



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: July 23, 2019
TO: Christine Daniel, City Manager
FROM: Susan Hsieh, Finance Director
SUBJECT: **PBID Assessment Levy And ETMA Budget:**

Resolution Of The City Council Of The City Of Emeryville Establishing The Fiscal Year 2019-20 Property And Business Improvement District (“PBID”) Annual Assessment Levy For The Respective Parcels Within The Improvement District With An Increase Of 5% On All Parcels, And Approving The Preliminary Budget Submitted By The Emeryville Transportation Management Association (“ETMA”) For Service Year 2020

RECOMMENDATION

Staff recommends that the City Council of the City of Emeryville conduct a public hearing and thereafter approve the attached resolution addressing:

- The PBID Annual Assessment for Fiscal Year (FY) 2019-20 with a 5% increase on all parcels; and
- The ETMA preliminary budget for Service Year 2020.

BACKGROUND

The current Citywide Property and Business Improvement District (PBID) assessment levy funds the Emery Go-Round shuttle service. The PBID was first established in 2001 and renewed in 2006 for an additional 10 years (Resolution No. 06-141). On August 4, 2015, both the Management District Plan and the assessment formulas were ratified pursuant to an assessment ballot proceeding conducted in accordance with state law (Proposition 218), and, based upon this ratification, approved by the City Council for 15 additional years (FY 2029-30, service year 2030) (Resolution No. 15-103). Each year, the City Council is required to approve the annual assessment levy, as well as the ETMA’s annual report and budget.

DISCUSSION

PBID Assessment and ETMA Preliminary Budget. The City of Emeryville contracts with the ETMA to administer and operate the Emery Go-Round. According to PBID law, the City is obligated to contract with the ETMA as the agency representing the property

owners that pay for PBID related services. Each year the ETMA develops a preliminary operating budget to determine the funding needs for the following year and then recommends a corresponding assessment levy to the City Council for adoption. On June 25, 2019, the ETMA Board of Directors unanimously approved the 2020 preliminary budget and a recommendation for a 5% increase in the PBID assessment levy. Levy assessments are required to be submitted to the County by August 9, 2019. The ETMA's final 2020 budget will be brought to City Council for approval in the fall.

The 5% increase is needed to:

- Provide funds for development of a new bus yard in 2020
- Maintain financial stability throughout the life of the PBID
- Maintain the minimum 15% cash reserve, as required in the ETMA's administrative policies.

The ETMA's costs to meet the demands for service over the past 11 years have increased over 5% yearly on average. Developing the new bus yard is expected to cost approximately \$3 million; bids should come in in November and could result in a higher cost. The ETMA has built up a \$2 million cash reserve beyond the minimum 15% for this purpose, and the City's Capital Improvement Program includes \$1 million from the Transportation Impact Fee Fund for the ETMA yard. Therefore, the cost of the yard could be covered if costs do not exceed the estimates; however, the extra reserves will not be available to cover the difference between a 5% increase in operating costs and a 3% increase in the PBID levy. A 5% increase in the PBID levy for five years is necessary to prevent the ETMA from facing a budget deficit before the end of the current PBID.

Consideration of Possible New Emery Go-Round Shuttle Stops. The Emery Go-Round currently has stops within a quarter mile of most but not all properties in Emeryville. Properties in the northern end of the Triangle neighborhood – 130 parcels near Temescal Creek Park – are not within a quarter mile of a stop.

Earlier this year the ETMA Board was asked by the Emeryville Unified School District to consider two new stops on San Pablo Avenue at 47th Street (one northbound just north of 47th Street, and one southbound just south of 47th Street) on an existing Emery Go-Round route. Both of the proposed new shuttle stops are co-located with existing AC Transit bus stops. These proposed Emery Go-Round stops would serve the Emeryville Center of Community Life and Escuela Bilingüe Internacional School.

