

City of Culver City, California
City Council Agenda Item Report

Meeting Date: 05/26/2009		Item Number: <u>A-6</u>	
AGENDA ITEM: Adoption of a Resolution (1) Approving the Preliminary Assessment Engineer's Report for Proceedings for the Assessment Increase within the Higuera Street Landscaping and Lighting Maintenance District for Fiscal Year 2009/10; (2) Declaring its Intention to Levy and Collect Assessments; (3) Setting Monday, July 13, 2009 for a Public Hearing thereon; and (4) Ordering the Initiation of Assessment Ballot Procedures			
Contact Person/Dept.: Mate Gaspar/PW		Phone Number: (310) 253-5602	
Fiscal Impact: Yes ☒ No ☐		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☐ Attachments: ☒	
Public Notification: Master E-Mail Notification List (05/20/09); All Property Owners within the Higuera Street Landscaping and Lighting Maintenance District on (05/01/09).			
Department Approval: Charles D. Herbertson (05/15/09)		City Attorney Approval: Carol Schwab (by H. Baker) (05/19/09)	
Chief Financial Officer Approval: Jeff Muir (by N. Kimball) (05/20/09)		City Manager Approval: Jerry B. Fulwood (05/20/09)	
<u>RECOMMENDATION:</u> Staff recommends the City Council adopt a resolution (1) approving the preliminary Assessment Engineer's Report for proceedings for the proposed assessment increase within the Higuera Street Landscaping and Lighting Maintenance District for Fiscal Year 2009/10; (2) declaring its intention to levy and collect assessments; (3) setting Monday, July 13, 2009 for a Public Hearing thereon, and (4) ordering the initiation of assessment ballot procedures. <u>BACKGROUND:</u> On May 11, 2009, the City Council adopted a resolution initiating proceedings for a proposed increase of assessment within the Higuera Street Landscaping and Lighting Maintenance District for Fiscal Year 2009/10 and ordered the preparation of an assessment engineer's report. The Higuera Street landscaping and street lighting improvements were installed in Fiscal Year 1994/1995 at the request of the property owners. The assessment area was formed and the boundary includes properties on both sides of Higuera Street between Lindblade and Hayden Avenues. Each of the properties directly or indirectly benefits from the public improvements maintained by the District. In Fiscal Year 2003/04 the property owners approved an increase to the assessment levy to include the maintenance of the parkway area between the sidewalk and street.			

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In Fiscal Year 2007/08, a proposed increase to the assessment district failed by the ballot process.

In Fiscal Year 2008/09, a proposed increase to the assessment district failed by the ballot process.

Since its inception in Fiscal Year 1994/95, the annual assessment levy for maintenance has not been increased except for the additional assessment levy to include the maintenance of the parkway area between the sidewalk and street.

DISCUSSION:

Staff believes that the previous efforts to increase the assessment for the District failed due to the proposed large percentage increase to the annual assessment levy that was necessary to balance revenues with expenditures. The property owners within the District will very likely vote down again a single large percentage increase to the annual assessment levy. The proposed method of increase provides for a more gradual increase over a period of years.

The preliminary engineer's report is attached. This year, staff is proposing the assessment district be modified to provide for an automatic annual increase based on the Consumer Price Index (CPI) in Los Angeles-Riverside-Orange County plus 5%. If approved by the property owners in the District, the annual CPI increase would be applied with an additional 5% premium each year until the total revenues generated from the District match the annual expenditures and the fund has a positive balance. Essentially, the District Fund will borrow from the General Fund until there is a positive balance to fully fund the maintenance services. At that point, which is estimated to occur in 2025/26, the 5% premium amount will be discontinued and only the CPI increase would be applied on an annual basis thereafter. Once a positive fund balance is achieved, it may be necessary to make a one-time reduction in the assessment amount to balance the annual revenues and expenditures; however, as stated above, the annual CPI increase would continue to be applied.

FISCAL ANALYSIS:

It should be the goal of an Assessment District, including the Higuera Street Landscaping and Lighting Maintenance District, to be 100 percent self-supporting for all expenditures (thereby eliminating the need for subsidy from other funds, including the General Fund). Property owners within the District should be charged their fair share of these costs. If the proposed CPI + 5% annual increase to the assessment

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is not approved by the property owners within the District, then services may be decreased accordingly to stay within the existing assessment amount, or the City Council may decide to subsidize the District with General Funds.

ATTACHMENTS:

1. Proposed Resolution
2. Preliminary Assessment Engineer's Report
2. 20-Year Cash Flow

MOTIONS:

That the City Council:

Adopt a resolution (1) approving the preliminary Assessment Engineer's Report for proceedings for the proposed assessment increase within the Higuera Street Landscaping and Lighting Maintenance District for Fiscal Year 2009/10; (2) declaring its intention to levy and collect assessments; (3) setting Monday, July 13, 2009 for a Public Hearing thereon, and (4) ordering the initiation of assessment ballot procedures.