

Meeting Date: 5/13/2014

Report Type: Consent

Report ID: 2014-00085

Title: Neighborhood Lighting District - Initiate Annual Proceedings

Location: Districts 2, 5, 6

Recommendation: Pass 1) a Resolution directing filing of Annual Report for Fiscal Year (FY) 2014/15 for the Neighborhood Lighting District; and 2) a Resolution approving Engineer's Annual Report and Intention to Order Maintenance of Improvements for FY2014/15 for the Neighborhood Lighting District and setting a time and place for a Public Hearing on June 10, 2014.

Contact: Diane Morrison, Program Specialist, (916) 808-7535; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution, Directing Filing of Annual Report for FY2014/15
- 5-Resolution, Approving Engineer's Report for FY2014/15

City Attorney Review

Approved as to Form
Michael W. Voss
4/28/2014 1:40:57 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 4/24/2014 2:10:13 PM

Description/Analysis

Issue Detail: The Neighborhood Lighting District (District) is required by the California Streets and Highways Code to present an annual budget to City Council for approval. Approval of the annual budget will authorize the City to collect assessments in the amount sufficient to provide funding for maintenance costs of neighborhood lighting in the District for FY2014/15. Additional information on this District is provided in the Background section of this report.

Policy Considerations: The recommended action will ensure the continuation of an affordable means of providing for neighborhood lights by placing lights on Sacramento Municipal Utilities District (SMUD) wood poles.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under CEQA guidelines, annual proceedings of a Special District do not constitute a project, and are therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to the formation process and administration of a special district.

Commission/Committee Action: None

Rationale for Recommendation: The recommended actions in the attached Resolutions are required by the California Streets and Highways Code, as set forth in Section 22500 of the 1972 Act, for annual proceedings of an existing district.

Financial Considerations: The District assessment for FY2014/15 is projected at \$39,858 and the District expenditures at \$41,066. Both are as shown on Exhibit B and detailed in the Engineer's Report on file with the Public Improvement Financing Division of the Department of Finance.

Such deficit spending is due to an increase in SMUD energy costs effective with the FY2012/13 budget. The increased costs are being absorbed by District fund balance.

The District consists of three subdivisions. Details of the assessment and cost for each subdivision as well as a breakdown per single family lot are provided in the Background section of the report and in Exhibit B. The District is self-supporting and has no impact on the General Fund or other funding sources.

Local Business Enterprise (LBE): Not applicable.

BACKGROUND

On October 22, 1996, City Council approved formation of the District (Resolution No. 96-577) for the Swanston Estates neighborhood. The District provides an affordable means of providing for neighborhood lights by placing lights on SMUD wood poles. Two other neighborhoods, Youngs Heights and Colonial Heights, have since annexed to the District.

District services include the annual maintenance cost of neighborhood lights, and the district administration and billing costs. A provision was included to mitigate cost increases based on the Consumer Price Index (CPI), San Francisco Area, All Items, provided that this increase does not exceed three percent in any year. The change in the February 2014 CPI index was 2.45 percent over the prior year and, as such, the annual assessments will be increased by 2.45 percent.

To maintain a prudent fund balance in the Swanston Estates and Colonial Heights subdivisions, the assessment for FY2014/15 has been increased by the 2.45 percent CPI index.

The third neighborhood in the District, Youngs Heights, is becoming unviable as a result of significant changes in this area over the last several years. In 2010, as part of a Community Redevelopment Capital Improvement Program project, 33 SMUD mast arms were removed and replaced by City post-top street lights. The maintenance cost for the remaining seven lights on SMUD poles was assessed to all 125 parcels in the subdivision, which allowed the assessment per parcel to remain significantly below maximum. In July of 2013, a physical audit determined only 30 parcels were receiving a benefit from the remaining seven lights on SMUD poles. In FY2014/15, to support the maintenance costs for the seven remaining lights, the assessment to the 30 benefited parcels has been increased to maximum, which is more than double the assessment for FY2013/14. Even at the maximum rate, the revenue is not sufficient to fully cover all of the subdivision cost.

