

Date of Hearing: June 19, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT  
Cecilia Aguiar-Curry, Chair  
SB 324 (Rubio) – As Amended March 25, 2019

**SENATE VOTE:** 38-0

**SUBJECT:** Street lighting systems: City of Temple City.

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

**FISCAL EFFECT:** None

**COMMENTS:**

- 1) **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.

- 2) **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. The city council can then levy an assessment on properties proportional to the anticipated benefit of the improvement over a 12-month period. The city council can continue the assessment for subsequent 12-month periods to maintain the services provided. 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.
- 3) **City of Temple City and Current Limitations.** Temple City receives 1919 Act revenue for the purpose of funding the operation and maintenance of its street lighting system under the authority of the Landscaping and Lighting District of Temple City. The City can only use funds from the 1919 Act for lighting maintenance, not for other needs it may have, such as the installation of city-owned public lighting facilities, including traffic signals, or for landscape maintenance, which would be allowed if the city collected these funds under the 1972 Act. The City reports a balance of over \$2 million collected under the 1919 Act that it could use for one-time improvements, and \$600,000 in annual revenue it anticipates collecting.

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 of 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. But some districts are left with unspent funds collected under the 1919 Act. SB 324 authorizes Temple City's maintenance district to take a wider variety of actions than currently allowed, potentially making better use of these funds. However, by authorizing Temple City's district to use the powers under the 1972 Act, SB 324 could lead to Temple City using funds already collected for purposes not initially intended.

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

According to the author, “The City of Temple City receives Ad Valorem tax revenues under the 1919 Act for the purpose of funding the operation and maintenance of its Street Lighting. The issue is that 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 landscaping maintenance. This bill will allow these funds to be used for much needed improved maintenance on city streets, street trees, and medians. This bill simply allows for the use of existing excess funds to provide for a broader public benefit already allowed under State law.”

- 5) **Prior Legislation.** SB 361 (Hernández), Chapter 63, Statutes of 2017, allowed the Landscaping and Lighting District of the City of La Puente to also 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.

- 6) **Arguments in Support.** According to the sponsors, “The City 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 1972 Act. This has created an imbalance in the District, with an unusable fund balance 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 City’s ability to perform maintenance and make improvements for the benefit of its citizens. There will not be any net cost to the public, the State, other agencies or the City. No new fees or revenue increases will result from the proposed legislation. It would simply allow for the use of existing funds to expand maintenance and make improvements in the public right of way; thus, allowing for the use of existing excess funds to provide for a broader public benefit already allowed under State law.”

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

#### **REGISTERED SUPPORT / OPPOSITION:**

##### **Support**

City of Temple City [SPONSOR]  
American Federation of State, County, and Municipal Employees Association, AFL-CIO  
League of California Cities, Los Angeles County Division

##### **Opposition**

None on file

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