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TJ KNIGHT
ACTING EXECUTIVE OFFICER

200 NORTH SPRING STREET
ROOM 361, CITY HALL
LOS ANGELES, CA 90012

TEL: (213) 978-0261
TDD: (213) 978-2310
FAX: (213) 978-0278

<http://bpw.lacity.org>

May 15, 2024

BPW-2024-0293

City Council
Room No. 395
City Hall

SUBJECT: ANNUAL ASSESSMENT - STREET LIGHTING MAINTENANCE AND OPERATION FOR 2024/25 - LOS ANGELES CITY LIGHTING DISTRICT (ASSESSMENTS AND DISTRICT FROZEN SINCE 1996)

As recommended in the accompanying report of the Director of the Bureau of Street Lighting, which this Board has adopted, the Board of Public Works recommend that your Honorable Body:

1. ADOPT in accordance with Section 6.98 of the Administrative Code of the City of Los Angeles, with the recommendations that:
 - a. Council adopt this report and the Ordinance of Intention for the Los Angeles City Street Lighting Maintenance Assessment District (LACLD), under which individual maintenance assessments, and the composition of the district will remain substantially the same as in 2023/24, and therefore assessments will be exempt from the "procedures and approval process" (Section 4 of Proposition 218) as allowed in section 5 of Proposition 218. No assessments will be increased and no properties will be added to this district, therefore, no ballots will be required; and
 - b. Proceedings for the maintenance of the LACLD for fiscal year 2022/23 be conducted in conformance with Division 6, Chapter 3, Article 1 of the Los Angeles Administrative Code, California Government Code Section 53753.5 and Proposition 218 (Articles XIII C and XIII D of the California State Constitution). At the conclusion of the Council Public Hearing, assessments be confirmed and an ordinance levying the assessments be adopted. Confirmation of the assessments by July 31, 2024 is necessary to meet the County deadline for inclusion of the assessments on the 2024/25 Property Tax Bills.



Fiscal Impact:

Approval will result in assessment revenue of about \$42,300,000 to the Street Lighting Assessment fund for 2024/25 street lighting operations, slightly less than in 2023/24. An amount of \$2,600,000 is budgeted from the Water and Electricity Fund for the City's share of the Public Property assessments. About 510,000 parcels are included in this assessment district.

Sincerely,

A handwritten signature in black ink, appearing to read 'TJ Knight', with a stylized, cursive script.

TJ KNIGHT,
Acting Executive Officer, Board of Public Works

TK:lc

DEPARTMENT OF PUBLIC WORKS
BUREAU OF STREET LIGHTING
REPORT NO. 1

May 15, 2024

C.D. All

Honorable Board of Public Works
of the City of Los Angeles

ADOPTED BY THE BOARD
PUBLIC WORKS OF THE CITY
of Los Angeles California
AND REFERRED TO THE CITY COUNCIL
MAY 15 2024


Executive Officer
Board of Public Works

**ANNUAL ASSESSMENT FOR STREET LIGHTING MAINTENANCE AND OPERATION FOR
2024/25 – LOS ANGELES CITY LIGHTING DISTRICT (ASSESSMENTS AND DISTRICT
FROZEN SINCE 1996)**

Recommending the Board:

1. ADOPT and FORWARD this report and transmittals to the City Clerk and City Council in accordance with Section 6.98 of the Administrative Code of the City of Los Angeles, with the recommendations that:
 - a. Council adopt this Report and the Ordinance of Intention for the Los Angeles City Street Lighting Maintenance Assessment District (LACLD), under which individual maintenance assessments, and the composition of the district will remain substantially the same as in **2023/24**, and therefore assessments will be exempt from the “procedures and approval process” (section 4 of Proposition 218) as allowed in section 5 of Proposition 218. **No assessments will be increased and no properties will be added to this district, therefore, no ballots will be required.**
 - b. Proceedings for the maintenance of the LACLD for fiscal year **2022/23** be conducted in conformance with Division 6, Chapter 3, Article 1 of the Los Angeles Administrative Code, California Government Code Section 53753.5 and Proposition 218 (Articles XIII C and XIII D of the California State Constitution). **At the conclusion of the Council Public Hearing, assessments be confirmed and an ordinance levying the assessments be adopted.** Confirmation of the assessments by **July 31, 2024** is necessary to meet the County deadline for inclusion of the assessments on the **2024/25** Property Tax Bills.

