

THE CITY OF HAYWARD
STRATFORD VILLAGE FLOOD CONTROL FACILITIES IMPROVEMENT
ASSESSMENT (MD1-2026)

PRELIMINARY ENGINEER'S REPORT

JANUARY 2026

PURSUANT TO CHAPTER 26 OF PART 3 OF DIVISION 7 OF THE STREETS AND HIGHWAYS CODE OF THE STATE OF CALIFORNIA, AND CHAPTER 10, ARTICLE 10, SECTION 10-10.25 OF THE HAYWARD MUNICIPAL CODE, AND ARTICLE XIID OF THE CALIFORNIA CONSTITUTION

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INTRODUCTION

On January 5, 1993, the City of Hayward (the "City") City Council, by Resolution No. 93-010, approved Tentative Tract Map 6472, which authorized the subdivision of land on both sides of Stratford Road into 148 single-family home lots commonly known as Stratford Village. On April 4, 1995, the City Council, by Resolution No. 95-6, approved Tentative Tract Map 6682, which authorized the subdivision of the two existing properties at 1362 and 1384 Ruus Lane into 27 single-family homes. The storm drainage system serving these properties necessitates pumping the storm water run-off into Ward Creek. Conditions of Approval for the tentative map of Tract 6472 and Tract 6682 included provisions for storm drainage improvements and construction of an approved storm water pumping facility.

The drainage basin includes 29.1 acres of which 24.7 acres are residential, 1.9 acres are for Stratford Village Park, and 2.5 acres are for the collector streets of Stratford Road and Ruus Lane. Pacheco Way does not drain into this basin system nor does the industrial property to the south. The total number of lots in the drainage basin is approximately 175.

A Storm Water Lift Station ("SWLS") was constructed at the end of Pacheco Way to pump storm water runoff for the developed area adjacent to Alameda County Flood Control and Water Conservation District's ("ACFCD") Line B, Zone No. 3A, Ward Creek. The SWLS was designed with capacity for only the development of the area encompassing the 175 potential lots, a portion of Stratford Road, Ruus Lane and the Stratford Village Park. No added capacity was constructed for run-off from other areas such as the Georgian Manor and Spanish Ranch Mobile Home Parks, although there is space for additional pumps if they wish to connect in the future. The mobile home parks are presently served by privately owned and operated pumping facilities located within each mobile home park.

On June 6, 1995, by Resolution No. 95-103, the City Council ordered the formation of Maintenance District No. 1 ("MD1") to provide for the operation and maintenance of the storm drainage improvements and the stormwater pumping facility to serve the drainage basin. The maximum annual assessment rate is \$243.92 per parcel, and it may not be increased to reflect any change in the Consumer Price Index.

On August 29, 1995, an agreement between the City and the ACFCD transferred ownership of the SWLS to the Flood Control District. The agreement states that the Flood Control District concurred with the SWLS transfer subject to the City providing the Flood Control District with the funds to operate, maintain, and provide for capital equipment replacement and for modifications that may become necessary for the optimal performance of the SWLS.

Each year the City evaluates the need to increase assessments to ensure there are adequate funds to continue to provide proper operation, maintenance, and capital replacement of the storm water pumping facilities. As part of this effort, the County of Alameda updated their capital replacement study to determine whether the MD1 is

adequately funded. Currently there are not sufficient funds to replace the MD1 capital facilities when they reach the end of their useful life.

Based upon input from the Stratford Village neighborhood, the City has decided to proceed with the formation of a new assessment which incorporates several critical improvements to the existing assessment including:

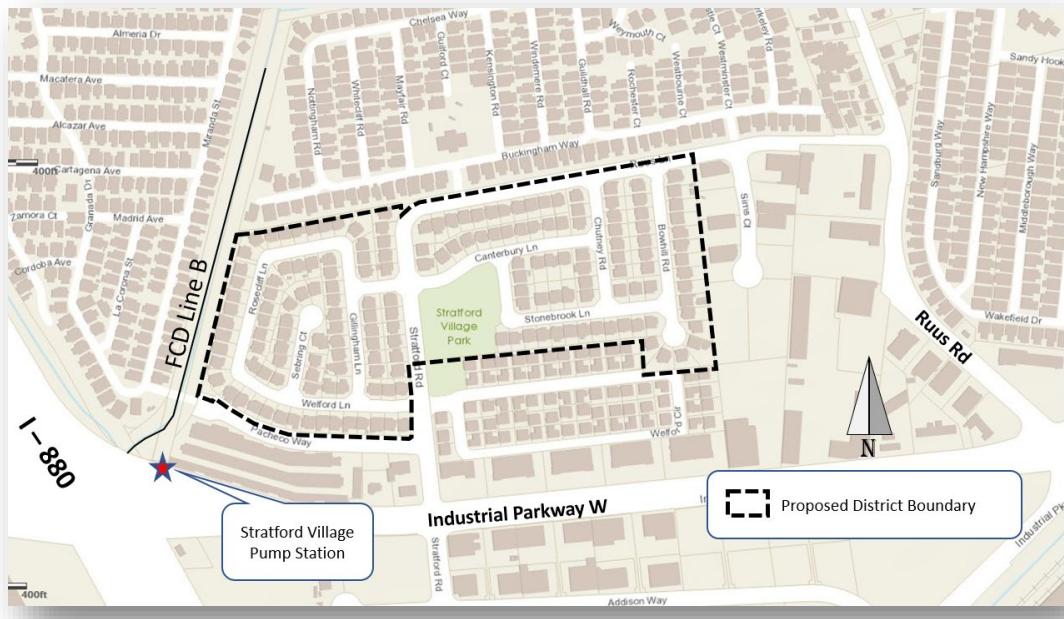
- 1.) A cost-of-living adjustment mechanism in order to ensure that the flood control infrastructure is properly funded over time for operations and maintenance.
- 2.) An annual augmentation of approximately \$7,544 (2025-26 dollars) to the annual operating budget.
- 3.) Creation of the “2030 Pump Replacement” dedicated fund, which is a capital investment of \$379,049, to be financed over 40 years to fund the pump and equipment replacement.

This Engineer’s Report serves as the basis for this proposed new assessment to fund a specific portion of these critically needed storm water pumping facilities. This assessment, if approved by property owners, will be in addition to the existing MD1 assessment, adding a new assessment designated as MD1-2026.

The area that will benefit from the proposed flood includes 29.1 acres, of which 24.7 acres are residential, 1.9 acres are for a park site, and 2.5 acres are for the collector streets associated with Stratford Road and Ruus Lane. Pacheco Way does not drain into this drainage basin system nor does the industrial property to the south. The area is characterized by relatively flat terrain, low elevation and drains into the ACFCD’s Line B, Zone No. 3A. The area is served by a pump station to manage storm runoff and avoid any surface flooding.

The boundary of the District is shown in Figure 1.

FIGURE 1 – AREAS BENEFITED FROM PROPOSED IMPROVEMENTS



SPECIAL FLOOD HAZARD AREAS

A Special Flood Hazard Area is defined by FEMA as a high-risk area in which land would be inundated by a flood having a one percent chance of occurring in any given year. Owners of properties within a Special Flood Hazard Area are 1) Required to purchase flood insurance if they have federally-backed mortgages, and 2) Required to make significant improvements to their property prior to any development or major renovation, including raising the elevation of the property to above the base flood level.

FEMA is responsible for creating and updating maps which indicate Special Flood Hazard Areas within flood-prone communities throughout the United States. The current maps adopted in August 2009 for the City of Hayward indicate that within MD1 15 single-family parcels, the park, and several street areas fall within a Special Flood Hazard Area.

LEGAL ANALYSIS OF PROPOSITION 218 TO FUND FLOOD CONTROL

The proposed assessment complies with Proposition 218, The Right to Vote on Taxes Act, which was approved by the voters of California on November 6, 1996, and is now Article XIIIIC and XIID of the California Constitution. Proposition 218 provides for benefit assessments to be levied to fund the cost of providing services and improvements, as well

as maintenance and operation expenses of a public improvement which provides a special benefit to the assessed property.

