Energy Fees	\$10,000	\$10,000	
Transfer from Fund Balance	\$29,224	\$0	
Fund Balance Interest	<u>\$3,000</u>	<u>\$3,000</u>	
<b>TOTAL REVENUE</b>	<b>\$1,540,045</b>	<b>\$1,545,695</b>	

<b>ASSESSMENT UNIT SUMMARY</b>	Approved FY 12-13	Projected FY 13-14
No. of Assessment Units		
Local	580,458	580,458
Non-Local	1,187,287	1,187,287
Weighted Average per Assessment Unit		
Local	1.2628	1.2628
Non-Local	0.3175	0.3175
Annual Assessment		
Per Single Family Residence	\$15.80	\$15.80
Per Condominium Unit	\$12.84	\$12.84

<u>FUND BALANCE ACCOUNT</u>	
Fund Balance as of 2/1/2013	\$166,269
Transfer from Fund Balance	\$0
Estimated ending Fund Balance	\$166,269

**Footnotes**

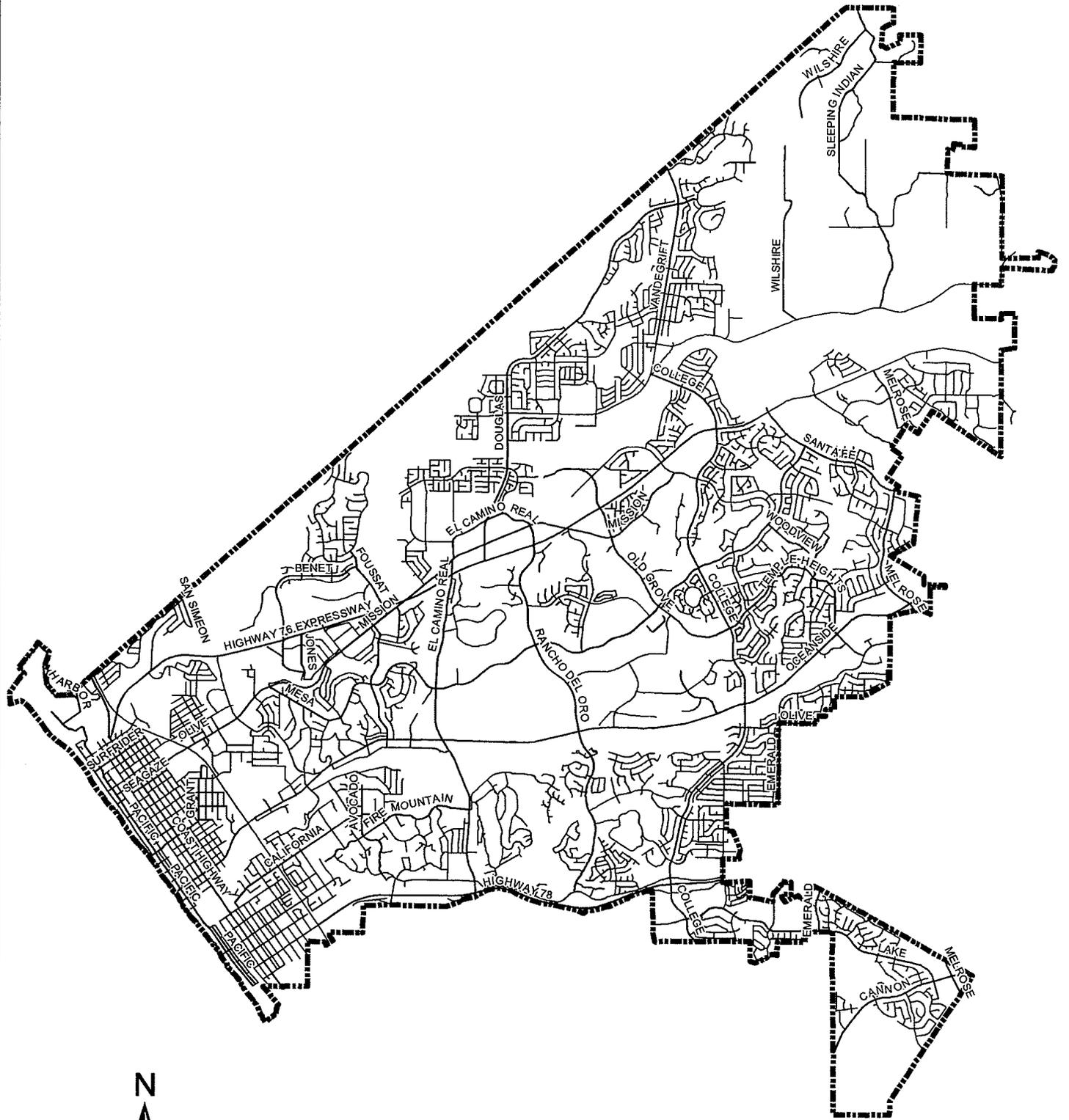
- (1) Debt Service of \$250,563 was paid off by Council action on 2/27/13.
- (2) Lighting retro fit reserve of \$253,519 will be held for a proposed citywide lighting retrofit that could begin in the 2nd half of FY 13-14
- (3) A total of \$410,000 will be transferred to the Transportation Division to offset Street Light Maintenance costs
- (4) \$390,000 will be transferred from the Gas tax Fund to cover the anticipated shortfall for FY 2013-14

