

Meeting Date: 5/27/2014

Report Type: Consent

Report ID: 2014-00084

Title: Power Inn Road Maintenance District - Initiate Proceedings

Location: District 6

Recommendation: Pass 1) a Resolution directing filing of an annual report for Fiscal Year (FY) 2014/15; and 2) a Resolution approving Engineer's Annual Report and intention to order maintenance of improvements for FY2014/15 and setting a time and place for a public hearing on June 17, 2014.

Contact: Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788; Department of Finance

Presenter: None

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution Filing Annual Report
- 5-Resolution Levying Assessment

City Attorney Review

Approved as to Form
Michael W. Voss
5/9/2014 10:15:09 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 5/8/2014 12:54:34 PM

Description/Analysis

Issue: On July 29, 2003, City Council approved formation of the Power Inn Road Maintenance District (District). This District provides funding for the maintenance of the landscaped corridor located along the frontage of lots adjacent to Power Inn Road between 14th Avenue and the Regional Transit overcrossing located just south of Folsom Boulevard. The landscaped corridor is designated as the area between the separated sidewalk and the curb and gutter.

The District is required by the California Streets and Highways Code to present an annual budget to City Council for approval. Approval of the Engineer's Report and the District's annual budget will authorize the City to collect assessments in the amount sufficient to provide partial funding for maintenance of the landscaped areas adjacent to the parcels.

Unlike prior years, the District can only fund a portion of the total cost. The Engineer's Report has been changed to incorporate changes in case law and the resulting requirement to separate the benefits of the District between "special benefits" to property and "general benefits" to society at-large. Only special benefits can be funded by the assessments of the District. Analysis of the use of the amenities of the District shows that properties in the District represent approximately 74% of those benefitting from the improvements. This percentage is the special benefit provided by the District. The remaining amount must be funded from other sources. The sources and budget are detailed in the Financial Considerations section and on Exhibit B to the Resolution.

Policy Considerations: The recommended action supports funding for landscape maintenance services in the District via property-based assessments.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under CEQA guidelines, annual proceedings of a Special District do not constitute a project, and are therefore exempt from review.

Sustainability: There are no sustainability considerations applicable to the formation process and administration of a special district.

Commission/Committee Action: None

Rationale for Recommendation: The actions in the recommended Resolutions are required by the California Streets and Highways Code, as set forth in Section 22500 of the 1972 Act, for annual proceedings of an existing district.

Financial Considerations: The District expenditure budget is \$15,733 as shown on Exhibit B and detailed in the Engineer's Report on file with the Public Improvement Finance Division, designated by the City Clerk to be the repository of documents associated with special districts. Pursuant to the Engineer's Report, \$12,597 can fund special benefits with assessment revenue. The remaining \$3,136 will be absorbed by the Streets budget of the Department of Public Works, as is explained in greater detail in the Background section of this report.

Although the percentage the District can fund has been lowered, the overall budget has increased 31% from last year due to contract cost escalation, more accurate cost accounting, and the full cost of utilities that have been allocated to districts over the last several years as a result of Proposition 218 concerns. The proposed assessment of \$2.397 per linear foot of frontage is a 6% increase from last year's assessment of \$2.249 per linear foot.

Local Business Enterprise (LBE): Not applicable

BACKGROUND

Recent California case law regarding the application of Proposition 218 to assessment districts has resulted in a requirement to separate the benefits of the Power Inn Road Maintenance District (District) between “special benefits” to property and “general benefits” to society at-large. The ongoing maintenance of the District improvements will provide aesthetic, safety, and economic activity benefits to the property within the District. However, it is recognized that the ongoing maintenance of District improvement activities will also provide a level of benefit to some property within proximity to the District as well as visitors and individuals passing through the District. This benefit to people who are not in the District is a general benefit and cannot be funded with the assessments of the District.

Therefore, the general benefit created as a result of the District’s improvements has been considered and the engineer’s Report has been modified to incorporate the following analysis:

- Power Inn Road is an arterial street, designed to provide a higher degree of mobility and serve longer vehicle trips than local streets.
- Based on the City’s Power Inn Road Widening Feasibility Study (2011), the estimated number of daily trips on Power Inn Road within the Power Inn Road District is 28,111.
- Based on land use and building size of each parcel within the District, the estimated number of special benefit trips with business in the District is 20,873.
- The conclusion is that the specific benefit to properties in the District is 74.25% and the general benefit to the public is 25.75%.

