



Council Meeting: July 22, 2008

SUBJECT: APPROVAL TO LEVY AND COLLECT AN ASSESSMENT FOR THE DOWNTOWN PARKING MAINTENANCE DISTRICT FOR FISCAL YEAR 2008-2009 AND APPROVAL OF THE FINAL ENGINEER'S REPORT.

REPORT IN BRIEF

On June 3, 2008, Council adopted Resolution No. 321-08 declaring its intention to levy and collect an assessment for the Downtown Parking Maintenance District (District) for Fiscal Year (FY) 2008/2009, approved the Preliminary Engineer's Report, and authorized the mailing of the Notice of Proposed Assessment and ballots to all Downtown Parking Maintenance District property owners. Property owners had 45 days to submit their ballots. Today is the last day property owners can submit their assessment ballots.

Staff is recommending that Council adopt a Resolution to levy and collect the assessment and approve the Final Engineer's Report for the District for FY 2008/2009. By adopting the Resolution, Council will give the City the necessary authority to levy and collect the non-ad-valorem assessment from property owners within the District to operate and maintain the public parking lots.

BACKGROUND

On November 5, 1996, California voters approved Proposition 218, entitled "Right to Vote on Taxes Act". While its title refers only to taxes, Proposition 218 established new procedural requirements for the formation and administration of assessment districts. Proposition 218 requires that all affected property owners be given the opportunity to vote either in favor or against the benefit assessment. Proposition 218 requires assessments to be based on specific benefit to each property and to be supported by an engineer's report prepared by a registered professional engineer certified by the State of California. This requirement applies to any assessment made for the Downtown Parking Maintenance District after FY 1997/1998.

As in the past 10 years, staff retained Joe Francisco of Francisco & Associates, Inc. to assist in developing the assessment methodology. The proposed methodology for calculating the assessment is based on the parking demand the parcel generates, less the existing number of off-street parking spaces that

each parcel contains. The calculation is based upon each parcel's pro-rata share of the deficit parking spaces. This methodology is considered the fairest and most equitable way to assess property owners for maintenance of the parking lots.

All parcels within the boundaries of the District are located within Benefit Zone 1, 2, 3, or 4 (Attachment B, Appendix A). Parcels located within each benefit zone are only required to pay for the operation and maintenance of the parking lots located within their respective benefit zone. The total cost to operate and maintain the parking lots within or near each benefit zone will be spread to each parcel within that benefit zone based upon their proportionate number of deficit parking spaces.

The City has been able to maintain the same level of service (e.g. parking lot sweeping, signage, tree trimming, etc.) by using the reserves in the Parking District Fund to augment the assessment levied to property owners. The projected reserve balance in the Parking District Fund will be about \$447,000 at the beginning of Fiscal Year 2008/2009. Property owners approved the previous assessment on July 13, 2006. The previous assessment rates were as follows:

Benefit Zone No.	Total Deficit Parking Demand	FY 2007-08 Maintenance Budget	FY 2007-08 Reserve Fund Transfer	FY 2007-08 Assessment Revenue	FY 2007-08 Assessment Per Deficit Space
1	60.59	\$0.00	\$0.00	\$0.00	\$0.00
2	172.38	\$27,804.42	\$8,915.02	\$18,889.40	\$109.58
3	2,019.10	\$156,158.28	\$29,924.15	\$126,234.13	\$62.52
4	644.72	\$29,216.91	\$7,277.09	\$21,939.82	\$34.03
Total	2,896.79	\$213,179.61	\$46,116.26	\$167,063.35	

This assessment was for FY 2006/2007 and FY 2007/08 and it expired on June 30, 2008.

EXISTING POLICY

Council Resolution 6643, dated September 1, 1964 authorized the City to levy an annual assessment on all lands and improvements within the Parking District to pay debt service, operations, maintenance, and improvement costs.

Municipal Code Section 19.46.010: Areas and facilities required—Location: the owner or occupant of land or buildings used for any purpose in any zoning district, except uses within the boundaries of a parking district created by the

action of the city council, shall provide off-street parking and loading areas and facilities which conform to the regulations set forth herein.

DISCUSSION

The assessment only deals with costs associated with the administration, the engineer's report, and the maintenance of the parking lots; it does not solve any existing and/or future parking deficiencies for the Downtown. A parking study for the Downtown is currently underway. Unfortunately, the study was not completed by the time Council had to approve the preliminary engineer's report and approved the mailing of the ballots. Future downtown developments and other changing dynamics, such as Caltrain parking, are necessitating the need to study and plan for the long-term parking demand in the downtown area. Because of the pending parking study, staff recommended a one-year assessment instead of a two-year assessment, which has been the past practice.

On June 5, 2008, ballots were mailed to each property owner explaining the proposed assessment methodology as well as explaining the voting process. Specific information pertaining to the assessment methodology, the demand for onsite parking, the number of onsite parking spaces, and any respective deficit was provided for each parcel within the district. Property owners were provided the opportunity to review the parcel information and report any inaccuracies directly to the assessment engineer, Joe Francisco, of Francisco & Associates, Inc. Property owners were notified that they must return their ballots by tonight's meeting.

Because of the varying size and location of parking facilities located within the district, special benefit zones were established to assess only those properties that benefit from the parking lots located within their respective benefit zone. The total cost to operate and maintain the parking facilities within each benefit zone will be spread to each parcel within that benefit zone based upon their proportionate number of deficit parking spaces.

Due to the sale of the Town & Country parking lots and the loss of parking, properties in Zone 4 will benefit from the nearby Frances Street parking lot and therefore, are being assessed their proportionate amount of the maintenance costs for the Frances parking lot. Also, as in the previous assessment, property owners in Zone 1 (primarily the Mall), with a parking deficit of 61 parking spaces, will not be assessed for FY 2008/2009 due to the fact that the Town Center owner is maintaining the parking lots as part of construction and is required to maintain the new parking lots as well as the existing parking structure adjacent to Target. Property owners in Zone 1 (south of Iowa Avenue)

will be able to use the available lots, but the Town Center owner will pay for the maintenance and operation of those lots.

