

*Mayor*  
William Siegel  
*Mayor Pro Tem*  
Lois Wynne  
*Council Members*  
Eddie Neal  
Willard Rodarmel



**Parks and Recreation  
Department**  
721 W. Cinnamon Drive  
Lemoore ♦ CA 93245  
Phone ♦ (559) 924-6767  
FAX ♦ (559) 924-6772

## Staff Report

**Study  
Session Item** SS-2

**To:** Lemoore City Council  
**From:** Joe Simonson, Parks and Recreation Director  
**Date:** June 26, 2014  
**Subject:** Benefit Assessment District

### Discussion:

At the last meeting, Council directed Amber Adams and Steve Brandt from Quad Knopf to describe the scope of work that must occur for the creation of a Benefit Assessment District.

Amber Adams is in attendance tonight to answer your questions and go over the attached report.

### Budget Impact:

Based on the study and depending on if the project is expanded, funding will be determined at that time.

### Recommendation:

That Council, by motion, authorize City Manager Laws to contract with Quad Knopf to create the Benefit Assessment Study.

## Scope of Work

### History

The Lemoore Golf Course is valued at \$3 million, according to an appraiser hired by the Tachi Tribe in 2013. The City has a liability associated with the Lemoore Golf Course of approximately \$3.5 million, meaning there is a debt against the property that is currently greater than the appraised value of the property. In 2013, the City had received an offer of \$5 million from Tachi Tribe to purchase the golf course, but that offer was withdrawn on June 16, 2014.

The golf course receipts less expenses are used to make the annual debt payments. In years that these receipts do not cover the debt payment, the City identifies other funding sources to supplement the receipts in order to make the required payments. In the past, the Redevelopment Agency fund was able to make those payments. When the State took away the City Redevelopment Agencies, the only source of money to make the debt payments was the City's General Fund. The Council has expressed concern with maintaining this on-going liability inside the General Fund. While there are years when the General Fund has not been needed to make the payment, the average annual payments over the last seven years that have been needed to supplement golf course receipts have been \$60,000 per year.

In addition, there is no asset replacement account to fund repairs or replacement of golf course assets as they fail over time, or to make asset improvements to the golf course. It had been assumed that these costs, if needed, would be covered by the Redevelopment Agency, and no cost to the General Fund would be incurred. However, since the dissolution of the Redevelopment Agency, any asset replacement costs would have to come directly from the General Fund or other yet to be identified source. If the asset replacement cost was crucial to maintain the golf course, such as a replacement well, so that it could not be avoided, it could negatively affect the ability to pay for other city services, like police and fire protection.

Given the concerns about making the annual debt payment and paying for any asset repair or replacement out of the General Fund, the Council asked Quad Knopf on June 16, 2014, to prepare a summary of the process and a cost estimate to create a Benefit Assessment District that could be used to off-set the current potential liability against the City's General Fund.

### Project Understanding

The City of Lemoore Parks and Recreation Department is responsible for coordinating recreational activities for all of Lemoore's citizens. The Parks and Recreation Department also maintains local parks and the Lemoore Municipal Golf Course. The Parks and Recreation Department is currently funded primarily by property tax revenues through the City's General Fund. The City Council recently inquired as to how the City can offset operating cost liabilities from the General Fund. The City wishes to create a Benefit Assessment District and proceed through the Proposition 218 process to obtain the assessment in order to ensure the longevity of the golf course.

Quad Knopf team members met with Joe Simonson to discuss the process associated with Proposition 218, the needs of the City, and the concerns associated with allocating Proposition 218 funds to maintain the Lemoore Municipal Golf Course.

## *Scope of Work for Creation of Benefit Assessment District*

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Quad Knopf understands that the Parks and Recreation Department and the City Council desire to pursue, at minimum, the commencement of the benefit assessment in order to eliminate the operating cost liabilities from the General Fund. The City may choose to expand the scope of the benefit assessment during the kick-off process in order to consider the costs of providing other enhanced services or infrastructure improvements, which would be detailed in the Proposition 218 Engineer's Report.

