



**DATE:** June 1, 2021

**TO:** Mayor and City Council

**FROM:** Maintenance Services Director

**SUBJECT:** Adopt a Resolution of Intention to Preliminarily Approve the Engineer’s Report and Assessments for Fiscal Year 2022; and Set June 22, 2021, as the Public Hearing Date for Such Actions for Consolidated Landscaping and Lighting Assessment District No. 96-1, Zones 1 through 18

**RECOMMENDATION**

That Council adopts a resolution of intention (Attachment II) to approve the Engineer’s Report and assessment rates for Landscaping and Lighting Assessment District No. 96-1, Zones 1-18, for FY 2022 and sets June 22nd 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
<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** – 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, the MBA rate, the FY 2022 assessment rate, and the change between last year’s adopted assessment and this year’s recommended assessment.

For FY 2022, staff recommends no change to nine zones (zone 2, 4, 5, 6, 7, 9, 12, 13, 17), one decrease (zone 18), and seven increases (zone 1, 3, 8, 10, 11, 14, 16), 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 <sup>(5)</sup>	FY 2022 Max Base Assessment	<b>FY 2022 Rate</b>	FY 2021 Assessment	Change from last year <sup>(7)</sup>		
1 <sup>(1)</sup>	Huntwood Ave. and Panjon St.	30	No	295.83	<b>208.66</b>	202.58	Incr	6.08	3%
2 <sup>(1), (7)</sup>	Harder Rd. and Mocine Ave.	85	No	193.39	<b>122.86</b>	122.86	None	-	0%
3	Prominence	155	Yes	1,009.72	<b>923.95</b>	909.69	Incr	14.26	2%
4 <sup>(1), (7)</sup>	Stratford Village	174	No	180.00	<b>116.16</b>	116.16	None	-	0%
5 <sup>(1), (7)</sup>	Soto Rd. and Plum Tree St.	38	No	258.67	<b>255.17</b>	255.17	None	-	0%
6 <sup>(1), 2, 3, 7)</sup>	Pepper Tree Park	11	No	2.61	<b>2.61</b>	2.61	None	-	0%
7 <sup>(7)</sup>	Twin Bridges	348	Yes	1,056.12	<b>591.70</b>	591.70	None	-	0%
8	Capitola St.	24	Yes	755.34	<b>186.56</b>	181.13	Incr	5.43	3%
9 <sup>(7)</sup>	Orchard Ave.	74	Yes	201.68	<b>34.19</b>	34.19	None	-	0%
10	Eden Shores	534	Yes	1,202.63	<b>278.94</b>	265.66	Incr	13.28	5%
11a	Stonebrae (Developed)	617	Yes	1,705.76	<b>330.52</b>	314.78	Incr	15.74	5%
11b <sup>(6)</sup>	Stonebrae (Underdeveloped)	27	Yes	511.73	<b>175.18</b>	166.83	Incr	8.34	5%
12a <sup>(7)</sup>	Eden Shores - East	261	Yes	229.20	<b>90.00</b>	90.00	None	-	0%
12b <sup>(7)</sup>	Eden Shores East (Spindrift)	118	Yes	226.03	<b>90.00</b>	90.00	None	-	0%
13 <sup>(7)</sup>	Cannery Place	599	Yes	1,282.66	<b>361.00</b>	361.00	None	-	0%
14 <sup>(2)</sup>	La Vista	179	Yes	683.65	<b>683.65</b>	663.74	Incr	19.91	3%
15 <sup>(4)</sup>	Cadence	206	Yes	662.97	<b>N/A</b>	N/A	N/A	N/A	N/A
16a	Blackstone (Zone A)	133	Yes	472.82	<b>467.96</b>	445.68	Incr	22.28	5%
16b	Blackstone (Zone B)	24	Yes	496.46	<b>491.34</b>	467.94	Incr	23.40	5%
17 <sup>(7)</sup>	Parkside Heights	97	Yes	536.99	<b>528.69</b>	528.69	None	-	0%
18a	SoHay Zone A (Developed)	192	Yes	409.57	<b>50.00</b>	403.24	Decr	(353.24)	-88%
18b <sup>(6)</sup>	SoHay Zone A (Underdeveloped)	69	Yes	122.87	<b>15.00</b>	120.97	Decr	(105.97)	-88%
18c	SoHay Zone B (Developed)	79	Yes	389.09	<b>47.50</b>	383.08	Decr	(335.58)	-88%
18d <sup>(6)</sup>	SoHay Zone B (Underdeveloped)	93	Yes	116.73	<b>14.25</b>	114.92	Decr	(100.67)	-88%

