



**DATE:** June 26, 2018

**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 2019

## **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 2019.

## **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 FY 2019 Engineer's Report includes a summary for each benefit zone, to include:

- (1) a description of the improvements to be operated, maintained, and serviced;
- (2) the FY 2019 recommended budget;
- (3) the FY 2019 recommended assessment rate; and

(4) map of each benefit zone (assessment diagram).

For FY 2019, staff is recommending increases in fiscal assessments for benefit zones 1, 3, 5, 7, 8, 9, 10, 11, 16, from the previous fiscal year.

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 2019 tax roll.

## **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: FY 2019 DESCRIPTION OF EXISTING BENEFIT ZONES           |                                       |             |                     |                            |
|--|---------------------------------------|-------------|---------------------|----------------------------|
| A  | B                                     | C           | D                   | E                          |
| Zone   | Name/Location                         | Year Formed | Type of Development | Number of Assessed Parcels |
| Current Assessments - Year Formed and Number of Parcels Per Zone |                                       |             |                     |                            |
| 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         | 516                        |
| 11b  | Stonebrae Country Club - Undeveloped  | 2006        | Residential         | 118                        |
| 12a  | Eden Shores - Sports Park - Developed | 2007, 2016  | Residential         | 261                        |
| 12b  | Spindrift - Sports Park - Developed   | 2016        | Residential         | 54                         |
| 12c  | Spindrift - Sports Park - Undeveloped | 2016        | Residential         | 64                         |
| 13   | Cannery Place                         | 2008        | Residential         | 599                        |
| 14a  | La Vista - Developed                  | 2016        | Residential         | 52                         |
| 14b  | La Vista - Undeveloped                | 2016        | Residential         | 127                        |
| 16a  | Blackstone - Zone A - Developed       | 2016        | Residential         | 82                         |
| 16b  | Blackstone - Zone A - Undeveloped     | 2016        | Residential         | 23                         |
| 16c  | Blackstone - Zone B - Developed       | 2016        | Residential         | 51                         |
| 16d  | Blackstone - Zone B - Undeveloped     | 2016        | Residential         | 1                          |
| Total Assessed Parcels:  |                                       |             |                     | 3,421                      |
| For Reference ONLY   |                                       |             |                     |                            |
| 15   | Cadence                               | 2017        | Residential         | 206                        |
| Grand Total Assessed Parcels:                                    |                                       |             |                     | 3,627                      |

## DISCUSSION

On June 5, 2018, the City Council adopted Resolution No. 18-094, approving the Preliminary Engineer's Report, declaring its intent to levy assessments for FY 2019. The final Engineer's Report is attached. Based upon revenues required to maintain operations and contribute to the capital replacement account, staff is recommending that the following FY 2019 assessment rates be approved.

| TABLE 2: FY 2019 ASSESSMENT AMOUNTS BY BENEFIT ZONE |                                       |                   |                             |                    |                    |                    |                 |
|---|---------------------------------------|-------------------|-----------------------------|--------------------|--------------------|--------------------|-----------------|
| A   | B                                     | C                 | D                           | E                  | F                  | G                  | H = (F - E)     |
| Zone  | Name/Location                         | Annual CPI Update | FY 2019 Max Base Assessment | FY 2018 Assessment | FY 2019 Assessment | Chg from last year | Chg \$/%        |
| Year Over Year Assessment Comparison                |                                       |                   |                             |                    |                    |                    |                 |
| 1   | Huntwood Ave. & Panjon St.            | No                | \$295.83                    | \$183.75           | \$192.94           | Incr               | \$9.19, 5%      |
| 2   | Harder Rd. & Mocine Ave.              | No                | \$193.39                    | \$153.58           | \$122.86           | Decr               | (\$30.72), -20% |
| 3   | Prominence                            | Yes               | \$933.07                    | \$824.16           | \$853.83           | Incr               | \$29.67, 3.6%   |
| 4   | Stratford Village                     | No                | \$180.00                    | \$145.20           | \$116.16           | Decr               | (29.04), -20%   |
| 5   | Soto Rd. & Plum Tree St.              | No                | \$258.67                    | \$205.25           | \$212.64           | Incr               | \$7.39, 3.6%    |
| 6 <sup>(1,2)</sup>                                  | Pepper Tree Park                      | No                | \$2.61                      | \$2.61             | \$2.61             | None               | N/A             |
| 7   | Twin Bridges                          | Yes               | \$975.95                    | \$563.52           | \$591.70           | Incr               | \$28.18, 5%     |
| 8   | Capitola St.                          | Yes               | \$698.00                    | \$150.00           | \$157.50           | Incr               | \$7.50, 5%      |
| 9   | Orchard Ave.                          | Yes               | \$186.37                    | \$30.00            | \$31.08            | Incr               | \$1.08, 3.6%    |
| 10  | Eden Shores - Residential             | Yes               | \$1,111.33                  | \$192.50           | \$221.38           | Incr               | \$28.88, 15%    |
| 11a   | Stonebrae Country Club (developed)    | Yes               | \$1,576.26                  | \$168.44           | \$210.55           | Incr               | \$42.11, 25%    |
| 11b   | Stonebrae Country Club (undeveloped)  | Yes               | \$1,576.26                  | \$89.21            | \$111.51           | Incr               | \$22.30, 25%    |
| 12a   | Eden Shores- Sports Park              | Yes               | \$208.87                    | \$112.00           | \$112.00           | None               | N/A             |
| 12b   | Spindrift - Sports Park (developed)   | Yes               | \$206.85                    | \$112.00           | \$112.00           | None               | N/A             |
| 12c   | Spindrift - Sports Park (undeveloped) | Yes               | \$62.06                     | \$33.60            | \$33.60            | None               | N/A             |
| 13  | Cannery Place                         | Yes               | \$1,185.29                  | \$361.00           | \$361.00           | None               | N/A             |
| 14a   | La Vista (developed)                  | Yes               | \$607.42                    | \$50.00            | \$15.00            | Decr               | (\$35.00), -70% |
| 14b   | La Vista (undeveloped)                | Yes               | \$607.42                    | \$15.00            | \$4.50             | Decr               | (\$10.50), -70% |
| 16a   | Blackstone (Zone A - developed)       | Yes               | \$432.68                    | \$315.00           | \$432.68           | Incr               | \$117.68, 37%   |
| 16b   | Blackstone (Zone A - undevelopment)   | Yes               | \$129.80                    | \$95.00            | \$129.80           | Incr               | \$34.80, 37%    |
| 16c   | Blackstone (Zone B - developed)       | Yes               | \$454.31                    | \$330.75           | \$454.31           | Incr               | \$123.56, 37%   |
| 16d   | Blackstone (Zone B - undeveloped)     | Yes               | \$136.29                    | \$99.75            | \$136.29           | Incr               | \$36.54, 37%    |
| Self Maintained Benefit Zone - For Reference ONLY   |                                       |                   |                             |                    |                    |                    |                 |
| 15 <sup>(3)</sup>                                   | Cadence                               | Yes               | \$607.42                    | N/A                | N/A                | N/A                | N/A             |

