



**DATE:** May 14, 2019

**TO:** Mayor and City Council

**FROM:** Maintenance Services Director

**SUBJECT:** Adopt a Resolution of Intention to Preliminarily Approve the Engineer’s Report and Assessments for Fiscal Year 2020; and set June 4, 2019, as the Public Hearing Date for Such Actions for Consolidated Landscaping and Lighting District No. 96-1, Zones 1 through 16

**RECOMMENDATION**

That the City Council adopts the attached resolution (Attachment II).

**SUMMARY**

The City of Hayward has sixteen Landscape and Lighting District Benefit Zones. The Landscaping and Lighting Act of 1972 requires that a review and update of the engineer’s report be prepared annually to set assessment rates for each zone. The assessment amounts may or may not change from fiscal year to fiscal year, depending upon operation and maintenance needs and the funding required for the operating and capital requirements. The recommended assessment rates cannot exceed the Maximum Base Assessment Rate established when the zones were originally formed. The annual engineer’s report is included as Attachment III and includes a summary for each benefit zone.

**BACKGROUND**

The Landscaping and Lighting Act of 1972 (Streets and Highways Code §22500) is a flexible tool used by local government agencies to form Landscaping and Lighting Districts to finance the cost and expense of operating, maintaining, and servicing landscaping (including parks), and lighting improvements in public areas. In 1996, six separate Landscaping and Lighting Districts, Benefit Zones 1-6, were consolidated into one district, Consolidated Landscaping and Lighting District No. 96-1, by the adoption of Resolution No. 96-63. In subsequent years, Benefit Zones 7-16 were individually created and annexed into the District. This staff report and attached engineer’s report provide assessment, benefit, and budget details for each of the established sixteen zones. Table 1 provides a summary of the benefit zones, including the year in which each zone was formed and the number of assessable parcels within each zone.

TABLE 1: DESCRIPTION OF EXISTING BENEFIT ZONES				
A	B	C	D	E
Zone	Name/Location	Year Formed	Type of Development	Number of Assessed Parcels
<b>Current Assessments - Year Formed and Number of Parcels Per Zone</b>				
1	Huntwood Ave. & Panjon St.	1990	Residential	30
2	Harder Rd. & Mocine Ave.	1991	Residential	85
3	Prominence	1992	Residential	155
4	Stratford Village	1995	Residential	174
5	Soto Rd. & Plum Tree St.	1995	Residential	38
6	Pepper Tree Park	1982	Industrial	11
7	Twin Bridges	1998	Residential	348
8	Capitola St.	1999	Residential	24
9	Orchard Ave.	2000	Residential	74
10	Eden Shores- Residential	2003	Residential	534
11a	Stonebrae Country Club - Developed	2006	Residential	550
11b	Stonebrae Country Club - Future Development	2006	Residential	84
12a	Eden Shores East	2007	Residential	261
12b	Eden Shores - Spindrift - Developed	2016	Residential	54
12c	Eden Shores - Spindrift - Future Dvelopment	2016	Residential	64
13	Cannery Place	2008	Residential	599
14a	La Vista - Developed	2016	Residential	118
14b	La Vista - Future Development	2016	Residential	61
16a	Blackstone - Developed	2016	Residential	157
<b>Total Assessed Parcels:</b>				<b>3,421</b>
<b>For Reference ONLY</b>				
15	Cadence	2017	Residential	206
<b>Total Assessed Parcels:</b>				<b>206</b>

**DISCUSSION**

Recommended changes to a zones annual assessment rate are based on the current and future estimated expenses and the zone’s account balance. When determining the annual assessment rate, staff looks at two things:

- (1) **Maximum Base Assessment (MBA)** – The MBA is the maximum assessment rate that a parcel can be charged annually. This amount is established during the original formation of the zone. The MBA can only be increased if an inflation factor was included in the annual calculation when the zone was originally formed.

(2) **Assessment Revenue** – The assessment revenue is the annual amount of revenue collected by charging each parcel an assessment rate. The assessment rate recommendation depends on review of the following four items:

- a. **Annual Operating Expenses** – Annual operating expenses are estimated based on past years experience and future years estimates.
- b. **Future Capital Expenses** – Future capital expenses are estimated based on an inventory of capital items, their annual life span, and their future replacement cost.
- c. **Operating Reserve** - This is the amount of “cash flow” needed to pay monthly invoices when revenue (assessment rates are received through property tax) is received three times a year (January, May, and June).
- d. **Capital Reserve** – This is the “savings account” where funds are collected and reserved each year in order to fund future capital replacement items.

