



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**File #:** PH 16-068, **Version:** 1

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**DATE:** July 19, 2016

**TO:** Mayor and City Council

**FROM:** Development 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. 1 - Storm Drainage Pumping Station and Storm Drain Conduit - Pacheco Way, Stratford Road and Ruus Lane - for Fiscal Year 2017

### **RECOMMENDATION**

That the City Council adopts the attached resolutions (Attachment I and II):

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 Special Revenue Funds for Maintenance District No. 1

### **BACKGROUND**

The annual Engineer's Report (the Report) for Maintenance District No. 1 (the District) is included as Attachment III and is presented to the City Council in compliance with Section 10-10.25 of the Hayward Municipal Code. The Report includes the recommended amount of fiscal assessment to be levied against each property for FY 2017 and is consistent with the preliminary engineer's report presented to Council on June 28, 2016. The City Council must formally adopt the District budget as required by the City Charter and in order to comply with certain regulations prescribed by the California Constitution.

Maintenance District No. 1 was formed in June 1995 to fund the operation and maintenance of a storm drain pumping station that serves the Stratford Village development near Stratford Road and Ruus Lane. The District includes four tracts totaling 174 residential homes and one park site.

A 1995 agreement between the City and the Alameda County Flood Control and Water Conservation District (the Flood Control District) vests responsibility for the maintenance and operation of the storm drain pumping station with the Flood Control District. The 1995 agreement states that the Flood Control

District concurred with the transfer of the pump station, subject to the District providing the Flood Control District with sufficient funds to operate, maintain, and provide for capital equipment replacement and modifications that may become necessary for the optimal performance of the pump station. The Flood Control District, based on its experience as operator, provides an annual estimate of operation costs. Such cost estimates for FY 2017 are included in the attached Report.

## **DISCUSSION**

On June 28, 2016, the Council adopted Resolution No. 16-316, approving the Preliminary Engineer's Report, declaring its intent to levy assessments for FY 2017, and setting July 19, 2016, as the public hearing date concerning the District.

Per the District's original formation documents, the base maximum assessment amount of \$243.92 per parcel does not have an allowance for future increases based upon the annual change in the Consumer Price Index. Therefore, the total gross revenue that can be generated annually from the parcels within the District is \$42,686 per year.

The estimated expenditure budget for FY 2017 is \$33,778, which will cover the District's operating expenses. The annual capital contribution of \$5,500 (to be placed into the capital reserve fund maintained by the Flood Control District) will not be made in FY 2017, due to a low fund balance in the District's Operating Fund. The proposed FY 2017 assessment amount is \$243.92 per parcel, which is the same amount as the previous year, and is also the base maximum assessment amount. City staff will be evaluating whether or not to hold a Proposition 218 ballot initiative in FY 2017 to request an increase to the annual assessment rate, in order for the District to maintain its required operating reserve and be able to contribute funds to the required capital reserve.

*Proposition 218 Compliance* - The formation of Maintenance District No. 1 pre-dates the enactment of Prop. 218 and is considered an exempt assessment pursuant to Government Code §53753.5. Exempt assessments must comply with the requirements of Proposition 218 only if the assessment methodology is changed to increase the assessment or the amount of the assessment is proposed to exceed a previously adopted assessment formula or range of assessments. The proposed FY 2017 assessment amount is \$243.92 per parcel, which is at the base maximum annual assessment amount established when the District was formed in 1995. Therefore, the proposed FY 2017 assessment is in compliance with the provisions of Proposition 218 because it does not exceed the originally established maximum assessment formula; hence, the noticing and balloting requirements of Proposition 218 are not required.

## **FISCAL IMPACT**

There is no fiscal impact to the City's General Fund for this recommendation, because the present expenditures are to be paid for by District funds. Staff has evaluated the District's operating reserves and have determined that there is not an adequate balance for future cash flow. In addition, the Flood Control District's capital reserve fund balance must, at some point, be increased in the future in order to fund future replacement of capital items and software. City staff will coordinate with the Flood Control District staff to evaluate the priority of capital replacement projects associated with the District, such as upgrading the Control and Data Acquisition (SCADA) system and diesel power generator; repairing the roof of the masonry building that house the SCADA and power generator systems; and providing slurry seal to the asphalt driveway access to the pump station.

## PUBLIC CONTACT

A public meeting was held on May 19, 2016, for the property owners within the District. At that meeting, staff was available to explain the District's responsibilities, fiscal assessment amount and funding, and property owners were given the opportunity to ask questions regarding assessments and services. There were no property owners in attendance from the District.

The property owners will have another opportunity to raise concerns about their assessments during the July 19, 2016 Council hearing. Notices were mailed to each property owner within the District and published once in *The Daily Review* newspaper on July 8, which meets the requirement of at least ten (10) days prior to the July 19, 2016 public hearing. At the time of completion of this report, no responses to such notice of public hearing had been received by City staff.

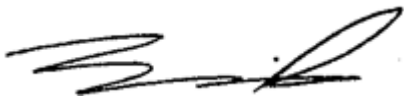
## NEXT STEPS

If the City Council adopts the attached resolutions, the final Assessor's tax roll will be prepared and filed with the County Auditor's Office, no later than the third Monday in August following such adoption, allowing the assessments to be included in the FY 2017 tax roll.

*Prepared by:* Peter Rei, PE, PLS, Contract Development Review Engineer  
Denise Blohm, Management Analyst II

*Recommended by:* David Rizk, AICP, Development Services Director  
Todd Rullman, Maintenance Services Director

Approved by:



Fran David, City Manager

Attachments:

Attachment I	Resolution Approving Engineer's Report
Attachment II	Resolution Approving Funding Recommendations and Appropriating Funding for FY 2017
Attachment III	Engineer's Report