Proposition 218 imposes a number of important requirements, including property-owner balloting, for the formation and continuation of assessments, and these requirements are satisfied by the process being used to establish this proposed assessment.

Funding for flood control is a well-supported and appropriate use of a benefit assessment. In fact, when Proposition 218 was initially approved in 1996, it allowed for certain types of assessments, including flood control, to be “grandfathered” in, and these were exempted from the property-owner balloting requirement. Proposition 218 is manifested as Article XIID of the State Constitution, and states in part in Section 5:

“Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

“(a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, **flood control, drainage systems** (emphasis added) or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.”

Specific mention of “*flood control and drainage systems*” underscores the fact that the drafters of Proposition 218 were satisfied that funding for such activities is an appropriate use of benefit assessments, and therefore confers a direct and special benefit to property.

SILICON VALLEY TAXPAYERS ASSOCIATION, INC. v SANTA CLARA COUNTY OPEN SPACE AUTHORITY (2008) 44 CAL.4TH 431

On July 14, 2008, the California Supreme Court issued its ruling on the *Silicon Valley Taxpayers Association, Inc. v. Santa Clara County Open Space Authority* (“Silicon Valley”). Several of the most important elements of the ruling included further emphasis that:

- Benefit assessments are for special, not general benefit
- The services and/or improvements funded by assessments must be clearly defined
- Special benefits are directly received by and provide a direct advantage to property in the Assessment District

DAHMS v. DOWNTOWN POMONA PROPERTY (2009) 174 CAL.APP.4TH 708

On June 8, 2009, the 4th District Court of Appeal amended its original opinion upholding a benefit assessment for property in the downtown area of the City of Pomona. On July 22, 2009, the California Supreme Court granted review and transferred the case to the Court for Appeal for reconsideration in light of the Supreme Court’s discussion in the above cited *Silicon Valley*. In *Dahms*, the Appellate Court on reconsideration upheld the assessment that was 100% special benefit (i.e., 0% general benefit) on the rationale that the services and improvements funded by the assessments were directly provided to property in the

assessment district. The Court also upheld discounts and exemptions from the assessment for certain properties.

BONANDER V. TOWN OF TIBURON (2009) 46 CAL.4TH 646

On December 31, 2009, the California Supreme Court overturned a benefit assessment approved by property owners to pay for placing overhead utility lines underground in an area of the Town of Tiburon. The Court invalidated the assessments on the grounds that the assessments had been apportioned to assessed property based in part on relative costs within sub-areas of the assessment district instead of proportional special benefits.

BEUTZ V. COUNTY OF RIVERSIDE (2010) 184 CAL.APP.4TH 1516

On May 26, 2010, the 4th District Court of Appeal issued a decision on the *Steven Beutz v. County of Riverside* ("Beutz") appeal. This decision overturned an assessment for park maintenance in Wildomar, California, primarily because the general benefits associated with improvements and services were not explicitly calculated, quantified and separated from the special benefits.

GOLDEN HILL NEIGHBORHOOD ASSOCIATION V. CITY OF SAN DIEGO (2011) 199 CAL.APP.4TH 416

On September 22, 2011, the 4th District Court of Appeal issued a decision in *the Golden Hill Neighborhood Association v. City of San Diego*. This decision overturned an assessment for street and landscaping maintenance in the Greater Golden Hill neighborhood of San Diego, California. The court described two primary reasons for its decision. First, as in *Beutz*, the court found the general benefits associated with services were not explicitly calculated, quantified, and separated from the special benefits. Second, the court found that the City had failed to document the basis for the assessment on its own parcels.

