



League of California Cities Conference

UNDERFUNDED LANDSCAPE AND LIGHTING DISTRICTS

- Balloting Considerations for New Assessments

Habib Isaac; Catherine Lew; Tom Tait

Introductions

- *Habib Isaac* – Principal Consultant, Willdan Financial Services, Special Taxes / Assessments and Proposition 218 Consultant
- *Catherine Lew* – President & CEO, Lew Edwards Group, Public Outreach and Education Consultant
- *Tom Tait* – Public Works Director, City of Arcadia

Presentation Overview

- Background
- Options
- Assessment Principles
- Assessment Structure
- Assessment Implementation
- Public Outreach
- Notice and Ballots
- Results
- Conclusion



Discussion Point – Underfunded Districts

- Focus on landscaping, lighting assessments
- Costs for maintenance of improvements increase each year
- Changes to district or funding
- Assessments being levied at maximum
- Lack of inflators, no ability to increase
- Budget stress limits ability for cities to subsidize
- Revenue no longer adequate to fund programs
- Any increased assessment subject to Prop 218

Discussion Point – Methodology & Structure

- Some assessment structures merit evaluation for compliance with recent court decisions/Prop 218
- Districts grew over time through development and annexations
- Missing or incomplete documentation
- Methodologies need to be reviewed and updated in light of court decisions
- Special, general benefit evaluations
- Process for undertaking restructuring and/or balloting

Methodology and Structure - continued

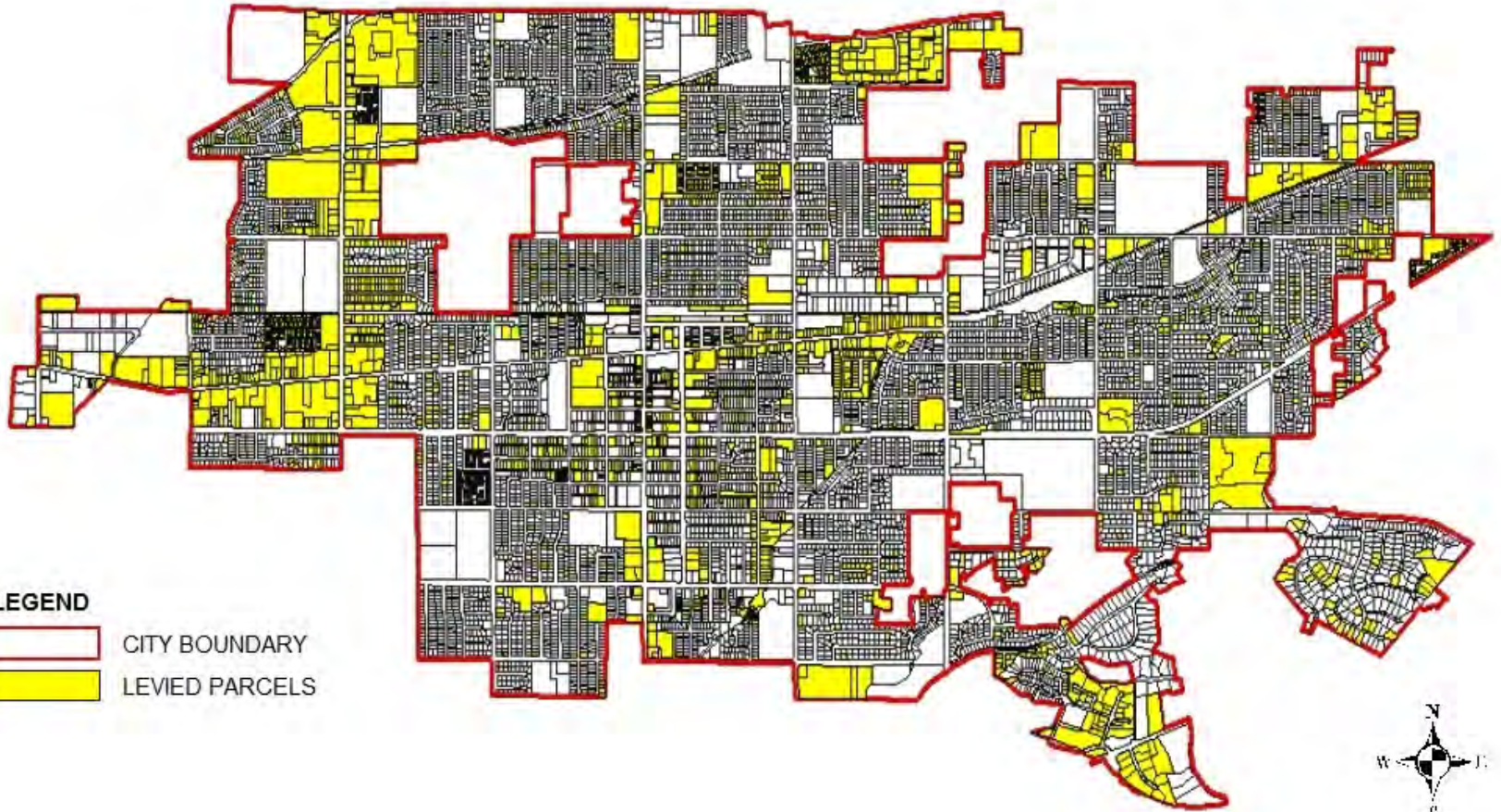
- Districts with annexations may have potential benefit issues – property annexed in a way that creates inequities
- Recent court decisions have complicated matters
- Need to have well developed methodology
- Assessment must be equitable

