

Delano City Council

October 19, 2010

Delano Special Assessment
Policy Discussion

Background

- Purpose of Special Assessment Policy
- First Draft presented April 2010
- Public Comment received on draft
 - Five Public Hearings
 - Individual Discussions
 - Chamber of Commerce
 - Ad Hoc Groups
- Streets have been primary focus
- Comments have been incorporated

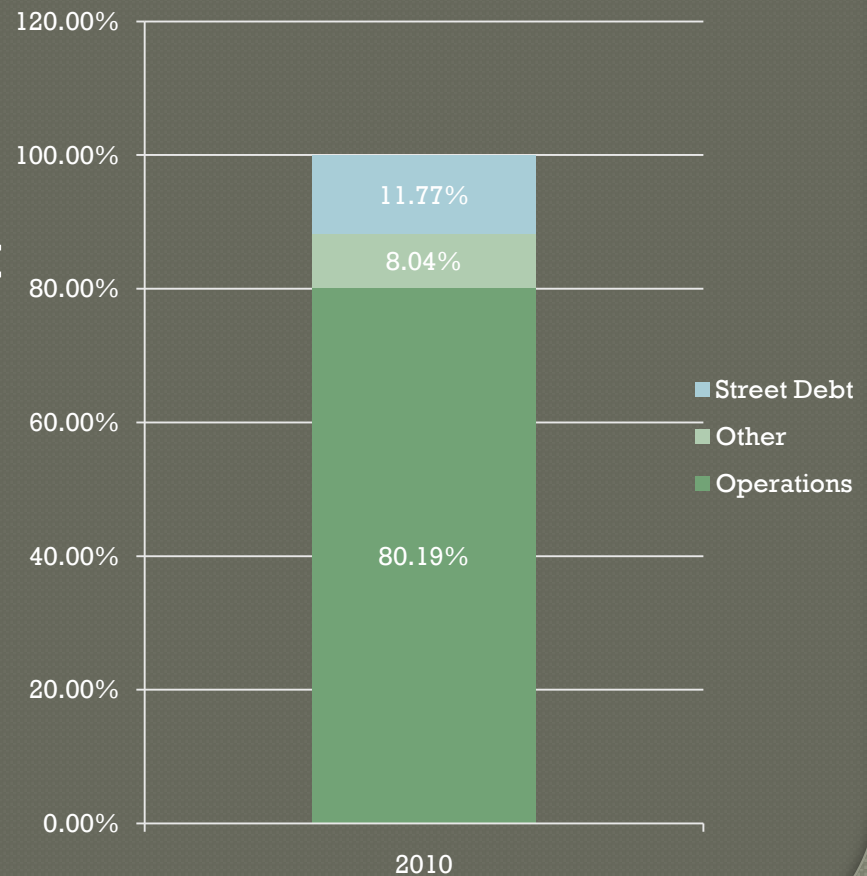
Background

- Streets are one of Delano's most significant assets
 - \$30M Value currently
 - Street Life Expectation +/- 40 years
- 2003 and 2009 – Long-Term Plans for managing street infrastructure
 - Getting the most of out of the investment
 - Planning for replacement in an efficient manner
- City Goal: Ensure Long-Term Financial Stability

“The way it’s been done”

- Replaced streets as needed
 - Bonded for costs
 - Placed bond repayment on tax levy

2010 Categorical Levies



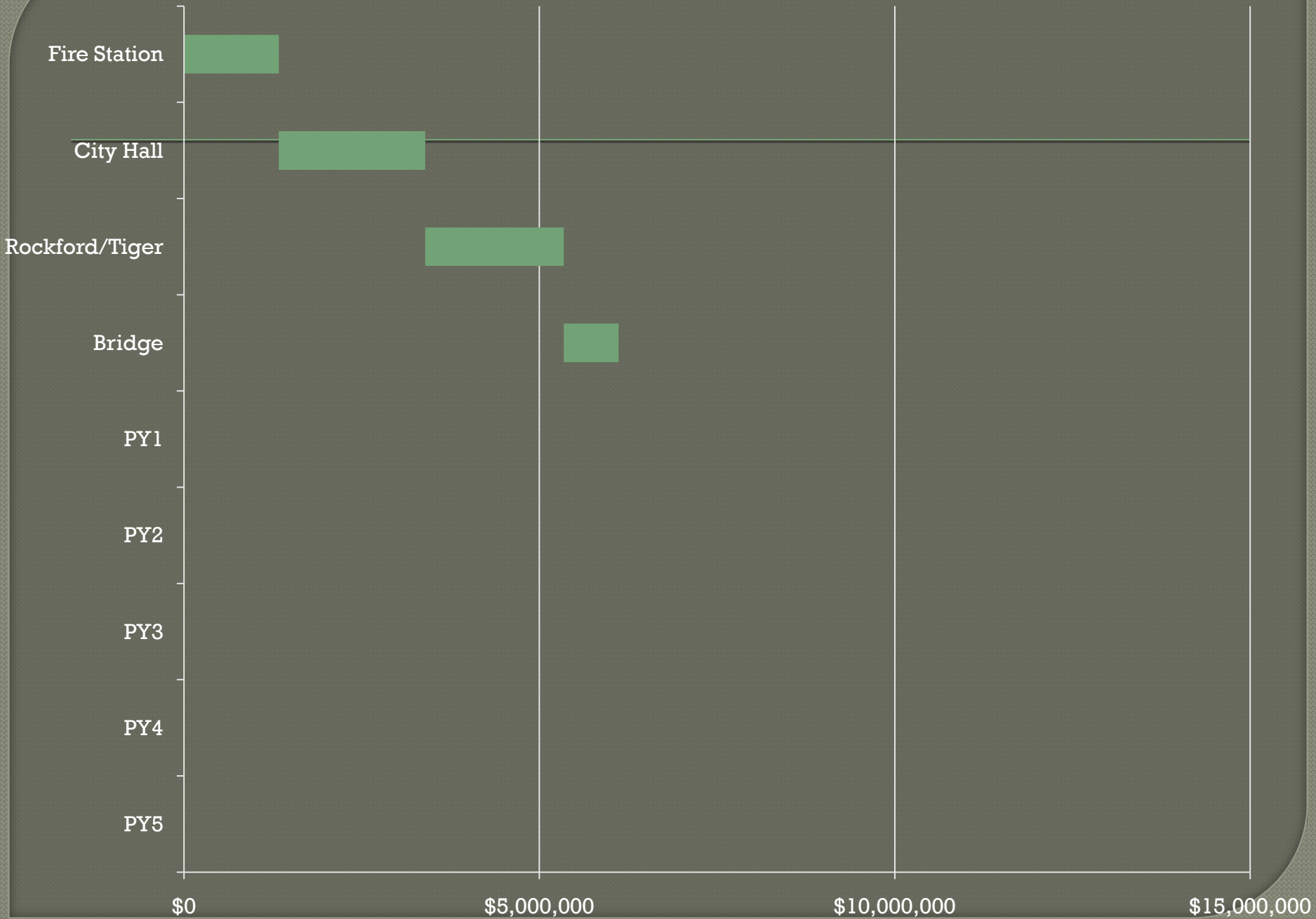
“The way it’s been done”

- Challenge #1:

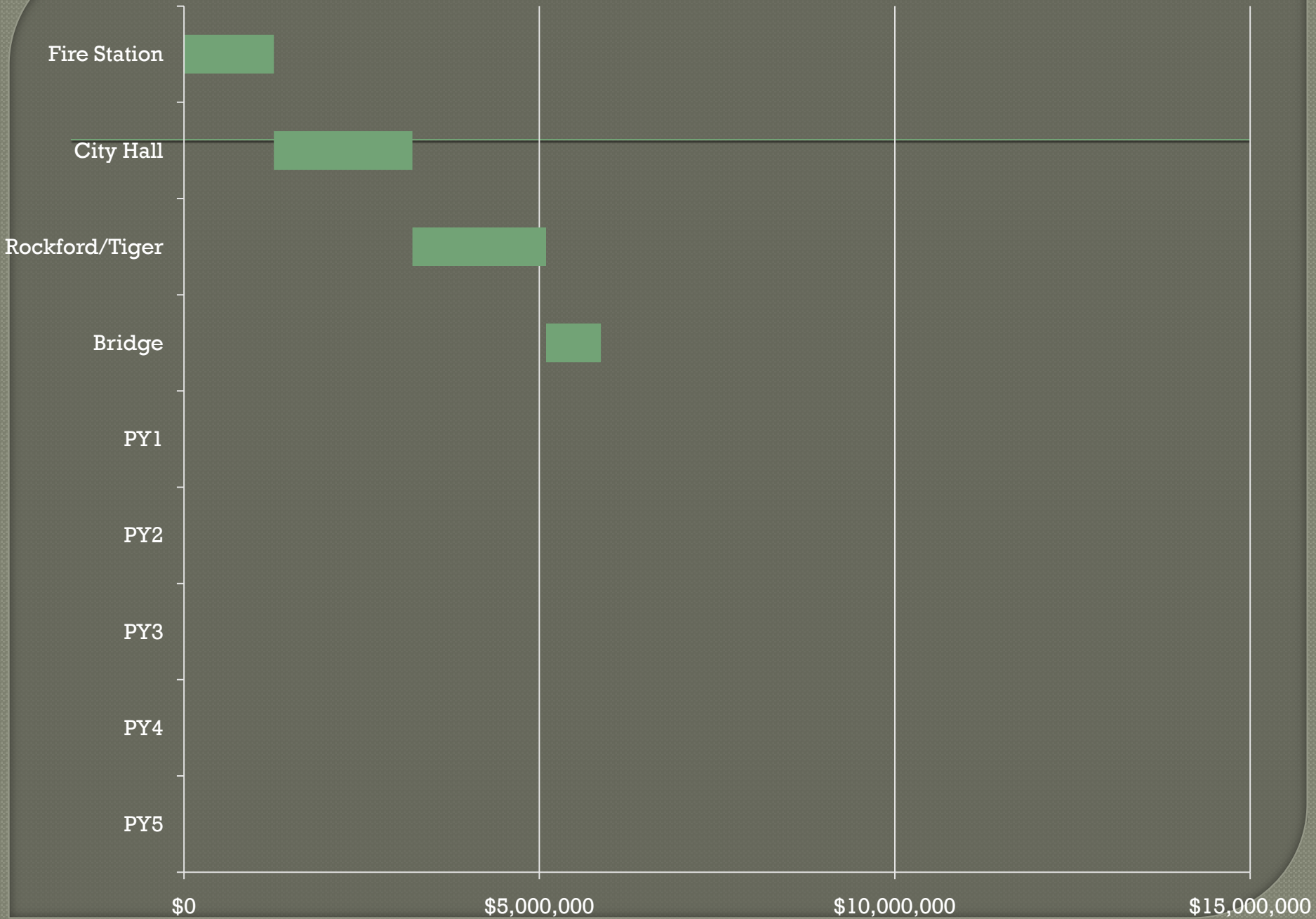
- Municipal Debt Limits

- Borrowing limited to 3% of Market Value
- Presently Delano is using approximately 30%
- Projecting by 2024 to reach approx. 65%

