



DATE: June 2, 2026

TO: Mayor and City Council

FROM: Maintenance Services Director

SUBJECT: Adopt a Resolution of Intention to Preliminarily Approve the Engineer's Report and Levy Assessments for Fiscal Year 2027 for Maintenance District No. 1 – Storm Drainage Pumping Station and Storm Drain Conduit Located at Pacheco Way, Stratford Road and Ruus Lane, and Set June 16, 2026, as the Public Hearing Date

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) to preliminarily approve the Engineer's Report and levy assessments for Fiscal Year (FY) 2026-27 for Maintenance District No. 1 – Storm Drainage Pumping Station and Storm Drain Conduit located at Pacheco Way, Stratford Road, and Ruus Lane, and set June 16, 2026 as the public hearing date.

SUMMARY

This report is being provided, as required by the Hayward Municipal Code, to preliminarily approve the Engineer's Report, to include the FY 2026-27 annual assessment and budget for Maintenance District No. 1 (MD 1).

MD 1 was formed in 1995 as a financial funding mechanism to fund the ongoing operation, maintenance, repair, and replacement of a Storm Water Lift Station (SWLS) in perpetuity. The SWLS was built by the developer as a condition of development for construction of the Stratford Village neighborhood. The SWLS is the only privately built SWLS in the City, built only to service the Stratford Village neighborhood. Following construction of the facility, the Alameda County Flood Control District (County) was asked to take over ownership and maintenance of the facility since the County operated similar facilities within the City and the County. The agreement signed by both parties calls for the City to act as an intermediary, using District funds to reimburse the County for annual expenses and supply District funds annually for a capital replacement fund.

For Fiscal Year 2027, the proposed combined assessment is \$341.74 per parcel. This amount consists of the original Maintenance District No. 1 assessment of \$243.92 per parcel and the supplemental MD1-2026 assessment of \$97.82 per parcel. The combined assessment applies

equally to the 174 parcels within the district and is projected to generate approximately \$59,463 in assessment revenue.

The proposed assessment will fund ongoing operations and maintenance, annual administration, reporting, property owner noticing, utilities, and contributions to reserves and the dedicated 2030 Pump Replacement capital fund. The Engineer's Report finds that each parcel within the district receives similar special benefit from the flood control and drainage facilities and that the assessment is apportioned on a per-parcel basis.

FISCAL IMPACT

There is no anticipated fiscal impact to the City's General Fund associated with this action, as all expenses will be paid using funds held in reserve for MD1.

Staff has evaluated the District's fund balance and concurs that funds are adequate for FY 2026-27.

BACKGROUND

On January 5, 1993, the City Council approved the vesting tentative map for Tract 6472, which authorized the subdivision of land on both sides of Stratford Road. Conditions of approval for the development included storm drainage improvements and construction of an approved stormwater pumping facility. The drainage basin includes approximately 29.1 acres, consisting of residential lots, parkland, and collector streets associated with Stratford Road and Ruus Lane.

On June 6, 1995, the City Council adopted Resolution No. 95-103 ordering the formation of Maintenance District No. 1. The district was established to fund the operation and maintenance of storm drainage improvements and the stormwater pumping facility serving the drainage basin. The Stratford Village Storm Water Lift Station was constructed to pump stormwater runoff from the developed area into the Alameda County Flood Control and Water Conservation District's Line B, Zone No. 3A.

Ownership of the lift station was transferred to the Alameda County Flood Control and Water Conservation District under an agreement requiring the City to provide funding for operation, maintenance, capital equipment replacement, and necessary modifications for the optimal performance of the facility. Each year, the City evaluates the funding needs of the district to ensure that sufficient funds are available for continued operation, maintenance, and capital replacement.

The facilities are approximately 30 years old. Recent evaluation of the flood control facilities identified repair, replacement, and rehabilitation needs, including evaluation and design, SCADA upgrades, pump rehabilitation, and other improvements. The total estimated capital improvement need identified in the Engineer's Report is \$379,049.

On April 21, 2026, the City Council adopted Resolution No. 26-057 ordering the formation of the

Stratford Village Flood Control Facilities Improvement Assessment District, referred to as MD1-2026, following a successful property-owner ballot proceeding conducted pursuant to Article XIID of the California Constitution. MD1-2026 levies a supplemental assessment on the same 174 parcels within Maintenance District No. 1 to fund an annual operations budget augmentation and a dedicated 2030 Pump Replacement capital fund. Beginning in Fiscal Year 2027, the original 1995 Maintenance District No. 1 assessment and the MD1-2026 supplemental assessment are administered together as a combined annual levy.

DISCUSSION

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

- (1) Description of the improvements to be operated, maintained, serviced, and replaced;
- (2) FY 2026-27 recommended budget;
- (3) FY 2026-27 recommended assessment rate; and
- (4) Map of the benefit zone (assessment diagram).

The Fiscal Year 2027 Engineer's Report includes the required description of improvements, estimated costs, assessment methodology, assessment diagram, and assessment roll. The improvements funded by the district include the Stratford Village Storm Water Lift Station and related facilities, including pumps, generator, SCADA system, masonry building, and related storm drainage infrastructure.

The operation and servicing of the facilities include personnel, electricity, materials, diesel fuel and oil, hazardous materials cleanup, and other appurtenant facilities necessary to provide adequate stormwater runoff capacity. Maintenance includes the ordinary and usual operations, maintenance, repair, removal, and replacement of all or part of the stormwater lift station.

The original Maintenance District No. 1 assessment remains fixed at \$243.92 per parcel and does not include a CPI adjustment mechanism. The MD1-2026 component includes an annual CPI-U adjustment based on the San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area, capped at 3 percent per year. The Engineer's Report states that the February-to-February CPI is used, any CPI above 3 percent may be banked for future years when CPI is below 3 percent, and a negative CPI is treated as 0.0 percent.

The Engineer's Report concludes that the annual Fiscal Year 2027 operating expenses are estimated at \$5,758. The remaining assessment revenue will support reserves and an annual contribution of \$9,476.23 to the 2030 Pump Replacement dedicated capital fund.

PUBLIC CONTACT

City staff: 1) mailed a postcard notice to property owners to let them know of their recommended FY 2026-27 assessment rate, and to alert them to three Public meetings where they could provide input (June 2, June 10, and June 16); 2) held a virtual community meeting via Zoom on June 3; and

3) will publish a legal notice in the East Bay Times on or before June 6, 2026.

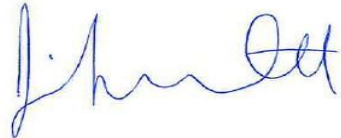
NEXT STEPS

Following this Council meeting, the City is proposing to hold a public hearing on June 16, 2026, to provide an opportunity for any interested person to be heard. After the public hearing, the Council may adopt a resolution setting the annual assessment amount as originally proposed or as modified. Following the adoption of this resolution, the final assessor's roll will be prepared and filed with the County Auditor's office to be included on the FY 2026-27 tax roll. Payment of the assessment for each parcel will be made in the same manner and at the same time as payments are made for property taxes. All funds collected through the assessment must be placed in a special fund and can only be used for the purposes stated within this report. If the Council adopts the attached resolution of intention, it will hold a noticed public hearing on June 16, 2026, to consider approving the Engineer's Report and ordering the levy of assessments for FY 2026-27.

Prepared by: Manny Grewal, Management Analyst

Recommended by: Todd Rullman, Maintenance Services Director

Approved by:



Jennifer Ott, City Manager