Legal Landscape



- Prop 218 around since 1996 – not new
- Santa Clara case changed everything –
 - First Supreme Court Decision
 - New standard of review
- Increased emphasis on separation of general benefit
- Special benefits must be well defined and substantiated

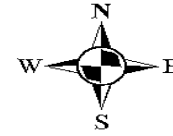
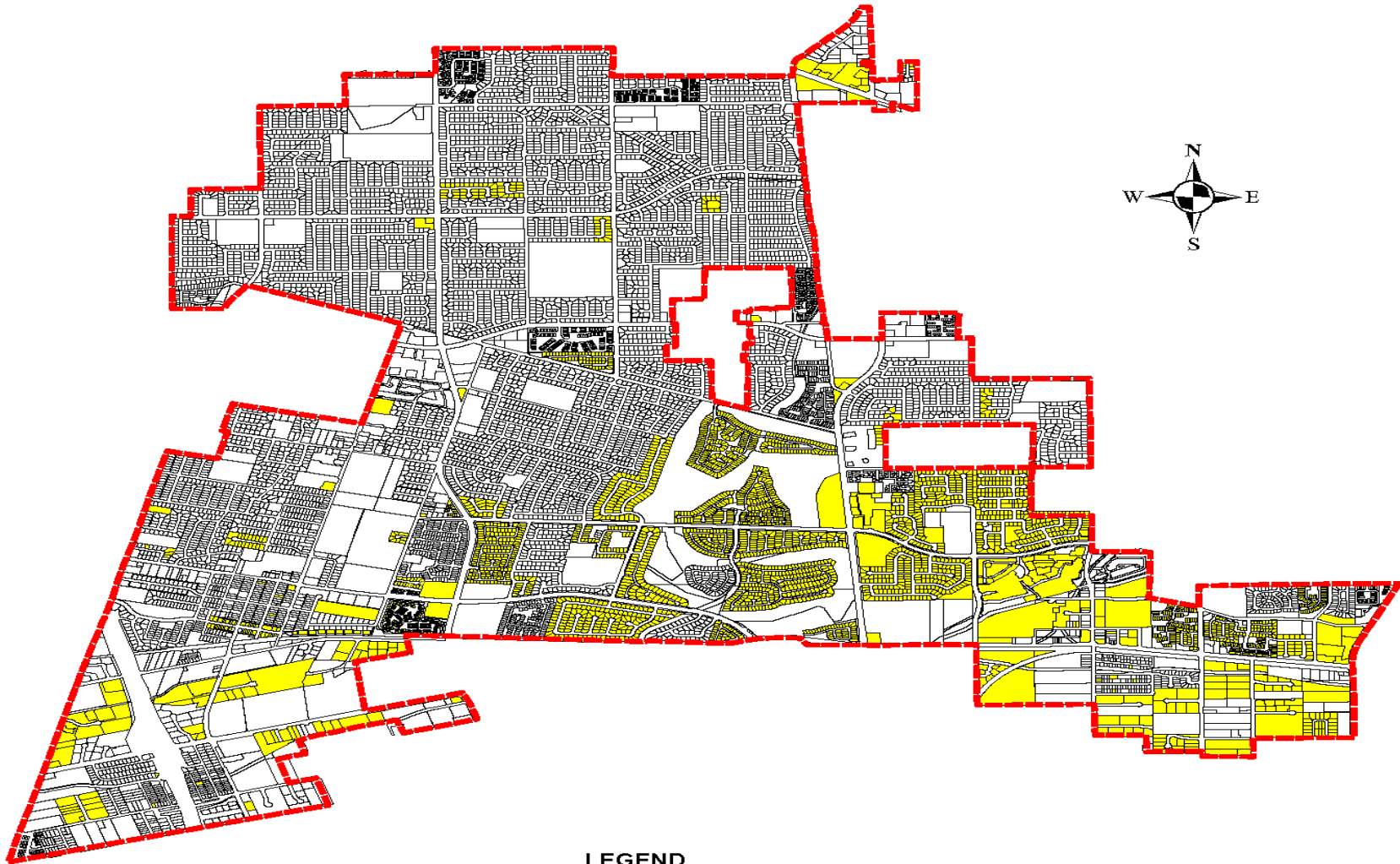
More Legal Landscape