Table 2 on the following page summarizes assessment information by zone. The table summarizes each benefit zone describing the number of parcels, Maximum Base Assessment Rate, if there is an annual CPI adjustment, and the difference between the FY 2019 adopted assessment vs the FY 2020 recommended assessment.

For FY 2020, staff recommends no change to five zones (zone 2, 4, 6, 7, 13), one decrease (zone 12), and nine increases (zone 1, 3, 5, 8, 9, 10, 11, 14, 16), based on current and future estimated expenses, and current and future zone account balances needed to fund operations and capital replacement.

For FY 2020, two zones are proposed to be levied at their MBA rate (zone 6 and 16). Of note, five of the sixteen benefits zones did not include an inflation factor as part of their original MBA calculation (zone 1, 2, 4, 5, 6), which could limit their ability to keep up with increases in expenses in the future.

TABLE 2: ASSESSMENT AMOUNTS BY BENEFIT ZONE

A	B	C	D	E	F	G	H	I	J
Zone	Name/Location	# Parcels	FY 2020 Max Base Assessment (MBA)	MBA Incl CPI	FY 2019 Assessment	FY 2020 Assessment	Chg from last year		
<b>Year Over Year Assessment Comparison</b>									
1	Huntwood Ave. & Panjon St.	30	\$295.83	No	\$192.94	\$202.58	Increase	\$10	5%
2	Harder Rd. & Mocine Ave.	85	\$193.39	No	\$122.86	\$122.86	None	\$0	0%
3	Prominence	155	\$933.07	Yes	\$853.83	\$883.97	Increase	\$30	4%
4	Stratford Village	174	\$180.00	No	\$116.16	\$202.58	None	\$86	74%
5	Soto Rd. & Plum Tree St.	38	\$258.67	No	\$212.49	\$254.99	Increase	\$42	20%
6 <sup>(1,2)</sup>	Pepper Tree Park	11	\$11.00	No	\$2.61	\$2.61	None	None	N/A
7	Twin Bridges	348	\$975.95	Yes	\$591.70	\$591.70	None	\$0	0%
8	Capitola St.	24	\$673.74	Yes	\$157.50	\$181.13	Increase	\$24	15%
9	Orchard Ave.	74	\$179.90	Yes	\$31.06	\$34.19	Increase	\$3	10%
10	Eden Shores- Residential	534	\$1,072.71	Yes	\$221.38	\$265.66	Increase	\$44	20%
11a	Stonebrae Country Club (Developed)	550	\$1,631.91	Yes	\$210.55	\$273.72	Increase	\$63	30%
11b	Stonebrae Country Club (future development)	84	\$1,631.91	Yes	\$111.51	\$145.07	Increase	\$34	30%
12a <sup>(4)</sup>	Eden Shores East	261	\$201.61	Yes	\$112.00	\$95.00	Decrease	(\$17)	-15%
12b <sup>(4)</sup>	Spindrifft (Developed)	54	\$213.06	Yes	\$112.00	\$95.00	Decrease	(\$17)	-15%
12c <sup>(4)</sup>	Spindrifft (Future Development)	64	\$213.06	Yes	\$33.60	\$28.50	Decrease	(\$5)	-15%
13	Cannery Place	599	\$620.14	Yes	\$361.00	\$361.00	None	\$0	0%
14a <sup>(4)</sup>	La Vista (Developed)	118	\$644.41	Yes	\$15.00	\$525.00	Increase	\$510	3500%
14b <sup>(4)</sup>	La Vista (Future Developed)	61.00	\$644.41	Yes	\$4.50	\$157.50	Increase	\$153	3500%
16a <sup>(4)</sup>	Blackstone (Zone A )	133	\$445.66	Yes	\$200.00	\$445.66	Increase	\$246	223%
16c <sup>(4)</sup>	Blackstone (Zone B )	24	\$467.94	Yes	\$210.00	\$467.94	Increase	\$258	223%
<b>Self Maintained Benefit Zone - For Reference ONLY</b>									
15 <sup>(3)</sup>	Cadence	206	\$628.86	Yes	N/A	N/A	N/A	N/A	N/A

- Notes: <sup>(1)</sup> Shaded items reflect Fiscal Year 2020 assessment amounts levied at the base maximum assessment amounts.  
<sup>(2)</sup> Zone 6 is in the industrial district and is assessed based upon street frontage.  
<sup>(3)</sup> Zone 15 was presented to the City Council separately as a new zone, which maintains their own benefits.  
<sup>(4)</sup> All zones with a CPI update use the SF/OAK/HAY Feb CPI date except for zones 12, 14, 16, whose CPI month is DEC.

