



Legislation Text

File #: RES 17-0050, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Mark Danaj, City Manager

FROM:

Bruce Moe, Finance Director

Henry Mitzner, Controller

SUBJECT:

Resolution Declaring City Council's Intention to Provide for Annual Levy and Collection of Assessments for Street Lighting Maintenance and Setting of Public Hearing for June 20, 2017 (Finance Director Moe).

ADOPT RESOLUTION NO. 17-0050; SET JUNE 20, 2017 FOR PUBLIC HEARING

RECOMMENDATION:

Staff recommends that the City Council: a) adopt Resolution 17-0050 declaring City Council's intention to provide for the annual levy and collection of assessments for the Street Lighting and Landscaping Fund, and b) set June 20, 2017 for the public hearing.

FISCAL IMPLICATIONS:

The assessment rates remain unchanged from fiscal year 2016-2017. The total assessment for fiscal year 2017-2018 in accordance with the Assessment Engineer's report is \$377,882 and is reflected in the fiscal year 2017-2018 budget.

BACKGROUND:

At the April 4, 2017 meeting, Council adopted Resolution 17-0030, which ordered the preparation of the Assessment Engineer's Report. This report, submitted by the firm of Harris & Associates, has been prepared in accordance with the Street Lighting and Landscaping Act of 1972. The method for the allocation of assessments, which remains unchanged from fiscal year 2016-2017, is discussed in Part D of the Engineer's Report (Attachment 2).

Two separate Resolutions (and reports) regarding the annual levy and collection of street lighting assessments are presented for City Council consideration. Resolution 17-0049 requests City Council approval of the Assessment Engineer's report, which is a required step in the process. Resolution 17-0050 declares the City's intention to levy and collect assessments and sets a public hearing in order for the City Council to provide final direction on the matter. Both Resolutions must be adopted in order to proceed with the process.

DISCUSSION:

Assessments are levied on the basis of benefit. The basic unit for allocation of benefit is the single family home which is equal to one Equivalent Dwelling Unit (EDU). All other land use is converted into this measure based on dwelling units or lot size of the parcel.

The Engineer has established six zones of benefit to allocate assessments, five of which employ the EDU method of benefit measure. For zone 10, which includes certain downtown business properties, the Assessment Engineer has determined that frontal footage is the best measure of benefit and uses the Adjusted Front Footage (AFF) basis.

The Assessment Engineer was supplied with revenue, cost estimates and estimated opening fund balance. The preliminary total assessment of \$377,882 is based on the property tax roll as of March 2017. Upon receipt of the final roll for fiscal year 2017-2018, which will reflect final parcel changes for the new fiscal year, Harris & Associates will recalculate the total assessment using the rates as shown in the report. Based on history, the difference between the total assessment for the prior year and current year should be less than \$1,000.

The report includes assessment and corresponding operation and maintenance for each zone. Since approximately 10% of the Zone 10 Streetscape area is bounded by City Hall, the City assesses itself 10% of the Streetscape expenditure - \$18,007. Each zone is in a deficit position and is subsidized by a General Fund transfer. Please refer to Estimate of Cost Schedule on page 7 of the Engineer's Report.

In the report to City Council of April 4, 2017, staff indicated that the opening balance for the Street Lighting and Landscaping Fund is \$-0- and that subsidies for all zones (zones 1-9 for street lighting and zone 10 for downtown streetscape) will be required. For fiscal year 2017-2018 total revenues are \$395,889 and total expenditures are \$619,793 leaving a deficit of \$223,904. This amount is subsidized by the General Fund as follows: \$161,839 for zones 1-9 and \$62,065 for zone 10 (for a total of \$223,904). This subsidy will be ongoing and will increase in future years if assessments remain fixed while costs continue to rise. Assessments, which were last adjusted in 1996, can only be increased by a Proposition 218 vote.

CONCLUSION:

Subject to City Council approval of Resolutions 17-0049 and 17-0050, a public hearing will be held on June 20, 2017, after which City Council will be asked to adopt a resolution providing for the levy and collection of street lighting assessments. The assessments are collected via the consolidated property tax bills issued in October of each year.

Attachments:

1. Resolution No. 17-0050
2. Engineer's Report 2017-2018
3. Lighting and Landscaping Assessment Districts Map