COMPLIANCE WITH CURRENT LAW

This Report is consistent with the requirements of Article XIIIC and XIIID of the California Constitution and with the *Silicon Valley* decision because the Services to be funded are clearly defined; the Services and Improvements are available to and will be directly provided to all benefited property in the proposed assessment district; the Services and Improvements provide a direct advantage to property in the Assessment District that would not be received in absence of the assessment, and are benefits that are over and above general benefits conferred on real property located in the district or to the public at large by other public entities that make up the membership of the District.

This Report is consistent with *Dahms* because, similar to the Downtown Pomona assessment validated in *Dahms*, the services and improvements will be directly provided to property in the Assessment District. More specifically, as discussed hereafter, the services and improvements afford benefits specifically unique and supplied only to property owners within the District with a corresponding effect that is not shared by other parcels outside of the District or real property in general including the public at large.

The Report is also consistent with *Bonander* because the Assessment has been apportioned based on the proportional special benefit to each property. Furthermore, the Assessment is consistent with *Beutz* and *Golden Hill* because the general benefits have been explicitly calculated, quantified, and excluded from the assessment.

ASSESSMENT PROCESS AND FUTURE CONTINUATION OF ASSESSMENTS

Following submittal of this Report to the City for preliminary approval, the City of Hayward City Council may, by Resolution, call for an assessment ballot proceeding and public hearing on the proposed establishment of a Flood Control Facilities Improvement Assessment.

If the City Council approves such a Resolution, a notice of assessment and assessment ballot shall be mailed to each property owner within the proposed Assessment District boundaries who will be subject to the proposed assessment. Such notice will include a description of the services and improvements to be funded by the proposed assessments, the total amount of the proposed assessment chargeable to the entire Assessment District and the amount chargeable to the specific owner's parcel, the reasons for the proposed assessments and the basis upon which they were calculated, and an explanation of the process for submitting a ballot. Each notice would also include a postage prepaid return envelope and a ballot on which the property owner may mark his or her approval or disapproval of the proposed assessments as well as affix his or her signature.

After the ballots are mailed to property owners in the Assessment District, a minimum 45-day time period must be provided for the return of the assessment ballots. Following this balloting time period, a public hearing must be held for the purpose of allowing public testimony regarding the proposed assessments. At the public hearing, the public will have the opportunity to speak on the issue.

If it is determined that the assessment ballots submitted in opposition to the proposed assessments do not exceed the assessment ballots submitted in favor of the assessments (weighted by the proportional financial obligation of the property for which ballots are submitted), the City Council may take action to approve the imposition of assessments for fiscal year 2026 (July 2026 through June 2027) and each fiscal year thereafter. The levy and collection of the assessments would continue year to year until terminated by the City Council.

The authority granted by the ballot proceeding would be for a Fiscal Year 2026 maximum assessment rate of \$97.82 per parcel, with a possible adjustment each subsequent year by the annual change of the U.S. Department of Labor, Bureau of Labor Statistic Consumer Price Index – All Urban Consumers (“CPI”) for the San Francisco-Oakland-Hayward, CA MSA Consumer Price Index for All Urban Consumers (CPI-U), not to exceed 3% per year. The CPI adjustment may be applied to the sum of the existing 1995 assessment and the proposed new assessment for each parcel.

DESCRIPTION OF FACILITIES IMPROVEMENTS

The City of Hayward, through an agreement between the City and the ACFCD, provides a range of construction, repair, maintenance, operations, and upgrades to its storm drainage and pump station improvements. These improvements protect the usefulness, utility, desirability, and livability of property within its jurisdictional area by preventing flooding.

The additional improvements (the "Improvements") proposed to be undertaken by the City and the cost thereof to be paid from the levy of the annual assessment provide special benefit to Assessor Parcels within the Assessment District as defined in the Method of Assessment herein. These proposed Improvements are over and above the current level of service of the existing facilities.

The formula below describes the relationship between the final level of Services, the baseline level of Service if the assessment is not instituted, and the enhanced level of services funded by the assessment.

$$\boxed{\text{Final Level of Service} = \text{Baseline Level of Service} + \text{Enhanced Level of Service}}$$

In this case, the Baseline Level of Service is that which is provided by the existing flood control facilities. The Enhanced Level of Service will be provided by the City's Stratford Village Flood Control Improvements.

