



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 23, 2023

FROM: FINANCE DEPARTMENT WARDS: ALL

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2023/24 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 (FY) 2023/24 in the Street Lighting Assessment District No. 1; approve the Preliminary Engineer's Report and set a public hearing for final approval of the levy of special assessments within the District for June 27, 2023, 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 FY 2023/24 within Street Lighting 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 June 27, 2023, at 3:00 p.m.

BACKGROUND:

On February 7, 2023, the City Council adopted Resolution No. 23952, 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 2023/24, 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 FY 2023/24 Street Lighting Assessment District No. 1 assessments per unit of benefit.

Zone	Parcels	Levied UOBs	City-Subsidized UOBs ⁽²⁾	Total UOBs	Charge per UOB	City-Subsidized Total ⁽²⁾
R Zone 1: Residential (Urban Area)	60,371	61,617	0	61,617	\$31.44	\$0.00
X Zone 2: Residential-Rural (Urban Area)	1,094	1,794	554	2,348	\$23.76	\$13,163.04
L Zone 3: Condominium (Urban Area)	7,380	7,521	0	7,521	\$27.60	\$0.00
A Zone 4: Apartment and Mobile Home Park (Urban Area)	1,303	29,614	0	29,614	\$27.60	\$0.00
M Zone 5: Non-Residential (Urban Area)	3,716	8,491	0	8,491	\$67.04	\$0.00
C Zone 6: Rural Area	207	316	139	455	\$2.44	\$339.16
Total	74,071	109,353	693	110,046		\$13,502.20

In Rural zones, the District set a cap of 3 units of benefit per parcel. For FY 2023/24, this will result in a General Fund subsidy of approximately \$13,502. In addition, because there was no adjustment based on CPI set at formation, the proposed level of assessments will currently recover approximately 70% of the estimated streetlight operation cost, with the General Fund subsidizing the shortfall. For FY 2023/24, the General Fund subsidy for this is estimated to be approximately \$1,661,366. 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.

To pay for costs associated with providing services in newly developed areas of the City, including increased street lighting, the City Council 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 2023- 2024 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 June 27, 2023, at 3:00 p.m.

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 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 street light improvements within the City and assess property owners who receive the benefit.
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 is \$5,249,666. The FY 2023/24 Street Lighting Maintenance District assessment levy will collect approximately \$3,574,797, which will cover approximately 70% of the estimated streetlight maintenance and operations costs. The General Fund subsidy for FY 2023/24 is estimated to be \$1,674,869 and is incorporated within the FY 2023/24 proposed budget that will be brought forward to Council for adoption in June 2023.

Prepared by: Karen Hessel, Interim Debt & Treasury Manager
Certified as to availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Approved by: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer

Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Preliminary 2023-2024 Street Light Assessment District No. 1 Engineer's Report
3. Preliminary 2023-2024 Street Light Assessment District No. 1 Assessment Roll
4. Preliminary 2023-2024 Street Light Assessment District No. 1 Engineer's Diagrams