



**DATE:** June 22, 2021

**TO:** Mayor and City Council

**FROM:** Maintenance Services Director

**SUBJECT:** LLAD 96-1 Assessment Hearing: Adopt a Resolution to Approve the Final Engineer's Report, Reconfirm Maximum Base Assessment Amounts, Confirm the Assessment Diagrams and Fiscal Assessments, Order the Levy and Collection of Fiscal Assessments; and Adopt a Resolution to Approve Funding Recommendations and Appropriate Special Revenue Funds for Consolidated Landscaping and Lighting Assessment District (LLAD) No. 96-1, Zones 1 through 18, for Fiscal Year 2022

## **RECOMMENDATION**

That the City Council adopts two resolutions (Attachment II, III):

1. Approving the Final Engineer's Report,
2. Confirming the Maximum Base Assessment (MBA) amounts,
3. Confirming the Fiscal Assessments,
4. Confirming the Assessment Diagrams,
5. Ordering the Levy and Collection of Fiscal Assessments,
6. Approving the Funding Recommendations, and
7. Appropriating Revenue and Expenditure budgets for Consolidated Landscape and Lighting Assessment District (LLAD) No. 96-1, Zones 1 through 18 for Fiscal Year 2022.

## **SUMMARY**

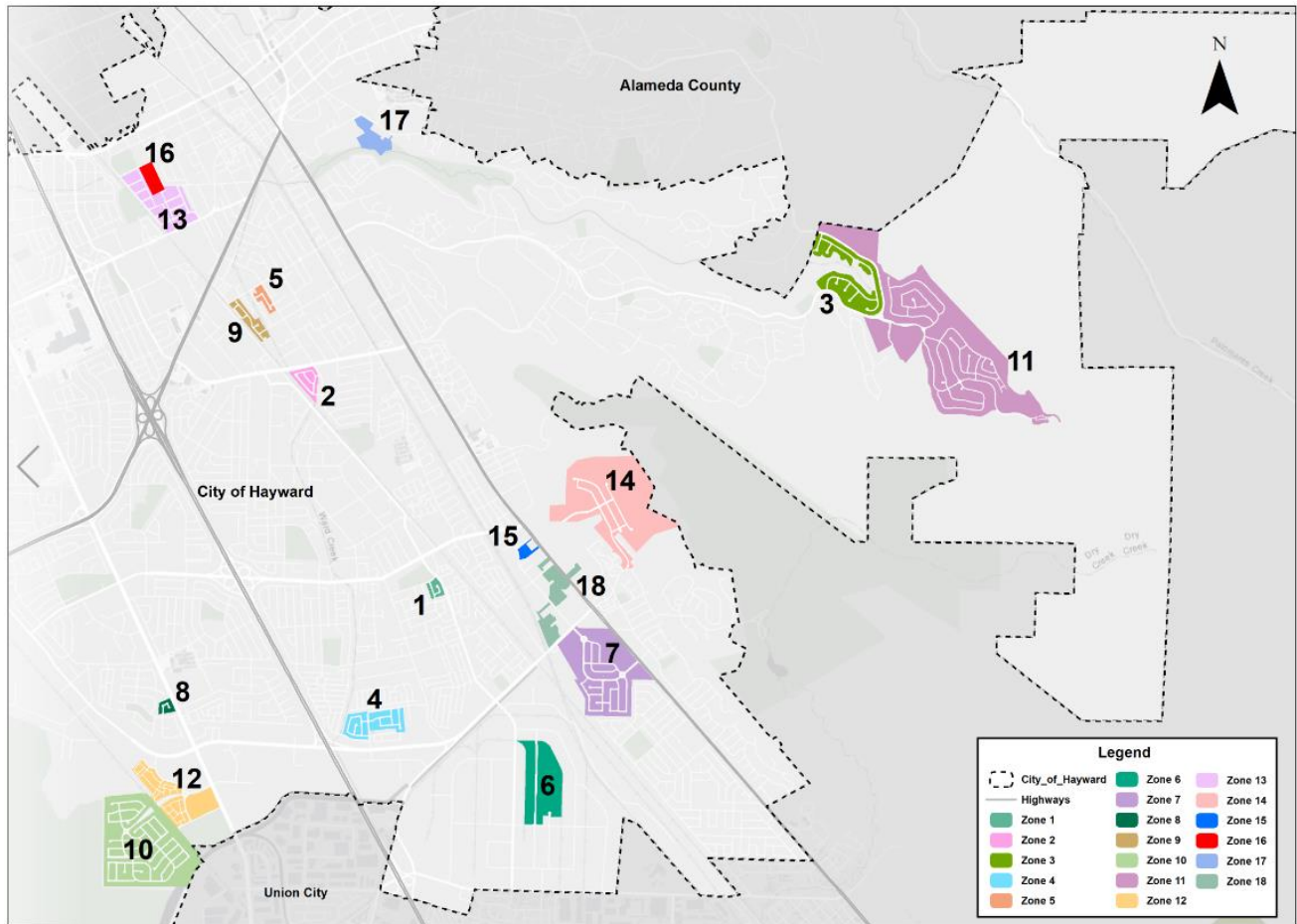
The Landscaping and Lighting Act of 1972 requires an annual review and update of the engineer's report to set the annual assessment rate for each benefit zone. Assessment rate recommendations are made based on annual expenses, required cash flow, and future capital repair and replacement requirements. Recommended annual assessment rates cannot exceed the Maximum Base Assessment (MBA) established when each zone was originally formed. The annual engineer's report (Attachment IV) includes a detailed summary and budget for each of the eighteen benefit zones.