If property owners do not vote in favor of the proposed assessment, the City will not have the authority to levy and collect the assessment. It is clearly the obligation of the property owners to provide parking for their buildings. The district was established as an inexpensive and cost effective mechanism for property owners that do not provide adequate on-site parking to meet parking requirements. It is unlikely that individual property owners could do this as cost effectively as the district. If the assessment is not approved by property owners, staff would recommend consideration of paid parking or other revenue generating options to support operation and maintenance of the parking lots.

Due to the reduced number of parking lots in the parking district, the operating budget for FY 2008-2009 is lower than the operating budget for FY 2007-2008. Based on the operating budget needed to maintain the existing parking lots for FY 2008/2009 the assessment rate per deficit parking space for each benefit zone is as follows:

Benefit Zone No.	Total Deficit Parking Demand	FY 2008-09 Maintenance Budget	Interest Income	FY 2008-09 Assessment Revenue	FY 2008-09 Assessment Per Deficit Space
1	60.59	\$0.00	\$0.00	\$0.00	\$0.00
2	172.38	\$26,351.95	\$2,392.85	\$23,959.10	\$138.99
3	2057.31	\$136,558.68	\$12,400.02	\$124,158.66	\$60.35
4	329.19	\$6,582.38	\$597.70	\$5,984.67	\$18.18
	2619.47	\$169,493.01	\$15,390.57	\$154,102.43	

The assessment rate per deficit parking space increased in Zone 2 and decreased for Zones 3 and 4. Part of the increase in Zone 2 is due to a smaller amount of reserves being used to augment the total district operating budget. The decrease in Zones 3 and 4 is due to the property owners in both zones sharing the cost of the Frances Street parking lot.

Process

Under Proposition 218, property owners have the opportunity to accept or reject the proposed assessment methodology by vote. A simple majority vote weighted by assessment obligation of over 50% is required to either accept or reject the proposed assessment.

The process for tabulating the District ballots is:

- Open the public hearing and receive any ballots that were not sent in or hear any protests which have been filed with the City Clerk.
- The engineer of record will begin tabulating the ballots at the beginning of the public hearing. If the ballots are tabulated before the end of the public hearing, staff will be able to convey the outcome and Council will be able to take action.
- If the ballots are not tabulated before the end of the public hearing, Council may take a short break (tabulation should take less than 5 minutes) or continue this item and move on to the next agenda item. At the conclusion of the agenda item after the tabulation is complete, the Mayor will re-open the item and staff will then report the results of the ballot tabulation and Council can take action.

If the vote as tabulated is in support of the proposed assessment, the City Council may approve the recommended assessment. If approved by Council, staff will direct the engineer to forward the assessment to Santa Clara County for collection on the property tax rolls.

If the vote is not in favor of the proposed assessment methodology, the City will not have the authority to levy and collect the assessment. Council has several options if the vote is not in favor of the proposed assessment. Council can direct staff to:

- Continue funding maintenance of the District with the reserves in the Parking District Fund while another source is identified and direct staff to return to Council with alternative funding sources.
- Work with property and business owners to prepare an alternative plan and return to Council to initiate a new assessment vote.
- Investigate paid parking programs and return to Council with a paid parking plan.

The options listed above will require additional research and will also have a fiscal impact depending on which option Council prefers. A combination of the above options could also be considered. Staff would need about 90 days to return to Council with an implementation plan prior to executing any option listed above.

FISCAL IMPACT

The budget to maintain the parking lots for FY 2008/2009 is \$169,493. Approval of a one-year assessment will generate approximately \$154,000 in

revenue for FY 2008/09. The remaining \$15,493 is available from interest income on the reserves.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk. In addition, each ballot sent to all property owners included the date and time of the public hearing.

ALTERNATIVES

1. If the vote as tabulated is in support of the proposed assessment, adopt the Resolution to levy and collect the assessment for the District for FY 2008/2009, approve the Final Engineer's Report, and direct staff to instruct engineer to forward assessment to the County for inclusion on the property tax rolls.
2. If the vote as tabulated is not in support of the proposed assessment, direct staff to continue maintaining the District lots with the reserves in the Parking District Fund and work with property and business owners to investigate paid parking and return to Council with a paid parking plan.
3. If the vote as tabulated is not in support of the proposed assessment, direct staff to continue maintaining the District lots with the reserves in the Parking District Fund and work with property and business owners to develop an alternate plan and return to Council to initiate a new assessment vote.

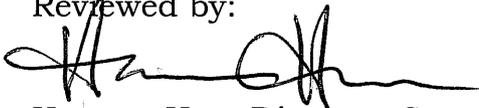
RECOMMENDATION

Upon a positive tabulation of the ballots, staff recommends that Council approve alternative #1: Adopt the Resolution to levy and collect the assessment for the District for FY 2008/2009, approve the Final Engineer's Report, and direct staff to instruct engineer to forward the assessment to the County for inclusion on the property tax rolls. The District lots will continue to be maintained for the next fiscal year with the costs borne by the benefited property owners.

Upon a negative result of the ballot tabulation, staff recommends that Council approve alternative #2: Direct staff to investigate paid parking programs and direct staff to return to Council with a proposal. Downtown property owners

are obligated to provide parking for their tenants. The District represents a collaborative effort by the City and downtown property owners to develop shared use parking lots to effectively address downtown parking needs. Alternatively, it would be infeasible and considerably more expensive for each property owner to satisfy individual parking requirements. If the benefited property owners do not approve the assessment, staff recommends that Council direct staff to investigate paid parking programs where all or a portion of the cost is borne by downtown patrons and employees.

