

General Steps for Creating an 1911 or 1913 Act Assessment District

Bureaucratic Process

1. Group of interested property owners approach the City (General Services Department) inquiring into creating an assessment district.
2. General Services reviews the process with the property owners and can provide samples of past petitions that have been submitted. We typically encourage the person/group to have a “block captain” to coordinate the effort.
3. Residents circulate the petition among the property owners in the prospective assessment district.
4. Should the petition circulation effort prove to be successful in garnering a majority of the property owners, the petition is submitted to the General Services Department.
5. City staff notifies the City Council and City Manager that a petition has been received and seeks approval/funding to undertake preliminary engineering analysis of the prospective assessment district.
6. Assuming approval per Item No. 5, General Services staff undertakes preliminary engineering and survey work. The goal of this effort is to develop a rough scope of the project and rough estimates of the costs the project and the potential amount of the assessments.
7. Once the preliminary work is complete, General Services, working through the block captain, sets up a community meeting to discuss the potential scope of the project and the estimated costs.
8. At this community meeting, each property owner will be given a ballot to cast a vote in favor or against the formation of the assessment district. This vote is non-binding and is needed for the City to determine whether there is a likelihood that the project could move forward. We typically seek a 60% approval vote at this point. If the non-binding vote is in excess of 60%, staff informs the City Council and City Manager that it appears that an assessment district will be viable and seeks permission and funding to embark on the full engineering design effort. If the vote is between 50% and 60%, staff informs the City Council and City Manager that an assessment district is questionable and seeks guidance before proceeding. If the vote is less than 50%, staff informs the City Council and City Manager that an assessment district does not appear viable.
9. Assuming the vote is sufficient and staff is given permission to move forward, the full design of the project is undertaken.
10. Near the end of the design process, staff will generate detailed project plans and estimates. Each property owner will be provided with an individual plan of the improvements in front of their property and the estimated costs to them. Also included will be a ballot that they will need to fill out indicating yes or no on forming the district. This vote is the binding vote and has to be submitted by the date stated on it. The ballots are opened at an advertised public hearing and the results of the election read by the City Clerk.

11. If greater than 50% of the property owners, calculated by amount of assessment, vote in favor of the assessment district, the City Council then forms the district.
12. With the district formed, the City then publicly bids the project for construction and General Services staff return to Council to award the contract to the lowest responsible bidder and appropriate sufficient funding for the project.
13. At the completion of the project, the property owners are notified of the actual costs of their share of the project. If the costs are equal to or lower than the amount that the vote in Item 10 discusses, then no additional vote is necessary. If the actual costs exceed the estimate in Item 10, a new vote is necessary. Obviously, staff is quite conservative on those estimates to avoid the need for any additional votes, i.e. we ask people to vote on a worst case scenario.
14. Once the final costs are certified, the property owners are formally notified of the assessment and typically provided at least three options for payment:
 - a. Pay in Full
 - b. Pay out over 10 years + interest (interest rate is whatever rate the City is earning at the time of the completion of the project)
 - c. Take a lien against the assessment. The lien becomes payable, with interest, whenever the property transfers ownership. The outstanding balance can be paid at any time.

The above reflects a prototypical process. On any individual project, issues could come up that affect the viability or timing of a project. Issues that could arise could be issues such as right-of-way acquisition, environmental concerns, drainage concerns, funding availability or others.

In terms of financial impact, historically, it's been the policy of the City that the property owners are responsible for the costs of the curb, gutter and sidewalk, driveway aprons and street resurfacing. The City has absorbed the costs of the design and inspection and any street widening the City deems necessary. The City also attempts to seek any grant funds that may be available to reduce the costs to both the property owners and the City.

With respect to the Castle Park area, defined as south of Naples, west of Hilltop, north of Palomar and east of Third, the City Council has authorized the seeking of a loan from the US Department of Housing and Urban Development in the amount of \$9.5 million to install various street improvements in conjunction with the formation of assessment districts. The Council has approved a strategy of only requiring the property owners to be assessed the costs of their individual driveway aprons. Council has not approved, nor has staff recommended, extending this modified assessment district cost sharing formula outside the Castle Park area at this time.