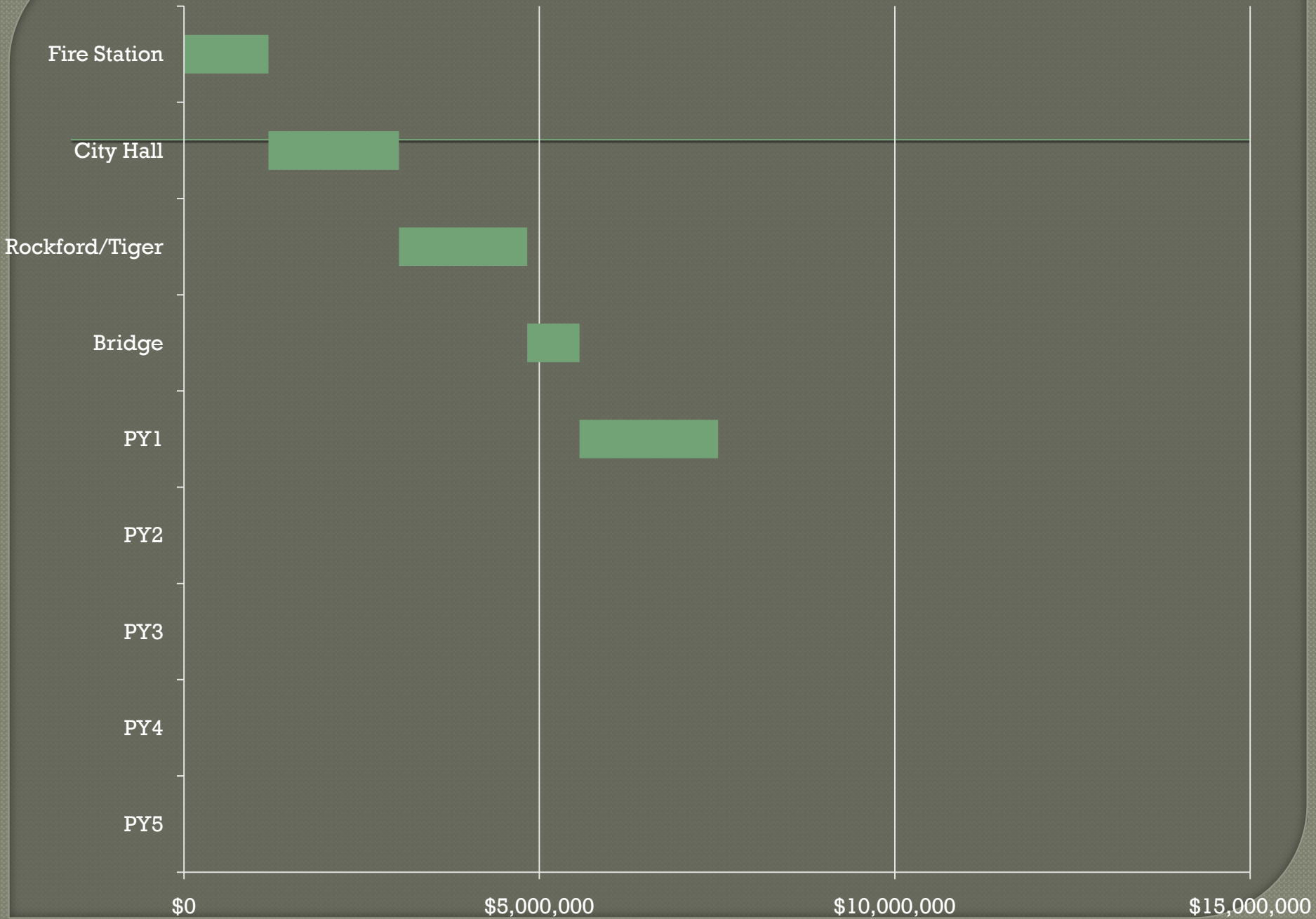
2010



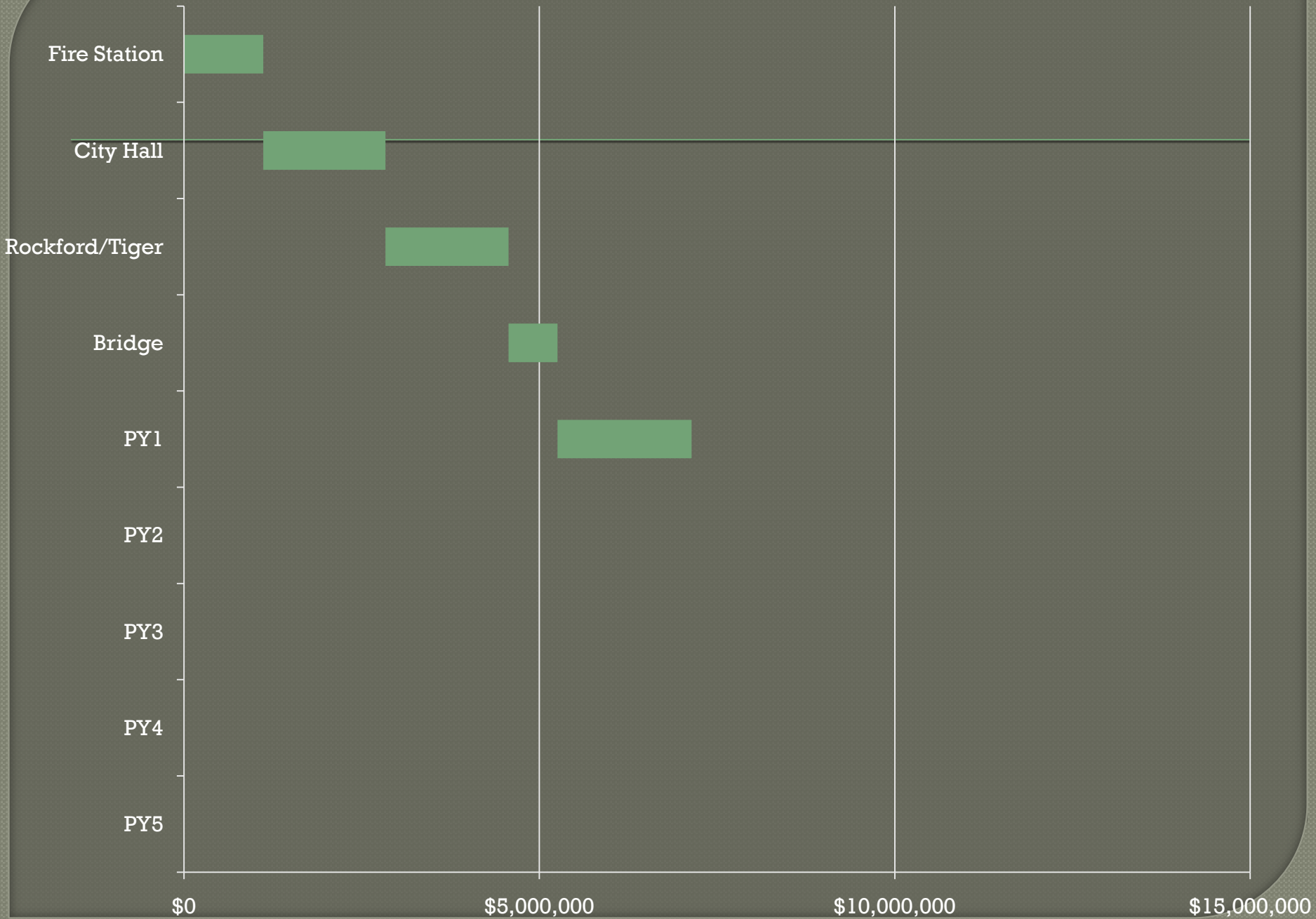
2011



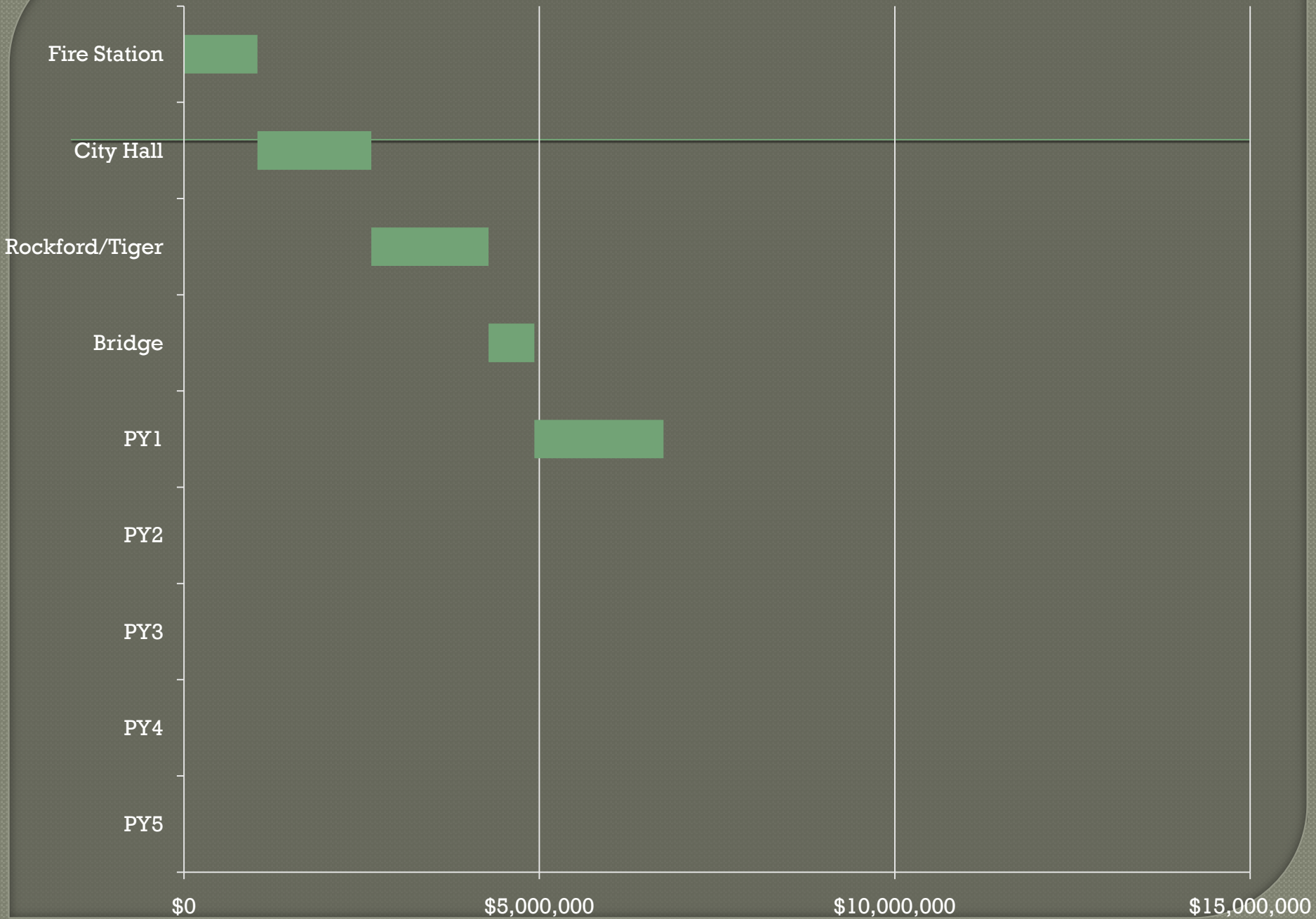
2012



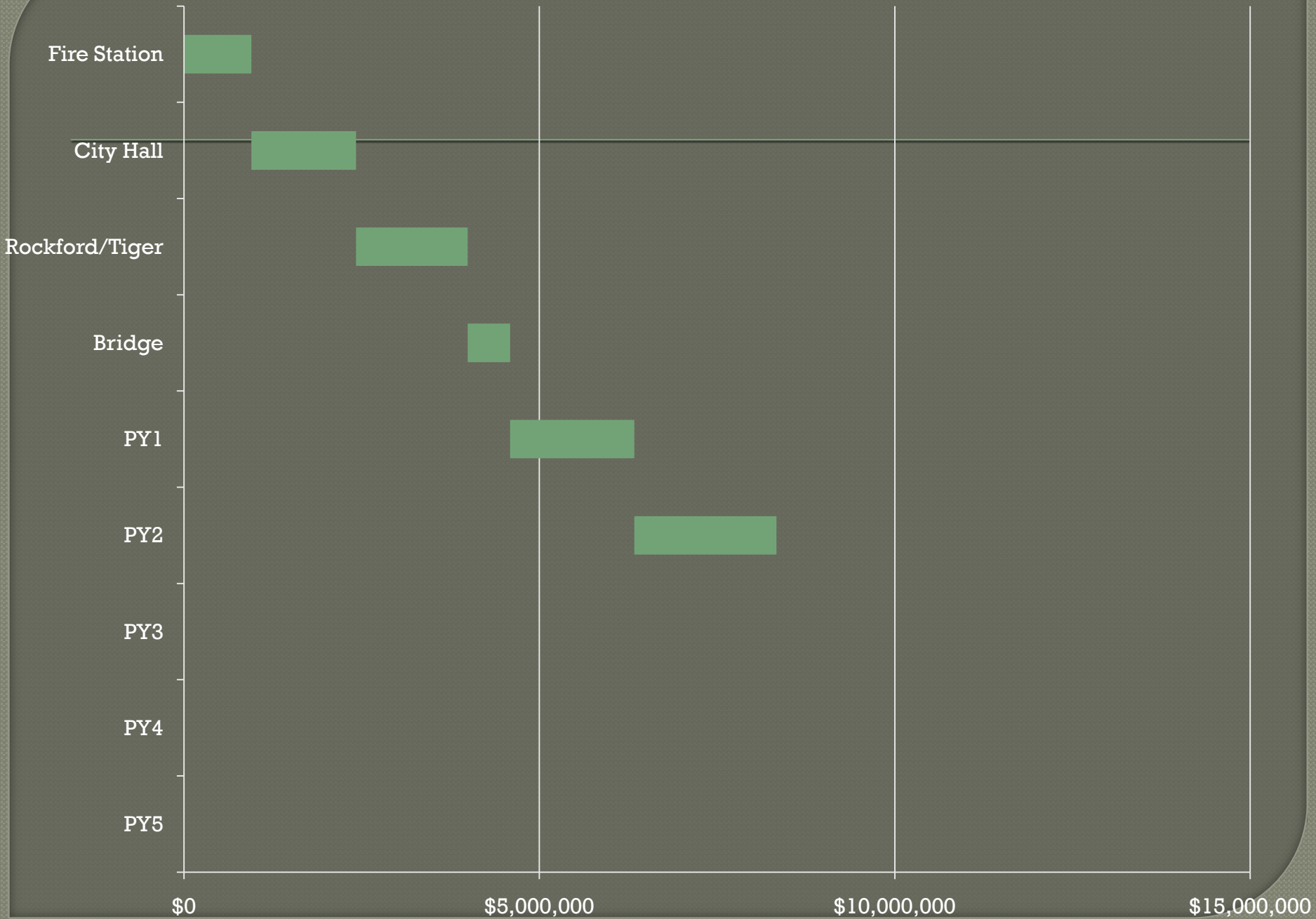
2013



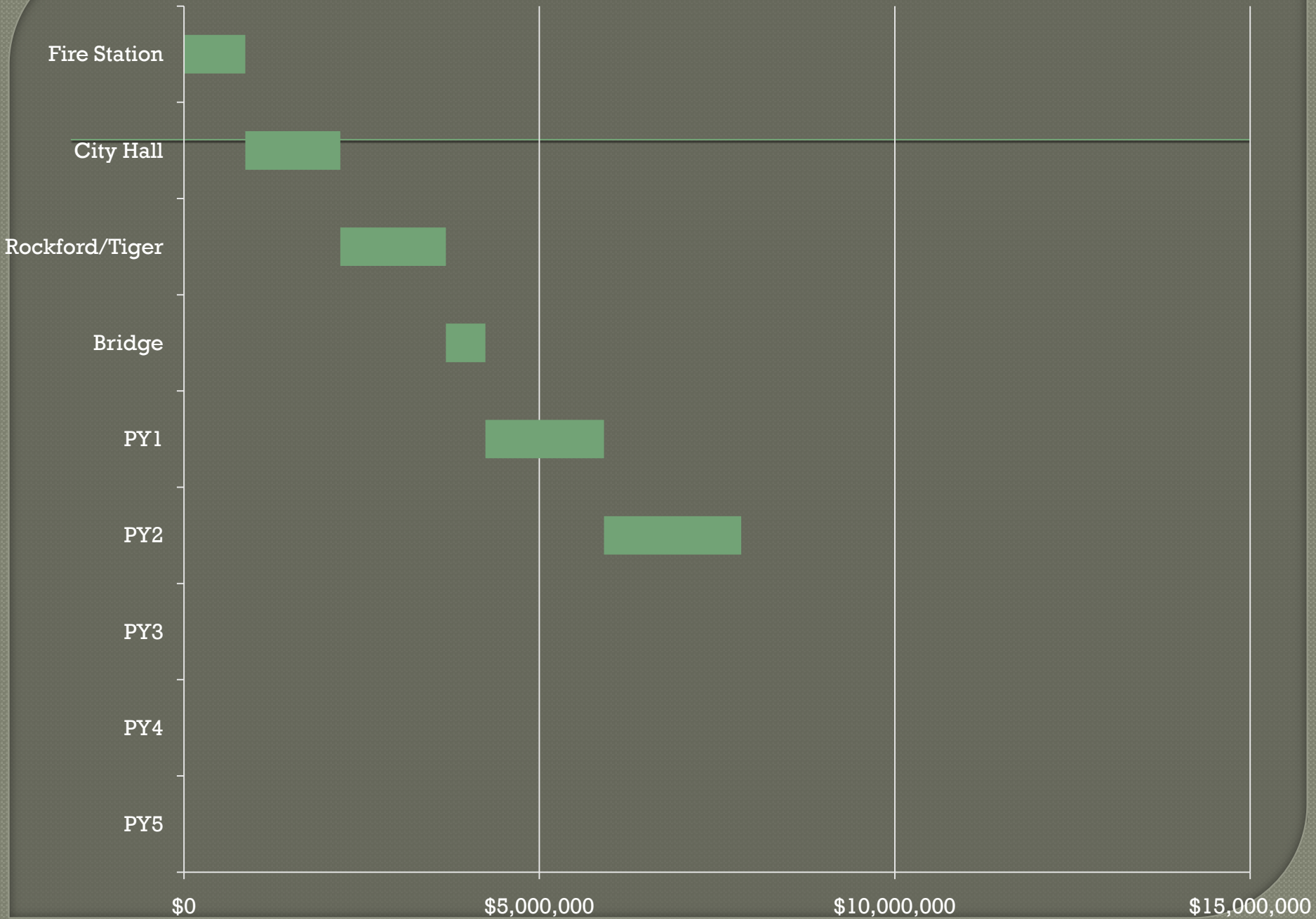
2014



