



DATE: March 23, 2021

TO: Mayor and City Council

FROM: Director of Maintenance Services

SUBJECT: Stratford Village Assessment District: Review Proposal to Hold a Proposition 218 Election for Maintenance District #1, Stratford Village Stormwater Lift Station

RECOMMENDATION

That the Council reviews and comments on this report.

SUMMARY

After twenty-five years from the original formation of Maintenance District #1, the funds generated from annual property tax special assessments are no longer sufficient to properly operate and maintain the Stratford Village Stormwater Lift Station. Staff is seeking input from the community through community engagement and ultimately, a Proposition 218 ballot election, to be able to collect enough funds to maintain this important flood control system in the condition, efficiency, and effectiveness that it was originally intended.

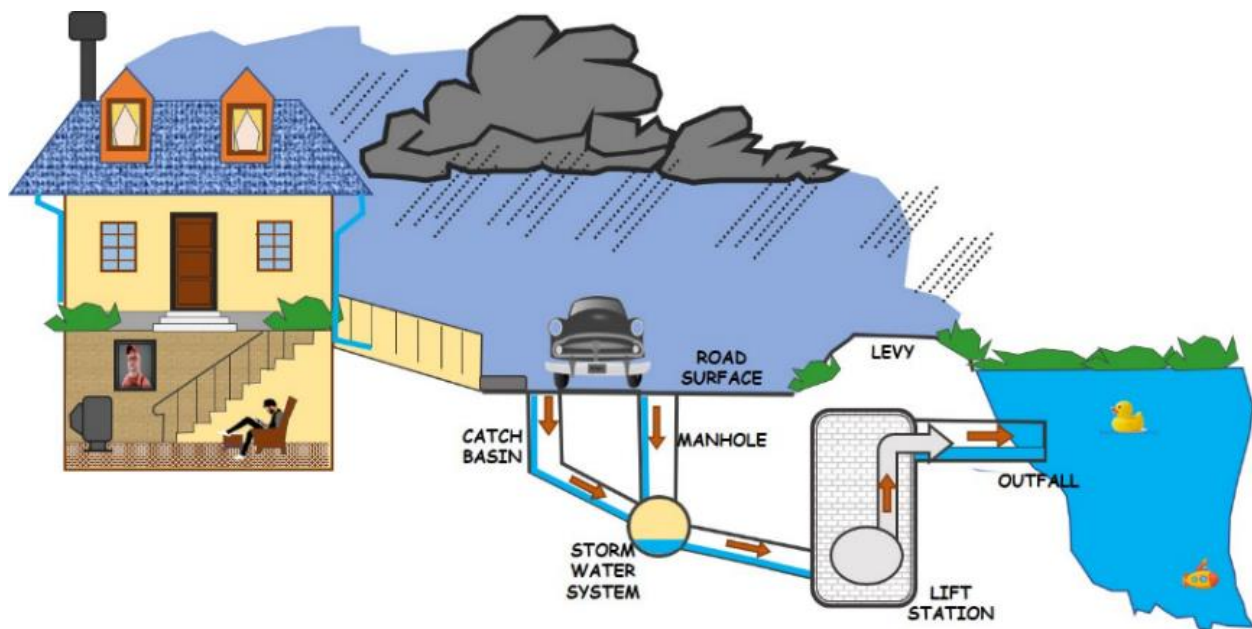
This report is being presented to provide the Council with an update for Maintenance District #1 (Stratford Village Stormwater Lift Station). Tonight, staff is presenting this report to notify the Council that additional funding is required, outline community outreach and input opportunities, layout the timeline and legal requirements for a Proposition 218 election, and receive comments or questions from the Council and members of the public pertaining to the report.

BACKGROUND

In 1992, as part of the Stratford Village neighborhood pre-development analysis, it was determined that the neighborhood was located below the 100-year flood zone. Due to the risk of flooding, the development conditions of approval required extensive grading to raise the elevation of the property to receive approvals from the City. Development of the neighborhood was eventually made possible with the construction of a dedicated stormwater lift station, built in 1995, to service only this specific development. The Maintenance District was put into place as a mechanism for the property owners to fund the station's operation, maintenance, and capital replacement in perpetuity. This lift station is

the only privately built stormwater lift station in the City, initially funded by the developer, and able to be operated and maintained, with capital items being repaired and replaced solely with property tax special assessment revenue collected by the benefited property owners.

