



CITY OF HAYWARD

MAINTENANCE DISTRICT NO.1

FINAL ENGINEER'S REPORT

FISCAL YEAR 2021

JUNE 2020

PURSUANT TO CHAPTER 26 OF PART 3 OF DIVISION 7 OF THE STREETS AND HIGHWAYS CODE OF THE STATE OF CALIFORNIA, AND CHAPTER 10, ARTICLE 10, SECTION 10-10.25 OF THE HAYWARD MUNICIPAL CODE, AND ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

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CITY OF HAYWARD

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INTRODUCTION

OVERVIEW

On January 5, 1993, by Resolution No. 93-010, the City Council approved the vesting tentative map of Tract 6472 for a 148-lot single-family residential subdivision located on the northerly side of Industrial Parkway West adjacent to the collector streets of Pacheco Way, Stratford Road and Ruus Lane. The final subdivision consisted of 143 lots.

Conditions of approval for Tentative Map Tract 6472, which included Final Tract Maps 6472, 6560, 6682 and 6683, included provisions for storm drainage improvements and construction of an approved stormwater pumping facility. The drainage area and the stormwater pumping facility were analyzed in documents prepared by Wilsey & Ham, Civil Engineers. These documents indicated the following: the drainage basin includes 29.1 acres, of which 24.7 acres are residential, 1.9 acres are for a park site, and 2.5 acres are for the collector streets associated with Stratford Road and Ruus Lane. Pacheco Way does not drain into this drainage basin system nor does the industrial property to the south.

In addition to the 143 lots identified above, final Tract Map 6682, with a total of 31 lots located immediately to the east of Chutney Road, was also approved. Therefore, the total number of residential lots in the drainage basin is 174. In addition to the residential lots, there is a park located on one parcel of land.

On June 6, 1995, by Resolution No. 95-103, the City Council ordered the formation of Maintenance District No. 1 to provide for the operation and maintenance of the storm drainage improvements and the stormwater pumping facility to serve the drainage basin. The FY 1996 Engineer's Report (formation report) included a FY 1996 budget which proposed \$22,557.36 in expenditures which equated to \$243.92/parcel (174 assessable parcels).

A Storm Water Lift Station (SWLS) was constructed to pump storm water run-off for the developed area which is adjacent to the Alameda County Flood Control and Water Conservation District's ("Flood Control District") Line B, Zone No. 3A. The plans for the lift station were approved by the City and the Flood Control District. The SWLS was designed with capacity for only the development of the area encompassing the 174 parcels. No added capacity was constructed for run-off from other areas such as the Georgian Manor and Spanish Ranch Mobile Home Parks, which are presently served by a privately owned and operated pumping facility located within each park.

An agreement between the City and the Flood Control District transferred ownership of the SWLS to the Flood Control District. The agreement states that the Flood Control District concurred with the SWLS transfer subject to the City providing the Flood Control District with the funds to operate, maintain, and provide for capital equipment replacement and for modifications that may become necessary for the optimal performance of the SWLS.

Each year the City evaluates the need to increase the annual assessment to ensure there are adequate funds to continue to provide proper operation, maintenance, and capital replacement of the storm water pumping facilities within Maintenance District No. 1. As part of this effort, no later than December 1, the Flood Control District is required to furnish the City with an itemized estimate of the cost to operate, maintain, and supplement the capital equipment replacement fund for the fiscal year commencing on the next July 1.

Should the capital equipment replacement fund be inadequate to cover unscheduled/emergency repairs, equipment replacement or modifications that are found to be necessary for the normal and safe performance of the Storm Water Lift Station (SWLS), the Flood Control District will provide the City with written notice of the need for additional funding.

Currently there are not sufficient funds to replace the Maintenance District No. 1 capital facilities when they reach the end of their useful lives.

LEGISLATIVE ANALYSIS

PROPOSITION 218 COMPLIANCE

On November 5, 1996, California voters approved Proposition 218 entitled "Right to Vote on Taxes Act," which added Articles XIIC and XIID to the California Constitution. While its title refers only to taxes, Proposition 218 established new procedural requirements for the formation and administration of assessment districts.

Proposition 218 stated that any existing assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, or vector control on or before November 6, 1996 shall be exempt from the procedures and approval process of Proposition 218, unless the assessments are increased. Maintenance District No. 1 imposes an assessment exclusively for flood control and drainage improvements.

