

ASSESSMENTS POLICY DISCUSSION

June 15, 2016

Summary & Recap: Project Principles

Principle 1 – Property owner cost participation should continue with an average goal of 25%.

- **Ensures compliance with Street Improvement Bond legal requirements and maintenance of financial resources.**

Principle 2 – Assessment rates should be consistent and predictable.

- **Assessment methodologies have been closely explored – no significant policy changes are recommended at this time.**
- **Rate instability has been primarily driven by variable project costs and new project types.**

Principle 3 – New (infill) sidewalk along reconstruction routes should be treated as part of the overall project and assessed at similar rates.

- **This is now a part of PW project planning**

Principle 4 – Property owners should continue to bear the full cost of above standard amenities.

- **PW is continuing to maintain its current practice**

Summary & Recap: Remaining Items for Consideration

- Methodology for cost allocation to individual parcels
- Methodology for cost allocation by project type
- Street reconstruction cost management
- Sidewalk policy

Street Reconstruction Project: Assessment Rate Options

Scenario 2: Mixed Property Types (Franklin-Emerald to Eustis)

Ratio of Commercial Rates (lineal or square foot) to Residential Rates:

1.50

Property No.	Property Type	Assessable Frontage		Parcel Square Footage	Assessment Rates Per Lineal Foot		
		Short Side	Long Side		ALL Properties		
					Lighting	Grade/Pave	Combined
1	Commercial	463.00		558,004	\$20.00	\$113.00	\$133.00
2	Commercial	236.00		161,947	\$20.00	\$113.00	\$133.00
3	Commercial	264.00		156,288	\$20.00	\$113.00	\$133.00
4	Commercial	402.00		116,925	\$20.00	\$113.00	\$133.00
5	Commercial	224.00		56,778	\$20.00	\$113.00	\$133.00
6	Commercial	90.00		5,048	\$20.00	\$113.00	\$133.00
7	Commercial	61.00		2,502	\$20.00	\$113.00	\$133.00
8	Residential	58.00	151.00	7,550	\$20.00	\$113.00	\$133.00
9	Residential	66.00		6,072	\$20.00	\$113.00	\$133.00
10	Residential	66.00		6,072	\$20.00	\$113.00	\$133.00
11	Residential	5.00		1,307	\$20.00	\$113.00	\$133.00
12	Residential	5.00		1,307	\$20.00	\$113.00	\$133.00
13	Residential	5.00		1,041	\$20.00	\$113.00	\$133.00
14	Residential	5.00		1,041	\$20.00	\$113.00	\$133.00
15	Residential	5.00		980	\$20.00	\$113.00	\$133.00
		1,955.00	151.00	1,082,862			

Property No.	Property Type	Real Estate 8% Admin Fee			
		Status Quo Asmt	Per Parcel Fee: Same Per Parcel Asmt	\$ Change	% Change
1	Commercial	\$4,926.32	\$1,386.75	(\$3,539.57)	-71.9%
2	Commercial	\$2,511.04	\$1,386.75	(\$1,124.29)	-44.8%
3	Commercial	\$2,808.96	\$1,386.75	(\$1,422.21)	-50.6%
4	Commercial	\$4,277.28	\$1,386.75	(\$2,890.53)	-67.6%
5	Commercial	\$2,383.36	\$1,386.75	(\$996.61)	-41.8%
6	Commercial	\$957.60	\$1,386.75	\$429.15	44.8%
7	Commercial	\$649.04	\$1,386.75	\$737.71	113.7%
8	Residential	\$617.12	\$1,386.75	\$769.63	124.7%
9	Residential	\$702.24	\$1,386.75	\$684.51	97.9%
10	Residential	\$702.24	\$1,386.75	\$684.51	97.9%
11	Residential	\$53.20	\$1,386.75	\$1,333.55	2506.7%
12	Residential	\$53.20	\$1,386.75	\$1,333.55	2506.7%
13	Residential	\$53.20	\$1,386.75	\$1,333.55	2506.7%
14	Residential	\$53.20	\$1,386.75	\$1,333.55	2506.7%
15	Residential	\$53.20	\$1,386.75	\$1,333.55	2506.7%
		\$20,801.20	\$20,801.20		

