



DATE: June 4, 2024

TO: Mayor and City Council

FROM: Director of Maintenance Services

SUBJECT: Adopt a Resolution of Intention to Approve the Preliminary Engineer’s Report and Assessments for Fiscal Year 2025; and Set June 25, 2024, as the Public Hearing Date for Such Actions for Consolidated Landscaping and Lighting District No. 96-1, Zones 1 through 18

RECOMMENDATION

That Council adopts a resolution (Attachment II) of intention to approve the Preliminary Engineer’s Report (Attachment III) and assessments for Landscaping and Lighting District No. 96-1 for FY 2025 and sets June 25, 2024 as the public hearing date.

SUMMARY

The Landscaping and Lighting Act of 1972 requires an annual review and update of the Engineer’s Report to set annual assessment rates for each benefit zone. Assessment rate recommendations are made based on annual expenses, required cash flow, and capital replacement requirements. Recommended annual assessment rates cannot exceed the Maximum Base Assessment (MBA) Rate established when a zone was originally formed. The annual engineer’s report is included as Attachment III and includes a detailed summary 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 to finance the cost and expense of operating, maintaining, and servicing landscaping (including parks), and lighting improvements in public areas. In 1996, six separate Landscaping and Lighting Districts, Benefit Zones 1-6, were consolidated into one district, Consolidated Landscaping and Lighting Assessment District No. 96-1, “the District,” 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 attached engineer’s report provide assessment, benefit, and budget details for each of the established eighteen zones. Table 1 on the following page provides a summary of the 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 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 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 included in the MBA rate, the FY 2025 assessment rate, and the change between last year’s adopted assessment and this year’s recommended assessment.

For FY 2025, staff recommends no change to five zones (Zones: 5, 6, 14, 15 and 18) and thirteen increases (Zones: 1, 2, 3, 4, 7, 8, 9, 10, 11, 12, 13, 16, and 17), based on annual expenses, required cash flow, and future capital 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 2025 Max Base Assessment	FY 2025 Rate	FY 2024 Assessment	Change from last year		
1	Huntwood Ave. and Panjon St.	30	No	295.83	235.94	224.70	Incr	11.24	5%
2	Harder Rd. and Mocine Ave.	85	No	193.39	135.45	129.00	Incr	6.45	5%
3	Prominence	155	Yes	1,144.88	1,069.29	1,008.76	Incr	60.53	6%
4	Stratford Village	174	No	180.00	126.93	123.23	Incr	3.70	3%
5	Soto Rd. and Plum Tree St.	38	No	258.67	258.67	258.67	None	-	0%
6	Pepper Tree Park	11	No	2.61	2.61	2.61	None	-	0%
7	Twin Bridges	348	Yes	1,197.48	664.83	627.20	Incr	37.63	6%
8	Capitola St.	24	Yes	856.44	205.68	195.89	Incr	9.79	5%
9	Orchard Ave.	74	Yes	228.66	38.41	36.24	Incr	2.17	6%
10	Eden Shores	534	Yes	1,363.60	344.49	316.05	Incr	28.44	9%
11a	Stonebrae (Developed)	617	Yes	1,934.08	408.18	374.48	Incr	33.70	9%
11b	Stonebrae (Undeveloped)	27	Yes	580.22	216.34	198.47	Incr	17.87	9%
12a	Eden Shores - East	261	Yes	256.28	104.16	98.26	Incr	5.90	6%
12b	Eden Shores East (Spindrift)	118	Yes	246.98	104.16	98.26	Incr	5.90	6%
13	Cannery Place	599	Yes	1,424.34	417.78	394.13	Incr	23.65	6%
14	La Vista	179	Yes	747.04	683.65	683.65	None	-	0%
15	Cadence	206	Yes	724.44	N/A	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	516.66	516.66	501.60	Incr	15.06	3%
16b	Blackstone (Zone B)	24	Yes	542.48	542.48	526.68	Incr	15.80	3%
17	Parkside Heights	97	Yes	608.86	582.88	555.12	Incr	27.76	5%
18a	SoHay Zone A (Developed)	192	Yes	464.38	300.00	300.00	None	-	0%
18b	SoHay Zone A (Undeveloped)	69	Yes	139.31	90.00	90.00	None	-	0%
18c	SoHay Zone B (Developed)	79	Yes	441.16	285.00	285.00	None	-	0%
18d	SoHay Zone B (Undeveloped)	93	Yes	132.35	85.50	85.50	None	-	0%

Proposition 218 Compliance

For FY 2025, all 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 the assessment amounts that would exceed the MBA amount would require noticing and balloting of property owners.

FISCAL AND ECONOMIC IMPACT

There is no fiscal impact to the City’s General Fund from this recommendation; all expenditures are paid by assessment rates in each respective zone. All zones have adequate cash balances for annual expenses, cash flow, and capital replacement at this time.

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 2025 assessment rate and to alert them to two Council meetings where they could provide input (June 4 and June 25); 2) held a virtual meeting on May 29 via Zoom; and 3) will publish a printed legal notice in the East Bay Times on or before June 14, 2024.

NEXT STEPS

Following this Council meeting, the City is proposing to hold a public hearing on June 25, 2024, 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 County Auditor's office to be included on the FY 2025 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.

If Council adopts the attached resolution of intention, a noticed public hearing on June 25, 2024, to consider approving the Engineer's Report and ordering the levy of assessments for FY 2025 will be scheduled.

Prepared by: Manny Grewal, Management Analyst

Recommended by: Todd Rullman, Director of Maintenance Services

Approved by:



Dustin Claussen, Interim City Manager