

Date of Hearing: August 11, 2020

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT

Cecilia Aguiar-Curry, Chair

SB 1307 (Rubio) – As Introduced February 21, 2020

SENATE VOTE: 39-0

SUBJECT: Street lighting systems: City of Rosemead.

SUMMARY: Allows the Landscaping and Lighting District of the City of Rosemead to perform maintenance and make improvements under the Landscaping and Lighting Act of 1972 (1972 Act).

FISCAL EFFECT: None

COMMENTS:

- 1) **Bill Summary and Author’s Statement.** This bill allows the Landscaping and Lighting District of the City of Rosemead to perform maintenance and make improvements under the 1972 Act. This bill is sponsored by the City of Rosemead.

According to the author, “The City of Rosemead has accumulated unspent ad valorem funds due to the limitations on the permissible uses from that revenue source, and at the same time has had to defer or reduce the maintenance of those improvements allowed under the Landscape and Lighting Act of 1972. This has created an imbalance in the city, with unusable fund balance currently projected at over \$2 million. The issue is that funds from the Street Lighting Act of 1919 can only be used for lighting maintenance and cannot be used for the installation of city owned public lighting facilities, including traffic signals or landscaping maintenance. This bill will allow these funds to be used for improved maintenance on city streets, street trees, and medians. This would greatly improve Rosemead, which is located in my district, by providing the city the ability to perform critical, much needed maintenance upgrades.”

- 2) **Assessments.** A benefit assessment is a charge that property owners pay for a public improvement or service that provides a special benefit to their property. The amount of the assessment must be directly related to the amount of the benefit that the property receives. Benefit assessments can finance public projects like flood control, street improvement, streetlights, and public landscaping, among many others.

California statute authorizes local agencies to adopt a wide variety of assessments through the formation of assessment districts. An assessment district is not a separate government agency but rather a defined area containing the property that specifically benefits from certain public improvements. Within this defined area, the special assessments are apportioned and levied according to a benefit formula approved by the legislative body.

With the passage of Proposition 218 (1996), assessments became more difficult to impose, including those levied by assessment districts, because of newly enacted property owner approval requirements. In general, Proposition 218 ensured that all new or increased taxes and charges on property owners are subject to property owner approval, and it sought to curb

the use of these revenue-raising tools to pay for general governmental services rather than property-related services.

- 3) **1919 Act and 1972 Act.** The Street Lighting Act of 1919 Act (1919 Act) is a tool used by cities to finance street lighting improvements. When a city council finds it is in the public's best interest, it can order any street lighting system to be maintained along one or more of the streets in the city, or order electric current or another power source to be furnished for a street lighting system. Funds from the 1919 Act can only be used for lighting maintenance and cannot be used for the installation of city owned public lighting facilities, including traffic signals or landscape maintenance.

The 1972 Act is a tool used by local agencies to pay for landscaping, lighting, and other improvements and services in public areas. Bonds can be issued to finance improvements under the 1972 Act. Under the 1972 Act, a broad range of improvements can be financed, including:

- a) Acquisition or construction of landscaping; general lighting, such as streetlights and traffic lights; recreational improvements, such as parks; ornamental features, such as statues and fountains; and, any facilities attached or related to these types of improvements;
 - b) Acquisition of land for parks and open spaces;
 - c) Acquisition or construction of community centers, municipal auditoriums, halls, or other similar facilities;
 - d) Acquisition of any existing asset that a district would otherwise be able to construct; and,
 - e) Maintenance of any of the above.
- 4) **City of Rosemead and Current Limitations.** Incorporated in 1959, the City of Rosemead is located in Los Angeles County. Rosemead receives 1919 Act revenue for the purpose of funding the operation and maintenance of its street lighting system under the authority of the Lighting District of the City of Rosemead. Rosemead can only use funds from the 1919 Act for lighting maintenance, not for other needs it may have which would be allowed if the city collected these funds under the 1972 Act. Rosemead is projecting a balance of over \$2 million in unusable funds that could be utilized for one-time improvements and installation of city owned public lighting facilities, such as traffic signals or landscaping maintenance.

After the passage of Proposition 218, maintenance districts formed under the 1919 Act became a less beneficial tool for funding local infrastructure projects. Proposition 218 requires local agencies to gain property owner approval through a protest process if a new assessment is created or an existing one is increased. In addition, the 1919 Act does not allow as wide a variety of uses for funds collected as the 1972 Act does. For instance, the 1919 Act does not allow a local agency to finance streetlight installation or landscaping. As a result, local agencies have turned away from using the 1919 Act to levy benefit assessments. However, some districts are left with unspent funds collected under the 1919 Act. SB 1307 authorizes the Rosemead's maintenance district to take a wider variety of actions than currently allowed, potentially making better use of these funds. However, by

authorizing Rosemead’s district to use the powers under the 1972 Act, SB 1307 could lead to Rosemead using funds already collected for purposes not initially intended.

- 5) **Prior Legislation.** SB 361 (Hernández), Chapter 63, Statutes of 2017, allowed the Landscaping and Lighting District of the City of La Puente to perform maintenance and make improvements under the 1972 Act, in addition to its authority under the 1911 Act.

SB 1323 (Hernández), Chapter 93, Statutes of 2018, allowed county lighting districts for the County of Los Angeles to perform maintenance and make improvements authorized under the 1972 Act.

SB 324 (Rubio), Chapter 73, Statutes of 2019, allowed the Landscaping and Lighting District of Temple City to perform maintenance and make improvements under the 1972 Act.

- 6) **Arguments in Support.** The City of Rosemead argues that, “The Street Lighting Act of 1919 allows for a City to use its Ad Valorem allocation from its existing property tax allocation for the purpose of funding Street Lighting. Funds from the 1919 Act can only be used for lighting maintenance and cannot be used for landscape maintenance, which is allowed under the 1972 Act. The City of Rosemead has accumulated excess Ad Valorem funds due to the limited permissible uses from that revenue, and at the same time has accumulated a deficit from its funding source in the direct assessment under the 1972 Act. This has created an imbalance in the District, with unusable funds currently projected at over \$2 million. If the City’s District were to receive authorization from the State, these funds could be used for the benefit of the public to provide improved maintenance and capital improvements on City streets, street trees, and medians. This would greatly improve the aesthetics of the community and provide much needed public infrastructure improvements and would do so with existing funds that otherwise will sit idly.”

- 7) **Arguments in Opposition.** None on file.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Rosemead [SPONSOR]

Opposition

None on file

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