



TO: T.C. Broadnax, City Manager
FROM: Phyllis Macleod, Hearing Examiner *PM*
Ralph Rodriguez, L.I.D. Administrator, Public Works, Engineering *RKR*
COPY: City Council and City Clerk
SUBJECT: Ordinance No. 27236 - L.I.D. No. 7723 Assessment Roll – Council Date March 4, 2014
DATE: February 10, 2014

SUMMARY:

Approve and confirm the Assessment Roll for L.I.D. No. 7723 which involved improvements converting the existing overhead electrical primary, telephone, and cable television lines to underground lines along the alley between North 29th Street and North 30th Street from White Street to Junett Street and also, along North 30th street from 250 feet more or less east of White Street to Junett Street.

COUNCIL SPONSORS:

N/A

STRATEGIC POLICY PRIORITY:

Approving and confirming the Assessment Roll for L.I.D. No. 7723 will further the City of Tacoma’s priority of maintaining a strong fiscal management position. The neighborhood improvements have been completed and City funds have been expended on the project. This action will allow reimbursement to the City for expended expenses through property owner assessments and the issuance of municipal bonds.

BACKGROUND:

Creation of the Local Improvement District

The decision whether to form a Local Improvement District (L.I.D.) for the purpose of undergrounding overhead utility lines in the area between North 29th and North 30th Street between White Street and Junett Street, as well as along North 30th Street from 250 feet more or less east of White Street to Junett Street has been a source of some disagreement in the neighborhood from the outset of the project. When the matter was first proposed, the Hearing Examiner’s original recommendation to the Tacoma City Council was to refrain from forming the District because the protest rate exceeded 50 percent. By the time the matter reached the City Council, however, the protest rate had fallen below 50 percent and the matter was remanded to the Hearing Examiner for further recommendation. The Hearing Examiner then issued Amended Findings of Fact, Conclusions of Law, and a Recommendation that the L.I.D. be formed. The City Council then approved the formation of L.I.D. No. 7723 by adopting Ordinance No. 27236 on May 11, 2004.

Ordinance No. 27236 called for a public work and improvement consisting of a conversion of the existing overhead electrical primary, telephone, and cable television lines to underground lines along the alley between North 29th Street and North 30th Street from White Street to Junett Street and also, along North 30th Street from 250 feet more or less east of White Street to Junett Street, together with all other work necessary to complete the project in accordance with maps, plans, and specifications prepared and on file in the Office of the Department of Public Utilities, Light Division. The work was subsequently completed in September 2007. Ralph Rodriguez, L.I.D. Administrator for the City’s Department of



Public Works, testified at the August 2013 hearing on the Final Assessment Roll that the improvements were completed in accordance with the plans and specifications for such work.

Assessment Process

The final project cost was \$1,115,890.40 compared to the estimated project cost of \$927,163.65. The final total assessed to property owners was \$900,133.60. The estimated rate per Assessed Unit of Frontage (A.U.F.) was \$299.46. The final A.U.F. is \$345.28. The Tacoma Public Utilities contributed \$215,756.80 to the project. The project has a 20-year Assessment Roll.

The City's L.I.D. Administrator Ralph Rodriguez testified that a modified zone & termini formula was initially used to estimate the L.I.D. assessments. The A.U.F. per parcel was calculated by the City using mathematical quotients set forth in state statute at RCW 35.44.040. The square footage of each parcel was divided into zones based upon the zone's proximity to the improvement being constructed. An A.U.F. figure for each parcel in L.I.D. No. 7723 was identified based upon the lot size and zone configuration. The City applied an additional adjustment to the A.U.F. calculation based on whether the property fell within one of three benefit categories: (1) Neighborhood Improvement, which included parcels where the wires/poles removed were not within their primary view corridor, (2) View Improvement, which covered parcels receiving a great deal of benefit from removal of the overhead utility lines from their primary view corridor; and (3) View and Neighborhood Improvement for parcels obtaining both a benefit to their primary views and a benefit from directly abutting the improvements. The City adjusted the A.U.F. figures for each category to reflect the degree of benefit accorded each type of parcel. The actual costs expended on the project were then allocated to the parcels based on this calculated benefit.