**Note: FY 2022 Special Assessment Rate decrease - Zone 18 (SoHay).** LLAD 18 acceptance and maintenance was anticipated in FY 2021, however not realized. The FY 2021 special assessment rate and budget reflected that assumption. Now, a year later, full development build out is not expected until CY 2023; therefore, a significant decrease is being recommended for FY 2022. Of note, all funds collected for each and every benefit zone are deposited, maintained, and only expended for the express purpose stated in the Engineer's report. Each zone's bank account balance can only be expended expressly for the benefits detailed and described in the Engineer's report.

### Proposition 218 Compliance

For FY 2022, 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 because expenditures are to be paid by assessment rates in each respective zone. All zones have adequate cash balances for annual expenses, cash flow, and capital replacement.

TABLE 3: ESTIMATED CASH BALANCE CHANGES PER BENEFIT ZONE						
Zone	Name/Location	Est FY 2021 Ending Cash Balance	FY 2022 Revenue	FY 2022 Expenditures	Change	Est FY 2022 Ending Cash Balance
1	Huntwood Ave. and Panjon St.	25,159	6,353	11,660	(5,307)	19,852
2	Harder Rd. and Mocine Ave.	27,198	10,666	9,335	1,331	28,529
3	Prominence	264,857	145,278	171,801	(26,523)	238,334
4	Stratford Village	107,293	20,868	31,175	(10,307)	96,986
5	Soto Rd. and Plum Tree St.	20,710	9,832	14,235	(4,403)	16,306
6	Pepper Tree Park	83,204	13,188	14,645	(1,457)	81,747
7	Twin Bridges	522,200	205,911	196,726	9,185	531,385
8	Capitola St.	56,862	4,801	11,675	(6,874)	49,989
9	Orchard Ave.	7,561	2,507	2,951	(444)	7,117
10	Eden Shores	426,978	148,323	185,286	(36,963)	390,016
11	Stonebrae	399,507	208,613	245,440	(36,827)	362,680
12	Eden Shores East (Spindrift)	20,812	33,680	36,686	(3,006)	17,806
13	Cannery Place	559,982	214,763	201,994	12,769	572,751
14	La Vista	149,959	122,373	145,826	(23,453)	126,506
15	Cadence	-	-	-	-	-
16	Blackstone	108,470	72,910	77,765	(4,855)	103,615
17	Parkside Heights	37,453	53,911	46,690	7,221	44,674
18	SoHay	121,091	15,160	3,200	11,960	133,052
<b>Cash Balance:</b>		2,939,296	1,289,137	1,407,090	(117,953)	2,821,343

Self-Maintained.

## 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 2022 assessment rate and to alert them to two Council meetings where they could provide input (June 1 and June 22); 2) provided an online survey to measure maintenance satisfaction; 3) held a virtual meeting on May 20 via Zoom; and 4) will be publishing a printed legal notice in the East Bay Times on June 11, 2021.

## NEXT STEPS

Following this Council meeting, the City is proposing to hold a public hearing on June 22, 2021, 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 2022 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 22, 2021, to consider approving the Engineer's Report and order the levy of assessments for FY 2022 will be scheduled.

*Prepared by:* Denise Blohm, Management Analyst

*Recommended by:* Todd Rullman, Maintenance Services Director

Approved by:



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Kelly McAdoo, City Manager