

Meeting Date: 6/10/2014

Report Type: Public Hearing

Report ID: 2014-00093

Title: Neighborhood Lighting District (Noticed 05/30/2014)

Location: Districts 2, 5, and 6

Recommendation: Conduct a public hearing and upon conclusion, pass a Resolution confirming diagram and assessment, and levying an assessment for Fiscal Year (FY) 2014/15 for the Neighborhood Lighting District.

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

Presenter: Diane Morrison, Program Specialist, (916) 808-7535, Department of Finance

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

1-Description/Analysis

2-Background

3-Schedule of Proceedings

4-Resolution, Confirming Diagram and Assessment and Levying Assessment

City Attorney Review

Approved as to Form

Michael W. Voss

5/27/2014 5:01:28 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/22/2014 8:41:15 AM

Description/Analysis

Issue: 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 of the neighborhood lighting in this District for FY2014/15.

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

Environmental Considerations: Under California Environmental Quality Act guidelines, annual proceedings of a special district do not constitute a project, and are therefore exempt from review.

Rationale for Recommendation: The recommended actions in the attached Resolution 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: Each year, the District budget is developed, taking into consideration several factors including the cost of services, the projected number of parcels in each assessment category, and the amount of projected surplus/deficit in the District fund balance at the end of the current fiscal year. The proposed budget is shown on Exhibit B.

The District assessment budget for FY2014/15 is projected at \$39,858 as compared to a total District expenditure budget of \$41,066 as shown on Exhibit B and as detailed in the Engineer's Report on file with Public Improvement Financing Division of the Department of Finance.

The deficit between the assessments and the expenditures 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 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 to provide 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 maintenance cost of neighborhood lights, and the district administration and billing costs. Assessments cannot exceed a maximum that is defined as the initial assessment adjusted annually by the lesser of 3 percent or the change in the Consumer Price Index (CPI), San Francisco Area, All Items. The change in the February 2014 CPI index was 2.45 percent over the prior year. Assessments are often lower than the maximum allowed and can increase at rates higher than the CPI provided the maximum is not exceeded.

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, resulting in a significant reduction in annual assessment revenue. 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
- Removing the SMUD lights

The following table summarizes the prior year assessment, FY2014/15 annual assessment, and maximum assessment allowed for each subdivision:

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

At the conclusion of the public hearing, staff will recommend Council adopt the District 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 resolution.

SCHEDULE OF PROCEEDINGS
NEIGHBORHOOD LIGHTING DISTRICT
FY2014/15 SCHEDULE

May 13, 2014 Council Considers Resolution of Intention and Sets Date for Public Hearing

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

CONFIRMING DIAGRAM AND ASSESSMENT AND LEVYING ASSESSMENT FOR THE NEIGHBORHOOD LIGHTING DISTRICT FOR 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 (Council) and approved by the property owners on October 22, 1996.
- B.** The 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.** Pursuant to Chapter 3 of the 1972 Act, Council directed the Supervising Engineer of the Department of Public Works, as the Engineer of Work for the District, to prepare and file an Annual Report for Fiscal Year (FY) 2014/15.
- D.** The Engineer of Work filed the Annual Report on May 13, 2014, and Council adopted a Resolution approving the Engineer's Annual Report and Intention to levy and collect assessments within the assessment district for FY2014/15 and set a public hearing for June 10, 2014, in the meeting place of City Council Chambers, City Hall, 915 I Street, First Floor, Sacramento, California. Notice of the hearing was given in the time and manner required by law.
- E.** The typical annual assessment in FY2014/15 for a single-family parcel will be as follows: \$27.38 per parcel in the Swanston Estates subdivision, \$26.14 per parcel in the Youngs Heights subdivision, and \$24.60 per parcel in the Colonial Heights subdivision.

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

- Section 1.** The Council:
 - a) Confirms the assessment diagram and the assessment roll set forth in the Engineer's Annual Report.

b) Levies the assessment set forth in the Engineer's Annual Report.

Section 2. 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 3. Exhibits A and B are part of this resolution.

