



CITY OF HAYWARD

MAINTENANCE DISTRICT No.2

PRELIMINARY ENGINEER'S REPORT

FISCAL YEAR 2018

JUNE 2017

PURSUANT TO CHAPTER 26 OF PART 3 OF DIVISION 7 OF THE STREETS AND HIGHWAYS CODE OF THE STATE OF CALIFORNIA, AND CHAPTER 10, ARTICLE 10, SECTION 10-10.25 OF THE HAYWARD MUNICIPAL CODE AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION

ENGINEER OF WORK:
SCI Consulting Group
4745 MANGELS BLVD.
FAIRFIELD, CALIFORNIA 94534
PHONE 707.430.4300
FAX 707.426.4319
WWW.SCI-CG.COM

CITY OF HAYWARD

CITY COUNCIL

Barbara Halliday, Mayor
Sara Lamnin, Council Member
Francisco Zermeño, Council Member
Marvin Peixoto, Council Member
Al Mendall, Council Member
Elisa Márquez, Council Member
Mark Salinas, Council Member

CLERK OF THE COUNCIL

Miriam Lens

CITY MANAGER

Kelly McAdoo

CITY ATTORNEY

Michael Lawson

ENGINEER OF WORK

SCI Consulting Group

TABLE OF CONTENTS

INTRODUCTION.....	1
OVERVIEW	1
LEGISLATIVE ANALYSIS	1
PLANS & SPECIFICATIONS	3
INTRODUCTION	3
DESCRIPTION OF IMPROVEMENTS	3
FISCAL YEAR 2018 ESTIMATE OF COST AND BUDGET	8
ESTIMATE OF COSTS	8
METHOD OF ASSESSMENT APPORTIONMENT	10
METHOD OF APPORTIONMENT	10
ASSESSMENT	12
VICINITY MAP	14
ASSESSMENT DIAGRAM.....	15
ASSESSMENT ROLL	16

LIST OF FIGURES

FIGURE 1 – 2018 COST ESTIMATE 9

INTRODUCTION

OVERVIEW

On April 16, 2002, by Resolution No. 02-043, the City Council approved the Final Map of Tract 7317 for a 114 lot residential subdivision, with 109 single-family homes, located on the northerly side of Eden Shores Boulevard and westerly of the Union Pacific Railroad.

On November 26, 2002, by Resolution No. 02-171, the City Council approved the Final Map of Tract 7361 for a 120 lot residential subdivision, with 116 single-family homes, located on the southerly side of Eden Shores Boulevard and westerly of the Union Pacific Railroad.

On June 3, 2003, by Resolution No. 03-083, the City Council approved the Final Map for Tract 7360, for a 318 lot residential subdivision, with 309 single-family homes located on the southwesterly side of Eden Shores Drive and westerly of the Union Pacific Railroad. The additional lots in each subdivision, 27 total, will be landscaped areas, parks, wetlands or buffer areas.

Conditions of approval for Tracts No. 7317, 7360 and 7361, included provisions for construction of a water buffer channel and storm-water pretreatment pond, masonry walls, anti-predator fences, and landscaping within the proposed development area. Maintenance District No. 2 will provide a funding source to operate and maintain these improvements, including the furnishing of water and electrical energy along with debris removal, weeding, trimming and pest control spraying.

On June 24, 2003, by Resolution No. 03-102, the City Council ordered the formation of Maintenance District No. 2 to provide the funding for the operation and maintenance of these facilities. The FY 2004 Final Engineer's Report (formation report) included a FY 2004 budget which proposed \$343,875.00 in expenditures at buildout for an anticipated 525 assessable parcels which equated to maximum assessment rate of \$655.00/parcel. This maximum annual assessment rate which may be levied is increased each fiscal year by the prior year's change in the Consumer Price Index.

LEGISLATIVE ANALYSIS

PROPOSITION 218 COMPLIANCE

On November 5, 1996, California voters approved Proposition 218 entitled "Right to Vote on Taxes Act," which added Articles XIIC and XIID to the California Constitution. While its title refers only to taxes, Proposition 218 established new procedural requirements for the formation and administration of assessment districts.