**Zone Updates**

The following updates are provided for five zones in which there have been changes to the developed properties, or acknowledgment of changes to maintenance requirements.

- (1) **Stonebrae (Zone 11)** – In 2017, the City approved a Stonebrae subdivision for Village C, updating the total number of parcels from 576 to 634. Build out of the zone is anticipated by 2021. Once the remaining 84 undeveloped parcels are developed, they will contribute the “developed rate” towards the overall account balance.
- (2) **Spindrift (Zone 12)** – In 2016, this zone annexation was formed and is currently under construction by the developer. Build out of the zone is anticipated by 2020. Once the remaining 64 undeveloped parcels are developed, they will aid in reducing the annual assessment rate for all parcels within Zone 12, as all parcels would be paying the “developed” rate towards expenses.
- (3) **La Vista (Zone 14)** – In 2016, this zone was formed and is currently under construction by the developer. Currently, 61 undeveloped parcels are estimated to be in construction. Build out of the zone is anticipated by December 2019. Staff has budgeted for six months of maintenance in FY 2020 in anticipation of the maintenance area being turned over to the City in January 2020.
- (4) **Cadence (Zone 15)** – This zone is self-maintained, as the property owner is responsible for the park maintenance and is required to submit an annual park maintenance plan (Attachment IV).
- (5) **Blackstone (Zone 16)** – Formed in 2016, the developers’ period of planting and plant establishment has continued into FY 2019. Pending inspection and approval, the City anticipates acceptance of the maintenance responsibility late in FY 2019 and has budgeted a full twelve months of services for FY 2020.

#### New Zones

Two new Landscape and Lighting District zones were presented to the City Council on May 7, 2019 and will be included in future annual reports. They include:

- (1) **Parkside Heights (Zone 17)** - The Parkside Heights development is located on a 10.68-acre site at the southern corner of 2nd Street and Wolpert Street (see Attachment V - Vicinity Map) and consists of 97 single family residences and a public trail. The formation and annexation of the Parkside Heights property into Benefit Zone No. 17 of the District is proposed to provide funding for operations, maintenance, and servicing of landscaping and lighting improvements to the public trail and undeveloped public open space along Ward Creek.
- (2) **SoHay (Zone 18)** - The SoHay development is located on 25 acres across various parcels located on the northwestern corner of Mission Boulevard and Industrial Parkway (see Attachment VI - Vicinity Map) and consists of 472 residential units, 20,000 square feet of ground floor retail space, and a 1.9-acre public park. The formation and annexation of SoHay properties into Benefit Zone No. 18 of the District is proposed to provide funding for operations, maintenance, and servicing of landscaping and lighting improvements to the new 1.9-acre public park.

#### Proposition 218 Compliance

For FY 2020, all assessments are proposed to be levied in compliance with Proposition 218 and do not require the noticing and balloting of property owners to obtain their approval. Any future increases in assessment amounts that exceed the maximum base assessment amount would require the noticing and balloting of property owners.

#### **FISCAL AND ECONOMIC IMPACT**

There is no fiscal impact to the City's General Fund from this recommendation because expenditures are to be paid by assessment rates in each respective zone.

### **STRATEGIC INITIATIVES**

This agenda item is a routine operational item and does not relate to any of the Council's Strategic Initiatives.

### **PUBLIC CONTACT**

City staff: 1) mailed a notice to all affected property owners to provide detail of their recommended FY 2020 assessment rate, and to alert them to three community meetings where they could provide input (April 11, May 14, and June 4); 2) held a community engagement meeting on April 11; 3) provided an online survey to measure maintenance satisfaction; and 4) will be publishing a legal notice in the East Bay Times on May 17, 2019.

### **NEXT STEPS**

Following this City Council meeting, the City is proposing to hold a public hearing on June 4, 2019, to provide an opportunity for any interested person to be heard. After the public hearing, the City Council may adopt a resolution setting the annual assessment amounts as originally proposed or as modified. Following the adoption of this resolution, the final assessor's roll will be prepared and filed with the County Auditor's office to be included on the FY 2020 tax roll. Payment of the assessment for each parcel will be made in the same manner and at the same time as payments are made for property taxes. All funds collected through the assessment must be placed in a special fund and can only be used for the purposes stated within this report.

If the City Council adopts the attached resolution of intention, it will hold a noticed public hearing on June 4, 2019, to consider approving the Engineer's Report and order the levy of assessments for FY 2020.

*Prepared by:* Denise Blohm, Management Analyst II

*Recommended by:* Todd Rullman, Maintenance Services Director

*Approved by:*



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Kelly McAdoo, City Manager