### Potential Issues and Obstacles

The City of Lemoore, includes approximately 7,500 parcels consisting of residential, business, governmental, industrial and an agricultural base similar to other Central Valley mid-sized communities. Within similar areas, recent tax related ballot measures (excluding school related initiatives) have passed at a rate below 50 percent (17 – Yes, 20 – No). Moreover, since 2009, these ballot measures have only passed at a rate of 20 percent (1 – Yes, 5 – No). This period (2009 to present) coincides with the recent, highly publicized economic downturn, which has apparently affected the manner in which residents consider issues that impact their fiscal situation.

Therefore, Quad Knopf sees a major potential obstacle for the proposed project as the existing resident sentiment towards assessments or taxation of any kind. The Parks and Recreation Department may not garner as much exposure as other essential services, such as the public safety departments (Police and Fire), or agencies that involve the delivery of essential, municipal services such as water or sewer service. The lack of essential service urgency limits the amount of information that is broadcast to the local residents regarding significant issues that affects the fiscal health of the City, but may not be immediately understood to be an urgent issue. Overcoming this issue requires considerable education and public outreach on behalf of the Department in order to promote the importance of services that Parks and Recreation provide and to justify the need for the origination of the benefit assessment to the voting constituency.

The second potential obstacle is the ability to identify the proposed service as a special benefit to the parcel owners. The overall purpose of Proposition 218, which was sponsored by the Howard Jarvis Taxpayers Association, whose primary goal is the protection of taxpayers' rights, was to limit the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent. Therefore, with the implementation of Proposition 218, local agencies are required to clearly articulate and legitimize any tax, assessment or other charge that funds a service provided to the taxpayers in order to garner enough support for an affirmative majority vote. Due to the previous "general" funding of this golf course, it will be particularly important that the City's legal staff and the contract engineer fully research the nexus (or connection) between the proposed assessment and a new special benefit that would be received, and to be able to clearly and transparently meet the requirements of Proposition 218.

### Scope of Work

The following is Quad Knopf's proposed Scope of Work based upon our understanding of the request and our discussions with the Parks and Recreation Director and subsequently discussions at the City Council Meeting on June 17, 2014. The Quad Knopf team will rely on our comprehensive knowledge of the Proposition 218 process, and our experience with similar projects to assist the City in this process.

## *Scope of Work for Creation of Benefit Assessment District*

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This scope of work serves to provide a general description of the process that is required for an assessment, and also to identify the work that Quad Knopf would perform.

### **PHASE 1 KICK-OFF MEETING**

Quad Knopf will meet with City staff to establish the proposed assessment schedule of events, and procedural and financial considerations; and discuss the proposed existing and potential new services and associated costs, the eligibility of those services, and any limitations on the funding of those services.

During the kick-off, boundaries of the proposed City assessment, proposed project phasing, and the scope of responsibilities will be identified and discussed. Additionally, a program for public notification and involvement will be developed.

*Deliverable:* Meeting Agenda and Meeting Minutes

### **PHASE 2 DATA GATHERING**

Quad Knopf will work with Mr. Simonson and designated City staff to obtain the latest assessor's parcel maps and equalized tax roll information from the Kings County Assessor's Office for the parcels within the existing proposed assessment limits, including Geographic Information System (GIS) shape files for our in-house GIS mapping preparation. We assume the City will provide any relevant published information, such as previously adopted budgets or other capital facility and operations/maintenance reports. Our professional team, consisting of Steve Brandt, AICP, LEED AP, and Ronald Wathen, PE, will review the provided information and reports to identify relevant data needed for the Engineer's Report.