The final assessment was supported by a Special Benefit Study prepared by GPA Trueman and Associates, a certified real estate appraisal and consulting firm.¹ The Special Benefit Study demonstrated that the fair cash market value of each parcel of property benefited by L.I.D. No. 7723 had been increased in an amount equal to or greater than its assessment. The study was prepared in 2012 and established property values for 2005 and 2007, to reflect the property value before and after the work was completed. Staff acknowledged there was some delay in bringing the matter forward for confirmation of the Final Assessment Roll due to the demands of other L.I.D.s. The Assessment Roll for L.I.D. No. 7723 was filed in the Office of the City Clerk on June 18, 2013, and it shows the amount assessed against each lot and parcel of land in payment of the cost and expense of the improvements. The roll has been opened for inspection by all parties interested therein.

Assessment Roll Hearing Process

Pursuant to applicable laws and the direction of the Tacoma City Council, a public hearing on the Assessment Roll was held by the Hearing Examiner on August 15, 2013. A number of citizens appeared at the hearing opposing the assessments levied against their properties. Certain owners had purchased

¹ The Special Benefit Study amended the proposed assessment for one parcel of property.



their property without notice of the pending assessment. Others believed the assessments exceeded the benefit to their individual parcels. Many of the owners who testified at the assessment roll hearing had opposed creation of the L.I.D. at the outset.

At the conclusion of the testimony at the August 15, 2013, hearing, the Hearing Examiner continued the matter to October 10, 2013, for the sole purpose of allowing property owners in the area a further opportunity to obtain the type of expert appraisal testimony necessary to substantiate their claims. When the hearing was reconvened on October 10, 2013, only property owner Roland “Ron” Kroll appeared, through Attorney Geoffrey C. Cross asking for additional time to obtain an expert witness. No other property owners appeared or participated in the continued October 10, 2013, hearing. Mr. Cross was allowed a limited period of time to retain an expert and provide appraisal testimony. He submitted a Declaration from appraiser George E. Nervik on October 16, 2013, stating that additional work would be necessary to respond to the Special Benefit Study. A new case schedule was developed to allow Mr. Nervik time for further research and study, however, in late December 2013 Mr. Cross wrote to the Hearing Examiner’s Office indicating that, due to the costs involved, no further testimony would be forthcoming from Mr. Nervik. The evidentiary record was then closed.

After the record was closed, the Hearing Examiner issued Findings of Fact, Conclusions of Law, and a Recommendation that the Assessment Roll for L.I.D. 7723 be upheld. The matter now comes before the City Council for final action.

ISSUE:

N/A

ALTERNATIVES:

N/A

RECOMMENDATION:

The City Council should adopt an ordinance assessing the property owners for benefits conferred under L.I.D. No. 7723, previously created by the City Council, and the Assessment Roll for L.I.D. No. 7723 should be confirmed and approved.

FISCAL IMPACT:

Please see next page.



EXPENDITURES:

FUND NUMBER & FUND NAME *	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Tacoma Power Current Fund 4700	PWR-00145		\$1,115,890.40
TOTAL			

* General Fund: Include Department

REVENUES:

FUNDING SOURCE	COST OBJECT (CC/WBS/ORDER)	COST ELEMENT	TOTAL AMOUNT
Tacoma Power Current Fund 4700	PWR-00145		\$215,756.80
Property Assessments	PWR-00145		\$900,133.60
TOTAL			\$1,115,890.40

POTENTIAL POSITION IMPACT:

POSITION TITLE	PERMANENT/ PROJECT TEMPORARY POSITION	FTE IMPACT	POSITION END DATE
N/A			
TOTAL			

This section should only be completed if a subsequent request will be made to increase or decrease the current position count.

FISCAL IMPACT TO CURRENT BIENNIAL BUDGET: None. Prior year's expense.

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? N/A

IF EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW THEY ARE TO BE COVERED.

N/A