



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www. CityofSacramento.org

STAFF REPORT
January 8, 2008

Honorable Mayor and
Members of the City Council

Title: Ballot Results: Land-Curtis Park Street Lighting Assessment District No. 2007-04

Location/Council District: Council Districts 4 and 5 (Attachment 2, Page 7).

Recommendation: 1) Receive the City Clerk's oral report on the tabulation of assessment ballots submitted and not withdrawn before the public hearing closed on January 3; and 2) based on the results of the tabulation either adopt a **Resolution** approving the final engineer's report, levying assessments, and ordering improvements in the Land-Curtis Park Assessment District No. 2007-04 or terminating the proceedings to levy the assessments.

Contact: Bob Cooper, Supervising Engineer, (916) 808-1873; Mark Griffin, 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. On January 3, 2008, the City Council conducted a public hearing on the proposed district, assessment, and bonds. At the conclusion of the hearing, the City Council directed the City Clerk to tabulate the assessment ballots that had been submitted and not withdrawn and to report back on January 8 with the results. If no majority protest exists (i.e., if a majority of the property owners who submit ballots are in favor of the district, assessment, and bonds), then staff recommends that the City Council adopt a

resolution to approve the final engineer's report, levy the assessment, and order 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 (i.e., if a majority of the property owners who submit ballots are not in favor of the district, assessment, and bonds), 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 and ordering the improvements.

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 21st 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 th Street.....	\$92,870
City parking lot leased to Regional Transit.....	<u>13,930</u>
Total City Share	\$106,800

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 had to be submitted no later than the close of the public hearing to be counted. At the close of the public hearing on January 3, 2008, the City Clerk tabulated the assessment ballots to determine whether a majority protest exists. As of the date this report was prepared, the tabulation results were not available. 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.

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.

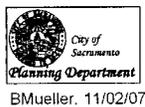
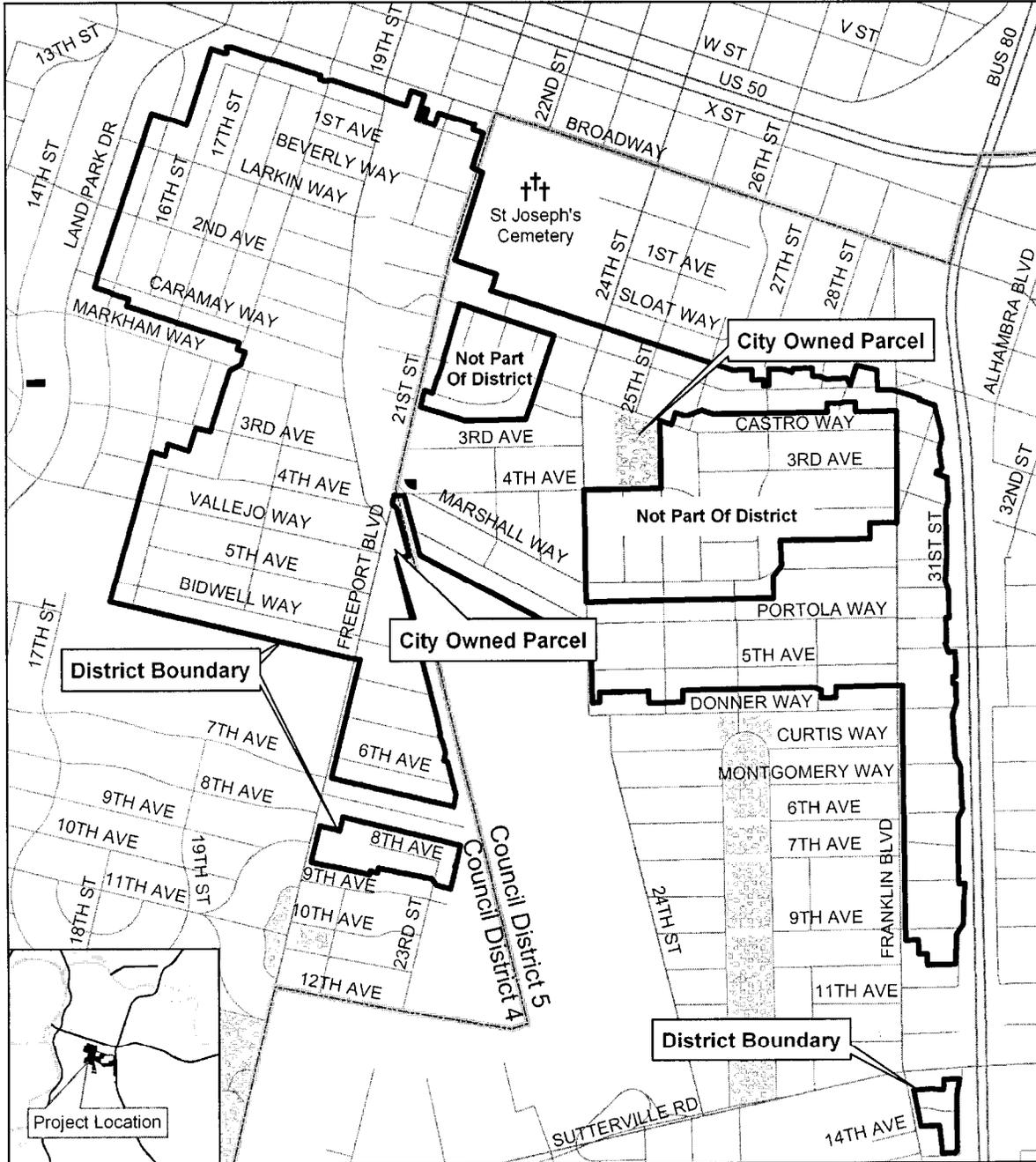
Attachment 2