Proposition 218 stated that any existing assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, or vector control on or before November 6, 1996 shall be

exempt from the procedures and approval process of Proposition 218, unless the assessments are increased. Proposition 218 defines increased, when applied to an assessment, as a decision by an agency that does either of the following:

- a) Increases any applicable rate used to calculate the assessment.
- b) Revises the methodology by which the assessment is calculated, if that revision results in an increased amount being levied on any person or parcel.

The formation methodology used to calculate the maximum annual assessment that could be levied in any given year allows the maximum assessment rate from the prior year to be increased by the prior year's change in the Consumer Price Index. Therefore, based upon the review of the City Attorney, imposing the assessment adjustment each year based upon the prior year's increase in the Consumer Price Index does not require Proposition 218 proceedings.

The FY 2004 formation documents set the maximum assessment rate at \$655.00 per parcel, which increased each fiscal year by the prior year's change in the Consumer Price Index. Therefore, the FY 2018 maximum assessment rate is now set at \$906.58 per parcel.

In FY 2008 the rate was \$155.00 per parcel. For FY 2009 through FY 2011 the collection rate was reduced to \$100.00 per parcel at the request of the Eden Shores Homeowners' Association (HOA) due to downturn economic conditions and the fact that there were sufficient reserves available to supplement the annual operation and maintenance costs for those fiscal years. For FY 2012 through FY 2013, the collection rate increased to \$130.00 per parcel to cover increased maintenance and utility costs. For FY 2014, the collection rate increased by 10% to \$143.00 per parcel to cover increased maintenance and utility costs. For FY 2015, the collection rate increased to \$157.30 per parcel to cover increased maintenance and utility costs. For FY 2016, the collection rate increased to \$173.00 per parcel to cover increased maintenance and utility costs. For FY 2017, the collection rate increased to \$198.95 per parcel to cover increased maintenance and utility costs.

For Fiscal Year 2018, the estimated operating costs, including funds allocated for operation and capital reserves, are \$106,239.30. Based on these estimated operating costs, the assessment rate needed to cover the FY 2018 operating expenses is \$198.95 per parcel. This proposed assessment rate remains the same as the previous year's assessment rate of \$198.95. The proposed FY 2018 assessment is below the maximum base assessment of \$906.59 per parcel, therefore it does not require Proposition 218 proceedings. In future years, if there is a need for additional funds to cover any major repairs or replacements, the assessment amount may be increased up to their maximum base assessment amount.

PLANS & SPECIFICATIONS

INTRODUCTION

The annual Engineer's Report includes: (1) a description of the improvements to be operated, maintained and serviced, (2) an estimated budget, and (3) a listing of the proposed collection rate to be levied upon each assessable lot or parcel.

In order to receive public comment, City staff 1) mailed a notice to property owners to let them know of the May 30 community input meeting and two Council dates; 2) held a community input meeting on May 30, and 3) conducted an online survey to measure maintenance satisfaction.

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. At the conclusion of 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 levied upon 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.

DESCRIPTION OF IMPROVEMENTS

The facilities, which have been constructed within the City of Hayward's Maintenance District No. 2 boundaries, and those which may be subsequently constructed, will be operated, maintained and serviced and are generally described as follows:

**CITY OF HAYWARD
MAINTENANCE DISTRICT NO. 2
FISCAL YEAR 2018
534 Parcels**

FY 2018 Assessment Amount per Parcel: \$198.95

The following is an overview of the FY 2018 District assessment, along with a description of any one- time items budgeted in FY 2018:

- **Maximum base assessment amount:** was increased from the prior year's maximum base assessment amount of **\$876.78 to \$906.59** by applying CPI-U for the San Francisco-Oakland-San Jose MSA (**3.40%** for the period February 2016 to February 2017).
- **Annual CPI increase:** the maximum base assessment amount **does increase** annually based upon the prior year's change in the CPI.
- **Assessment revenue:** the FY 2018 amount needed to operate and maintain the facilities and contribute to the capital reserve is: **\$106,239.30**.
- **Annual assessment charge:** each of the **534** parcels shall be apportioned an equal share of the total assessment for this zone as the special benefit derived by the individual parcels is indistinguishable from each other. The FY 2018 per parcel charge **will remain the same** as the FY 2017 amount of **\$198.95** for FY 2018. This amount is below **the** maximum base assessment, and is sufficient for maintaining levels of service and for keeping a reserve balance. In future years, if there is a need for additional funds, the assessment amount may be increased up to the maximum base assessment amount.
- **Proposition 218:** Future increases in the assessment amount **above** the maximum base assessment amount would require the noticing and balloting of property owners per the requirements of Proposition 218.
- **In FY 2018,** A contingency budget of \$10,000 is included in case unscheduled maintenance or repair is required.