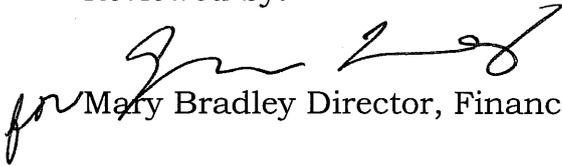
Reviewed by:



Hanson Hom Director, Community Development Department

Prepared by: Connie Verceles, Business Development Manager

Reviewed by:



Mary Bradley Director, Finance Department

Approved by:



Amy Chan
City Manager

Attachments

- A. Resolution to Levy and Collect the Assessment for the Downtown Parking Maintenance District for FY 2008/2009
- B. Final Engineer's Report

ATTACHMENT A

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SUNNYVALE CONFIRMING ENGINEER'S REPORT AND
LEVYING ANNUAL ASSESSMENT FOR THE DOWNTOWN
PARKING MAINTENANCE DISTRICT FOR FY 2008-2009**

WHEREAS, Francisco & Associates, Inc., Engineer of Work, has filed with the City Clerk the report required by Chapter 14.26 of the Sunnyvale Municipal Code and the City Council adopted its Resolution of Intention calling a hearing on the report as required by the Code. Notice of the hearing and an Assessment Ballot were given by mailing to affected property owners, all according to Chapter 14.26 of the Sunnyvale Municipal Code, Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act, respectively. An affidavit of mailing was filed with the City Clerk of the City of Sunnyvale.

WHEREAS, on June 3, 2008, the City Council conducted a public hearing and gave every interested person an opportunity to object or protest to the proposed assessment;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT:

1. The City Council approves the Engineer's Report and each component part of it, including each exhibit incorporated by reference in the report.

2. The City Council finds that the amount of the assessments represented by the assessment ballots submitted by those in favor of the assessment is greater than those submitted against the assessment.

3. The City Council finds that the Engineer of Work, in the Engineer's Report, has fairly and properly apportioned the cost of the improvement to each parcel of land in the assessment district in proportion to the estimated benefits to be received by each parcel, respectively, from the improvement. The City Council hereby confirms the diagram and assessment and levies each individual assessment, as stated in the Engineer's Report, for the fiscal year 2008-2009.

BE IT FURTHER RESOLVED THAT:

The Fiscal Year 2008-2009 assessments will be collected in the same manner as the County of Santa Clara ad-valorem property tax payments for Fiscal Year 2007-2008. If the Fiscal Year 2007-2008 assessment for any parcel

remains delinquent at the time the Fiscal Year 2008-2009 assessments are submitted to the County for inclusion on the Fiscal Year 2008-2009 property tax roll, the delinquent Fiscal Year 2007-2008 assessment payment and associated fines and penalties may be added to the Fiscal Year 2008-2009 assessment obligation.

Adopted by the City Council at a regular meeting held on July 22, 2008, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

ATTACHMENT B



FINAL ENGINEER'S REPORT FOR
SUNNYVALE DOWNTOWN PARKING
MAINTENANCE DISTRICT

Fiscal Year 2008-09



Prepared for:
CITY OF SUNNYVALE
SUNNYVALE, CA

Prepared by:
Francisco & Associates, Inc.

July 22, 2008

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COUNCIL MEMBERS

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Mayor

Melinda Hamilton
Vice Mayor

John Howe
Councilmember

Otto Lee
Councilmember

Christopher Moylan
Councilmember

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David Whittum
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CITY STAFF

Amy Chan
City Manager

David Kahn
City Attorney

Marvin Rose
Director of Public Works

Mary Bradley
Director of Finance

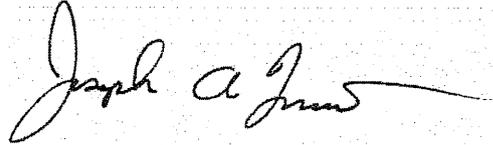
Hanson Hom
Director of Community Development

Connie Verceles
Business Development Manager

ENGINEERS

Francisco & Associates, Inc.
Assessment Engineer

The undersigned, acting on behalf of *Francisco & Associates, Inc.*, respectfully submits the enclosed Engineer's Report as directed by City Council of the City of Sunnyvale pursuant to the provisions of the City of Sunnyvale Municipal Code (Chapter 14.26). The undersigned certifies that he is a Professional Engineer, registered in the State of California.



Dated: June 20, 2008

By: Joseph A. Francisco, P.E.
R.C.E. No. 40688

I HEREBY CERTIFY that the enclosed Engineer's Report, including the Assessment Roll and Maintenance District Diagram, thereto attached, was filed with me on the ____ day of _____, 2008.

Gail Borkowski
City Clerk
City of Sunnyvale
Sunnyvale, California

By: _____

I HEREBY CERTIFY that the enclosed Engineer's Report, together with the Assessment Roll and the Maintenance District Diagram, thereto attached, was approved and confirmed by the City Council of the City of Sunnyvale, on the ____ day of _____, 2008.

Gail Borkowski
City Clerk
City of Sunnyvale
Sunnyvale, California

By: _____

I HEREBY CERTIFY that the enclosed Engineer's Report, including the Assessment Roll and the Maintenance District Diagram, thereto attached, was filed with the County Auditor of the County of Santa Clara on the ____ day of _____, 2008.

Joseph A. Francisco
Francisco & Associates, Inc.

By: _____

SECTION I
INTRODUCTION
ENGINEER'S REPORT
SUNNYVALE DOWNTOWN PARKING MAINTENANCE DISTRICT
FISCAL YEAR 2008-09

HISTORY

On September 1, 1964 the City Council adopted Resolution No. 6643, which authorized the City of Sunnyvale to levy an ad-valorem assessment on all taxable properties within the boundaries of the Sunnyvale Downtown Parking Maintenance District. This ad-valorem assessment was used to pay for the operation and maintenance of existing public parking facilities and the debt service payments associated with the acquisition and construction of various public-parking facilities within the boundaries of the Sunnyvale Downtown Parking Maintenance District.

