



DATE: July 24, 2017

TO: Council Infrastructure Committee

FROM: Director of Public Works

SUBJECT Old Highlands Homeowners Association (OHHA) Update

RECOMMENDATION

That the Committee reviews this report, recommends a preferred approach for implementing a street improvement program in the Old Highlands Homeowner Association (OHHA), and directs staff to develop a funding mechanism for implementation.

BACKGROUND

The area known as Old Highlands Homeowners Association (OHHA) in the Hayward hills just east of the California State University East Bay campus, was annexed to the City in 1963 (see Attachment II). Some roads in that area still remain as private streets. Upon annexation, property owners are typically required to upgrade all facilities to City standards, including City streets, sanitary sewers, water lines and so on. In 1967, sewer and water improvements were made through an assessment district that was approved by property owners. However, the streets in the area, which were in poor condition even then, were not brought up to City standards upon annexation. In 1972, a second assessment district for street improvements was halted by a property owner lawsuit claiming that the cost of improvements was too high. As the area has developed, at least 171 of the 297 parcels have had Deferred Street Improvement Agreements (DIA) recorded against them requiring certain street improvement to be constructed by the owners when directed by the City (see Attachment III).

Since then, there have been numerous discussions between the City and OHHA, most recently in 2008-2010 when the OHHA board proposed an assessment district to reconstruct and improve the streets. At the time, the City offered a \$2 million capital funding allocation to help reduce each property owner's annual assessment over the thirty-year term of the proposed bonds. The property owners have maintained that they did not want standard curb and gutters, sidewalks or roadway widths, and the City agreed to a more rural type of street cross-section with rolled curbs, narrow street widths, with or without on-street parking (see Attachment IV). Regardless, the proposed assessment district was overwhelmingly rejected by property owners of OHHA.

DISCUSSION

Since rejection of the proposed 2010 assessment district, any significant street repair efforts in the OHHA area have remained on hold with the exception of emergency repairs by the City estimated at \$270,000. The roads do not qualify for preventive maintenance as they are in very poor condition and require more extensive rehabilitation or reconstruction in order to realize a longer lasting improvement.

Of approximately 655 lane miles of streets within the City, there are approximately 213 lane miles with a Pavement Condition Index (PCI) of 65 or less that require major rehabilitation or reconstruction. The 6.12 lane miles of OHHA streets have a PCI of considerably less than 65. OHHA streets make up 0.93% of the overall City street system, and 2.75% of the streets that require rehabilitation or reconstruction.

Rehabilitation Costs

Staff has updated the estimated cost of OHHA roadway improvements based on the need for complete roadway rehabilitation or reconstruction using the originally specified Full Depth Reclamation repair method, minor storm drainage improvements, and necessary right-of-way encroachments, as follows:

In 2010	-	\$ 9,400,082
In 2017 (with 4% escalation)	-	\$11,065,460

Staff has explored other cost saving options and based on the result of deflection testing and analysis, has identified viable alternative treatment approaches with a reduced estimated total 2017 cost of approximately \$9.5 million. The following table provides information on the roadway lengths, pavement condition, improvement costs, and estimated potential funding available from DIA to improve OHHA streets.

Street Name	Lane Miles	PCI	Overall Cost	Estimated DIA
Civic Avenue	0.27	55	\$466,186	\$93,124
New Dobbell Avenue	0.33	39	\$407,753	\$201,306
Grand View Avenue	0.81	29	\$1,264,399	\$586,436
Parkside Drive	1.71	24	\$3,005,029	\$1,058,728
Tribune Avenue	0.57	13	\$981,281	\$764,266
Call Avenue	0.44	0	\$550,848	\$299,634
Chronicle Avenue	0.68	0	\$937,372	\$431,570
Campus View Way	0.22	0	\$197,524	\$0
Cotati Street	0.18	0	\$407,913	\$106,065
Hillcrest Avenue	0.63	0	\$930,354	\$501,318
Home Avenue	0.29	0	\$374,022	\$216,553
Total	6.12		\$9,522,681	\$4,259,000

Deferred Improvement Agreements

Recorded DIAs can provide funding for an estimated \$4,259,000 or 45% of this work. These funds could be used to improve some of the OHHA streets. Other funding sources could include additional contributions from property owners and/or City street repair funds.

Pavement Maintenance Funds

In FY 2018, the City has allocated \$6.2 million for pavement rehabilitation and preventive maintenance, which includes funds from the recently approved Senate Bill 1 (SB), and in FY 2019, has programmed \$8.7 million from the following sources:

Funding Source	FY 18	FY 19
Gas Tax *	\$1,500,000	\$3,650,000
Measure B	\$2,100,000	\$2,200,000
Measure BB	\$1,750,000	\$2,100,000
VRF	\$875,000	\$775,000
Total	\$6,243,000	\$8,725,000

** Includes newly approved SB1 funding*

Recent past allocations from these funds have been split between Pavement Rehabilitation and Pavement Preventive Maintenance on an approximate 80%/20% basis based on Metropolitan Transportation Commission (MTC) suggested guidelines. Staff is evaluating the appropriateness of these percentages and will return to the Committee with a recommended split.

Considering that \$8.725 million is available for street improvements in FY19, that 80% of these funds have typically gone towards rehabilitation and reconstruction efforts and that OHHA streets make up 2.75% of the streets currently requiring rehabilitation or reconstruction, approximately \$191,950 could reasonably be considered as an equitable allocation towards OHHA street improvements in FY 2019. However, staff is proposing two options for the Committee's consideration.

FISCAL IMPACT

Staff is proposing the following two options for the Committee's consideration. These include one option with property owner funding and one option with a combination of property owner and City funding. The following is an example of options to consider for Tribune Avenue and Cotati Street, which the OHHA board members have requested as their highest priority:

- 1) Construct complete improvements with DIA funds and additional property owner contributions for the remaining balance required, to be collected over the next 5 – 10 years.

Street	FY 2017 Cost to Improve	Estimated DIA	Additional Property Owner Funds
Tribune Ave	\$981,281	\$764,266	\$217,015
Cotati St	\$407,913	\$106,065	\$301,848

- 2) Construct complete improvements with DIA funds and additional funds from an equal contribution made by property owners and the City.

Street	FY 2017 Cost to Improve	Estimated DIA	Additional Property Owner Funds	City Contribution
Tribune Ave	\$981,281	\$764,266	\$108,507	\$108,508
Cotati St	\$407,913	\$106,065	\$150,924	\$150,924

Depending on the direction received from the Committee on the above options, or any additional alternatives to consider, staff will return to the Committee with a plan for funding the improvements. The selected funding mechanisms will require a majority vote of the community prior to implementation.

SUSTAINABILITY FEATURES

The action taken for this report will not result in a physical development, purchase or service, or a new policy or legislation. Any physical work will depend upon a future Council action.

PUBLIC CONTACT

Staff has had numerous discussions with OHHA board members and property owners over the years. Most recently, staff attended the May 2017 OHHA board meeting, heard their concerns, and provided feedback.

NEXT STEPS

After receiving the Committee's feedback, staff will return to the Committee after developing a funding methodology to implement the Committee's preferred street improvement plan.

Prepared by: Kevin Briggs, Acting Assistant City Engineer

Recommended by: Morad Fakhrai, Director of Public Works

Approved by:



Kelly McAdoo, City Manager