Staff is exploring various options for future administration of the Youngs Heights neighborhood in FY2014/15:

- Re-forming the District in this neighborhood
- Creating a new capital project to convert the remaining lights from SMUD lights to standard neighborhood lights
- Converting to SMUD safety lights, in which an individual property owner would be invoiced for the monthly cost
- Remove the SMUD lights

The maximum assessment allowed, prior year assessment, and FY2014/15 annual assessments for each subdivision are as follows:

Neighborhood	Maximum Authorized in FY2014/15	FY2013/14 Assessment	FY2014/15 Assessment
Swanston Estates	\$27.38	\$26.72	\$27.38
Youngs Heights	\$26.14	\$12.00	\$26.14
Colonial Heights	\$27.38	\$24.00	\$24.60

Each year the City must adopt a new Engineer's Report and budget. The recommended Council action is necessary to allow staff to notify the public of the proposed hearing, which has been set for June 10, 2014. At the conclusion of the public hearing, staff will recommend Council adopt the budget and levy the assessments.

The total cost to property owners in FY2014/15 is projected to be \$39,858.

A map of the District is included as Exhibit A to the resolutions.

SCHEDULE OF PROCEEDINGS
NEIGHBORHOOD LIGHTING DISTRICT
FY2014/15 SCHEDULE

May 13, 2014	Council Considers Resolution of Intention and Sets Date for Public Hearing
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May 31, 2014 Publish Notice of Meeting and Hearing

June 10, 2014 City Council – Public Hearing
Council Orders Annual Levy

August 2014 Assessments to County for Placement on Tax Roll

RESOLUTION NO.

Adopted by the Sacramento City Council

DIRECTING FILING OF ANNUAL REPORT FOR THE NEIGHBORHOOD LIGHTING DISTRICT FISCAL YEAR 2014/15 (Pursuant to Landscaping and Lighting Act of 1972)

BACKGROUND:

- A. The Neighborhood Lighting District (District), as depicted in Exhibit A, was established by the City Council and approved by the property owners on October 22, 1996.
- B. The City Council established the District under the Landscaping and Lighting Act of 1972 (part 2 of division 15 in the Streets and Highways Code, beginning with section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for operation and maintenance of neighborhood street lights on wood poles and related services to be provided within the District, all in accordance with the 1972 Act.
- C. The Council is fully advised in this matter.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