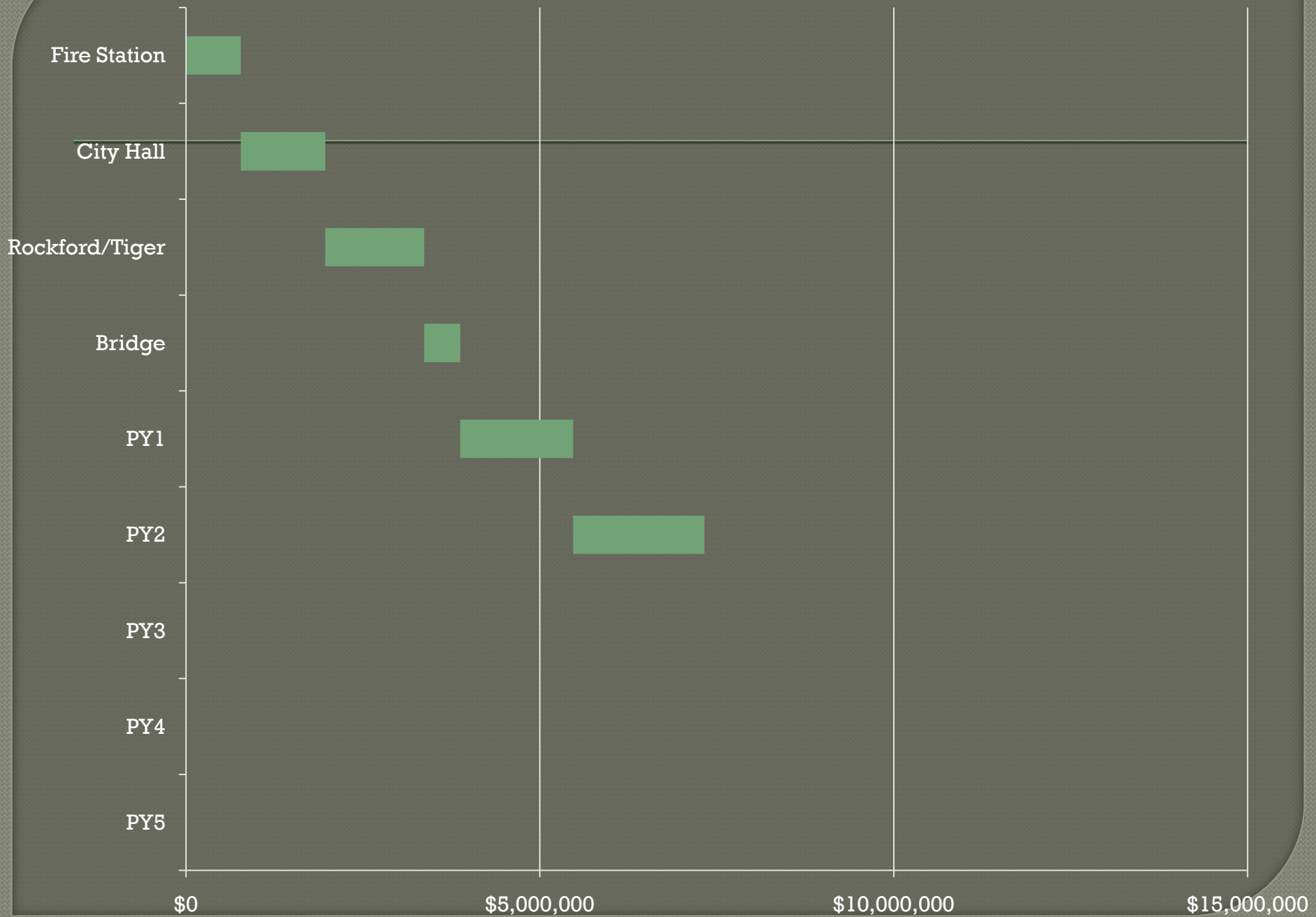
2015



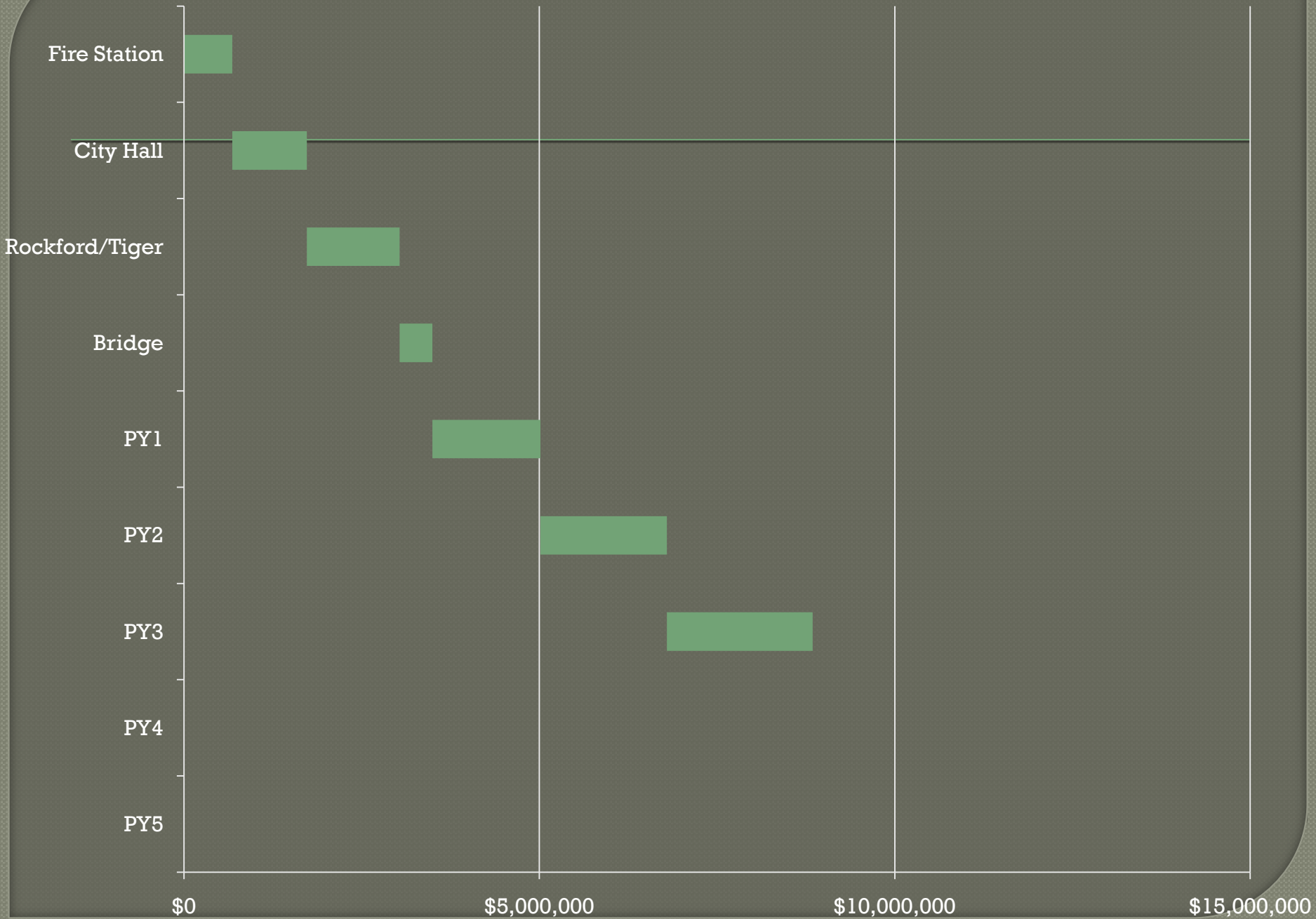
2016



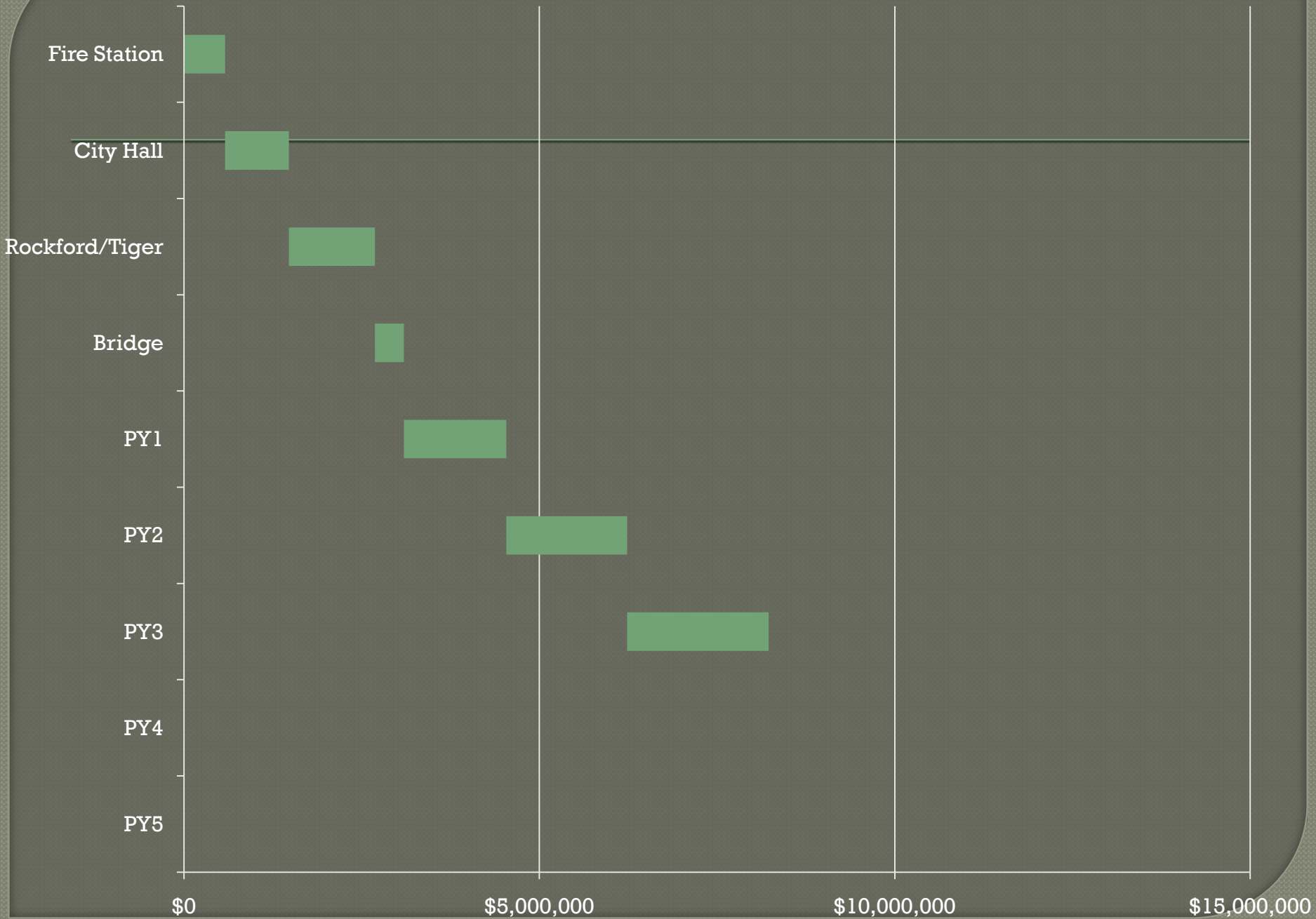
2017



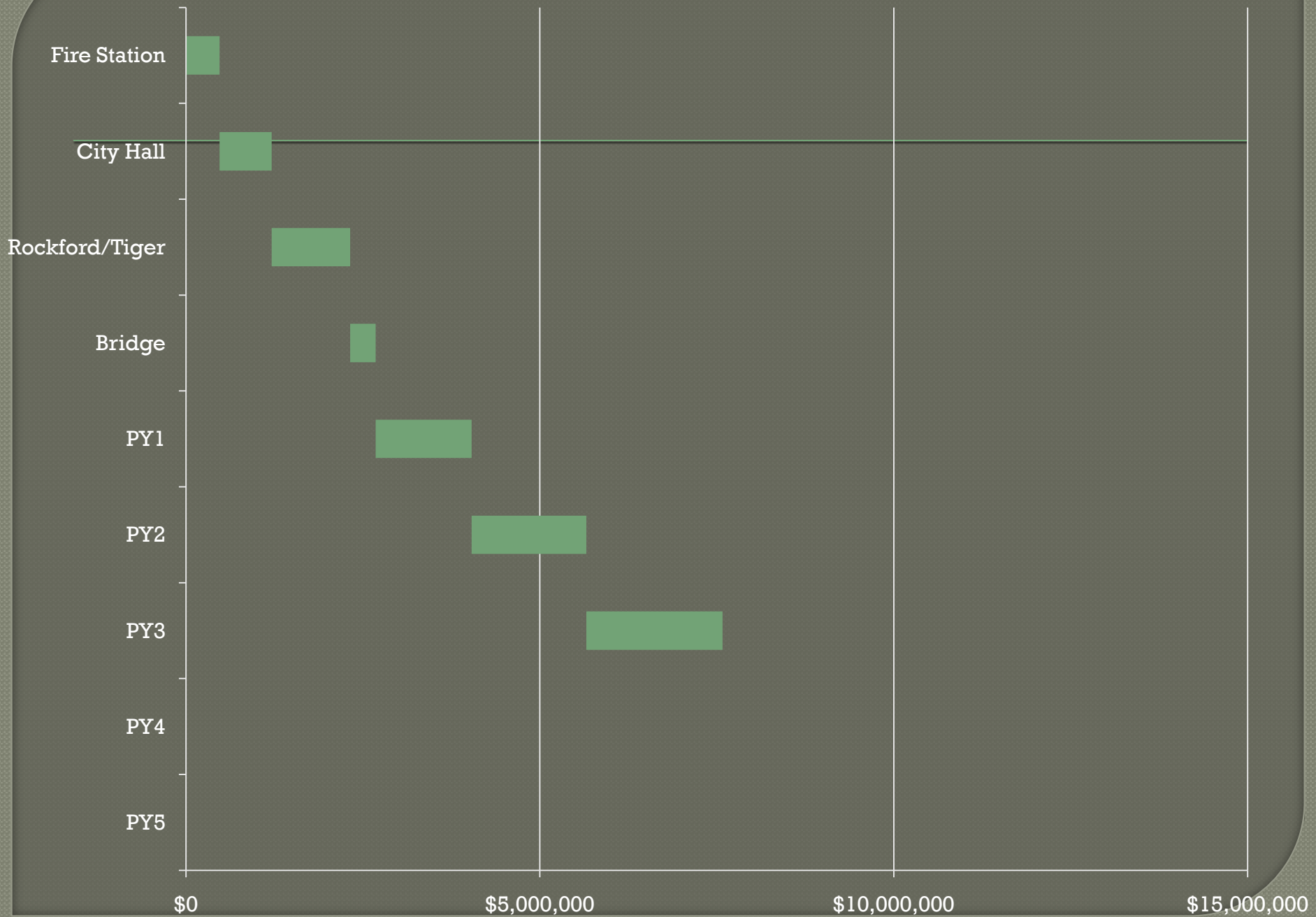
2018



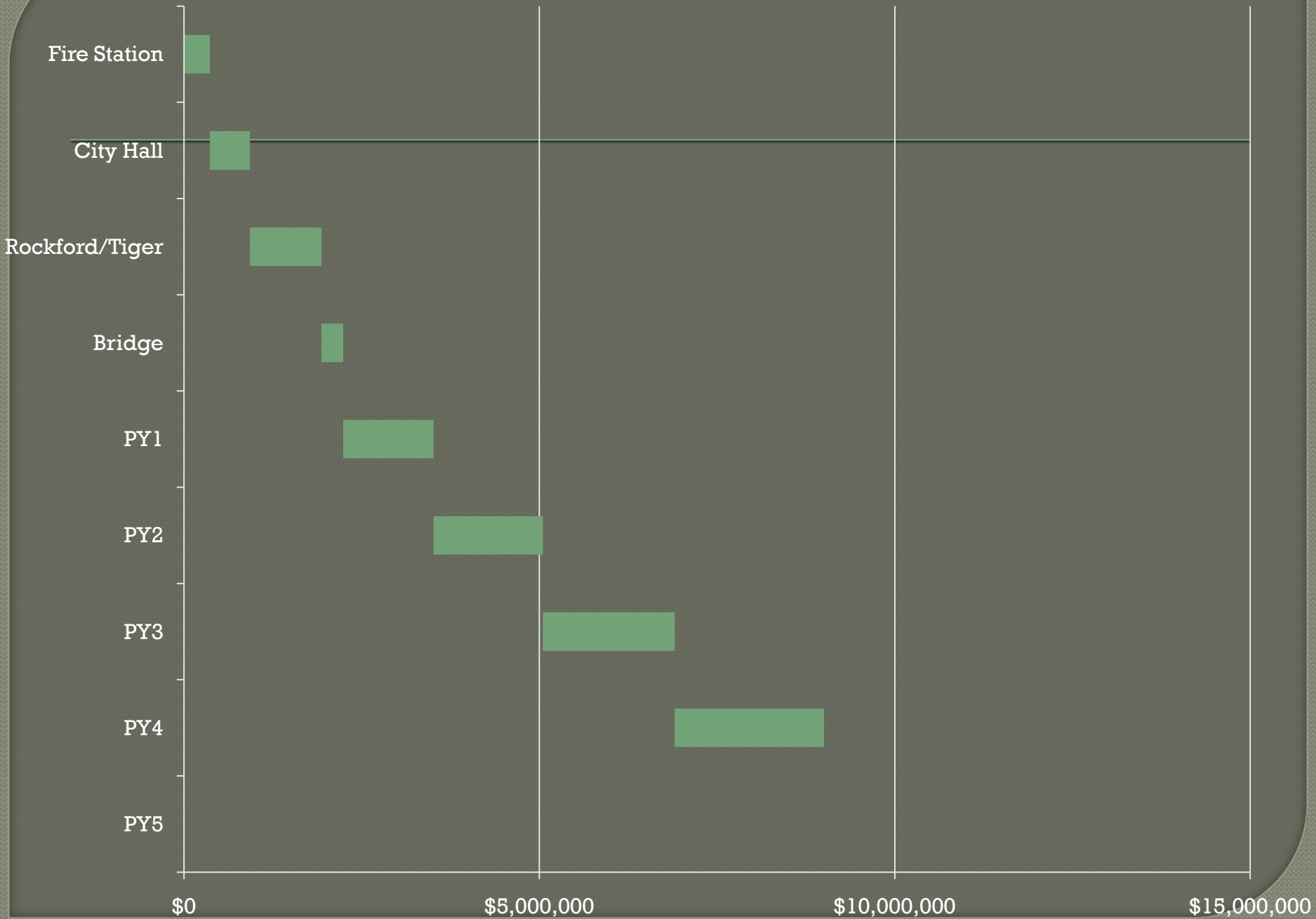
2019



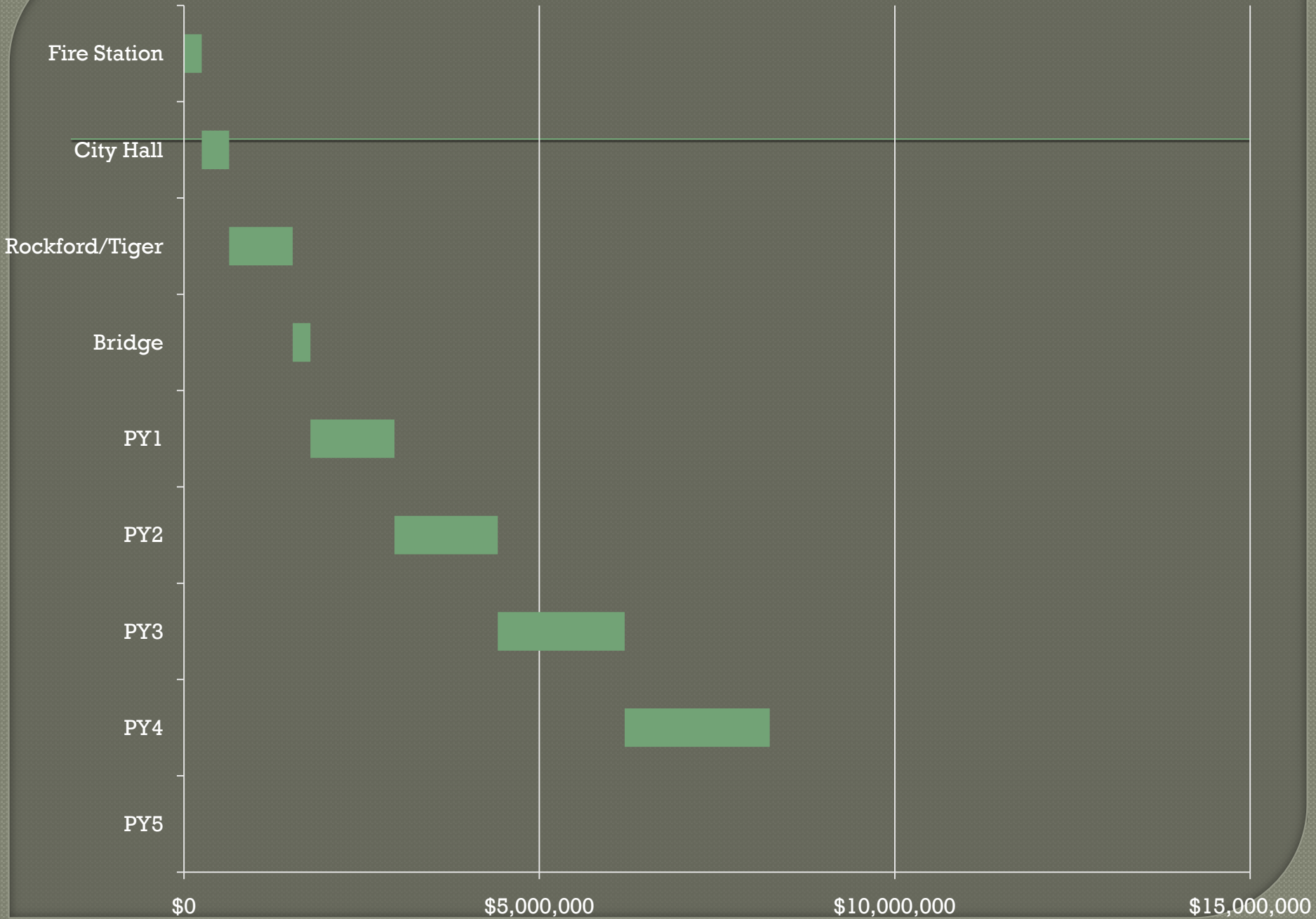
