

Date: June 1, 2010
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven R. Jepsen, City Manager

Summary

Subject: Approval of an Agreement with Yuba City and the Yuba City Unified School District in Support of the School District's Assessments for Flood Control Improvements to the Feather River Levee System

Recommendation: Authorize the City Manager to Develop an Agreement with the Yuba City Unified School District for the Support of the School District's final assessments in an amount not to exceed 6.0 percent or \$12,000 of the annual assessment.

Fiscal Impact: An Agreement with Yuba City Unified School District would increase Yuba City's cost for Levee Assessments up to \$12,000 per year. This amount will be in addition to the proposed levee improvement assessments for Yuba City owned parcels of \$49,000. The increased cost of this Agreement for the 30-year life of the assessments would total \$360,000.

Background:

The Sutter-Butte Flood Control Agency (SBFCA) is in the process of forwarding a Proposition 218 voting process for the consideration of Assessments necessary to fund improvements to the Feather River Levee System to provide flood protection to Sutter and Butte Counties including the Yuba City Basin. The preliminary assessments were based on a combination of flood risk, depth of flood and value of property in the flood way. The final assessments will refine the preliminary estimates and may vary slightly on a year to year basis, but cannot exceed the preliminary assessment submitted for vote as part of the ongoing Proposition 218 process.

The Yuba City Unified School District was provided preliminary assessment for the Levee Improvements in relationship to school owned properties in the Yuba City Basin totaling \$174,000. The School District relied on these preliminary numbers in the preparation of the FY 2010/2011 Budget. Since the release of the preliminary assessments, last minute adjustments necessitated by changes in flood depths and agricultural use auxiliary buildings has changed several preliminary assessments both up and down. One of the hardest hit by these revised assessments was the Yuba City Unified School District. The School District, as the area's largest value property owner, is also the largest payee of the proposed levee assessments with current revised assessments estimated at \$198,000 per year.

Analysis:

The Yuba City Unified School District has asked the SBFCA for relief from the proposed Assessment in the form of honoring the prior levee assessment. Unfortunately, the formula base

used for the levee improvement assessment calculations does not allow for discretion in the valuation process. In recognition of the School District's hardship and ability to pay the revised assessments, the City of Yuba City and Sutter County have been asked by the School District to share equally in the cost differential between the prior and current assessments totaling \$24,000 per year. This total subsidy equals 12 percent, or 6.0 percent each from the City of Yuba City and Sutter County, of the School District's Final Assessment amount to be set at \$198,000 per year or less.

What differentiates this request from any other distressed entity subject to the proposed levee assessment is that the Yuba City Unified School District is a public agency serving the education of the community's youth. This public agency is almost wholly dependent on taxes and funding through the State for support of its services. The change in assessment allocation came late in the planning process and has added to an already difficult budget situation for the School District.

Fiscal Impact:

The proposal has the cost of the School District Assessment subsidy shared equally between the City and County. The differential between the prior assessment of \$174,000 and the current assessment of \$198,000 is 12 percent or \$24,000 per year. Yuba City and Sutter County would share equally in reimbursements to the Yuba City Unified School District in the amount not to exceed 6 percent of the assessment or \$12,000 per year each, or \$360,000 each during the 30-life of the assessments.

Recommendation:

Authorize the City Manager to Develop an Agreement with the Yuba City Unified School District for the Support of the School District's final assessments in an amount not to exceed 6.0 percent or \$12,000 of the annual assessment.

Submitted By:



Steven R. Jepsen
City Manager