TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: PUBLIC WORKS

DATE: JUNE 13, 2005

CMR:285:05


REPORT IN BRIEF

This report requests that Council hold a public hearing and approve the annual assessment for the California Avenue area parking bonds Plan G for FY 2005-06.

The assessment is levied on the basis of building square footage, with a credit given for the off-street parking provided by the property owner. This annual assessment is exempt from Proposition 218 since it is used to pay the cost of existing bonds. Routine maintenance costs for the district are covered by parking permit fees.
RECOMMENDATION
Staff recommends that Council adopt the attached resolutions (Attachment A) confirming the Engineer's Report and Assessment Roll for:

- California Avenue District, Project No. 86-01,
- California Avenue District, Project No. 92-13

BACKGROUND
By virtue of the prior establishment of the assessment district and issuance of debt, Council action is required to levy assessments for the two active parking projects in the California Avenue area. These assessments will be utilized for the payment of principal and interest on bonds for capital improvements pursuant to the attached resolutions. These funds are separate and distinct from permit fees that are used to pay for operation and maintenance of parking facilities.

The two active projects are listed and described as follows:

1. California Avenue District, former Keystone Lot Parking, Project 86-01: Surface parking lot on Cambridge Avenue, construction of interim improvements, and a feasibility study for a parking structure on the lot.

2. California Avenue District, Ted Thompson Parking Structure, Project 92-13: Construction of a two-level parking structure on Cambridge Avenue between Birch Street and Nogal Lane Parking bonds issued under Bond Plan G (Section 13.16.150, Palo Alto Municipal Code) require that a public hearing be held annually (the second Monday in June) on the assessments, which must be levied to pay principal and interest on the bonds. The purpose of the public hearing is to allow each property owner the opportunity to question the computation of his/her assessment and the elements which comprise it, that is, the square footage of each occupied building, the off-street parking requirements for the usage, and the off-street parking provided. Assessments are levied on the basis of building square footage, with a credit given for the off-street parking provided by the property owner. Additional details about the Parking Assessment District-Plan G bond capital improvement projects can be found in Attachment B.

In 1995, approximately $341,000 in excess construction funds in the California Avenue District bond fund for the Ted Thompson parking garage, Project 92-13 was used to reduce the tax roll required to pay off the bonds sold to finance the project. To equalize assessments, the funds were spread uniformly over the duration of the bonds (20 years) beginning with the 1996 assessments.

DISCUSSION
The assessment rates for FY 2005-06 per square foot of adjusted building area and the amount levied for each project are:
<table>
<thead>
<tr>
<th>PROJECT</th>
<th>ADJUSTED BLDG SQUARE FOOTAGE</th>
<th>DOLLARS LEVIED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parking, Project 86-01</td>
<td>$0.0517**</td>
<td>$ 35,387.33</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>$141,549.45</td>
</tr>
<tr>
<td>2. California Avenue District, Ted Thompson</td>
<td>$10.58*</td>
<td>$120,413.73</td>
</tr>
<tr>
<td>Parking Structure, Project 92-13</td>
<td>$0.0587**</td>
<td>$ 40,137.88</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>$160,551.61</td>
</tr>
</tbody>
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*Rate per weighted assessment factor.
**Rate per land square footage.

The FY 2005-2006 assessment rates for the two active projects have declined from FY 2004-2005 and are shown in Attachment C. The rate reduction is due to changes in the adjusted square footage as a result of the buildout of a property and use changes of two properties within the California Avenue Parking Assessment District over the past year, along with adjustments in the bond levee schedule.

Changes made to the assessment rolls are listed on Attachment D. The estimated assessments were sent to property owners within the California Avenue district on May 12, 2005. Assessments were modified due to recent changes in business site conditions (square footage, vacancy, etc.), which were brought to staff's attention by property owners since the estimated assessments were prepared.

Because the hearing itself is the legally prescribed process by which questions about the basis of assessment and the property owners' individual circumstances may be heard, it may be necessary to have a second addendum available at the Council meeting that reflects changes brought to staff's attention since the Council packet was delivered. The public hearing for the assessment district may need to be continued if last minute information brought forward by property owners cannot be verified and included in the amended rolls prior to the hearing.

**RESOURCE IMPACT**

The projects are funded by the assessment district and no City General Fund monies are involved. Although assessments are generally subject to Proposition 218, these particular assessments are exempt from Proposition 218 since all of the assessment proceeds are pledged to repay previously issued bond indebtedness.

Upcoming capital work within the California Avenue Parking Assessment District is scheduled for FY 2005-2006. The work will include drainage and lighting improvements for the Cambridge parking structure and will be paid for through the parking district maintenance fund, which is funded by parking permit fees.

Other parking district maintenance costs, including sweeping, landscaping, signing and lighting are paid for by parking permit fees, which were last increased in 1984 in the California Avenue Parking District.
POLICY IMPLICATIONS
Approval of this action does not represent any change to existing City policies.

TIMELINE
The assessments will be sent to the Santa Clara County Tax Collector in July and will appear on the October property tax bills.

ENVIRONMENTAL ASSESSMENT
Approval of assessments is exempt by statute for purposes of the California Environmental Quality Act (CEQA).

ATTACHMENTS
Attachment A: Resolutions (2)
Attachment B: Capital Improvement Projects
Attachment C: California Avenue Assessment Rates
Attachment D: California Avenue District Amendments

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Assistant City Manager

cc: California Avenue Area Development Association
Chamber of Commerce