TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: PUBLIC WORKS
DATE: JUNE 11, 2007 CMR:276:07

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 2007-08.

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 the requirements of Proposition 218 since it is used to pay the cost of pre-Proposition 218 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 projects which were funded by this district 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.

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 and rates can be found in Attachment s B and C.

**DISCUSSION**

The assessment rates for FY 2007-08 per square foot of adjusted building area and the amount levied for each project are:

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>ASSESSMENT RATE PER ADJUSTED BLDG SQUARE FOOTAGE</th>
<th>DOLLARS LEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. California Avenue District, Keystone Lot</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking, Project 86-01</td>
<td>$0.76*</td>
<td>$8,349.16</td>
</tr>
<tr>
<td></td>
<td>$0.0041**</td>
<td>$2,783.06</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>$11,132.22</td>
</tr>
<tr>
<td>2. California Avenue District, Ted Thompson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking Structure, Project 92-13</td>
<td>$10.79*</td>
<td>$124,178.02</td>
</tr>
<tr>
<td></td>
<td>$0.0605**</td>
<td>$41,392.73</td>
</tr>
<tr>
<td></td>
<td>Total:</td>
<td>$165,570.75</td>
</tr>
</tbody>
</table>

*Rate per weighted assessment factor.
**Rate per land square footage.

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.

The estimated assessments for FY 07-08 reflect the final bond payment for Project 86-01, Keystone Lot Parking. This resulted in lowered assessments for the properties within the district. Due to the payoff of Project 86-01, the annual assessment for FY 08-09 will show only the last remaining bond assessment, Project 92-13, which will be paid off in 2015.

Attachment D lists changes made to the assessment rolls, if any. The estimated assessments were sent to property owners within the California Avenue district on March 21, 2007. 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 bond indebtedness issued prior to enactment of Proposition 218.

Capital work within the California Avenue Parking Assessment District is scheduled for FY 2007-2008. The work will include drainage and lighting improvements for the Cambridge parking structure and will be funded through the parking district maintenance fund.

Parking district maintenance costs, including sweeping, landscaping, signing and lighting are paid for by parking permit fees, which were last increased in 2005 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 Program Projects
Attachment C: California Avenue Assessment Rates
Attachment D: California Avenue District Amendments

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