FISCAL IMPACT STATEMENT

Approval will result in assessment revenue of about **\$42,300,000** to the Street Lighting Assessment Fund (SLMAF) for **2024/25** street lighting operations, slightly **less** than in 2023/24. An amount of **\$2,600,000** is budgeted from the Water and Electricity Fund for the City's share of the Public Property assessments. About 510,000 parcels are included in this assessment district.

TRANSMITTALS

1. Draft of an Ordinance of Intention approved as to form and legality by the City Attorney.
2. Final Cost Estimate for Operation of the Street Lighting in the LACLD for **2024/25**.
3. Specifications for the Operation of the Los Angeles City Street Lighting Maintenance Assessment District for **2024/25**.

4. Proposed assessment roll.

SUMMARY DISCUSSION

Approval of this report, adoption of the Ordinance of Intention, holding of the public hearings, and adoption of the Final Ordinance by Council, with approval by the Mayor, is required under Sections 6.95 to 6.127 of the Los Angeles Administrative Code to levy the assessments needed to operate the Los Angeles City Street Lighting Maintenance Assessment District (LACLD) for **2024/25**. The **\$47,000,000** in annual assessments is the primary source of revenue for the Bureau of Street Lighting's operating budget and other street lighting expenses. The assessments are collected through the County Property Tax Bills, and therefore the assessments must be confirmed by the Council by **July 31, 2024** to ensure that the information can be included on the tax bills.

In summary, the total estimated cost of LACLD street lighting operations for **2024/25** is **\$55,888,850** of which **\$42,300,000** is proposed to be assessed to benefiting properties, including City-owned properties, in accordance with established Council policy. The remaining **\$40,654,150** (**\$1,645,850** carry over from previous fiscal year) in costs are funded from other sources of revenue, including miscellaneous receipts, reimbursements from other agencies, and collections for damage claims, permits & fees, and maintenance agreement receipts. An appropriation of **\$2,600,000** from the Water & Electricity Fund is budgeted for the public property street lighting maintenance assessments.

SINCE INDIVIDUAL MAINTENANCE ASSESSMENTS, AND THE COMPOSITION OF THE DISTRICT WILL REMAIN SUBSTANTIALLY THE SAME AS IN 2022/23, THEY ARE EXEMPT FROM THE "PROCEDURES AND APPROVAL PROCESS" (SECTION 4 OF PROPOSITION 218) AS ALLOWED IN SECTION 5 OF PROPOSITION 218. NO ASSESSMENTS WILL BE INCREASED AND NO PROPERTIES WILL BE ADDED TO THIS DISTRICT.

SIGNIFICANT ITEMS AFFECTING THE ESTIMATE

REVENUES

- **STREET LIGHTING MAINTENANCE ASSESSMENTS** – The Bureau collects 98% of all assessments levied against benefiting property owners.
- **ACCELERATED HIGH VOLTAGE CONVERSION PROGRAM (MICLA)** – The Bureau will be converting the remaining 456 high voltage streetlights to energy efficient low voltage LED streetlights next fiscal year.

EXPENDITURES

- **ELECTRIC RATES** - The annual bills for electricity for the LACLD are estimated to total **\$10,652,489** for **2024/25**.
- **STREET LIGHTING MAINTENANCE ASSESSMENT FUND (SLMAF)** – The SLMAF covers design, operation, and maintenance of the street lighting system (~220,000 streetlights).