*Deliverable:* GIS Assessment City Map

### **PHASE 3 REPORT METHODOLOGY**

Quad Knopf will prepare a benefit analysis to determine the direct and/or special benefit compared to the general benefit of the proposed assessment continuation/increase. Quad Knopf will establish a formula for equitably distributing the assessment based on the identified benefits (special or general) received by each property. In order to accomplish this task, Quad Knopf will need to prepare the following:

#### **Task 3.1 Computer Database**

A database will be prepared showing the assessor's parcel number of each parcel within the City, the land use code, the area, the status of development, and assessed values. From this database a mailing list will be prepared.

*Deliverable:* Mailing List

*Assumption:* The City (or County Assessor) will provide the raw data in digital format for this list

### **Task 3.2 Assessment City Study**

Using information gathered for the database preparation, Quad Knopf will prepare preliminary cost estimates for the continued and additional service. The benefit assessment cost will be established by identifying costs to continue providing the existing level of service that exceed those covered by the annual, estimated receipts that the City receives. In order to account for year-to-year anomalies, Mr. Wathen, will use a three-year rolling average of prior expenses and revenues.

Quad Knopf understands that the components that make up the continued existing and potential additional service are related to staffing and ongoing operations and maintenance. However, it is also understood that improvements to support the facilities are likely required. As such, bonding may be an option for capital expenditures to support this additional service.

The difference between current and projected annual operations and maintenance costs, plus any capital improvements will result in an estimate of the total amount to maintain the City's current operations and service, and the potential additional service. The total amount for the continued existing, and the potential additional services and improvements will include labor and associated expenses, contract labor costs, supply acquisition costs, specialty chemicals, materials, parts, inventory, operational contingencies; incidental expenses, including assessment engineering costs, and any other costs eligible and incidental to the necessary operations of the City. It is important to note that any funds raised through bonding measures may not be used for ongoing operations or maintenance costs.

*Deliverable:* Preliminary Opinion of Probable Costs (POPC)

### **Task 3.3 Boundary Map**

Quad Knopf will prepare a Boundary Map that depicts the City boundary and includes all parcels that will benefit from the assessment.

*Deliverable:* Boundary Map based on information received from the City.

## **PHASE 4 PREPARE ENGINEER'S REPORT**

Quad Knopf will prepare a Preliminary Engineer's Report that contains all items required by code, including a description of the proposed services, and an engineer's estimate of the service costs and incidental expenses. These costs will be based on the preliminary cost information gathered in Phase 2. The report will include a narrative description of the assessment distribution methodology, including assumptions used for determining benefits; the assessment roll, including the assessor's parcel number, owner's name, and total assessment amount, as agreed upon by the City.

*Deliverable:* Preliminary Engineer's Report based on information received from the City and the POPC approved from Task 3.2 above.

### **Task 4.1 City Review Process**

Quad Knopf will submit the Preliminary Engineer's Report to the City staff prior to the adoption of the Resolution of Intention (ROI), and conduct workshop meetings with City staff to discuss possible report revisions after staff and suggested public review.

**Task 4.2 Engineer’s Report Review**

Following suggested public outreach, Quad Knopf will make technical and other revisions to the Engineer’s Report as necessary, and/or respond to City comments, as requested.

*Deliverable:* Revised Engineer’s Report and/or Response to City Comments memorandum

**Task 4.3 Resolution of Intention Support**

Quad Knopf will coordinate with the City Staff to present the Engineer’s Report with any recommended modifications for approval by the City Council. Quad Knopf will work with Staff to establish a time and place for the Public Hearing to be conducted by the City, as required by code.

*Deliverable:* Public Hearing Scheduling and Coordination

**PHASE 5 PREPARE MAILING**

Quad Knopf will assist the City with preparation and mailing of ballots to all property owners within the proposed City assessment. The City will be responsible for printing and mailing the ballots using first-class postage. The ballots will contain the assessor’s parcel number; the owner’s name and mailing address, site address, breakdown of assessment by type of service, proposed assessment (lien amount); and the explanation of benefit, as required by Proposition 218.

