



# Council Agenda Report

To: Mayor Farrer and the Honorable Members of the City Council

Prepared by: Robert DuBoux, Public Works Director/City Engineer

Approved by: Reva Feldman, City Manager

Date prepared: June 22, 2020 Meeting date: July 13, 2020

Subject: Cliffside Drive Proposed Utility Underground Assessment District

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**RECOMMENDED ACTION:** 1) Accept a deposit in the amount of \$200,000 from homeowners on Cliffside Drive; and 2) Provide direction to staff on forming a utility underground assessment district for Cliffside Drive.

**FISCAL IMPACT:** The homeowners within the proposed district would like to provide the City with a deposit of \$200,000 to be used for consultant services (special tax, utility engineering services, assessment engineering services, and bond and legal counsel) for the formation of the proposed utility underground assessment district.

This project was not included in the Adopted Budget or the Adopted Work Plan for Fiscal Year 2020-2021, and at this time, there is no funding allocated for costs associated with the staff time needed to assist the homeowners. The deposit amount of \$200,000 does not include City staff costs.

**WORK PLAN:** This item was not included in the Adopted Work Plan for Fiscal Year 2020-2021.

**DISCUSSION:** An assessment district is a financing mechanism under California Law, which enables the City to assist in the development of improvements within a specific area. Assessment districts allow the City to collect special assessments to finance the improvements. Assessment districts help each property owner pay a fair share of the costs of such improvements over a period of years at reasonable interest rates and ensures that the cost will be spread to all properties that receive direct and special benefit by the improvements constructed. These improvements can include placing the overhead utilities underground. City staff assists property owners in forming and managing these assessment districts.

On April 28, 2020, the City received a request to form a utility underground assessment district for Cliffside Drive (west of Fernhill Drive). Forming a utility underground assessment district includes hiring a consultants specializing with forming assessment district, obtaining construction cost estimates from the various utilities, and preparing documents to form an assessment district, including the special election ballots to the property owners. Upon the request from the property owners, staff estimates the costs to form the assessment district and informs the property owners to submit these fees to the City. These fees will be used to form the assessment district. Any remaining funds not used will be returned to the property owners.

On June 11, 2020, the City received \$200,000 from the Cliffside property owners to form a utility underground assessment district for Cliffside Drive, east of Fernhill Drive. Staff is seeking direction on Council whether to proceed with assisting these residents in forming this district.

Since there is no funding available for costs associated with staff time, the Council will need to either request additional funds from the property owners or re-establish priorities in the Adopted Work Plan for Fiscal Year 2020-2021.

ATTACHMENTS: None.