



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www. CityofSacramento.org](http://www.CityofSacramento.org)

PUBLIC HEARING  
 January 3, 2008

Honorable Mayor and  
 Members of the City Council

**Title:** Land-Curtis Park Street Lighting Assessment District No. 2007-04  
 Public Hearing

**Location/Council District:** Council Districts 4 and 5 (Attachment 3, Page 7).

**Recommendation:** Conduct a public hearing and, upon conclusion, direct the City Clerk (1) to tabulate the assessment ballots submitted and not withdrawn before the hearing closed, and (2) to report back on January 8 with the tabulation results.

**Contact:** Bob Cooper, Supervising Engineer, (916) 808-1873; Mark Griffin, Fiscal Manager, (916) 808-8788

**Presenter:** Bob Cooper

**Department:** Planning

**Division:** Public Improvement Financing

**Organization No:** 4915

**Description/Analysis:**

**Issue:** A majority of the property owners within the proposed assessment district have requested that the City form the district to finance the construction of historic street lights within their neighborhoods. In response, the City Council adopted a resolution that (1) directed staff to mail assessment ballots to the owners of real property within the proposed district and (2) set January 3, 2008, as the date for a public hearing on the proposed district, assessment, and bonds. At the conclusion of the hearing, the City Clerk will tabulate the assessment ballots submitted and not withdrawn to determine whether there is a majority protest against the assessment (i.e., whether a majority of the property owners who submit ballots are opposed to the district, assessment, and bonds). The City Clerk will report the results of the tabulation at the City Council's meeting on



January 8. If there is no majority protest, then staff will recommend that the City Council adopt a resolution approving the final engineer's report, levying the assessment, and ordering the improvements. The district will then finance construction of the street lights by issuing bonds and using the assessment to pay principal and interest on the bonds (staff will return to the City Council at a later time to request authorization to issue the bonds). Before the assessment is levied, property owners will be entitled to pay their total assessments in cash, thereby avoiding bond-issuance costs and interest. The cash payments will be added to the bond proceeds to pay for the lights. If, however, there is a majority protest, then by law the City Council must terminate the proceedings to levy the assessment

**Policy Considerations:** The procedures under which this assessment district will be formed and bonds issued are set forth in Streets and Highways Code, sections 10000 and following, entitled "Municipal Improvement Act of 1913," and sections 8500 and following, entitled "The Improvement Bond Act of 1915." Formation of this district is consistent with the City's Strategic Plan 3-Year Goal to "achieve sustainability and enhance livability."

**Environmental Considerations:** By itself, formation of the district is not a "project" subject to the California Environmental Quality Act (CEQA). On the other hand, construction of the street lights does constitute a "project." City staff will prepare appropriate documents and recommendations in accordance with CEQA and submit those documents and recommendations to the City Council after the engineering design has been completed but before the City Council decides whether to give final approval to this project (i.e., before construction contracts are awarded).

**Committee/Commission Action:** None

**Rationale for Recommendation:** The actions in the recommendation are required by the Municipal Improvement Act of 1913 and the Improvement Bond Act of 1915 as a prerequisite to levying assessments.

**Financial Considerations:** The project will be financed by the property owners within the assessment district, which include the State of California and the City. The total estimated cost to the City for its parcels is \$106,800 (See Attachment 1). The total estimated cost of the project is \$9,174,000. The estimated total amount to be assessed to the property owners is \$10,380,000 and is itemized in Attachment 2 and detailed in the Engineer's Report on file with the City Clerk. Once the project is designed and bids are received, these amounts will be revised to reflect actual costs.

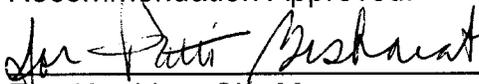
If the property owners approve the formation of the assessment district, the levying of an assessment, and the intent to issue bonds, then staff recommends that the City Council authorize the Department of Transportation to perform the design work and the right-of-way appraisal and acquisition before bonds are sold and construction contracts are awarded. This approach will allow for construction of the lights to be completed

approximately a year earlier than usual. To perform this work, the Department of Transportation will require a \$1.2 million loan from the Risk Management Fund (Fund 421). This loan will be repaid when the bonds are sold. If, however, bonds were not sold, then the Risk Management Fund (Fund 421) would not be reimbursed. For example, bonds might not be sold if the construction bids received exceed the amount of bonds authorized and the property owners decline to increase the bond authorization.

**Emerging Small Business Development (ESBD):** None. No goods or services are being purchased with this action.

Respectfully Submitted by:   
Mark Griffin  
Fiscal Manager, Planning Department

Approved by:   
Carol Shearly  
Director, Planning Department

Recommendation Approved:  
  
Ray Kerridge, City Manager

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**BACKGROUND**

Neighborhood representatives in the Land Park and Curtis Park areas have been working with the Department of Transportation and City Council members to bring this street-lighting assessment district to the City Council and the property owners for approval. The district will encompass approximately 2,000 lots and, if approved, will install over 740 historic street lights within the proposed boundary. In October 2006, neighborhood residents were successful in gathering over 1,100 signatures to show their support.