Proposition 218 defines increased, when applied to an assessment, as a decision by an agency that does either of the following:

- a) Increases any applicable rate used to calculate the assessment.
- b) Revises the methodology by which the assessment is calculated, if that revision results in an increased amount being levied on any person or parcel.

NOTICING, PUBLIC COMMENT, AND PUBLIC HEARING

Noticing and information regarding this report were provided via the following methods: 1) a postcard notice was mailed to all affected property owners to provide details of their recommended FY 2021 assessment rate and to alert them to two meetings where they could provide input (June 2, June 23);

2) provided an online survey to measure maintenance satisfaction, and 3) published a legal notice in the East Bay Times on June 12, 2020.

On June 23, 2020, the City is proposing to hold a public hearing to provide an opportunity for any interested person to be heard. After the public hearing, the 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 Alameda County Auditor's Office to be included on the FY 2021 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.

PLANS & SPECIFICATIONS

INTRODUCTION

This annual Engineer's Report includes: (1) a description of the improvements to be operated, maintained and serviced, (2) an estimated budget, and (3) a listing of the proposed collection rate to be levied upon each assessable lot or parcel.

DESCRIPTION OF IMPROVEMENTS

The facilities, which have been constructed within the City of Hayward's Maintenance District No. 1 boundaries, and those which may be subsequently constructed, will be operated, maintained, and serviced and are generally described as follows:

- **The Stratford Village Storm Water Lift Station (SWLS):**

The facilities include:

- 2 - 15 H.P. Pumps
- 1 - 5 H.P. Pump
- 1 - 3 H.P. Dewatering Pump
- 1 - Generator
- 1 - Supervisory Control and Data Acquisition (SCADA) System
- 1 - Masonry Building to House the SCADA System and Generator

The operation and servicing of these facilities include but are not limited to: personnel; electrical energy; materials, including diesel fuel and oil; hazardous materials clean up; and appurtenant facilities as required to provide sufficient run-off capacity.

Maintenance means the furnishing of services and materials for the ordinary and usual operations, maintenance, and servicing of the SWLS, including repair, removal or replacement of all or part of any of the SWLS.

FISCAL YEAR 2021 ESTIMATE OF COST AND BUDGET

ESTIMATE OF COSTS

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California provides that the total cost of operation, maintenance and servicing of the storm drainage improvements and storm water pumping station can be recovered by the District. Incidental expenses including administration of the District, engineering fees, legal fees and all other costs associated with these improvements can also be included.

Maintenance District No. 1

Tract No. 6472, 6560, 6682, 6683 & 6682

Formed: June 6, 1995

Resolution Number: 95-103

174 Parcels

FY 2021 Assessment Amount per Parcel: **\$243.92**

The following is an overview of the FY 2021 District assessment.

- **Maximum Base Assessment (MBA):** is unchanged from the original amount of **\$243.92** per parcel, set when the District was created in 1995.
- **Annual CPI increase:** the MBA **cannot** be increased annually based upon the prior year's change in the CPI.
- **Assessment revenue:** the FY 2021 maximum charge amount is: **\$42,442.08**.
- **Annual assessment charge:** Each of the **174** parcels shall be apportioned an equal share of the total assessment for this zone as the special benefit derived by the individual parcels is indistinguishable from each other. The FY 2021 per parcel charge **will remain the same** as the FY 2021 amount of **\$243.92** per parcel. This amount is at the maximum base assessment and is sufficient for maintaining levels of service and for keeping a reserve balance.
- **Proposition 218:** Future increases in the assessment amount **above** the MBA will require the noticing and balloting of property owners per the requirements of Proposition 218.

Additional One-Time Costs

Alameda County Maintenance Contract, Facility Evaluation, and SCADA Upgrade

The City and Alameda County Flood Control District "County" have been in discussions with the City of Hayward over the past two years regarding the increased cost of maintenance, facility assessment consultant contract costs, and the design and construction expense for a new SCADA system.

The current Supervisory Control and Data Acquisition (SCADA) came online in December 2004. The District hired TJC and Associates in 2017 to review the existing Countywide system and provide an evaluation/design to upgrade the system to meet current standards. Based on their evaluation/design, it was determined that a complete system overall was required which included the Turner Court Control Center, Repeater Sites, and all 22 storm water pump stations.

