

QUESTIONS & ANSWERS

Concerning the City's Zone B Residential Street Lighting Program Annual Charge

Q: What is the Zone B (Residential Street Lighting) Program?

A: Streetlights along publicly maintained residential roadways within the City are funded through the Zone B (Residential Street Lighting) program.

Q: Why is the Zone B charge increasing?

A: Since January 1, 2006, the electrical utility providers' rates for street lighting services have increased approximately 47%. The current Zone B charges cannot support these increases in electric utility costs for street lighting services.

Q: Why is the Zone B charge being balloted again?

A: A mail ballot proceeding was conducted in 2009. Of the approximate 40,000 ballots delivered to property owners, only 6,101 (15.2%) valid ballots were returned to the City. Based on the results of this ballot, the increase in the charge was not approved. The Zone B program funds have now been depleted. Prior to turning off or removing streetlights, a new mail ballot proceeding is being held.

Q: Who pays the Zone B charge?

A: Property owners that live in neighborhoods without residential streetlights do not pay this charge. The Zone B charge is an annual charge paid by residential property owners whose properties have streetlights located on publicly maintained roadways within their neighborhoods.

Q: What does the Zone B charge pay for?

A: The Zone B charge funds electrical energy, maintenance, and administration costs to provide residential street lighting services. Maintenance cost includes streetlight repairs and replacement of streetlight components, which include underground wires, sensors, bulbs, equipment, mast arms, lenses, or streetlight poles. The current monthly utility bills are approximately \$110,000 per month for streetlight services, and represent approximately 85% of the cost of the program.

*For additional information, please contact
the City's Special Districts Division at 951.413.3480*

Q: What happens if the proposed increase in the Zone B charge is approved?

A: If the majority of the ballots returned approve the increase, the increased Zone B annual charge would be included on the FY 2010/11 property tax bill. Streetlight services will continue to be provided at the current service level.

Q: What happens if the proposed increase in Zone B charge is not approved?

A: Streetlight services will be reduced to a level consistent with available funding. The change in service will result in turning off and/or removing a portion of the streetlights within residential neighborhoods.

Q: How much is the current Zone B charge?

A: Over the past fourteen years, the Zone B charge on residential properties receiving street lighting services has remained consistent at \$23 per year per parcel for a majority of the property owners. Beginning in 1999, new areas receiving residential streetlight services balloted and approved their charge, which was \$24 per parcel for FY 2009/10, along with an annual inflation adjustment.

Q: What is the proposed amount of the new Zone B charge?

A: Based on a review of increases in electric energy costs and current expenses to operate the streetlights, the Zone B annual charge will need to be increased to \$39 per parcel per year to maintain the current level of service. The charge may be subject to an annual inflation adjustment based on the greater of the percentage change calculated for the previous calendar year in the Los Angeles-Riverside-Orange County Regional Electricity Price Index, as published by the Department of Labor's Bureau of Labor Statistics, or 5 percent. The annual inflation adjustment shall only be applied at a level to meet the cost of providing the Zone B program.

For property owners that paid \$23 per parcel for FY 2009/10, the current annual charge would increase by \$16 (or approximately \$1.33 per month). Property owners that paid \$24 per parcel for FY 2009/10 previously approved an annual inflation adjustment. The current charge would increase by \$15 (or approximately \$1.25 per month). If approved, all parcels will be charged \$39 for FY 2010/11.



The City secured a loan to pay for the 2009/10 funding shortfall. This will require future Zone B charges to repay.

Q: Why does the charge include an annual inflation adjustment?

A: The charge for Zone B is limited to the amount necessary to pay for the annual cost of the program. However, utility providers can continue to adjust their utility rates for street lighting services. To allow the Zone B charge to increase with the utility rate increases, a defined annual inflation adjustment may be used. Without allowing for an annual inflation adjustment, when streetlight utility rates increase, a rebalot of the property owners would be required to increase the charge to cover the streetlight costs. By providing the annual adjustment, the property owners do not incur any additional cost for the rebalotting process. Although an annual adjustment may be allowed, the revenues from the charges may not exceed the cost to provide the streetlight program.

Q: Why has the City not increased the charge in the past?

