



City of Stockton

Legislation Text

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PRELIMINARILY APPROVE THE FISCAL YEAR 2026-27 CENTRAL STOCKTON LIGHTING MAINTENANCE DISTRICT ANNUAL ENGINEER'S REPORT, PRELIMINARILY APPROVE THE PROPOSED FISCAL YEAR 2026-27 BUDGET, AND SET A PUBLIC HEARING FOR JUNE 9, 2026

RECOMMENDATION

It is recommended that the City Council adopt a resolution to:

1. Preliminarily approve the Central Stockton Lighting Maintenance District Annual Engineer's Report for the Fiscal Year 2026-27.
2. Preliminarily approve the proposed Fiscal Year 2026-27 budget.
3. Set a public hearing for June 9, 2026.
4. Authorize the City Clerk to publish notice of the public hearing.

It is also recommended that the City Manager be authorized to take appropriate and necessary actions to carry out the purpose and intent of this resolution.

Summary

The Central Stockton Lighting Maintenance District (District) levies assessments to fund maintenance of specialty streetlights in the Oxford Manor area (Attachment A). The Landscaping and Lighting Act of 1972 (Act), under which this District was formed, requires annual preliminary approval of the District budget (Attachment B) and the Annual Engineer's Report, and requires an annual public hearing for final consideration of the budget and Annual Engineer's Report. The Annual Engineer's Report is on file with the City Clerk, and is available for online viewing at:

[stocktonca.gov/services/public_works/street_lights.php](https://www.stocktonca.gov/services/public_works/street_lights.php)
<https://www.stocktonca.gov/services/public_works/street_lights.php>

The assessment formula provides for an annual escalator to the maximum allowable assessment and for adjusting the actual assessment. It is recommended that the Fiscal Year (FY) 2026-27 maximum assessment be increased per the formula. It is further recommended that the actual FY 2026-27 assessment increase by 3.00 percent over the FY 2025-26 assessment to adjust for inflation. This recommendation is a result of a comprehensive review and evaluation of current maintenance expenditures, long-term capital needs, and available reserves.

The recommended resolution preliminarily approves the District's Annual Engineer's Report and the FY 2026-27 budget, sets a public hearing for June 9, 2026, for the final approval of the FY 2026-27

budget and the Annual Engineer's Report, and authorizes the City Clerk to publish notice of the public hearing. The proposed assessment rate for FY 2026-27 has been increased from the rate for the current year.

DISCUSSION

Background

The City operates and maintains approximately 20,089 streetlights. In most areas of the City, the cost of operating and maintaining streetlights is funded from the Measure K Fund. However, in the area of central Stockton, a special street lighting District was formed to provide enhanced lighting. The enhanced lighting consists of more lights per block than a standard design would require and more expensive, non-standard poles and fixtures.

The District was formed in 2011 after achieving a passing vote in a voting process established by Proposition 218. This process requires all benefiting property owners to be given the opportunity to vote on the establishment of a maintenance assessment district. For an assessment district to be established, a majority of the votes cast must be in favor. The District consists of 278 non-City standard streetlights in the Oxford Manor area (Attachment A) and allows for assessments to be collected for the special benefit received as a result of the non-standard street lighting. The general benefit portion is included in the Public Works Operating budget.

The District sets annual assessments collected by the County with annual property taxes on each taxable parcel contained within the District. These annual assessments provide funding for operation, electricity, maintenance, and other administrative costs associated with the specialty lighting system, including preparing an Annual Engineer's Report and assessment roll. The Annual Engineer's Report contains the District's budget. The budget details the maintenance and administrative costs for the Oxford Manor zone.

The total estimated revenue required for FY 2026-27 operation and administration costs is \$65,645.43. The general benefit was determined to be \$41,154.12. The remaining \$19,764.98 was determined to be a special benefit and was funded by an assessment levied proportionately to the properties within the District and an appropriation from the reserve.