## **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 Assessment Districts

(LLAD). These districts are formed to finance the cost of operating, maintaining, and servicing landscaping (including parks), and lighting improvements in public areas. In 1996, six separate LLAD benefit zones (1-6) were consolidated into one district by the adoption of Resolution No. 96-63. The new district was subsequently renamed, Consolidated Landscaping and Lighting Assessment District No. 96-1, and is known as the “District.” In subsequent years, zones 7-18 were individually created and annexed into the District.

This staff report and the attached engineer’s report provide assessment, benefit, and budget details for each of the established eighteen zones. The eighteen benefit zones are located throughout the City as shown on the following map.



The following table (Table 1) provides a summary of the LLAD benefit zones, including the year in which each zone was formed and the number of assessable parcels within each zone.

TABLE 1: DESCRIPTION OF BENEFIT ZONES				
A	B	C	D	E
Zone	Name/Location	Year Formed	Type of Development	Number of Assessed Parcels/SFE
1	Huntwood Ave. and Panjon St.	1990	Residential	30
2	Harder Rd. and Mocine Ave.	1991	Residential	85
3	Prominence	1992	Residential	155
4	Stratford Village	1995	Residential	174
5	Soto Rd. and 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	2003	Residential	534
11	Stonebrae	2006, 2018, 2020	Residential	644
12	Eden Shores East (Spindrift)	2007, 2016	Residential	379
13	Cannery Place	2008	Residential	599
14	La Vista	2016	Residential	179
15	Cadence	2017	Residential	206
16	Blackstone	2016	Residential	157
17	Parkside Heights	2019	Residential	97
18	SoHay	2019	Residential	433
<b>Total Assessed Parcels:</b>				<b>4,167</b>

Self-Maintained.

**DISCUSSION**

Recommended changes to a benefit zone’s annual assessment rate are based on annual expenses, required cash flow, and future capital replacement requirements. When determining the annual assessment rate, staff looks at two things:

- (1) **Maximum Base Assessment** – 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 annual MBA can only be increased if an inflation factor was included in the original formation document.
- (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 three items:
  - a. **Annual Expenses** – Annual operating and maintenance expenses are estimated based on past years’ experience and future years’ estimates. Expenses include staff administration, noticing, and annual reporting.

- b. **Cash Flow** - This is the amount of “cash” needed to pay monthly invoices when revenue is not received monthly (assessment rates are received through property tax revenues collected by Alameda County, which are transmitted to the City three times a year (January, May, and June)).
- c. **Capital Replacement** – This is the “savings account” where funds are collected and reserved each year to fund future capital replacement items. Future capital expenses are estimated based on an inventory of capital items, their useful life, and future replacement cost.

Table 2 on the following page summarizes assessment information by zone. The table provides assessment details for each zone by describing the number of parcels, if there is an annual inflation adjustment calculation included, lists the MBA rate, the FY 2022 assessment rate, and the change between last year’s adopted assessment and this year’s recommended assessment. For FY 2022, staff recommends no change to nine zones (zones 2, 4, 5, 6, 7, 9, 12, 13, 17), one decrease (zone 18), and seven increases (zones 1, 3, 8, 10, 11, 14, 16), based on annual expenses, required cash flow, and future capital repair and replacement.