IMPACTS OF PROPOSITION 218

On November 5, 1996, California voters approved Proposition 218, entitled the "Right to Vote On Taxes Act", which added Articles XIII C and XIII D to the California Constitution. While its title refers only to taxes, Proposition 218 established new procedural requirements for the formation and administration of assessment districts. Commencing in FY 1997-98, the City can no longer levy assessments, based upon each parcel's assessed valuation (ad-valorem), to fund the annual operation and maintenance of parking facilities. Assessments to fund these facilities must now be spread to each parcel based upon their proportionate share of benefit that they receive from those parking facilities. Because the previous methodology did not allocate the costs to each parcel based upon their proportionate share of benefit the assessment spread methodology had to be revised.

Proposition 218 requires that all affected property owners be given the opportunity to vote either in favor or against the proposed assessment. Therefore, in order to comply with the requirements of Proposition 218 and levy assessments for Fiscal Year 2008-09, the City will implement the following procedures:

- 1) Every property owner subject to the proposed assessment will receive a ballot in the mail allowing the property owner to vote on whether or not to approve the levying of assessments within the proposed Maintenance District. The ballots will be accompanied by a public notice describing the total assessment, the individual property owner's assessment, the duration of the assessment, the reason for the assessment and the basis upon which the assessment was calculated.

- 2) The ballots returned during the 45 days after the mailing and before the close of the public input portion of the public hearing will be tabulated to determine whether a majority protest against the assessment exists. A majority protest exists if over 50% of the ballots received, weighted by assessment amount, oppose the levy of assessment.

If a majority of those ballots are opposed to the assessment, the City Council cannot levy the proposed assessments. If a majority of the ballots received prior to the close of the Public Hearing, weighted by assessment amount, approve the assessment, the City Council may choose to levy the assessment for Fiscal Year 2008-09.

- 3) In order to comply with the Provisions of Proposition 218, if publicly owned parcels benefit from the parking facilities, they will be assessed.

SECTION II

ENGINEER'S REPORT PREPARED PURSUANT TO THE PROVISIONS OF
THE CITY OF SUNNYVALE MUNICIPAL CODE (CHAPTER 14.26)

FISCAL YEAR 2008-09

Pursuant to City of Sunnyvale Municipal Code (Chapter 14.26) and in accordance with the Resolution of Intention, being Resolution No. 08-175, adopted June 3, 2008, by the City Council of the City of Sunnyvale, I, Joseph A. Francisco, the duly appointed Engineer of Work and acting for *Francisco & Associates, Inc.*, Assessment and Administration Engineer for the District, submit the following Report, consisting of Section I (Introduction) above, which is largely based on information provided by the City of Sunnyvale and this Section II, which consists of five (5) parts, as follows:

PART I: DESCRIPTION OF IMPROVEMENTS

This part describes the improvements in the Maintenance District. Plans and specifications for the improvements listed in Part I are on file in the Office of the Clerk of the City of Sunnyvale. Such plans and specifications are incorporated herein by reference.

PART II: ESTIMATE OF COST

This part contains an estimate of the costs of the proposed improvements for Fiscal Year 2008-09, including incidental costs and expenses in connection therewith. This estimate is also on file in the Office of the Clerk of the City of Sunnyvale.

PART III: PARKING DISTRICT DIAGRAM

This part incorporates, by reference, the "Downtown Parking District Diagram", which is a diagram of the Maintenance District showing the exterior boundaries of the District and the lines and dimensions of each lot or parcel of land within the District. This Diagram has been prepared by the Engineer and is on file in the Office of the Clerk of the City of Sunnyvale. The lines and dimensions of each lot or parcel within the District are those lines and dimensions shown on the maps of the Assessor of the County of Santa Clara for the year when this Report was prepared. The Assessor's maps and records are incorporated by reference herein and made part of this Report.

PART IV: METHOD OF APPORTIONMENT OF ASSESSMENT

This part describes the method of apportionment of assessments, based upon each parcel's current use, within the boundaries of the Maintenance District. The apportionment of assessments to each parcel is in proportion to the estimated benefits the parcel receives from the improvements.

PART V: PROPERTY OWNER LIST & ASSESSMENT ROLL

This part contains a list of the Santa Clara County Assessor's Parcel Numbers and the net amount to be assessed upon benefited lands within the Maintenance District for Fiscal Year 2008-09.

The Assessment Roll is filed in the Office of the Clerk of the City of Sunnyvale and is incorporated in Appendix "B" of this Report. The list is keyed to the records of the Assessor of the County of Santa Clara, which are incorporated herein by reference.

PART I

DESCRIPTION OF IMPROVEMENTS

Parking Facilities:

The parking facility improvements that can be operated, maintained and serviced by the Maintenance District for Fiscal Year 2008-09 consist of the public parking facilities shown in Appendix "A" of this report.

PART II

ESTIMATE OF COST

The City of Sunnyvale Municipal Code (Chapter 14.26) provides that the total cost of construction, operation, maintenance and servicing of public parking facilities can be recovered by the levying of assessments.

Operation, maintenance and servicing costs include, but are not limited to; the repair and replacement of existing parking facilities, personnel, electrical energy, utilities such as water, materials, contractual services and other items necessary or appropriate for the parking facilities. Incidental expenses include the administration of the Maintenance District, engineering fees, legal fees, printing, posting and mailing of notices. Insurance and all other costs associated with the annual collection process are also included.

The construction, operation, maintenance and servicing costs for Fiscal Year 2008-09 are summarized below in Table I. These cost estimates were provided by the City of Sunnyvale.

<p>TABLE I City of Sunnyvale Downtown Parking Maintenance District Budget FY 2008-09</p>	
	FY 2008-09 Total Assessment
Revenues:	
Projected Revenue	\$154,102.43
Interest Income	<u>\$15,390.57</u>
Total Revenues	\$169,493.00
Expenses:	
Parking Lot Maintenance & Administration	<u>\$169,493.00</u>
Total Expenses	\$169,493.00

The City of Sunnyvale Municipal Code (Chapter 14.26) requires that a special fund be set up for the revenues and expenditures of the District. Funds raised by assessments shall be used only for the purpose as stated herein. The City of Sunnyvale or, subject to the discretionary approval of the City of Sunnyvale City Council, any other person may contribute to the District to reduce assessments. Any balance remaining on July 1 must be carried over to the next fiscal year unless the funds are being accumulated for future capital improvements or operating reserves.

