



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of February 13, 2018

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager

SUBJECT: Initiation of Proposition 218 Process for Assessment Increase in Landscape & Lighting Assessment District 83-2: Zones 1 (Hercules by the Bay), 3&4 (Gems & Birds), 6 (Village Parkway), 7 (Heights), and 9 (Birds & Country Run).

RECOMMENDATION: Receive a Report from the City Council Ad Hoc Committee; determine whether to undertake a Proposition 218 process for Zones 1, 3&4, 6, 7, and 9 in 2018; and if so, Adopt a Resolution (Attachment 1) appropriating funds in the amount of \$55,000, to cover the incremental costs including professional assistance with Education & Outreach.

COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION: The City Council appointed an Ad-Hoc Committee to review preliminary options in regard to possibly proceeding with a Proposition 218 process in 2018 for certain Landscape & Lighting Assessment District Zones. The Ad-Hoc Committee consists of Vice Mayor Romero and Council Member Boulanger. The Committee has met three times since December 12th and their recommendations are incorporated into this report.

FISCAL IMPACT OF RECOMMENDATION: A successful Proposition 218 process would eliminate cumulative deficits over time, eliminate annual operating deficits, and would provide a funding source for much needed streetlight replacement. The cost for undertaking a Proposition 218 process is anticipated to be as follows:

Services	Firm/Services	Cost
Assessment Engineer	Francisco & Associates	\$23,872
Education & Outreach (including graphics)	Tripepi Smith	\$25,000
Materials Production	Printing – TBD Mailing – Mail House or USPS	\$6,000
		\$54,872

None of these costs have been budgeted, and the expenditure would exacerbate operating deficits and cumulative deficits where they exist which are in Zones 1, 6, and 9. The costs can be accommodated from reserves in Zones 3 & 4, and 7.

DISCUSSION: The City Council most recently discussed the possibility of proceeding with a Proposition 218 process for certain zones in Assessment District 83-2 on December 12th 2017 (Attachment 2). That item was in follow-up to an initial discussion on November 14th. On December 12th, the City Council expressed an initial desire to proceed with a Proposition 218 process in 2018. The Council also appointed an Ad Hoc Committee to work with staff to do an initial framing of the issues and to consider what resources would be necessary to undertake the process including consultant support for the education and outreach component.

The Ad Hoc Committee work included reviewing possible impacts from changes to the overhead and cost allocation model update which is nearing completion; reviewed the prior year assessment increases proposed, including an allocation by major component to assist in testing some alternatives; and reviewed trends for expenditures and revenues based on FY 2016/17 actuals.

In addition, the Ad Hoc Committee discussed the consultant services needed to move forward with a Proposition 218 process in 2018 and probable costs. Proposals were secured from three firms to assist with the education and outreach. The Ad Hoc Committee interviewed the two firms with which the City had not previously worked, and based upon those interviews, should the Proposition 218 process proceed, recommends using Tripepi Smith. This firm is well qualified and the Ad Hoc Committee believes that a new firm would bring a fresh perspective to education and outreach. The scope of services with the recommended firm will be refined to best meet the needs of the City. This item includes the adoption of a resolution appropriating the additional funds needed. With this appropriation, the City Manager will be able to finalize and execute a contract under his contracting authority. Also, a new Ad Hoc Committee of the City Council will be formed to guide these education and outreach efforts working with the selected consultant.

The City is proceeding with the Pilot Streetlight Replacement project including the demonstration lights in each of the zones. The streetlights have been ordered, and the installation is out to bid. It is uncertain as to when the installation will be completed. Another factor to consider is the impact of the overhead and cost allocation model update, which the City Council will begin discussing later in February.

Members of the Ad Hoc Committee will elaborate on their efforts at the City Council meeting. However, in order to meet the normal schedule required to complete a Proposition 218 process in 2018, the City Council needs to make a determination as to whether to proceed or not at this meeting.

ATTACHMENTS:

1. Resolution
2. December 12th Staff Report with November 14th Staff Report