The district is being formed under the Municipal Improvement Act of 1913. Using the estimated construction cost and identifying bond-issuance costs, staff has generated the Engineer’s Report, thereby allocating all costs equitably to all 2,000 parcels that will benefit from the lights. The description of street-lighting improvements is shown in Attachment 5, Exhibit A of the Resolution of Intention.

Methodology for Spreading the Assessment

Approximately 97% of the lots in the district are nearly the same size and therefore will share the cost equally. However, there are a few lots that are significantly larger and will be assessed accordingly. In addition, a lot that would otherwise be in the district (the Catholic cemetery on 21<sup>st</sup> Street) has been excluded because of a constitutional exemption. In accordance with Proposition 218, that lot’s fair share of the cost (approximately \$16,000) will have to be paid from non-district funds. A complete description of the methodology is described in the Engineer’s Report on file in the Clerk’s Office.

The total cost for a property owner with a typical single-family parcel will be approximately \$4,940. This amount covers all costs, including the construction cost and the bond-issuance costs shown in the cost estimate. Property owners who choose to pay the \$4,940 during the “cash-collection period” receive a 6% discount. For property owners who choose not to pay during the cash-collection period, the estimated annual assessment will be \$380. The total assessment will be financed for 30 years and will appear on the property-tax bill payable in semi-annual installments.

The City owns two lots within the boundaries of the district (see Attachment 3) and will be required to pay its fair share during the cash-collection period scheduled for March 2009. The two lots and their fair shares are listed below:

The Sierra 2 Center located on 24 <sup>th</sup> Street.....	\$92,870
City parking lot leased to Regional Transit.....	<u>13,930</u>
<b>Total City Share .....</b>	<b>\$106,800</b>

### Public Hearing and Tabulation of Assessment Ballots

On November 13, 2007, the City Council directed staff to complete the actions necessary to form the district. On November 14, 2007, staff mailed out approximately 2,000 assessment ballots and notices of hearing to the owners of property in the proposed district. Ballots must be submitted no later than the close of the public hearing to be counted. At the close of the public hearing, the assessment ballots will be tabulated to determine whether a majority protest exists. If a majority protest exists—that is, if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of it—then the assessment will not be imposed. The City Clerk will report back with the tabulation results at the City Council's meeting on January 8, 2007.

### Funding Preliminary Costs

Typically, engineering, including design, right-of-way appraisal, and right-of-way acquisition, is not started until funds are available from the bond proceeds. For this project, however, staff is proposing to start the engineering as soon as the City Council approves the formation of the district. Beginning the engineering before the sale of bonds will shorten the time between approval of the district and completion of construction by approximately one year.

Accordingly, if the property owners approve the formation of the district, the levying of the assessment, and the issuance of bonds, then staff will request that the City Council approve a loan of \$1,200,000 from the Risk Management Fund (Fund 421) to finance the engineering costs that the Department of Transportation expects to incur. The loan would be repaid from the proceeds of the bonds. There is a risk, however, that bond proceeds will not be sufficient to repay the Risk Management Fund. If the winning construction bid turns out to be higher than the bond amount approved by the property owners, then bonds will not be issued unless one of the following occurs:

- (1) The property owners are re-balloted and approve the needed increases in both the assessment and the bond amount.
- (2) The assessment and the bond amount remain unchanged, and the City makes up the difference between the construction bid and the bond amount.

