



AGENDA MEMORANDUM

First Reading for the City Council Meeting of July 28, 2015
Second Reading for the City Council Meeting of August 11, 2015

DATE: July 12, 2015

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<p style="text-align: center;"><u>Street Paving Assessments</u> <u>Adopting Final Ordinance</u></p>

CAPTION:

Ordinance amending Chapter 49, Article II, Section 49-21 "Required Improvements; Policy on Assessments"; Amending Ordinance 029769 Passed and Approved on March 19, 2013, to adopt the final assessment roll and assessments to be levied against the owners of property abutting on Vaky Street from Swantner Drive to Reid Drive, Ivy Lane from Gollihar Road to Horne Road and Clare Drive from South Padre Island Drive to McArdle Road (The "Project") (Bond 2008)

PURPOSE:

The purpose of this agenda item is to change the interest rate for assessment projects paid through the installment option and approve the final assessment roll and close this project.

BACKGROUND AND FINDINGS:

The November 2008 Bond Election provided funding for the City's share of street construction as part of the Voluntary Paving Assessment Program (VPAP). Construction is now complete and a final assessment role must be approved by City Council so the information can be filed at the County Courthouse and assessment accounts set up. (See Supporting Documentation – VPAP Procedures)

In early 2002, several residents contacted the City about participating in the VPAP. Throughout 2004, petitions were received, vetted and qualified in accordance with VPAP procedures. Once City funds were secured through the November 2008 bond election, the streets with the oldest qualified petitions were packaged for a VPAP program. Due to the passage of time from the original petition date, residents were re-surveyed to insure the majority of residents still supported the program and petitions were re-qualified. On January 29, 2013, the City Council set a Public Hearing for the project and on March 19, 2013, approved a Preliminary Assessment Roll and awarded a construction contract to Bay, Ltd for the Project.

The Preliminary Assessment Roll determines each property owner's share of street construction costs based on the contractor's unit bid prices for labor and materials for improvements for each property. During construction, prices can change due to final quantities, such as concrete used in driveway approaches. Upon completion of construction, final quantities are calculated and a Final Assessment Roll is produced. As per City Ordinance Section 49-21, all improvements shall "include eight (8) percent of construction costs for engineering".

City Council approval is required to amend the Preliminary Assessment Roll to reflect the revised and final project cost to property owners. (See Supporting Documentation – Final Assessment Roll). The Council-approved (March 19, 2013) Preliminary Assessment List for properties abutting the Project was valued at \$191,716.44, prior to the 8% engineering charge. **The proposed Final Assessment Role now values these improvements at \$193,660.34 with an 8% engineering charge of \$15,503.38 for a total assessment cost \$209,163.72.**

Additionally, this agenda item proposes to change the interest rate charged for assessment payments made through installments to something more equitable and fair for property owners. The current code and proposed changes are listed as follows.

As per the governing ordinance, Section 49-21(E)(4) "The rate of interest for assessment accounts where due shall be the interest rate paid by the city on its most recently issued general obligation bonds, determined as of the date of notice provided by the City under Section 313.047 of the Transportation Code, with the provision that any of the said installments may be paid at any time before maturity by the payment of the principal and accrued interest thereon. No rate of interest on an assessment under this article may exceed eight percent per year."

This change will take affect for this current assessment project and, if any assessment projects are done in the future, it will ensure that the prevailing interest rate is being passed down to the affected property owners. **Based on the prevailing General Obligation Bond sale, the interest rate charged will be 3.21% for this group of VPAP projects.**

ALTERNATIVES:

1. Approve the Final Assessment Roll and recommended change in interest rates charged for installment payments of assessments.
2. Do not approve the Final Assessment Roll and recommended change in interest rates changed for installment payments of assessments. (Not Recommended)

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

This item complies with Municipal Code, Street Assessment Procedures and Capital Improvement Program Financing requirements.

EMERGENCY / NON-EMERGENCY:

Not applicable

DEPARTMENTAL CLEARANCES:

Street Department and Finance Department

FINANCIAL IMPACT:

Fiscal Year 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Total Budget	\$3,597,594.96			\$3,597,594.96
Encumbered / Expended Amount	2,954,629.31			2,954,629.31
This item	0.00			0.00
Future Anticipated Expenditures This Project				
BALANCE	\$642,965.65			\$642,965.65

Fund(s): Street, Storm Water, and Wastewater CIP

Comments: This item requires no financial expenditure, but is required by statute to file a final assessment roll and set up assessment accounts.

RECOMMENDATION:

City staff recommends the approval of the final assessment roll and changes in the interest rate charged for installment payments.

LIST OF SUPPORTING DOCUMENTS:

- Ordinance
- Voluntary Paving Assessment Procedures
- Final Assessment Rolls (3)
- Project Budget
- Location Map