The Stratford Village neighborhood is located within a large drainage basin and the Ward Creek drainage facilities run along the western edge of the neighborhood. The Stratford Village Stormwater Lift Station, located at the end of Pacheco Way in the southwestern corner of Stratford Village, pumps water out of the neighborhood into a drainage facility (Ward Creek). A diagram of how stormwater is collected and pumped out of the flood control drainage facility is below.



Properties located in the Stratford Village neighborhood are at an elevated risk of flooding without properly maintained storm drainage facilities. In fact, many of the local streets, and some properties, are within a “Special Flood Hazard Area,” as identified by Federal Emergency Management Agency (FEMA) engineers. During large storm events, Stratford Village streets are subject to flooding, which can cause property damage, loss of power, effect sewer and water services, impede safe navigation, and prevent access by emergency responders. The City of Hayward is working with the impacted community members to ensure Stratford Village is well protected from local flooding. The lift station building and lift station basin are pictured below.



Each of the 174 property owners currently contributes \$243.92 per year for the maintenance of this critical flood protection infrastructure. Annually, \$42,442 in assessment revenue is collected. These funds are maintained and spent only for the operation, maintenance, repair, and replacement of this neighborhood lift station. The annual maximum charge rate (assessment) was set when the neighborhood was developed in 1995 and cannot be increased without property owner approval. Twenty-five years later, the funds generated from the annual property special assessments are no longer sufficient to properly operate and maintain the Stratford Village Stormwater Lift Station and to provide for repair and replacement of capital assets.

Through a paid contract between the City and the Alameda County Flood Control and Water Conservation District, the District has performed operation, maintenance, and capital replacement services for this lift station since its inception in 1995. In 2017, Alameda County hired a consultant, as part of a 22-station systemwide review, who prepared a report on the condition of this station's infrastructure components and a test of its pumps to measure their current capacity. The purpose of the study was to determine the necessary construction costs and time frames for keeping the pump station operating at its originally designed capacity and efficiency to protect the neighborhood from flooding.

The study results were as follows:

- **Supervisory Control and Data Acquisition (SCADA):** Update the current system which no longer has replacement parts available with a system that will allow the lift station to continue to function properly and alert staff using a fully automated rapid response system that notifies staff of any failure so that staff can respond both during duty hours and after duty hours.
- **Overhaul/Inspect Pump 1:** Pump flow testing indicates that the pump is performing poorly at 69% of original manufacturers flow capacity. A factor inspection/overhaul is recommended to clean/inspect impeller, measure motor resistance, replace submersible cable, replace mechanical seas, change lubricant, and replace cable seals.
- **Overhaul/Inspect Pump 2 & 3:** Pump flow testing indicates that the pump is performing poorly at 57% to 61% of the original manufacturers flow capacity. A factor inspection/overhaul is recommended to clean/inspect impeller, measure

motor resistance, replace submersible cable, replace mechanical seals, change lubricant, and replace cable seals.

- **Recoat building wood facia and soffit:** The coating is starting to fail and is recommended to be recoated to prevent dry rot and other damage to exterior building wood materials.
- **Desilt gravity bypass:** The gravity bypass flap gate has been silted in and not able to open. Consequently, the gravity bypass is currently not functional. It is recommended that the gravity bypass be desilted to restore functionality.
- **Overhaul/Inspect Sump Pump:** A factor inspection/overhaul is recommended to clean/inspect impeller, measure motor resistance, replace submersible cable, replace mechanical seals, change lubricant, and replace cable seals.
- **Replace sacrificial zinc anodes:** The sacrificial zinc anodes at the discharge flap gates are missing or consumed. It is recommended to replace the sacrificial zinc anodes to prevent corrosion and preserve the useful life of the equipment.
- **Replace Roof:** Currently the roof is visually in good condition; however, it is 25 years old and reaching the end of its useful life. It is recommended to be replaced in 5-10 years.
- **Recoat discharge flap gates:** The coating is starting to fade and will likely start to fail in 5-10 years; however, the cast iron is still in good condition. The discharge flap gates are recommended to be recoated to preserve the service life and performance.

