



DATE: July 5, 2022

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 2023

RECOMMENDATION

That the City Council adopts two resolutions (Attachments 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 2023.

SUMMARY

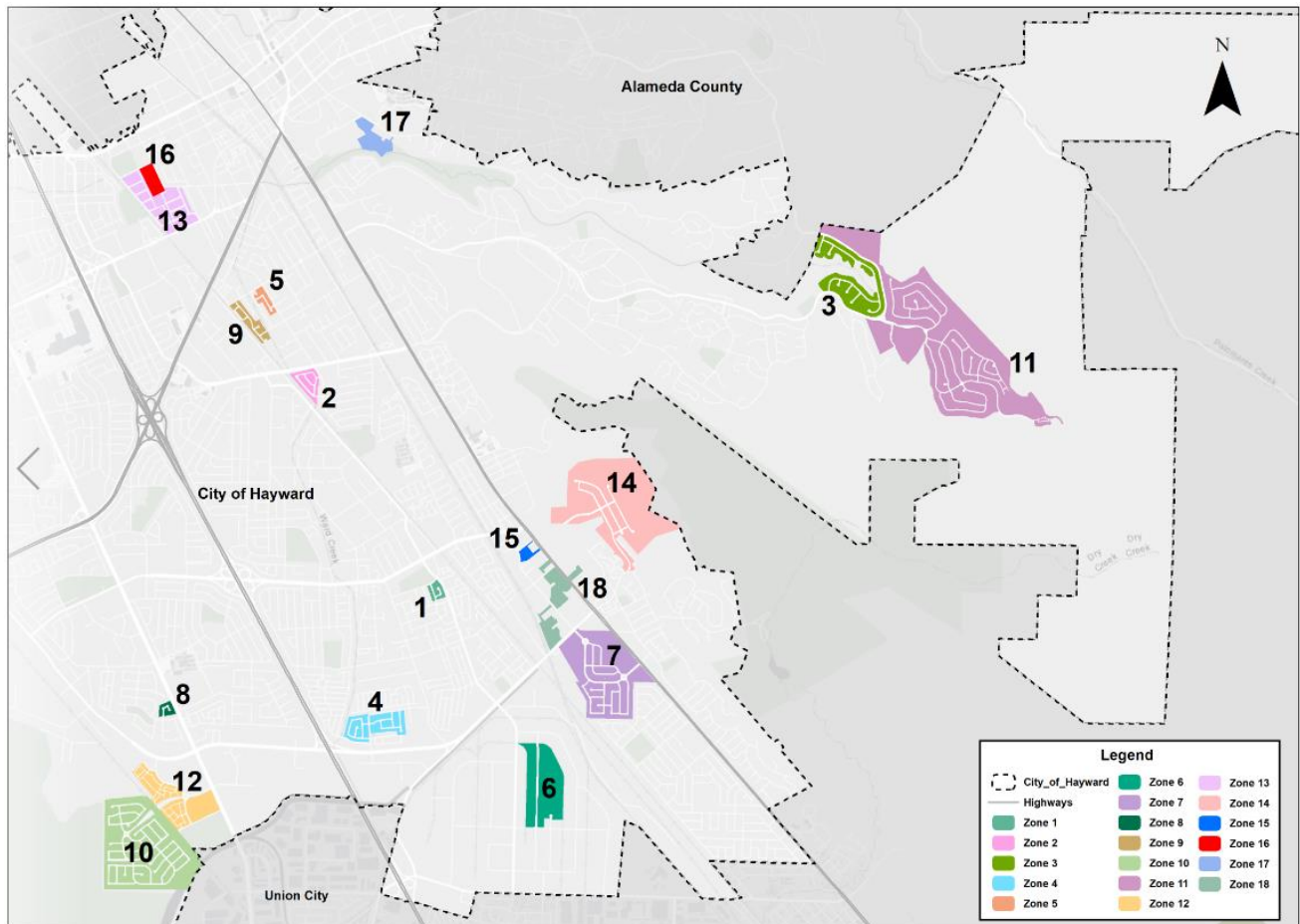
The Landscaping and Lighting Act of 1972 requires an annual review and update of the engineer's report to set the annual assessment rate for each benefit zone. Assessment rate recommendations are made based on annual expenses, required cash flow, and future capital repair and replacement requirements. 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
Total Assessed Parcels:				4,167