2020



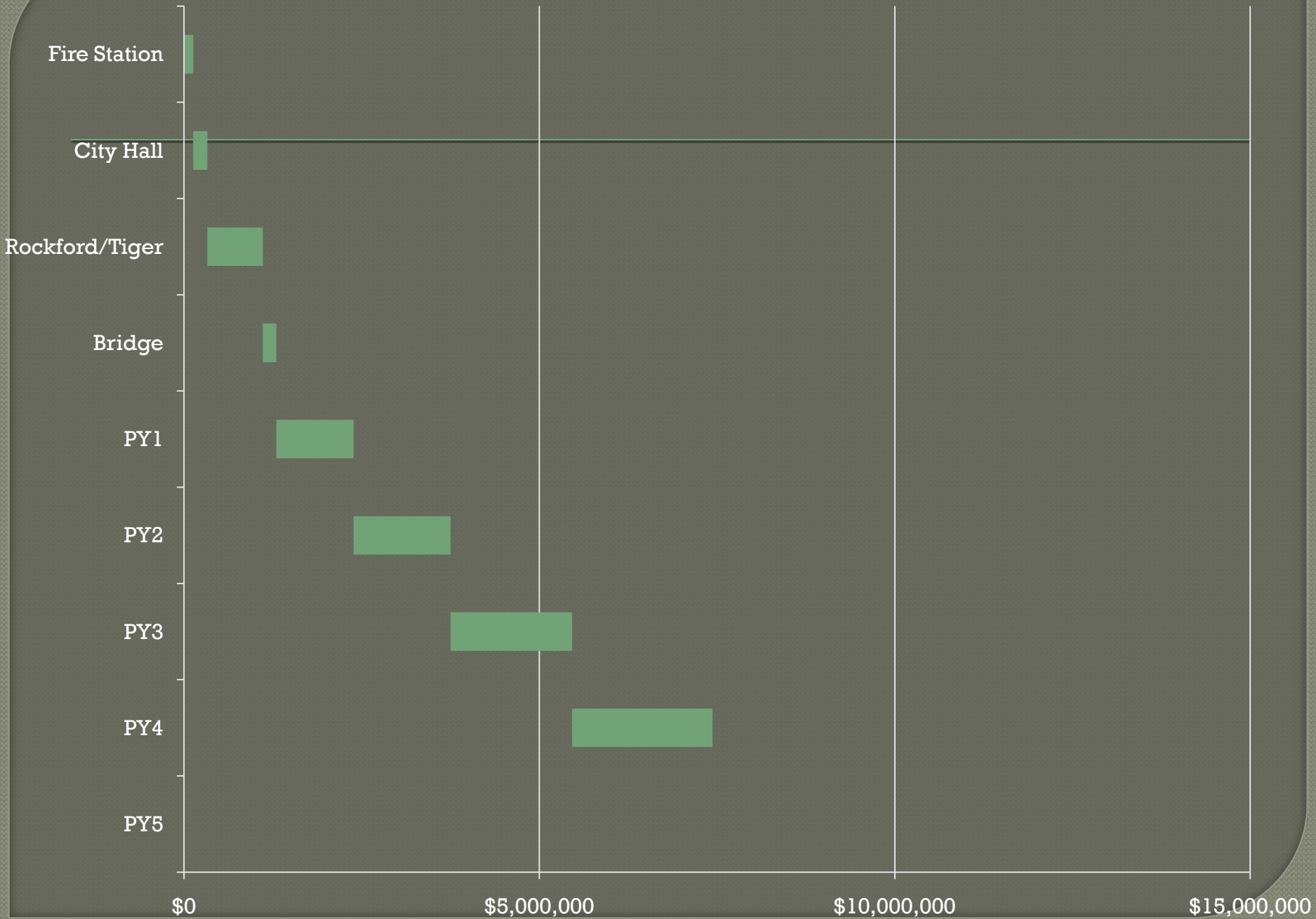
2021



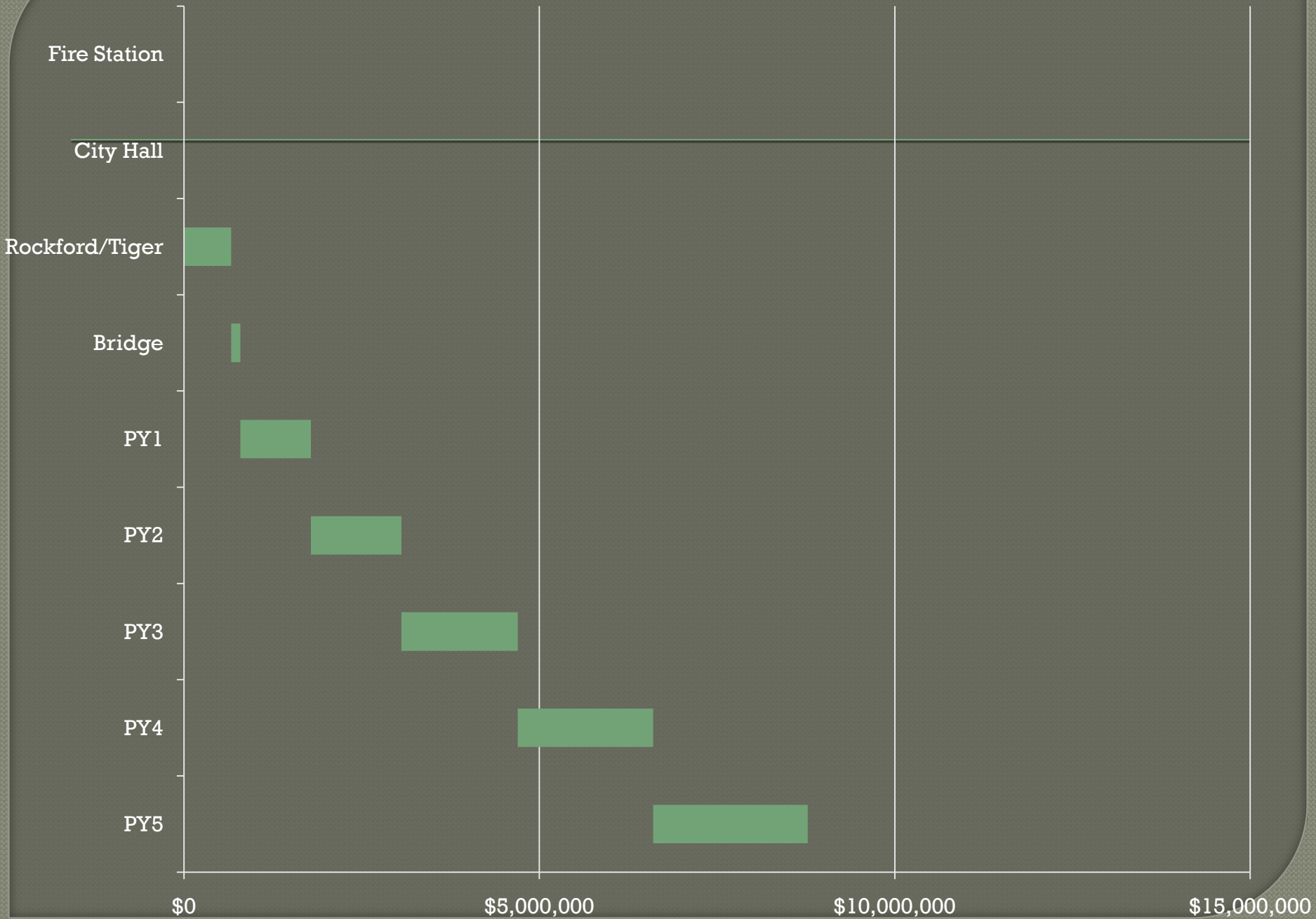
2022



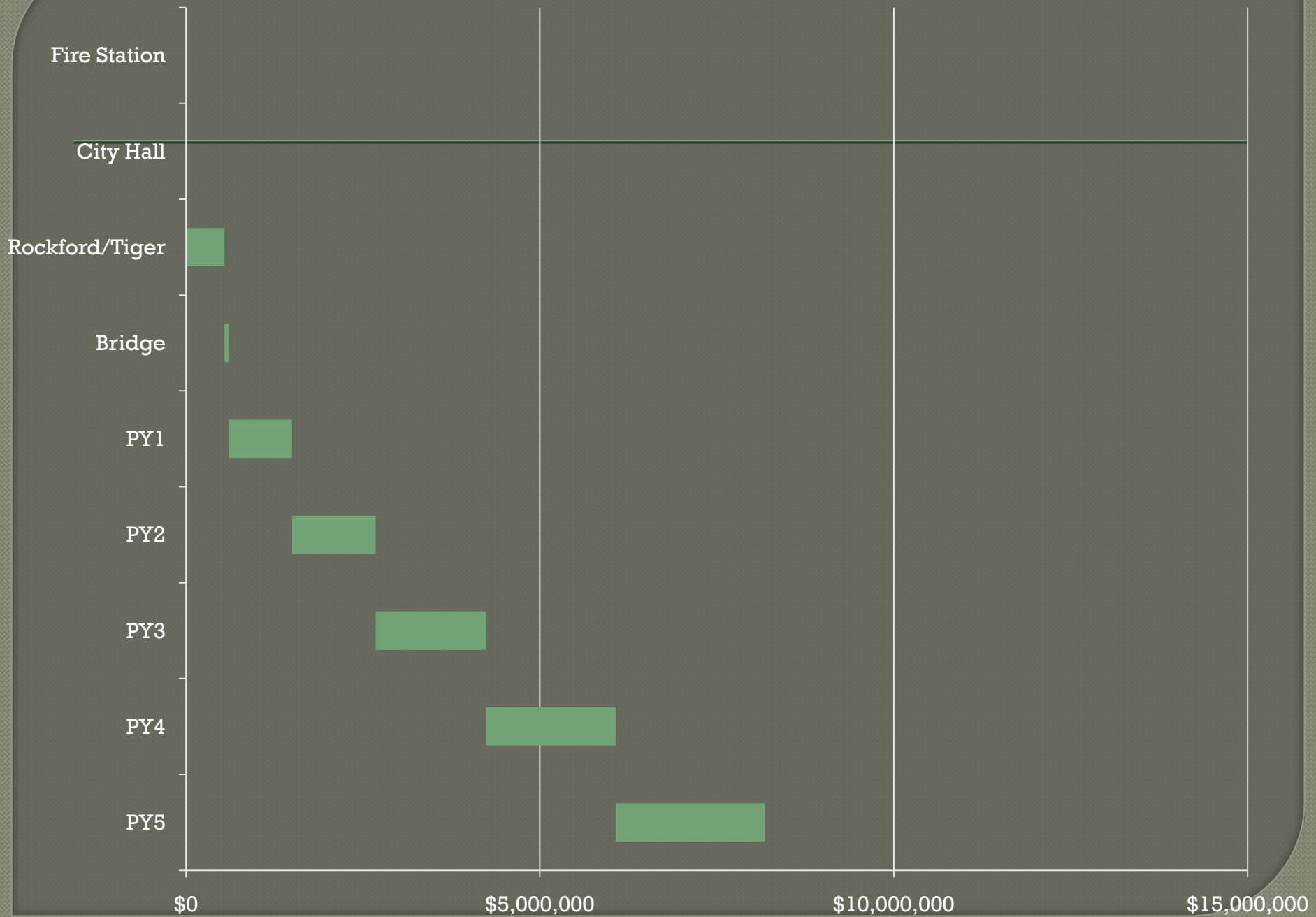
2023



2024



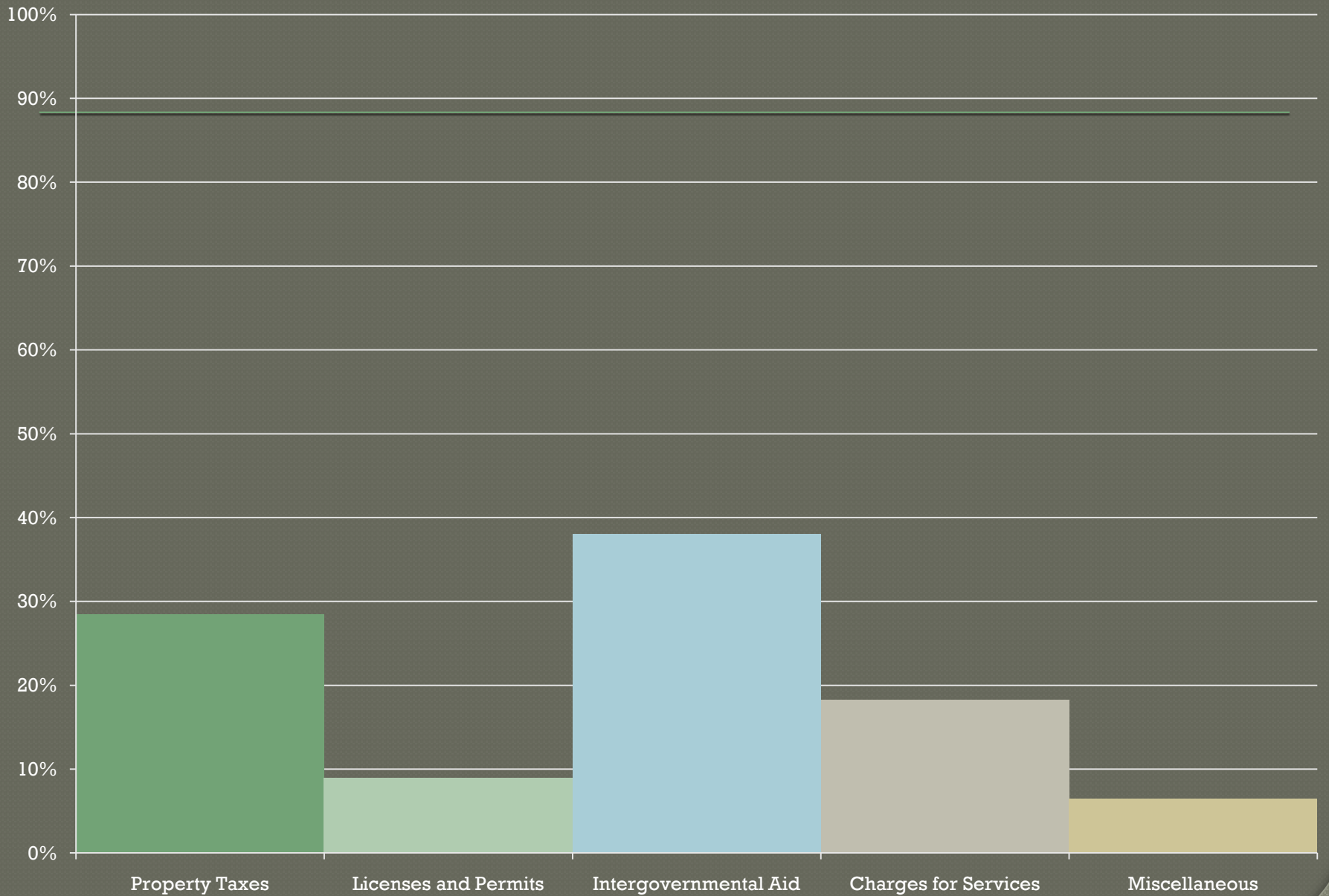
2025



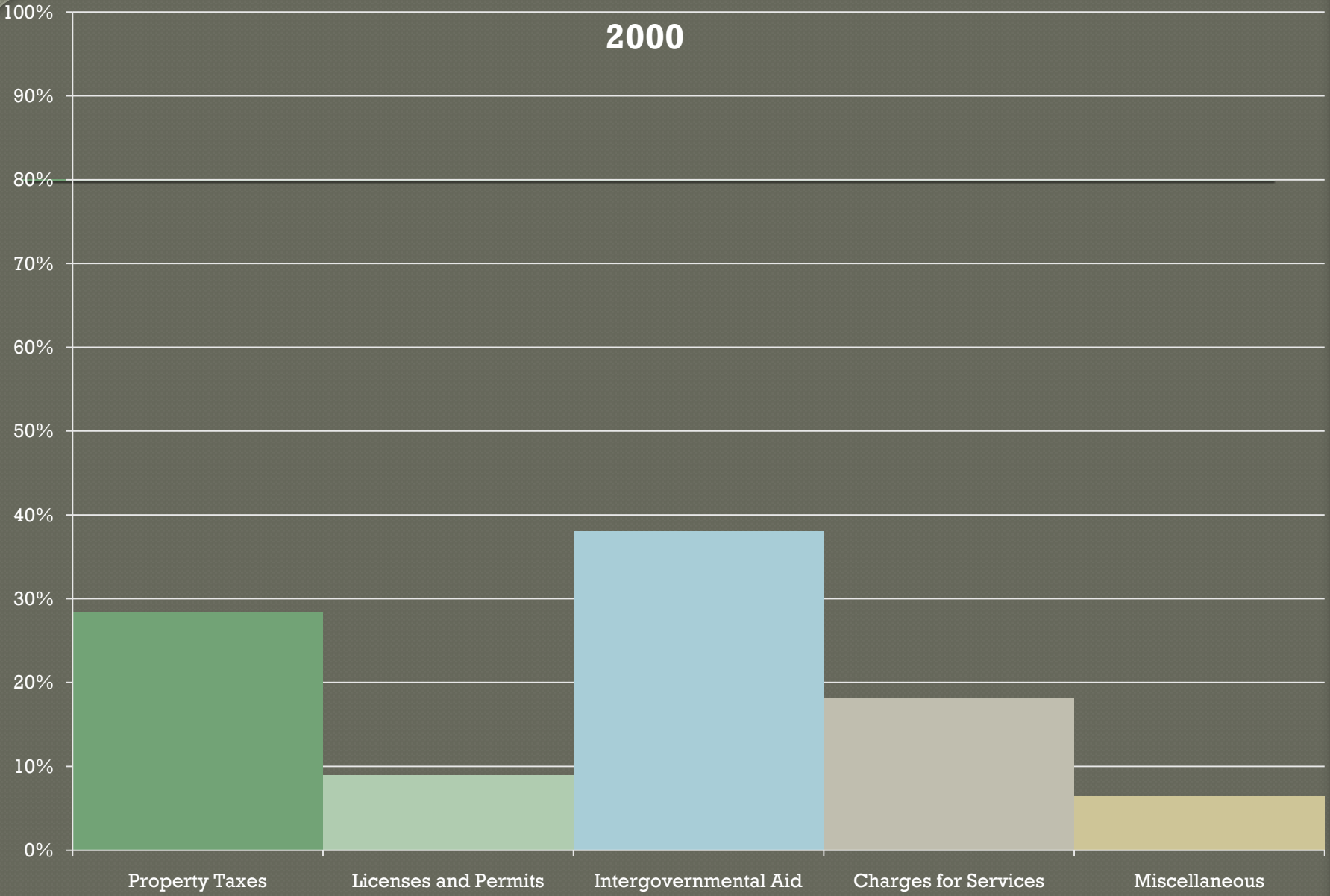
“The way it’s been done”

- ⊙ Challenge #2
- ⊙ Property Tax dominance of revenue
 - % of City revenue coming from property taxes is increasing, other sources decreasing
 - Future changes in service/city needs will impact property taxes more directly

