



DATE: June 4, 2019

TO: Mayor and City Council

FROM: Maintenance Services Director

SUBJECT: Adopt Resolutions to Approve the Engineer's Report, Reconfirm Base Maximum Assessment Amount, Confirm the Assessment Diagram and Fiscal Assessment, Order the Levy and Collection of Fiscal Assessments, and Approve Funding Recommendations and Appropriate Special Revenue Funds for Consolidated Landscaping and Lighting District No. 96-1, Zones 1 through 16, for Fiscal Year 2020

RECOMMENDATION

That the City Council adopts the attached resolutions:

1. Approving the Engineer's Report,
2. Reconfirming the Base Maximum Assessment amount,
3. Confirming the Assessment Diagram and Fiscal Assessment,
4. Ordering the Levy and Collection of Fiscal Assessments,
5. Approving the Funding Recommendations, and
6. Appropriating Revenue and Expenditure budgets for Consolidated Landscape and Lighting Assessment District (LLAD) No. 96-1, Zones 1 through 16 for Fiscal Year 2020.

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 be prepared annually to set assessment rates for each zone. The assessment amounts may or may not change from fiscal year to fiscal year, depending upon operation and maintenance needs and the funding required for the operating and capital requirements. The recommended assessment rates cannot exceed the Maximum Base Assessment Rate, established when the zones were originally formed. The annual engineer's report is included as Attachment IV and includes a summary for each benefit zone.

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 assessment, benefit, and budget details for each of the established sixteen zones. Table 1 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 EXISTING BENEFIT ZONES | | | | |
|--|--|-------------|---------------------|----------------------------|
| A | B | C | D | E |
| Zone | Name/Location | Year Formed | Type of Development | Number of Assessed Parcels |
| City Managed Benefit Zones | | | | |
| 1 | Huntwood Ave. & Panjon St. | 1990 | Residential | 30 |
| 2 | Harder Rd. & Mocine Ave. | 1991 | Residential | 85 |
| 3 | Prominence | 1992 | Residential | 155 |
| 4 | Stratford Village | 1995 | Residential | 174 |
| 5 | Soto Rd. & 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- Residential | 2003 | Residential | 534 |
| 11a | Stonebrae Country Club - Developed | 2006 | Residential | 537 |
| 11b | Stonebrae Country Club - Future Development | 2006 | Residential | 97 |
| 12a | Eden Shores East | 2007 | Residential | 261 |
| 12b | Eden Shores - Spindrift - Developed | 2016 | Residential | 66 |
| 12c | Eden Shores - Spindrift - Future Development | 2016 | Residential | 52 |
| 13 | Cannery Place | 2008 | Residential | 599 |
| 14a | La Vista - Developed | 2016 | Residential | 118 |
| 14b | La Vista - Future Development | 2016 | Residential | 61 |
| 16a | Blackstone | 2016 | Residential | 157 |
| Total Assessed Parcels: | | | | 3,421 |
| Self-Maintained Benefit Zone | | | | |
| 15 | Cadence | 2017 | Residential | 206 |
| Total Assessed Parcels: | | | | 206 |

DISCUSSION

Recommended changes to a zone's annual assessment rate are based on the current and future estimated expenses and the zone's account balance. 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 MBA can only be increased if an inflation factor was included in the annual calculation when the zone was originally formed.

(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 four items:

- a. **Annual Operating Expenses** – Annual operating expenses are estimated based on past years' experience and future years' estimates.
- b. **Future Capital Expenses** – Future capital expenses are estimated based on an inventory of capital items, their annual life span, and their future replacement cost.
- c. **Operating Reserve** - This is the amount of “cash flow” needed to pay monthly invoices when revenue (assessment rates are received through property tax) is received three times a year (January, May, and June).
- d. **Capital Reserve** – This is the “savings account” where funds are collected and reserved each year in order to fund future capital replacement items.

Table 2 on the following page summarizes assessment information by zone. The table summarizes each benefit zone describing the number of parcels, Maximum Base Assessment Rate, if there is an annual CPI adjustment, and the difference between the FY 2019 adopted assessment vs the FY 2020 recommended assessment.

For FY 2020, staff recommends no change to five zones (zone 2, 4, 6, 7, 13), one decrease (zone 12), and nine increases (zone 1, 3, 5, 8, 9, 10, 11, 14, 16), based on current and future estimated expenses, and current and future zone account balances needed to fund operations and capital replacement.