The following improvements are proposed to be operated, maintained and serviced in Maintenance District No. 2 for Fiscal Year 2018:

- Water Buffer Channel;
- Storm-water Pre-Treatment Pond;
- Masonry Walls;
- Anti-predator Fences; and
- Miscellaneous Landscaping

The operation, maintenance and servicing of these improvements include, but are not limited to: personnel; water, for irrigation and buffer replenishment; electrical energy; materials, including diesel fuel and oil, debris removal, weeding, trimming, pest control spraying, etc.

FISCAL YEAR 2018 ESTIMATE OF COST AND BUDGET

ESTIMATE OF COSTS

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California provides that the total cost of operation, maintenance and servicing of the water buffer channel, water treatment pond, masonry walls, anti-predator fences and landscaping can be recovered by the District. Incidental expenses including administration of the District, engineering fees, legal fees and all other costs associated with these improvements can also be included.

The costs for Fiscal Year 2018 are summarized in the following table:

FIGURE 1 – 2018 COST ESTIMATE

FY 2018 Budget
Maintenance District No. 2 - Eden Shores
Fund 271, Project 3718

	FY 2015 Actual	FY 2016 Actual	FY 2017 Adopted	FY 2017 EOY Est	FY 2018 Proposed
Income					
a. Annual Assessment Revenue	83,998	92,382	106,239	106,239	106,239
b. Minus County Tax Collection Fee (1.7%)	(1,428)	(1,570)	(1,806)	(1,806)	(1,806)
c. Adjustment for Delinquencies	-	-	-	-	-
d. Other	-	-	-	2,000	2,000
Total Revenue:	82,570	90,812	104,433	106,433	106,433
Services					
a. Utilities: Water	39,206	30,170	38,821	28,000	28,280
b. Utilities: PGE	12,195	14,433	14,794	15,000	15,150
c. Maintenance - Pond - Aquatics	26,208	29,968	27,644	30,000	30,300
d. Maintenance - One Time Repair	-	-	-	5,000	10,000
e. Maintenance - Landscaping - ES HOA	3,600	-	3,780	3,600	3,636
f. Pre-treatment Pond O&M - ACFCO	4,079	3,458	3,500	3,500	3,535
g. Pre-treatment Pond One-Time Capital - ACFCO	-	-	-	-	-
h. Property Owner Mtg/Legal Noticing	677	484	1,106	1,200	1,200
i. Annual Reporting	7,432	1,925	2,750	2,765	2,050
j. City Staff	2,681	1,939	3,394	3,394	3,428
Total Expenditures:	96,078	82,376	95,789	92,459	97,579
<i>Net Change</i>	<i>(13,508)</i>	<i>8,435</i>	<i>8,644</i>	<i>13,974</i>	<i>8,854</i>
Beginning Fund Balance	352,444	338,936	347,371	347,371	361,346
<i>Change</i>	<i>(13,508)</i>	<i>8,435</i>	<i>8,644</i>	<i>13,974</i>	<i>8,854</i>
Ending Fund Balance	338,936	347,371	356,016	361,346	370,200
Fund Balance Designations					
Operating Reserve ¹	41,285	45,406	52,217	53,217	53,217
Capital Reserve ²	297,651	301,966	303,799	308,129	316,983
Total Fund Balance	338,936	347,371	356,016	361,346	370,200
Maximum Base Assessment Amount Per Parcel	835.22	851.10	876.78	876.78	906.59
Annual Parcel Assessment	157.30	173.00	198.95	198.95	198.95
# of Parcels	534	534	534	534	534
Total Amount Assessed for the District	83,998.20	92,382.00	106,239.30	106,239.30	106,239.30

Notes: 1. Operating reserves are needed for future fiscal years because the City does not receive the property tax assessment revenue from the County until January, and then April, which makes it necessary to have cash in the bank in order to fund operations for the first six months (July - Dec). Amount is 50% of annual net revenue. 2. Capital reserves are needed in the event capital facilities need to be replaced because of natural disaster, failure, damage, etc., in accordance with our capital plan.

