



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 20, 2025**

FROM: FINANCE DEPARTMENT **WARDS: ALL**

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2025/26 IN THE STREET LIGHTING ASSESSMENT DISTRICT NO. 1; APPROVING PRELIMINARY ENGINEER'S REPORT; AND SETTING A PUBLIC HEARING ON PROPOSED ASSESSMENT FOR JULY 15, 2025, AT 3:00 P.M.

ISSUE:

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year (FY) 2025/26 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 15, 2025, at 3:00 p.m.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution declaring the City's intention to levy and collect assessments for FY 2025/26 within Street Lighting District No. 1, 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 15, 2025, at 3:00 p.m.

BACKGROUND:

On March 4th, 2025, the City Council adopted Resolution No. 24227, 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 estimated cost of maintaining the landscaping and administration of the District for FY 2025/26 as well as the method of apportioning those costs to the property owners within the District. The City assesses all parcels within the District annually, regardless of development status.

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 nonresidential zones) through annual assessments.

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

DISCUSSION:

The following table outlines the proposed FY 2025/26 Street Lighting Assessment District No. 1 assessments per UOB.

**Table 12-1
Parcels, Lots, and Units of Benefit**

Zone	Parcels	Levied UOBs	City-Subsidized UOBs ⁽³⁾	Total UOBs	Charge per UOB	City-Subsidize Total ⁽³⁾
R Zone 1: Residential (Urban Area)	60,664	61,898	0	61,898	\$31.44	\$0.00
X Zone 2: Residential-Rural (Urban Area)	1,090	1,787	553	2,340	\$23.76	\$13,139.28
L Zone 3: Condominium (Urban Area)	7,379	7,520	0	7,520	\$27.60	\$0.00
A Zone 4: Apartment and Mobile Home Park (Urban Area)	1,306	29,941	0	29,941	\$27.60	\$0.00
M Zone 5: Non-Residential (Urban Area)	3,790	8,611	0	8,611	\$67.04	\$0.00
C Zone 6: Rural Area	202	302	122	424	\$2.44	\$297.68
Total	74,431	110,059	675	110,734		\$13,436.96

⁽³⁾ In Rural areas, the District has set a cap of 3 UOBs per parcel. The City has historically subsidized the remainder.

Source: Attachment 2 (SLAD Preliminary Engineer’s Report)

In Rural zones, the District caps each parcel at 3 UOBs. For FY 2025/26, this results in a General Fund subsidy of approximately \$13,436.96, as illustrated in the table above. This figure is calculated as follows:

$$\begin{aligned}
 &X \text{ Zone 2: } (553 \text{ UOBs}) \times (\$23.76) = \$13,139.28 \\
 &+ \\
 &C \text{ Zone 6: } (122 \text{ UOBs}) \times (\$2.44) = \$297.68 \\
 &\text{Total} = \$13,436.96
 \end{aligned}$$

The original assessment did not include CPI adjustments, resulting in current rates covering only approximately 65% of operating costs. The remaining non-rural zone shortfall – approximately \$1,921,984.44 for FY 2025/26 – will be subsidized by the General Fund, for a total Fiscal impact of \$1,935,421.40.

Any increase to account for higher operating and maintenance costs would require majority approval from property owners and renters under 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 2025/2026 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 15th, 2025, 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 upon whom the assessments are levied each year.
2. **Equity** – In order to maintain the 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** – Assessments are levied annually to pay the costs associated with maintaining enhanced improvements within the district. This ensures the additional cost of maintaining enhanced landscape improvements is borne primarily by the property owners that benefit from them.
4. **Innovation** – Utilizing Street Lighting Assessment Districts is an innovative way to offset the cost of maintaining certain improvements within a specified area of the City and which benefit a select group of property owners.
5. **Sustainability & Resiliency** – The formation of a Street Lighting Maintenance District provides a transparent and equitable way to fund and report on maintenance improvements that provide a special benefit to a select group of property owners. The annual engineer's report and levy process helps to ensure transparent reporting to members of the community, and within the district.

FISCAL IMPACT:

The total fiscal impact of this action is \$5,535,896. The FY 2025/26 Street Lighting Maintenance District assessment levy will collect approximately \$3,600,474, which will cover approximately 65% of the estimated streetlight maintenance and operations costs. The General Fund subsidy for FY 2025/26 is estimated to be \$1,935,421.

The FY 2025/26 proposed budget was developed concurrently with this process and includes a General Fund subsidy amount of \$1,935,421. Based on prior year's estimates versus actual, this amount is anticipated to be sufficient to cover a potential shortfall; however, staff will monitor actual expenditures throughout the fiscal year and recommend a budget adjustment if necessary.

Prepared by: Meline Carranza, Debt and Treasury Manager
Approved by: Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution
2. Preliminary 2025-2026 Street Light Assessment District No. 1 Engineer's Report
3. Preliminary 2025-2026 Street Light Assessment District No. 1 Assessment Roll
4. Preliminary 2025-2026 Street Light Assessment District No. 1 Engineer's Diagrams