The District also hired a consultant, Wood Rogers, to perform a Pump Station Condition Assessment Rehabilitation Study and Pump Performance Evaluation to determine potential items required to provide rehabilitation to the pump station systems. "Rehabilitation" includes the actions necessary to restore the pump station facility to its original design function, particularly to its original level of service (capacity).

The County estimates that an amount of \$82,489 will be needed in the next ten years to complete the identified rehabilitation of capital item. The items are follows:

1. **Level I Recommendations:** None
2. **Level II Recommendations** (that are recommended to be repaired/replaced in the next 0-5 years) are critical to flood control functionality but are currently functioning:
 - a. 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.
 - b. Overhaul/Inspect Pump 2 & 3: Pump flow testing indicates that the pump is performing poorly at 57% to 61% 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.
3. **Level III Recommendations** (that are recommended to be repaired/replaced in the next 0-5 years) are not critical to flood control functionality:
 - a. 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.

- b. 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.
 - c. Overhaul/Inspect Sump Pump: The sump pump is 24 years old and has not been pulled for service and inspection. Manufacturers recommend overhaul/inspection every 5 years. 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.
 - d. 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.
4. **Level IV Recommendations** (replaced in 5-10 years) are lower priority items that are based on adjusted remaining useful life.
- a. 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.
 - b. 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.

Alameda County and the City of Hayward have agreed that the City will not make any annual capital account contributions until all consultant, SCADA, and identified rehabilitation of capital items have been funded and paid for.

This pump station's share of the consultant condition assessment was \$124,210, of which the County applied the pump station's complete capital reserve of \$87,597 to fund a portion of the cost, with the remaining balance of \$36,613 owed to the County.

The County estimates that the SCADA construction cost for this pump station will be \$255,000 and will be completed in the next two years. Discussions between the City and County regarding the consultant condition assessment, SCADA design, construction costs, and payment options are ongoing. SCADA construction is anticipated to begin in late 2021.

FY 2021: Proposition 218 Election

The City can conduct a Proposition 218 election with the 174 property owners to vote on whether to increase their annual assessment rate. Presently, the property owners pay an annual assessment for MD No.1 of \$243.92. These same property owners pay an annual assessment for Landscape and Lighting District 4 of \$116.16. During a balloted election, property owners would be asked to increase their current assessment and to add an inflation factor to the annual assessment rate calculation and to pay for the \$379,049 charges owed. This option presents several challenges. First, the cost of conducting the election (including the legally required engineering study) is \$27,500. The District currently does not have the funds available to pay for the election, so funding would need to come from other sources. The annual assessment rate would need to be substantially increased to cover the current and future expenses of the District. Secondly, the probability of majority property owner support required for a successful election is low, even with significant outreach, and this is exacerbated by the current COVID-19 crisis and civil unrest.

FY 2021: Cost Estimate

The costs for Fiscal Year 2021 are summarized in the table on the following page. These cost estimates are based on Alameda County budget projections for Fiscal Year 2021. The City is currently in discussions with the County regarding the payback schedule for the three extra ordinary expenses, 1) SCADA Upgrade (\$255,000), remaining balance of consultant condition study (\$36,613), and funding of capital rehabilitation over the next five years (\$49,248). A placeholder amount of \$370,000 is listed as a "Loan/Payback Over 10 Years." Once negotiations have been completed between Alameda County and the City of Hayward over the term of the payback, more than likely the City's Stormwater or General Fund will need to transfer funds into this account to make it solvent.