LAND-CURTIS PARK STREET LIGHTING A.D. COST ESTIMATE	
Construction Cost	
Construction	\$6,320,000
Engineering	\$1,398,000
Right-of-Way	\$508,000
Contingencies	\$948,000
Subtotal Construction Cost	\$9,174,000
Incidentals	
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
Subtotal Incidentals	\$236,500
Total Project Costs	\$9,410,500
Debt Service Reserve Fund **	\$761,900
Subtotal Expenditures	\$10,172,400
Underwriter's Discount	\$207,600
Total Bond Cost	\$10,380,000

*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
January 3, 2008	City Council – Public Hearing and Tabulation of Ballots
January 8, 2008	City Clerk’s Report of Tabulation
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

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROVING FINAL ENGINEER’S REPORT, LEVYING ASSESSMENTS, AND ORDERING IMPROVEMENTS IN LAND-CURTIS PARK STREET LIGHTING ASSESSMENT DISTRICT NO. 2007-04 AND AUTHORIZING AND DIRECTING RELATED ACTIONS

BACKGROUND

- A.** The City Council has taken a series of actions preliminary to ordering the acquisition and/or construction of certain public improvements in the Land-Curtis Park Street Lighting Assessment District No. 2007-04, City of Sacramento, County of Sacramento, State of California (the “Assessment District”), which improvements are briefly described in **Exhibit A** attached hereto and incorporated herein (the “Improvements”).
- B.** By its Resolution of Intention No. 2007-826 adopted on November 13, 2007, the City Council declared its intention to order the acquisition and/or construction of the Improvements and to levy a special assessment upon the land within the Assessment District, and gave notice of its intention to issue bonds, in accordance with the Improvement Bond Act of 1915 (the “1915 Act”), representing all unpaid assessments.
- C.** By the same resolution the City Council approved a map and adopted the boundaries shown on the map as describing the extent of the territory included in the Assessment District.
- D.** At the direction of the City Council, the Development Engineering Manager of the City’s Development Services Department (the “Development Engineering Manager”) as Engineer of Work for improvement proceedings in the Assessment District, filed with the City Clerk the report prescribed in Section 10204 of the California Streets and Highways Code (the “Preliminary Engineer’s Report”).
- E.** By its Resolution No. 2007-829 adopted on November 13, 2007, the City Council preliminarily approved the Preliminary Engineer’s Report and scheduled the public hearing as required by law for January 3, 2008.
- F.** A Certificate of Mailing has been filed with the City Clerk stating that Notice of the hearing was given to property owners by mail, accompanied by the property owner assessment ballot, as required by law.

