



**DATE:** June 27, 2023

**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 2024

## **RECOMMENDATION**

That the City Council adopts two resolutions (Attachments II and 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 2024.

## **SUMMARY**

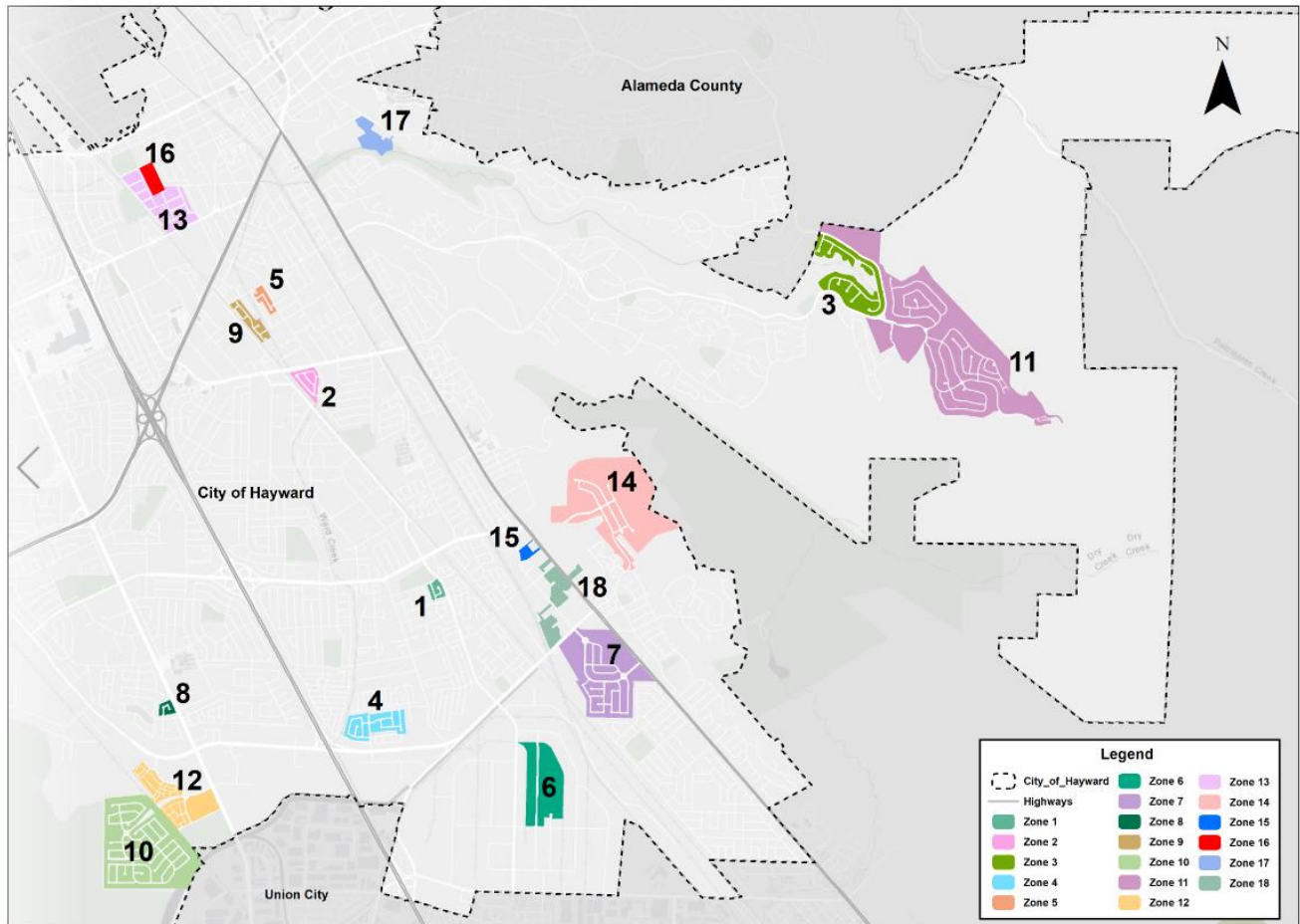
The Landscaping and Lighting Act of 1972 requires an annual review and update of the engineer's report to set the annual assessment rate for each benefit zone. Assessment rate recommendations are made based on annual expenses, required cash flow, and future capital repair and replacement requirements. 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 zone’s annual assessment rate are based on annual expenses, required cash flow, and capital replacement requirements. 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 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 2024 assessment rate, and the change between last year’s adopted assessment and this year’s recommended assessment. For FY 2024, staff recommends no change to four Zones (6, 14, 15 and 18) fourteen increases (1, 2, 3, 4, 5, 7, 8, 9, 10, 11, 12, 13, 16, and 17), 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	FY 2024 Max Base Assessment	FY 2024 Rate	FY 2023 Assessment	Change from last year		
1	Huntwood Ave. and Panjon St.	30	No	295.83	224.70	214.00	Incr	10.70	5%
2	Harder Rd. and Mocine Ave.	85	No	193.39	129.00	122.86	Incr	6.14	5%
3	Prominence	155	Yes	1,118.42	1,008.76	951.66	Incr	57.10	6%
4	Stratford Village	174	No	180.00	123.13	116.16	Incr	6.97	6%
5	Soto Rd. and Plum Tree St.	38	No	258.67	258.67	255.17	Incr	3.50	1%
6	Pepper Tree Park	11	No	2.61	2.61	2.61	None	-	0%
7	Twin Bridges	348	Yes	1,169.82	627.20	591.70	Incr	35.50	6%
8	Capitola St.	24	Yes	836.64	195.89	186.56	Incr	9.33	5%
9	Orchard Ave.	74	Yes	223.38	36.24	34.19	Incr	2.05	6%
10	Eden Shores	534	Yes	1,332.08	316.05	287.32	Incr	28.73	10%
11a	Stonebrae (Developed)	617	Yes	1,889.38	374.48	340.44	Incr	34.04	10%
11b	Stonebrae (Undeveloped)	27	Yes	566.81	198.47	180.43	Incr	18.04	10%
12a	Eden Shores - East	261	Yes	250.34	98.26	92.70	Incr	5.56	6%
12b	Eden Shores East (Spindrift)	118	Yes	239.80	98.26	92.70	Incr	5.56	6%
13	Cannery Place	599	Yes	1,420.74	394.13	371.82	Incr	22.31	6%
14	La Vista	179	Yes	725.28	683.65	683.65	None	-	0%
15	Cadence	206	Yes	703.34	N/A	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	501.60	501.60	482.00	Incr	19.60	4%
16b	Blackstone (Zone B)	24	Yes	526.68	526.68	506.08	Incr	20.60	4%
17	Parkside Heights	97	Yes	594.78	555.12	528.69	Incr	26.43	5%
18a	SoHay Zone A (Developed)	192	Yes	453.66	300.00	300.00	None	-	0%
18b	SoHay Zone A (Undeveloped)	69	Yes	136.10	90.00	90.00	None	-	0%
18c	SoHay Zone B (Developed)	79	Yes	430.98	285.00	285.00	None	-	0%