Notes: <sup>(1)</sup> Shaded items reflect Fiscal Year 2019 assessment amounts levied at the base maximum assessment

<sup>(2)</sup> Zone 6 is in the industrial district and is assessed based upon street frontage.

<sup>(3)</sup> Zone 15 maintains their own benefits.

### Assessment Rate Recommendations

Rates among the 16 benefit zones vary (\$853.83 to \$2.61), depending on the type of assessment (per parcel or based upon street frontage), benefits maintained, the operating and capital reserve needed, whether the City has accepted maintenance responsibility from the developer, and whether the parcel is developed or not developed. Prominence (Zone 3) has the highest assessment (\$853.83), based on benefits maintained and the fund balance required. Pepper Tree Park (Zone 6) has the lowest assessment (\$2.61), based on the minimum amount of maintenance required. The largest percentage increase for FY 2019 is for Cannery-Blackstone (Zone 16). The reason for the increase is because up until this point, the developer has been responsible for maintaining the area. In FY 2019, the City anticipates acceptance of the maintenance responsibility from the developer, at which time, the LLAD will be responsible for incurring the maintenance cost.

### Developing Zones

Four of the 16 benefit zones are not completely developed. Zones that have development in progress include Stonebrae (Zone 11), Spindrift (Zone 12 annexation), La Vista (Zone 14), and Cannery-Blackstone (Zone 16). Each year, the parcels are reviewed to see if a Certification of Occupancy (CO) has been filed. For parcels that are not developed when the assessment rates are submitted to the county assessor, a lower assessment rate is recommended, known as the “undeveloped rate.” During the next annual review, the parcel is once again reviewed to see if the CO had been issued, which would change the parcel status to “developed.”

In FY 2018, Stonebrae (Zone 11) subdivided one of its larger parcels to create 96 single-family lots. As an overview, the Stonebrae development is comprised of a total of 5 phases or villages (Village A thru E) and was originally approved for a total of 650 residential lots. It is worth noting that with the addition of the 96 lots for Village C in July 2017, residential lots now total 634.

### Future Zones

The City anticipates forming future LLAD zones to include:

- 1) Parkside Heights (2nd St. and Walpert St.) – The pending benefit zone is anticipated to include a park and trail. Design documents are currently under review, with implementation anticipated in FY 2019.
- 2) Lincoln Landing (corner of Foothill Blvd. and Hazel Ave.) – The pending benefit zone is anticipated to include a park and trail. Design documents are currently under review, with implementation anticipated in FY 2020.
- 3) SoHAY (between Mission Blvd. and Dixon St.) – The pending benefit zone is anticipated to include a park and trail. Design documents are currently under review, with implementation anticipated in FY 2020.

### Proposition 218 Compliance

For FY 2019, 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 IMPACT**

In accordance with law, funds for each benefit zone are maintained separately from other City funds. There is no fiscal impact to the City's General Fund from this recommendation because expenditures are to be paid for by the District's benefit zone fund accounts.

### **STRATEGIC INITIATIVES**

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

### **PUBLIC CONTACT**

To provide community engagement, City staff:

1. Mailed a notice to property owners;
2. Posted an online survey to measure maintenance satisfaction;
3. Held a community engagement meeting on May 22;
4. Introduced this item at the June 5, 2017 Council meeting;
5. Published a required legal notice in The Eastbay Times newspaper on June 15, 2018; and
6. Continued this item at the June 19, 2018 Council meeting.

### **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 2019 tax roll.

*Prepared by:* Denise Blohm, Management Analyst II

*Recommended by:* Todd Rullman, Maintenance Services Director

*Approved by:*



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Kelly McAadoo, City Manager