- Examples of relevant recent cases: Buetz, Pomona, Tiburon, West Point
- Good news – some guidance relative to methodology and approach (Tiburon, Pomona)
- Not so good news – larger districts under increasing scrutiny
- Carrying forward with old approach no longer works





LEGEND

-  CITY BOUNDARY
-  LEVIED PARCELS

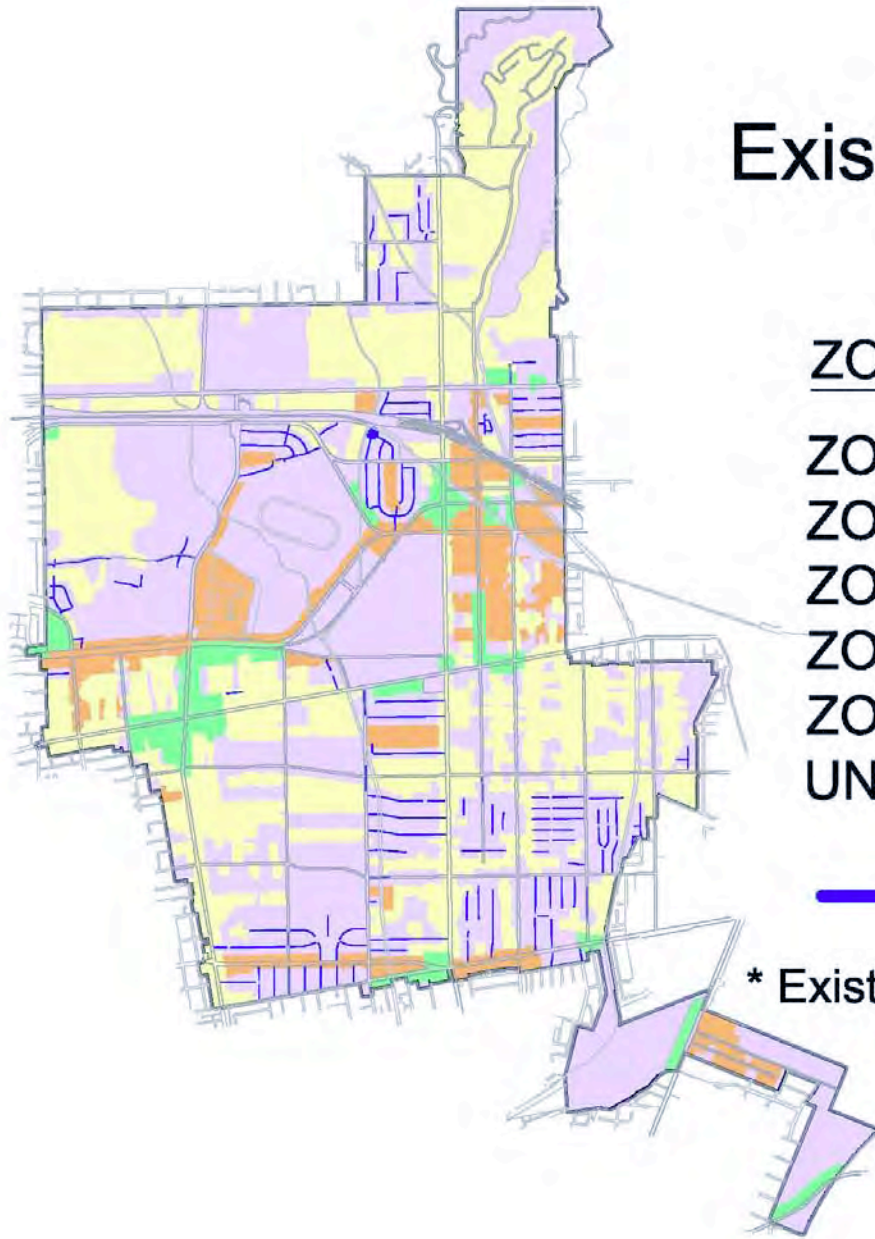


LEGEND

-  CITY BOUNDARY
-  LEVIED PARCELS



Existing Lighting District



COST SHARE (%) CITY/OWNER

ZONES

ZONE A

(40/60)

ZONE B

(50/50)

ZONE C

(0/100)

ZONE D

(50/50)

ZONE E

(0/100)

UNZONED

(100/0)



NO STREETLIGHTS

* Existing district will expire in June 2010

Existing Streetlight Funding

- Original assessment calculated as percentage of assessed value, based on 1919 Act
 - Issues for equity and revenue stability
- Assessment had been in place for more than 50 years
- Total annual streetlight maintenance costs exceed \$1MM
- Assessment generated approximately \$400K per year for lighting maintenance – City funded remainder
- Essential and historical funding source for the City
- Assessment was due to sunset after June 30, 2010

Considerations and Options

- Needed to implement a new stable revenue stream
- Needed to convince property owners to approve
- Understand policy and political framework
- If no new funding – City would need to identify streetlight maintenance costs to eliminate
- Limited control over energy costs
 - Reduce time duration that streetlights are powered
 - Eliminate or drastically reduce repair and replacement
- City liability for maintaining streetlights (arterials)

More Considerations and Options

- Fund entire budget through General Fund
 - General Fund resources already limited
 - Must submit balanced budget
 - Revenue would be taken from other services
 - Public safety, library, street sweeping, etc.
 - Funding shortfall would simply be moved to another area
- Establish a new dedicated funding mechanism to fund authorized costs