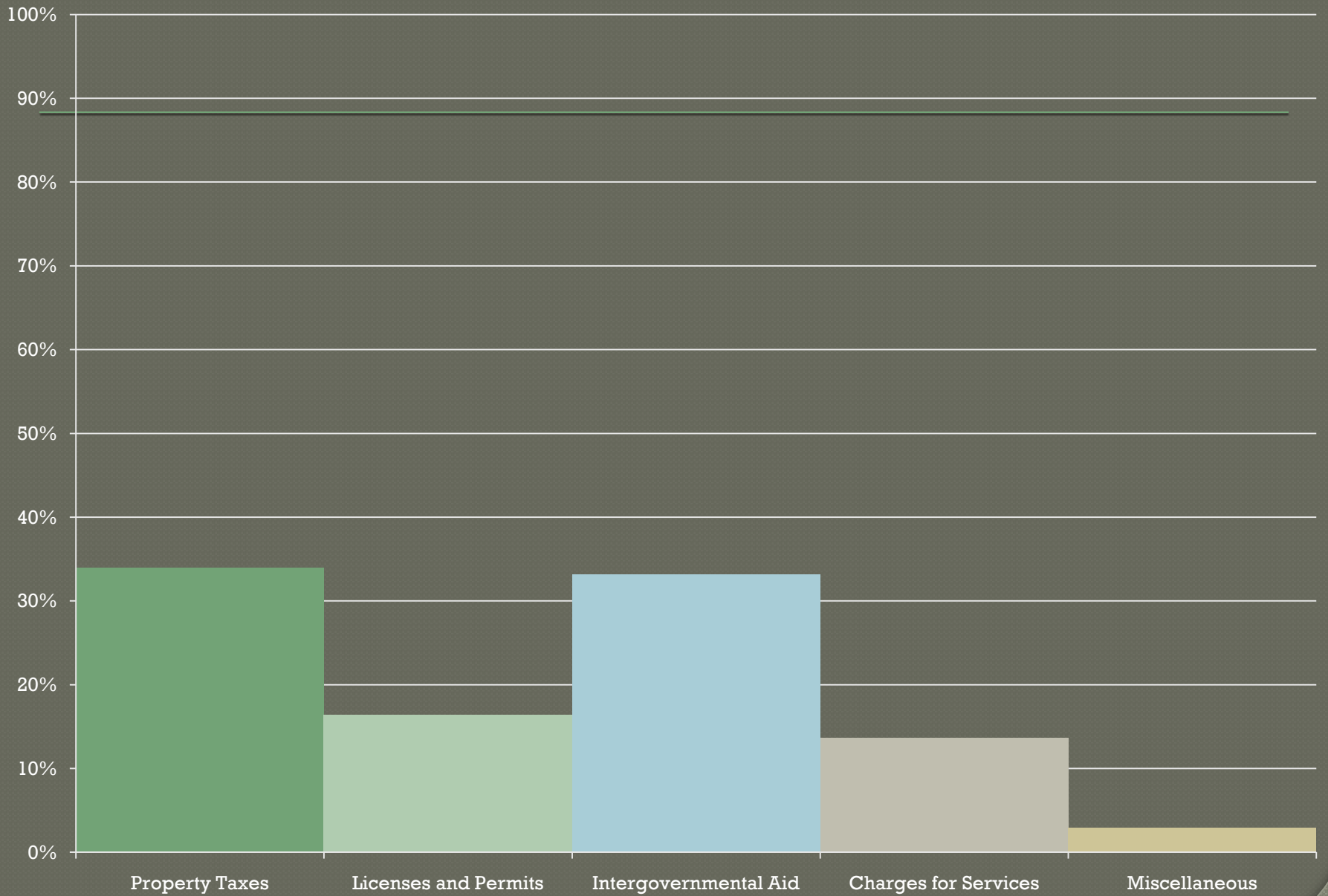
2000



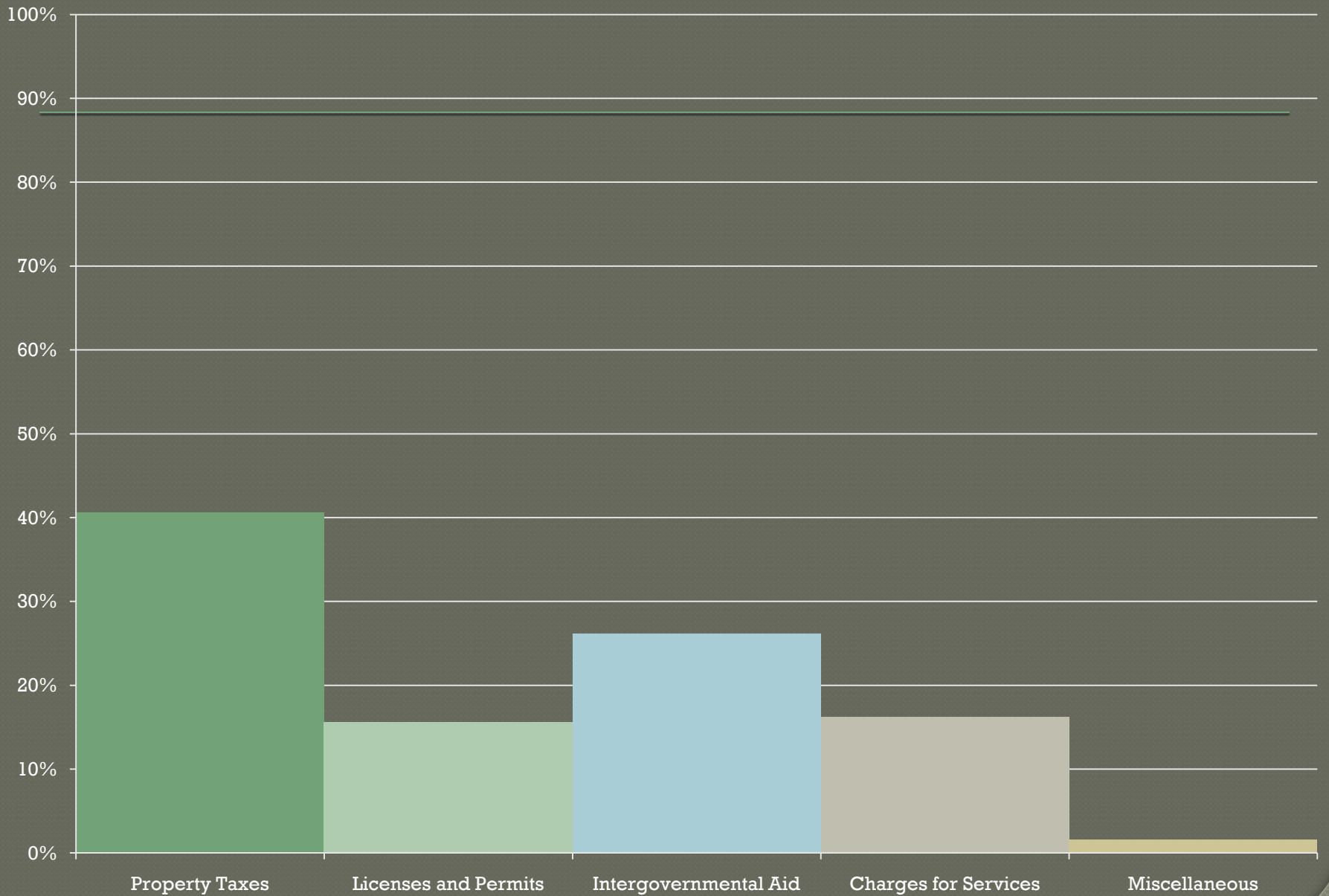
2000



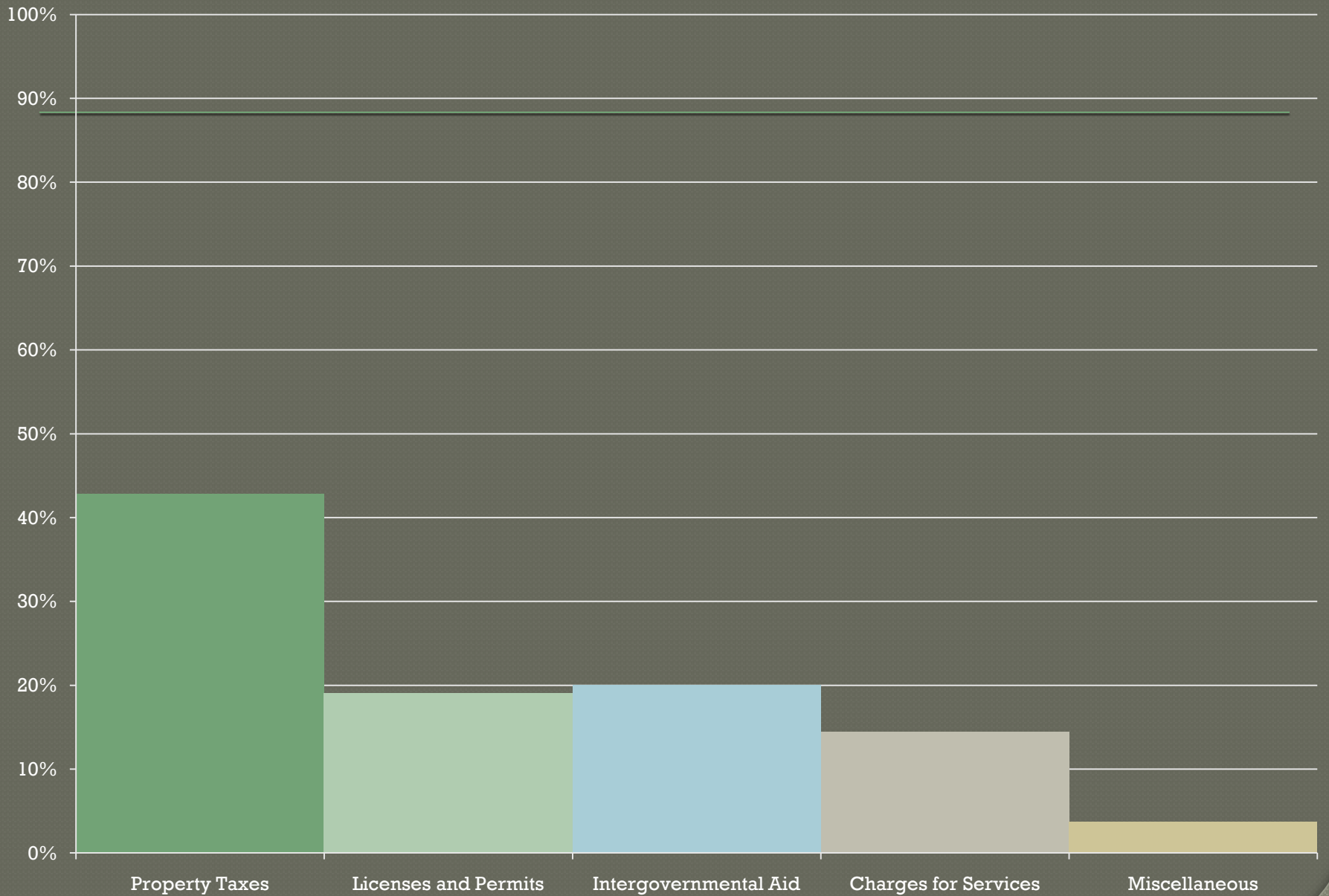
2002



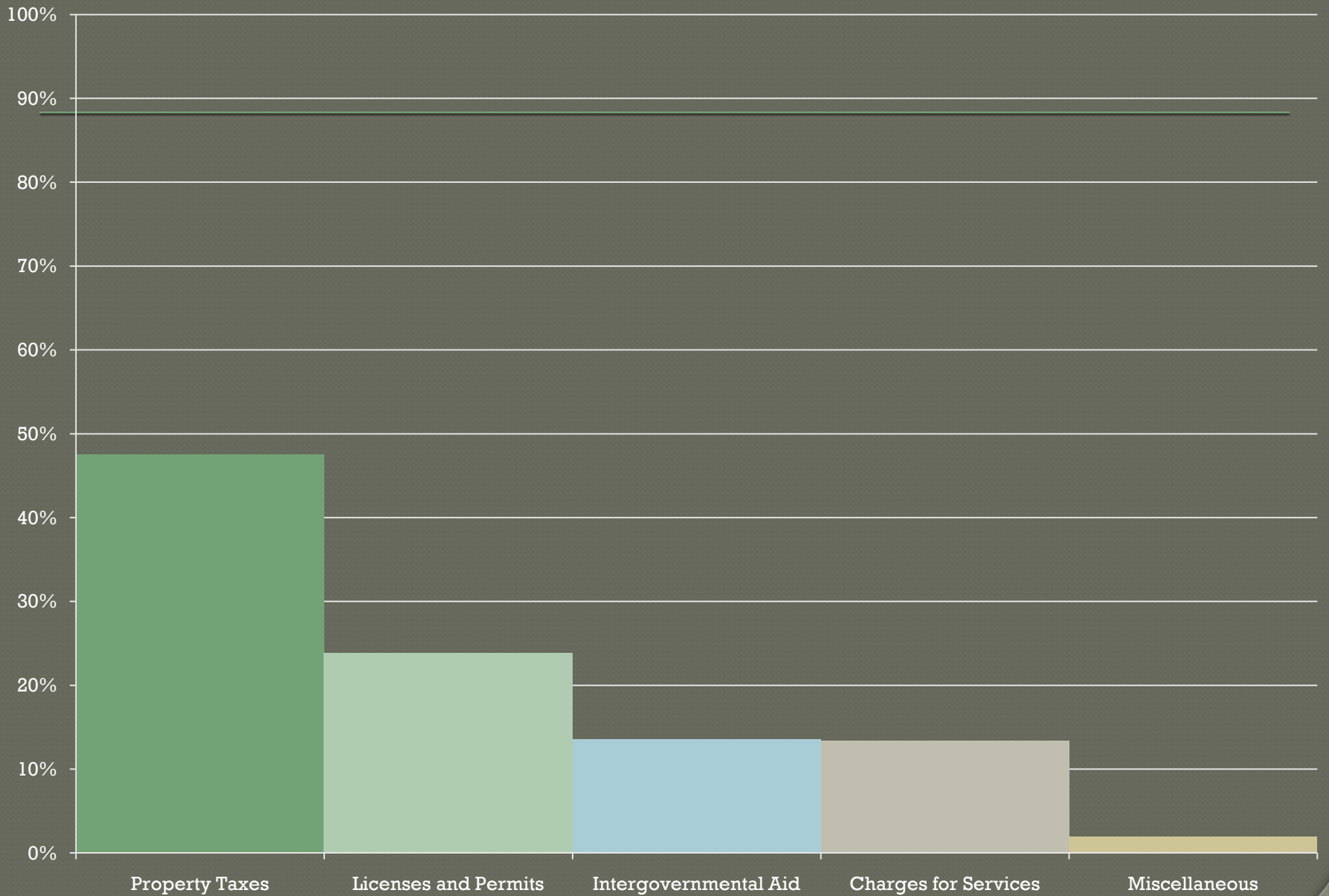
2003



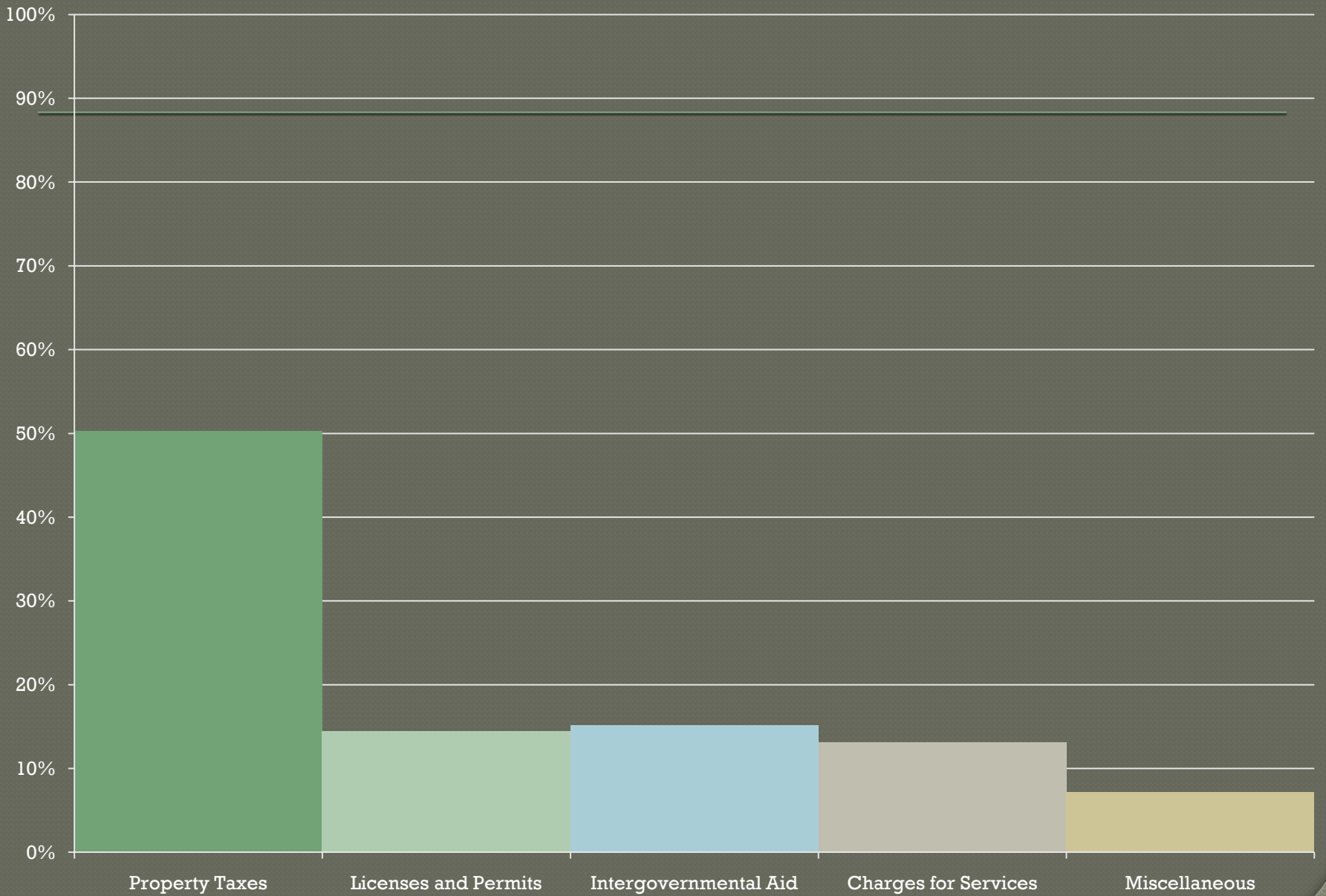
2004



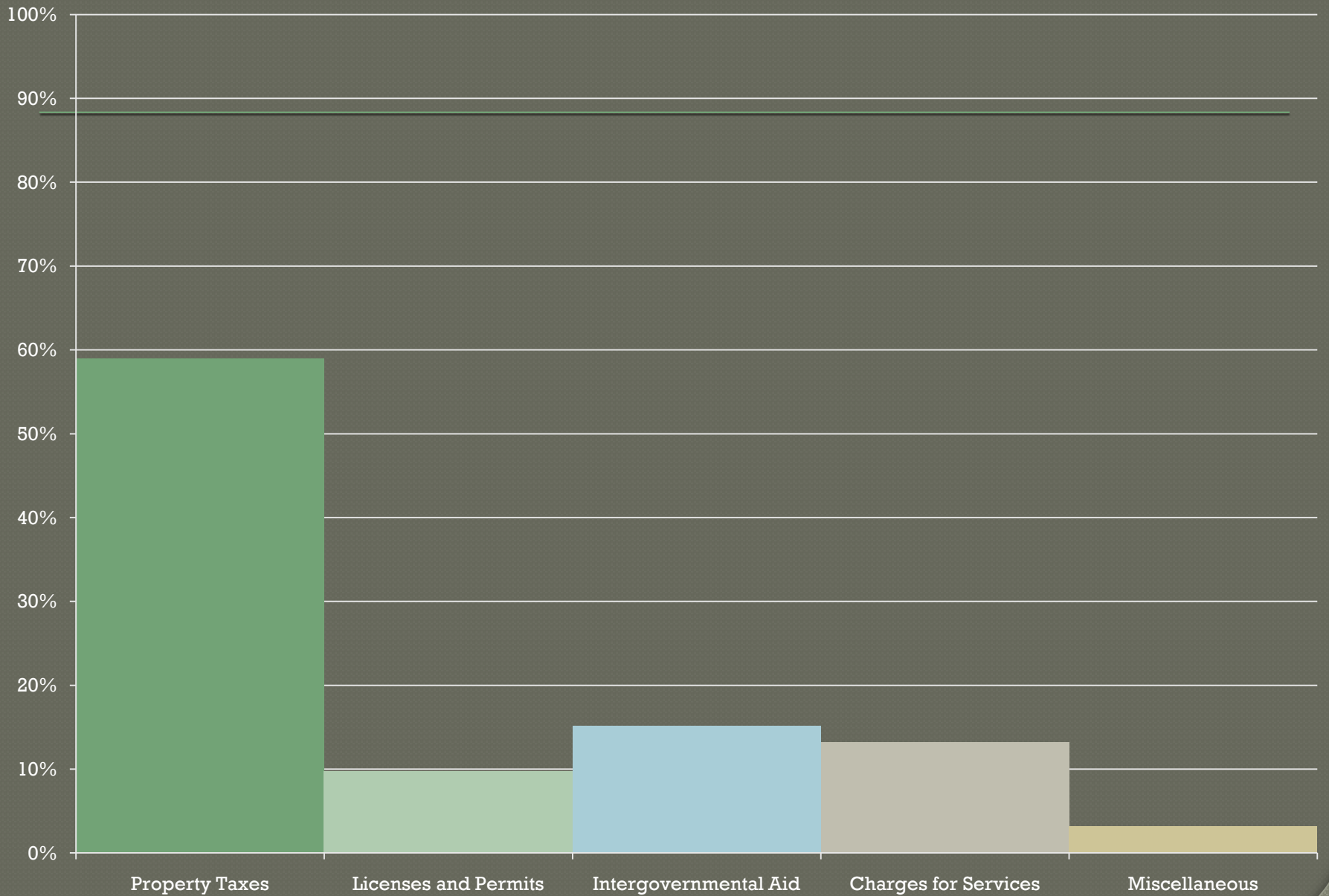
2005



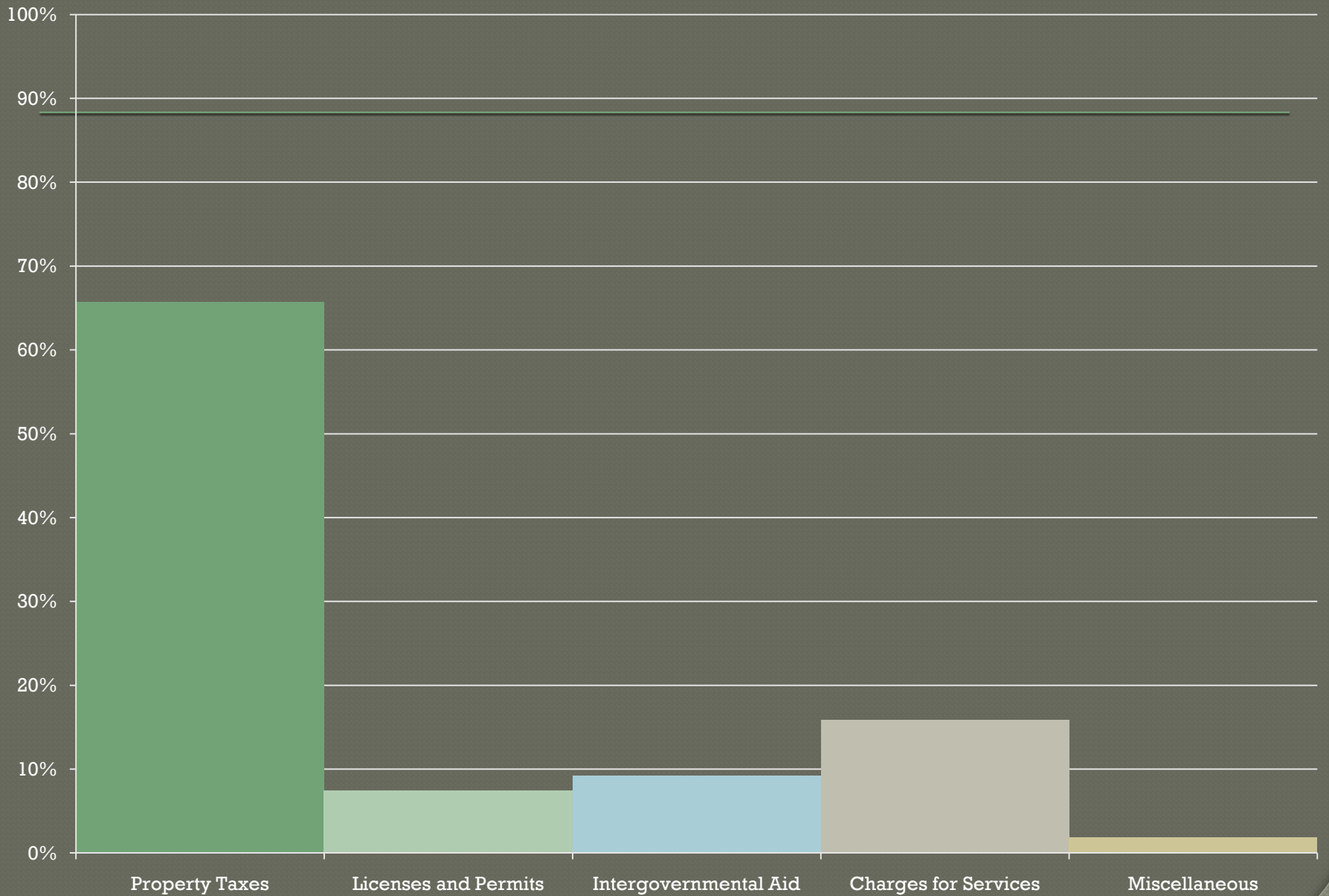
2006



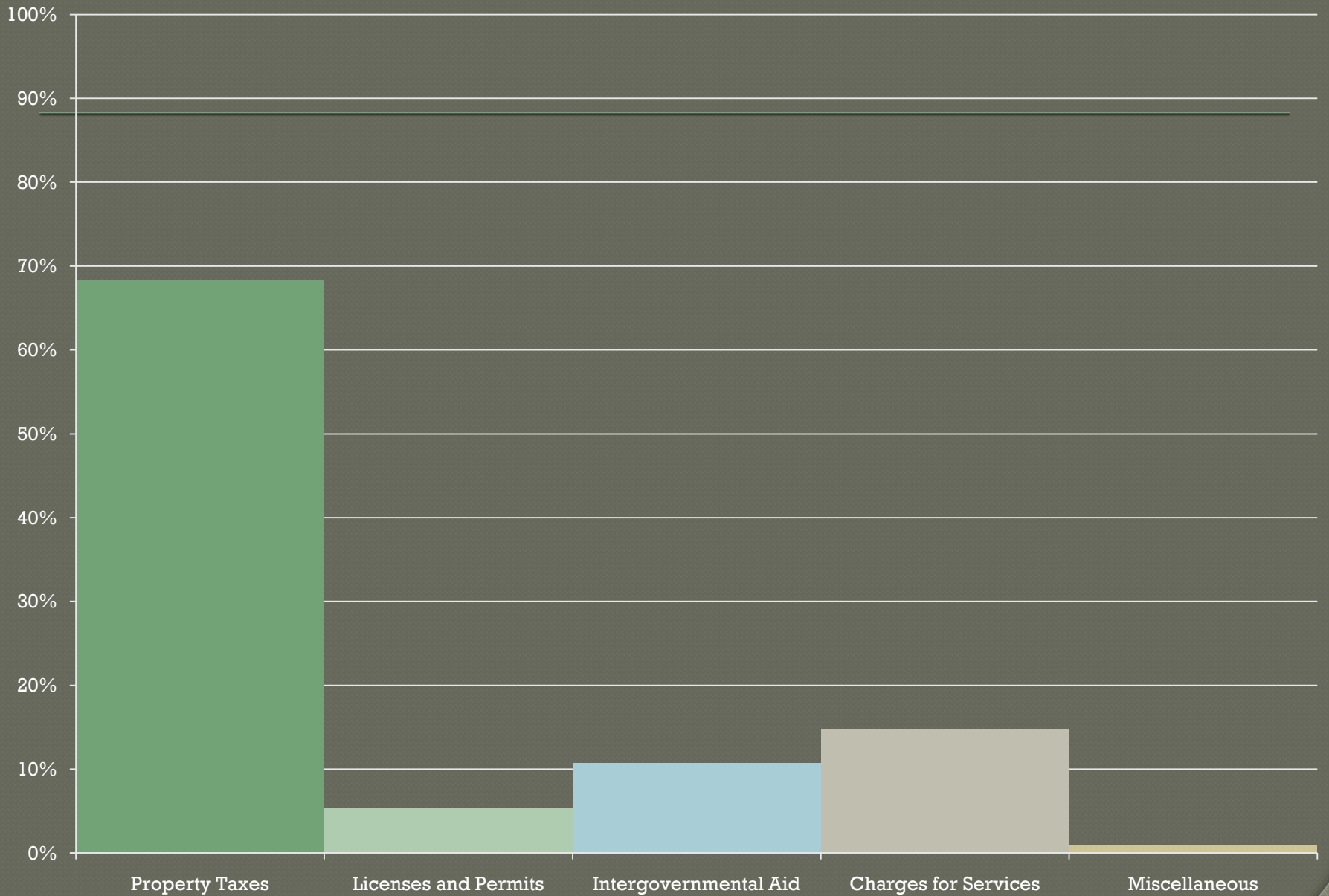
2007



2008



2009



“The way it’s been done”

◉ Challenge #3

◉ Equity discussions

- Are Property Value and Property Classification the most equitable ways to allocate street costs?
- Street Utility charges are not an option
- Two primary mechanisms, or combination
 - Property Tax
 - Special Benefit

Options

1. Status Quo

1. Continue to bond and place on tax levy
2. Approx 2.1% property tax increase with each project (every 3 years)
3. Deal with Debt Limit issues long-term

2. Pay Up Front

1. Pay cash for reconstruction, raise levy
2. Approx 10.1% property tax increase continued

3. Combination Assessment/Property Tax

1. Assign a portion to Assessments, property tax
2. April draft: 50% Residential/70% Commercial
3. Results in +/- 1% increase in Prop Tax per project

Development of New Draft

- Focus on 7 Functions

1. Cost Share Allocation
2. Repayment Period
3. Interest Rate for Repayment