- G. Prior to the public hearing on January 3, 2008, the Development Engineering Manager filed with the City Clerk a Final Engineer's Report (the "Final Engineer's Report").
- H. The public hearing was conducted as scheduled on January 3, 2008, and after providing an opportunity for any interested person present to be heard, the City Council closed the public hearing.
- I. The City Clerk has received, been given custody of, and counted the assessment ballots returned by the owners of property located within the Assessment District, and has reported the results of the count, both orally and by her written Certificate, to the City Council. The Clerk's Certificate Re: Assessment Ballot Tally indicates that, of the assessment ballots signed and returned to the City Clerk, and not withdrawn, prior to the close of the public hearing on January 3, 2008, and weighting the ballots for each property according to the proportional financial obligation of each property, _____ percent (____%) of the assessment ballots were in favor of the levy of the assessments as proposed, and _____ percent (____%) were opposed.
- J. The City Council is fully advised as to this matter.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The City Council finds that the statements in the Background are true.

Section 2. The City Council finds and determines that the changes from the Preliminary Engineer's Report to the Final Engineer's Report did not result in the increase of any assessments, the addition of any property to the Assessment District, nor any changes in the scope or type of improvements to be financed. Therefore the City Council finds and determines that the filing of the Final Engineer's Report does not require a new notice to any of the owners of property within the Assessment District nor the rescheduling or the re-noticing of the public hearing nor an additional assessment ballot procedure.

Section 3. The City Council accepts the City Clerk's Certificate Re: Assessment Ballot Tally and, in accordance therewith, finds and determines that, for purposes of the majority protest provisions of Section 53753 of the California Government Code and of Section 3.44.040(F)(3) of the Sacramento City Code, there is not a majority protest, and the City Council is not precluded from proceeding further in this matter.

Section 4. The City Council hereby finds and determines, based upon all of the information known to the City Council and presented in the record of these proceedings, that the recommendations set forth in the Final Engineer's Report are in conformity with legal standards and requirements, that the proposed assessment of the costs and expenses of the proposed Improvements upon the respective parcels of land in the Assessment District, as set forth in the Final Engineer's Report, has been

established in a fair and equitable manner and represents a fair and equitable apportionment of the costs and expenses in proportion to the estimated special benefit to be received by each parcel, respectively, from the Improvements; that there are no elements of general benefit resulting from the proposed Improvements, or if any, they are negligible; and that the amounts of the individual assessments do not exceed the special benefit to be derived from the Improvements by the parcels on which the assessments are levied.

Section 5. The Final Engineer's Report filed in these proceedings by the Development Engineering Manager as Engineer of Work is hereby approved by the City Council without modification.

Section 6. The proposed work and improvements, as described in the Final Engineer's Report, are hereby ordered, subject to completion of final plans and specifications, selection of contractor(s), and execution of construction contracts. Contracts for construction of the Improvements may not be awarded and executed until a negative declaration, mitigated negative declaration, or environmental-impact report has been submitted to the City Council, and the City Council, after considering that document, has decided to carry out the Improvements, all in compliance with the California Environmental Quality Act."

Section 7. The individual assessments, in the amounts stated in the Final Engineer's Report, are hereby confirmed and levied, and this action is final as to all persons, in accordance with Section 10312 of the California Streets and Highways Code.

Section 8. The Assessment Diagram, as set forth in the Final Engineer's Report, shall be filed for record in the Office of the County Recorder for Sacramento County, as required by Section 3114 of the California Streets and Highways Code; a Notice of Assessment, containing the matters required by Section 3114 shall be prepared, executed and recorded by the City Clerk in the Office of the County Recorder for Sacramento County; and a preliminary notice of assessment, in the form of **Exhibit B** attached hereto and incorporated herein, shall be given by publication and by mail in the manner required by Section 10404 of the California Streets and Highways Code.

