



**DATE:** June 23, 2020

**TO:** Mayor and City Council

**FROM:** Maintenance Services Director

**SUBJECT:** Engineer's Report LLD96-1: 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 No. 96-1, Zones 1 through 18, for Fiscal Year 2021

## **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 2021.

## **SUMMARY**

The City of Hayward LLAD No. 96-1 has eighteen 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. A change in the annual assessment rate depends on the annual operation and maintenance costs for that year, along with the amount needed for the operating cash flow and the maintenance of a capital reserve. The recommended assessment rates cannot exceed the MBA rate, established when the zones were originally formed. The FY 2021 Final Engineer's Report is included as Attachment IV 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 LLADs to finance the cost and expense of operating,

maintaining, and servicing landscaping (including parks), and lighting improvements in public areas. In 1996, six separate districts were consolidated into one district, the Consolidated LLAD No. 96-1, by the adoption of Resolution No. 96-63. In subsequent years, zones 7-18 were individually created and annexed into the District. This staff report and the attached Final Engineer’s Report (Attachment IV) provide fiscal assessment, benefit, assessment diagram, and budget details for each of the established eighteen zones.

Table 1 below provides a summary of the eighteen benefit zones, including the year in which the 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. & 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	568
11b	Stonebrae Country Club - <u>Undeveloped</u>	2018	Residential	66
12a	Eden Shores - East	2007, 2016	Residential	261
12b	Spindrift (Eden Shores East) - Developed	2016	Residential	107
12c	Spindrift (Eden Shores East) - <u>Undeveloped</u>	2016	Residential	11
13	Cannery Place	2008	Residential	599
14a	La Vista - Developed	2016	Residential	169
14b	La Vista - <u>Undeveloped</u>	2016	Residential	10
16	Blackstone	2016	Residential	157
17a	Parkside Heights - Developed	2019	Residential	29
17b	Parkside Heights - <u>Undeveloped</u>	2019	Residential	68
18a	SoHay - Developed	2019	Residential	75
18b	SoHay - <u>Undeveloped</u>	2019	Residential	325
<b>Total Assessed Parcels:</b>				<b>3,918</b>
<b>For Reference ONLY - Self-Maintained</b>				
15	Cadence	2017	Residential	206
<b>Total Assessed Parcels:</b>				<b>206</b>

## DISCUSSION

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

- (1) **Maximum Base Assessment (MBA)** – The MBA is the maximum base 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 since zone revenue is received three times a year (January, May, and June) with the receipt of County property tax revenue.
  - d. **Capital Reserve** – This is the "savings account" where funds are collected and reserved each year to pay for the replacement of capital items in future years.

Table 2 on the following page summarizes assessment information by zone. The table summarizes each benefit zone describing the number of parcels, lists whether or not there is an annual CPI adjustment factor included in the annual MBA calculation, lists the MBA, and lists the year over year difference between the FY 2020 adopted assessment vs. the FY 2021 recommended assessment.

For FY 2021, staff recommends no change to twelve zones (zone 1, 2, 4, 5, 6, 7, 8, 9, 10, 13, 15, 16), one decrease (zone 12), and five increases (zone 3, 11, 14, 17, 18), based on the current and future estimate of expenses, and the current and future zone account balances needed to fund operations and maintain a capital reserve. There is no assessment fee for zone 15, Cadence. An agreement with the property owner was made when the LLAD zone 15 was originally formed, so as long as the public areas are being maintained, no annual assessment fee will be charged. The terms of the agreement require that the property owner submit an annual maintenance plan, a copy is provided as Attachment V.

For FY 2021, four zones are proposed to be levied at their MBA rate (zone 6, 14, 17, 18). Of note, five of the eighteen benefit zones MBAs did not include an inflation factor as part of their original MBA calculation (zone 1, 2, 4, 5, 6). The lack of an inflation factor not being added into their annual

calculation when originally formed could limit their ability to keep up with increases in expenses in the future.

Based on feedback staff received since the June 2, 2020 Council meeting, the Final Engineer’s Report includes additional budget for Zone 7 – Twin Bridges to increase the tree maintenance budget from \$10,000 to \$20,000 and include a Streetlight LED Upgrade Project (\$75,000). The expenditure budget increase for FY 2021 budget had no effect on the FY 2021 assessment, as presented on June 2, 2020, which remained the same at \$591.70, which is the same amount as the previous year.

