



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JUNE 7, 2022**

**FROM: FINANCE DEPARTMENT** **WARDS: ALL**

**SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2022-2023 IN THE STREET LIGHTING ASSESSMENT DISTRICT NO.1; APPROVING PRELIMINARY ENGINEER'S REPORT; AND GIVING NOTICE OF PUBLIC HEARING ON PROPOSED ASSESSMENT**

## **ISSUE:**

Adopt a resolution declaring the City's intent to levy and collect assessments for Fiscal Year 2022-2023 in the Street Lighting Assessment District No. 1; approving the Preliminary Engineer's Report; and setting a public hearing for final approval of the levy of special assessments within the District for July 5, 2022 at 3:00 p.m.

## **RECOMMENDATIONS:**

That the City Council:

1. Adopt a resolution declaring the City's intent to levy and collect assessments for Fiscal Year 2022-2023 within Street Lighting Assessment District No. 1 and approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments within the District for July 5, 2022 at 3:00 p.m.

## **BACKGROUND:**

On February 15, 2022, the City Council adopted Resolution No. 23826 ordering the preparation of the attached Preliminary Annual Engineer's Report for the City of Riverside Street Lighting District No. 1 (District). The attached report outlines the proposed cost of maintaining and operating streetlights citywide for Fiscal Year 2022-2023, as well as the method of apportioning those costs to the property owners within the District.

The Street Lighting Assessment District No. 1 was formed in July 1988 under the provisions of the Landscaping and Lighting Act of 1972. Passed by the voters in June 1997, Measure EE approved the continuation of the assessments at the same rates as originally established. The Engineer's

Report apportions a portion of the annual cost of maintaining and operating City Street Lights to the parcels within the various lighting zones (including residential, rural and non-residential zones) through annual assessments.

The Street Lighting Assessment District uses a unit of benefit formula to determine streetlight assessments for individual properties. The first unit of benefit is the first 199 feet of street frontage. An additional unit of benefit is added for each additional 100 feet of street frontage. Residential properties on corner parcels are assessed based on street frontage along one side. Non-residential properties on corner parcels are assessed based on all street frontages.

## **DISCUSSION:**

The following table outlines the proposed Fiscal Year 2022-2023 Street Lighting Assessment District No. 1 assessments per unit of benefit.

<b>Zone</b>	<b>Parcels</b>	<b>Levied UOBs</b>	<b>City-Subsidized UOBs <sup>(3)</sup></b>	<b>Total UOBs</b>	<b>Charge per UOB</b>	<b>City-Subsidized Total <sup>(3)</sup></b>
R Zone 1: Residential (Urban Area)	60,097	61,352	0	61,352	\$31.44	\$0.00
X Zone 2: Residential-Rural (Urban Area)	1,095	1,798	568	2,366	\$23.76	\$13,495.68
L Zone 3: Condominium (Urban Area)	7,348	7,489	0	7,489	\$27.60	\$0.00
A Zone 4: Apartment and Mobile Home Park (Urban Area)	1,295	29,118	0	29,118	\$27.60	\$0.00
M Zone 5: Non-Residential (Urban Area)	3,721	8,500	0	8,500	\$67.04	\$0.00
C Zone 6: Rural Area	213	334	141	475	\$2.44	\$344.04
<b>Total</b>	<b>73,769</b>	<b>108,591</b>	<b>709</b>	<b>109,300</b>		<b>\$13,839.72</b>

In Rural zones, the District set a cap of 3 units of benefit per parcel. For Fiscal Year 2022-2023, this will result in a General Fund subsidy of approximately \$13,840. In addition, because there was no adjustment based on CPI set at formation, the proposed level of assessments will currently recover approximately 75% of the estimated streetlight operation cost, with the General Fund subsidizing the shortfall. For Fiscal Year 2022-2023, the General Fund subsidy for this is estimated to be approximately \$1,204,301. Increasing assessments to account for increased operations and maintenance cost will require a majority vote of all property owners and renters paying assessments within the District in accordance with Proposition 218.

In order to pay for costs associated with providing services in newly developed areas of the City, including increased street lighting, the City Council of the City of Riverside approved a services component with the formation of two new Community Facilities Districts (CFD). City Staff will continue to recommend the inclusion of services components in future new developments to ensure full cost recovery related to new development costs. The streetlights maintained within such a CFD will be excluded from Street Lighting Assessment District No. 1, and property owners will pay the cost of their street light maintenance through a Special Tax – which is not capped at the same rate as originally established in the District. The first such CFD formed with a streetlight maintenance component is Community Facilities District No. 2021-3 (Bridle Ridge).

Street Lighting Assessment District No. 1 procedures require the adoption of a Resolution approving the 2022- 2023 Preliminary Engineer's Report and the proposed assessments. Due to the size of the proposed assessment roll referred to in the Engineer's Report, it is listed under a separate cover and is on file with the City Clerk. The Resolution also sets the required public hearing for the final approval of the levy of special assessments within the District for July 5, 2022 at 3:00 p.m.

### **STRATEGIC PLAN ALIGNMENT:**

This item contributes to **Priority No. 5 - High Performing Government** and **Goal No. 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The preparation of an annual engineer's report and levy process complies with the Landscaping and Lighting Act of 1972, under which the Street Lighting Assessment District No. 1 was formed. This process provides transparency for community members to whom the assessments are levied each year.
2. **Equity** – In order to maintain improvements within the Street Lighting Assessment District, the annual maintenance cost is funded through an annual levy calculated based on the special benefit shared by each parcel within the district.
3. **Fiscal Responsibility** – The assessments are levied annually to pay the costs associated with maintaining enhanced improvements within the district. This ensures the additional cost of maintaining enhanced street light improvements is borne primarily by the property owners that benefit from them.
4. **Innovation** – Utilizing a Street Lighting Assessment District is an innovative way to offset the cost to maintain improvements that were constructed outside of normal City standards.
5. **Sustainability & Resiliency** – The formation of a Street Lighting Maintenance District provides a transparent and equitable way to fund and report on maintenance of enhanced street light improvements within the City. The annual engineer's report and levy process helps to ensure transparent reporting to all members of the community, and within the district.

### **FISCAL IMPACT:**

The total fiscal impact of the Street Lighting Maintenance District will be approximately \$4,770,777 for Fiscal Year 2022-2023. The Fiscal Year 2022-2023 Street Lighting Maintenance District assessment levy will collect approximately \$3,552,636, which will cover approximately 75% of the estimated streetlight maintenance and operations costs. The General Fund subsidy for Fiscal Year 2022-2023 is estimated to be \$1,218,141.14 and is incorporated within the Fiscal Year 2022-

2023 proposed budget.

Prepared by: Heidi Schrader, Debt & Treasury Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Edward Enriquez, Interim Assistant City Manager  
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Preliminary 2022-2023 Street Light Assessment District No. 1 Engineer's Report
3. Preliminary 2022-2023 Street Light Assessment District No. 1 Assessment Roll
4. Preliminary 2022-2023 Street Light Assessment District No. 1 Engineer's Diagrams