

Delano City Council

December 7, 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

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 (new suggestion)
 - Buildings with 2+ units
 - First unit charged as 1 unit
 - Every additional unit charged at 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
 - Leaves open issue of interest and reduction in benefit during deferment

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	\$154/year \$0.42/day	\$118/year \$0.32/day
\$218,000 Home (w/assessment)	\$117/year \$0.32/day	\$149/year \$0.41/day	\$122/year \$0.33/day
\$300,000 Home (w/assessment)	\$161/year \$0.50/day	\$142/year \$0.39/day	\$126/year \$0.34/day
\$500,000 Business	\$497/year \$1.36/day	\$77/year saving \$0.21/day saving	\$48/year \$0.13/day

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