**TABLE 2: ASSESSMENT AMOUNTS BY BENEFIT ZONE**

A	B	C	D	E	F	G	H	I	J
Zone	Name/Location	# Parcels	CPI Adj <sup>(5)</sup>	FY 2022 Max Base Assessment	FY 2022 Rate	FY 2021 Assessment	Change from last year <sup>(7)</sup>		
1 <sup>(1)</sup>	Huntwood Ave. and Panjon St.	30	No	295.83	<b>208.66</b>	202.58	Incr	6.08	3%
2 <sup>(1), (7)</sup>	Harder Rd. and Mocine Ave.	85	No	193.39	<b>122.86</b>	122.86	None	-	0%
3	Prominence	155	Yes	1,009.72	<b>923.95</b>	909.69	Incr	14.26	2%
4 <sup>(1), (7)</sup>	Stratford Village	174	No	180.00	<b>116.16</b>	116.16	None	-	0%
5 <sup>(1), (7)</sup>	Soto Rd. and Plum Tree St.	38	No	258.67	<b>255.17</b>	255.17	None	-	0%
6 <sup>(1, 2, 3, 7)</sup>	Pepper Tree Park	11	No	2.61	<b>2.61</b>	2.61	None	-	0%
7 <sup>(7)</sup>	Twin Bridges	348	Yes	1,056.12	<b>591.70</b>	591.70	None	-	0%
8	Capitola St.	24	Yes	755.34	<b>186.56</b>	181.13	Incr	5.43	3%
9 <sup>(7)</sup>	Orchard Ave.	74	Yes	201.68	<b>34.19</b>	34.19	None	-	0%
10	Eden Shores	534	Yes	1,202.63	<b>278.94</b>	265.66	Incr	13.28	5%
11a	Stonebrae (Developed)	617	Yes	1,705.76	<b>330.52</b>	314.78	Incr	15.74	5%
11b <sup>(6)</sup>	Stonebrae (Underdeveloped)	27	Yes	511.73	<b>175.18</b>	166.83	Incr	8.34	5%
12a <sup>(7)</sup>	Eden Shores - East	261	Yes	226.02	<b>90.00</b>	90.00	None	-	0%
12b <sup>(7)</sup>	Eden Shores East (Spindrift)	118	Yes	226.03	<b>90.00</b>	90.00	None	-	0%
13 <sup>(7)</sup>	Cannery Place	599	Yes	1,282.66	<b>361.00</b>	361.00	None	-	0%
14 <sup>(2)</sup>	La Vista	179	Yes	683.65	<b>683.65</b>	663.74	Incr	19.91	3%
15 <sup>(4)</sup>	Cadence	206	Yes	662.97	<b>N/A</b>	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	472.82	<b>467.96</b>	445.68	Incr	22.28	5%
16b	Blackstone (Zone B)	24	Yes	496.46	<b>491.34</b>	467.94	Incr	23.40	5%
17 <sup>(7)</sup>	Parkside Heights	97	Yes	536.99	<b>528.69</b>	528.69	None	-	0%
18a	SoHay Zone A (Developed)	192	Yes	409.57	<b>50.00</b>	403.24	Decr	(353.24)	-88%
18b <sup>(6)</sup>	SoHay Zone A (Underdeveloped)	69	Yes	122.87	<b>15.00</b>	120.97	Decr	(105.97)	-88%
18c	SoHay Zone B (Developed)	79	Yes	389.09	<b>47.50</b>	383.08	Decr	(335.58)	-88%
18d <sup>(6)</sup>	SoHay Zone B (Underdeveloped)	93	Yes	116.73	<b>14.25</b>	114.92	Decr	(100.67)	-88%

- Notes:
- <sup>(1)</sup> No inflation factor was included in the Maximum Base Assessment (MBA) calculation.
  - <sup>(2)</sup> Fiscal Year 2022 assessment is levied at MBA.
  - <sup>(3)</sup> Industrial district assessed based on street frontage.
  - <sup>(4)</sup> Self-maintained. Property owner maintains the public benefits for this zone.
  - <sup>(5)</sup> Annual CPI is calculated using the SF/OAK/HAY CPI-U. Zones 3, 7-11, 13, 17, 18 use the FEB date, while zones 12, 14, 16, use the DEC date.
  - <sup>(6)</sup> Under development.
  - <sup>(7)</sup> Rate unchanged from FY 2021.

**FY 2022 Special Assessment Rate Decrease - Zone 18 (SoHay)**

In the FY 2021 budget, staff estimated that the developer would turn over responsibility and cost of maintaining LLAD 18 (SoHay) in FY 2021. In the FY 2021 budget, the special assessment rate and budget reflected that assumption. Now, a year later, full development build out is not expected until CY 2023, therefore, a significant decrease in the assessment rate is being recommended for FY 2022. Of note, all funds collected for each, and every benefit zone are deposited, maintained, and only expended for the express purpose stated in the Engineer’s report. Each zone’s bank account balance can only be expended expressly for the benefits detailed and described in the Engineer’s report.

