

# STAFF REPORT



ITEM NO. 26  
CITY OF OCEANSIDE

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DATE: June 3, 2015

TO: Honorable Mayor and City Council Members

FROM: Property Management

SUBJECT: **RESOLUTIONS CONFIRMING THE ASSESSMENTS FOR FY 2015-16 AND ORDERING THE ASSESSMENTS TO BE LEVIED FOR FY 2015-16 FOR THE OCEANSIDE LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991; AND APPROVAL OF THE TRANSFER OF \$390,000 IN GAS TAX FUNDS, \$10,000 IN ENERGY FEES AND \$6,908 FROM THE OCEANSIDE LIGHTING DISTRICT FUND BALANCE**

## SYNOPSIS

Staff recommends that the City Council adopt resolutions approving the Engineer's Report confirming the diagram and assessments and ordering the assessments to be levied for FY 2015-16 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of \$390,000 in Gas Tax Funds, \$10,000 in Energy Fees and \$6,908 from the Oceanside Lighting District Fund Balance.

## BACKGROUND

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

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

## ANALYSIS

On April 22, 2015 the City Council adopted Resolution 15-R0190-1 approving the Engineer's Report for the annual renewal of the District. As part of the public hearing process regarding the proposed FY 2015-16 assessments to be levied within the District, after consideration of the evidence submitted, the City Council is requested to

adopt resolutions confirming the diagram and assessments for FY 2015-16. 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 public hearing provides all interested persons an opportunity to be heard, either in writing or orally at the public hearing, regarding the renewal and assessments.

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

The benefit units assigned to a parcel are based on similar factors used to calculate the City's thoroughfare fees. The use of the property is the determining factor in the corresponding benefit unit assignment. Single-family residential homes are assigned 10 benefit units whereas shopping centers are assigned 500 benefit units per acre.

An itemized outline of District costs, including the calculation of the average annual assessment per benefit unit, is summarized in the Engineer's Report and in Exhibits A, B and D. Exhibit C of the Modified Engineer's Report includes the proposed assessments to be levied against each lot and parcel of real property within the District. Exhibit C is available for review in the City Clerk's office. The City Council is required to conduct a public hearing regarding the proposed FY 2015-16 assessments to be levied within the District.

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 District. The assessments levied within the District have not been increased since 1991, the year the District was formed. A single-family residence is assessed \$15.80 annually. Although the assessment revenue has not increased since 1991, the District expenditures have increased over the years. Electric consumption is one of the largest components of the overall expenditures that have steadily increased. Currently, the cost to provide electricity to operate the approximately 8,299 streetlights within the District is about \$61,000 a month. Also, as new development occurs, additional streetlights that are installed add to the operational expenses

Table: 1

Revenue

- Annual Assessments \$1,147,773
- Energy Fees \$ 10,000

• Interest	\$ 3,000	
• Transfer From Gas Tax	\$ 390,000	
• Transfer From Fund Balance	\$ <u>6,908</u>	
Total		\$1,557,681
Expenses		
• Personnel	\$ 60,923	
• Material/Operating	\$ 9,000	
• Radio Network	\$ 1,650	
• Utilities/Traffic Signals	\$ 591,519*	
• Interfund	\$ 8,370	
• Lighting Retro Fit	\$ 476,219	
• Transfer To Street Lighting	\$ <u>410,000</u>	
• Payment/Cost		
• Maintenance		
Total		<u>\$1,557,681</u>
Difference (Surplus/Shortfall)		\$ 0

\*Total Expenses Without Energy Reserves

### **FISCAL IMPACT**

The annual assessments are entered on the property tax roll, collected by the County of San Diego and deposited into the District Fund. The total amount of the assessments levied for FY 2015-16 is anticipated to be \$1,147,773 and the expenditures for FY 2015-16 are estimated at \$1,557,681 without an energy contingency reserve.

A citywide street light retrofit project to convert all street lights from high-pressure sodium to LED was completed in December of 2014. The retrofit project will produce an annual energy and tariff savings of approximately \$476,220 which will be used to offset the cost of debt service on the loan.