OTHER SIGNIFICANT ITEMS

- **REVIEW OF ASSESSMENT FUND REVENUES** – In fiscal year **2024/25** the Bureau will be reviewing the assessment fund to ensure that all assessments are accurate and being properly collected.
- **CITYWIDE ASSESSMENT BALLOT** – In fiscal year 2016-2017, the Bureau worked with a consultant to establish a detailed plan for a Citywide LACLD ballot proceeding. The consultant concluded its study and recommendation in fiscal year 2017-18 to move forward with the LACLD ballot. The CAO's Needs Analysis Report contract was completed in FY 2019-20. The Bureau awarded a personal service contract in 2021 to NBS Government Finance, Inc. for a database software that will calculate street lighting maintenance assessments for over 550,000 parcels. The Board Adopted our Supplemental Agreement No. 1 with NBS on May 18, 2022 and the Agreement was Executed on June 22, 2022. Supplemental Agreement No. 1 added nine (9) months to the original Contract end date of December 10, 2021 thereby extending the end date to September 7, 2022. The terms and language in the Supplemental Agreement No. 1 allowed us to extend the Agreement with NBS by providing NBS written notice on a month-to-month basis for a maximum of 6 months to March 7, 2023. The First Amendment to Supplemental Agreement No. 1 with NBS added 12 months to the Contract and was Executed on October 17, 2023 thereby extending the Contract end date of March 7, 2023 to March 7, 2024. The terms and language in the First Amendment to Supplemental Agreement No. 1 allows us to extend the Agreement with NBS by providing NBS written notice on a month-to-month basis for a maximum of 6 months to September 7, 2024.
Note: Any Citywide Ballot activity will be at the discretion of the Board and Council.
- **WIRE THEFT** – The City of Los Angeles has over 223,000 streetlights that are supported by a vast underground network of approximately 9,000 miles of conduit filled with 27,000 miles of copper wire that connect to 12,000 DWP service points. Historically, before FY 17/18, theft and vandalism incidents remained relatively steady, averaging around 900 annually. However, since FY 17/18, these incidents have surged nearly eightfold, establishing a new normal of all-time highs. Presently, with over 3200 theft and vandalism incidents recorded, this fiscal year seems poised to maintain this elevated trend. While it's premature to discern a consistent pattern, the Bureau perceives a new plateau in copper wire theft and vandalism within the City. Key measures, such as deploying high-strength, lockable pullboxes and bolstering LAPD and public awareness, have proven pivotal in addressing this persistent challenge.
- **EV CHARGING STATIONS** - Innovative curbside Streetlight EV Charging Stations attach to the streetlight and utilize the existing circuitry, making them extremely cost-effective. Our first Infrastructure as a Service solution is expanding to meet the mandate set by the Mayor's Sustainable plan to increase EV adoption 25%, adding 100,000 new electric vehicles in the City by 2025.
- **VISION ZERO** - Vision Zero Los Angeles is premised on the fundamental principle that loss of life by traffic collision is unacceptable. The goal of Vision Zero is to target all traffic fatalities with an emphasis on the most vulnerable users of our streets; people who walk and bicycle. Our Bureau has improved over 450 locations. The Bureau has developed a list of prioritized lighting projects to improve safety on the

High Injury Network which identifies streets with a high concentration of traffic collisions that result in severe injuries and deaths. We will continue to incorporate strategies into intersections and crosswalks at mid-blocks to improve safety.

- **FIRST 5G CITY IN THE NATION** - Technology continues to evolve such that access and connectivity to our street lighting poles is in high demand. As the use of smartphones, live-streaming, and other communication devices increases, the demand for, and proliferation of, additional antennas and communication cabinets increases. The City took an innovative approach to reduce the installation of cabinets or additional antenna poles on our sidewalks and decided to combine the needed equipment with existing street light poles, hence Co-Location. The Co-Location Program facilitates this effort through the installation of communication devices/antennas to be attached to or placed within the City's existing streetlight poles. This work includes the replacement of poles, installing larger, stronger foundations, and, when required, rewiring of circuits. The Bureau of Street Lighting coordinates with telecommunication companies, provides designs, coordinates with City crews, and performs administration duties. There are currently over 3828 Co-Location poles citywide. The Bureau's rigorous engineering and design standards are resulting in more innovative street light designs, and sleeker integrated poles. These more advanced, aesthetically pleasing poles will strengthen the City's cellular coverage for constituents, businesses, and visitors. We developed a brochure detailing the function of 5G and integrated small cells, safety, and benefits to keep the community informed on small cell attachments.
- **CONDUIT, FIBER, AND TECHNOLOGY DEPLOYMENT SUPPORTING STREET LIGHTING OPERATIONS** – Building off of the Bureau's ongoing efforts to install wireless remote monitoring nodes to track the operational status of streetlights, the Bureau has begun deploying fiber optic cables in key areas to further improve lighting operations. Fiber optic technology allows for significantly higher data transfer over wireless deployments, allowing for the implementation of new types of sensors and tools that will foster greater efficiency and lighting control while also improving the security of our infrastructure against theft and vandalism. In conjunction with the Bureau's new state-of-the-art Operations Management System, this new technology will allow the Bureau to pinpoint issues, improve lighting conditions, and track overall performance – all while providing a platform for the development of new Smart City services and applications.

