



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of March 10, 2020

TO: Members of the City Council

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

SUBJECT: Initial Review of Landscape & Lighting Assessment District 83-2 FY 20-21 Budgets and Discuss Possible Direction

RECOMMENDED ACTION: Receive report, discuss, and provide direction, if any.

FISCAL IMPACT OF RECOMMENDATION: None as a direct result of this report. The City has been addressing the need to replace hollow-core wood streetlight poles and to eliminate operating and cumulative deficits in some Zones of Landscape & Lighting Assessment District (L&LAD) 83-2 over the past four years. Zone 6 continues to see an operating deficit even with substantial service reductions and streetlight replacement is still needed. Zones 3 & 4 are also in need of streetlight replacement. Should the Council wish to ballot in either Zones 3 & 4, or Zone 6, there would be costs associated with the balloting. The estimated cost to notice and ballot the parcels in Zones 3 & 4 (approx. 840 parcels) is \$4,600 and the parcels in Zone 6 (approx. 970 parcels) is \$5,200. This estimate includes preparation of the notices (color bi-folded 11" x 17") and ballots (colored card stock), printing & mailing services (including outgoing and return postage), and ballot tabulation.

DISCUSSION: City staff and our L&LAD engineer have completed an initial look at the FY 20/21 budgets for the Citywide L&LAD 83-2 which has the individual neighborhood based zones together with a citywide zone. These projections start with the final results for the 18/19 fiscal year and the anticipated 19/20 results based upon the recently completed mid-year review.

Attachment 1 is a base projection which assumes that we do not ballot in the two remaining Zones (3 & 4, and 6) where streetlight replacement is still needed and in the case of Zone 6 where cumulative and operating deficits remain. As you will see, Zone 6 continues to have an operating deficit even with the service reductions previously implemented which include no streetlight or landscape maintenance. Zones 3 & 4 show an operating deficit due to \$20,000 in one-time costs for V-ditch cleaning, though that is covered by available reserves, so the only issue in Zones 3 & 4 is the need to replace the failing hollow-core wood pole streetlights. It should be noted that streetlight maintenance has also been suspended in Zones 3 & 4 as maintaining failing streetlights did not seem to be fiscally prudent.

Generally, all Zones have benefitted from lower transfers for their share of arterial costs as a number of larger repair and maintenance efforts have been completed, together with lower electrical costs for arterial streetlights given the streetlight replacement project which has been completed with lower cost energy efficient LED streetlights. In addition, these factors, together with lower costs for the new LED streetlights, has seen improved finances in Zone 1 (Hercules by the Bay), as that Zone's operating deficit has been eliminated and shows capacity for repayment of the cumulative deficit over time. The lower cost to acquire and install the new streetlights also assisted with this financial turnaround for Zone 1, and has also improved the finances in Zone 7 (Refugio Heights) as well.

This item is being presented so the City Council can provide preliminary direction as to whether or not to consider balloting in Zones 3 & 4, and Zone 6 for increased assessments. As noted above, for Zones 3 & 4, the increased assessments would be for replacement of streetlights which would also see a reduction in operating expense as a result. For Zone 6, there is still a need to eliminate the annual operating deficit, a cumulative deficit, and to replace streetlights. However, for 20/21, if the City were to ballot, we suggest just balloting to replace the streetlights on Village Parkway and not in the Westwood Duets, as the City is exploring the opportunity to transfer those lights to the HOA as the roads and other improvements in that neighborhood are all private. Attachment 2 is a projected budget which illustrates this scenario. In addition, what the assessment increases would be for FY20/21 are shown below:

Zone 3&4

Current FY 2019-20 Assessment	\$80.33
Assessment to eliminate annual deficit	\$0.00
Assessment to eliminate cumulative deficit (over 10 years)	\$0.00
Assessment to replace wooden poles (financed over 10 years)	<u>\$56.01</u>
	\$136.34

Zone 6

Current FY 2019-20 Assessment	\$30.38
Assessment to eliminate annual deficit	\$40.27
Assessment to eliminate cumulative deficit (over 10 years)	\$20.56
Assessment to replace wooden poles along Village Parkway (financed over 10 years)	<u>\$10.79</u>
	\$102.00

Given the strategy to not replace the Westwood Duet lights at this time, the City would ballot on just a single assessment rate for the entirety of Zone 6 instead of the two tier rate balloted upon in the prior iteration.

The next step in the annual L&LAD renewal process would be to have the City Council adopt a resolution of intention which also calls for the preparation of the Engineer's Report; as such, that would be the point in time when a decision on balloting for increased assessments above a CPI inflator would be made.

ATTACHMENTS:

1. Preliminary 20/21 Budget - Status Quo
2. Preliminary 20/21 Budget – Increased Assessments

<i>Financial Impact</i>			
Description:			
Funding Source:			
Budget Recap:			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			