



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: October 10, 2023

SUBJECT: Agenda Item 6B: Consideration of the Addition of Street Lighting Service to the District's Active Powers and the Dissolution of the Groveland Lighting District

RECOMMENDED ACTION:

Staff recommends the following action:

I move to direct staff to prepare the District Resolution and LAFCo application materials for the Addition of Street Lighting Service to the Districts Active Powers and the Dissolution of the Groveland Lighting District

BACKGROUND:

On August 10, 2021, this Board of Directors voted to direct staff to notify the Tuolumne County LAFCo of the District's interest to activate its street lighting latent powers. Attached hereto is the staff report presented to the Board of Directors, which provides background on the existing Groveland Lighting District and the rationale for the lighting to be owned and managed by the local government, GCSB. Also attached is a recent email from the Tuolumne County LAFCo Executive Officer, Quincy Yaley in response to our request.

The purpose of this agenda item today is to receive further public input and Board direction before we prepare the required formal resolution and the packet of information that that is to be submitted together to LAFCo:

- The application, including a map showing the boundaries of GCSB and the Lighting District
- Property tax revenue sharing agreement between the County and GCSB
- Prepare a Budget meeting the following requirements: A three-year operating budget containing details concerning staffing, benefits, services and supplies, fixed assets, contingency reserves, etc., any proposed capital projects required to implement the new service(s).
- A Plan for service, which is basically a description of how we will deliver the services with our current staff and equipment.

As discussed at our meeting on this matter in 2021, the advantage of GCSD assuming the lighting services is the transfer to local control the management and planning for future improvements as needed by the community rather than with the Board of Supervisors. GCSD is experienced and competent, and continuously plans and implements infrastructure improvements to the benefit of the community; which would be the same for lighting. GCSD has a solid customer service, accounting and financial management system that can manage street lighting without expansion.

The effort required to complete the application package is expected to be less than 80 hours of staff time. The cost to administer the lighting service once acquired will be paid out of the property tax revenue to be transferred from the County to GCSD. The property tax revenue available appears adequate to cover the cost of the service in total. The three year budget prepared in the next step will identify if there are any financial concerns with the acquisition going forward.

ATTACHMENTS:

1. August 10, 2021 Board Agenda Submittal with hyperlink to the 2013 MSR
<https://www.gcsd.org/files/d21b3ea6c/2013+Lighting+District+MSR.pdf>
2. Email from Quincy Yaley, LAFCo EO
3. LAFCo process flowchart

FINANCIAL IMPACT:

Legal expenses, engineering and application fees are expected to be less than \$5,000 and will initially be paid from our Government Funds, which are funded with property taxes. This initial investment for the acquisition can be refunded to the District from the street light revenue once transferred.



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Pete Kampa, General Manager

DATE: August 10, 2021

SUBJECT: Agenda Item 6F: Consideration of the Potential Activation of Street Lighting Latent Powers, Assuming its Services and the Dissolution of the Groveland Lighting District

RECOMMENDED ACTION:

I move to direct staff to notify Tuolumne County LAFCO of the District's interest to proceed with activating the Street Lighting latent powers available to CSDs in the California Government Code

BACKGROUND:

The Groveland Lighting District was formed on August 27th, 1919, for the purpose of providing streetlighting to 127 properties located in the downtown Groveland area. The lighting district is allocated a portion of the general Ad-Valorem property tax revenue received in the county to cover the cost of providing the streetlighting services.

You will find attached to this agenda item a very helpful memo prepared by the Tuolumne County public works department that summarizes the function of the Groveland lighting district, its revenue, level of effort/services provided and expenses. I have also linked [HERE](#) and below the municipal service review from 2013 for the lighting district which provides additional information for your reference. The lighting district MSR was not included in the packet as much of the document is not relevant to the matter at hand.

In the municipal service review for GCSB in 2013, and as contained in the draft 2021 MSR, LAFCO is recommending that the Groveland lighting district be dissolved and those services assumed by activating the streetlighting latent powers of GCSB. The memo from County Public Works also recommends the same. Also attached to this agenda item is a copy up the trial balance detailing the financial condition of the lighting district as of this week. Historically expenses have been far less than revenue and there have been no lighting expansion plans for which to establish reserves. There is no legislative or obvious legal requirement for the district to provide any higher level of streetlighting service if it were to assume this service from the lighting district.