The analysis is further detailed in the Engineer’s Report on file with the Public Improvement Financing Division of the Finance Department, designated by the City Clerk’s Office to be the repository of documents associated with special districts.

The general benefit portion has a cost of \$3,136, and other sources must be used. Other sources can include other assessment districts that predate the enactment of Proposition 218 if the districts maintain compliance with all applicable statutory and constitutional requirements. City staff has identified the City’s Landscaping and Lighting District (Citywide L&L) as an eligible source to fund the portion of costs that cannot be funded by the District. The improvements fall within the territory covered by the Citywide L&L and their inclusion is consistent with the Engineer’s Report, formation documents, and statutory requirements.

The Department of Public Works, the City Attorney’s Office, and the Finance Department agree that funding the general benefits of the District from Street’s allocation of Citywide L&L is the best solution under the circumstances. The cost of maintenance of improvements authorized by Citywide L&L far exceeds the assessment revenue from Citywide L&L. The Department of Public Works utilizes other sources of

revenue, such as Measure A, gas tax, and other funds in addition to the Citywide L&L to maintain the improvements throughout the City.

A detail of amounts allocated to each source of funding is provided on Exhibit B to the Resolution.

SCHEDULE OF PROCEEDINGS
POWER INN ROAD MAINTENANCE DISTRICT
FY2014/15

May 27, 2014	Council Considers Resolution of Intention and Sets Date for Public Hearing
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June 5, 2014 Publish Notice of Public Hearing

June 17, 2014 City Council – Public Hearing, Council Orders Annual Levy

August 2014 Assessments to County for Placement on Tax Roll

RESOLUTION NO.

Adopted by the Sacramento City Council

**DIRECTING FILING OF ANNUAL REPORT
FOR THE POWER INN ROAD MAINTENANCE DISTRICT
FY2014/15
(Pursuant to Landscaping and Lighting Act of 1972)**

BACKGROUND:

- A.** The Power Inn Road Maintenance District (District), as depicted in Exhibit A, was established by the City Council and approved by the property owners on July 29, 2003.
- B.** The City Council established the District under the Landscaping and Lighting Act of 1972 (part 2 of Division 15 in the Streets and Highways Code, beginning with Section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for landscaping maintenance services and related services to be provided within the District, all in accordance with the 1972 Act.
- C.** The Engineer's Report has been updated to incorporate analysis determining the special benefit derived from District activities by each parcel paying the assessment and separating that from the general benefit received by people outside of the District, in accordance with current case law regarding assessment districts.

