



**DATE:** February 2, 2021

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT** OHHA Prop. 218 Hearing: Proposition 218 Public Hearing to Receive and Tabulate Property Owner Ballots Regarding Formation and Levying of Assessments for the Old Highlands Area (OHHA) Road Improvement Assessment District, Adopt a Resolution Establishing the Old Highlands Area Road Improvement Assessment District, Approve the Final Engineer's Report, and Order Levy and Collection of Assessments for Fiscal Year 2022

### **RECOMMENDATION**

That Council conducts a public hearing pursuant to Proposition 218 to consider objections and protests to the proposed Old Highlands Area (OHHA) Road Improvement Assessment District. If tabulation of the property-owner ballots results in approval of the proposed assessment, that Council adopts a resolution (Attachment II) establishing the Assessment District, approving the Final Engineer's Report (Attachment III) and ordering the levy and collection of the approved assessments for Fiscal Year 2022.

### **SUMMARY**

The 6.12 miles of streets in the Old Highlands area were not brought up to City standards upon annexation in 1963 and have not been regularly and routinely maintained, with the exception of emergency repairs. City Staff and the Old Highlands Homeowners Association (OHHA) Board and property owners have agreed to the creation of an assessment district and imposition of special assessments against the properties in the Old Highlands area to fund a pavement improvement project in the area (Attachment III).

The Final Engineer's Report has been prepared by SCI Consulting Group (SCI) (Attachment IV). The Engineer's Report proposes a new assessment to fund the cost to repave the roadways within the proposed district boundaries.

Ballot materials were mailed to all property owners of record 45 days prior to this Public Hearing.

### **BACKGROUND AND DISCUSSION**

On December 8, 2020, the City Council adopted Resolutions No. 20- 216 and No. 20- 217, initiating proceedings pursuant to Streets and Highways Code Sec. 1160 et. seq., and Prop. 218 (California Constitution Article XIIC and XIID; Government Code Section 53753)

preliminarily approving the Engineer's Report, providing notice of public hearing in compliance with Prop. 218, and approving the mailing of ballots and adopting Proposition 218 Assessment Ballot Proceedings Procedures for the Old Highlands Area Road Improvement Assessment District. Council also set the date for the public hearing for the ballots to be counted at the February 2, 2021 City Council meeting.

The purpose of the public hearing is to consider objections and protests to the proposed assessment. At the conclusion of the public testimony, the ballots submitted by the property owners will be tabulated by the City Clerk's Office. If a majority of property-owner ballots approve the proposed assessment, the City Council may proceed with forming the Assessment District, approving the Final Engineer's Report, and ordering the levy and collection of the approved assessments for Fiscal Year 2022.

The Old Highland area was annexed to the City in 1963 and at that time, the 6.12 miles of streets within the Old Highland area were not brought up to City standards upon annexation and have not been regularly or routinely maintained. The OHHA Board and property owners have agreed to the creation of an assessment district and imposition of special assessments on the properties in the Old Highlands area to fund a pavement rehabilitation project for streets within the Old Highland area.

City Staff met with the OHHA Board of Directors and agreed on tentative terms that were presented to property owners at an OHHA neighborhood meeting on January 18, 2018. The terms are summarized as follows:

*OHHA Tentative Terms*

*Staff has outlined agreement terms with the OHHA Board for maintenance of all public roads within the OHHA boundary. Agreement terms for roadway maintenance consist of the following main points:*

*The roadways require full depth reconstruction. This reconstruction effort, including design, legal and financial consultants, City inspection, survey and administration staff costs and roadway reconstruction, is estimated to cost \$5 million to \$6 million.*

*City will provide the initial funding for improvements from the Capital Improvement Program over a period of five to six years. The City will improve one or two streets each year. The OHHA Board will set construction priorities. They have selected Cotati and Tribune as the streets to be reconstructed during the first year of this program.*

*OHHA property owners will reimburse the City for 50% of the cost incurred to reconstruct each road within the OHHA neighborhood.*

*OHHA property owners will approve a financing mechanism that guarantees this reimbursement over a 20-year period. There are approximately 296 parcels within the OHHA boundary. Each parcel may be assessed*

*approximately \$655.50 (per the preliminary cost estimate) per year for the improvements.*

*The roadway improvements are intended to include pavement reconstruction only. Very minor improvements to eliminate roadway water ponding may also be included.*

*The roadway improvements will not include curb and gutter, rolled curbs, storm drain inlets, street lighting or sidewalks.*

*The roadway improvements will follow the existing roadway footprint. The intent is to construct a 20-foot-wide one-way street and a 24-foot-wide two-way street unless existing obstructions prevent this from being implemented. In the case of obstructions, the roadway will be narrowed.*

*The City will only improve roadways that are 100% public right-of-way. The City's surveyor will identify street sections that are currently private property. The City's surveyor will create a plat/legal description for these roadway segments. Property owners will cause these roadway segments to be dedicated to the City as public right-of-way.*

*All existing deferred improvement agreements will be voided upon OHHA property owner's approval of a financing mechanism.*

*The City will not begin any work, except development of an Engineer's Report for the proposed financing mechanism, until financing is approved by the OHHA property owners. The Engineer's Report will include a rough estimate of anticipated costs only with appropriate contingencies.*

*The OHHA Board is responsible for all communications necessary to convince property owners to approve the financing mechanism and to dedicate private street areas for public right-of-way.*

*When construction is complete, the City will perform future maintenance of the roadways with available City funds as is possible as part of the City Pavement Rehabilitation Program.*

An Engineer's Report has been prepared by SCI (Attachment III). The Engineer's Report proposes a new assessment to fund the cost to repave the roadways within the proposed district boundaries. It was originally estimated the cost per property owner was to be approximately \$600 per year per property owner; however, the Engineer's Report details that the cost estimate has increased to \$655.50 per year per property due to increasing construction costs.

## **ECONOMIC IMPACT**

The pavement improvement would likely have a positive impact on property values, including on vacant properties.

### **FISCAL IMPACT**

There is no anticipated fiscal impact to the City's General Fund related to the formation of the formation of the Assessment District or consolidation.

### **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following projects:

- Project 5: Maintain and improve pavement
  - Part 5.a: Maintain Pavement Condition Index (PCI) at 70.
  - Part 5.b: Prepare OHHA pavement improvement program design and financing structure.
  - Part 5.c: Construct various OHHA pavement improvements

### **SUSTAINABILITY FEATURES**

The project will involve pavement improvement which will require contractors to recycle all construction and demolition debris as a result of the project.

### **PUBLIC CONTACT**

On December 17, 2020, property owners were mailed ballots materials including ballots, ballot procedures and the Engineer's Report. Notice of this public hearing was published in a newspaper of general circulation in compliance with Government Code Section 6061.

### **NEXT STEPS**

If a majority of property-owner ballots approve the proposed assessment, the City Council may proceed with forming the Assessment District, approving the Final Engineer's Report and ordering the levy and collection of the approved assessments for Fiscal Year 2022. Pursuant to the Council's approval, the assessment roll will be forwarded to the County for collection with annual property taxes.

*Prepared by:* Kathy Garcia, Deputy Director of Public Works

*Recommended by:* Alex Ameri, Director of Public Works

*Approved by:*



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Kelly McAdoo, City Manager