Further, there is no indication that there would be any current or future financial impact on GCSB revenues that are not covered by the fund balance and tax revenue that would be transferred from

the lighting district when it was dissolved. As you can see the lighting district has accumulated a fund balance of over \$456,000 which is large compared to its annual operating expenses. This ensures that there would be no risk on GCSD customers/taxpayers, and would provide GCSD with the opportunity to engage the community to determine if lighting improvements may be desired. This fund balance will maintain adequate cash flow and contingencies to ensure that all costs were covered. Administrative costs and effort would be minimal and in my experience have typically been 1% or less of the total administrative cost of the district. Considering this, assuming the lighting district services and its revenue source would help offset existing administrative expenses by the estimated 1%, thereby reducing that cost charged to our other services.

Activating the lighting services under the GCSD may provide opportunities for the lighting to be extended further into the park and along the proposed trail system if so desired by the community through the Board. To activate the powers, there are still financial, legal and procedural matters that must be worked out, and this will require additional board action to take the next steps in the process. Activating the streetlighting latent powers under the California government code requires an action of LAFCO, and therefore we propose board action today to proclaim our interest to initiate the process.

The Groveland Lighting District MSR from 2013 can be viewed and downloaded [HERE](#).

ATTACHMENTS:

- Memo from Tuolumne County Public Works re Groveland Lighting District
- Trial Balance for Groveland Lighting District dated 8-2-2021



Department of Public Works

Kim MacFarlane, P.E.
Director

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Date: March 31, 2020
To: Sheila Shanahan, LAFCO Analyst
From: Renee Hendry, Environmental Analyst, Department of Public Works
Re: Dissolution of the Groveland Lighting District

The Engineering Division of the Department of Public Works currently oversees the operation of the Groveland Lighting District, which is a Special District as defined by the Local Agency Formation Commission (LAFCO). During the 2012 Municipal Review of the Groveland Lighting District ("District"), LAFCO recommended that the Groveland Lighting District be dissolved and future lighting services be provided by the Groveland Community Services District ("GCSD").

The Groveland Lighting District was formed on August 27, 1919. Records do not indicate which act of legislation this district was formed under. It could have been the Improvement Act of 1911, the Street Improvement Act of 1913 (repealed), the Municipal Improvement Act of 1913, the Improvement Bond Act of 1915 or the Street Lighting Districts Act of 1919.

The District is governed by the Highway Lighting District Act of 1941, Streets and Highway Code Section 19000 et seq. Lighting provided by the District includes "public highway" and "highway" including any highway, County highway, State highway, public street, avenue, alley, park, parkway, driveway or public place, in any unincorporated town or village, which is dedicated to the public and generally used for traffic by the public, or privately owned and opened to public traffic, and located within the boundaries of a District. The governing Board is the County Board of Supervisors.

The Groveland Lighting District is funded through a portion of the ad valorem property taxes paid by the owners of the parcels within the District. In Fiscal Year 2018-2019, District revenues were \$28,404.00 and expenses were \$2,439.00. District expenses typically consist of paying power bills for the street lights and changing bulbs in the lights. The lights are owned and maintained by the Pacific Gas & Electric Company (PG&E). PG&E charges flat rate (LS1) per lamp for the operation and maintenance of the street lights. The District revenues typically exceed the expenses; consequently, the District has accumulated quite a large maintenance fund. At the beginning of Fiscal Year 2019-2020, the fund balance was \$410,594.00.

The Engineering Division would be agreeable to the dissolution of the Groveland Lighting District, as this would reduce the workload of the Engineering Division which currently spends staff time on the maintenance of the Lighting District. The Engineering Division would like to request the following Conditions be added to the dissolution process for consideration by LAFCO for the operation of this lighting district by the GCSD:

- The GCSD needs to adopt a Resolution stating their intent to accept the area currently designated as the Groveland Lighting District into their district.
- The GCSD needs to provide an updated Plan to Provide Services which includes the operation and maintenance of lighting services for the area currently served by the Groveland Lighting District. Future lighting improvements could be added to the Plan which could include providing lighting along non-vehicular paths, such as bicycle and

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pedestrian routes, as proposed in Appendix C of the 2004 *Tuolumne County Bikeways and Trail Plan*.

