



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of December 12, 2017

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Mike Roberts, Public Works Director

SUBJECT: Landscape & Lighting Assessment District Options

RECOMMENDATION: Receive Report, Discuss, and provide Direction, if any.

COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION: Not applicable.

FISCAL IMPACT OF RECOMMENDATION: None as a result of this item though the need to address operating deficits, cumulative deficits, and the cost of streetlight replacement remains an urgent matter in a number of the Zones in the Landscape & Lighting District No. 83-2.

DISCUSSION: The City Council received and discussed an update on Landscape & Lighting Districts at the November 14, 2017 meeting (Attachment 1 – Staff Report from November 14, 2017). This report was provided in follow-up to the mostly unsuccessful effort earlier this year to increase assessments in a number of Zones.

On November 14th, one of the items which the City discussed was the option to undertake the Proposition 218 process to have the assessments increased to address the highest priority needs of eliminating operating deficits, cumulative deficits, and street light replacement. The Council requested that staff return with information about the timing and costs to undertake this process again possibly in 2018 or 2019.

The Zones which need to be addressed are:

<i>Zone/ Current Assessments</i>	<i>Operating Deficit</i>	<i>Cumulative Deficit</i>	<i>Streetlight Replacement</i>	<i>Notes</i>
Zone 1 Hercules by the Bay \$58.24 per year/\$4.85 month	Yes	Yes	Yes	
Zones 3 & 4 The Gems/Birds \$74.92 per year/\$6.24 month	Yes	No	Yes	Has an operating deficit being covered by reserves for this year.
Zone 6 Village Parkway \$28.33 per year/\$2.36 month	Yes	Yes	Yes	Existing assessments cover less than 1/3 rd of the annual operating costs.
Zone 7 Heights \$69.34 per year/\$5.78 month	No	No	Yes	Available capital reserves to be applied towards a Pilot Streetlight Replacement Project.
Zone 9 Birds and Country Run \$83.34 per year/\$6.95 month	No	Yes	No	Has a small positive operating surplus which if sustainable could eliminate the cumulative deficit over 15 years +/-.

Below is a tentative schedule should you decide to proceed with the Prop. 218 process for FY 2018-19:

January and February 2018 –	Perform assessment rates analysis, obtain approval from City Council and Finance Commission as necessary, and begin Public Outreach efforts
March 14, 2018 –	Resolution of Initiation
March 15, 2018 –	Assessment Engineer to provide City staff with Preliminary Engineer's Reports
March 28, 2018 –	Resolution of Intention
April 27, 2018 –	Mail Notices/Ballots (minimum of 45 days prior to the Public Hearing)
May 11, 2018 –	Final Engineer's Reports for Public Hearing
June 12, 2018 –	Public Hearing
June 13, 2018 –	Tabulate Ballots
June 15, 2018 –	Revised Final Engineer's Reports for Continued Public Hearing (includes assessment rates per results of Ballot Tabulation)
June 26, 2018 –	Continued Public Hearing (Declare Results of Election) and approve FY 2018-19 Revised Final Engineer's Report/Assessments

Each year we do have to undertake the normal renewal process with a CPI inflator, and that process generally costs approximately \$24,000 which is already budgeted. The estimated incremental cost for the Assessment Engineer to undertake the Prop 218 process for the four or five Zones discussed above is between \$20,000 and \$24,000. These costs are not budgeted and a funding source would need to be identified.

There are additional elements or activities which can and perhaps should be done as part of any Prop 218 process. Elements of these additional activities could be done in January and February and concurrent with the other formal steps outlined above.

The above schedule does not include polling, which may be desirable before proceeding, or additional public education and outreach. This year, the cost of having a firm assist us with the public education and outreach materials was just over \$30,000, though that did not include any polling. The estimated cost of a professional poll would be \$25,000 to \$30,000. The City would have to be prepared to grapple with the possibility that the polling results would indicate support for assessment increases which would not provide the resources required to eliminate the operating deficits, cumulative deficits, and/or allow for streetlight replacement. Though it would allow for more informed decision making nonetheless.

