

## **Staff Report**

**June 20, 2006**

**TO:** City Council

**FROM:** Sheila McCrory, Financial Analyst

**VIA:** Paul Navazio, Finance Director

**SUBJECT:** University Research Park and Parking District No. 3 Excess  
Special Assessment Reserve

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### **Recommendation**

It is recommended that the City Council approve the following resolutions:

1. A Resolution Determining Excess Funds and Directing Application Thereof - University Research Park Assessment District
2. A Resolution Determining Excess Funds and Directing Application Thereof - Parking District No. 3
3. Authorize Mayor to sign Certification of Assessment City of Davis University Research Park Improvement Assessment District
4. Authorize Mayor to sign Certification of Assessment City of Davis Parking District No. 3 Assessment District

### **Fiscal Impact**

These two resolutions reduce assessments in the city's special assessment districts by the amount of excess interest earnings on debt service reserve funds.

### **Background and Analysis**

The city administers two special assessment districts, both formed in 1988, to construct public infrastructure improvements using bond issue proceeds and to collect assessments from benefiting property owners in the area of the improvement to service the debt. The University Research Park Assessment

District constructed the basic infrastructure improvements in that South Davis development and assessed the cost to the individual properties within the park. The Parking Assessment District No. 3 constructed the parking structure at 1st and F streets and assessed the cost to the downtown property owners in the vicinity.

As an additional element of security for the bonds, a portion of the proceeds were set aside in a reserve fund to pay debt service on the issue in the event of delinquency on the part of the property owners in paying their assessments. Federal tax laws limit the amount of money that can be held in those reserves. Each year, as interest earnings accumulate on the unused cash the money must be transferred to the debt service fund and used to reduce the assessment requirements in the following year.

The two resolutions attached to this report establish the amount of the excess funds as of June 30, 2006 for each of the districts and directs that they be credited against the 2006-2007 assessments due from the benefiting property owners. The credit is applied in the same proportion as the original assessment amounts. Once approved, these resolutions will also be forwarded to the County Auditor-Controller and they will reduce the assessments that will show on the property owners' tax bills.

Attachments:

- A Resolution Determining Excess Funds and Directing Application Thereof - University Research Park Assessment District
- A Resolution Determining Excess Funds and Directing Application Thereof - Parking District No. 3
- Certification of Assessment City of Davis University Research Park Improvement Assessment District
- Certification of Assessment City of Davis Parking District No. 3 Assessment District

**A Resolution Determining Excess Funds  
and Directing Application Thereof**

**University Research Park Assessment District**

**Resolution No.06-XX, Series 2006**

Resolved by the City Council of the City of Davis, California, that this council has heretofore issued Improvement Bonds (the "Bonds") upon the security of the unpaid assessments pursuant to its Resolution No. 7221, adopted on July 14, 1993 and its Resolution of Intention No. 7167 adopted on May 5, 1993; and

Whereas, Section 10 of said Resolution No. 7221 provides for the establishment of the "University Research Park Improvement District Special Reserve Fund" (the "Reserve Fund") and Section 10(c) thereof established that interest earned by the investment of any portion of the Reserve Fund shall be credited upon the unpaid assessments; and

Whereas, in compliance with said Section 10(c), the Treasurer of the City determined that investment earnings were in the Reserve Fund, which investment earnings are now to be credited against the unpaid assessments; and

Whereas, an adjustment needs to be made to the Auditor's Record for the Bonds on account of the investment earnings, which adjustment will result in credits being made to the unpaid assessments.

Now, therefore, this council hereby determines and orders as follows:

1. The amount of investment earnings in the Reserve Fund as of June 30, 2006 is \$4,231.49.
2. The investment earnings in the Reserve Fund shall be credited pro rata to each unpaid assessment in accordance with Exhibit "A" attached hereto and made a part hereof by reference.
3. The Auditor-Controller of Yolo County shall adjust the Auditor's Record for the Bonds by applying said credits against the earliest unpaid installment of principal and interest pertaining to the bonds. If the credit exceeds the amount of the earliest unpaid installment of principal and interest, the excess shall be credited against the next following installment of principal and interest until exhausted.
4. The City Clerk shall transmit a certified copy of this Resolution to the Auditor-Controller of Yolo County and to the City Treasurer.