Quad Knopf will provide the City with a bound copy of all the notices to be mailed, and assist the City in correcting any wrong addresses and changed owners to maximize the disclosure process. Quad Knopf will also prepare a spreadsheet to be used to tabulate the returned ballots. The City will be responsible for officially counting the ballots through an appropriate party.

Quad Knopf will coordinate with City staff to arrange for the publication of the Resolution of Intention in the local newspaper. The City will place the publication in the newspaper. After the Resolution of Intention is adopted, Quad Knopf will record the boundary map with the Kings County Recorder.

*Deliverable:* Design of Ballots, Informational Materials and Envelopes and Tabulation Spreadsheet

**PHASE 6 PARTICIPATE IN THE PUBLIC HEARINGS AND BALLOT TABULATION**

**Task 6.1 Public Hearing**

Quad Knopf will attend one Public Hearing, at which ballots will be collected and hearing held and closed. We will be prepared to give a presentation on the contents of the Engineer’s Report. The presentation will describe the proposed services, and explain the assessment methodology, and include a question and answer session to respond to questions asked by the City Council or public. The ballot count may occur at the end of the meeting. Typically, this hearing would be continued until the ballots could be counted and tabulated.

*Deliverable:* Presentation Materials for Public Hearing

**Task 6.2 Ballot Tabulation**

## *Scope of Work for Creation of Benefit Assessment District*

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Quad Knopf will assist the City in tabulating returned ballots at the end of the Task 6.1 Public Hearing, and in reporting the results to the City Council. Quad Knopf will also address the inclusion of any amendments ordered by the City Council at the Public Hearing.

*Deliverable:* Tabulation Report to the City Council

### **PHASE 7 Meetings**

Quad Knopf will attend the following meetings throughout the Proposition 218 process.

#### **Task 7.1 Strategy Meeting**

In addition to the kick-off meeting and Public Hearing, Quad Knopf will attend one additional informal meeting with City staff for the purpose of disseminating information and discussing the approach being applied for determining the methodology approach. Additional meetings can be provided upon request of the City.

*Deliverable:* Meeting agenda and Follow-up meeting notes with tasks and a schedule

#### **Task 7.2 Informational Meetings**

Quad Knopf will conduct up to one (1) informational meeting with the public to discuss the proposed new services and associated fee increases. Quad Knopf will prepare and assemble information for the purposes of making a complete and factual presentation, and sufficient copies of any written information will be made available for public distribution. Additional meetings and support material can be provided upon request of the City.

*Deliverable:* Presentation materials, public meeting appearance(s) and meeting notes.

### **PHASE 8 POST FORMATION MEETINGS**

Quad Knopf will attend one (1) additional informal meeting with City staff for the purpose of disseminating information and discussing the approach being applied for phasing of the services and assessment.

*Deliverable:* Meeting agenda and Follow-up meeting notes with tasks and a schedule

#### **Task 8.1 Record Assessment Documents**

Quad Knopf will assist the City to coordinate the recordation of the Assessment Diagrams, Assessment Roll, and Notice of Assessment with the County Recorder as prescribed by the code.

*Deliverable:* Documents required by County Recorder to record the assessment.

## **OPTIONAL SUGGESTED SERVICES**

### **Task A. Public Outreach**

The strategy for public outreach should be discussed further. As an option, Quad Knopf can assist in this service. Upon request by the City, as needed to support acceptance of the assessment, Quad Knopf, with the assistance of VRPA Technologies, will coordinate the communications and outreach program for the City's Proposition 218 process.

This support will be in addition to our Task 6.1 services, and may include any or all of the following services:

- Preparing and/or reviewing/editing the following:
  - Public notices
  - Public education materials
  - News releases
- Attending public meetings (in addition to the Task 6.1 hearing) to support City staff as requested.