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

**EXHIBIT “C” IS MADE A PART OF  
THE PRELIMINARY ENGINEER’S  
REPORT PER COUNCIL ACTION ON  
May 1, 2013.**

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

Exhibit D



No Scale

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
3 OCEANSIDE, CALIFORNIA, DECLARING ITS INTENTION  
4 TO LEVY AND COLLECT ASSESSMENTS WITHIN THE  
5 OCEANSIDE LIGHTING DISTRICT, ASSESSMENT  
6 DISTRICT NO. 2-1991, FOR FISCAL YEAR 2013-2014 AND  
7 SETTING A PUBLIC HEARING ON THE PROPOSED  
8 ASSESSMENTS

9 WHEREAS, pursuant to the Landscape and Lighting Act of 1972, the City  
10 Council of the City of Oceanside adopted Resolution No. directing the City  
11 Engineer to prepare a Report on the Oceanside Lighting District for fiscal year 2013-  
12 2014;

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

17 WHEREAS, the amount of the proposed assessment rate is the same or less  
18 than the amount of the assessment rate authorized to be levied for the 2012-2013  
19 fiscal year;

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

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

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

///

///

1 ///

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

4 SECTION 1. That it is the intent of this Council to levy and collect  
5 assessments for fiscal year 2013-2014 within the Oceanside Lighting District,  
6 Assessment District No. 2-1991, the general location of said district is all that real  
7 property within and having the same boundaries as the City of Oceanside.

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

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

15 SECTION 4. That this City Council sets a public hearing on the proposed  
16 assessments for June 5, 2013, at 5:00 PM, or as soon thereafter as possible, in the  
17 City Council Chambers located at 300 N. Coast Highway, Oceanside, California.

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

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

26 ///

27 ///

28 ///

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

///

PASSED AND ADOPTED by the City Council of the City of Oceanside,  
California, this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Mayor of the City of Oceanside

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY

*Pauline Hamilton, ASST.*  
\_\_\_\_\_  
City Attorney

ATTEST:

\_\_\_\_\_  
City Clerk

**Resolution declaring its intent to levy and collect assessments  
for fiscal year 2013-2014 within the Oceanside Lighting District,  
Assessment District No. 2-1991**



# CITY OF OCEANSIDE

## OFFICE OF CITY MANAGER

**March 27, 2013**

Residents of Rancho Del Oro:

### **NOTICE REGARDING RANCHO DEL ORO STREET LIGHTS**

The 635 metal street lights in the Rancho Del Oro neighborhood are reaching the end of their useful lives. They are deteriorating due to rust at their bases. The City has removed 169 of the light poles so far, to abate a falling hazard, and has replaced two of those.