- The GCSD needs to provide an updated Financial Analysis of their district which includes a special account to retain the current funds collected for the operation of lights, the payment of lighting bills from PG&E and any future new lighting fixtures for the area served by the Groveland Lighting District.
- LAFCO should provide a condition that all funds collected from taxes, in the current area encompassed by the Groveland Lighting District, be allocated only for the maintenance of lights, the payment of power bills related to the operation of the lights and the cost of replacing or adding new lighting fixtures within this area.
- The Board of Supervisors should adopt a Resolution transferring 100% of the portion of property taxes, that presently funds the Groveland Lighting District, including any tax increases, to the Groveland Community Services District. The Resolution shall address the transfer of all assets, dues not yet received, liabilities and the fund balance of the Groveland Lighting District to the Groveland Community Services District.

Thank you for providing us with the opportunity to submit information for the request to dissolve the Groveland Lighting District and transfer its function to the Groveland Community Services District.

Selection Criteria:

Fiscal Year 2021 Period 12 (June)

Fund 1710 Groveland Lighting District

<u>Account</u>	<u>Description</u>	<u>Beginning</u>	<u>Net Activity</u>	<u>Ending</u>
100100	Equity In Treasurers Pooled Ca	454,601.89	2,262.36	456,864.25
106950	Property Tax Receivable	0.00	22.54	22.54
106955	Allow For Uncollectible Taxes	0.00	-0.23	-0.23
	Total Assets	454,601.89	2,284.67	456,886.56
202100	Accounts Payable	0.00	-136.44	-136.44
	Total Liabilities	0.00	-136.44	-136.44
257200	Restricted Fund Balance	-432,001.71	0.00	-432,001.71
	Total Fund Balance	-432,001.71	0.00	-432,001.71
411110	Ppty Taxes -Current Secured	-19,274.88	-1,520.30	-20,795.18
412110	Ppty Taxes - Current Unsecured	-408.40	-66.78	-475.18
414110	Ppty Taxes - Prior Unsecured	0.00	-10.75	-10.75
416110	Supplemental Property Taxes -	-196.85	-102.15	-299.00
441110	Interest Income	-4,316.76	-1,214.32	-5,531.08
458110	State - Homeowners' Property T	-204.79	0.00	-204.79
	Total Revenue	-24,401.68	-2,914.30	-27,315.98
526106	P S & S - Tax Admin Fee	0.00	493.20	493.20
526110	P S & S-Professional Services	401.00	0.00	401.00
526124	P S & S-Auditor-Controller	38.50	0.00	38.50
529210	Utilities	1,362.00	272.87	1,634.87
	Total Expenditures	1,801.50	766.07	2,567.57
		0.00	0.00	0.00

TRIAL BALANCE

BY FUND

Selection Criteria:

Fiscal Year 2021 Period 12 (June)

Fund 1710 Groveland Lighting District

<u>Account</u>	<u>Description</u>	<u>Beginning</u>	<u>Net Activity</u>	<u>Ending</u>
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From: [Quincy Yaley](#)
To: [Pete Kampa](#)
Cc: [Blossom Scott-Heim](#); [Denise Zitnik](#)
Subject: Groveland lighting district - documentation
Date: Tuesday, August 29, 2023 8:19:44 AM
Attachments: [image001.png](#)
[Groveland Community Service District 2012 MSR.pdf](#)
[MSR_GCS_D_6_6_2022_FINAL_with_figures.pdf](#)
[Groveland Community Service District MSR.pdf](#)
[Groveland Lighting District Memo from Public Works.pdf](#)

Hi Pete,

LAFCo is happy to process an application with the required components to dissolve the lighting district and consolidate it into the CSD: application, resolutions, maps, tax revenue sharing agreement, proposed budget (see below), plan for service.

Budget requirements: A three-year operating budget containing details concerning staffing, benefits, services and supplies, fixed assets, contingency reserves, etc. and a budget for any proposed capital projects required to implement the new service(s).

It does not appear that operating "lighting" is a latent/active power of GCSD so it will need to be added and concurrently activated. I did find some documentation from 2006 after the passage of SB 135 that listed the active powers of GCSD, and providing lighting wasn't listed. It also was in the form of a resolution from GCSD Reso 20-05. The reso for the application should state it is adding lighting as a power.

I checked in with Blossom and she was happy to talk with you if you want prior to a submittal-the application will need a resolution from the County to dissolve the lighting district.

I'm also attaching the last three MSRs which I'm sure you have. And a memo I found from 2020.

Let me know what questions you have.

Thanks,

Quincy

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District Latent Powers Activation, Expansion, and/or Divestiture

