



CITY OF HAYWARD

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Cover Memo

File #: CONS 21-150, **Version:** 1

DATE: May 4, 2021
TO: Mayor and City Council
FROM: Director of Maintenance Services

SUBJECT

Adopt Two Resolutions to 1) Initiate Proceedings Pursuant to Government Code Section 53753, 2) Provide Intention to Levy Assessments for FY 2022, 3) Preliminarily Approve FY 2022 the Engineer's Report, 4) Provide a Notice of Proposition 218 Public Hearing for Stratford Village Flood Control Facilities Improvement Assessment (MD1 - 2021), 5) Approve the Mailing of Ballots, and 6) Adopt Proposition 218 Assessment Ballot Procedures

RECOMMENDATION

That the City Council adopts two resolutions (Attachments II and III):

1. Initiating proceedings pursuant to Government Code Section 53753,
2. Providing intention to levy assessments for FY 2022,
3. Preliminarily approving the FY 2022 Engineer's Report,
4. Providing a notice of Proposition 218 Public Hearing,
5. Approving the mailing of ballots, and
6. Adopting procedures for Proposition 218 Assessment Ballot Proceedings for the Stratford Village Flood Control Facilities Assessment District (MD1-2021).

SUMMARY

Maintenance District #1 ("District") was established in 1995 as a financial funding mechanism to fund the operation, maintenance, and the capital repair and replacement of the Stratford Village Storm Water Lift Station (SWLS). The station provides critical flood protection infrastructure for the neighborhood. Twenty-five years later, the funds generated from the annual assessment revenue are no longer sufficient to provide proper operation, maintenance, and the capital repair and replacement of the District's storm water drainage and pumping infrastructure. Staff is recommending a Proposition 218 assessment balloting procedure to propose adding an annual cost-of-living adjustment mechanism and an increase to the annual assessment to upgrade and restore this neighborhood's flood control infrastructure to the condition, efficiency, reliability, and effectiveness that was originally intended.

In preparation for the proposed Proposition 218 assessment balloting, an Engineer's Report has been

prepared by SCI Consulting Group (Attachment IV) containing the benefit, assessment, and budget details for a new District. The Engineer's Report proposes to repeal the original District (MD1) and replace it with a new District (MD1-2021), which will include two key factors:

1. A cost-of-living adjustment mechanism to ensure that the flood control infrastructure is adequately funded over time for operations, maintenance, and capital repair and replacement.
2. A capital investment of \$379,000 to fund critical rehabilitation and upgrades to the existing lift station. These improvements will be funded through a temporary transfer of monies from the City's Stormwater Fund to be repaid from future assessment revenues, at a variable interest rate capped at 2.25%, adjusted annually based on the City's investment portfolio weighted average rate of return. The portfolio contains investments in the Local Agency Investment Fund (LAIF) and other investments.

Tonight, staff is recommending that the Council take formal action to initiate the Proposition 218 election process by preliminarily approving the Engineer's Report, providing a Notice of Public Hearing in compliance with Proposition 218, approving the mailing of ballots, and adopting Proposition 218 Assessment Ballot Proceeding Procedures.

By law, once the Proposition 218 process is initiated, ballots are mailed out to property owners, who then have 45 days to return their signed ballot by USPS pre-paid mail or in person to the Office of the City Clerk. Ballots returned by mail or in person to the City of Hayward Office of the City Clerk will be collected but not opened until the June 22, 2021 public hearing.

At the June 22, 2021 public hearing, the Office of the City Clerk will open the envelopes and tabulate the ballots, with the results presented to the Council for formal acceptance, approval, and action during the public hearing. Approval of the increase to the annual assessment requires a total of 50% plus 1 of the weighted ballots returned to the City in favor of the assessment. Should the assessment ballot tabulation result in a lack of approval for an increased assessment, the consequence would be further deterioration of the Stratford Village SWLS and increased risk of neighborhood flooding.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution Initiating Proceedings
Attachment III	Resolution Adopting Procedures
Attachment IV	FY 2022 Preliminary Engineer's Report