4. Guarantee Period
5. Multi-Tenant Buildings
6. Irregular, “flag” lots
7. Undeveloped properties

Cost Share Allocation

- How costs are shared between assessments and the Property Tax base
- April Draft
 - Residential 50%, Property Tax 50%
 - Commercial 70%, Property Tax 30%
- Revised Draft
 - Residential 30%, Property Tax 70%
 - Commercial 50%, Property Tax 50%

Repayment Period

- ◉ Time period over which payments can be made for assessments
- ◉ April Draft
 - Up to 10 Years
- ◉ Revised Draft
 - Up to 15 Years

Interest Rate

- ◉ Interest rate charged to payments of assessments over time
- ◉ April Draft
 - City Bond Rate + adjustment up to 2%
- ◉ Revised Draft
 - City Bond Rate + adjustment up to 0.5%

Guarantee Period

- Once assessed, the time period over which a property could not be assessed again for the same improvement
- April Draft
 - Streets, Sidewalks, Alleys – 20 years
- Revised Draft
 - Streets, Sidewalks, Alleys – 30 years

Multi-Tenant Buildings

- Residential properties with more than one unit per property
- April Draft
 - Every residential unit treated as 1 unit
- Revised Draft
 - Buildings with 3+ units treated as 0.5 units

Irregular, Flag Lots

- Treatment of commercial and industrial properties where frontage is not an accurate representation of lot width
