



City of Rialto

Street Light Maintenance District No. 1

2018/2019 ENGINEER'S ANNUAL LEVY REPORT

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Public Hearing: June 12, 2018

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I. OVERVIEW

A. INTRODUCTION

The City of Rialto (hereafter referred to as the “City”) under the provisions of the *Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code* (hereafter referred to as the “1972 Act”) established the assessment district designated as:

STREET LIGHT MAINTENANCE DISTRICT NO. 1

(Hereafter referred to as the “District”). This Engineer’s Report (“Report”) has been prepared pursuant to Chapter 1, Article 4 and Chapter 3 of the 1972 Act, and presented to the City Council for their consideration and approval of the proposed improvements and services to be provided within the District and the levy and collection of annual assessments for Fiscal Year 2018/2019.

This Report describes the District, the improvements and the proposed assessments to be levied against properties in connection with the benefits the properties will receive from the maintenance and servicing of the District improvements for Fiscal Year 2018/2019. The annual assessments to be levied on properties within the District provide a funding source for the continued operation and maintenance of local lighting and landscaping improvements installed in connection with the development of properties within the District. Each fiscal year, the City establishes the District’s assessments based on an estimate of the costs to maintain, operate and service the lighting and landscaping improvements and based upon available revenues including fund balances, City contributions and assessment limits. The costs of the improvements and the proposed annual assessments budgeted and assessed against properties within the District may include: the estimated expenditures for regular annual maintenance and repairs; incidental expenditures related to the operation and administration of the District; deficits or surpluses from prior years; revenues from other sources; and the collection of adequate funds for operational reserves or periodic expenditures including installments collected for long-term improvement projects. Each parcel is assessed proportionately for only those improvements, services and expenses for which the parcel will receive special benefit.

The word “parcel,” for the purposes of this Report, refers to an individual property assigned its own Assessor’s Parcel Number (“APN”) by the San Bernardino County (“County”) Assessor’s Office. The County Auditor/Controller uses Assessor’s Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

At a noticed annual Public Hearing, the City Council will accept all public comments and written protests regarding the District and the annual levy of assessments. Upon conclusion of the Public Hearing, the City Council will consider all public comments and review the Report. The City Council may order amendments to the Report or confirm the Report as submitted. Following final approval of the Report and confirmation of the

assessments the Council will, by Resolution, order the improvements to be made and confirm the levy and collection of assessments pursuant to the 1972 Act. The assessments as approved will be submitted to the County Auditor/Controller to be included on the property tax roll for each parcel.

B. COMPLIANCE WITH CURRENT LEGISLATION

On November 5, 1996, California voters approved Proposition 218 (The Right to Vote on Taxes Act) that established specific requirements for the ongoing imposition of taxes, assessments and fees. The provisions of the Proposition, now California Constitution Articles XIII C and XIII D, can be summarized in four general areas:

1. Strengthens the general and special tax provisions of Proposition 13 and Proposition 62.
2. Extends the initiative process to all local taxes, assessments, fees, and charges.
3. Adds substantive and procedural requirements to assessments.
4. Adds substantive and procedural requirements to property-related fees and charges.

Any subsequent increases in the assessments above the maximum rate previously approved by City Council prior to November 5, 1996 will be subject to the procedures and approval process of Section 4 of Article XIID of the California Constitution. The proposed District assessments for Fiscal Year 2018/2019 are not being increased over the assessment amount in the prior fiscal year.

C. IMPROVEMENTS AUTHORIZED BY THE 1972 ACT

As applicable or may be applicable to this proposed District, the 1972 Act defines improvements to mean one or any combination of the following:

- The installation or planting of landscaping.
- The installation or construction of statuary, fountains and other ornamental structures and facilities.
- The installation or construction of public lighting facilities.
- The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- The maintenance or servicing, or both, of any of the foregoing.

- The acquisition of any existing improvement otherwise authorized pursuant to this section.

Incidental expenses associated with the improvements including, but not limited to:

- The cost of preparation of the report, including plans, specifications, estimates, diagram, and assessment;
- The costs of printing, advertising, and the publishing, posting and mailing of notices;
- Compensation payable to the County for collection of assessments;
- Compensation of any engineer or attorney employed to render services;
- Any other expenses incidental to the construction, installation, or maintenance and servicing of the improvements;
- Any expenses incidental to the issuance of bonds or notes pursuant to Section 22662.5.
- Costs associated with any elections held for the approval of a new or increased assessment.