PART III

MAINTENANCE DISTRICT DIAGRAM

The boundaries of the Maintenance District are within the boundaries of the City of Sunnyvale. A diagram (the "Downtown Parking Maintenance District Diagram") of the District showing the exterior boundaries of the District has been prepared by the Engineer of Work and is on file in the Office of the Clerk of the City of Sunnyvale and a copy of the Assessment Diagram is shown in Appendix "A" of this Report. For a detailed description of the lines and dimensions of each lot or parcel within the Downtown Parking Maintenance District are those lines and dimensions shown on the maps of the Assessor of the County of Santa Clara for Fiscal Year 2008-09. The Assessor's parcel maps for the lots and parcels within the Downtown Parking Maintenance District are incorporated by reference herein and made part of this Report.

PART IV

METHOD OF APPORTIONMENT OF ASSESSMENT

GENERAL

The City of Sunnyvale Municipal Code (Chapter 14.26) permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, operation, maintenance and servicing of public parking facilities.

The City of Sunnyvale Municipal Code (Chapter 14.26) requires that the assessments must be levied according to benefit rather than according to assessed value. In addition, Article XIID, Section 4(a) of the California Constitution, limits the amount of any assessment to the proportional special benefit conferred on the property.

Because assessments are levied on the basis of benefit, they are not considered to be a tax governed by Article XIIA of the California Constitution.

The City of Sunnyvale Municipal Code (Chapter 14.26) permits the designation of zones of benefit within any individual assessment district if "by reasons or variations in the nature, location and extent of the improvements, the various areas will receive different degrees of benefit from the improvement".

Article XIID provides that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways, public greenbelts and public parkways and that portion of public property that is not developed and used for business purposes similar to private commercial, industrial and institutional activities.

PUBLIC PARKING BENEFIT ANALYSIS

Property owners within the Downtown Parking Maintenance District receive a special and direct benefit from the District parking facilities because this allows property owners to develop or redevelop their properties without providing needed on-site parking to support their development. This Parking District allows property owners to maximize their parcel's development capabilities (i.e. by only requiring property owners who construct additional building square footage on their parcel to provide additional on-site parking for that additional building square footage constructed). The ability to maximize a parcel's development capabilities increases the value of these properties within the boundaries of the District.

BENEFIT ASSESSMENT METHODOLOGY

The total cost to operate, maintain and service the parking facilities are apportioned to each parcel within the boundaries of the Maintenance District in accordance with a methodology that is consistent with standard assessment engineering practices. The method for spreading the costs to each parcel is based on each parcel's pro-rata share of deficit parking spaces. The number of deficit parking spaces for each parcel is equal to the number of parking spaces needed per the City's Parking Demand Guidelines (see Table 2 below) less the number of existing parking spaces located on their parcel.

Current Type of Use	One Parking Space Per
Apartments (1 Bedroom)	0.66667 Units
Apartments (2-3 Bedrooms)	0.57143 Units
Churches	3 Seats
Condos	0.50 Units
Financial Institutions	180 sq. ft.
General Offices (Free Standing)	250 sq. ft.
General Offices (In Center)	250 sq. ft.
Hotels	Rooms + Employees
Industrial Warehouses	2,500 sq. ft.
Medical/Dental	180 sq. ft.
Nightclubs and Bars	50 sq. ft.
Other Uses	180 sq. ft.
Repair Garages	180 sq. ft.
Research & Development	500 sq. ft.
Rest Homes	2.25 Units
Restaurants w/ Bars or Fast Food	75 sq. ft.
Restaurants w/o Bars	110 sq. ft.
Retail	250 sq. ft.
Senior Citizen Apartments	2.0 Units + Employees
Shopping Centers	225 sq. ft.

Because of the varying size and location of parking facilities located within the Maintenance District, special benefit zones have been established to accurately track the operation and maintenance costs and assess only those properties that benefit from the improvements located within or near their respective benefit zone. All parcels within the boundaries of the District are located within either Benefit Zone No. 1, 2, 3 or 4. Properties located within each benefit zone will only be required to pay for the operation and maintenance of the parking facilities located within or near their respective benefit zone. For example, parcels located within Benefit Zone No. 4 receives special benefit from the parking lot located along South Frances Street even though the parking lot is located within Benefit Zone No. 3. The total cost to operate and maintain the parking facilities within or near each benefit zone will be spread to each parcel within that benefit zone based upon their proportionate number of deficit parking spaces.

Parcels will be assessed (assumes property owner voter approval) based upon their pro-rata share of the number of parking spaces they are in deficit of based upon the City of Sunnyvale Parking Demand Guidelines. If the parcel has fewer parking spaces than that which is required under the City of Sunnyvale Parking Demand Guidelines, then they are considered in deficit.

For example, if an office building has 25,000 square feet of office space, the City of Sunnyvale would require one (1) parking space for every 250 square feet of office space. Therefore, in this case, the office building would require 100 parking spaces (25,000 sq. ft./ 1 parking space per 250 sq. ft.). If the property owner for the office building had 100 or more parking spaces then the property owner would not be placing a demand for additional parking and therefore would not be assessed. However, if the property owner only had 70 on-site parking spaces then there would be a parking deficit of 30 parking spaces for that particular parcel.

Based upon the annual budget needed to operate and maintain the existing public parking facilities for Fiscal Year 2008-09, the assessment rates per deficit parking space for each benefit zone are summarized below in Tables No. 3.