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 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 2023 assessment rate, and the change between last year’s adopted assessment and this year’s recommended assessment. For FY 2023, staff recommends no change to ten zones (Zones 2, 4, 5, 6, 7, 8, 9, 14, 15 and 17) and eight increases (Zones 1, 3, 10, 11, 12, 13, 16, and 18) 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 ⁽⁵⁾	FY 2023 Max Base Assessment	FY 2023 Rate	FY 2022 Assessment	Change from last year ⁽⁷⁾		
1	Huntwood Ave. and Panjon St.	30	No	295.83	214.00	208.66	Incr	5.34	3%
2	Harder Rd. and Mocine Ave.	85	No	193.39	122.86	122.86	None	-	0%
3	Prominence	155	Yes	1,062.12	951.66	923.95	Incr	27.71	3%
4	Stratford Village	174	No	180.00	116.16	116.16	None	-	0%
5	Soto Rd. and Plum Tree St.	38	No	258.67	255.17	255.17	None	-	0%
6	Pepper Tree Park	11	No	2.61	2.61	2.61	None	-	0%
7	Twin Bridges	348	Yes	1,110.94	591.70	591.70	None	-	0%
8	Capitola St.	24	Yes	794.54	186.56	186.56	None	-	0%
9	Orchard Ave.	74	Yes	212.14	34.19	34.19	None	-	0%
10	Eden Shores	534	Yes	1,265.04	287.32	278.94	Incr	8.38	3%
11a	Stonebrae (Developed)	617	Yes	1,794.28	340.44	330.52	Incr	9.92	3%
11b	Stonebrae (Undeveloped)	27	Yes	538.28	180.43	175.18	Incr	5.25	3%
12a	Eden Shores - East	261	Yes	237.76	92.70	90.00	Incr	2.70	3%
12b	Eden Shores East (Spindrift)	118	Yes	232.80	92.70	90.00	Incr	2.70	3%
13	Cannery Place	599	Yes	1,349.22	371.82	361.00	Incr	10.82	3%
14	La Vista	179	Yes	704.16	683.65	683.65	None	-	0%
15	Cadence	206	Yes	682.86	N/A	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	487.00	482.00	467.96	Incr	14.04	3%
16b	Blackstone (Zone B)	24	Yes	511.34	506.08	491.34	Incr	14.74	3%
17	Parkside Heights	97	Yes	564.86	528.69	528.69	None	-	0%
18a	SoHay Zone A (Developed)	192	Yes	430.82	300.00	50.00	Incr	250.00	500%
18b	SoHay Zone A (Undeveloped)	69	Yes	129.25	90.00	15.00	Incr	75.00	500%
18c	SoHay Zone B (Developed)	79	Yes	409.28	285.00	47.50	Incr	237.50	500%
18d	SoHay Zone B (Undeveloped)	93	Yes	122.78	85.50	14.25	Incr	71.25	500%

FY 2023 Special Assessment Rate Increase - Zone 18 (SoHay)

In FY 2022, the LLAD 18 (SoHay) development was still under construction and the maintenance responsibility of the park remained with the developer, so the Zone was assessed at a rate significantly lower (\$50.00) than the maximum rate (\$409.57). During this time period, the City did not offer significant services to the District during construction. Now, a year later, the development is projected to be completed in FY 2023 and the City anticipates accepting the full responsibility and cost of maintaining LLAD 18 on 7/1/2022. As a result, staff is recommending an increase in the assessment rate to \$300.00 to cover the estimated annual operating and maintenance expenses, as detailed in the Engineer's Report.

Proposition 218 Compliance

For FY 2023, 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.

TABLE 3: ESTIMATED CASH BALANCE CHANGES PER BENEFIT ZONE						
Zone	Name/Location	Est FY 2022 Ending Cash Balance	FY 2023 Revenue	FY 2023 Expenditures	Change	Est FY 2023 Ending Cash Balance
1	Huntwood Ave. and Panjon St.	26,611	6,511	11,654	(5,143)	21,468
2	Harder Rd. and Mocine Ave.	30,930	10,666	10,329	337	31,266
3	Prominence	352,748	149,635	211,817	(62,183)	290,565
4	Stratford Village	111,859	20,898	31,169	(10,271)	101,588
5	Soto Rd. and Plum Tree St.	25,974	9,832	14,213	(4,381)	21,593
6	Pepper Tree Park	91,452	13,188	14,639	(1,451)	90,001
7	Twin Bridges	670,388	206,211	206,743	(532)	669,857
8	Capitola St.	60,639	4,801	11,653	(6,852)	53,788
9	Orchard Ave.	9,218	2,512	2,904	(392)	8,826
10	Eden Shores	480,187	153,121	185,303	(32,182)	448,005
11	Stonebrae	404,441	216,657	264,040	(47,383)	357,059
12	Eden Shores East (Spindrift)	18,924	34,686	36,655	(1,969)	16,955
13	Cannery Place	644,448	221,234	202,656	18,578	663,026
14	La Vista	222,017	120,643	114,388	6,255	228,272
15	Cadence	-	-	-	-	-
16	Blackstone	157,203	75,067	80,790	(5,723)	151,480
17	Parkside Heights	84,200	54,211	51,715	2,496	86,697
18	SoHay	133,083	109,651	92,840	16,811	149,894
Cash Balance:		3,524,323	1,409,523	1,543,507	(133,984)	3,390,339

Self-Maintained.

PUBLIC CONTACT

City staff: 1) mailed a postcard notice to all affected property owners to provide details of their recommended FY 2023 assessment rate, and to alert them to two Council meetings where they could provide input (June 21 and July 5); 2) held a virtual Community Meeting via Zoom on June 15; and 3) published a legal notice in the East Bay Times on June 24, 2022.

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 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: Liz Sanchez, Management Analyst

Recommended by: Todd Rullman, Maintenance Services Director

Approved by:



Kelly McAdoo, City Manager