



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 5, 2022

FROM: FINANCE DEPARTMENT WARD: ALL

**SUBJECT: PUBLIC HEARING – RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENT FOR STREET LIGHTING ASSESSMENT DISTRICT NO. 1
DIAGRAM AND LEVYING ASSESSMENTS FOR FISCAL YEAR 2022-2023**

ISSUE:

Conduct a Public Hearing for the purpose of receiving comments relative to the Fiscal Year (FY) 2022/23 Street Lighting Assessment District No. 1 Assessments and adopt a resolution authorizing the City of Riverside to confirm the diagram and assessment for the Street Lighting Assessment District No. 1 and levying assessments on all assessable lots and parcels of land therein for the FY 2022/23.

RECOMMENDATIONS:

That the City Council:

1. Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2022/23 Street Lighting Assessment District No. 1 assessments; and
2. Adopt a resolution authorizing the City of Riverside to confirm the diagram and assessment for the Street Lighting Assessment District No. 1 and levying assessments on all assessable lots and parcels of land therein for the FY 2022/23.

BACKGROUND:

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 boundaries upon formation included the entire territory within the corporate boundaries of the City of Riverside, as they existed on September 1, 1987. Since the formation of the Street Lighting District, the City has authorized annexations of property to the District. The annexed areas are included in the attached Engineer's Report.

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.

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 FY 2022/23, as well as the method of apportioning those costs to the property owners within the District.

On June 7, 2022, the City Council adopted Resolution 23860, approving the Preliminary Annual Engineer's Report for the Street Lighting Assessment District No. 1 and setting a public hearing for July 5, 2022, to approve the Final Annual Engineer's Report for the Street Lighting Assessment District No. 1 and authorizing the levy of special assessments within the District.

DISCUSSION:

The following table outlines the proposed FY 2022/23 Street Lighting Assessment District No. 1 assessments per unit of benefit.

Zone	Parcels	Levied UOBs	City-Subsidized UOBs ⁽³⁾	Total UOBs	Charge per UOB	City-Subsidized Total ⁽³⁾
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
Total	73,769	108,591	709	109,300		\$13,839.72

In Rural zones, the District set a cap of 3 units of benefit per parcel. For FY 2022/23, 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 FY 2022/23, the General Fund subsidy for this is estimated to be approximately \$1,204,301. Increasing assessments to account for increased operations and maintenance costs 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 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.

Amounts and parcels listed in the Final Assessment Roll referred to in the Final Assessment Engineer's Report are based on current data available. The rates will not change, but the overall revenue collected is subject to slight modification when the County of Riverside releases its final accepted parcel configuration data at the end of June 2022.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **goal 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 between 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 this action for FY 2022/23 is \$4,770,777.14. The FY 2022/23 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 is estimated to be \$1,218,141.14 and is incorporated within the FY 2022-2024 proposed budget.

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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
5. Resolution 23860 declaring intention to levy and collect assessments for FY 2022 – 2023
6. Presentation