PROPOSITION 218

Shortly after approval of Proposition 218 on November 5, 1996, we conferred with experts in assessments in the private sector, in other cities, and within the City, including the City Attorney, CAO, CLA, City Clerk and others to ascertain and deal with the impacts on assessments, particularly for this District. Our conclusions, concurred in by the City Attorney, are:

1. This assessment district can be renewed, a year at a time, and is exempt from the voting, mailed notices and other requirements of Proposition 218, Section 4, as long as the assessments and the composition of the District are not increased or added to from the previous year.
2. When an increase becomes necessary, a ballot and notice must be mailed to all property owners in the District; if a weighted majority of the votes received are against the increased assessment, it cannot be levied.

STREET LIGHTING MAINTENANCE ASSESSMENTS – FINAL ESTIMATE

Transmittal No. 2 is the FINAL ESTIMATE of expenditures and revenues for the **2024/25** LACLD. It also provides a description of the cost and revenue elements of the estimate, and the basis for the street lighting maintenance assessments that are levied by City Council.

The assessments to about 510,000 individual properties (about 2/3 of the City) will remain the same as in **2023/24**. Properties without streetlights (about 1/3 of the City) are not assessed. A typical R-1 property with a 50-foot frontage which was assessed \$53.07 in **2023/24** will be assessed the same amount in **2024/25**.

This estimate has been prepared consistent with Council Policy in Administrative Code Sections 6.95-6.127, and on the basis of maintaining the Street Lighting Maintenance Assessment Fund in a solvent condition throughout the next fiscal year. The major portion of the revenue to this Fund is planned to be secured from the annual assessment to benefiting properties, which comprise the LACLD. The Bureau of Street Lighting (BSL) budget is also financed from the SLMAF. Therefore, we depend on reimbursement of design fees and other charges to the SLMAF from other funds and agencies.

PROCEDURES FOR CONFIRMING THE ASSESSMENTS

Upon approval of this report and adoption of the Ordinance of Intention by the Council, dates will be set for hearing appeals, one hearing at the Board of Public Works, and then one hearing at the Council. After consideration of the appeals, Council may vote to confirm the assessments, and to adopt a Final Ordinance ordering the maintenance work to be done and the assessments to be levied. ***This must be completed in time to submit the necessary information to the County***

Tax Collector for inclusion with the Property Tax Bills, to avoid a costly, separate City billing preparation, mailing and collection. The Council must confirm the assessments by July 31, 2024 to be included in the County Property Tax Bills.

The assessment diagrams of lands previously approved for assessments, except for assessments first confirmed in 1996/97 and thereafter, are available, and the roll of individual assessments proposed to be levied within the district is being prepared by our assessment engineering staff. These documents will be available prior to the publication of the Notice of Public Hearing. The Ordinance of Intention for the LACLD has been approved as to form by the City Attorney.

Report Prepared By:

Respectfully submitted,

Ruben Flamenco, Division Engineer
Street Lighting Assessment Division

A handwritten signature in black ink, appearing to read 'Miguel Sangalang', is written over a horizontal line.

Bureau of Street Lighting
Miguel Sangalang, Director