Benefit Zone No.	Total Deficit Parking Demand	FY 2008-09 Maintenance & Administration Budget	FY 2008-09 Interest Income	FY 2008-09 Assessment Revenue	FY 2008-09 Assessment Per Deficit Space
1	60.59	\$0.00	\$0.00	\$0.00	\$0.00
2	172.38	\$26,351.95	\$2,392.85	\$23,959.10	\$138.99
3	2,057.31	\$136,558.67	\$12,400.01	\$124,158.66	\$60.35
4	329.19	\$6,582.38	\$597.71	\$5,984.67	\$18.18
Total	2,619.47	\$169,493.00	\$15,390.57	\$154,102.43	

Exempt Parcels. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways, public greenbelts and public parkways and that portion of public property that is not developed and used for business purposes similar to private commercial, industrial and institutional activities. A variance may be granted by the District for any parcel determined not benefited by the assessment.

PART V

PROPERTY OWNER LIST & ASSESSMENT ROLL

A list of names and addresses of the owners of all lots and parcels of land within the Maintenance District was compiled from the last equalized secured property tax assessment roll of the Assessor of the County of Santa Clara. Such list was further defined by excluding from it all parcels that are not being assessed by the District, and as so defined, is a part of the Assessment Roll. The Assessment Roll is keyed to Assessor's parcel numbers referenced in Appendix "B" to this Report.

The total proposed annual assessment for FY 2008-09 is \$154,102.43.

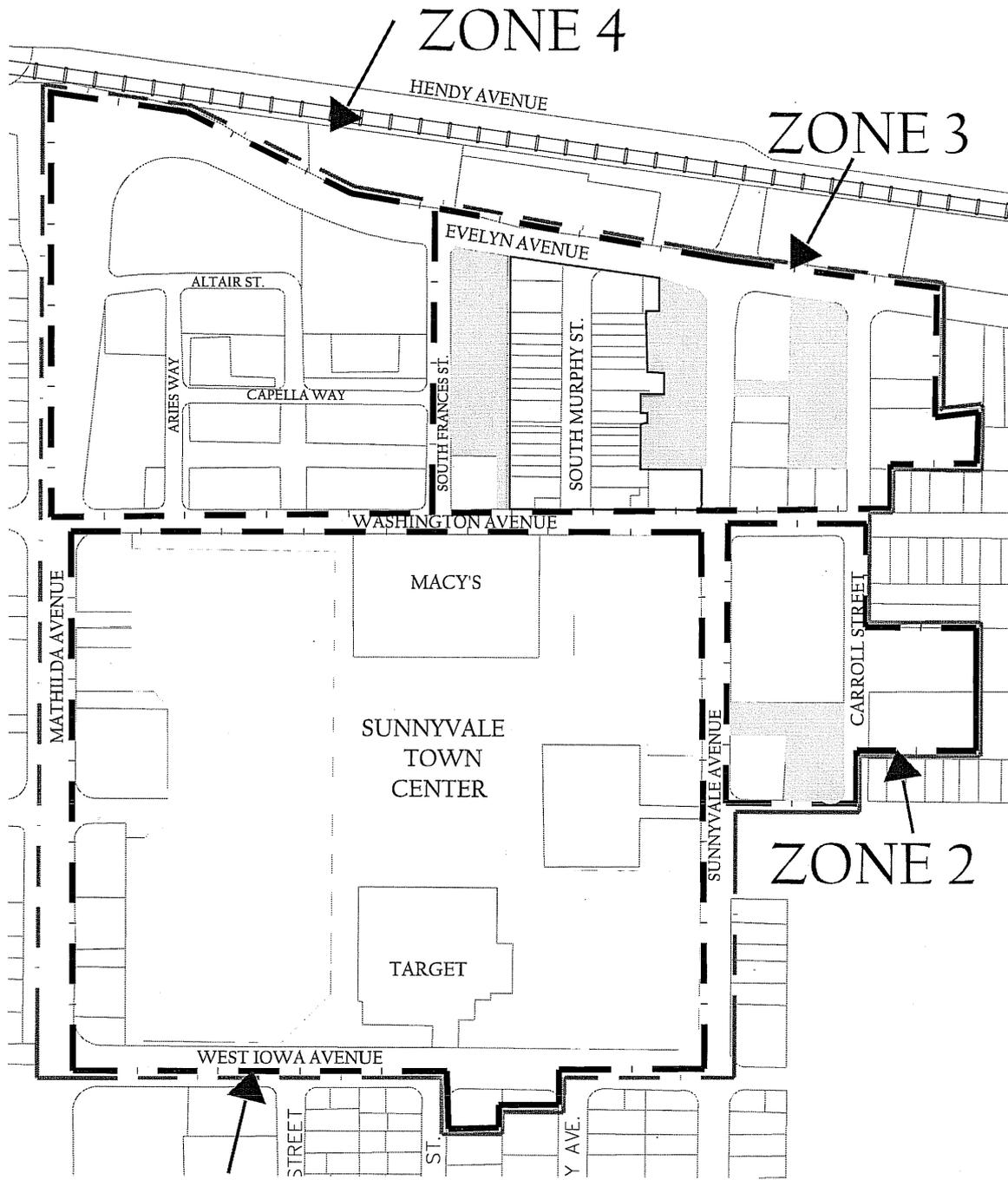
APPENDIX A

FY 2008-09

MAINTENANCE DISTRICT DIAGRAM

CITY OF SUNNYVALE

DOWNTOWN PARKING MAINTENANCE DISTRICT DIAGRAM



LEGEND	
	EXISTING PARKING DISTRICT BOUNDARY
	ZONE BOUNDARY
	PARKING DISTRICT LOTS
	MALL PARKING LOTS



APPENDIX B

FY 2008-09

ASSESSMENT ROLL CALCULATIONS

City of Sunnyvale
Downtown Parking Maintenance District
FY 2008-09 Assessment Summary