Property No.		Property Type	ASSESSMENT OPTIONS												
			Current Policy	Option 1 - Eliminate L5 Subsidy			Option 2 - Asmt Based on Parcel Area			Option 3 - Equal asmts per parcel			Option 4 - Res/Com Different Rates		
				Asmt	\$ Change	% Change	Asmt	\$ Change	% Change	Asmt	\$ Change	% Change	Asmt	\$ Change	% Change
1	Commercial	\$61,579.00	\$57,166.61	(\$4,412.39)	-7.2%	\$133,920.86	\$72,341.86	117.5%	\$17,334.33	(\$44,244.67)	-71.9%	\$63,921.78	\$2,342.78	3.8%	
2	Commercial	\$31,388.00	\$29,138.92	(\$2,249.08)	-7.2%	\$38,867.28	\$7,479.28	23.8%	\$17,334.33	(\$14,053.67)	-44.8%	\$32,582.16	\$1,194.16	3.8%	
3	Commercial	\$35,112.00	\$32,596.08	(\$2,515.92)	-7.2%	\$37,509.12	\$2,397.12	6.8%	\$17,334.33	(\$17,777.67)	-50.6%	\$36,447.84	\$1,335.84	3.8%	
4	Commercial	\$53,466.00	\$49,634.94	(\$3,831.06)	-7.2%	\$28,062.00	(\$25,404.00)	-47.5%	\$17,334.33	(\$36,131.67)	-67.6%	\$55,500.12	\$2,034.12	3.8%	
5	Commercial	\$29,792.00	\$27,657.28	(\$2,134.72)	-7.2%	\$13,626.72	(\$16,165.28)	-54.3%	\$17,334.33	(\$12,457.67)	-41.8%	\$30,925.44	\$1,133.44	3.8%	
6	Commercial	\$11,970.00	\$11,112.30	(\$857.70)	-7.2%	\$1,211.52	(\$10,758.48)	-89.9%	\$17,334.33	\$5,364.33	44.8%	\$12,425.40	\$455.40	3.8%	
7	Commercial	\$8,113.00	\$7,531.67	(\$581.33)	-7.2%	\$600.48	(\$7,512.52)	-92.6%	\$17,334.33	\$9,221.33	113.7%	\$8,421.66	\$308.66	3.8%	
8	Residential	\$7,714.00	\$25,805.23	\$18,091.23	234.5%	\$1,812.00	(\$5,902.00)	-76.5%	\$17,334.33	\$9,620.33	124.7%	\$5,338.32	(\$2,375.68)	-30.8%	
9	Residential	\$8,778.00	\$8,149.02	(\$628.98)	-7.2%	\$1,457.28	(\$7,320.72)	-83.4%	\$17,334.33	\$8,556.33	97.5%	\$6,074.64	(\$2,703.36)	-30.8%	
10	Residential	\$8,778.00	\$8,149.02	(\$628.98)	-7.2%	\$1,457.28	(\$7,320.72)	-83.4%	\$17,334.33	\$8,556.33	97.5%	\$6,074.64	(\$2,703.36)	-30.8%	
11	Residential	\$665.00	\$617.35	(\$47.65)	-7.2%	\$313.68	(\$351.32)	-52.8%	\$17,334.33	\$16,669.33	2506.7%	\$460.20	(\$204.80)	-30.8%	
12	Residential	\$665.00	\$617.35	(\$47.65)	-7.2%	\$313.68	(\$351.32)	-52.8%	\$17,334.33	\$16,669.33	2506.7%	\$460.20	(\$204.80)	-30.8%	
13	Residential	\$665.00	\$617.35	(\$47.65)	-7.2%	\$249.84	(\$415.16)	-62.4%	\$17,334.33	\$16,669.33	2506.7%	\$460.20	(\$204.80)	-30.8%	
14	Residential	\$665.00	\$617.35	(\$47.65)	-7.2%	\$249.84	(\$415.16)	-62.4%	\$17,334.33	\$16,669.33	2506.7%	\$460.20	(\$204.80)	-30.8%	
15	Residential	\$665.00	\$617.35	(\$47.65)	-7.2%	\$235.20	(\$429.80)	-64.6%	\$17,334.33	\$16,669.33	2506.7%	\$460.20	(\$204.80)	-30.8%	
			\$260,015.00	\$260,027.82	\$123.47	\$259,886.78	\$0.24	\$260,014.95			\$260,013.00	\$92.04	\$138.06		
			Rate per lineal foot			Rate per square foot						Rates per lineal foot			