A: Historically utility rates for streetlight services have remained flat. In recent years, the street lighting utility rates have increased significantly. In accordance with state legislation, any increase in a property related charge requires property owner approval. A mail ballot proceeding was conducted in 2009. This ballot was not approved, and the increase was not imposed. As a result, the Zone B program funds have now been depleted.

Q: Does the City have any other money available to pay the electrical utility cost?

A: The City secured a loan to pay for the 2009/10 funding shortfall, which will require repayment from future Zone B charges. No other funding source has been identified that can contribute to the Zone B program that will not impact other services provided by the City. Utilizing money from the City's General Fund would take away from other programs and would most likely impact funding of other City services, such as police and fire services, parks, library, etc.

Q: Has the City explored other methods to reduce the costs?

A: The City has reviewed a current trend in converting streetlights to LED (light-emitting diodes) lights. At this time, the City's primary utility provider, Southern California Edison, does not offer this alternative for the residential streetlight system. If conversions were possible, there would be a significant capital investment required from the property owners to fund the conversion. The City will continue to monitor cost-reducing options to determine alternatives for the future.

Q: If the Zone B charge is not approved and streetlights are turned off and/or removed why would I still pay a Zone B charge?

A: If streetlights are turned off, the utility providers will continue to bill the City for the streetlight facilities (pole and underground infrastructure). This portion of the utility bills represents more than 75% of the streetlight utility costs. If streetlights are removed, the utility provider will charge to remove any streetlights that have been in the ground for less than 10 years and/or requires any necessary electrical reconfiguration of existing facilities operated by the utility provider. This cost will be determined by the utility providers based on a review of the streetlight facilities within each area where streetlights are subject to removal.

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Q: If streetlights are turned off or removed, can they be turned back on or reinstalled in the future?

A: Yes, however, if property owners wish to have streetlights turned on or reinstalled, they will have to go through a subsequent mail ballot proceeding and receive a majority (50%+1) approval. If streetlights are reinstalled within 36 months (3 years) of removal, additional utility provider costs may be imposed, per the special conditions of the approved utility provider's rate schedule.

Q: How will I be billed for the Zone B charge?

A: You will not receive a separate bill. The Zone B program is funded through an annual charge collected on the Riverside County property tax bills and will appear as a line item on your property tax bill. The FY 2010/11 property tax bills are anticipated to be mailed by the County in October 2010 and are due prior to December 10, 2010 and April 10, 2011. Payments should not be mailed to the City.

Q: Why do I have to pay for the Zone B charge when I already pay property taxes?

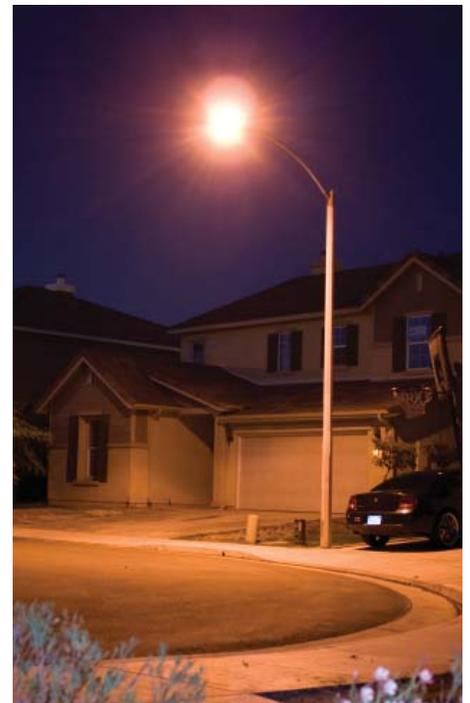
A: General property taxes are typically budgeted to pay for general public services, which include police, fire, parks, library, roads and other City services which benefit the general public. The Zone B charge is collected on residential properties that have streetlights along their roadways and are subject to an annual parcel charge. The Zone B charge pays for the service these properties receive.

Q: I did not receive a ballot, how may I get one?

