



## Agenda Report

20-737

Agenda Date: 10/13/2020

### REPORT TO COUNCIL

#### SUBJECT

Action on a Resolution of the City Council of the City of Santa Clara Regarding Unclaimed Special Assessment District Funds and Related Budget Amendment [Council Pillar: Deliver and Enhance High Quality Efficient Services and Infrastructure]

#### BACKGROUND

The City has historically formed special assessment districts to finance the construction of public improvements and public utility infrastructure in primarily commercial and industrial developments through the issuance of bonds. These improvements include streets, sidewalks, lighting, and utilities. Capital improvements in a special assessment district provide a special benefit to parcels in the district and, thus, are paid for by benefitting property owners.

#### DISCUSSION

Finance staff reviewed various funds associated with all of the City's special assessment districts and identified 39 expired funds and special assessment districts with positive cash balances, including one fund related to a former redevelopment project. These districts were originally formed as long ago as 1958 and as recently as 1996. The effort involved an extensive review of the funds, a review of past Council actions and other legal guides relevant to these districts, and the development of a plan for closing out the funds. The Finance Department also entered into an engagement with Jones Hall, A Professional Law Corporation, to assist with the analysis, provide legal guidance, and draft the accompanying resolution.

All improvements to be financed by these districts have been completed, the City no longer levies assessments within any of these districts, and any debt secured by the assessments levied within these districts has been retired. In some cases, the Council has taken prior actions declaring residual fund balances with regard to certain of these districts to be surplus.

Due to the passage of time since these districts became inactive and the purposes of these districts were accomplished, staff recommends treating the remaining fund balances as unclaimed funds under California Government Code Section 50050. This section provides that money that is not the property of the City, and that remains unclaimed for a period of at least three years after the funds come into the possession of the City, becomes the property of the City after notice has been published once a week for two successive weeks in a newspaper of general circulation (and such money still remains unclaimed after the publication). Public notices were published on August 26 and September 2, 2020.

The total amount of unclaimed funds for the 39 expired districts is \$3,949,696 as of June 1, 2020. It should be noted that June 1, 2020 was used as the primary reporting date for the balances referred to above. Fund balances may include additional interest earnings until the time of disposition.

**ENVIRONMENTAL REVIEW**

Not a project per 14 CCR §15378(b)(4) in that it is a government fiscal activity, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment

**FISCAL IMPACT**

Surplus funds related to the expired special assessment districts have been identified in the amount of \$3,949,696 as of June 1, 2020. It should be noted that June 1, 2020 was used as the primary reporting date for the balances referred to above and throughout this report. Fund balances will include additional interest earnings until the time of disposition.

A budget action to recognize \$3.8 million of the \$3.95 million surplus funds was incorporated into the Fall 2020 General Fund budget rebalancing actions to be considered separately by the City Council on RTC 20-704. This left a balance to address any potential claims for the surplus funds. The budget actions recommended in this memorandum recognize the remaining surplus funds of \$149,646 and allocate these funds to the Budget Stabilization Reserve (\$141,196) and to the Finance Department to cover costs associated with the close-out of the funds (\$8,500).

**Budget Amendment  
FY 2020/2021**

	Current	Increase/ (Decrease)	Revised
<b>General Fund</b>			
Revenue			
Other Revenue	\$4,150,000	\$149,696	\$4,299,696
<b>Expenditures</b>			
Finance Department	\$16,216,074	\$8,500	\$16,224,574
<b>Reserves</b>			
Budget Stabilization Reserve	\$57,492,875	\$141,196	\$57,634,091

**COORDINATION**

This report has been coordinated with the City Attorney's Office.

**PUBLIC CONTACT**

As discussed above, public notices were published on August 26 and September 2, 2020 in the Santa Clara Weekly newspaper. Public contact was also made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

**RECOMMENDATION**

1. Adopt a resolution regarding unclaimed special assessment district funds as detailed in Exhibit A to the resolution and approve the transfer of these funds to the General Fund for unrestricted use; and
2. Approve the FY 2020/21 budget amendments in the General Fund to recognize Other Revenue of \$149,696, to increase the Budget Stabilization Reserve by \$141,196, and to increase the Finance Department appropriation by \$8,500.

Reviewed by: Kenn Lee, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Resolution Regarding Unclaimed Special Assessment District Funds