In 2018, the County informed the City of the study, the estimated costs, and the need to repair and replace the infrastructure. The total proposed cost estimate from Alameda County was presented to the City in 2020, totaling \$467,000. To date, \$88,000 of that amount has been paid to the County, depleting the District's capital reserve account. To complete the recommended project scope, an outstanding amount of \$379,000 is required. To fund this outstanding amount, staff is exploring various options and seeking input from the affected property owners. Proposed options include a request that property owners consider an increase to their annual special assessment amount to fund the needed repairs and replacements necessary to preserve their stormwater lift station in its originally designed capability and function.

DISCUSSION

Special assessment districts created prior to 1996 were often created without the forethought of considering an increase in future costs and did not include annual inflation factors. In 1996, a California Voter Initiative on the November 1996 ballot was approved, with a ballot measure titled "*Voter Approval for Local Government Taxes. Limitations on Fees, Assessments, and Charges. Initiative Constitutional Amendment*" and now known as Proposition 218.

The ballot summary in the voter pamphlet was as follows:

"Limits authority of local governments to impose taxes and property-related assessments, fees, and charges. Requires majority of voters approve increases in general taxes and reiterates that two-thirds must approve special tax."

Assessments, fees, and charges must be submitted to property owners for approval or rejection, after notice and public hearing. Assessments are limited to the special benefit conferred. Fees and charges are limited to the cost of providing the service and may not be imposed for general governmental services available to the public.”

The voter approved initiative that created the Proposition 218 process allowed for the inclusion of an annual revenue inflator adjustment factor so that the amount of revenue collected could be commensurate with future increases in costs. If a consumer price index had been included in the original formation of Maintenance District #1, then the maximum annual special assessment rate would have increased from \$243.92 in 1995 to \$494.95 in FY 2021.

Twenty-five years later, current funds generated from the annual property special assessments are no longer sufficient to properly operate and maintain the Stratford Village Stormwater Lift Station and provide the needed repair and replacement of capital assets for the station to operate at its original, intended, and needed level of service.

Proposition 218 Process¹

Principal requirements. Section 4 of Article XIII D and the Proposition 218 Omnibus Implementation Act (Gov. Code § 53750 et seq.) sets forth Proposition 218’s procedural requirements. The principal requirements are:

- An agency must provide 45 days’ written notice of a public hearing, and mail ballots, to the owners of the parcels to be assessed;
- The notice must include specified information, including information regarding the special assessments, the public hearing, and owners’ right to cast votes weighted by each owner’s special assessment amount;
- An agency must hold a noticed public hearing and tally the results of the majority protest vote; and
- If a majority of the weighted votes does not oppose the special assessments, the agency may vote to levy the special assessment.

Community Outreach and Next Steps

On February 25, 2021, representatives from the City’s Engineer of Record (SCI Consulting Group), the City’s Maintenance Services Department, and Alameda County Flood Control and Water Conservation District held an initial community meeting. Other than the February 25 initial virtual meeting, there will be five additional opportunities scheduled for property owners to learn, ask questions, and provide input:

1. **March 23:** Council Meeting #1/3: to provide an informational report and provide next steps.
2. **April 14:** Community Meeting #2/3: to provide a virtual forum for community input via Zoom (post card will be mailed out prior).

¹ [URL](#) – League of California Cities Review of Proposition 218 and 26

3. **April 27:** Council Meeting #2/3: to request formal start to Proposition 218 election proceedings from the Council.
4. **May 18:** Community Meeting #3/3: to provide a virtual forum for community input via Zoom (post card will be mailed out prior).
5. **June 22:** Council #3/3: to close and tabulate the Proposition 218 election ballots, approval the engineer's report, and order levy of the special assessment.