TABLE 2: ASSESSMENT AMOUNTS BY BENEFIT ZONE									
A	B	C	D	E	F	G	H	I	J
Zone	Name/Location	# Parcels	Incl CPI Adj	FY 2021 MBA	FY 2020 Assessment	FY 2021 Assessment	Change from last year		
1 <sup>(1)</sup>	Huntwood Ave. & Panjon St.	30	No	295.83	202.58	202.58	None	-	0%
2 <sup>(1)</sup>	Harder Rd. & Mocine Ave.	85	No	193.39	122.86	122.86	None	-	0%
3	Prominence	155	Yes	994.12	883.97	909.69	Incr	25.72	3%
4 <sup>(1)</sup>	Stratford Village	174	No	180.00	116.16	116.16	None	-	0%
5 <sup>(1)</sup>	Soto Rd. & Plum Tree St.	38	No	258.67	255.17	255.17	None	-	0%
6 <sup>(1, 2, 3)</sup>	Pepper Tree Park	11	No	2.61	2.61	2.61	None	None	N/A
7	Twin Bridges	348	Yes	1,039.80	591.70	591.70	None	-	0%
8	Capitola St.	24	Yes	743.67	181.13	181.13	None	-	0%
9	Orchard Ave.	74	Yes	198.57	34.19	34.19	None	-	0%
10	Eden Shores- Residential	534	Yes	1,184.04	265.66	265.66	None	-	0%
11a	Stonebrae Country Club (Developed)	568	Yes	1,679.39	273.72	314.78	Incr	41.06	15%
11b	Stonebrae Country Club (Undeveloped)	66	Yes	1,679.39	145.07	166.83	Incr	21.76	15%
12a	Eden Shores - East	261	Yes	222.52	95.00	90.00	Decr	(5.00)	-5%
12b	Spindrift (Eden Shores - East ) - Developed	107	Yes	219.45	95.00	90.00	Decr	(5.00)	-5%
12c	Spindrift (Eden Shores - East ) - Undeveloped	11	Yes	65.84	28.50	27.00	Decr	(1.50)	-5%
13	Cannery Place	599	Yes	1,262.84	361.00	361.00	None	-	0%
14a <sup>(2)</sup>	La Vista (Developed)	169	Yes	663.74	525.00	663.74	Incr	138.74	26%
14b <sup>(2)</sup>	La Vista (Undeveloped)	10	Yes	199.20	158.00	199.20	Incr	41.20	26%
15 <sup>(4)</sup>	Cadence	206	Yes	644.04	N/A	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	459.05	445.68	445.68	None	-	0%
16b	Blackstone (Zone B)	24	Yes	481.99	467.94	467.94	None	-	0%
17a <sup>(2)</sup>	Parkside Heights (Developed)	29	Yes	528.69	513.74	528.69	Incr	14.95	3%
17b <sup>(2)</sup>	Parkside Heights (Undeveloped)	68	Yes	158.61	154.12	158.61	Incr	4.49	3%
18a <sup>(2)</sup>	SoHay (Zone A - Developed)	75	Yes	403.24	391.84	403.24	Incr	11.40	3%
18b <sup>(2)</sup>	SoHay (Zone A - Undeveloped)	186	Yes	120.97	117.55	120.97	Incr	3.42	3%
18c <sup>(2)</sup>	SoHay (Zone B - Developed)	0	Yes	383.08	372.24	383.08	Incr	10.84	3%
18d <sup>(2)</sup>	SoHay (Zone B - Undeveloped)	139	Yes	114.92	111.67	114.92	Incr	3.25	3%

Notes: <sup>(1)</sup> No inflation factor is included to increase the Maximum Base Assessment.

<sup>(2)</sup> Fiscal Year 2021 assessment is levied at the maximum assessment amount.

<sup>(3)</sup> Industrial district is assessed based upon street frontage.

<sup>(4)</sup> Property owner maintains the public benefits for this zone.

## Zones Under Development

The following five zones are continuing construction in their development:

- (1) **Stonebrae (Zone 11)** – Sixty-six undeveloped parcels are estimated for construction with an estimated completion by 2022.
- (2) **Spindrift (Eden Shore – East) (Zone 12)** – Eleven undeveloped parcels are estimated for construction with an estimated completion by year end.
- (3) **La Vista (Zone 14)** – Ten undeveloped parcels are estimated for construction with an estimated completion by year end.
- (4) **Parkside Heights (Zone 17)** – Sixty-eight undeveloped parcels are estimated for construction with an estimated completion by February 2022.
- (5) **SoHay (Zone 18)** – Three hundred and twenty-five undeveloped parcels (Single Family Equivalent Units) are estimated for construction with an estimated completion by 2023.

## Proposition 218 Compliance

For FY 2021, 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 fiscal impact to the City's General Fund from this recommendation because expenditures are to be funded directly by assessment rates levied against each benefited property in each respective zone.

There may be an economic impact to property owners due to COVID 19. Property assessments are included together in the Alameda County property tax bills. Due to COVID 19 and a State of California Order, an Alameda County property tax waiver is available for those who have been impacted by COVID 19 (Attachment VI). Information is available at <https://treasurer.acgov.org/index.page> or by calling 510-272-6800.

## **STRATEGIC ROADMAP**

This agenda item is not directly related to any of the projects outlined in the Council's Strategic Roadmap.

## **PUBLIC CONTACT**

City staff: 1) mailed a postcard to all affected property owners to let them know of their recommended FY 2021 assessment rate, and to let them know of two meetings where they could provide input (June 2 and June 23); 2) provided an online survey to measure maintenance satisfaction<sup>1</sup>; 3) published a legal notice in the East Bay Times on June 12, 2020 (Attachment VII); and 4) presented a Consent Item<sup>2</sup> to the City Council on June 2, 2020, whereas Resolution No. 20-072 was approved adopting a resolution of intention to primarily approve the FY 2021 Engineer's Report and set June 23, 2020 as the date for this public hearing.

## **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 2021 tax roll. The draft assessment roll is included as Attachment VIII and will be reviewed and updated prior to submission to Alameda County in August. The update will include review and update of five developing zones (11, 12, 14, 17, 18.) The assessment role for Zone 18 will be added during the update period.

*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>1</sup> Online Survey [www.hayward-ca.gov/benefitzone](http://www.hayward-ca.gov/benefitzone)

<sup>2</sup> City Council Consent Item 20-150 dated June 2, 2020

(<https://hayward.legistar.com/LegislationDetail.aspx?ID=4548857&GUID=7344E4EF-FD56-47D5-A79F-EAAA47BAE092>)