Figure 1 – 2021 Cost Estimate

City of Hayward
Maintenance District No. 1 - Pacheco Wy., Stratford Rd., Russ Ln., & Ward Crk.
Fund 270, Project 3745
Established 1993, 174 Parcels

	FY 2017 Actual	FY 2018 Actual	FY 2019 Actual	FY 2020 Estimated	FY 2021 Proposed	FY 2022 Projected
Assessment						
a. Maximum Base Assessment Amount	244	244	244	244	243.92	244
b. Annual Per Parcel Assessment	244	244	244	244	244	244
c. # of Parcels	174	174	174	174	174	174
d. Total Amount Assessed for the District:	42,442	42,442	42,442	42,442	42,442.08	42,442
Income						
a. Annual Assessment Revenue	42,442	42,442	42,442	42,442	42,442	42,442
b. Minus County Tax Collection Fee (1.7%)	(722)	(722)	(722)	(722)	(722)	(722)
c. Adjustment for Delinquencies	(13)	(330)	378	-	-	-
d. Loan/Payback over 10 years	-	-	-	-	370,000	-
e. Other	11	-	1,890	20	-	-
f. Total Revenue:	41,719	41,391	43,989	41,741	411,721	41,721
Services						
a. Utilities: PGE	1,745	1,542	1,768	1,854	1,910	1,967
b. Pump Station O&M - ACFCO	14,044	-	80,003	21,359	25,910	26,687
c. Pump Station - ACFCO Capital Reserve	5,500	-	-	-	-	-
d. SCADA Upgrade - Pmt over two years	-	-	-	-	127,500	127,500
e. Consultant Condition Assessment	-	-	-	-	41,560	-
f. Equipment Rehabilitation	-	-	-	-	49,248	33,241
g. Proposition 218	-	-	-	-	27,500	-
h. Property Owner Noticing	178	84	77	108	111	115
i. Annual Reporting	1,067	1,159	411	2,168	1,002	1,032
j. City Administration	4,064	2,000	3,692	3,500	3,605	3,713
k. Total Expenditures:	26,598	4,785	85,951	28,989	278,346	194,255
l.						
Account Balance						
a. Beginning Account Balance	5,588	20,708	57,314	15,352	28,103	161,478
b. Net Change (Revenue - Expenditures)	15,121	36,606	(41,962)	12,752	133,375	(152,535)
c. Ending Account Balance:	20,708	57,314	15,352	28,103	161,478	8,943

METHOD OF ASSESSMENT APPORTIONMENT

METHOD OF APPORTIONMENT

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California permits the establishment of assessment districts by agencies to finance the maintenance and operation of drainage and flood control services, which include the operation, maintenance and servicing of pump stations.

Proposition 218 requires that maintenance assessments must be levied according to benefit rather than according to assessed value. In addition, Article XIID, Section 4(a) of the California Constitution limits the amount of any assessment to the proportional special benefit conferred on the property.

Because assessments are levied based on benefit, they are not considered a tax, and, therefore, are not governed by Article XIII A of the California Constitution.

Article XIID of the California Constitution provides that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways.

The land uses within Maintenance District No. 1 consist of 174 residential parcels and one park parcel. These parcels receive a special benefit in that the pumping station and the storm drains protect the residential parcels and park parcel from storm water flooding. Even though there are only minor structures located on the park parcel it does receive special benefit from flood control improvements and services.

It is estimated that all residential and park parcels derive similar benefits from the flood control improvements and services, therefore the method for spreading the annual costs is on a per parcel basis.

The projected Fiscal Year 2021 operation, maintenance, and capital replacement costs, including funds allocated to operating and capital reserve funds, are estimated to be **\$278,346**. The collection rate for Fiscal Year 2021 will be at the **maximum assessment rate** of **\$243.92** per parcel, which is **insufficient** to fund current expenses.

ASSESSMENT

WHEREAS, the City Council of the City of Hayward, County of Alameda, California, Pursuant to Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, and Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code, and in accordance with the Resolution of Intention, being Resolution No. XX, preliminarily approving the Engineer's Report, as adopted by the City Council of the City of Hayward, on June 6, 2020, and in connection with the proceedings for:

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the improvements upon all assessable parcels within the Assessment District, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me and the order of the City Council of the City of Hayward, hereby make the following assessments to cover the portion of the estimated cost of Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

As required, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of the Assessment District. The distinctive number of each parcel or lot of land in the Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of the Improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot from the improvements, and more particularly set forth in the Estimate of Costs and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are made upon the parcels or lots of land within Assessment District, in proportion to the special benefits to be received by the parcels or lots of land, from the Improvements.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Alameda for the fiscal year 2021. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2021 for each parcel or lot of land within said Maintenance District No. 1.