The 1972 Act defines "Maintain" or "maintenance" to mean furnishing of services and materials for the ordinary and usual maintenance, operation, and servicing of any improvement, including:

- Repair, removal, or replacement of all or any part of any improvement.
- Providing for the life, growth, health, and beauty of landscaping, including cultivation, irrigation, trimming, spraying, fertilizing, or treating for disease or injury.
- The removal of trimmings, rubbish, debris and other solid waste.
- The cleaning, sandblasting and painting of walls and other improvements to remove or cover graffiti.

II. DESCRIPTION OF THE DISTRICT

A. GENERAL DESCRIPTION OF THE DISTRICT AND SERVICES

Generally, the work to be performed consists of the annual maintenance, operation and servicing costs for street lighting and landscaping which were required as a condition of approval for various developments at specified locations within the City. Annual costs include, but are not limited to, maintenance, electrical and incidental expenses and the costs of maintaining trees located in the public right-of-way.

The existing street light improvements are owned either by the Southern California Edison Company, the State of California Department of Transportation or the City. Facilities owned by either the Southern California Edison Company or the State of California Department of Transportation were constructed in accordance with plans and specifications on file with the respective owners. Plans and specifications for street light facilities constructed by or for the City are on file in the office of the City Engineer.

Reference is hereby made to said plans and specifications and they are by reference made a part of this report to the same extent as if said plans and specifications were attached hereto.

B. THE ANTICIPATED ANNUAL COST

The costs for the maintenance district include but are not limited to:

- Energy costs.
- Maintenance costs, including staff; inventory; maintenance, servicing and repair of all equipment, tools and vehicles; and personnel training for street lighting, street trees and park landscape.
- Reconstruction and repair contracts, including defective service pedestals, vandalism and circuitry repair.
- Capital improvement costs for the following:
 - Installation of lights in newly annexed areas.
 - Installation of safety lighting for new traffic signals.
- Incidental costs, including engineering and legal expenses, finance department expenses for the processing of Edison payments.
- Development within the City during the past year has included the construction of new street light facilities and the installation of additional parkway trees. These improvements are made periodically by private developers. The City assumes financial responsibility for the energy and maintenance costs after the facilities are accepted by the City.

It is not anticipated that any major improvements will be installed this fiscal year. It is anticipated that minor improvements at diverse locations will be added to the District periodically during the year.

III. DISTRICT BUDGETS

A. COST ESTIMATE

The maintenance of existing street light facilities is performed by either the Southern California Edison Company, the State of California Department of Transportation or by the City through its own forces or contract personnel. The portion of the street light system owned and operated by the Southern California Edison Company is billed to the City on a monthly flat rate per street light basis. These flat rates vary based upon the type and size of luminaries and are adjusted as allowed by the California Public Utilities Commission.

A portion of the street lighting system is owned and maintained by the City. Electrical energy is purchased from the Southern California Edison Company at metered locations. Again, as with the Edison-owned lights, there are regular increases in the electrical energy costs; however, with the City-owned system these increases are termed "fuel cost adjustments."

The maintenance of existing street trees is performed by the City through its own forces or contract personnel. Costs assessed to the district include those for labor, material and equipment.

FISCAL YEAR 2018/2019 COST ESTIMATE

Electricity	\$642,070
Contract Services	404,485
Personnel Expenses	28,344
Other Expenses	309,973
Other Service and Supply Expenses	7,180
County Fee	6,405
Transfers Out - General Fund	0
Total Costs and Expenses	\$1,398,457
Estimated Net Assessment 2018/2019:	\$841,750
General Fund Contribution	\$556,707

* Slight variances in District Budget Totals due to rounding.

B. EXPENDITURE DETAIL

The following table depicts the expenditure detail for the City over the course of five (5) years, as well as the projected expenditure detail for fiscal year 2018/2019:

City of Rialto
Budget Years 2013/2014 thru 2018/2019
SLD No. 1
EXPENDITURE DETAIL