Funding Solutions Considered

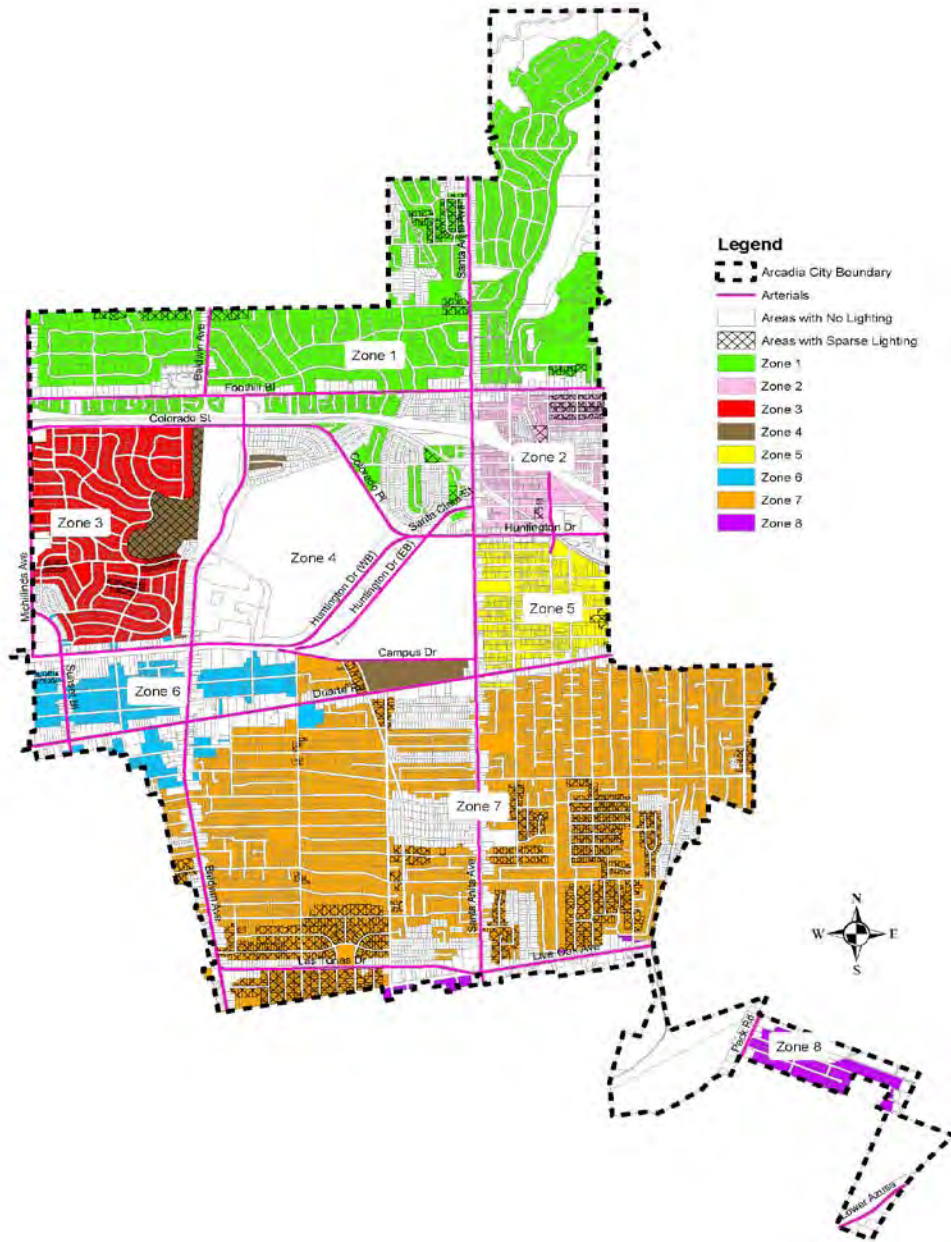
- Special Tax
 - Also dedicated
 - Some additional disclosure required
 - Requires 2/3^{rds} approval or *registered voters*
- Funding objectives
 - Fund entire maintenance budget amount
 - Continue same funding level, with some City assistance
- Assessment structure
 - More equitable if based on special benefit
 - Defensible, straightforward methodology

Funding Solutions Considered

- Assessment
 - Is dedicated revenue stream and not subject to fluctuation
 - Assessment already in place – terminology the same
 - Only affected property owners would cast ballots
 - i.e. property owners rather than registered voters
 - Simple majority (weighted by assessment) required
 - Technically absence of a majority protest
 - Have to adhere to assessment benefit requirements