METHOD OF ASSESSMENT APPORTIONMENT

METHOD OF APPORTIONMENT

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the operation, maintenance and servicing of water buffer channels, water treatment ponds, masonry walls, predator fences and landscaping.

Proposition 218 requires that maintenance assessments must be levied according to benefit rather than according to assessed value. In addition, Article XIID, Section 4(a) of the California Constitution limits the amount of any assessment to the proportional special benefit conferred on the property.

Because assessments are levied on the basis of benefit, they are not considered a tax, and, therefore, are not governed by Article XIII A of the California Constitution.

Article XIID of the California Constitution provides that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements and rights-of-ways.

The properties benefiting from the operation, maintenance and servicing of water buffer channels, water treatment ponds, masonry walls, predator fences and landscaping consist of the 534 single- family residential lots located within Tracts No. 7317, 7360 and 7361.

Each of the 534 single-family residential lots receive a special benefit in that they are able to be developed because protection to the adjacent open space has been provided through the construction of these improvements. The special benefit derived by the individual parcels is indistinguishable between parcels. Therefore, all residential parcels derive the same benefit and the corresponding method of assessment for residential land uses is based on a per parcel basis.

The estimated Fiscal Year 2018 proposed assessment revenue is \$106,239.30. The proposed assessment for the District for Fiscal Year 2018 is \$198.95 per parcel, which is the same amount as the previous fiscal year's assessment. The maximum base assessment amount for the District is subject to an annual adjustment equal to the change in the San Francisco-Oakland-San Jose the Consumer Price Index for All Urban Consumers (CPI-U) from the previous year. The maximum base assessment amount for the District for Fiscal Year 2018 has been increased from the previous year's maximum base assessment amount of \$876.78 by 3.40%, which is equal to the percentage increase in CPI-U from February

2016 to February 2017. The maximum base assessment amount for the District for Fiscal Year 2018 is \$906.59.

ASSESSMENT

WHEREAS, the City Council of the City of Hayward, County of Alameda, California, Pursuant to Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, and Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code, and in accordance with the Resolution of Intention, being Resolution No. **17-XXX**, preliminarily approving the Engineer's Report, as adopted by the City Council of the City of Hayward, on **June 6, 2017**, and in connection with the proceedings for:

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the improvements upon all assessable parcels within the Assessment District, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me and the order of the City Council of the City of Hayward, hereby make the following assessments to cover the portion of the estimated cost of Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

As required, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of the Assessment District. The distinctive number of each parcel or lot of land in the Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of the Improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot from the improvements, and more particularly set forth in the Estimate of Costs and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are made upon the parcels or lots of land within Assessment District, in proportion to the special benefits to be received by the parcels or lots of land, from the Improvements.

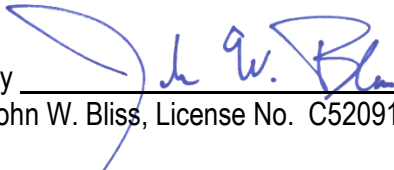
Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Alameda for the fiscal year 2018. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2018 for each parcel or lot of land within said Maintenance District No. 2.