Below is a more detailed description of these improvements that are proposed to be provided for the special benefit of property in the Assessment District.

FACILITY IMPROVEMENTS

The existing facilities, which have been constructed within the City's MD1 boundaries, and which will be operated, maintained, and serviced and are generally described as follows:

The Stratford Village Storm Water Lift Station (SWLS):

- 2 - 15 H.P. Pumps
- 1 - 5 H.P. Pump
- 1 - 3 H.P. Dewatering Pump
- 1 - Generator
- 1 - Supervisory Control and Data Acquisition (SCADA) System
- 1 - Masonry Building to house the SCADA System and Generator

These existing facilities are approximately 30 years old. A recent evaluation of the flood control facilities shows that various elements of the facility need repair, replacement, or rehabilitation. Those improvements are detailed below in Table 1.

Table 1 – Proposed Capital Improvements

Element	Cost Estimate
Evaluation / Design	\$ 41,560.00
SCADA Upgrades	255,000.00
Pump Rehabilitation	49,248.00
Other Improvements	33,241.00
TOTAL	\$ 379,049.00

The Improvements will include the installation and maintenance of the Stratford Village Storm Water Lift Station as referenced above, as well as financing costs and other expenses associated with the financing for the improvements, and incidental expenses.

“Installation” means the construction or installation of improvements, including, but not limited to, land preparation, such as grading, leveling, cutting, and filling.

COST AND BUDGET ESTIMATE

The City of Hayward developed a long-range financial plan which includes ongoing operating and maintenance costs as well as the capital improvement costs described above. The District budget showing the first four years of the financial plan is shown in Table 2 below.

TABLE 2 – PROPOSED BUDGET

		Total Amount
<i>Beginning Unrestricted Net Assets</i>		\$0.00
Current Annual Operating Costs		\$50,000.00
Pump and Equipment Replacement Dedicated Fund/(or 2030 Pump Rep)		\$9,476.23
Total Annual Costs		\$59,476.23
Assessment Calculator		
Total Annual Costs		\$59,476.23
Less Contribution from Current Funding Sources		(\$42,456.00)
Balance to Assessment		\$17,020.23
<u>Benefit Units(a)</u>	<u>SFE Rate(b)</u>	(a)*(b)
174.00	\$97.82	\$17,020.23
Total Assessment Amount =		\$17,020.23

The financial plan includes the establishment of a fund balance equal to at least half of the annual operating costs to ensure positive cash flow while revenues lag approximately six months.¹ The plan also includes a reasonable additional fund balance to allow for occasional major maintenance expenses in future years to ensure the pump station retains its capacity and reliability.

Article XIID of the California Constitution (Proposition 218) limits the assessment amount to reasonable costs of the proportional special benefit conferred. Therefore, future assessments may be set below the maximum allowable in order not to exceed that limit.

¹ Assessments are collected on the property tax bills. Proceeds from those collections are not sent to the City until approximately six months into each fiscal year.

METHOD OF APPORTIONMENT

This section includes an explanation of the special benefits to be derived from the maintenance, operations and repair activities, the criteria for the expenditure of assessment funds and the methodology used to apportion the total assessments to properties within the proposed Assessment District. The proposed Assessment District area consists of all Assessor Parcels included within the Stratford Village boundaries.

The method used for apportioning the assessment is based upon the proportional special benefits conferred to the properties over and above the general benefits conferred to real property in the Assessment District, or to the public at large. Special benefit is calculated for each parcel in the District using the following process:

- 1.) Identification of all benefit factors derived from the Improvements
- 2.) Calculation of the proportion of these benefits that are general
- 3.) Determination of the relative special benefit within different areas of the Assessment District
- 4.) Determination of the relative special benefit per property type
- 5.) Calculation of the specific assessment for each individual parcel based upon special vs. general benefit, zones, property type and other supporting attributes