Section 9. Pursuant to Section 10603 of the California Streets and Highways Code, the Development Engineering Manager is hereby designated to collect and receive any cash payments from property owners on account of the assessments levied, and the Development Engineering Manager shall, once the prescribed 30-day cash payment period has been set, and upon its expiration, submit to the Clerk a Certificate re: Paid and Unpaid Assessments.

Section 10. The City Council intends, once the 30-day cash payment period has been set and has expired, to proceed with authorization for the issuance and sale of limited obligation improvement bonds (the "Bonds") pursuant to the Improvement Bond Act of 1915 upon the security of unpaid assessments, bearing interest at a rate not to exceed twelve percent (12%) per annum, with the last principal installment of the Bonds to

mature not to exceed twenty-nine (29) years from the second day of September next succeeding twelve (12) months from their date.

Section 11. This resolution takes effect when adopted.

EXHIBIT A**LAND-CURTIS PARK STREET LIGHTING ASSESSMENT DISTRICT NO. 2007-04
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, CALIFORNIA****DESCRIPTION OF IMPROVEMENTS**

The construction and installation of a complete high pressure sodium ornamental street lighting system together with all necessary appurtenances thereto on:

Burnett Way from 16th Street to 21st Street, 1st Avenue from 18th Street to Street to 21st Street. Beverly Way 18th Street to Freeport Boulevard, Larkin Way from 120 feet west of Marty Way to 21st Street, Commercial Way from 18th Street to Freeport Boulevard, Sloat Way from Western Pacific RR to 21st Street, 2nd Avenue from 120 feet west of Marty Way to Franklin Boulevard, Castro Way from 18th Street to 21st Street and from 280 feet west of 24th Street to 200 feet east of 25th Street, Caramay Way from 120 feet west of Marty Way to Freeport Boulevard, Markham Way from 120 feet west of 18th Street to 21st Street, 3rd Avenue from 180 feet west of 18th Street to 24th Street and Franklin Boulevard to State Route 99, 4th Avenue from 120 feet west of 17th Street to 24th Street and Franklin Boulevard to 31st Street, Vallejo Way from 120 feet west of 17th Street to Freeport Boulevard, 5th Avenue from 17th Street to Freeport Boulevard and 24th Street to State Route 99, Bidwell Way from 120 feet west of 17th Street to 300 feet east of Freeport Boulevard, Weller Way and Perkins Way from Freeport Boulevard to Western Pacific RR, 6th Avenue from Freeport Boulevard to Western Pacific RR and Franklin Boulevard to 31st Street, 8th Avenue from 500 feet west of 23rd Street to 23rd Street and Franklin Boulevard to 31st Street, Marshall Way from 21st Street to 24th Street and 300 feet east of 26th Street to 31st Street, Portola Way from 21st Street Franklin Boulevard, Donner Way from Franklin Boulevard to 31st Street, Montgomery Way from Franklin Boulevard to 31st Street, 9th Avenue from Franklin Boulevard to 31st Street, 13th Avenue from Franklin Boulevard to 30th Street, Marty Way from 200 feet north of Larkin Way to Caramay Way, 16th Street and Harkness Street from Burnett Way to Caramay Way, 17th Street from 100 feet north of Burnett Way to 100 feet south of Caramay Way and 4th Avenue to 100 feet south of Bidwell Way, 18th Street from 100 feet north of Burnett Way to 100 feet south of Caramay way and Markham way to 4th Avenue, 19th Street from Markham Way to Bidwell Way, Freeport Boulevard from 100 feet north of Burnett Way to 120 feet south of 6th Avenue, 20th Street 100 feet north of Burnett Way to Larkin Way, 21st Street from Burnett Way to 120 feet south of Portola Way, 22nd Street from Sloat Way to 2nd Avenue and 3rd Avenue to Portola Way, 23rd Street from 4th Avenue to Marshal way and 8th Avenue to 120 feet south of 8th Avenue, 24th Street from 100 feet north of 2nd Avenue to 80 feet north of Donner Way, 25th Street from 100 feet north of 2nd Avenue to Castro Way and 100 feet north of Portola Way to 80 feet north of Donner Way, 26th Street from 100 feet north of 2nd Avenue to 80 feet north of Castro Way and 100 feet north of Portola Way to 100 feet south of 5th Avenue, 27th Street from 2nd Avenue to 100 feet south of 2nd Avenue and Portola Way