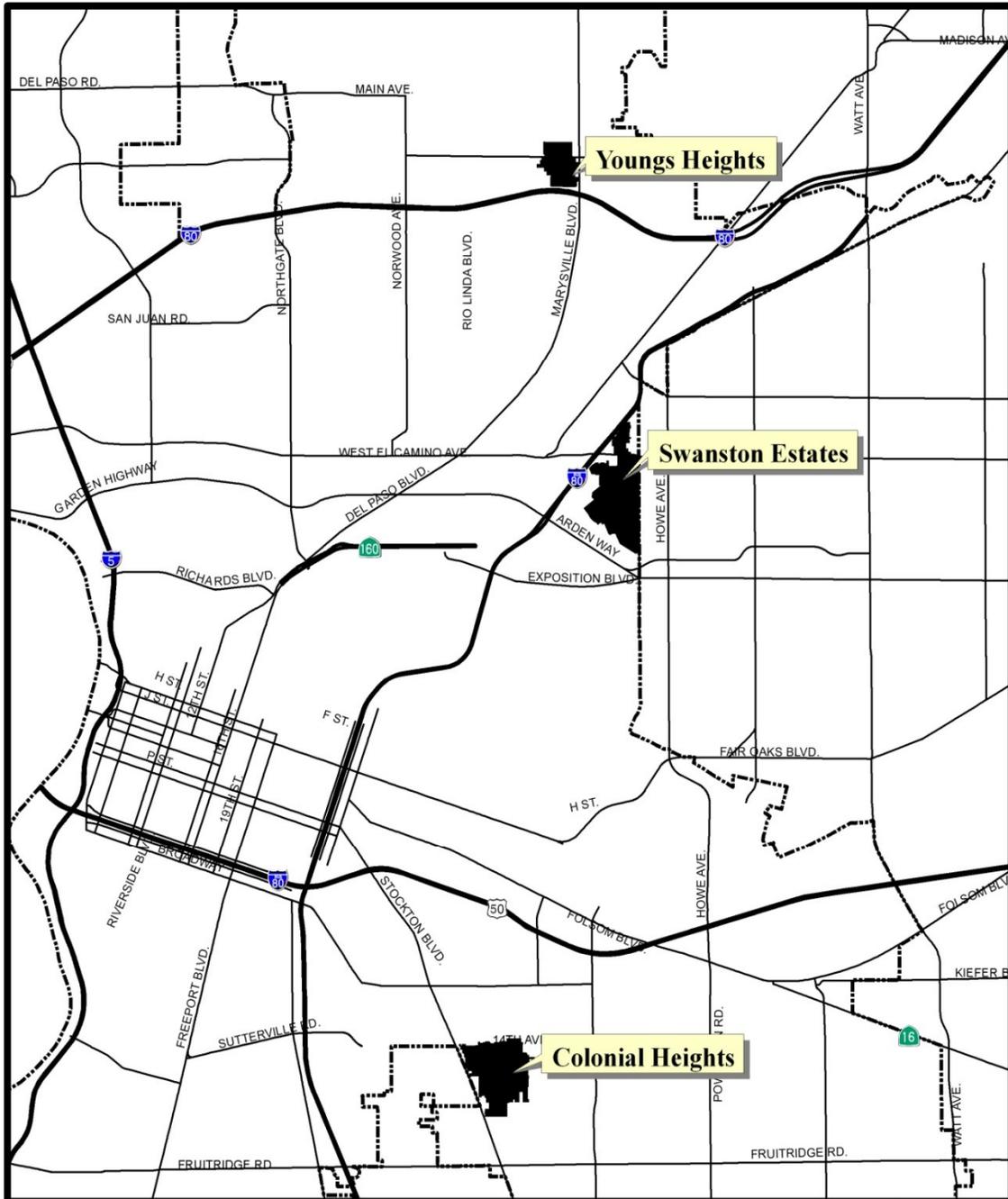
- Section 1.** The City Council finds and determines that the background statements A through C are true and correct.
- Section 2.** The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, is hereby directed to file an annual report in accordance with the provisions of the 1972 Act.
- Section 3.** This resolution is adopted pursuant to Section 22622 of the Streets and Highways Code.
- Section 4.** Exhibit A is part of the resolution.

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Exhibit A: District Map – 1 Page

EXHIBIT A

Neighborhood Lighting District 96-07



 City Boundary
 District Boundary

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RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING ENGINEER'S ANNUAL REPORT AND INTENTION TO ORDER MAINTENANCE OF IMPROVEMENTS FOR THE NEIGHBORHOOD LIGHTING DISTRICT FISCAL YEAR (FY) 2014/15 (Pursuant to Landscaping and Lighting Act of 1972)

BACKGROUND:

- A. The Neighborhood Lighting District (District), as depicted in Exhibit A, was established by the City Council and approved by the property owners on October 22, 1996.
- B. The City Council established the District under the Landscaping and Lighting Act of 1972 (Part 2 of Division 15 in the Streets and Highways Code, beginning with Section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for operation and maintenance of neighborhood street lights on wood poles and related services to be provided within the District, all in accordance with the 1972 Act.
- C. To maintain a prudent fund balance in the Swanston Estates and Colonial Heights subdivisions the assessment for FY2014/15 has been increased by the allowable 2.45 percent CPI index. To support the maintenance costs for the seven (7) remaining lights on Sacramento Municipal Utility District poles in the Youngs Heights subdivision, the assessment for the 30 benefited parcels will be increased to the maximum rate allowed, which is more than double from FY2013/14.
- D. The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, was directed to file an annual report in accordance with the provisions of the 1972 Act.
- E. The Council is fully advised in this matter.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1.** The City Council finds and determines that the background statements A through E are true and correct.
- Section 2.** The City Council hereby approves the Engineer's Annual Report for FY2014/15 on file with the Public Improvement Financing Division of the Department of Finance, designated by the City Clerk's Office to be the repository of documents associated with special districts.
- Section 3.** The City Manager is authorized to make any necessary budgetary adjustments associated with the approval of the Engineer's Annual Report for FY2014/15.

Section 4. The City Council intends to levy and collect assessments within the District during FY2014/15. The area of land to be assessed is located in the City of Sacramento, Sacramento County.

Section 5. The maintenance of improvements to be made in this assessment district is generally described as follows:

The improvements consist of operation and maintenance of neighborhood street lights on wood poles fed by overhead electrical lines, and the engineering, administrative and miscellaneous costs related to the district.

Section 6. In accordance with this Council's resolution directing the filing of an annual report, the Engineer of Work has filed with the Public Improvement Financing Division, designated by the City Clerk to be the repository of documents associated with special districts, the report required by the 1972 Act. All interested parties are referred to that report for a full and detailed description of the improvements, the boundaries of the assessment district, and the proposed assessments upon assessable lots and parcels of land within the assessment district.

Section 7. At the hour of 6:00 pm on Tuesday, June 10, 2014, the City Council will conduct a public hearing on the questions of the levy of the proposed annual assessment. The hearing will be held at the meeting place of the City Council located in the City Hall, 915 I Street, First Floor, Sacramento, California.

Section 8. Assessments for all subdivisions within the District are at or below the highest authorized amount for this district shown on Exhibit B.

Section 9. The City Clerk is authorized and directed to give the notice of hearing required by the 1972 Act.

Section 10. Exhibits A and B are part of the resolution.

