



DATE: June 6, 2017

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 2018; and set June 27, 2017, as the Public Hearing Date for Such Actions for Consolidated Landscaping and Lighting District No. 96-1, Zones 1 through 16

RECOMMENDATION

That the City Council adopts the attached resolution (Attachment II).

SUMMARY

The City of Hayward has sixteen Landscape and Lighting District Benefit Zones. The Landscaping and Lighting Act of 1972 requires that a review and update of the Engineer's Report for these zones be prepared annually to set assessment amounts for each zone. The assessment amounts may or may not change from fiscal year to fiscal year, depending upon the operation and maintenance needed to be performed in each zone, and the funding levels required for the operating and capital reserves. The recommended assessment cannot exceed the maximum base annual assessment rate established when the zones were originally formed.

The annual Engineer's Report is included as Attachment III and includes a summary for each benefit zone, to include:

- (1) a description of the improvements to be operated, maintained, and serviced;
- (2) the FY2018 recommended budget;
- (3) the FY 2018 recommended assessment rate; and
- (4) map of the benefit zone (assessment diagram).

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 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 District No. 96-1, by the adoption of Resolution No. 96-63. In subsequent years, Benefit Zones 7-16 were individually created and annexed into the District. This staff report and attached engineer's report provide benefit, budget, and assessment details for each of the established sixteen zones. Table 1 below provides general information regarding the year in which each benefit zone was formed and the number of assessable parcels within each benefit zone.

TABLE 1: DESCRIPTION OF EXISTING BENEFIT ZONES				
A	B	C	D	E
Zone Number	Name/Location	Year Formed	Type of Development	Number of Assessed Parcels
Current Assessments				
1	Huntwood Ave. & Panjon St.	1990	Residential	30
2	Harder Rd. & Mocine Ave.	1991	Residential	85
3	Hayward Blvd. & Fairview Ave.	1992	Residential	155
4	Pacheco Way, Stratford Rd, Russ Ln, Ward Creek	1995	Residential	175
5	Soto Rd. & Plum Tree St.	1995	Residential	38
6	Pepper Tree Park (assessable linear street frontage)	1982	Industrial	11
7	Mission Blvd., Industrial Pkwy, & Arrowhead Way	1998	Residential	348
8	Capitola St.	1999	Residential	24
9	Orchard Ave.	2000	Residential	74
10	Eden Shores- Resident	2003	Residential	534
11	Stonebrae Country Club (current & future development)	2006	Residential	576
12	Eden Shores- Sports Park	2007, 2016	Residential	379
13	Cannery Place	2008	Residential	599
14	La Vista	2016	Residential	179
16	Blackstone	2016	Residential	157
Total Assessed Parcels:				3,028
New Benefit Zones/Annexations for FY 2018 - For Reference ONLY				
15	Cadence	2017	Residential	206
Total Assessed Parcels:				206

Note: Shaded items are new annexation/zones with assessments established by way of separate City Council reports in presented in January 2017. These items are presented here for reference only.

DISCUSSION

Recommended changes to a zone's annual assessment rate are based on the assessment revenue required. Staff recommends an increase in the assessment rate if the zone does not have the recommended level of fund balance (operating + capital reserves). On the flip side, if the zone has

ample funds in its fund balance to fund both the operating and capital reserve, then staff's recommendation is to reduce the annual assessment charge. When reviewing the information for each zone below, there are two items to review and consider.

1. Maximum Base Assessment (MBA) - This is the maximum amount a property owner can be charged annually. This amount is established during the original formation of the zone. The only variable between zones is whether the original MBA can be increased annually based on an inflation factor, like the Consumer Price Index (CPI).
2. Assessment Revenue - This is the amount of funds generated by the annual charge to each property owner located within each zone, minus a county administrative charge (1.7%). The assessment rate recommendation depends on three things:
 - a. Amount of revenue needed to pay annual expenses, which include such things as landscape maintenance, utility expense, and administrative costs. Annual expenses are estimated each year, based on past years' expenses and future years cost estimates.
 - b. Amount of "Operating Reserve" needed. This is the amount of "cash flow" needed for each zone to make expenditure payments each month throughout the year. For example, each zone incurs monthly expenses, but only receives property tax revenue from the county three times a year (December, April, and June). Therefore, some cash is needed to fund operations prior to the first revenue stream being received in December. The amount of operating reserves is set at 50% of the "net assessment amount," which is the amount of assessment collected net of the County's 1.7% administrative charge.
 - c. Amount of "Capital Reserve" needed. The capital reserve is established to maintain a "savings account" for the replacement of zone infrastructure items. This amount is established by calculating the current cost of the item, identifying the life span, and adding an annual inflation factor. Each zone is responsible for the replacement of its capital items with the exclusion of Zone 12. For Zone 12, Eden Shores East – Alden E. Oliver Sports Park, the benefit zone property owners contribute to a portion of the annual operational cost, while the Hayward Area Recreation District is responsible for saving for and replacing the park infrastructure items.

Table 2 on the following page lists the assessment amounts in FY 2017, the recommended assessment amounts to be levied for FY 2018, and the maximum base annual assessment rates for each benefit zone that were established when the zones were created. As was done for Table 1, information for reference purposes only is provided associated with prior actions this year by the City Council related to Zone 15.

