

**STAFF REPORT**  
**City of Lancaster, California**

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10/23/07
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Date: October 23, 2007

To: Mayor Hearn and City Council Members

From: James R. Williams, Public Works Director

Subject: **Public Hearing for the Levy and Collection of Assessments within Lancaster Lighting Maintenance District (LLMD) No. 2**

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**Recommendation:**

Open the Public Hearing; receive testimony; close the public testimony portion of the public hearing; continue the public hearing; direct the City Clerk to canvass the Street Lighting Ballots with results to be announced at the Public Hearing on November 13, 2007.

**Fiscal Impact:**

Each equivalent benefit unit will be assessed \$80.56. Estimated annual maintenance cost for the District is shown on Attachment A. A total of \$4,029,168 will be assessed against the benefiting properties, which will be used exclusively for operating, administrative, and maintenance expenses.

**Background:**

On August 28, 2007, the City Council approved a resolution initiating the process for the formation of Lancaster Lighting Maintenance District (LLMD) No. 2 and the approval of assessments to be levied within the District for fiscal year 2007-2008. In addition, the City Council adopted a resolution declaring the City's intention to levy the assessments, setting October 23, 2007 as the date for the public hearing, and authorizing staff to mail out assessment ballots and notices.

On September 7, 2007 notices of the required public hearing, and assessment ballots regarding the assessments were mailed to all property owners within the District. These notices made reference to a public hearing to be held October 23, 2007.

The existing Lancaster Lighting Maintenance District (LLMD) No. 1 covers only a portion of the developed land within the City; of 43,382 parcels, only 30,853 currently are annexed into and pay their share of assessments. In addition, there are areas within this District, which on July 8, 2003, voted against an increase in assessments resulting in interior streetlights being turned off within six zones. The formation of a new district, LLMD No. 2, will balance the rate structure, bring in areas of the City not previously in the LLMD, and restore interior street lighting to all areas previously extinguished.

The City's streetlight, traffic signal, and other public lighting program, as allowed by the Act, is funded through the collection of assessments levied on property within LLMD No. 1. These funds provide for the annual maintenance of streetlights including the energy required for their

illumination. However, the level of funds available through the current assessments collected from those properties annexed into the LLMD is unable to meet the current expenses.

Additional revenue is required to provide for the continued costs of maintenance and operation of the improvements within LLMD No. 1 at the existing levels of service. The proposed LLMD No. 2 will be a new assessment that will replace the existing LLMD No. 1 assessment and adequately fund streetlight maintenance throughout the City. For all new assessments, State Law requires that the property owners within the area to be assessed shall be notified 45 days in advance of the public hearing regarding the new assessments.

At the opening of the public hearing, the City Council will call for any additional ballots not previously submitted and will also allow for public testimony regarding the proposed assessments. Following public testimony, the City Council will close the public testimony portion of the public hearing and direct the City Clerk to open all ballots received prior to the October 23, 2007 public hearing. The public hearing will be continued to November 13, 2007 for the purpose of completing the tabulation of the ballots. All ballots must be opened in a venue where the public may be present to observe the opening and tallying of results. Ballots will be opened in the office of the City Clerk beginning the morning of October 24, 2007.

Results will be announced at the November 13, 2007 Council meeting. LLMD No. 2 will pass, as recommended, if the dollar value of the valid ballots received for the proposed assessments is either equal to or greater than the dollar value of the ballots received against the proposed assessments. Should the property owners approve LLMD No. 2, it will replace existing LLMD No. 1 and all properties within the new district will be assessed according to the new rates. Should a majority of the property owners vote against the formation of the district, LLMD No. 1 will remain in place along with the existing assessments. If LLMD No. 1 remains in place as a result of this proposed citywide vote, it will be necessary to address the funding shortfall by separate future action.

Commencing with fiscal year 2008-2009, the amount of the assessment for District No. 2 is proposed to increase each year, based upon the latest composite percentage change in California Public Utilities Commission (CPUC) approved rates for each light fixture (Southern California Edison service charge and electrical usage) used in District No. 2 and the Consumer Price Index, All Urban Consumers, for the Los Angeles-Orange-Riverside County Areas ("CPI"), as determined by the United States Department of Labor, Bureau of Labor Statistics, or its successor (maintenance costs, not including electrical usage). The Engineer shall compute the percentage difference between the CPUC and the CPI for February of each year and the CPUC and the CPI for the previous February, and shall then present for the approval by the City Council the adjusted assessment so derived for the following fiscal year. Should the Bureau of Labor Statistics revise such index or discontinue the preparation of such index, the Engineer shall use the revised index or a comparable system as approved by the City Council for determining fluctuations in the cost of living.

Should the results presented at the November 13<sup>th</sup> Council meeting favor the approval of the assessments; the City Council will adopt a resolution approving the annual levy and collection of the annual assessments.

LLMD No. 2 Annual Levy Staff Report

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