The special benefit received by each parcel is directly proportional to the Linear Front Footage (LFF) of each parcel fronting the enhanced lighting corridor or street. Therefore, the assessment per parcel was determined by first defining a "Unit Assessment Rate" for the Oxford Manor zone. This assessment rate was calculated by dividing the total special benefit cost in the zone by the total LFF of the zone. This Unit Assessment Rate (dollars per LFF) was then multiplied by each parcel's LFF to determine the special benefit assessment for each parcel. The actual FY 2025-26 LFF assessment rate was \$0.349292. The maximum FY 2025-26 LFF assessment rate was \$0.672818.

The District assessment was approved with an annual escalator. The escalator is the greater of 3.00 percent or the increase in the San Francisco-Oakland-Hayward All Urban Consumers Price Index (CPI). The escalator allows the assessment, when necessary, to keep pace with inflation without having to go through the time and expense to ballot the property owners. The maximum allowable assessment annually adjusts by the CPI, while the actual assessment needed to cover a zone's

expenses is determined based on the estimated expenses for the fiscal year. The annual increase in calendar year 2025 of the CPI was 3.00 percent. Therefore, the maximum escalator that can be applied to the maximum allowable assessment for FY 2026-27 is 3.00 percent. The maximum allowable assessment has been increased by the maximum allowable escalator each year since the District was formed.

Present Situation

A summary of the proposed FY 2026-27 budget for the District (Attachment B) is contained within the Annual Engineer's Report, which is on file with the City Clerk. The budgeted expenditures include energy use, bulb replacements, administration, replacement reserves, general maintenance, re-painting, knockdowns, and contingency. Funding for expenditures is from assessments levied on the properties within the District and Public Works Operating budget.

The District was established with the expectation that long-term refurbishment and gradual replacement of equipment would be accomplished utilizing a combination of operating and reserve funds. The reserve was reviewed and determined to be adequate. The current assessment rate is recommended to be increased the allowed 3.00 percent. This recommendation is a result of the anticipated increases in utility costs, the costs to replace potential pole knockdowns due to vehicle collisions, and rapid inflation.

The total proposed FY 2026-27 cost of the Oxford Manor lighting is \$65,645.43 which is an increase of \$1,907.37 from FY 2025-26. The increase is attributable to anticipated increases in utility costs, as well as the 2025 CPI increase of 3.00 percent. Since the reserve is fully funded and in order to keep the assessment within 3.00 percent of the FY 2025-26 assessment rate, an appropriation from the reserve of \$4,726.33 is proposed. The actual FY 2026-27 assessment rate is proposed to be \$0.359809 per LFF. The maximum assessment rate is recommended to be increased the allowed 3.00 percent to \$0.693003 per LFF.

At the end of each fiscal year, any unexpended funds are returned to the District's reserve, which can be used to fund major repairs, such as wire and/or conduit replacement, foundation replacements, or other major repair or improvement.

The recommended resolution will:

1. Preliminarily approve the District's Annual Engineer's Report for FY 2026-27.
2. Preliminarily approve the proposed FY 2026-27 budget.
3. Set a public hearing for June 9, 2026.
4. Authorize the City Clerk to publish notice of the public hearing.

Notice of the public hearing is required to be published a minimum of 10 days prior to the public hearing. The required notice will be published in The Record on or before May 30, 2026.

FINANCIAL SUMMARY

Total Proposed FY 2026-27 Assessments	\$19,764.98
Total Proposed FY 2026-27 Appropriation from Reserves	\$ 4,726.33
TOTAL PROPOSED FY 2026-27 SPECIAL BENEFIT BUDGET (FUND 270-001)	\$24,491.31

Assessments are collected to fund the special benefit costs received by the properties in the District and held in a separate fund (Fund 270-001) for this purpose. Funds for the general benefit costs will be presented to Council for consideration during the normal budget process for the FY 2026-27 and are estimated to be \$41,154.12.

Attachment A - Map of Central Stockton Lighting Maintenance Assessment District (Zone 4, Oxford Manor)

Attachment B - Proposed FY 2026-27 Budget