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

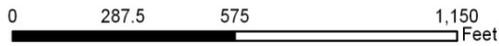
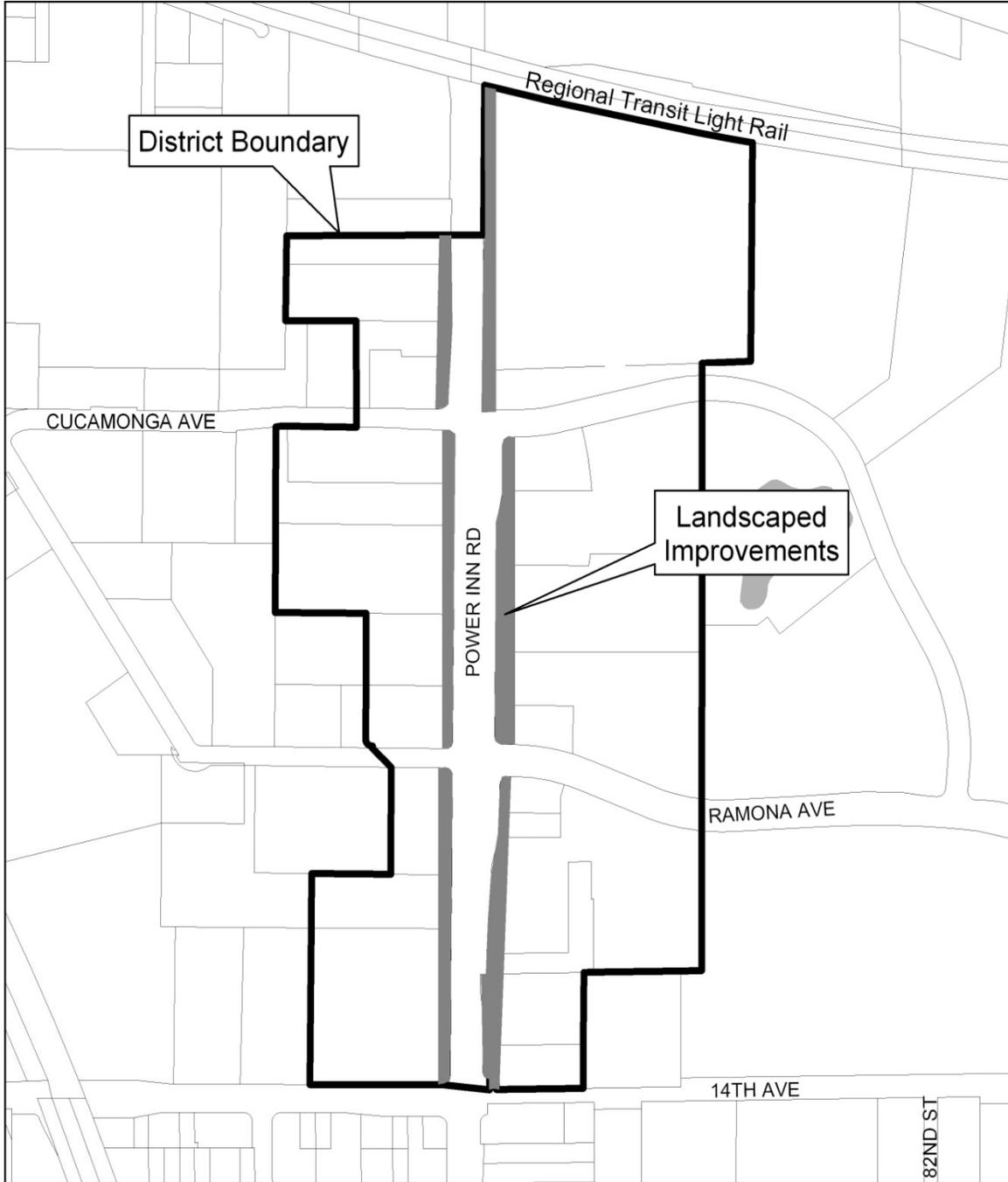
- Section 1 The City Council finds and determines that the background statements A through C are true and correct.
- Section 2 The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, is hereby directed to file an annual report in accordance with the provisions of the 1972 Act.
- Section 3 This resolution is adopted pursuant to Section 22622 of the Streets and Highways Code.
- Section 4 Exhibit A is part of the resolution.

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Exhibit A: District Map

Exhibit A

Power Inn Road Maintenance District 2003-01



RESOLUTION NO.

Adopted by the Sacramento City Council

**APPROVING ENGINEER'S ANNUAL REPORT
AND INTENTION TO ORDER
MAINTENANCE OF IMPROVEMENTS FOR THE
POWER INN ROAD MAINTENANCE DISTRICT FISCAL YEAR (FY) 2014/15
(Pursuant to Landscaping and Lighting Act of 1972)**

BACKGROUND:

- A.** The Power Inn Road Maintenance District (District), as depicted in Exhibit A, was established by the City Council and approved by the property owners on July 29, 2003.
- B.** The City Council established the District under the Landscaping and Lighting Act of 1972 (part 2 of Division 15 in the Streets and Highways Code, beginning with Section 22500) (the 1972 Act), and has previously levied assessments on property in the District to pay for landscaping maintenance services and related services to be provided within the District, all in accordance with the 1972 Act.
- C.** The Supervising Engineer of the Department of Public Works, the person designated by this Council as the Engineer of Work for the District, was directed to file an annual report in accordance with the provisions of the 1972 Act.
- D.** The updated annual report includes an analysis that quantifies the amount of special benefit derived from District activities by the parcels paying the assessment. The result of the analysis is that 74.25% of the services provided in the district are a special benefit to the parcels within the District and 25.75% of the services are a general benefit to people outside of the District. Pursuant to state law, the City can only collect assessments in the amount needed to provide special benefit and must utilize other sources of funding to provide the general benefit portion. A detailed budget is shown on Exhibit B.