18d	SoHay Zone B (Undeveloped)	93	Yes	129.29	85.50	85.50	None	-	0%
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### Proposition 218 Compliance

For FY 2024, 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 as monies related to these LLADs are reserved 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.

TABLE 3: ESTIMATED CASH BALANCE CHANGES PER BENEFIT ZONE						
Zone	Name/Location	Est FY 2023 Ending Cash Balance	FY 2024 Revenue	FY 2024 Expenditures	Change	Est FY 2024 Ending Cash Balance
1	Huntwood Ave. and Panjon St.	20,953	6,826	12,921	(6,094)	14,859
2	Harder Rd. and Mocine Ave.	30,575	11,191	18,452	(7,261)	23,314
3	Prominence	327,927	154,730	252,946	(98,217)	229,710
4	Stratford Village	68,952	21,575	45,367	(23,792)	45,161
5	Soto Rd. and Plum Tree St.	20,672	9,762	13,974	(4,212)	16,460
6	Pepper Tree Park	96,734	13,188	15,091	(1,904)	94,830
7	Twin Bridges	654,706	217,055	400,322	(183,267)	471,438
8	Capitola St.	49,960	5,021	11,834	(6,812)	43,147
9	Orchard Ave.	8,909	2,671	4,461	(1,790)	7,118
10	Eden Shores	477,518	168,502	408,570	(240,068)	237,450
11	Stonebrae	363,508	238,316	314,869	(76,553)	286,955
12	Eden Shores East (Spindrift)	17,304	36,757	36,735	23	17,326
13	Cannery Place	668,690	234,470	330,606	(96,135)	572,555
14	La Vista	233,999	122,373	142,605	(20,231)	213,768
15	Cadence	-	-	-	-	-
16	Blackstone	134,994	78,104	100,053	(21,949)	113,046
17	Parkside Heights	85,543	55,431	59,786	(4,355)	81,188
18	SoHay	226,211	118,672	96,482	22,191	248,402
<b>Cash Balance:</b>		3,487,155	1,494,646	2,265,074	(770,427)	2,716,728

### **STRATEGIC ROADMAP**

This agenda item is not directly related to the Council's Strategic Roadmap.

## **PUBLIC CONTACT**

City staff: 1) mailed a postcard to all affected property owners to provide details of their recommended FY 2024 assessment rate and to alert them to two Council meetings where they could provide input (June 6 and June 27); 2) held a virtual meeting on May 31 via Zoom; and 3) published a printed legal notice in the East Bay Times on June 16, 2023.

## **NEXT STEPS**

If the City Council adopts the two attached resolutions (Attachments 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 2023 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). Once updated in July, a copy will be provided to the City Clerk and County Assessor.

*Prepared by:* Manny Grewal, Management Analyst

*Recommended by:* Todd Rullman, Maintenance Services Director

Approved by:



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Kelly McAdoo, City Manager