TABLE 2: ASSESSMENT AMOUNTS PER BENEFIT ZONE

A	B	C	D	E	F	G	H
Zone Number	Name/Location	CPI Adj	FY 2018 Max Assessment	FY 2017 Assessment	FY 2018 Assessment	Incr/Decr	Chg from last year
Current Assessments							
1	Huntwood Ave. & Panjon St.	No	\$295.83	\$175.00	\$183.75	INCR	\$8.75
2	Harder Rd. & Mocine Ave.	No	\$193.39	\$153.58	\$153.58	No Chg	\$0.00
3	Prominence - Hayward Blvd. & Fairview Ave.	Yes	\$900.65	\$797.06	\$824.16	INCR	\$27.10
4	Stratford Village - Pacheco Way, Stratford Rd, Russ Ln, Ward Creek	No	\$180.00	\$145.20	\$145.20	No Chg	\$0.00
5	Soto Rd. & Plum Tree St.	No	\$258.67	\$198.50	\$205.25	INCR	\$6.75
6 ^(1,2)	Pepper Tree Park	No	\$2.61	\$2.61	\$2.61	No Chg	\$0.00
7	Twin Bridges - Mission Blvd., Industrial Pkwy, & Arrowhead Way	Yes	\$942.04	\$563.52	\$563.52	No Chg	\$0.00
8	Hesperian , Capitola St.	Yes	\$673.74	\$150.00	\$150.00	No Chg	\$0.00
9	Orchard Ave.	Yes	\$179.90	\$20.00	\$30.00	INCR	\$10.00
10	Eden Shores- Residential	Yes	\$1,072.71	\$175.00	\$192.50	INCR	\$17.50
11	Stonebrae Country Club (Developed/Undeveloped)	Yes	\$1,521.49 / \$806.39	\$155.96 / \$82.60	\$168.44 / \$89.21	INCR	\$12.48 / \$6.61
12	Eden Shores- Sports Park	Yes	\$201.86	\$194.98	\$112.00	DECR	-\$82.98
12	New Annexation - Eden Shores- Sports Park (Developed / Undeveloped)	Yes	\$200.83 / \$60.25	\$58.49	\$33.60	DECR	-\$24.89
13	Cannery Place	Yes	\$1,144.10	\$361.00	\$361.00	INCR	\$0.00
14 ⁽³⁾	La Vista (Developed/Undeveloped)	Yes	\$607.42 / \$182.23	\$176.92	\$15.00	DECR	-\$161.92
16 ⁽⁴⁾	Blackstone (Zone A - Developed/Undeveloped)	Yes	\$420.10/ \$126.03	\$122.36	\$315.00 / \$95.00	DECR	N/A / - \$27.36
16 ⁽⁵⁾	Blackstone (Zone B - Developed/Undeveloped)	Yes	\$441.10 / \$132.33	\$128.48	\$99.75	DECR	-\$28.73
New Benefit Zone for FY 2018 - For Reference ONLY							
15 ⁽⁶⁾	Cadence	Yes	\$589.73	\$0.00	\$0.00	No Chg	N/A

- Notes:
- ⁽¹⁾ Shaded items reflect Fiscal Year 2018 assessment amounts levied at the base maximum assessment amounts.
 - ⁽²⁾ Zone 6 is in the industrial district and is assessed based upon street frontage.
 - ⁽³⁾ Zone 14 - No parcels are currently developed, so the FY 17 and 18 rates shown are for undeveloped parcels.
 - ⁽⁴⁾ Zone 16 (A) - No parcels were developed in FY 17, so the FY17 rate shown is for undeveloped parcels.
 - ⁽⁵⁾ Zone 16 (B) - No parcels are currently developed, so the FY 17 and 18 rates shown are for undeveloped parcels.
 - ⁽⁶⁾ Zone 15 was presented to the City Council separately as a new zone.

Proposition 218 Compliance

For FY 2018, 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 exceed the maximum base assessment amount would require the noticing and balloting of property owners.

Fiscal Year 2018 Formation of New Zone 15

For FY 2018, a separate engineer's report was prepared for the formation of a new zone, Zone 15 (Cadence Development). Information about the proceedings for this area is provided below.

On December 6, 2016, the City Council approved the Notice of Intent to Levy Assessments and set the Public Hearing for receipt of ballots for January 17, 2017 for the formation of Zone 15. The City Council approved the assessments for the Cadence Development (Zone 15) at their January 17, 2017 meeting. The project was previously approved to create 206 new lots.

Pursuant to the Owners Participation Agreement (OPA) for the Cadence Development, the Developer is responsible for the maintenance of Cadence Public Park in perpetuity or for the life of the agreement. As detailed in the OPA, the Developer is required to submit a Park Maintenance Plan annually to the City for review and approval by City Council as part of the annual review of the District. The Park Maintenance Plan will include a maintenance budget and a schedule of maintenance activities. Thus, these lots will be assessed at \$0.00 per parcel. The Assessment District formation ensures adequate funding would be available for the maintenance of the Park should the Developer default by not meeting the maintenance standards, or if the property is sold and the City assumes maintenance of the park. Assessments would only occur if the City had to assume maintenance of this district.

FISCAL IMPACT

There is no fiscal impact to the City's General Fund from this recommendation because expenditures are to be paid for by the District fund accounts, with some augmentation from operating and capital reserve balances for some zones.

PUBLIC CONTACT

To provide community engagement, City staff 1) mailed a notice to property owners to let them know of their recommended FY 2018 assessment rate, and to alert them to three meetings where they could provide input (May 30, June 6, and June 27); 2) held a community engagement meeting on May 30; and 3) provided an online survey to measure maintenance satisfaction.

NEXT STEPS

Following this Council meeting, the City of Hayward is proposing to hold a public hearing on June 27, 2017, to provide an opportunity for any interested person to be heard. After the public

hearing, the City 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 2018 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 the City Council adopts the attached resolution of intention, it will hold a noticed public hearing on June 27, 2017, to consider approving the Engineer's Report and order the levy of assessments for FY 2018.

Prepared by: Denise Blohm, Management Analyst II, Maintenance Services Department

Recommended by: Todd Rullman, Maintenance Services Director

Approved by:



Kelly McAdoo, City Manager