- April Draft
 - Treated on a street-frontage basis
- Revised Draft
 - Recommends a case-by-case basis, suggests looking at methods to evaluate traffic/parking needs

Undeveloped Properties

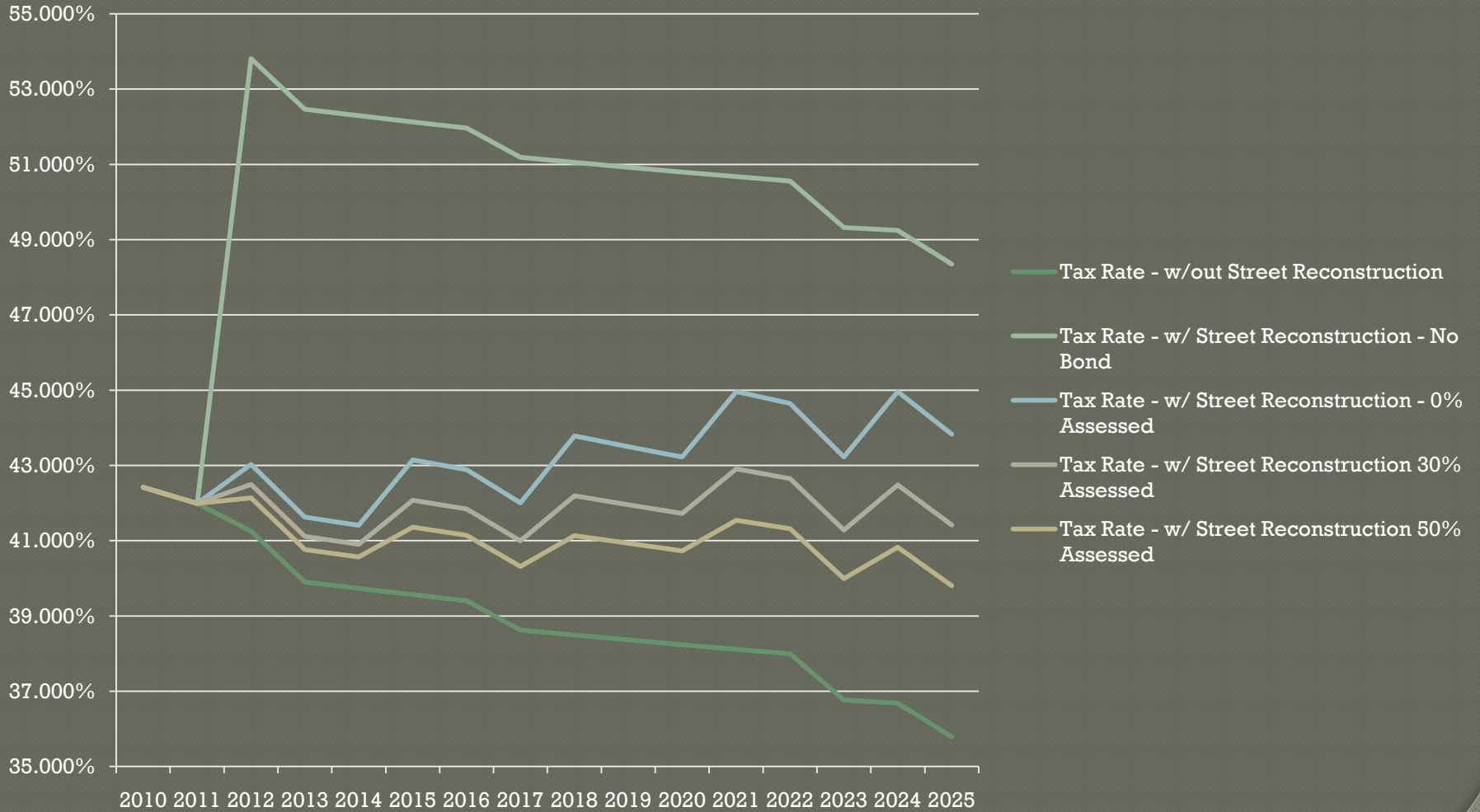
- How to treat residential properties that are not developed but available to be developed
- April Draft
 - Assigns an assessment for undeveloped lots that meet zoning requirements to be developed
- Revised Draft
 - Proposes a deferment process that postpones any assessment until developed

Impacts of Revised Draft

- Reduces impacts of assessments by about 40% over previous policy
- Maintains a level of assessments that will allow for 20% State requirement
 - Special Assessment Bonding

Tax Rate Impact

Tax Rate



Impact of Options (30 years)

	Pay Up Front	50%, 70% Draft	30%, 50% Draft
\$150,000 Home (w/assessment)	\$81/year \$0.22/day	\$198/year \$0.54/day	\$162/year \$0.44/day
\$200,000 Home (w/assessment)	\$131/year \$0.36/day	\$218/year \$0.60/day	\$188/year \$0.51/day
\$250,000 Home (w/assessment)	\$182/year \$0.50/day	\$237/year \$0.65/day	\$214/year \$0.59/day
\$500,000 Business	\$497/year \$1.36/day	\$77/year saving \$0.21/day saving	\$48/year \$0.13/day

Delano City Council

October 19, 2010

Delano Special Assessment
Policy Discussion