The ETMA Board asked the City to analyze the impacts of these proposed new stops on the PBID assessments. The City engaged its assessment district consultant to analyze the impacts on benefited parcels as well as the General Benefit cost. The results of that analysis are below. The information from the consultant was provided to the City shortly before the publication of this report and has not yet been formally shared with ETMA Board or the Emery Unified School District Board.

The proposed new stops would be within a quarter mile of 91 currently unserved parcels in Emeryville. These parcels are in the PBID, but their assessments have been zero. With a 5% PBID increase this year (discussed below), the new stops would result in assessments for these parcels ranging from \$196.80 to \$1,790.84, for an increase in the total levy of \$33,690.

Additionally, the new stops would confer benefit on 115 parcels outside the PBID in Oakland. This would increase the City's General Benefit payment to the PBID by \$63,370 in this tax year. The number of parcels is higher than within the PBID because it includes commercial and institutional properties on San Pablo Avenue north of Emeryville. The General Benefit is the benefit that the Emery Go-Round provides for parcels that are not in the PBID. PBID law prohibits including this amount in the PBID assessments. Prior year's General Benefit costs amount to about \$500,000 per year. The City has been funding the General Benefit using a grant from the Alameda County Transportation Commission. An extension of that grant in the amount of \$500,000 is pending.

City staff will share the results of the consultant's analysis with the ETMA Board and engage in additional discussions about the interest in establishing new stops. Further analysis and discussion may yield alternate approaches with lesser impacts that might be able to achieve similar service objectives.

In any event, City Council approval is required for any changes to routes or stops, specifically because of the impact on the assessments:

"The City Council may approve the annual report filed by the TMA, or the City Council may modify any particulars contained in the report, and then approve it as modified. **Given the potential resulting impact to an assessment levy, any changes to the shuttle routes or stops that would extend service to unserved parcels**, as well as any extension of the service outside the District boundaries, including those to be funded by separate funding agreement between the TMA and a third party, **require City Council approval**, as well as the terms and provisions of the separate funding agreement. Any modification to the annual report shall be made pursuant to Sections 36635 and 36636 of the 1994 Act. However, the City Council cannot approve a change in the basis and method of levying assessments that would impair an authorized or executed contract to be paid from the revenues derived from the levy of assessments."

(Management District Plan, page 7-2; emphasis added.)

Accordingly, any new stops that the ETMA might ultimately propose would return to the City Council for action at a later date.

FISCAL IMPACT

PBID funds may only be used for the services outlined in the PBID management plan and are held in a special City Fund (Fund 805). The PBID management plan provides that PBID annual assessments be established by the City Council based upon the budget submitted by the ETMA acting as the owner's association as defined in Section 36614.5 of the Streets and Highways Code. The recommended 5% increase in the PBID FY 2019-20 assessment levy will cover the ETMA's 2020 service year operating budget and PBID related administrative fees. Under the City/ETMA contract, if general revenues are less than projected and/or if there is a need to cover unforeseen expenses, such as rising fuel costs, the ETMA Board is mandated to adjust the ETMA's operating budget accordingly to retain a balanced budget.

The General Fund budget includes \$515,795 and \$533,859 in General Benefit Contribution for fiscal years 2019-20 and 2020-21, respectively, as presented in the table below. If the City Council approves the EMTA Preliminary Budget for Service Year 2020, the City needs to increase the contribution by \$13,167 for fiscal year 2019-20 and \$21,551 for fiscal year 2020-21.

STAFF COMMUNICATION WITH THE PUBLIC

No public outreach was conducted for this hearing.

APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:



Christine Daniel, City Manager

ATTACHMENTS

1. ETMA 2020 Preliminary Budget
2. ETMA 2018 Audit Report
3. ETMA 2014-2019 Ridership Report
4. Fiscal Year 2019-20 Preliminary Assessment Levy 5% Increase
 - Draft Resolution Approving Annual Levy and PBID Preliminary Budget