



DATE: April 25, 2022

TO: Honorable Mayor and City Councilmembers
David Perrault, City Administrator

FROM: David Swearingen, P.E. Public Works Director / City Engineer

SUBJECT: Arden Oaks Street Improvement Project – Adopt Assessment Roll

Council Should Consider

Motions to approve, table, or deny the following:

- Approving Resolution 2022-023 Adopting Assessment Roll for the Arden Oaks Street Improvement Project.

All items need a simple majority for action unless otherwise noted.

Background/Discussion

On February 14, 2022, the City Council adopted Resolution 2022-006 Approving the Plans and Specifications and Ordering the Advertisement for Bids. Bids were solicited and opened on Wednesday, March 9, 2022. The assessment hearing was held on April 25, 2022.

A portion of the costs for the Arden Oaks Street Improvement Project are proposed to be assessed against the benefitting properties according to the City’s Assessment Policy. In order to assess these costs, the City must follow the process outlined in State Statute 429. On March 21, 2022, after the bids were opened, the City Council adopted Resolution 2022-013 Declaring Costs to be Assessed and set today as the date for the assessment hearing. A public hearing prior to adopting the assessments is a requirement of State Statute 429. The proposed assessment area is shown on Attachment A.

The project is proposed to be assessed consistent with the City’s Assessment Policy and past practices, which states that 50% of the costs for roadway improvements will be assessed in residential areas, with the remaining portion financed by City funds. Financing for the project is consistent with City policy and past practice and is summarized in the table below. The project costs include 27% engineering and overhead costs.

Also, the Council must establish the interest rate at tonight’s Council Meeting. Many cities set their interest rate for assessments at two (2) percentage points over the bond interest rate. The City’s assessment policy states that the interest rate used for the assessment shall be designated at the prime rate plus two (2) percentage points. For the 2021 PMP, the assessment interest rate was set at two (2) percentage points over the assumed bond interest rate which was based on current market conditions at the time, our AAA rating, plus 15 basis points. The result was an assessment interest rate of 3.15%. Our current assumed bond interest rate is 2.90% and the prime rate is 3.50%. Staff would recommend following the City’s assessment policy and setting the assessment rate at 5.50%.

The total project costs were analyzed for the assessable cost. The calculation of the amount to be assessed as approved by Council Resolution 2022-013 is shown below.

- The assessments related to the project are calculated in accordance with the City’s Assessment policy, is half of the street project cost for residential properties. The assessment rate is **\$5,834.34** per unit as compared to the Engineer’s estimate of \$6,131.10.

Arden Oaks Streets		
Item	Calculation	Result
Construction Cost X 27% Overhead	\$367,517.20	\$466,746.84
50% of Construction Cost	\$466,746.84 / 2	\$233,373.42
Assessment Rate	\$233,373.42/(40-units)	\$5,834.34

The full detailed assessment roll can be seen in Attachment B.

Attachments

- Attachment A: Assessment Area Map
- Attachment B: Assessment Roll
- Attachment C: Resolution 2022-023