DISCUSSION OF BENEFIT

California Streets and Highways Code Section 5820 *et seq.* allows agencies which provide flood control and drainage services, such as the City, to levy assessments for those Services. Section 5821 states that the governing body may:

“... in its resolution declaring its intention to order work done or improvements made or by separate resolution, declare its intention to order that the expenses of maintaining and operating any or all of said improvements or any or all other improvements such as are permitted to be constructed herein, including the cost of necessary repairs, replacements, fuel, power, electrical current, care, supervision, and any and all other items necessary for the proper maintenance and operation thereof, shall be assessed, either partly or wholly, upon the real property or upon the land only lying within the district to be benefited by and to be assessed to pay the cost of the construction of said improvement.”

In addition, California Government Code Section 53750 defines the terms "drainage" and "flood control" as follows:

- e) "Drainage System" means any system of public improvement that is intended to provide for erosion control, for landslide abatement, or for other types of water drainage."
- f) "Flood control" means any system of public improvements that is intended to protect property from overflow by water.

Therefore, the maintenance, operational and improvement activities to be provided by the proposed Assessment District fall within the scope of Services that may be funded by assessments under the Code.

The assessments can be levied based only on the special benefit to property. This benefit is received by property over and above any general benefits. Moreover, such benefit is not based on any one property owner's specific use of the maintenance, operations and improvements activities or a property owner's specific demographic status. With reference to the requirements for assessments, Proposition 218, as codified in Article XIIIID of the California Constitution, has confirmed that assessments must be based on the special benefit to property:

"No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

Since assessments are levied on the basis of special benefit, they are not a tax and are not governed by Article XIIIIA of the California Constitution.

The benefit factors below, when applied to property in the proposed Assessment District, confer special benefits to property and ultimately protect property in the proposed Assessment District and improve the safety, utility, and functionality of such property.

FLOOD CONTROL IS A SPECIAL BENEFIT TO PROPERTIES

The Engineer's Report concludes that enhanced flood control is a special benefit directly to the property that is being protected from flooding. The proposed Maintenance and Operations Services and Improvements, which would be over and above the baseline level, will result in the storm drainage and pump facilities being maintained to a much higher standard, and accordingly will reduce the risk of flooding and the associated damage to property.

The following Benefit Factors section describes how and why the Services and Improvements specially benefit properties. This benefit is particular and distinct from its effect on property in general or to the public at large.

BENEFIT FACTORS

The primary special benefit from the Services and Improvements is the significantly reduced risk of damage to property from flooding. In addition, this section describes other special benefits conferred to residential and other lots and parcels resulting from the Services and Improvements that will be provided. These types of special benefit are summarized as follows:

REDUCED RISK OF DAMAGE TO REAL PROPERTY ASSETS FOR ALL PROPERTY OWNERS WITHIN THE ASSESSMENT DISTRICT

Properties in the proposed Assessment District are currently at higher risk of flooding. The proposed Assessments will fund an increase in maintenance, operations, and improvement activities to reduce the likelihood of pump station failure and reduce the threat from flooding, thereby significantly reducing the risk of property damage potential and loss of life associated with floods. Flood control maintenance helps to protect and specifically benefits all properties in the Assessment District. The following citations illustrate the importance of the proposed maintenance, operational and improvement activities:

- 1.) *Pump stations are one of the more vulnerable features of a flood risk management project. The failure of a pump station during a flood could result in considerable damage within the protected area.²*
- 2.) *[T]he one flood variable that is always expected to be associated with an increase in flood damages is the depth of flooding or flood stage. As the water gets deeper, damages increase.³*

² US Army Corps of Engineers, Mechanical and Electrical Design of Pump Stations, Engineers Manual, April 30, 2020 (<https://www.publications.usace.army.mil/Portals/76/Users/182/86/2486/EM1110-2%20-3105.pdf>)

³ US Army Corps of Engineers, National Economic Development (NED) Procedures Manual for Flood Damage Reduction (<http://www.hq.usace.army.mil/nedp/DB%20Pages/Content.asp?ID=17>)