PASSED AND ADOPTED by the City Council of the City of Davis this twentieth day of June by the following vote:

AYES:

NOES:

ABSENT:

\_\_\_\_\_  
RUTH UY ASMUNDSON, MAYOR

\_\_\_\_\_  
Margaret Roberts, CMC  
City Clerk

**A Resolution Determining Excess Funds and Directing Application Thereof**

**Parking District No. 3**

**Resolution No. \_\_\_\_\_, Series 2006**

Resolved by the City Council of the City of Davis, California, that this council has heretofore issued Improvement Bonds (the "Bonds") upon the security of the unpaid assessments pursuant to its Resolution No. 7222, adopted on July 14, 1993 and its Resolution of Intention No. 7166 adopted on May 5, 1993; and

Whereas, Section 10 of said Resolution No. 7222 provides for the establishment of the "Parking District No. 3 Special Reserve Fund" (the "Reserve Fund") and Section 10(c) thereof established that interest earned by the investment of any portion of the Reserve Fund shall be credited upon the unpaid assessments; and

Whereas, in compliance with said Section 10(c), the Treasurer of the City determined that investment earnings were in the Reserve Fund, which investment earnings are now to be credited against the unpaid assessments; and

Whereas, an adjustment needs to be made to the Auditor's Record for the Bonds on account of the investment earnings, which adjustment will result in credits being made to the unpaid assessments;

Now, therefore, this council hereby determines and orders as follows:

1. The amount of investment earnings in the Reserve Fund as of June 30, 2006 is \$3,885.47.
2. The investment earnings in the Reserve Fund shall be credited pro rata to each unpaid assessment in accordance with Exhibit "A" attached hereto and made a part hereof by reference.
3. The Auditor-Controller of Yolo County shall adjust the Auditor's Record for the Bonds by applying said credits against the earliest unpaid installment of principal and interest pertaining to the bonds. If the credit exceeds the amount of the earliest unpaid installment of principal and interest, the excess shall be credited against the next following installment of principal and interest until exhausted.
4. The City Clerk shall transmit a certified copy of this Resolution to the Auditor-Controller of Yolo County and to the City Treasurer.

PASSED AND ADOPTED by the City Council of the City of Davis this twentieth day of June by the following vote:

AYES:

NOES:

ABSENT:

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RUTH UY ASMUNDSON  
MAYOR

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Margaret Roberts, CMC  
City Clerk

**CERTIFICATION OF ASSESSMENT**

The CITY OF DAVIS hereby certifies that the special assessment(s) to be placed on the 2006/07 Secured Property Tax bill by the CITY OF DAVIS meets the requirements of Proposition 218 that added Articles XIIC and XIID to the State Constitution.

The CITY OF DAVIS agrees to defend, indemnify and hold harmless the County of Yolo, the Board of Supervisors, the Auditor-Controller, its officers and employees, from litigation over whether the requirements of Proposition 218 and other State laws, were met with respect to such tax (es).

If any judgment is entered against any indemnified party as a result of not meeting the requirements of Proposition 218 for such assessment(s), the CITY OF DAVIS agrees that the County may offset the amount of any judgement paid by an indemnified party from any monies collected by County on CITY OF DAVIS's behalf, including property taxes, special taxes, fees, or assessments.

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**CITY COUNCIL/BOARD OF DIRECTORS/SCHOOL BOARD**

Date of original resolution: 7-14-93  
(Please fill in)

Copy of resolution on file at the Auditor's office. Y/N  
(If no, please provide a copy with this certification.)

Phone number to be included on Tax Bill: 530-757-5642  
(Include area code)

City of Davis University Research Park Improvement

Assessment District

(One copy of this certification required for each special tax)

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City of Davis Parking District No. 3  
Assessment District  
(One copy of this certification required for each special tax)