



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: August 3, 2018

TO: James Holgersson, Interim City Manager

FROM: Susan Hsieh, Finance Director

SUBJECT: Resolution Of The City Council Of The City Of Emeryville Establishing The Fiscal Year 2018-19 Property and Business Improvement District (PBID) Annual Assessment Levy For The Respective Parcels Within The Improvement District With An Increase Of 3% On All Parcels And Approving The Preliminary Budget Submitted By The Emeryville Transportation Management Association (TMA) For Service Year 2019

RECCOMENDATION

Staff recommends that the City Council of the City of Emeryville conduct a public hearing and thereafter adopt the attached resolution approving the PBID Annual Assessment for Fiscal Year (FY) 2018-19 with a 3% increase on all parcels and approve the TMA preliminary budget for Service Year 2019.

BACKGROUND

The current Citywide Property and Business Improvement District (PBID) assessment levy funds the Emery Go Round (EGR) shuttle services. The PBID was first established in 2001, renewed in 2006 for an additional 10 years (Resolution No. 06-141), and on August 4, 2015, both the Management Plan and 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).

The City of Emeryville contracts with the TMA to administer and operate the Emery Go Round. According to PBID law, the City is obligated to contract with the TMA as the agency representing the property owners that pay into the PBID for PBID related services. Each year the TMA 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 May 17, 2018, the TMA Board of Directors unanimously approved the 2019 preliminary budget and recommendation for a 3% increase in the PBID assessment levy. Levy assessments are required to be submitted to the County by August 10, 2018. The TMA's final 2019 budget will be brought to City Council for approval in the fall.

The 3% increase will be needed to:

- Provide an allowance of funds for acquisition and/or site planning process for a long-term bus yard.
- Maintain financial stability throughout the life of the PBID
- Maintain the minimum 15% cash reserve, as required in the TMA's administrative policies.

The TMA's costs to meet the demands for service over the past 10 years have increased over 5% yearly on average. It is possible, even with a 3% annual increase in the PBID levy, the TMA will face a budget deficit. Without an annual increase in the levy, it is likely TMA will reach a funding deficit before the end of the current PBID, unless other funding sources are secured.

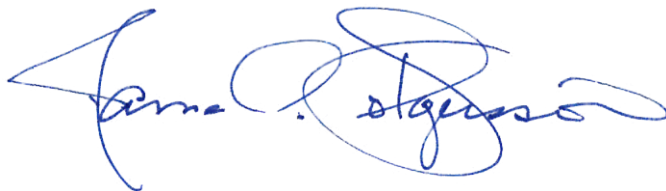
An example of a 3% increase using a Watergate residential property:

Current yearly assessment 2017-18	\$118.28
3% increase yearly assessment 2018-19	\$121.83

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 TMA acting as the owner's association as defined in Section 36614.5 of the Streets and Highways Code. The TMA will need to draw approximately \$276,879 from the cash reserve balance to fund the anticipated cost overrun. The recommended 3% PBID FY 2018-19 assessment levies, along with non-PBID revenue and cash reserve funds will cover the TMA's 2019 service year budget and PBID related administrative fees. Under the City/TMA 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 TMA Board is mandated to adjust the EGR's operating budget accordingly to retain a balanced budget.

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



James Holgersson, Interim City Manager

ATTACHMENTS

1. Draft Resolution
2. TMA 2019 Preliminary Budget
3. TMA 2017 Audit Report
4. TMA 2014-2018 Ridership Report
5. Fiscal Year 2018-19 Preliminary Assessment Levy 3% Increase