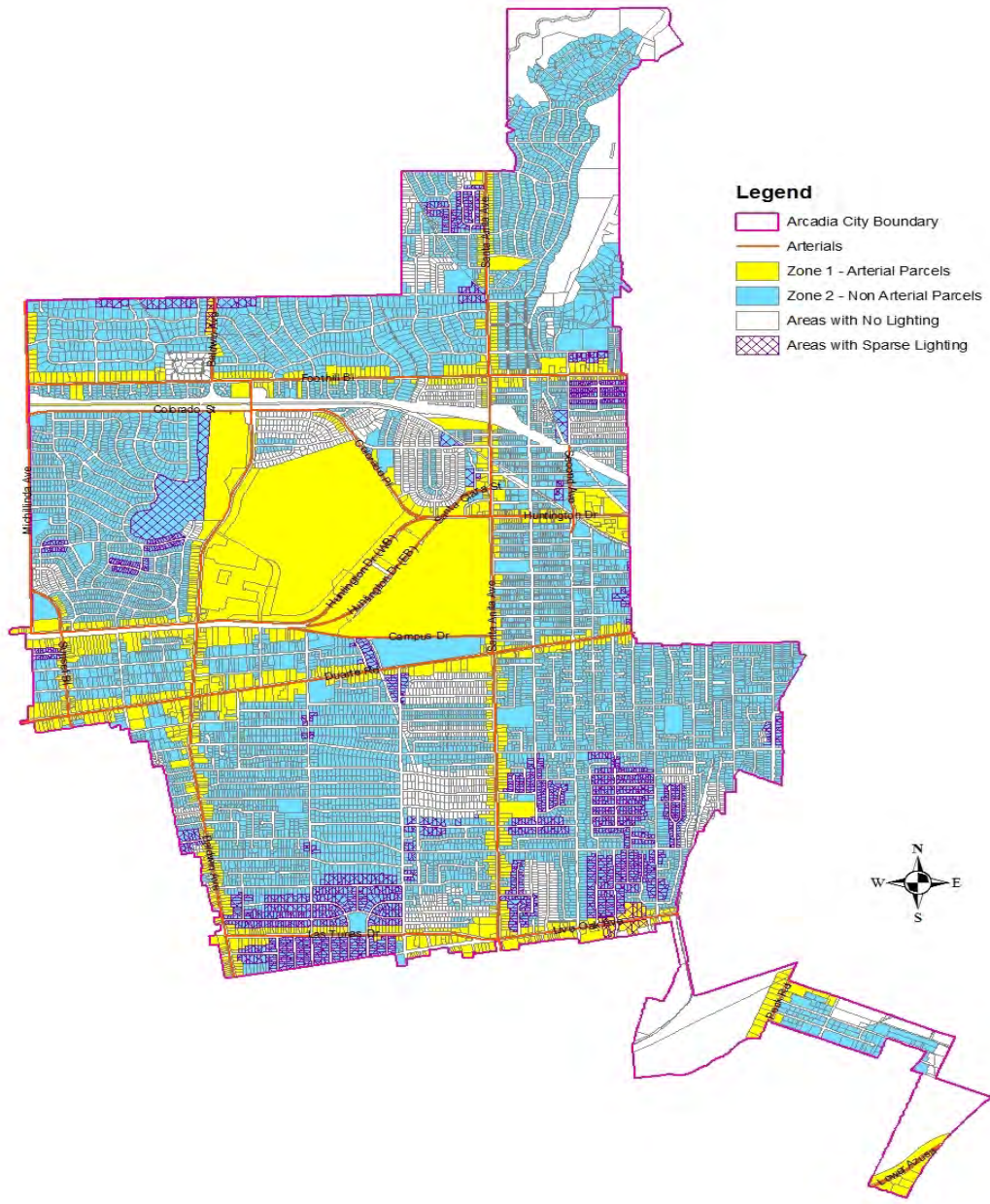
Assessment Principles

- Subject to provisions of State Law for specific type of assessment, and Prop. 218 (Constitution and Gov Code)
- Identify and quantify special benefits vs. general benefits
 - General benefits cannot be funded through assessment
- Determine amount of total budget that may be funded
 - Drill down from total budget, identify authorized costs
 - Identify maintenance being provided, benefitting properties
 - Determine and quantify general benefits
 - Develop assessment methodology to apportion authorized costs to properties that receive special benefit



Assessments

- Methodology based on special benefits that properties receive from services and improvements
 - Assessments must be proportional to benefits received
 - Assessments must not exceed any parcels proportional benefit
- Two benefit zones established to fairly apportion costs
 - Properties that are located adjacent to arterial streets
 - Properties located along non-arterial streets
- Zones of Benefit differ by General Benefit calculation



Assessments

- Arterial streets serve public at large as well as parcels being assessed
 - Meets definition of general benefit
 - General benefit calculated based on trip generations
- Total budget: \$1,019,595; General benefit: \$214,661
- Authorized budget: \$804,934
 - Two benefit zones established to fairly apportion costs
 - Arterials (Zone 1) – 13%; Non-arterials (Zone 2) – 87%
 - City moved forward with a total budget for assessments of \$428K

Outreach and Messaging

- Well coordinated public outreach is critical component of a successful effort
- Important to understand resident and property owner perceptions of the issue – and of city
- Try to gauge potential level of support
- Educate public about assessment balloting process
- Educate public about proposed use of funds and improvements to be maintained
- Establish consistent talking points and messaging, educate council and staff

Key Messages

- In Arcadia, we emphasized that this is NOT a new tax, but an update and extension of an existing local revenue source
- Emphasized fairness and equity for all taxpayer property owners, including the City –which continued to pay a significant share of lighting costs.
- Defined “what was at stake”. In Arcadia’s case, cuts to other services such as public safety, library and senior programs were potential consequences without renewal.
- Reassured the public that the money would be spent locally, and could not be taken by Sacramento.