A: Ballots were mailed on July 9, 2010, to the property owners of record based on the latest County of Riverside property tax database update for June 2010. Residents who are not property owners will not receive a ballot. If you are a new property owner or a current property owner and have not received mail ballot materials after the July 9, 2010 mailing date, please call the:

**City of Moreno Valley Special Districts Division
951. 413.3480**

New property owners will need to provide a copy of their recorded grant deed for verification of property ownership when submitting their ballot. To ensure timely delivery of the ballot and ballot information and to allow time for submission of your ballot to the City of Moreno Valley, City Clerk/CSD Board Secretary, requests for replacement ballots should be received **no later than 5:30 p.m., on Wednesday, September 1, 2010.**



Zone B funds are collected as a line item on the Riverside County property tax bills.

*For additional information, please contact
the City's Special Districts Division at 951.413.3480*

Q: How do I submit my ballot?

A: Please complete and return the ballot in the postage-paid (Business Reply Mail) envelope provided to the following location:

Zone B Ballot, City Clerk's office
14177 Frederick Street,
Moreno Valley, CA 92553

The City Clerk's office must receive your ballot prior to the close of the Public Hearing scheduled for Tuesday, September 14, 2010.

Ballots must be received no later than 6:30 p.m., Tuesday, September 14, 2010, prior to the close of the public hearing to ensure that they will be included in the ballot tabulation.

Q: I live in the Edgemont area and did not receive a ballot.

A: The Moreno Valley CSD Zone B program does not include properties within the Edgemont area. Property owners in the Edgemont area have streetlight program services through the Edgemont Community Services District (ECSD). If you own property or live in the ECSD and would like more information concerning the residential street lighting in your area, please contact the ECSD directly at 951.784.2632 for more information.



The City Clerk's office must receive your ballot prior to the close of the Public Hearing scheduled for Tuesday, September 14, 2010.

Q: How are ballots tabulated?

A: Only valid ballots received prior to the close of the public hearing are counted. The proposed charge will be applied if the number of "YES" votes exceeds the number of "NO" votes. If there is a tie or a majority of votes received are marked "NO", regardless of how few ballots are returned, the increased charges for the Zone B program shall not be imposed and streetlights may be turned off or removed.

Q: Who can I call if I have additional questions regarding the ballot or streetlights?

A: If you have any questions about the Zone B program, proposed increase in the charge, the ballot process, or streetlight services, please contact the Special Districts Division, Monday through Thursday from 7:30 a.m. to 5:30 p.m. at 951.413.3480.

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Q: Are there any meetings scheduled to discuss the ballot?

A: To provide information concerning the proposed mail ballot proceeding for the Zone B (Residential Street Lighting) program the City Council has scheduled three (3) informational meetings as listed below, along with one (1) Public Meeting and one (1) Public Hearing, which will be held at the Moreno Valley City Hall Council Chamber located at 14177 Frederick Street, Moreno Valley.

INFORMATIONAL MEETINGS

Tuesday, August 17, 2010
9:00 a.m. - 10 a.m.

Wednesday, August 18, 2010
7:00 p.m. - 8:00 p.m.

Wednesday, September 1, 2010
3:00 p.m. - 4:00 p.m.

PUBLIC MEETING

Tuesday, August 24, 2010
6:30 p.m.
(or as soon thereafter as the matter may be called)

PUBLIC HEARING

Tuesday, September 14, 2010
6:30 p.m.
(or as soon thereafter as the matter may be called)

Q: Will I be notified of the election result?

A: The result of the mail ballot proceeding is scheduled to be announced at the City Council meeting on September 28, 2010. Results may also be found on the City's Web Site at www.moval.org or by calling the Special Districts Division at 951.413.3480.



Streetlights are owned & maintained by SCE or the Moreno Valley Utility

Q: What happens if a streetlight burns out or is damaged?

A: Although each utility provider conducts a yearly review of the streetlights to identify and repair streetlight outages, streetlights can go out anytime after a review has been performed and repairs have been made. Therefore, the City depends to a large degree on citizens to report streetlights which are damaged or not working properly. Streetlight problems may be reported by calling 951.413.3480 or on the City website at www.moval.org, scrolling down and clicking on Streetlight Form and submitting your request.

Q: How long before the streetlight is repaired?

A: Depending on the utility providers' availability and the repairs required for the streetlight, repair requests may take up to 15 business days to complete. The City currently receives in excess of 800 calls a year for residential streetlight repairs.

For additional information, please contact the City's Special Districts Division at 951.413.3480