For FY 2020, two zones are proposed to be levied at their MBA rate (zones 6 and 16). Of note, five of the sixteen benefits zones did not include an inflation factor as part of their original MBA calculation (zone 1, 2, 4, 5, 6), which could limit their ability to keep up with increases in expenses in the future.

| TABLE 2: ASSESSMENT AMOUNTS BY BENEFIT ZONE | | | | | | | | | |
|---|---|-----------|-----------------------------------|-----------------------------------|--------------------|--------------------|--------------------|----------|-------|
| A | B | C | D | E | F | G | H | I | J |
| Zone | Name/Location | # Parcels | FY 2020 Max Base Assessment (MBA) | Inflation Calculation incl in MBA | FY 2019 Assessment | FY 2020 Assessment | Chg from last year | | |
| Year Over Year Assessment Comparison | | | | | | | | | |
| 1 ⁽¹⁾ | Huntwood Ave. & Panjon St. | 30 | \$295.83 | No | \$192.94 | \$202.58 | Increase | \$9.64 | 5% |
| 2 ⁽¹⁾ | Harder Rd. & Mocine Ave. | 85 | \$193.39 | No | \$122.86 | \$122.86 | None | \$0.00 | 0% |
| 3 | Prominence | 155 | \$966.01 | Yes | \$853.83 | \$883.97 | Increase | \$30.14 | 4% |
| 4 ⁽¹⁾ | Stratford Village | 174 | \$180.00 | No | \$116.16 | \$116.16 | None | \$0.00 | 0% |
| 5 ⁽¹⁾ | Soto Rd. & Plum Tree St. | 38 | \$258.67 | No | \$212.64 | \$255.17 | Increase | \$42.53 | 20% |
| 6 ^(1, 2, 3) | Pepper Tree Park | 11 | \$2.61 | No | \$2.61 | \$2.61 | None | \$0.00 | 0% |
| 7 | Twin Bridges | 348 | \$1,010.40 | Yes | \$591.70 | \$591.70 | None | \$0.00 | 0% |
| 8 | Capitola St. | 24 | \$722.64 | Yes | \$157.50 | \$181.13 | Increase | \$23.63 | 15% |
| 9 | Orchard Ave. | 74 | \$192.95 | Yes | \$31.08 | \$34.19 | Increase | \$3.11 | 10% |
| 10 | Eden Shores- Residential | 534 | \$1,150.56 | Yes | \$221.38 | \$265.66 | Increase | \$44.28 | 20% |
| 11a | Stonebrae Country Club (Developed) | 537 | \$1,631.91 | Yes | \$210.55 | \$273.72 | Increase | \$63.17 | 30% |
| 11b | Stonebrae Country Club (Future Development) | 97 | \$1,631.91 | Yes | \$111.51 | \$145.07 | Increase | \$33.56 | 30% |
| 12a | Eden Shores East | 261 | \$216.24 | Yes | \$112.00 | \$95.00 | Decrease | -\$17.00 | -15% |
| 12b ⁽⁴⁾ | Spindrif (Developed) | 66 | \$213.06 | Yes | \$112.00 | \$95.00 | Decrease | -\$17.00 | -15% |
| 12c ⁽⁴⁾ | Spindrif (Future Development) | 52 | \$213.06 | Yes | \$33.60 | \$28.50 | Decrease | -\$5.10 | -15% |
| 13 | Cannery Place | 599 | \$1,227.13 | Yes | \$361.00 | \$361.00 | None | \$0.00 | 0% |
| 14a ⁽⁴⁾ | La Vista (Developed) | 118 | \$644.41 | Yes | \$15.00 | \$525.00 | Increase | \$510.00 | 3500% |
| 14b ⁽⁴⁾ | La Vista (Future Development) | 61 | \$644.41 | Yes | \$4.50 | \$157.50 | Increase | \$153.00 | 3500% |
| 16a ^(2,4) | Blackstone (Zone A) | 133 | \$445.68 | Yes | \$200.00 | \$445.68 | Increase | \$245.68 | 223% |
| 16c ^(2,4) | Blackstone (Zone B) | 24 | \$467.94 | Yes | \$210.00 | \$467.94 | Increase | \$257.94 | 223% |
| Self-Maintained Benefit Zone | | | | | | | | | |
| 15 ⁽⁵⁾ | Cadence | 206 | \$628.86 | Yes | \$0.00 | \$0.00 | None | \$0 | 0% |

- Notes: ⁽¹⁾ Blue shaded items reflect zones without an inflation factor in their MBA.
⁽²⁾ Gray shaded items reflect zones assessed at their MBA.
⁽³⁾ Zone 6 is in the industrial district and is assessed based upon street frontage.
⁽⁴⁾ All zones which include a CPI use the SF/OAK/HAY Feb CPI month except for zones 12 b and c, 14, 16, whose CPI month is DEC.
⁽⁵⁾ Zone 15 is an LLAD, however, no assessment rate is charged as the zone is self-maintained.

Proposition 218 Compliance

For FY 2020, 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 assessment amounts that exceed the maximum base assessment amount would require the 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.

STRATEGIC INITIATIVES

This agenda item is a routine operational item and does not relate to any of the Council's Strategic Initiatives.

PUBLIC CONTACT

City staff: 1) mailed a notice to all affected property owners to provide detail of their recommended FY 2020 assessment rate, and to inform them about three meetings where they could provide input (April 11, May 14, and June 4); 2) held a public meeting on April 11 at City Hall; 3) provided an online survey to measure maintenance satisfaction; 4) published a legal notice in the East Bay Times on May 17, 2019; and 5) presented a Consent Item to the City Council on May 14, 2019, setting the date for this public hearing.

NEXT STEPS

If the City Council adopts the attached resolutions, 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 2020 tax roll.

Prepared by: Denise Blohm, Management Analyst II

Recommended by: Todd Rullman, Maintenance Services Director

Approved by:



Kelly McAdoo, City Manager