



CC Regular Meeting AGENDA ITEM REPORT

Meeting:	June 3, 2025
Title:	Ordering the Engineer's Report and Approving the Engineer's Report and Declaring the Intent to Levy and Collect Assessments for Covina's Lighting District No. 1978-79 for Fiscal Year 2026 and Set Public Hearing for Protests in Relation Thereto
Presented by:	Rafael M. Fajardo, Director of Public Works/City Engineer
Recommendation:	<ol style="list-style-type: none">1. Adopt Resolution CC 2025-56 ordering the City's Assessment Engineer to prepare and file a report levying assessments within the Covina Lighting District No. 1978-79 for Fiscal Year 2026; and2. Adopt Resolution CC 2025-57 approving the Engineer's Report and declaring its intention to levy and collect assessments on the Covina Lighting District No. 1978-79 for Fiscal Year 2026 and setting the Public Hearing date for July 1, 2025 for hearing protests in relation thereto.

EXECUTIVE SUMMARY/BACKGROUND:

The Covina Lighting District No. 1978-79 was formed on November 20, 1978 in conformity with the requirements of the *California Streets and Highways Code, Division 15, Part 2, Landscaping and Lighting Act of 1972*, to finance the energy and maintenance costs of new street lights installed by several commercial and residential developers, as discussed in the Engineer's Report (Attachment A). The District was formed through a public hearing process and the properties within the District were designated Zone A for single-family residential and condominium units and Zone B for commercial, industrial, and apartment properties.

Each fiscal year, prior to collecting assessments on the LA County property tax roll, the City Council must adopt resolutions (Attachments B and C) directing the City's Assessment Engineer to prepare and file a report regarding the proposed assessment for each Zone, approving the Engineer's Report, and declaring the City Council's intention to levy and collect assessments for the upcoming fiscal year. The 2025-2026 Engineer's Report for the Lighting District No. 1978-79 has been prepared for review and consideration. As proposed, the City Council will conduct the required Public Hearing for this matter on July 1, 2025 at 7:30 p.m.

DISCUSSION:

There are two zones in the Covina Lighting District No. 1978-79 designated as Zones A and B. Zone A is comprised of single-family residences and condominium units. Zone B is comprised of commercial, industrial, apartment, and similar multi-family residential properties. The proposed assessments are for the costs of providing street lighting in these two Zones.

Since its formation, the District has been expanded twice as follows:

- In 1980, the District was expanded to include all development projects that are required to construct public improvements adjacent to the property being developed, except when the development did not increase the existing floor area by fifty percent pursuant to the regulations of Chapter 11 of the Covina Municipal Code.
- In December 1988, the District was expanded by annexing parcels east and west of Azusa Avenue from Arrow Highway to 600 feet south of Badillo Street. A number of parcels were annexed to the District when streetlights were installed in conjunction with utility undergrounding projects. Parcels were also

annexed to the District in connection with City-sponsored street projects. These annexations were in areas where the property owners requested that streetlights be installed in their blocks, with the owners paying for the installation of the streetlights. Subsequent annexations to the District have included similar projects and developments, but also include various individual residential and commercial properties that are continually annexed to the District as a condition of property improvements. This process of annexation has resulted in the existing District that represents approximately 35 percent of the parcels within the City.

Per the Engineer's Report, the assessments to be collected will not be sufficient to fully fund operations and maintenance costs. For FY 2025-2026, it is estimated that the total expenditures will be \$278,951. For FY 2025-2026, the total revenue generated by assessments in the District is estimated to be \$135,183. This leaves an operational deficit of approximately \$143,768 in the District. As proposed, the City will utilize General Fund revenues to cover this deficit.

Table 1: Streetlight Expenses

Delivery/Maintenance/Usage	Zone A		Zone B		Total
	Units	Cost	Units	Cost	
Edison Owned	556	\$108,629	691	\$139,770	\$248,399
City Owned	45	\$3,190	170	\$12,053	\$15,243
Subtotal	601	\$111,819	861	\$151,822	\$263,642
Administration		\$6,124		\$9,185	\$15,309
Total		\$117,943		\$161,008	\$278,951

(Note: Totals may not sum due to rounding.)

The FY 2025-2026 proposed assessment rates are \$20.80 per unit for Zone A and \$2.70 per benefit unit (BU) for Zone B. Benefit units are calculated per 1,000 square feet of land area for Zone B. The rates of \$20.80 per unit for Zone A and \$2.70 per 1,000 square feet of land area for Zone B have been in effect since 1995-1996 and are the maximum assessment rates for each Zone.

Table 2: Assessment Rates and Revenue

Zone	Units/BU	Proposed Rate	Assessment Revenue
Zone A	2,927.00 units	\$20.80/unit	\$60,882
Zone B	27,518.87 BUs	\$2.70/BU	\$74,301
Total			\$135,183

Table 3: Covina Lighting District No. 1978-79 – FY 2025-2026 Summary

Budget Item	Zone A Amount	Zone B Amount	Total Amount
Proposed Assessments	\$60,882	\$74,301	\$135,183
General Fund	\$57,061	\$86,707	\$143,768
Total Projected Revenue	\$117,943	\$161,008	\$278,951
Delivery & Maintenance	\$111,819	\$151,822	\$263,642
Administration	\$6,124	\$9,185	\$15,309
Total Projected Expenditures	\$117,943	\$161,008	\$278,951

(Note: Totals may not sum due to rounding.)

Since assessments do not cover all of the costs associated with the District, the City has traditionally utilized General Fund revenues to maintain service levels. In light of existing budget constraints, it may be prudent to consider cost reductions and/or revenue enhancement strategies to cover District costs. Additionally, the City has implemented several energy efficiency measures to help reduce costs. These measures include the following:

- Through the SCE On-Bill Financing Program, the City completed the conversion of 380 City-owned streetlights to LED technology in 2016, helping to reduce energy expenses by approximately \$11,000 per year. Following the ten year loan repayment schedule in 2026, the City will begin to realize the full cost savings.
- Participation in SCE's Schedule LS-1 Option E, Energy Efficient LED Fixture Replacement program, replacing 3,031 SCE-owned high pressure sodium streetlights with LED technology. This effort was completed in December 2017 and is resulting in savings of approximately \$13,400 per year. The City also received a one-time incentive payment of \$387,166 through this program, which was received in July 2018 and deposited into the General Fund. Following the twenty year repayment schedule in 2037, the City will begin to realize the full cost savings.
- The installation of LED technology for all newly installed street lights in municipal parking lots, on City public rights-of-way, and in conjunction with new developments.
- Periodic rate analyses that ensure SCE is charging City accounts under the most appropriate and cost-effective billing classification. For example, street lights and office lights have very different energy demands. A rate analysis was performed in June 2024. As a result, two City service accounts were placed into a more suitable rate plan, saving the City approximately \$78 per year.

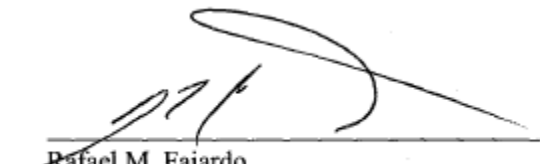
FISCAL IMPACT:

Legally required engineering, advertising, and balloting costs for the Lighting District No. 1978-79 are included in the FY 2025-2026 Street Lighting Assessment District budget (Fund 2710). Since assessments do not cover all of the costs associated with the District, the City will utilize \$143,768 in General Fund revenues to maintain service levels. In light of existing budget constraints, it may be prudent to consider cost reductions and/or revenue enhancement strategies to cover District costs.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Rafael M. Fajardo
Director of Public Works/City Engineer