Key Public Information Activities and Collaterals

- Message Development
- City/Internet Vehicles
 - City Website and Cable Scroll, “Hot Sheet” and Newsletter
- Speakers’ Trainings and Speakers’ Bureau Presentations
 - Frequently Asked Questions
 - Sticky Qs/As
 - Power Point Presentation
- Large Property Owner/Influential Outreach
- Informational Mailings and Counter Flyers



Arcadia's Local Citywide Lighting District

IMPORTANT VOTING INFORMATION

PLEASE NOTE: This is an issue that affects us locally and is not related to the recent California Statewide Primary election. Arcadia's current local assessment for street lights will expire on June 30, 2010.

How Do I Vote?

Ballots were mailed to you with a return envelope.

- The ballot must be completed by the property owner(s), or an authorized representative.
- Clearly mark the appropriate box, sign and mail back the ballot in the envelope provided.
- Completed ballots must be received by the Arcadia City Clerk no later than the close of the Public Hearing, which is scheduled to begin at 7:00 p.m. on July 20th.
- Please allow sufficient time for mail delivery.



OR

- Hand deliver your ballot to the office of the Arcadia City Clerk.
- Completed ballots must be received no later than the close of the July 20th Public Hearing, which is scheduled to begin at 7:00 p.m. in the Council Chambers, 240 West Huntington Dr.

How will Ballots be Tabulated?

- Ballot tabulation will begin at the conclusion of the Public Hearing.
- Ballot tabulation will be held in City Council Chambers, 240 W. Huntington Drive, and is open to the public.
- Ballot tabulation is being conducted by an independent third party.
- Ballot tabulation will be from 8:30 a.m. – 5:00 p.m. each day, until all received ballots have been counted.



When will Results be Announced?

- After all ballot tabulation is complete, results will be announced at the City Council meeting on August 3, 2010.
- Majority approval of the ballots returned, weighted based upon the assessment for each property, means the measure is approved.





City of Arcadia
240 W. Huntington Drive
Arcadia, CA 91006

RETURN YOUR LOCAL LIGHTING ASSESSMENT BALLOT BY JULY 20TH!

Arcadia's Lighting Assessment District has been in place for 57 years — but funding to repair and maintain street lights will expire June 30, 2010.

On June 1st the Arcadia City Council approved the issuance of ballots to all property owners in Arcadia for consideration of an annual assessment for the City's Lighting Assessment District.

Please check the mail for your ballot. Make sure to fill it out and send it back so your vote can be counted. Ballots must be received by the City on July 20th.

If you have questions about the assessment, street lighting maintenance, voting procedures or the process, please call Public Works Services Director Tom Tait at (626) 305-1386 or email LightingInfo@ci.arcadia.ca.us.



Assessment Formation

- Must provide Notice and Ballot to affected properties
- Additional communication through:
 - News letters
 - Property owner workshops
 - Major stakeholder correspondence
 - Press releases
 - Web links
- LEG harmonizes technical components with key messaging for all public outreach communications
 - Notices and Ballots include appropriate key messages while compliant with Proposition 218

Due Diligence

- Notice and Ballots must be mailed out at least 45 days prior to holding public hearing
 - Time period while ballots are out – No time to waste
 - Check with major stakeholders to confirm receipt of ballots
 - Establish process to send replacement ballots efficiently
 - New property owners
 - New mailing addresses
 - Lost ballots
 - Hold workshops to educate property owners on prop 218 process and how to cast their ballot
 - Efforts can increase percentage of ballots returned

Results

- 16,597 assessment ballots mailed
- 5,490 ballots returned (33%)
- Simple majority required to implement assessment
 - 60% of returned assessments in favor (weighted by assessment)
 - No majority protest
 - Council approved assessment
- Assessment will continue in perpetuity
- Generate \$428K in initial year
- Includes inflator equal to 3% per year (part of ballot)

Conclusion

- City involvement
- Technically sound
- Key Messaging
- Multiple media resources
- Educate property owners on process
- Due diligence
- Holistic Approach

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