

RESOLUTION NO. 2013-0125

Adopted by the Sacramento City Council

April 23, 2013

DECLARING ASSESSMENT DISTRICT AND REDEMPTION FUND SURPLUS, ORDERING THE DISPOSITION OF SURPLUS AMOUNTS, CREATING A CAPITAL PROJECT, APPROPRIATING FUNDS, AND ALL RELATED FINANCIAL TRANSACTIONS

BACKGROUND

- A. The City Council has previously adopted Resolutions of Intention to order the construction of improvements or the provision of services by way of assessment districts ("districts") under provisions of The Improvement Act of 1911 ("1911 Act") and The Municipal Improvement Act of 1913 of the California Streets and Highways Code, and under provisions of Sacramento City Code Section 3.140.
- B. Bonds were issued for the construction of improvements under the 1911 Act and the Improvement Bond Act of 1915 ("1915 Act").
- C. Nine districts have sufficient records to establish the location, the eligible improvements or services, the assessments paid, and the funds remaining specific to that district.
- D. In five of the nine districts, the City Council has by Resolution 2013-____, adopted April __, 2013, accepted Notices of Completion of District Public Work. All debt has also been retired. Pursuant to California Streets and Highways Code Section 8784 for redemption funds and Section 10427 for construction funds, the City Council may now declare the redemption and construction funds as surplus and order the return of the funds to the current property owner of record less administrative expenses. These districts are:
- Cobblewood Assessment District No. 5530
 - Display Way Assessment District No. 96-04
 - Morrison Creek Business Park Assessment District No. 5519
 - New Ramona Colony Street Assessment District No. 90-02
 - Timberlake Way Assessment District No. 94-01

Surplus funds in the five districts total \$530,209, consisting of \$111,416 in bond redemption funds and \$418,793 in construction funds.

- E. One of the nine districts, the Franklin Villa Neighborhood Revitalization Assessment District no. 96-03, is a service district. This district was invalidated by a majority protest vote and dissolved by Resolution 97-341. The district has a remaining balance of \$105,922 that must be returned to the current property owners of record less administrative expenses. Together with the five districts that may be closed and that

have surplus funds, the total that can be returned to property owners is \$636,131, less administrative expenses incurred by the City.

F. The remaining three of the nine districts with sufficient records have not completed eligible public work. These districts are:

- Florin Road Storm and Sanitary Sewer Assessment District No. 4622
- North Laguna Creek Community Facilities District No. 93-02
- Sunset Meadows Assessment District No. 5022

These districts have a balance of \$1,889,724 and remaining eligible facilities. Appropriations will be made now from the balances of one of these districts. Of the remaining two, one will be included in the Fiscal Year 2013/14 Capital Improvement budget. The other will be the subject of a City Council item from the Department of Utilities to be brought forward in the next several months.

G. In addition to the specific districts recommended for closure, the City has maintained two redemption funds for assessment districts formed before the federal Tax Reform Act of 1986. The City's practice prior to 1986 had been to commingle district assessment collection and debt service activity in these two redemption funds, one for 1911 Act related bonds and one for 1915 Act bond activity. The 1986 tax law changes required that each debt issue be specifically tracked to allow for the calculation of any excess interest earnings. These interest earnings were then required to be paid to the federal government. For the assessment districts formed prior to 1986, no records exist to support which districts/properties paid the assessments or which districts had surplus cash, and as a result, the surplus cannot be attributed to any previously existing assessment district, parcel, or bond. The commingled cash balances in the two redemption funds have also earned interest for at least 20 years, contributing to the large balances.

H. The fund balance in the redemption fund authorized pursuant to the 1915 Act is \$8,026,495. California Streets and Highways Code Section 8784 authorizes the transfer of surplus funds remaining in redemption accounts to the General Fund after repayment of bonds, repayment of any costs associated with an assessment delinquency sale, and repayment of any supplemental assessments paid by any persons. There is no evidence that the City incurred any costs related to assessment delinquency sales or levied any supplemental assessments.

I. The fund balance in the redemption fund authorized pursuant to the 1911 Act is \$474,710. California Streets and Highways Code Section 8784 authorizes the creation of a redemption account and the payment of all bond obligations from such account. The bonds issued in connection with these funds have been fully satisfied and there are no identifiable supplemental assessments that remain unreimbursed.

J. The total of all funds to be declared surplus is \$9,137,336.

K. As a miscellaneous matter, on February 19, 2013, by Resolution 2013-0047, City Council declared the balance of the Pocket Bridge Fee District surplus and ordered the

return of the balance to property owners. It has since been determined that 20 of the parcels were outside of the district and should therefore receive a full, rather than a pro rata, refund. The \$1,956.53 cost of this change will be funded from the allocation for administrative expenses.

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

Section 1. The City Council finds and determines that the Background statements A through K are true.

Section 2. The City Council in accordance with Sections 8784 and 10427 of the Streets and Highways Code of California and Article 13D, Section 4 of the State Constitution, declares the balance of the redemption funds, construction funds, and service funds of the following districts and accounts as surplus:

- Cobblewood Assessment District No. 5530
- Display Way Assessment District No. 96-04
- Franklin Villa Neighborhood Revitalization Assessment District No. 96-03
- Morrison Creek Business Park Assessment District No. 5519
- New Ramona Colony Street Assessment District No. 90-02
- Timberlake Way Assessment District No. 94-01
- 1911 Act Assessments – Redemption
- 1915 Act Assessments – Redemption

Section 3. The City Council orders the disposition of the surplus funds according to state law by means of direct refunds to the property owner of record as of March 4, 2013 and of deposit to the General Fund.

Section 4. The City Manager is hereby authorized to complete all necessary financial transactions to distribute the \$9,137,336 in surplus funds as follows:

\$621,131	To Property Owners
\$15,000	To Administrative Expenses
\$8,501,205	General Fund

Section 5. The City Manager is further authorized to issue refunds to Property Owners in accordance with Exhibit A.

Section 6. The City Manager is further authorized and directed to:

- Amend appropriations in the Laguna Creek Park project (L191412100) by \$76,362
- Include appropriations of \$1,573,054 in the Fiscal Year 2013/14 Capital Improvement budget for Sunset Meadows Assessment District
- Direct the Department of Utilities to return to City Council with a capital improvement project for the Florin Road Storm and Sewer Assessment District, utilizing appropriations of up to \$240,308
- Provide a full refund to 20 property owners that paid the Pocket Bridge District fee, as provided for in Exhibit B

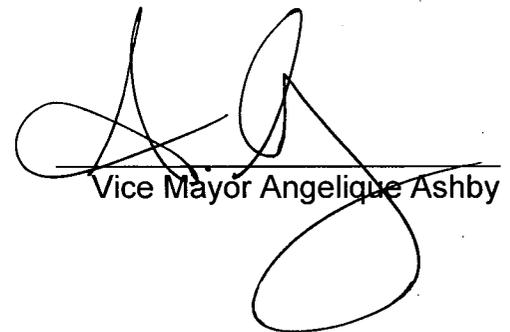
Adopted by the City of Sacramento City Council on April 23, 2013 the following vote:

Ayes: Councilmembers Ashby, Cohn, Fong, Hansen, McCarty, Pannell, Schenirer, Warren, and Mayor Johnson

Noes: None

Abstain: None

Absent: None



Vice Mayor Angelique Ashby

Attest:



Shirley Concolino
Shirley Concolino, City Clerk