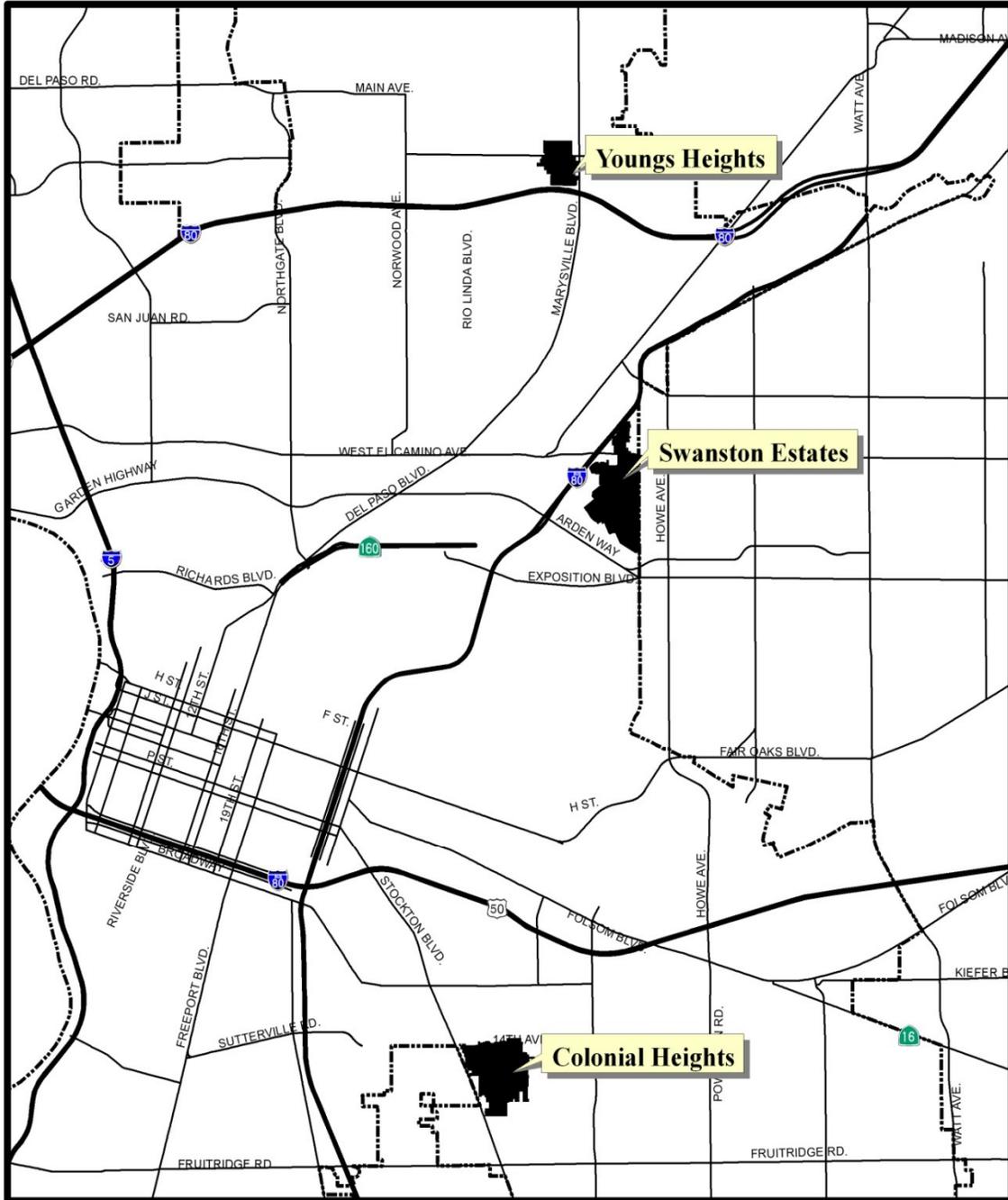
Table of Contents:

Exhibit A: District Map

Exhibit B: FY2014/15 District Budget, Parcel, and Neighborhood Assessment

EXHIBIT A

Neighborhood Lighting District 96-07



 City Boundary
 District Boundary

0 0.5 1 2 Miles



...usersarea\brentMaps\LightingDist.MXD BM May 06

EXHIBIT B

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

DISTRICT BUDGET

Estimated Beginning Fund Balance	\$	15,014
Total Assessed to Property Owners		39,858
	Total Resources	\$ 54,872
<hr/>		
Department of Transportation (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	\$ 41,066
<hr/>		
Estimated Ending Fund Balance		13,806
<hr/>		
Year-Over-Year Change in Fund Balance		(1,208)
<hr/>		

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

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
	\$41,066	(\$1,207)	\$39,859