



MAYOR & COUNCIL COMMUNICATION

DATE: **October 7, 2014**
REGULAR
ITEM # **17**

AGENDA ITEM: Savona First Addition/Section 34 Assessment Reallocation

SUBMITTED BY: Kyle Klatt, Community Development Director

THROUGH: Dean Zuleger, City Administrator

REVIEWED BY: David Snyder, City Attorney
 Cathy Bendel, Finance Director

SUGGESTED ORDER OF BUSINESS:

- Introduction of ItemCommunity Development Director
- Report/Presentation.....Community Development Director
- Questions from Council to Staff Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion Mayor & City Council
- Action on Motion..... Mayor Facilitates

POLICY RECCOMENDER: Staff is recommending that the City Council consider a request from Lennar Corporation and Dale Properties to reallocate the assessments that have been levied against several properties within the Section 34 Sewer and Water improvement planning area. The reallocation request has been requested in conjunction with the recording of the final plat for the Savona 1st Addition.

FISCAL IMPACT: None – the reallocation request does not alter the total amount due to the City for the Section 34 project. By reallocating the assessment against individual lots as they are platted, the assessments will be paid off as the lots are sold, which will likely accelerate the payoff for the assessments since the developer intends to build the subdivision out over a 5-6 year period of time (the assessments would otherwise be due on a 15 year term).

SUMMARY AND ACTION REQUESTED: The City Council is being asked to consider a request from Lennar Corporation and Dale Properties to reallocate the overall assessments against several properties within the Section 34 utility project area to the individual lots that have been platted or that are planned to be platted within the Savona residential subdivision. As part of the request, the applicants have agreed to additional relocation of the assessments that have been levied to more accurately account for the number of future REC units planned

between property to be retained by Dale Properties and those to be developed as residential lots by Lennar. City Council action is required to accomplish the reallocation because the property owners are changing the amount originally assessed to the existing properties and spreading them out more evenly across the parcels based on the preliminary plat for Savona.

Please note that the proposed assessment amounts as recommended by Staff are based on the initial assessment amount as of December 2013, and do not take into account property tax payments that were or will be collected in 2014. Staff is seeking Council authorization to approve the overall allocations with a caveat that these numbers will be adjusted based on payments made to date. Staff will try to prepare the updated amounts for consideration at the Council meeting.

Staff is recommending approval of the request to reallocate assessment across several properties within the Section 34 utility project area as further described below. The suggested motion to adopt this recommendation is as follows:

“Move to approve the reallocation of assessments against certain lots within the Section 34 utility project area as further described in Exhibit “A” as attached to the Staff report”

LEGISLATIVE HISTORY/PLANNING COMMISSION REPORT: The sewer and water assessments for the Section 34 utility project were certified by the City at the end of 2013, and 16 parcels that received a benefit from the project were assessed a total of \$2,378,200 for the improvements. Since the assessments were levied against the properties, Lennar Corporation has received final plat approval for the first and second additions of its planned 309-unit Savona residential subdivision, and together with Dale Properties, is now seeking Council approval to reallocate the their portion of the assessments across the entire Savona subdivision, and to specifically split the assessments across all new lots to be created. The reallocation also addresses the transfer of a portion of the assessments between Dale Properties and Lennar to better align with the planned REC units between all of the parcels and to take into account a small lot line adjustment of land in the far western portion of the Savona subdivision that facilitated the realignment of 5th Street in this portion of the site.

There are 6 existing properties that are impacted by the proposed reallocation (out of the 16 that have been assessed), including two parcels that are currently owned by Lennar, two that Lennar will be acquiring from Dale Properties in the near future, and two that will be retained by Dale Properties. These parcels, along with the existing and proposed assessment amounts for each parcel, are described in the attached Exhibit “A” – Proposed Section 34 Assessment Reallocation. In determining the reallocation, Staff is presenting the individual lot assessments as proposed by Lennar, which takes in account the overall assessment that they will owe, and divides it amongst all single family and multi-family lots within their subdivision. Because the City has not yet released the second addition plat for recording, Staff has grouped any individual lot assessments for future project phases into the larger outlots or parcels that will be resubdivided in the future. Based on the methodology proposed by Lennar, the per-unit amounts will either be transferred to future individual lots, or will continue to be paid down over a period

of 15 years if these lots are not re-platted. The assessments as proposed will be relative easy to divide in the future since these assessments will be split evenly across any newly created lots.

Given large number of parcels that are being platted in this area, the proposed relocation is somewhat complex, especially when taking into account adjustments between individual properties. Ultimately, Staff has verified that the overall assessment amount to be paid by Lennar and Dale Corporation does not change with the reallocation, and this action will greatly facilitate the future collection of assessments in this area.

Staff will spend time at the Council meeting further reviewing the assessment allocation, and will bring a map depicting the assessments to the Council meeting.

BACKGROUND INFORMATION (SWOT):

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| Strengths | <ul style="list-style-type: none">• The proposed assessment reallocation has been prepared based on an agreement between the two affected parties.• The utility assessments for this area will be collected on an accelerated schedule with the reallocation since all assessments must be paid prior to the sale on individual lots. |
| Weaknesses | <ul style="list-style-type: none">• Staff has to prepare the adjusted assessment roles for the County, and has spent time refining the final numbers. |
| Opportunities | <ul style="list-style-type: none">• None |
| Threats | <ul style="list-style-type: none">• None – the overall amount collected each year by the City will not change, this amount is only distributed between individual platted lots. |

RECOMMENDATION: Based upon the above report and analysis, Staff is recommending approval of the request to reallocate assessment across several properties within the Section 34 utility project area as further described below. The suggested motion to adopt this recommendation is as follows:

“Move to approve the reallocation of assessments against certain lots within the Section 34 utility project area as further described in Exhibit “A” as attached to the Staff report”

ATTACHMENTS:

1. Exhibit “A” – Proposed Section 34 Assessment Reallocation
2. Letter of Request from Lenner