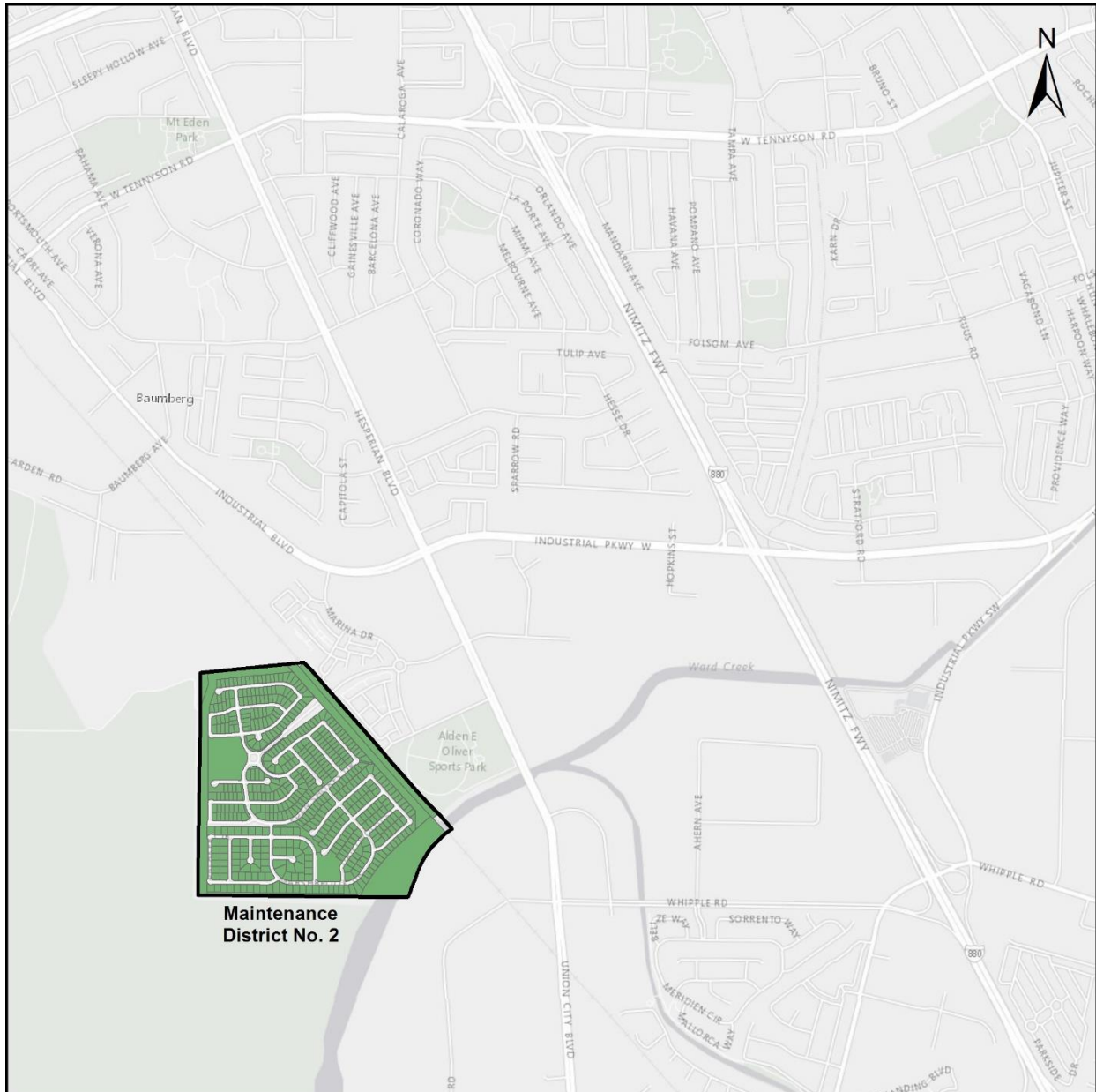
Dated: June 6, 2017



Engineer of Work

By 
John W. Bliss, License No. C52091

VICINITY MAP

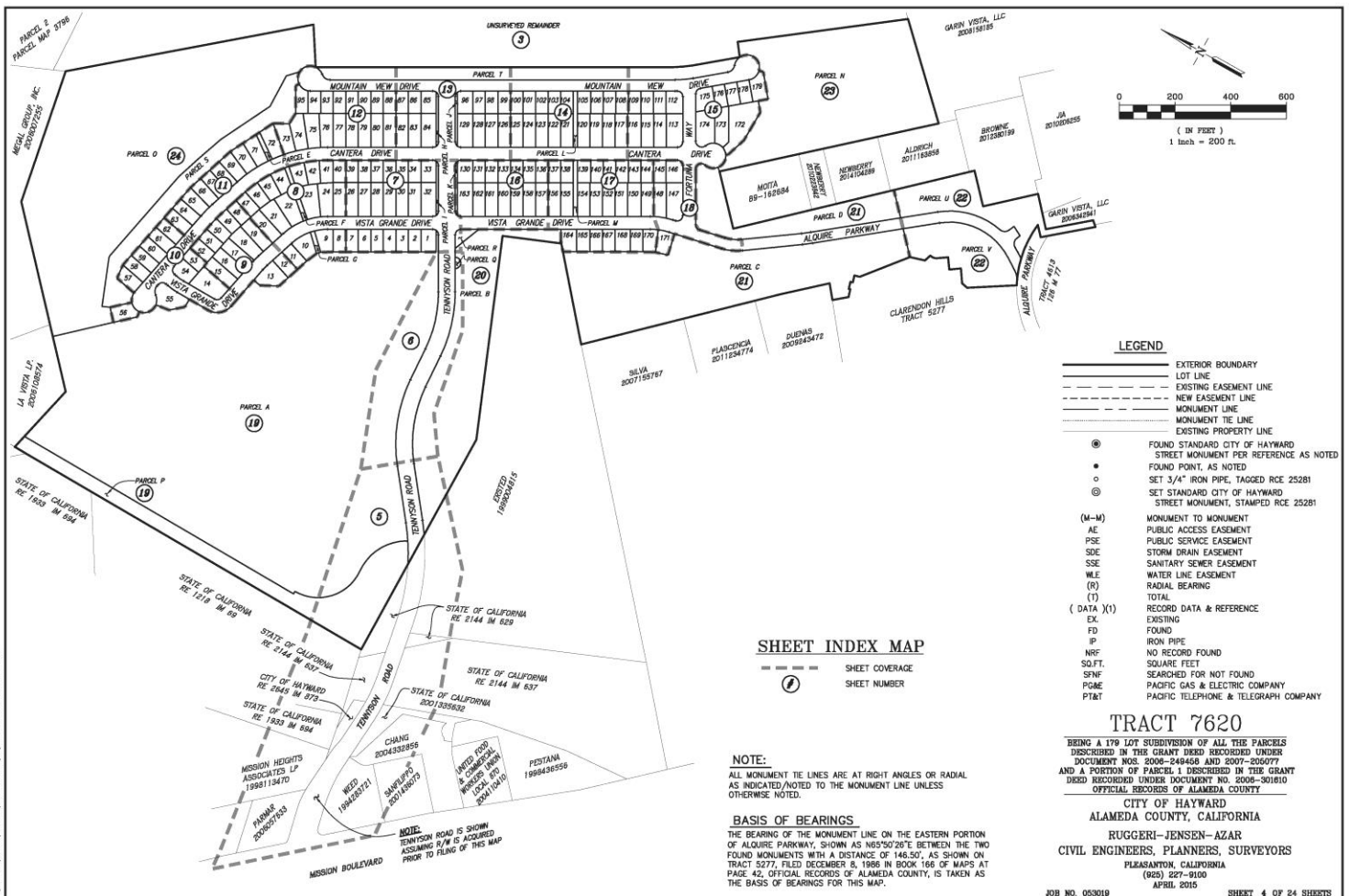


ASSESSMENT DIAGRAM

The Assessment District Diagram for the City of Hayward's Maintenance District No. 2 (Eden Shores) is on file in the Office of the Hayward City Clerk and is incorporated in this report in Appendix "B".

A detailed description of the lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Alameda for Fiscal Year 2018.

For additional information as to the bearings, distances, monuments, easements, etc. of subject subdivisions, reference is hereby made to Final Tracts Maps No. 7317, 7360 and 7361 filed in the Office of the Recorder of Alameda County.



ASSESSMENT ROLL

A list of names and addresses of the owners of all parcels within the City of Hayward's Maintenance District No. 2 is shown on the last equalized Property Tax Roll of the Assessor of the County of Alameda, which is hereby made a part of this report. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the Office of the Hayward City Clerk.

The proposed collection rate and the amount for Fiscal Year 2018 apportioned to each lot or parcel, as shown on the latest roll at the Assessor's Office, are on file in the Office of the City Clerk. The description of each lot or parcel is part of the records of the Assessor of the County of Alameda and these records are, by reference, made a part of this report.

The total amount proposed to be collected for Fiscal Year 2018 is \$106,239.30.

The Assessment Roll for Fiscal Year 2018 is included on the following page of this Report and is on file in the Office of the Hayward City Clerk.