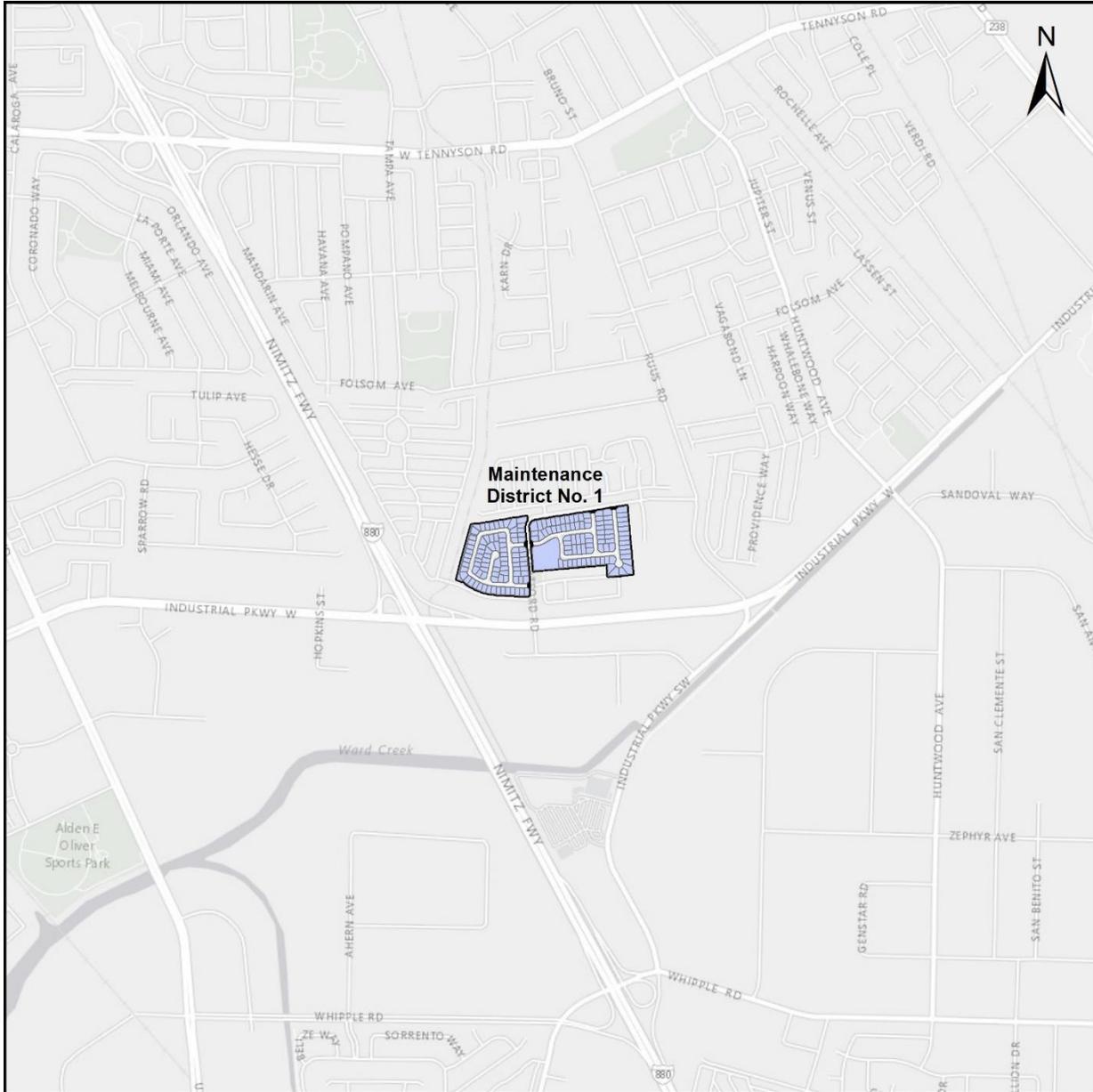
Dated: June 8, 2020



Engineer of Work

By  _____
John W. Bliss, License No. C52091

VICINITY MAP

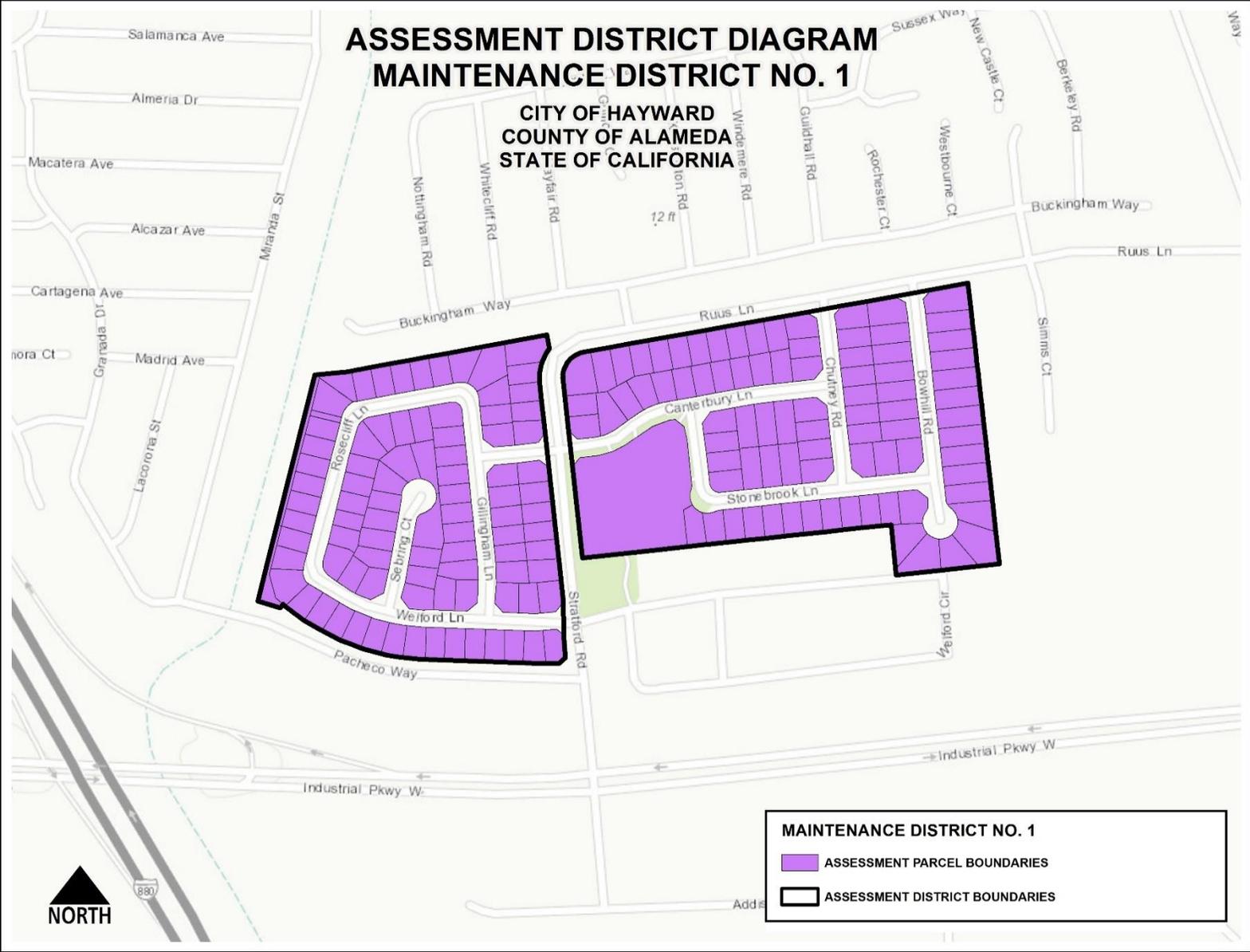


ASSESSMENT DIAGRAM

The boundary of the City of Hayward's Maintenance District No. 1 is on file in the Office of the Hayward City Clerk and is incorporated in this report in Appendix "B".

A detailed description of the lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Alameda for Fiscal Year 2021.

For additional information as to the bearings, distances, monuments, easements, etc. of subject subdivisions, reference is hereby made to Final Tract Maps No. 6472, 6560, 6682 and 6683 filed in the Office of the Recorder of Alameda County.



ASSESSMENT ROLL

A list of names and addresses of the owners of all parcels within the City of Hayward's Maintenance District No. 1 are shown on the last equalized Property Tax Roll of the Assessor of the County of Alameda. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the Office of the Hayward City Clerk.