

**Meeting Date:** 6/17/2014

**Report Type:** Public Hearing

**Report ID:** 2014-00090

**Title:** Power Inn Road Maintenance District - Public Hearing (Noticed 06/06/2014)

**Location:** District 6

**Recommendation:** Conduct a public hearing and upon conclusion, pass a Resolution confirming the assessment diagram and the assessment and levying the assessment for Fiscal Year (FY) 2014/15 for the Power Inn Road Maintenance District (District).

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

**Presenter:** Sheri Smith, Program Specialist, (916) 808-7204, Department of Finance

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution

---

**City Attorney Review**

Approved as to Form  
Michael W. Voss  
6/4/2014 1:18:27 PM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 5/28/2014 1:48:08 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 14<sup>th</sup> 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.

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

**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 of the Finance Department, 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 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

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

**CONFIRMING DIAGRAM AND ASSESSMENT AND LEVYING  
ASSESSMENT FOR THE POWER INN ROAD MAINTENANCE  
DISTRICT FOR FISCAL YEAR 2014/15**

**BACKGROUND:**

- A.** The Power Inn Road Maintenance District (District), as depicted in Exhibit A, was established by the Council and approved by the property owners on July 29, 2003.
- B.** The 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.** Pursuant to Chapter 3 of the 1972 Act, Council directed the Supervising Engineer of the Department of Public Works, as the Engineer of Work for the District, to prepare and file an Annual Report for Fiscal Year (“FY”) 2014/15.
- D.** The annual report was updated to include 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.
- E.** The Engineer of Work filed the Annual Report on May 27, 2014, and Council adopted Resolution 2014-0139 approving the Engineer’s Annual Report and intention to levy and collect assessments within the assessment district for FY2014/15 and set a public hearing for June 17, 2014, in the meeting place of Council, City Hall, 915 I Street, First Floor, Sacramento, California. Notice of the public hearing was given in the time and manner required by law.
- F.** The proposed assessment of \$2.397 per linear foot of frontage is a 6% increase from last year’s assessment.

**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 F are true and correct.

- Section 2      The City Council confirms the assessment diagram and the assessment roll set forth in the Engineer's Annual Report and levies the assessment set forth in the Engineer's Annual Report.
- Section 3      The City Manager is authorized to make any necessary budgetary adjustments associated with the approved Engineer's Annual Report for FY2014/15.
- Section 4      Exhibits A and B are part of this resolution.

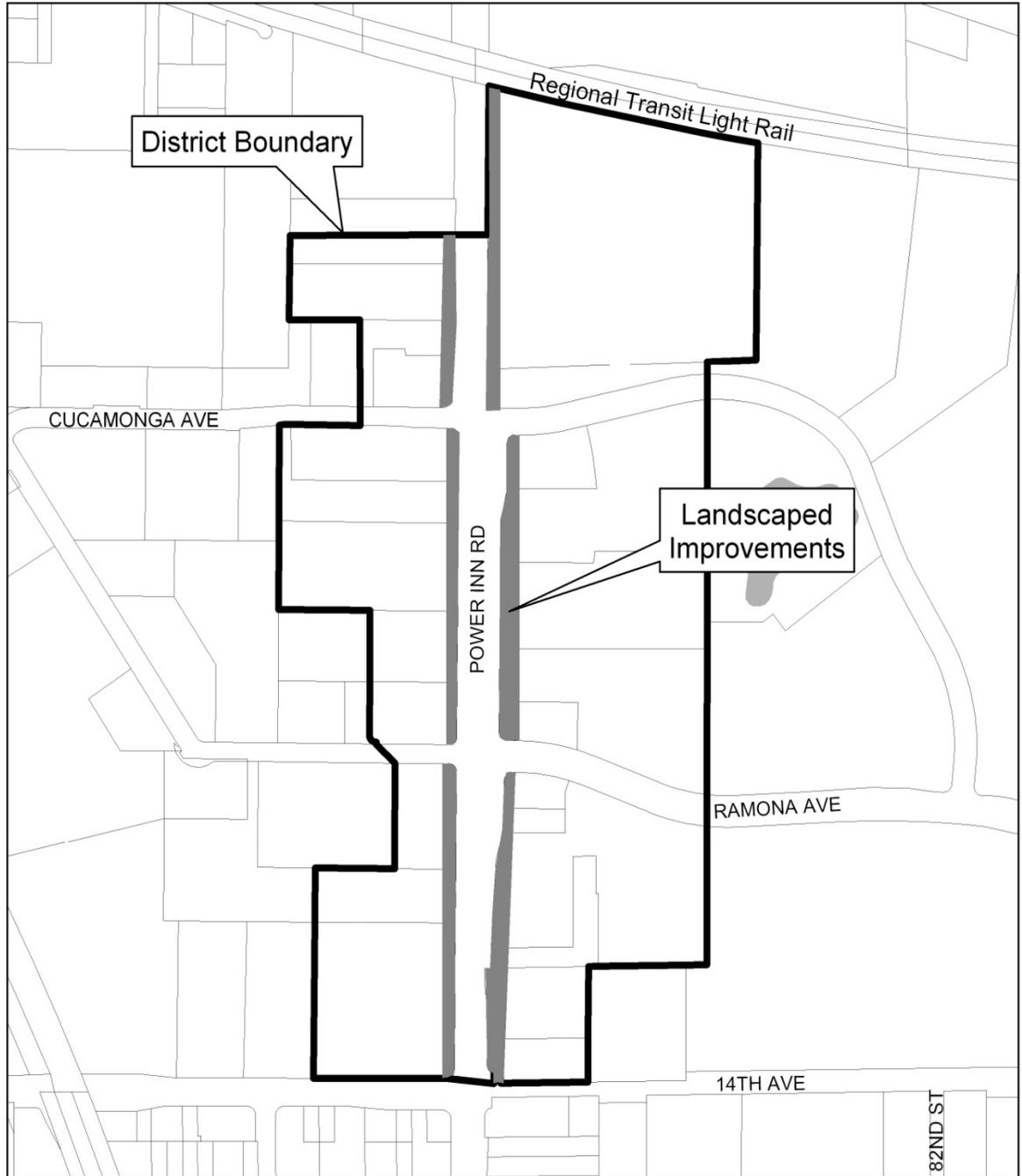
**Table of Contents:**

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  
DISTRICT BUDGET AND PARCEL ASSESSMENT  
FY2014/15  
(FUND 2201)**

	<b>District Total</b>	<b>Fund 2201 74.25%</b>	<b>General Benefit Contribution 25.75%</b>
<b>District Resources</b>			
Estimated Beginning Fund Balance		\$ 3,123	
Total Assessed to Property Owners		\$10,997	
<b>Total Resources</b>		<b>\$14,120</b>	<b>\$3,136</b>
<b>District Expenditures</b>			
Maintenance Tasks			
a) Contracts	\$10,829	\$ 8,041	\$2,788
c) Unscheduled Maintenance	\$ -	\$ -	\$ -
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	
<b>Total Expenditures</b>	<b>\$15,733</b>	<b>\$12,597</b>	<b>\$3,136</b>
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.