ASSESSMENT OPTIONS												
Property No.	Property Type	Current Policy	Option 5 - No LS subd, R/C Rates Diff.			Option 6 - Parcel Area, R/C Rates Diff.			Option 7 - R Equal, C Equal (larger)			
			Asmt	\$ Change	% Change	Asmt	\$ Change	% Change	Asmt	\$ Change	% Change	
1	Commercial	\$61,579.00	\$60,680.78	(\$898.22)	-1.5%	\$133,920.86	\$72,341.86	117.5%	\$20,801.20	(\$40,777.80)	-66.2%	
2	Commercial	\$31,388.00	\$30,930.16	(\$457.84)	-1.5%	\$38,867.28	\$7,479.28	23.8%	\$20,801.20	(\$10,586.80)	-33.7%	
3	Commercial	\$35,112.00	\$34,599.84	(\$512.16)	-1.5%	\$37,509.12	\$2,397.12	6.8%	\$20,801.20	(\$14,310.80)	-40.8%	
4	Commercial	\$53,466.00	\$52,686.12	(\$779.88)	-1.5%	\$28,062.00	(\$25,404.00)	-47.5%	\$20,801.20	(\$32,664.80)	-61.1%	
5	Commercial	\$29,792.00	\$29,357.44	(\$434.56)	-1.5%	\$13,626.72	(\$16,165.28)	-54.3%	\$20,801.20	(\$8,990.80)	-30.2%	
6	Commercial	\$11,970.00	\$11,795.40	(\$174.60)	-1.5%	\$1,211.52	(\$10,758.48)	-89.9%	\$20,801.20	\$8,831.20	73.8%	
7	Commercial	\$8,113.00	\$7,994.66	(\$118.34)	-1.5%	\$600.48	(\$7,512.52)	-92.6%	\$20,801.20	\$12,688.20	156.4%	
8	Residential	\$7,714.00	\$18,260.33	\$10,546.33	136.7%	\$1,208.00	(\$6,506.00)	-84.3%	\$14,300.83	\$6,586.83	85.4%	
9	Residential	\$8,778.00	\$5,766.42	(\$3,011.58)	-34.3%	\$971.52	(\$7,806.48)	-88.9%	\$14,300.83	\$5,522.83	62.9%	
10	Residential	\$8,778.00	\$5,766.42	(\$3,011.58)	-34.3%	\$971.52	(\$7,806.48)	-88.9%	\$14,300.83	\$5,522.83	62.9%	
11	Residential	\$665.00	\$436.85	(\$228.15)	-34.3%	\$209.12	(\$455.88)	-68.6%	\$14,300.83	\$13,635.83	2050.5%	
12	Residential	\$665.00	\$436.85	(\$228.15)	-34.3%	\$209.12	(\$455.88)	-68.6%	\$14,300.83	\$13,635.83	2050.5%	
13	Residential	\$665.00	\$436.85	(\$228.15)	-34.3%	\$166.56	(\$498.44)	-75.0%	\$14,300.83	\$13,635.83	2050.5%	
14	Residential	\$665.00	\$436.85	(\$228.15)	-34.3%	\$166.56	(\$498.44)	-75.0%	\$14,300.83	\$13,635.83	2050.5%	
15	Residential	\$665.00	\$436.85	(\$228.15)	-34.3%	\$156.80	(\$508.20)	-76.4%	\$14,300.83	\$13,635.83	2050.5%	
			\$260,015.00	\$260,021.82	\$67.37	\$257,857.18	\$0.16	\$0.24	\$260,015.04	\$0.04	\$0.0%	
			Rates per lineal foot			Rate per square foot			Resid/Comrd as % of asmt			