Assessor Parcel Number	Property Owner Name	Property Address	Benefit Zone	Total Parking Demand	Existing On-Site Parking	Remaining Parking Demand	FY 2008-09 Assessment
209 05 011	SMITH GEORGE W	299 E WASHINGTON AVE	3	19.90	8.00	11.90	\$718.17
209 05 012	HILL FRED	219 E WASHINGTON AVE	3	27.35	4.00	23.35	\$1,409.17
209 05 014	PACIFIC HOTELS INC	170 S SUNNYVALE AVE	3	121.00	0.00	121.00	\$7,302.35
209 05 033	ASSEMBLIES OF GOD NORTHERN CA	305 E WASHINGTON AVE	3	60.00	0.00	60.00	\$3,621.00
209 05 034	CARROLL STREET ASSOCIATES	174 CARROLL ST	3	64.00	34.00	30.00	\$1,810.50
209 05 036	GILMORE PEARL M L	124 CARROLL ST	3	54.80	0.00	54.80	\$3,307.18
209 05 039	ACCOLA RALPH A	122 S SUNNYVALE AVE	3	75.29	7.00	68.29	\$4,121.30
209 05 040	GOLD GARY M	130 S SUNNYVALE AVE	3	22.22	0.00	22.22	\$1,340.98
209 05 048	KU WEI LIN	134 CARROLL ST #101	3	2.00	1.00	1.00	\$60.35
209 05 049	LEO CHRISTOPHER J AND KRISTIN K	134 CARROLL ST #201	3	2.00	1.00	1.00	\$60.35
209 05 050	NADER-ESFAHAN LILI	134 CARROLL ST #301	3	2.00	1.00	1.00	\$60.35
209 05 051	MCCAFFREY SHANNON T	134 CARROLL ST #102	3	2.00	1.00	1.00	\$60.35
209 05 052	MA GRACE C	134 CARROLL ST #202	3	2.00	1.00	1.00	\$60.35
209 05 053	RODRIGUEZ JOSE	134 CARROLL ST #302	3	2.00	1.00	1.00	\$60.35
209 05 054	ROBERTSON DELMAR AND GRISELL	134 CARROLL ST #203	3	2.00	1.00	1.00	\$60.35
209 05 055	O'CARROLL CONOR	134 CARROLL ST #303	3	2.00	1.00	1.00	\$60.35
209 06 003	HUBBARD CARMEN S	127 S MURPHY AVE	3	26.14	0.00	26.14	\$1,577.55
209 06 004	HUBBARD CARMEN A	133 S MURPHY AVE	3	32.95	0.00	32.95	\$1,988.53
209 06 005	ROBERT E AND ANNE KIEHL	135 S MURPHY AVE	3	35.00	0.00	35.00	\$2,112.25
209 06 006	PODGURSKI JOHN AND ANGELIKA	139 S MURPHY AVE	3	32.47	0.00	32.47	\$1,959.56
209 06 007	141 SOUTH MURPHY LLC	141 S MURPHY AVE	3	76.27	0.00	76.27	\$4,602.89
209 06 008	GERA NICHOLAS	151 S MURPHY AVE	3	39.99	0.00	39.99	\$2,413.40
209 06 009	GERA NICHOLAS M AND SUEANNE	155 S MURPHY AVE	3	45.45	0.00	45.45	\$2,742.91
209 06 010	YIN WEI & CHEN SA	163 S MURPHY AVE	3	54.02	0.00	54.02	\$3,260.11
209 06 011	BOURSALIAN HRAIR AND ARAKNAZ	165 S MURPHY AVE	3	6.32	0.00	6.32	\$381.41
209 06 012	ACEVEDO JOSE AND ESPERANZA	173 S MURPHY AVE	3	13.64	0.00	13.64	\$823.17
209 06 013	WOO CHUCK W AND LILY I	175 S MURPHY AVE	3	35.43	0.00	35.43	\$2,138.20
209 06 014	WOO CHUCK W AND LILY LAIF	181 S MURPHY AVE	3	40.67	0.00	40.67	\$2,454.43
209 06 016	YOUNG PATRICK	123 W WASHINGTON AVE	3	126.45	0.00	126.45	\$7,631.26
209 06 017	ESCALANTE NANCY G	197 S MURPHY AVE	3	12.00	0.00	12.00	\$724.20

City of Sunnyvale
Downtown Parking Maintenance District
FY 2008-09 Assessment Summary