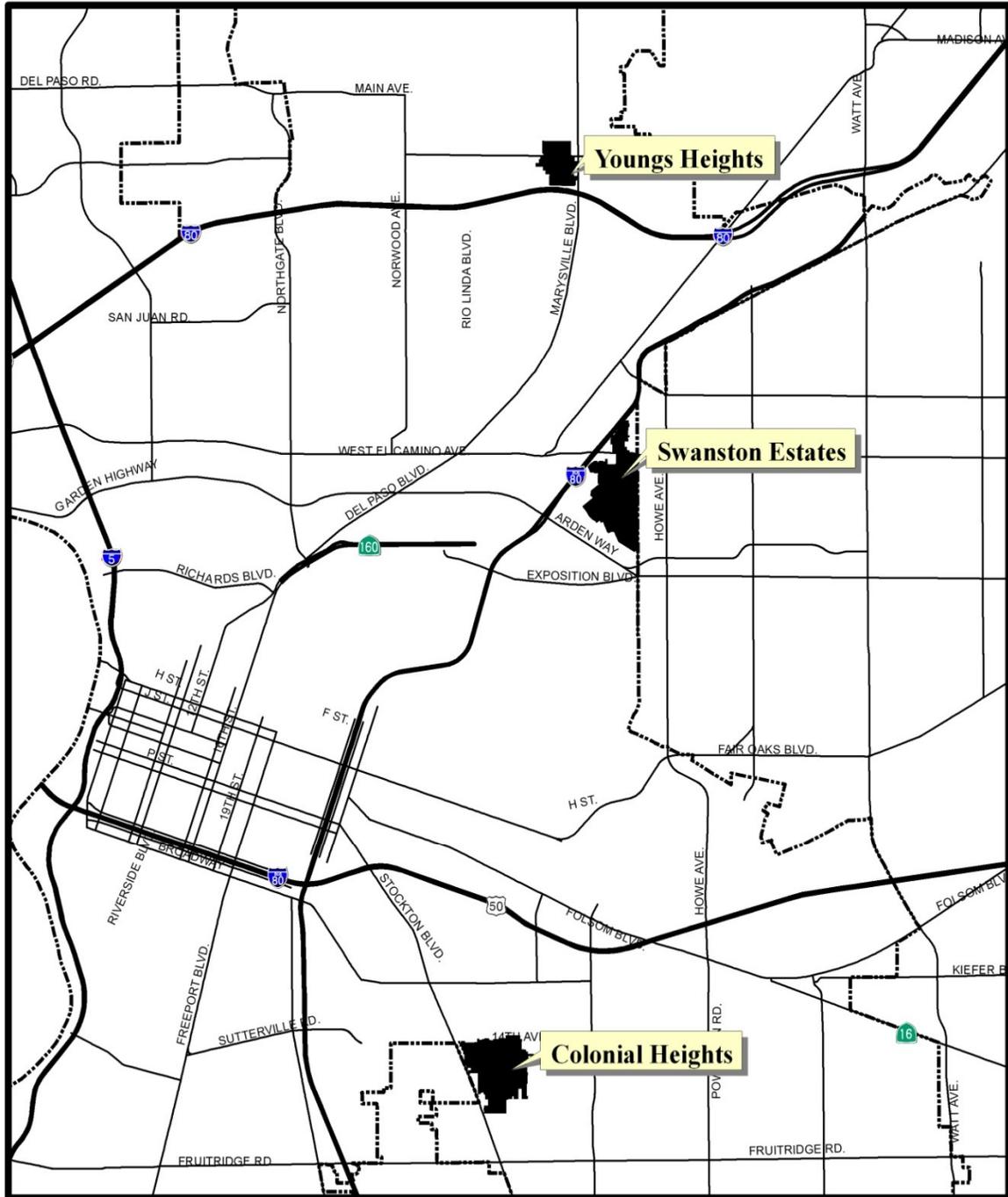
Table of Contents:

Exhibit A: District Map – 1 Page

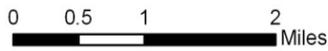
Exhibit B: FY 2014/15 District & Parcel Assessment – 2 Pages

EXHIBIT A

Neighborhood Lighting District 96-07



 City Boundary
 District Boundary



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EXHIBIT B

NEIGHBORHOOD LIGHTING DISTRICT DISTRICT BUDGET, NEIGHBORHOOD AND PARCEL ASSESSMENTS FUND 2202, FOR FY2014/15

DISTRICT BUDGET

Estimated Beginning Fund Balance	15,014
Total Assessed to Property Owners	<u>39,858</u>
Total Resources	<u>54,872</u>
Department of Public Works (Streets)	
Street Lighting Maintenance	20,860
Administrative Costs	
Public Improvement Financing	
Administration	17,747
Parcel reporting	502
Accounting	
Administration	952
County Billing	1,005
Total Expenditures	<u>41,066</u>
Estimated Ending Fund Balance	<u>13,806</u>
Year-Over-Year Change in Fund Balance	<u>(1,208)</u>

NEIGHBORHOOD ASSESSMENTS

The cost for each individual neighborhood is as follows:

Neighborhood	FY2014/15 Budget	Surplus/ (deficit)	FY2014/15 Assessed
Swanston Estates	\$16,326	\$3,963	\$20,289
Youngs Heights	2,197	(1,151)	1,046
Colonial Heights	22,543	(4,019)	18,524
Totals	41,066	(1,208)	39,858

PARCEL ASSESSMENTS

The following is a breakdown of the average cost per single-family lot in each neighborhood with less than 100 feet of frontage.

Neighborhood	# of Lots	Maximum Authorized	FY2014/15
Swanston Estates	698	\$27.38	\$27.38
Youngs Heights	30	26.14	26.14
Colonial Heights	718	27.38	24.60