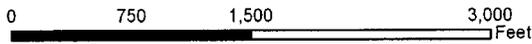
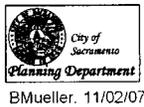
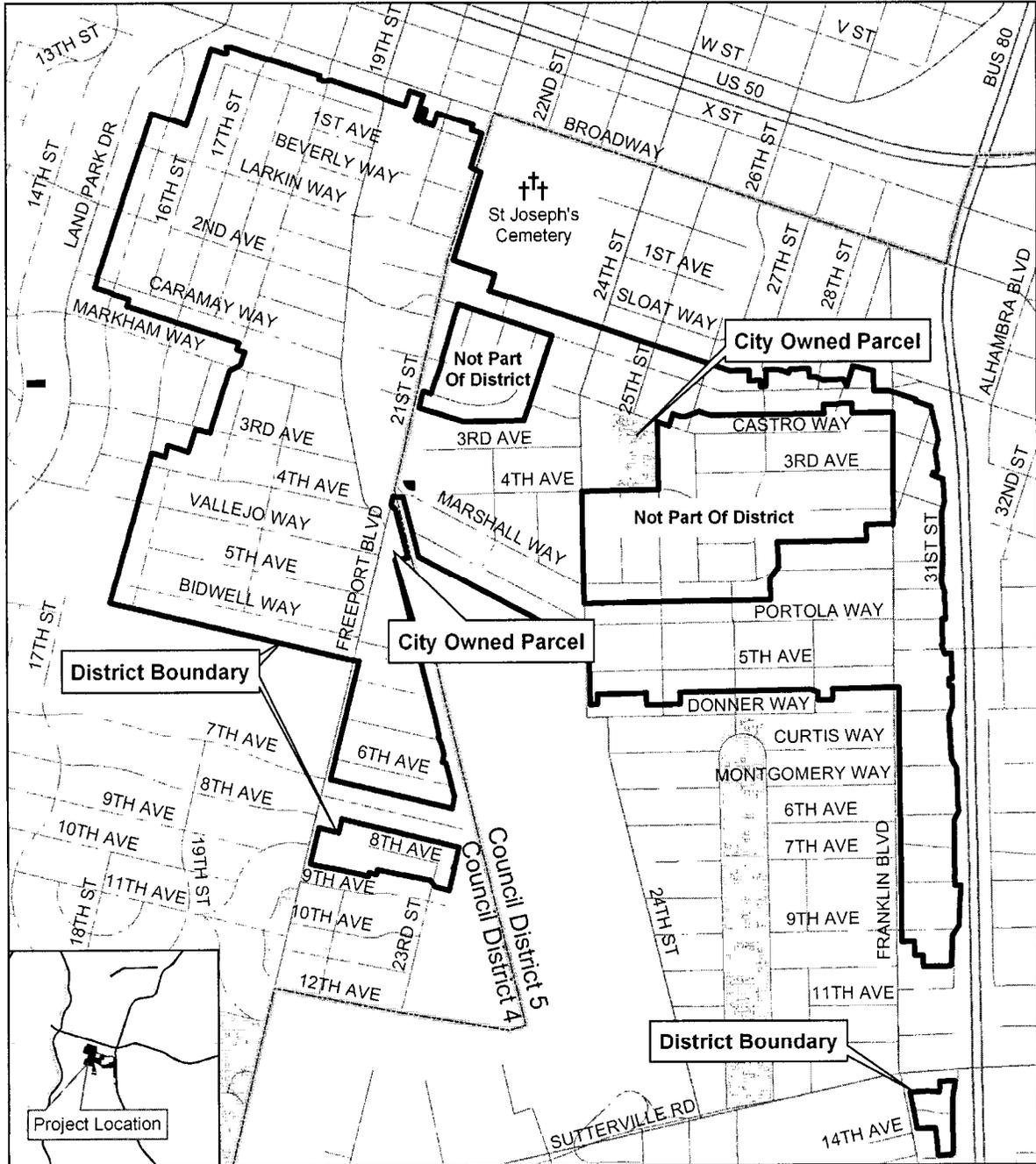
If neither (1) nor (2) occurs, then the design costs will not be reimbursed to the Risk Fund.

<b>LAND-CURTIS PARK STREET LIGHTING A.D. COST ESTIMATE</b>	
<b>Construction Cost</b>	
Construction	\$6,320,000
Engineering	\$1,398,000
Right-of-Way	\$508,000
Contingencies	\$948,000
<b>Subtotal Construction Cost</b>	<b>\$9,174,000</b>
<b>Incidentals</b>	
City Admin Expenses & Fees*	\$70,500
Official Statement Printing*	\$10,000
Bond Counsel**	\$89,400
Special District Information Reporting Service (SDIRS)	\$48,380
Contingency	\$18,220
<b>Subtotal Incidentals</b>	<b>\$236,500</b>
<b>Total Project Costs</b>	<b>\$9,410,500</b>
Debt Service Reserve Fund **	\$761,900
<b>Subtotal Expenditures</b>	<b>\$10,172,400</b>
Underwriter's Discount	\$207,600
<b>Total Bond Cost</b>	<b>\$10,380,000</b>

\*City Administration and Official Statement printing are often fixed costs.

\*\*Bond Counsel, Underwriter's Discount and Debt Service Reserve Fund are based on Par Amount

### Land-Curtis Park Street Lighting AD No. 2007-04



## **SCHEDULE OF PROCEEDINGS**

### **LAND-CURTIS PARK STREET LIGHTING ASSESSMENT DISTRICT NO. 2007-04**

#### **SCHEDULE**

November 13, 2007      City Council – Initiate Proceedings

November 14, 2007      Mail Notice of Hearing & Ballots

<b>January 3, 2008</b>	<b>City Council – Public Hearing and Tabulation of Ballots</b>
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January 8, 2008      City Clerk’s Report of Tabulation Results

January 9, 2008      Begin Design of Construction Plans

January 2009      Design Complete, City Council Advertise for Bids

February 2009      Receive Bids, CEQA Determination, Award Contract

March 2009      City Council – Amend Engineers Report

March 2009      Mail Notice of Assessment-Cash payment period begins

May 2009      City Council – Final Approvals

June 2009      Issue Bonds & Begin Construction

October 2009      Construction Complete