The current amount of revenue generated from the levy of the annual assessments in the amount of \$1,147,773 is not sufficient to cover the cost to effectively operate and maintain the street lighting system within the District. In FY 2015-16, as in previous years to cover the shortfall, the following will occur: \$390,000 will be transferred from the Gas Tax Fund (1213.6900.0101) to the General Fund (1101.6800.0213) and appropriated to the Street Lighting Maintenance Fund (640618101.5351); and \$10,000 from the Street Light Energy Fees anticipated revenue (1221.4336.0001) will be appropriated to (320317221.5351) and \$6,908 of unallocated reserves will fund the operating shortfall through a transfer from (1213.6900.0101) to (1101.6800.0213) from

Oceanside Lighting District Restricted Fund balance (221.3010) will be appropriated to (640618101.5351) to cover the additional operating shortfall. The transfers will leave approximately \$590,683 in the 221 Restricted Fund balance.

**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 resolutions approving the Engineer's Report confirming the diagram and assessments and ordering the assessments to be levied for FY 2015-16 for the Oceanside Lighting District, Assessment District No. 2-1991; and approve the transfer of \$390,000 in Gas Tax Funds, \$10,000 in Energy Fees and \$6,908 from the Oceanside Lighting District Fund Balance.

PREPARED BY:



Rosa A. Jones  
Contract/Lease Coordinator

SUBMITTED BY:



Michelle Skaggs Lawrence  
Interim City Manager

REVIEWED BY:

Peter Weiss, Assistant City Manager

Jane McPherson, Interim Financial Services Director

Scott O. Smith, City Engineer

Douglas E. Eddow, Real Estate Manager



1 RESOLUTION NO.

2 RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
3 OCEANSIDE, CALIFORNIA, CONFIRMING THE 2015-2016 FISCAL  
4 YEAR DIAGRAM AND ASSESSMENT FOR THE OCEANSIDE  
5 LIGHTING DISTRICT, ASSESSMENT DISTRICT NO. 2-1991

6 WHEREAS, pursuant to the Landscaping and Lighting Act of 1972, Part 2 of  
7 Division 15 of the California Streets and Highways Code of California, Section  
8 22500 et seq., hereinafter referred to as the "Act", the City Council of the City of  
9 Oceanside adopted Resolution No. 15-R0191-1 declaring its intention to levy and  
10 collect assessments for fiscal year 2015-2016 to pay the maintenance, operations  
11 and administrative costs for appurtenant improvements within the Oceanside  
12 Lighting District, Assessment District No. 2-1991;

13 WHEREAS, said resolution also set a public hearing for June 3, 2015, at 6:00  
14 p.m., or as soon thereafter as possible, in the City Council Chambers located at  
15 300 North Coast Highway, Oceanside, California, as the time and place to hear  
16 protests and objections to the proposed assessment and the renewal of said  
17 district.

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

21 WHEREAS, the Engineer's Report for the Oceanside Lighting District was  
22 approved by the Oceanside City Council on April 22, 2015, and no changes have  
23 been made to that report.

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

1 WHEREAS, the City Council of the City of Oceanside adopted Resolution No.  
2 15-R0190-1 which approved the Engineer's Report regarding the district's  
3 proposed 2015-2016 costs and assessments;

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

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

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

11 SECTION 1. That on June 3, 2015, at 5:00 p.m., said hearing on the  
12 proposed 2015-2016 fiscal year assessment and renewal was duly held, and each  
13 and every step required under the Act and the California Constitution to levy said  
14 assessment and renew said district in the proceedings prior to and including said  
15 hearing has been duly taken.

16 SECTION 2. That the City Council does determine that the Engineer's  
17 Report, approved by its Resolution No. 15-R0190-1 and the amount of the  
18 assessment rates shown in said Report, should be confirmed.

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

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

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PASSED AND ADOPTED by the City Council of the City of Oceanside,  
California, this \_\_\_\_\_ day of \_\_\_\_\_ 2015, by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

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

APPROVED AS TO FORM:  
OFFICE OF THE CITY ATTORNEY

ATTEST:

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

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

**Resolution confirming the fiscal year 2015-2016 diagram  
and assessment for the Oceanside Lighting District,  
Assessment District No. 2-1991**