to 120 feet south of 5th Avenue, Franklin Boulevard from 2nd Avenue to 9th Avenue, 30th Street from 120 feet north of 3rd Avenue to 4th Avenue and 50 feet south of 14th Avenue to 260 feet south of 13th Avenue and 31st Street from 4th Avenue to Marshall way and Donner Way to Montgomery Way and 6th Avenue to 8th Avenue and 9th Avenue to 120 feet north of 10th Avenue.

EXHIBIT B

PRELIMINARY NOTICE OF ASSESSMENT

LAND-CURTIS PARK STREET LIGHTING ASSESSMENT DISTRICT NO. 2007-04
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

TO THE PROPERTY OWNERS OF THE LAND-CURTIS PARK STREET LIGHTING
ASSESSMENT DISTRICT NO. 2007-04:

The City of Sacramento (the "City") has levied a special assessment against each of the parcels identified by assessment number and tax parcel number in the Final Engineer's Report dated January 3, 2008 (the "Engineer's Report"), for the Land-Curtis Park Street Lighting Assessment District No. 2007-04, City of Sacramento, County of Sacramento, State of California (the "Assessment District"), which assessments have been levied to pay a portion of the authorized costs and expenses of the street lighting project (the "Project") of the Assessment District, all as more fully itemized in the Engineer's Report, and approved by resolution of the City Council of the City on January 3, 2008. The assessments have been recorded in the total amount of \$_____ in the official records of the Sacramento County Recorder on January ____, 2008, and they have thereby become liens upon the respective parcels assessed.

Under the current schedule for the Project and the Assessment District bond financing, the City expects to have the Project ready for bidding in early 2009. Assuming receipt of a satisfactory bid for the Project, the City will then establish a schedule for the bond financing to coincide with commencement of construction. At that time, the City will mail an additional notice to all property owners, inviting cash prepayments of assessments, without interest, prior to authorizing issuance and sale of the bonds, and indicating the deadline for property owners to make such cash prepayments if they wish to do so.

In the meantime, absent circumstances specific to you and your property, it is not in your interest to prepay your assessment at this time. No interest will begin to accrue on your unpaid assessment until bonds are sold, and, as indicated above, the City will mail a further notice prior to such bond sale advising you of the deadline for making such interest-free cash prepayments.

However, if you wish for any reason to prepay your assessment at this time and to thereby discharge the lien from your property, you may do so. You are entitled to a _____ percent (___%) discount for cash prepayments (whether made now or before the deadline to be set), reflecting the portion of your assessment which represents

avoidable financing costs (underwriter's discount of __%, bond reserve of __% and capitalized interest of __%). If you would like verification of the correct amount for a discounted prepayment, whether for your entire assessment or for a portion thereof, please contact the Public Improvement Financing Manager of the City's Planning Department at 915 I Street, Sacramento, California 98514, telephone (916) 808-8788.

Dated: January ____, 2008

SHIRLEY CONCOLINO,
City Clerk
City of Sacramento

[The following information will be on the mailed, but not the published, Notice:]

<u>Name and Address of Property Owner</u>	<u>Assessment No.</u>	<u>Assessor's Parcel No.</u>	<u>Amount of Assessment</u>	<u>Amount of Cash Payment</u>
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THIS IS NOT A BILL; IT IS ONLY A NOTICE.

You do not need to pay anything at this time, and no interest will accrue against you until bonds are sold. Further notice will be given, along with a chance to prepay, before bonds are sold.