As identified above, polling may help refine how the proposed assessment increases would need to be packaged to ensure an understanding of the need. The estimated cost of having a firm assist us with another education and outreach effort building off of this year's efforts is a minimum of \$15,000, plus \$6,000 to \$8,000 for graphics support. In addition, the cost to produce each mailing, with three or four being optimal, would be approximately \$1,500 each or another \$6,000. These costs are also not budgeted and a funding source would need to be identified.

It is important to note that the use of public resources is limited to education and outreach. No public funds can be used for advocacy. As with any "election" type of effort, success is most likely when elected officials and community members advocate for the measures using their time and resources. As such, if the Council were to embark on another Proposition 218 effort, efforts to develop advocacy groups would need to be undertaken by elected officials and community leaders.

The City is also committed to ensuring that the services provided by the Landscape & Lighting Assessment Districts are being provided in a cost effective manner. Recently, the City Council approved a major tree inspection and maintenance contract to address some deferred maintenance issues with the trees in the Districts and Zones. In addition, the Public Works Department has restructured how the landscape maintenance contracts are being managed and overseen. A staff member has been assigned to regularly review the work being done with a check-list and regular meetings with the contractor.

An additional item of discussion on November 14th was the proposal to undertake a pilot streetlight replacement project in those Zones which have the funds available or which can afford to finance the replacements, or where a portion of the streetlights could be replaced with available reserves. Staff has been working to advance that effort.

The Pilot will see streetlights replaced as follows:

Zone	Lights Needing Replacement	Lights to be Replaced	Funding Approach
Zone 2 Foxboro	38	38	Estimated Total Cost: \$133,000 Reserves Available: \$29,966 Balance to be internally financed
Zone 5 C Commercial	2	2	Estimated Cost: \$7,000 To be internally financed
Zone 7 Heights	129	24 Coronado and Carson Streets	Estimated Total Cost: \$451,500 Partial Replacement Cost: \$84,000 Reserves Available: \$83,991

The replacement Streetlights which meet PG & E's standard for the City-owned and PG & E maintained lights, and those which match the others in the City, are available from a single manufacturer. The manufacturer advises that once ordered, the replacement poles and fixtures will be available in six to eight weeks. The City has two options as to how to proceed with the Pilot streetlight replacement project:

Turnkey Contract

On this basis, the City would develop bid specifications and solicit bids from contractors who would procure the new street lights, remove the existing streetlights, and install the new streetlights. Most likely, this option would be 20-30% more costly as the contractors would purchase through a distributor who add a mark-up on the streetlights and not directly from the manufacturer. However, it would have the contractor fully responsible for the completion of the project and they would provide a contractor warranty for the work in addition to the manufacturer warranty. It would also involve a single staff procurement effort and the City would look to only one party for successful completion of the project.

Direct Purchase

For this option, the City would purchase the lights directly from the manufacturer under their direct purchase program which the City has participated in before. The lights and fixtures would be ordered and once received, stored at the Corporation Yard until a contract for the removal of the old streetlights and the installation of the new streetlights could be bid and awarded. These efforts would be timed to try to ensure the replacement lights are not stored for a long period of time.

City staff have consulted with the City Attorney's Office in regard to the pros and cons of each approach. While the turnkey contract approach is likely to involve less risk if the project has performance issues or disputes, the possible cost savings and the nature of the project has resulted in staff deciding to utilize the direct purchase approach. To ensure success with this approach, resources will have to be utilized to ensure good management of the project and regular inspections as the project proceeds. In addition, the pilot project will flesh out what rebates may be available and what operating cost savings may be generated once completed and placed into operation. The Council has indicated a preference to have the Pilot Streetlight Replacement Project completed before any Prop 218 process were undertaken. Realistically, that may be difficult to do for a Prop 218 process in 2018, but most certainly could be completed well before a 2019 process.

ATTACHMENTS:

1. November 14, 2017 Staff Report