## Zones Under Development

Sixteen of the eighteen zones are fully established, while two zones are currently under construction. Staff will review the building status of these two zones one more time in July to provide the most up-to-date information to the County assessor for the FY 2022 special assessment tax role submission.

(1) **Stonebrae (Zone 11)** – Twenty-seven parcels are undeveloped, with an estimated completion by year-end 2022.

(2) **SoHay (Zone 18)** – One hundred and sixty-two single family equivalent units (SFE) are undeveloped, with an estimated completion by year-end 2023.

## Proposition 218 Compliance

For FY 2022, all fiscal 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 fiscal assessment amounts that exceed the MBA would require the noticing and balloting of property owners.

## **FISCAL AND ECONOMIC IMPACT**

There is no impact to the General Fund (100) as monies related to these LLADs are preserved in dedicated special revenue funds. LLAD assessment revenue is collected, and expenditures are paid directly from their dedicated special revenue funds. All zones have adequate cash balances for annual expenses, cash flow, and capital replacement, as shown in Table 3<sup>1</sup>.

TABLE 3: ESTIMATED CASH BALANCE CHANGES PER BENEFIT ZONE						
Zone	Name/Location	Est FY 2021 Ending Cash Balance	FY 2022 Revenue	FY 2022 Expenditures	Change	Est FY 2022 Ending Cash Balance
1	Huntwood Ave. and Panjon St.	25,159	6,353	11,660	(5,307)	19,852
2	Harder Rd. and Mocine Ave.	27,198	10,666	9,335	1,331	28,529
3	Prominence	264,857	145,278	171,801	(26,523)	238,334
4	Stratford Village	107,293	20,868	31,175	(10,307)	96,986
5	Soto Rd. and Plum Tree St.	20,710	9,832	14,235	(4,403)	16,306
6	Pepper Tree Park	83,204	13,188	14,645	(1,457)	81,747
7	Twin Bridges	522,200	205,911	196,726	9,185	531,385
8	Capitola St.	56,862	4,801	11,675	(6,874)	49,989
9	Orchard Ave.	7,561	2,507	2,951	(444)	7,117
10	Eden Shores	426,978	148,323	185,286	(36,963)	390,016
11	Stonebrae	399,507	208,613	245,440	(36,827)	362,680
12	Eden Shores East (Spindrift)	20,812	33,680	36,686	(3,006)	17,806
13	Cannery Place	559,982	214,763	201,994	12,769	572,751
14	La Vista	149,959	120,643	145,826	(25,183)	124,776
15	Cadence	-	-	-	-	-
16	Blackstone	108,470	72,910	77,765	(4,855)	103,615
17	Parkside Heights	37,453	50,761	51,690	(929)	36,524
18	SoHay	121,091	15,160	3,200	11,960	133,052
<b>Cash Balance:</b>		2,939,296	1,284,257	1,412,090	(127,833)	2,811,463
Self-Maintained.						

<sup>1</sup> Note: Update from June 1, 2021 Preliminary Engineer's Report: For the Final Engineer's Report, zone 14 and 17 budget sheets have been updated along with Table 3 above due to an error in the worksheet.

## **PUBLIC CONTACT**

City staff: 1) mailed a postcard notice to all affected property owners to provide details of their recommended FY 2022 assessment rate, and to alert them to two Council meetings where they could provide input (June 1 and June 22); 2) provided an online survey to measure maintenance satisfaction; 3) held a virtual Community Meeting via Zoom on May 20; 4) presented a Consent Item<sup>2</sup> to the Council on June 1, 2021, whereas Resolution No. 21-088 was approved adopting a Resolution of Intention to primarily approve the FY 2022 Engineer's Report and set June 22, 2021 as the date for this public hearing; and 5) published a legal notice in the East Bay Times on June 11, 2021.

## **NEXT STEPS**

If the City Council adopts the two attached resolutions (Attachment II and III), the Final Engineer's Report (Attachment IV) will be approved, the revenue and expenditure budgets will be appropriated, and the final Assessor's tax roll will be prepared and filed with the County Auditor's Office allowing the assessments to be included in the FY 2022 tax roll. The draft assessment rolls are included (Attachment V) but are under review and will be updated in July to allow up-to-date information to be included for developing zones (11, 18). The draft document includes zones 1-17. Once updated in July, a copy will be provided to the City Clerk and County Assessor.

*Prepared by:* Denise Blohm, Management Analyst

*Recommended by:* Todd Rullman, Maintenance Services Director

Approved by:



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Kelly McAdoo, City Manager

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<sup>2</sup> [URL](#): City Council Consent Item 21-263 dated June 1, 2021.