**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 D are true and correct.
- Section 2 City Council hereby approves the Engineer's Annual Report for FY2014/15 on file with the Public Improvement Finance Division, designated by the City Clerk to be the repository of documents associated with special districts.

- Section 3 The City Manager is authorized to make any necessary budgetary adjustments associated with the approval of the Engineer's Annual Report for FY2014/15.
- Section 4 The City Council intends to levy and collect assessments within the District during FY2014/15. The area of land to be assessed is located in the City of Sacramento, Sacramento County.
- Section 5 The maintenance of improvements to be made in this assessment district is generally described as follows:
- Furnish all tools, equipment, apparatus, facilities, labor, material, supplies and utilities necessary or desirable to maintain and service the landscape improvements adjacent to Power Inn Road on the East side from 14th Avenue to approximately 900 feet north of Cucamonga Avenue and on the west side from 14th Avenue to approximately 590 feet north of Cucamonga Avenue, and more particularly described on plans and specifications approved by the City of Sacramento on file at the City of Sacramento, Public Improvement Financing Division of the Finance Department, 915 "I" Street, 3rd Floor, Sacramento, California 95814.
- The improvements generally consist of landscaping and irrigation systems for the landscape area adjacent to Power Inn Road (Exhibit A) between the back of curb and the front of the sidewalk. Maintenance of said improvements will include, but not be limited to, periodic mowing of grass, trimming of trees and shrubs, and fertilizing, together with the regular furnishing of water for irrigation of all plant material, and the repair, maintenance and replacement of the irrigation system, planted materials and amenities.
- Section 6 In accordance with this Council's resolution directing the filing of an annual report, the Engineer of Work has filed, with the Public Improvement Finance Division, the report required by the 1972 Act. All interested parties are referred to that report for a full and detailed description of the improvements, the boundaries of the assessment district and the proposed assessments upon assessable lots and parcels of land within the assessment district.
- Section 7 At the hour of 6:00 pm on Tuesday, June 17, 2014, the City Council will conduct a public hearing on the questions of the levy of the proposed annual assessment. The hearing will be held at the meeting place of the City Council located in the City Hall, 915 I Street, First Floor, Sacramento, California.

- Section 8 This assessment in FY2014/15 represents a 6% increase as compared to the assessment in the prior fiscal year as shown on Exhibit B.
- Section 9 The City Clerk is authorized and directed to give the notice of hearing required by the 1972 Act.
- Section 10 Exhibits A and B are part of the resolution.