The specialized street lights and other street furniture in Rancho Del Oro were installed by the developer in the mid-1980s, in an effort to create a unique aesthetic character for the neighborhood. Standard street lights in Oceanside are made of concrete and have an estimated useful life exceeding 50 years; the metal street lights in Rancho Del Oro have an estimated useful life of 20-25 years. The City approved the installation of the metal street lights on the condition that the property owners in the development would bear any extra maintenance and replacement costs associated with the specialized items. The property owners' obligations were also set forth in CC&Rs (covenants, conditions and restrictions) recorded against all the parcels in the development, thereby providing notice to subsequent purchasers that they would be responsible for such extra costs.

Operation and maintenance of street lights and traffic lights throughout the city are funded through a citywide assessment district (the "Lighting District"), the budget for which is reviewed and approved annually in public hearings before the Oceanside City Council. Because the City has expected that the property owners in Rancho Del Oro, through their homeowners' association, were collecting funds for the specialized street lights, the Lighting District budget has never included extra costs for maintenance or replacement of the Rancho Del Oro street lights. The properties in Rancho Del Oro are assessed the same amount for street lighting as properties in other lighted neighborhoods in the city. The City has not collected any additional assessments to pay for extra maintenance or replacement of the specialized lights in Rancho Del Oro, and the City has reduced the assessments on those properties affected by the removal of the street lights.

The City began removing the most deteriorated light poles in December of 2009, after several of them had fallen. Before removing the lights, City staff attempted to contact the management company for The Villages of Rancho Del Oro Master Homeowners' Association (the "HOA") in an effort to develop a mutually acceptable plan to replace the lights. The City made several offers to assist the HOA with funding a replacement program; each of those offers was rejected.

The HOA chose to litigate in June 2011 rather than collaborate with the City to resolve the street light problem. Among other arguments, the HOA's attorneys claimed, without any supporting evidence, that the

City had misspent funds from the Lighting District. However, the City demonstrated that it never collected any funds to replace the specialized lights in the Rancho del Oro community. Because the HOA failed to present any evidence in support of its position, the Superior Court granted judgment in favor of the City on February 22, 2013. The Court agreed that the City has no legal obligation to replace the Rancho Del Oro street lights. The Court also rejected the HOA's argument that the City had not properly spent the Lighting District funds. Although entitled to recover its substantial litigation costs and attorneys' fees as the prevailing party, the City has agreed to waive its right to those costs in exchange for the HOA's waiving its right to appeal the Court's decision. The City waived its right to recover attorneys' fees and costs in order to preserve the HOA's resources to spend on lights.

### **Options and Opportunities for Replacing the Lights**

Now that the litigation has concluded, the problem remains—the City is not responsible for replacing the Rancho Del Oro street lights, and the HOA has not offered to contribute funds sufficient to replace the lights. However, there are opportunities and methods for raising or identifying the necessary funding to restore the street lights. At \$3,500 per street light, the total estimated replacement cost for all 635 lights is \$2,222,500, and the estimated cost to replace the lights that have already been removed is \$584,500.

- **Formation of an Overlay Assessment District.** The residents of Rancho Del Oro can petition the City to form an assessment district to fund replacement of the lights under the Landscaping and Lighting Act of 1972. If a majority of the affected property owners vote to approve the formation of a new district pursuant to the requirements of Proposition 218, funds for the project can be raised through a bond issuance and the costs can be repaid over time through assessments against the benefited properties.
- **HOA Contribution.** The HOA can assess its members (without having to comply with Proposition 218, as the City is required to do) for some or all of the replacement costs, and the City can develop a replacement schedule based on the HOA contribution.

It is the City's understanding that the HOA has allocated a portion of monthly assessments collected from its members to a reserve fund for the maintenance, repair and eventual replacement of the street lights. Rancho Del Oro HOA members are encouraged to contact the management company with any questions or concerns regarding these reserves.

Sincerely,



Peter Weiss, City Manager  
City of Oceanside  
300 N. Coast Highway  
Oceanside, CA 92054  
760.435.4500