Assessor Parcel Number	Property Owner Name	Property Address	Benefit Zone	Total Parking Demand	Existing On-Site Parking	Remaining Parking Demand	FY 2008-09 Assessment
209 06 018	ARMANINI ALBERT I	165 W WASHINGTON AVE	3	75.55	0.00	75.55	\$4,559.44
209 06 022	PERRY MARIA I	105 S MURPHY AVE	3	64.78	0.00	64.78	\$3,909.47
209 06 025	CALI CAROL MET AL	141 E WASHINGTON AVE	3	5.23	0.00	5.23	\$315.63
209 06 026	DUBROVNIK ASSOCIATES INC	192 S MURPHY AVE	3	64.00	0.00	64.00	\$3,862.40
209 06 027	CALI CAROL M	190 S MURPHY AVE	3	60.85	0.00	60.85	\$3,672.30
209 06 028	KLOCKO WALTER W AND BRENDA	182 S MURPHY AVE	3	9.60	0.00	9.60	\$579.36
209 06 029	WHITFIELD WENDELL L AND MARY A	178 S MURPHY AVE	3	25.45	0.00	25.45	\$1,535.91
209 06 030	WONG-CHICK CHUEN AND SHUI LIN	172 S MURPHY AVE	3	17.37	0.00	17.37	\$1,048.28
209 06 031	CISNEROS TOMAS AND BEATRIZ V	168 S MURPHY AVE	3	25.48	0.00	25.48	\$1,537.72
209 06 034	SUN CHRISTOPHER S	146 S MURPHY AVE	3	137.50	0.00	137.50	\$8,298.13
209 06 037	BILIC ANTE	130 S MURPHY AVE	3	36.00	0.00	36.00	\$2,172.60
209 06 038	UNLU ISMAIL	124 S MURPHY AVE	3	20.45	0.00	20.45	\$1,234.16
209 06 059	MUSTANG INVESTMENT GROU I	161 S MURPHY AVE	3	12.68	0.00	12.68	\$765.24
209 06 070	YOUNG PATRICK	114 S MURPHY AVE	3	7.24	0.00	7.24	\$436.93
209 06 072	GOODWILL INDUSTRIES OF SANTA CLARA COU I	151 E WASHINGTON AVE	3	36.72	0.00	36.72	\$2,216.05
209 06 075	DUBROVNIK ASSOCIATES INC	100 S MURPHY AVE #5	3	163.71	0.00	163.71	\$9,879.90
209 06 077	GERA NICHOLAS AND SUEANNE	117 S MURPHY AVE	3	160.00	0.00	160.00	\$9,656.00
209 06 079	MUSTANG INVESTMENT GROU I	159 S SUNNYVALE AVE	3	39.00	0.00	39.00	\$2,353.65
209 06 080	WHITFIELD WENDELL L AND MARY A	187 S MURPHY AVE	3	16.67	0.00	16.67	\$1,006.03
209 06 081	BILIC ANTE	136 S MURPHY AVE	3	102.67	0.00	102.67	\$6,196.13
209 07 007	KASIK MARTIN A AND MARTIN A	143 S TAAFFE ST	4	64.24	20.00	44.24	\$804.28
209 07 017	SUNNYVALE I & C LLC	770 TOWN AND COUNTRY	4	74.95	0.00	74.95	\$1,362.59
209 07 022	190 MATHILDA PL LLC	401 W WASHINGTON AVE	4	499.00	432.00	67.00	\$1,218.06
209 07 023	M-F DOWNTOWN SVALE LLC	150 MATHILDA PL	4	430.00	372.00	58.00	\$1,054.44
209 07 024	M-F DOWNTOWN SVALE LLC	100 MATHILDA PL	4	631.00	546.00	85.00	\$1,545.30
209 10 050	PACIFIC BELL	234 CARROLL ST	2	56.49	54.00	2.49	\$346.09
209 10 061	CHANG YUN AND HAI RAN	298 S SUNNYVALE AVE	2	108.00	0.00	108.00	\$15,010.92
209 10 063	CHRISTIAN CHURCH HOMES OF NORTHERN CA	200 E WASHINGTON AVE	2	95.89	34.00	61.89	\$8,602.09
				<u>4,077.88</u>	<u>1,519.00</u>	<u>2,558.88</u>	<u>\$154,102.43</u>

APPENDIX C
MUNICIPAL CODE (CHAPTER 14.26)
ALTERNATE MAINTENANCE DISTRICTS

CITY OF SUNNYVALE

MUNICIPAL CODE (CHAPTER 14.26)

ALTERNATIVE MAINTENANCE DISTRICTS

Section 14.26.010 Short title.

The procedures provided in this chapter are alternative. (Ord. 2576-98 § 1 (part)).

Section 14.26.020 Chapter not exclusive.

This chapter is not exclusive, but any proceeding under an act or general law may be supplemented by this chapter. The words "general law" or the word "act" mean an enactment of the legislature of the state of California. Unless herein otherwise provided, any reference to any general law or act shall apply to the law or act as now or hereafter amended or codified. (Ord. 2576-98 § 1 (part)).

Section 14.26.030 Chapter superior.

The provisions of the chapter shall be controlling over the provisions of any general law or act in conflict with this chapter in any proceeding taken pursuant hereto. (Ord. 2576-98 § 1 (part)).

Section 14.26.040 Authority for adoption.

This chapter is adopted pursuant to Section 400 of Article IV of the Charter of the city of Sunnyvale. In proceedings had pursuant to this chapter which are a municipal affair, the general laws referred to herein are deemed a part of this chapter. (Ord. 2576-98 § 1 (part)).

Section 14.26.050 Severability.

In the event any portion of this chapter shall be declared illegal, unenforceable or unconstitutional, such provision shall be deemed severable from the rest of the provisions of this chapter. (Ord. 2576-98 § 1 (part)).

Section 14.26.060 Maintenance districts.

Whenever the city council determines that the costs and expenses of maintaining and operating any or all public improvements of a local nature have not been adequately financed and provided for, proceeding therefor may be undertaken pursuant to this chapter. (Ord. 2576-98 § 1 (part)).

Section 14.26.070 Council powers.

The city council may, in its resolution declaring its intention to order work done or improvements made or by separate resolution, declare its intention to order that the costs and expenses of maintaining and operating any or all public improvements of a local nature, including the cost of necessary repairs, replacements, fuel, power, electrical current, care supervision, and any and all other items necessary for the proper maintenance and operation thereof, shall be assessed, either partly or wholly, upon such district as the city council shall determine will be benefited by the maintenance and operation of the public improvements proposed to be maintained; the amounts so

assessed to be collected in the same manner and by the same officers as taxes for city purposes are collected. (Ord. 2576-98 § 1 (part)).

Section 14.26.080 Applicable general law.

When the city council has declared its intention pursuant to Section 14.26.070, the applicable provisions of Part 2 of Division 15 of the Streets and Highways Code of the state of California (Section 22500 et seq.) shall apply, excepting as modified by the following:

(a) "Maintain" or "maintenance" shall be deemed to include the maintenance of any or all public improvements of a local nature.

(b) Except for the creation of new maintenance districts or annexations to existing maintenance districts, no separate diagram shall be required in each year and it shall be sufficient to refer to the existing diagram on file with the city clerk with suitable changes upon the record, annually, to update such diagram.

(c) "Annexation" shall be deemed to include annexation of any maintenance districts existing as of the effective date of the ordinance creating this code.

(d) For purposes of the collection of assessments or any portion thereof upon the general tax roll, it shall be sufficient for the city clerk to provide to the county auditor a certified copy of the assessment roll without supplying a copy of the assessment diagram. (Ord. 2576-98 § 1 (part)).