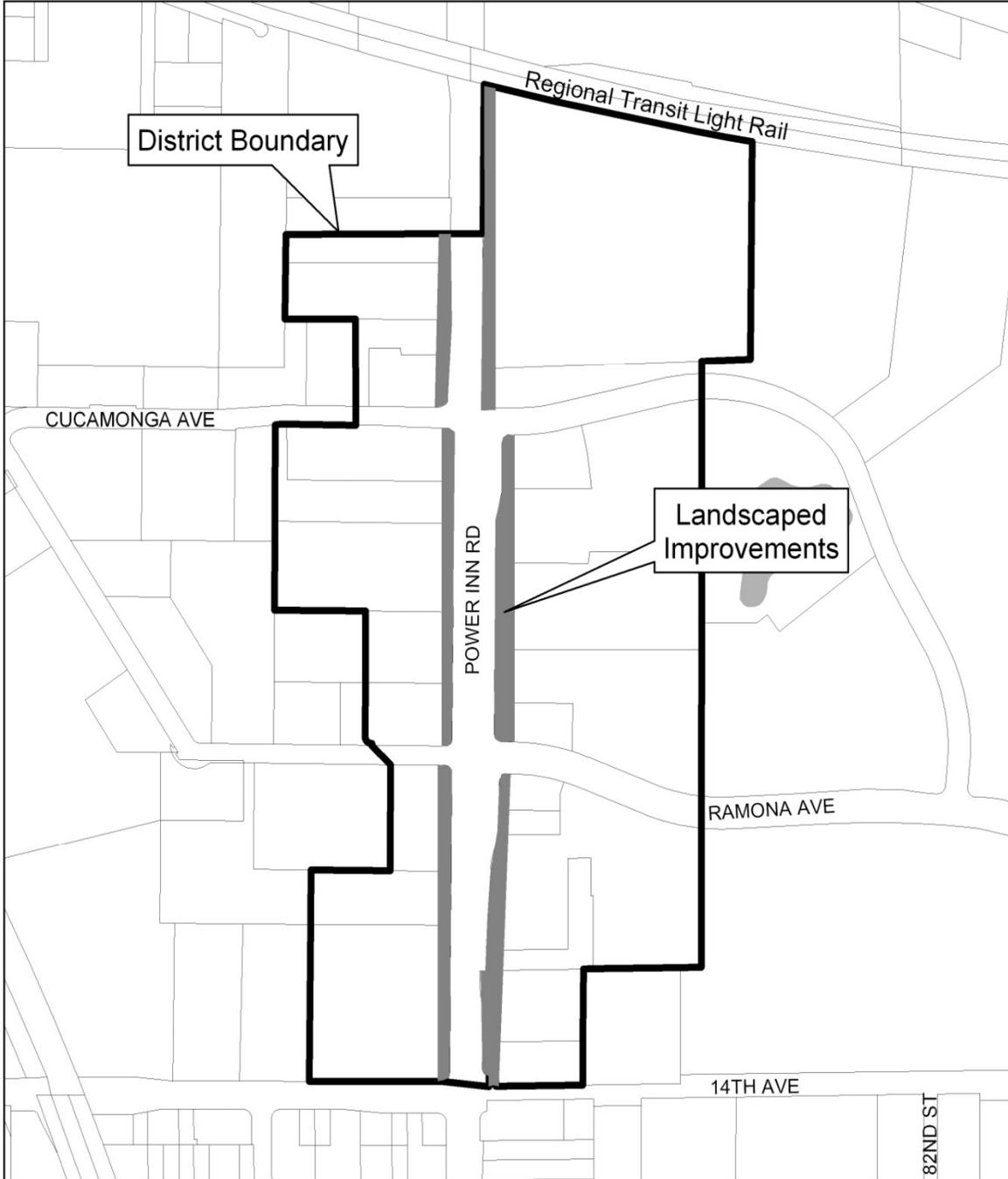
Table of Contents:

Exhibit A: District Map

Exhibit B: FY2014/15 District Budget & Parcel Assessment

Exhibit A

Power Inn Road Maintenance District 2003-01



**Exhibit B
POWER INN ROAD MAINTENANCE DISTRICT
FY2014/15
DISTRICT BUDGET**

	District Total	Fund 2201 74.25%	General Benefit Contribution 25.75%
District Resources			
Estimated Beginning Fund Balance		\$ 3,123	
Total Assessed to Property Owners		\$ 10,997	
Total Resources		\$14,120	\$3,136
District Expenditures			
Maintenance Tasks			
a) Contracts	\$10,829	\$ 8,041	\$ 2,788
c) Unscheduled Maintenance	\$0	\$ -	\$ -
d) Inspections	\$1,350	\$ 1,002	\$ 348
Administrative Costs			
Public Improvement Financing			
Administration	\$2,367	\$ 2,367	
Parcel reporting	\$151	\$151	
Accounting			
Administration	\$952	\$952	
County Billing	\$84	\$84	
Total Expenditures	\$15,733	\$12,597	\$3,136
Contingency Increase/(Decrease)		\$ (1,600)	
Estimated Ending Fund Balance		<u>\$1,523</u>	
Year-Over-Year Change in Fund Balance		<u>(\$1,600)</u>	

PARCEL ASSESSMENT

The annual maintenance cost for each property owner is based on the linear footage of their property's street frontage multiplied by the following cost per foot.

Name	Maximum Authorized	FY2013/14	FY2014/15
Power In Road Maintenance District	\$2.408	\$2.249	\$2.397

Every fiscal year the cost per foot may be subject to an increase by the Consumer Price Index (CPI), San Francisco or by 4% per year, whichever is less.