

**TO:** James L. App, City Manager

**FROM:** Mike Compton, Director of Administrative Service  
Doug Monn, Director of Public Works  
Ron Whisenand, Director of Community Development

**SUBJECT:** Highway 101/46 West Interchange – Formation of Improvement Assessment District

**DATE:** October 11, 2006

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**NEEDS:** For the City Council to hold an informational meeting with property owners within the proposed boundaries of a Highway 101/46 West Improvement Assessment district.

**FACTS:**

1. A number of developments in the vicinity of the Highway 101/Highway 46 West Interchange agreed, as a condition of project approval, not to protest the formation of an assessment district to aid in funding their share of improvements to the 101/46W interchange.
2. The assessment type proposed is a Community Facilities District (CFD). It will provide low interest cost financing to private development for Interchange improvements (as identified in the Project Study Report).
3. In order to form a CFD, the Council must receive a signed petition from 10% of the voters, or 10% of the property owners of the areas, or receive a written request signed by two members of the Council.
4. The Council received a letter requesting the formation of the CFD from two council members dated August 1, 2006.
5. Within ninety (90) days of receipt of said request, the Council must decide whether or not to adopt a resolution of “intent to form a CFD”. A special meeting has been scheduled for October 23, 2006 to consider this resolution as well as resolutions to adopt CFD boundaries and authorization to incur bonded indebtedness.
6. In order to keep property owners in the area informed about the proposed improvements, their cost and method of financing said improvement costs, letters went out September 29, 2006 inviting them to an informational meeting on October 11, 2006.

**ANALYSIS &**

**CONCLUSION:** Formation of a CFD requires property owner cooperation. It may be opposed by a protest ballot by a simple majority of property owners. The implementation of any special tax requires two thirds majority approval. Thus, it is critical to the success of forming the CFD and financing the needed improvements to keep the property owners fully informed.

The purpose of the October 11<sup>th</sup> special Council meeting is to communicate the nature of the improvements contemplated, their cost, how the cost may be financed and the procedures for forming a CFD.

**FISCAL  
IMPACT:**

At this time there is no fiscal impact as the meeting's sole purpose is to educate the effected property owners and answer their questions and concerns.

In the long run, there will a fiscal impact on both the City and the property owners. It is estimated that the primary phase of Interchange improvements, Theatre Drive Re-alignment Project will cost \$22 million including preparation of PAED, traffic studies, right of way acquisition and construction costs. Based upon traffic analysis by Omni Means, 54% of the total Interchange improvements, estimated at \$60 million, are the City's responsibility with the remaining portion the responsibility of the CalTrans and the County as "regional" impact. Of the 54%, 42% has been determined to be of "city wide" benefit and the remaining 58% of direct benefit to the surrounding property owners. Thus, the property owners' contribution via the CFD would be \$18.8 million or 31% of the total interchange improvement costs.

**OPTIONS:**

- a. **None, informational only; or**
- b. **Amend, modify or reject above option.**