



Town of Tiburon STAFF REPORT

AGENDA ITEM _____

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TO: **Mayor and Town Councilmembers**

FROM: **Dave Bernardi, Deputy Town Engineer
Troy Bassett, Project Coordinator**

SUBJECT: **Proposed Del Mar Valley Utility Undergrounding Supplemental
Assessment District**

MEETING DATE: **May 8, 2006** REVIEWED BY: _____

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BACKGROUND AND DISCUSSION

In May 2005, the Town Council approved a Resolution adopting the Del Mar Valley Utility Undergrounding Assessment District Engineer's Report and confirming an assessment for the proposed Utility Undergrounding Assessment District. 71 % of the District property owners had voted to approve the proposed project at the same meeting.. The District Engineer had calculated assessments using construction cost estimates based on preliminary design information. The Council adopted the Resolution authorizing the issuance of limited obligation improvement bonds on July 13, 2005; and the District Engineers began the engineering design work for the construction project.

As staff has explained in prior meetings, the construction industry experienced exceptionally high inflation in the period following the formation of the District. Accordingly, the District Engineer prepared a revised construction cost estimate in January 2006 after the completion of construction documents, which was substantially higher than the funding available from the assessment confirmed in May 2005. The Town Council adopted a new Resolution of Intention on February 1, 2006, beginning the process required in order to form a supplemental district to fund the anticipated shortfall. The Town obtained construction bids and the District Engineer prepared a preliminary Engineer's Report using actual bid amounts, rather than engineering estimates.

On March 20, 2006 the Town Council adopted Resolution 18-2006 preliminarily approving the supplemental Engineer's Report and directing related actions, including setting the date for balloting, mailing ballots, recording the boundary map, etc. The ballots, a notice of assessment and description of the assessment method, were mailed to property owners on March 24, 2006. Staff recorded the boundary map at the County of Marin. The resolution set May 8 as the public hearing date for ballot tabulation and Council consideration of a resolution formally establishing the district and confirming the assessments.

The Final Engineer's Report attached, (Exhibit A) summarizes the project costs and the rationale for assessing each property according to the special benefit that each

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property receives; the methodology is identical to that found in the original report. Harris & Associates will present a brief summary of the report and any modifications since Town Council adoption of the preliminary report.

There has been one change made to the report since Preliminary Adoption of the Report: the District Engineer has discovered that there is one parcel, located at 1 Tanfield Road, which is not within the District but appears to receive benefit from the proposed undergrounding. This property takes its utility service and main access from Tanfield Road, which is not part of this undergrounding project. However, because this property has a secondary access point on Hacienda and it has some overhead wires going over a corner of the property, the District Engineer determined that it would receive half the benefit from aesthetics and half the benefit from safety. It would receive no benefit from service reliability.

Because this property was not included in the Assessment District, its calculated total assessment (\$6,778) has been deducted from the contingency and not assessed to the rest of the properties in the District. Harris has represented to Staff that they will reimburse this amount to the contingency fund.

The Town has held two property owner informational meetings at Town Hall; one on April 17 and a second just prior to this Public Hearing to provide property owners within the proposed district an opportunity to preview the Engineer's Report and ask questions of the district engineers, bond counsel, bond underwriter and Town staff.

Bond Counsel Scott Ferguson has prepared the attached resolutions (Exhibits B and C). If 50 percent or more of those property owners submitting votes approve the ballot and the Town Council adopts the resolutions, the Town will send assessment notices to property owners. Property owners will have a 30-day collection period, during which they may elect to pay the assessment in cash rather than participate in bond financing. After the cash collection period, the Town Council will be asked to adopt a resolution authorizing the issuance of bonds. Once bond proceeds are assured, Council can consider award of a construction contract to Ranger Pipelines to begin work on the project.

If the ballot is not approved by 50% or more of those property owners submitting ballots, then the project cannot go forward. Bonds will be recalled and paid off with the existing remaining funds.

RECOMMENDATION

It is recommended that the Town Council take the following actions:

- a) Receive a presentation by project proponents and District Engineer.
- b) Open the public hearing.

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- c) Upon conclusion of the public hearing, request final submittal of ballots to the Town Clerk.
 - d) Consider a brief meeting recess while the ballots are opened and tabulated under the supervision of the Town Clerk.
 - e) Upon completion of ballot tabulation, reconvene meeting and receive results of ballot tabulation from the Town Clerk.
 - f) If the weighted majority (greater than 50%) of ballots supports the assessment, consider adoption of (i) the Resolution Ordering Changes and Modification, and (ii) the Resolution of the Town Council of the Town of Tiburon Adopting Engineer's Report, Confirming the Assessment and Directing Action With Respect Thereto.

EXHIBITS

- A. Final Engineer's Report
- B. Resolution Ordering Changes and Modifications
- C. Resolution Adopting Engineer's Report, Confirming the Assessment, Ordering the Work and acquisitions and directing actions with respect thereto.