Should the methodology change regarding how assessments are applied to each parcel

Long Side Subsidy

- Minimal rate relief for all other residential and commercial properties, but large increases for corner residential properties.

Parcel Area

- Minimal difference in assessment costs when properties are similar in size. Sometimes disproportionately large assessment increases to exceptionally large properties (ex. Como Park)

Equal by Parcel

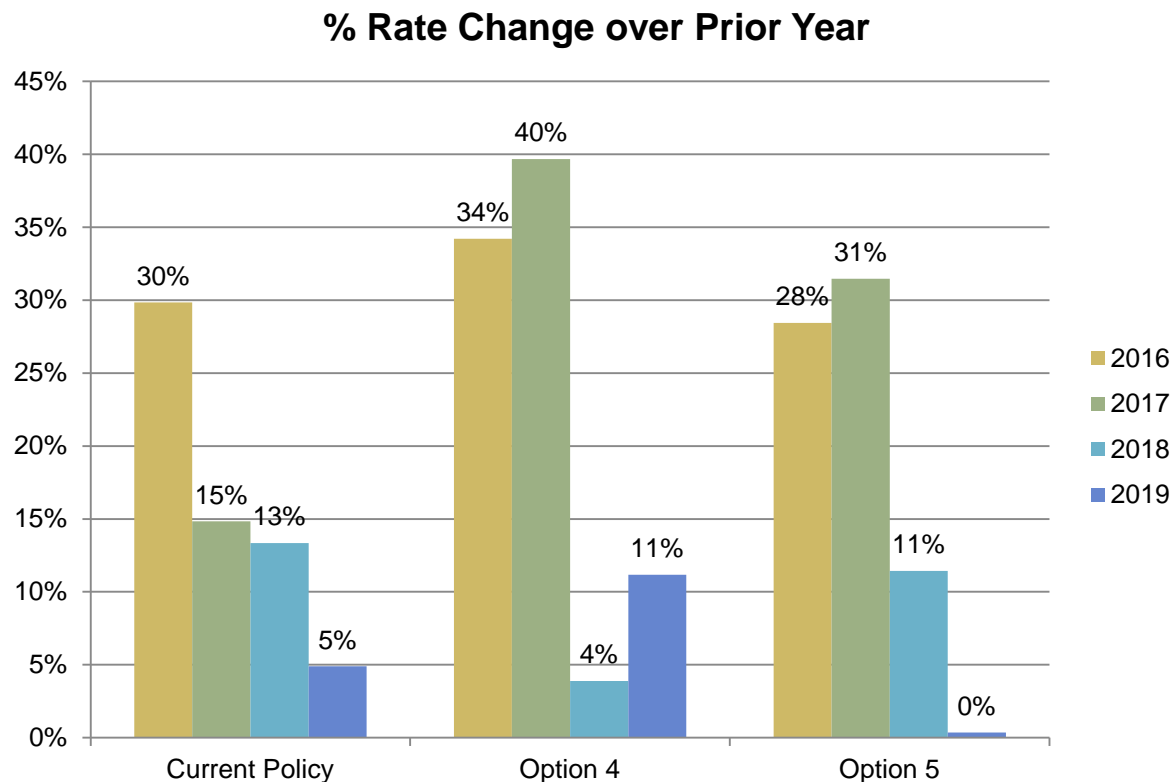
- Large size differences between residential and commercial creates significant cost shifts from commercial to residential properties.