Account #	Fund	Prg	Object	Expenses	Budget 2013/2014	Budget 2014/2015	Budget 2015/2016	Budget 2016/17	Budget 2017/2018	Projected Budget 2018/2019
490-400-4860-7105	490	4860	7105	Property Assessments - Street Lights	\$630,600	\$630,000	\$650,000	\$600,000	\$600,000	\$611,575
490-400-4860-7401	490	4860	7401	Finance Investment Income Allocation	0	0	2,700	1,500	2,400	10,600
490-400-7309-7105	490	7309	7105	Property Assessments - Street Lights	230,000	232,000	250,000	250,000	250,432	230,175
				Total Revenues	\$860,600	\$862,000	\$902,700	\$851,500	\$852,832	\$852,350
490-500-4860-2002	490	4860	2002	Electricity	\$715,000	\$742,820	\$760,790	\$759,610	\$713,590	\$642,070
490-500-4860-2011	490	4860	2011	Contract Services	21,485	121,485	16,485	16,485	18,485	104,485
490-500-4860-2140	490	4860	2140	Postage	180	180	330	330	400	340
490-500-4860-2000	490	4860	2000	Total Services and Supplies	\$736,665	\$864,485	\$777,605	\$776,425	\$768,075	\$746,895
				TOTAL STREET LIGHT SERVICES	\$736,665	\$864,485	\$777,605	\$776,425	\$768,075	\$746,895
490-500-4860-4001	490	4860	4001	Principal	\$0	\$0	\$0	\$0	\$0	\$199,165
490-500-4860-4010	490	4860	4010	Interest	0	0	0	0	0	110,808
	490	4860		TOTAL OTHER	\$0	\$0	\$0	\$0	\$0	\$309,973
490-500-7309-1001	490	7309	1001	Salaries	\$14,619	\$14,619	\$14,619	\$14,619	\$14,619	\$14,619
490-500-7309-1005	490	7309	1005	Special Compensation	0	0	0	0	1,027	1,027
490-500-7309-1020	490	7309	1020	Overtime	2,000	2,000	2,000	2,000	5,000	5,000
490-500-7309-1030	490	7309	1030	Retirement	3,452	3,970	4,318	4,898	1,403	1,515
490-500-7309-1040	490	7309	1040	Worker's Compensation	358	184	222	731	203	249
490-500-7309-1050	490	7309	1050	Other Fringe Benefits	3,310	3,601	4,800	4,561	5,421	5,422
	490	7309	1080	Leave - Cashouts	878	72		46	442	514
	490	500-7309-1000	1000	Total Personnel	\$24,615	\$24,445	\$25,959	\$26,854	\$28,114	\$28,344
490-500-7309-2011	490	7309	2011	Contract Services	85,000	250,000	255,000	260,000	300,000	300,000
490-500-7309-2021	490	7309	2021	Other Services & Supplies	4,000	4,000	4,000	5,000	4,200	4,200
490-500-7309-2110	490	7309	2110	Fleet Maint./Replacement Charges	4,310	2,550	2,910	2,910	1,030	1,100
490-500-7309-2122	490	7309	2122	Simonson Center Department Fees	52	50	60	60	60	60
490-500-7309-2125	490	7309	2125	Building Maintenance	950	1,160	1,100	1,100	1,480	1,440
490-500-7309-2145	490	7309	2145	Liability Insurance	40	60	60	60	13,520	40
				County Fee (\$.30 Per Parcel)	6,480	6,455	6,446	6,418	6,418	6,405
490-500-7309-2000	490	7309	2000	Total Services & Supplies	\$100,832	\$264,275	\$269,576	\$275,548	\$326,707	\$313,245
490-500-7309-5010	490	7309	5010	Transfers Out- General Fund	0	0	0	0	0	0
490-500-7309-5000	490	7309	5000	Total Other	\$0	\$0	\$0	\$0	\$0	\$0
	490	500-7309-	490 7309	TOTAL TREE MAINTENANCE	\$125,448	\$288,720	\$295,535	\$302,402	\$354,821	\$341,589
				TOTAL STREET LIGHTING FUND	\$736,665	\$864,485	\$777,605	\$776,425	\$768,075	\$1,056,868
				TOTAL TREE MAINTENANCE & STREET LIGHT	\$862,113	\$1,153,205	\$1,073,140	\$1,078,827	\$1,122,896	\$1,398,457
				Net Assessments	850,425	848,626	847,798	846,545	850,432	841,750
				General Fund Contribution	11,688	304,579	225,342	232,282	272,464	556,707
				TOTAL REVENUE	\$862,113	\$1,153,205	\$1,073,140	\$1,078,827	\$1,122,896	\$1,398,457

IV. METHOD OF APPORTIONMENT

A. ASSESSMENT METHODOLOGY

The City Council, in determining the necessity of forming the District, took into account the increasing cost of providing services to the residents, businesses and properties located within the City. The benefit provided by street lighting consists of security for residents, building owners, tenants, storage areas, pedestrians, drivers and many other safety aspects within the community. The citizens of the City benefit from regular park landscape maintenance that preserves the City's economic and humanistic values.

In accordance with Section 22595 of the 1972 Act all railroad, gas, water or electric utility or electric line right-of-way included within the District that receives benefit will be assessed for said benefit.

