



# AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING  
Meeting Date: June 6, 2017

Agenda Item CON  
**Approvals:**  
City Manager JM  
Dept. Head WS  
Attorney \_\_\_\_\_  
Finance JV

**Department:** Finance & Administrative Services  
**Prepared By:** Judi Vincent, Deputy Admin Services Director JV

**Subject:** *DECLARATION OF SURPLUS OF FUNDS RELATED TO THE STREET OVERLAY AND REPLACEMENT ASSESSMENT DISTRICT NO. 95-01*

**Fiscal Impact:** \$160,000 will be transferred from the Street Improvement Debt Service Payment Trust Fund to the Street Improvement Capital Project Fund.

**Summary:** The Street Improvement District was a benefit assessment district approved by the City Council and created in 1995 to fund street projects through a parcel tax. Bonds were issued in the amount of \$6.9 million and this debt was paid from the annual assessment. Currently, approximately \$160,000 of surplus funds exist in the debt service trust fund.

**Background:** The Street Improvement District was a benefit assessment district approved by the City Council and created in 1995 to fund street improvements through a parcel tax. This Assessment District funded street projects through direct projects and through the issuance and payment of bonds. The bonds were issued in the amount of \$6.9 million to provide funds for street rehabilitation and were paid from a portion of the annual assessment. In addition to the debt service component, this assessment district also provided an assessment that was used for street rehabilitation projects.

The Limited Obligation Improvement Bonds were paid in full in September 2011 and there is \$160,000 in the Trust fund. Staff is recommending that these funds be moved to the Street Improvement Fund and be utilized for street rehabilitation.

**Discussion:** The Street Improvement District was a benefit assessment district and the City received property taxes. A portion of the tax assessment was used to fund street projects and a portion of the parcel tax was used to pay debt service on bonds issued in the amount of \$6.9 million. Annually the assessment was allocated to a fund to pay the bond debt service and to a fund for the financing of street rehabilitation projects. The funds were allocated based on the assessment in place for the current year and distributed by the County of Orange through the property tax process. Funds placed in the debt service trust fund paid the principal and interest on the bonds and funds placed in the capital projects fund were utilized to fund street rehabilitation projects.

It has been 5 years since the debt was paid off in September of 2011 and delinquent assessments were received by the City after the final debt payment. The City anticipates receiving no additional delinquent assessments and an assessment surplus currently exists. These surplus funds of approximately \$160,000 can be

utilized for street improvement projects in the Street Improvement capital projects fund based on Streets and Highways Code section 10427(c) which authorizes the City to utilize surplus amounts for the maintenance of the improvements. A transfer to the Street Improvement fund will allow the closure of the debt service trust fund and provide additional funds for street projects.

**Recommended**

**Action:**

STAFF RECOMMENDS THAT the City Council

- 1) Declare a surplus of \$160,000 related to the funds received under the assessment for the payment of bonds and authorize staff to transfer the surplus funds to the Street Improvement Fund to be utilized for street rehabilitation projects.