Recommendation

- Maintain status quo

Will methodology changes help drive more consistent and predictable rates?

- Project Team found that the different policy models alter the rates slightly, but it do not result in more consistent and predictable rates.



Street Improvement Projects Sample Assessment Rates

Percent of Project Cost to be Assessed	25.0%	Lighting as % of Cost	10.0%	Residential / Commercial Ratio (1:X.XX)	1.50
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	Estimated Project Cost	Target Assessment Amount	Parcel Count		Current Policy		Residential/Commercial Rates Different			
Project Name			Residential	Commercial	Comb R Rate	Comb C Rate	Comb R Rate	Comb C Rate		
All Projects	\$19,473,140	\$4,868,285	274	10		\$234.10	\$234.10		\$230.30	\$345.45
Residential Street Projects	\$6,820,500	\$1,705,125	172	0		\$137.90	\$137.90		\$137.90	\$206.85
Arterial Street Projects	\$12,652,640	\$3,163,160	102	10		\$375.30	\$375.30		\$360.50	\$540.75
Residential 1	\$4,500,000	\$1,125,000	149	0		\$129.20	\$129.20		\$129.20	\$193.80
Residential 2	\$2,320,500	\$580,125	23	0		\$158.60	\$158.60		\$158.60	\$237.90
Arterial 1	\$2,802,800	\$700,700	16	9		\$369.20	\$369.20		\$320.20	\$480.30
Arterial 2	\$9,849,840	\$2,462,460	86	1		\$379.70	\$379.70		\$376.40	\$564.60

Should separate assessment rates be established for residential and commercial properties?

Findings

- Generally minimal rate relief for residential properties because most street projects have few commercial properties to absorb a larger portion of the assessment cost.

Recommendation

- We recommend taking no action at this time and continuing to study the best path forward, including evaluating the annual mix of projects and a reasonable ratio to use.

Should assessment rates be uniform by project type (e.g. residential, small arterial, large arterial, etc.)?

Findings

- Arterials are significantly more expensive to reconstruct than residential streets and introduce greater variability by project – depending on road width, signals, medians, etc.

Recommendation

- Continue the current approach of grouping similar project types together. Methods of how to group arterials should continue to be studied.

Cost Management: Capital Projects Team

- Annual **Project Scoping Retreat**
- Maintenance of **5 year Capital Plan**
- **Process Guide** for establishing Unit Pricing for following year cost estimates.
- Pre-bid **Quality Control Measures** to insure accurate estimated quantities on projects
- **Project Management Database** to track project progress
- **Project Dashboard** to track schedule dates for all projects in a given year

Cost Management: Performance Metrics

- How close is initial budget estimate to award budget?
- How far in advance do we have the basic project layout defined?
- Are project phases completed on time per the Project Dashboard (Scoping, Design, Bidding and Construction)?
- Number of projects from 5-year plan included in adopted budget
- Number of projects from 5-Year completed annually
- Reduce the number of budget resolutions needing to be processed
- Reduce the number and dollar amount of change orders

Sidewalk Policy

Infill Sidewalks - Project Areas

- Will be included in PW project planning going forward and assessed to the project area at current assessment rates.

Infill Sidewalks – Non-Project Areas

- Current policy assesses adjacent property owners at 100% of eligible cost

Sidewalk Repair & Replacement

- Currently included in ROW program
- Resources are limited

Next Steps

- Working group remains active
- Maintain regular communication with City Council
- Items for continuing study
 - Management of cost drivers and impact on rate stability
 - Annual project mix
 - Project timing and bid cycle
 - Sidewalk approach outside of project areas