Tonight, staff is presenting this informational item to notify the Council of this issue, outline community outreach and input opportunities, layout the timeline and legal requirements for a Proposition 218 election, and receive questions from the Council pertaining to this report.

FISCAL AND ECONOMIC IMPACT

Should a proposed ballot election be performed and not pass, the condition of the stormwater lift station would continue to degrade and would not be able to perform its flood control duties as originally designed and intended. In the event of a major storm event in the neighborhood, the lift station might fail, causing flooding and extensive damage to homes throughout the neighborhood.

PUBLIC OUTREACH

Through a series of mailers, virtual community meetings, an informational ballot pamphlet and ballot, and various Council meetings, staff is seeking input from Stratford Village property owners and Council regarding the best path forward to protect Stratford Village from flooding. The property owners were mailed an informative letter on February 12, 2021 (Attachment II) to let them know that the City is considering proposing a new local area ballot measure to adjust the annual assessment rate and to add an annual consumer price index escalator that would provide additional funding for the maintenance, operation, and capital repair and replacement of the Stratford Village Lift Station.

On February 25, 2021, representatives from SCI Consulting Group, the City's Maintenance Services Department, and Alameda County Flood Control and Water Conservation District held an initial community meeting. The meeting provided a formal, informational power point presentation (Attachment III), and staff were available for a question-and-answer session. The purpose of the meeting was to educate and inform Stratford Village property owners of the stormwater lift station, its purpose, and the amount of funding needed to maintain its original capacity and efficiency in providing flood control to the neighborhood. The community forum allowed staff to share information about why additional financing is needed for flood protection and storm drainage system infrastructure within the Stratford Village neighborhood. Staff is making a concerted effort in all general communication to educate community members and emphasize the fact that all funds collected through these special assessments are collected solely for this neighborhood's important flood control infrastructure and cannot legally be used for any other purpose. At the February 25 meeting, 3 of 174 property owners attended the virtual community Zoom meeting. The meeting listed dates of future opportunities for the property owners to learn about the Maintenance District

and ask questions regarding the special assessment and proposed Proposition 218 election. Staff will also be exploring other online engagement opportunities to notify property owners.

Staff is providing a number and variety of options for interested community members to both solicit information and provide feedback regarding the Maintenance District #1 funding issue and the proposed Proposition 218 ballot election scheduled for April. Through a total of six meeting opportunities, four mailings, use of digital message boards placed in the neighborhood, and staff availability via email and phone, the community is being contacted, informed, and staff is available to provide information and answer questions. As described above, there will be five additional opportunities scheduled for property owners to learn and ask questions other than the February 25 initial virtual meeting.

NEXT STEPS

After this evening, SCI Consulting Group will begin their assessment engineering work to prepare the Preliminary Engineer's Report. In conjunction, staff will continue to explore and evaluate available funding options while carefully applying consideration of community and Council feedback. Staff will present the Preliminary Engineer's Report to the Council during the April 27, 2021 Council meeting. At the April 27 meeting, Council will be asked to take formal action to initiate the Proposition 218 election process by preliminarily approving the Engineer's Report, providing notice of public hearing in compliance with Proposition 218, and approving the mailing of ballots and adopting Proposition 218 Assessment Ballot Proceeding Procedures. By law, once the Proposition 218 process is initiated, ballots are mailed out to property owners, who will then have 45 days to return their signed ballot by USPS pre-paid mail. At the conclusion of the 45-day Proposition 218 balloting period, all received ballots will be tabulated with the results presented to the Council for formal acceptance, approval, and action on June 22, 2021. Approval of the increase to the annual assessment requires a total of 50% plus 1 of the weighted ballots returned to the City in favor of the assessment. Should the assessment ballot tabulation result in a lack of approval for an increased assessment, the consequences would be further deterioration of the stormwater lift station and elevated risk of neighborhood flooding.

Prepared by: Denise Blohm, Management Analyst

Recommended by: Todd Rullman, Director of Maintenance Services

Approved by:

A handwritten signature in dark ink, appearing to read 'K. McAdoo', is written over a horizontal line.

Kelly McAdoo, City Manager