Formula for Assessment

Assessments proposed for individual lots within the District will be assessed for benefit received as determined previously by the City Council.

For the purpose of assessment, the following four assessment categories have been established:

1. Residential Developed
2. Residential Vacant
3. Non-Residential Developed
4. Non-Residential Vacant

Residential properties include single-family units, multiple family units (condominiums and apartment complexes) and mobile home parks. The Non-Residential categories include primarily commercial, professional, office and industrial uses.

Residential Rates:

There are two categories of cost, which will be assigned to each property. The first category is the **Land Benefit Factor**. The costs associated with the residential share of street lighting costs have been divided among all of the residential properties. Properties with less than one acre are assessed one unit. Larger properties are charged at the rate of four units per acre (the average number of lots that an acre can be subdivided into). This charge is levied against every residential lot within the City regardless of whether it has been developed or not. This portion of the assessment for Fiscal Year 2018/2019 is \$8.18 per acre. The minimum assessment per residential parcel is \$2.05. The second category is the **Development Factor**. This category is applied to only those residential lots, which are developed. A single-family dwelling unit receives one unit of benefit. Vacant residential properties will not pay this cost since they do not derive any direct measurable benefit from the District. This portion of the assessment for Fiscal Year 2018/2019 is \$24.03 per unit.

Non-Residential Rates:

Non-Residential properties are assessed similarly to residential properties. There is a Land Benefit Factor of the assessment, which is charged on a per acre basis. The Land Benefit Factor for Fiscal Year 2018/2019 is \$8.18 per acre. The minimum assessment is \$4.09.

The second category, the Development Factor, is calculated by dividing the acreage of all developed non-residential properties into the costs associated with those properties. The Development Factor for Fiscal Year 2018/2019 is \$52.09 per acre.

Cottage Commercial:

The Cottage Commercial zone, located on the east and west sides of Olive Avenue between Rialto Avenue and First Street, consists of properties which are within a commercial area, but which are occupied as residences. Properties occupied as residences are assessed at the residential rate using the residential formula. Properties occupied as businesses are assessed at the non-residential rate using the non-residential formula with the minimum rate being equal to one-half of an acre.

To summarize, there are two classifications of parcel assessments: Residential and Non-Residential. Each classification is broken down into two categories: Land Benefit Factor and Development Benefit Factor. The Land Benefit Factor is a reflection of the benefit every property receives from the services provided under the District. Every parcel within the District is assessed a Land Benefit Factor. The Development Benefit Factor is assessed against developed properties exclusively. A vacant property will receive "0" assessment for the Development Benefit Factor portion.

Therefore, the assessment for the District is derived by the following formula:

$$\text{Land Benefit Factor} + \text{Development Factor} = \text{FY 2018/2019 Assessment}$$

Examples of various types of property as applied to the formula.

A typical single-family residence located on a tract-sized lot 1/4 acre would therefore receive an assessment of \$26.08:

$$(0.25) \$8.18 + \$24.03 = \$26.08$$

A vacant residential property one acre in size would receive an assessment of \$8.18:

$$1(\$8.18) + 0 = \$8.18$$

No vacant residential property will receive an assessment of less than one quarter of the acreage charge (\$2.05).

A commercial property on three acres would receive an assessment of \$180.81:

$$3(\$8.18) + 3(\$52.09) = \$180.81$$

A vacant commercial property on 20 acres would receive an assessment of \$163.60:

$$20(\$8.18) + 20(0) = \$163.60$$

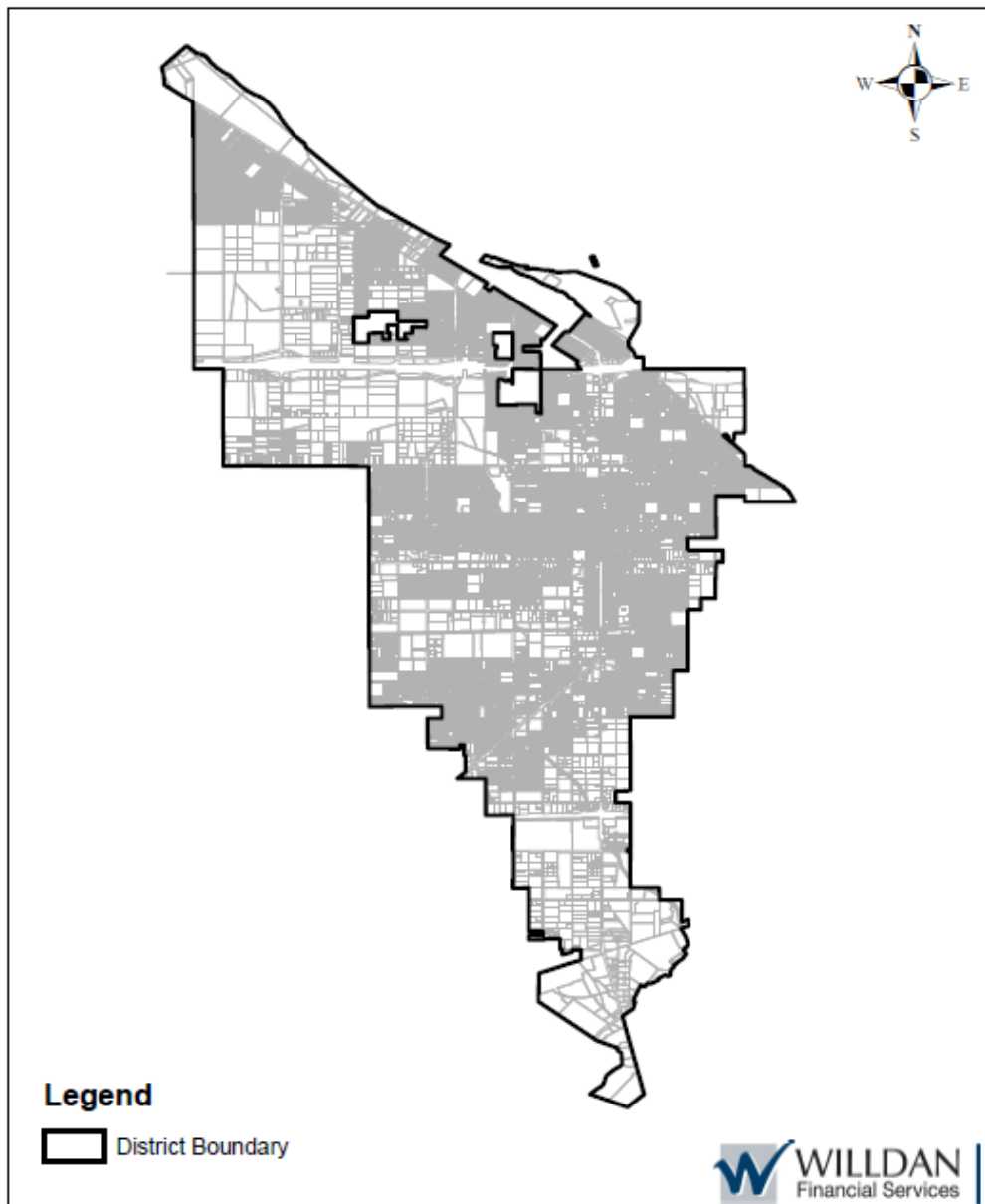
No vacant non-residential property will receive an assessment of less than one-half the acreage charge (\$4.09).

V. ASSESSMENT DIAGRAM

The District diagram for the Rialto Street Light Maintenance District No. 1 indicates all areas of the District are on file with the City Clerk and by reference herein is made part of this Report.

For distinctive enumeration, lines and dimensions please refer to assessment maps prepared for Fiscal Year 2018/2019 by the County Assessor's Office, which are incorporated herein by reference.

CITY OF RIALTO STREET LIGHT MAINTENANCE DISTRICT NO. 1



VI. ASSESSMENT ROLL

Parcel identification, for each lot or parcel within the District, shall be the parcel as shown on the County Assessor's map for the year in which this Report is prepared.

The listing of parcels assessed within this District, along with the proposed assessment amounts, will be submitted to the City's Public Works Department, under a separate cover, and by reference is made part of this Report.

At the Public Hearing, the City Council may amend this Report or approve the Report as submitted. Approval of the Report (as submitted or as modified) confirms the method of apportionment and the maximum assessment rate to be levied against each eligible parcel and thereby constitutes the approved levy and collection of assessments for Fiscal Year 2018/2019. The listing of parcels and the amount of assessment to be levied shall be submitted to the County Auditor/Controller and included on the property tax roll for each parcel in Fiscal Year 2018/2019.

If any parcel submitted for collection is identified by the County Auditor/Controller to be an invalid parcel number for the current fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment and assessment rate approved in this Report. Therefore, if a single parcel has changed to multiple parcels, the assessment amount applied to each of the new parcels shall be recalculated and applied according to the approved method of apportionment and assessment rate.