An effective communications and outreach program will consist of the following elements:

- Determine the perceived public position in regards to the proposed new services, improvements, assessments and fees.
- With the aid of VRPA Technologies, provide a multi-lingual presence in order to present the information to all public outreach participants in a manner that can be understood and comprehended.
- Develop informational pamphlets, handouts and other educational materials to promote existing services and highlight the City's desire to continue the benefit assessment and keep the existing (or increased) level of service.
- Interactive polling of public meeting attendees. Quad Knopf owns Turning Point Technology "clickers" and software that will enable the Consultant Team to gather input even from the least vocal of participants at every public outreach workshop or meeting using touch key pads and survey questions embedded in PowerPoint presentations. This input allows everyone in attendance a chance to provide valuable insight and opinion on the issues, recommendations, and findings.
- Establish a timeline for the outreach plan and balloting date.
- Develop an education and outreach plan that builds on the existing communications foundation.
- Assist City staff — top to bottom — in understanding the underlying premise of a Proposition 218 assessment process, both technically, as well as the ideology, i.e., the position of the public and impact of the City on the balloting process.
- Strive for clear messaging, and achieve targeted marketing/education through evaluation and utilization of the following:
  - Media resources in the region (including statistics on consumer utilization of media)

## *Scope of Work for Creation of Benefit Assessment District*

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- Ownership demographics
  - Timeline for outreach activities
  - Available budget
  - Locality of owners
  - Participation of city and community leaders
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- Through messaging, empower the public to make a quality decision on behalf of their community through education of the facts regarding the assessment increase as a funding mechanism and the need for the increased service.
  - Identify the perceived value of the services by the public. (Perceived value is the value which an individual places on a service regardless of the actual cost.)
  - Evaluate the actual costs as compared to the perceived value.
  - Determine actions in response to findings. Actions would include one or more of the following:
    - Initiate balloting
    - Explore supplemental funding options to cover funding gap
    - Increase perceived value through additional outreach and education efforts
    - Develop additional funding strategies, such as City master fee updates, or single use rates
  - Carry out identified actions

## Cost Estimate

### Scope of Work (PHASE 1 – PHASE 8)

Quad Knopf proposes to perform the Proposition 218 processing and assessment engineering as outlined above in Phases 1 to 8 on a **time-and-material basis for the estimated amount of \$22,000**. The project would be invoiced as a separate phase under the existing on-call contract for Planning Services.

Attendance at four (4) meetings with City staff and City Council include: one (1) Kick-off Meeting, one (1) Public Hearing and two (2) City staff meetings to discuss approach and strategies. In addition, one (1) informational meeting with property owners has been included in the above scope of work. Additional public outreach, support activities and/or meetings, if necessary, can be performed upon request on a time-and-material basis.

The proposed cost includes only preparation of all ballots and other informational materials and not the printing or mailing costs associated with distribution of these materials. This cost would be calculated in coordination with a printing and/or mailing service following completion of the aforementioned ballots and information materials and would be in addition to the main scope of work (Phase 1 – 8).

### Optional Services

Quad Knopf will also perform the Optional Public Outreach Service, if requested, on a not to exceed cost as describe in "Task A". Note that the additional Optional Public Outreach is not required by law to adopt a Benefit Assessment District. The hours for the optional work will be accounted for as a separate "Task A" and billed separately and in addition to the main scope of work (Phases 1 – 8). The cost for this task is dependent on the scope of the outreach that the city desires. The City may also wish to use a different consultant for public outreach. We would estimate that each public outreach meeting or event would fall within the range of \$2,500 to \$3,500 each and, at minimum, may include, multi-lingual support, Turning Point polling services and a detailed presentation outlining the benefit assessment, Engineer's Report, and voting process. A more specific cost estimate for these optional services can be worked out and agreed upon once the scope of the outreach efforts has been defined. The City has the option to do as much or as little optional public outreach to bring about the desired result of the balloting.