



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 Maintenance District No. 2 - Eden Shores Storm Water Buffer and Facilities, 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 Maintenance District No. 2.

SUMMARY

Maintenance District No. 2 (MD 2) was formed in 2003 to fund the operation, maintenance, and replacement of the water buffer and storm water facility that borders the Eden Shores residential community. Based on staff's review of the district's financial position, staff is recommending no change to the FY 2019 assessment rate from the previous year, set at \$198.95.

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

MD 2 was formed on June 24, 2003 to fund the operation and maintenance of a water buffer zone and storm water pre-treatment facility. The water buffer consists of landscaping, recirculating pumps and filters, maintenance roads, pedestrian bridge, and anti-predator and perimeter

fencing. The benefit zone includes three residential tracts in Eden Shores (7317, 7360, 7361), totaling 534 homes. The funds collected from the property owners within MD 2 pay for annual operations and maintenance, along with contributing to a capital reserve fund, which would be utilized to repair or replace sections of fencing, pumps, or bridge components in the future.

A 2010 agreement between the City and the Alameda County Flood Control and Water Conservation District (Flood Control District) vests responsibility for the annual maintenance and operation of the pre-treatment storm water pond with the Flood Control District. The 2010 agreement states that the Flood Control District concurred with the acceptance of the pond, subject to MD 2 providing the Flood Control District with sufficient funds to operate, maintain, and provide for capital replacement and modifications that may become necessary for the optimal performance of the pond. The maximum operation and maintenance reimbursement amount is specifically detailed in the agreement. The amount was initially \$2,750, with the maximum annual invoice amount allowed to increase by 3% per year for regular maintenance.

In compliance with Section 10-10.25 of the Hayward Municipal Code, an annual Engineer's Report is required to be submitted to the City Council. The report is attached and includes:

- (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 the benefit zone (assessment diagram).

DISCUSSION

Costs have varied in the past few years, with the FY 2018 invoice being over double the previous year (\$6,399.19 vs \$3,103.38). Staff is currently working with the Flood Control District to review the original contract and associated financial reports.

Based upon revenues required to fund operations and maintenance, and maintain a capital replacement fund, staff is recommending a FY 2019 per parcel charge of \$198.95, which is the same amount as FY 2018. A total of \$106,239 will be assessed over 534 parcels, which is sufficient for maintaining levels of service and maintaining the capital reserve account. This is not the maximum base assessment amount that can be charged, based on the language adopted during the district's original formation on June 24, 2003. During the original formation of this zone, the adoption language included an annual inflation calculation factor to determine the annual maximum assessment rate (MAR) that property owners could be legally charged. For FY 2019, the MAR is \$939.23; however, this maximum amount is not needed to fund operations or maintain the capital reserve.

FISCAL IMPACT

Staff has evaluated the City's operating fund balance in MD 2 and concurs that the combined fund balances will be adequate for FY 2019. There is no anticipated fiscal impact to the City's General Fund associated with this action, all expenses will be paid using funds held in reserve by MD 2.

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 each property owner;
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, 2018 Council meeting;
5. Published a legal notice in the June 15, 2018 East Bay Times; and
6. Continued the public hearing from June 19, 2018 to June 26, 2018.

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:



Kelly McAdoo, City Manager