- 3.) *During and after Hurricane Katrina, many of those levees and floodwalls were overtopped and several were breached, allowing billions of gallons of water from the Gulf of Mexico, Lake Borgne, and Lake Pontchartrain to flow into New Orleans and flood major portions of the city. As of August 2, 2006, 1,118 people were confirmed dead in Louisiana as a result of Hurricane Katrina. Another 135 people are still missing and presumed dead. Thousands of homes were destroyed. Direct damage to residential and non-residential property is estimated at \$21 billion, damage to public infrastructure another \$6.7 billion. Nearly half the region's population has not yet returned after evacuating.⁴*
- 4.) *The flood that followed inundated the town of Olivehurst and 15 square miles of farmland and towns. One man is known dead and two other people are missing, 180 homes and businesses were destroyed and another 480 were damaged, according to the state Office of Emergency Services, which put preliminary damage estimates at \$200 million.⁵*
- 5.) *After natural disasters such as hurricanes, tornadoes, and floods, excess moisture and standing water contribute to the growth of mold in homes and other buildings.⁶*

REDUCED RISK OF LOSS OF LIFE OR HARM TO PROPERTY FROM FLOODING

The proposed Assessments will fund maintenance, operations, and improvement activities to reduce the likelihood of pump station failure and reduce the threat from flooding. These services will reduce the loss of life, injuries, and other public health issues associated with flooding. The reduced risk of direct and indirect contact with flood water will increase public safety and will provide positive health benefits in the Assessment District. These are special benefits to property in the Assessment District because property is ultimately more desirable and valuable in areas that are safer and have less risk of harmful flooding. The following citations illustrate the importance of robust flood protection measures for the health and safety of the community:

⁴ American Society of Civil Engineers, The New Orleans Hurricane Protection System, What Went Wrong and Why (<http://www.asce.org/files/pdf/ERPreport.pdf>)

⁵ San Francisco Chronicle, January 12, 1997, Page C 1

⁶ Centers for Disease Control and Prevention, "Protect Yourself from Mold" (<http://www.bt.cdc.gov/disasters/mold/protect.asp>)

- 1.) *Annually, the nation experiences an average of 100 flood-related fatalities.⁷*
- 2.) *Every effort should be made to limit contact with flood water due to potentially elevated levels of contamination associated with raw sewage and other hazardous substances.⁸*
- 3.) *Six inches of water will reach the bottom of most passenger cars causing loss of control and possible stalling. A foot of water will float many vehicles. Two feet of rushing water can carry away most vehicles including sport utility vehicles (SUV's) and pick-ups.⁹*

PROTECTION OF TRANSPORTATION SYSTEMS AFFECTING PROPERTY

The proposed Assessment District will provide funding for maintenance, operational and improvement activities that will reduce the risk of significant disruption and harm in the Assessment District. The maintenance, operations and improvement activities will also better protect the roads and transportation systems in the Assessment District that are crucial for maintaining access for residents, goods movement, maintenance of utilities, and emergency vehicles. Without reliable roads and access, the value of property in the Assessment District would be diminished. Therefore, another special benefit to property is the protection of the local transportation systems.

ELIMINATION OF LIMITATIONS ON DEVELOPMENT/RENOVATION RESULTING FROM SFHA DESIGNATION BY FEMA

The Assessments would fund Improvements that may prevent additional properties in the proposed district from being mapped in a Special Flood Hazard Area ("SFHA") flood zone. Without such funding for the Improvements, additional properties within the proposed Assessment District may be designated as being in a SFHA by the Federal Emergency Management Agency ("FEMA"). Additional SFHA designations would result in limitations on property development; therefore, prevention of limitations on development is another tangible and direct special benefit to property in the proposed Assessment District.

⁷ "Be Aware and Be Prepared" Weather Service Issues Annual Flood Outlook", National Weather Service Press Release 99-20 (<http://www.publicaffairs.noaa.gov/releases99/mar99/noaa99-20.html>)

⁸ US Environmental Protection Agency, "Response to 2005 Hurricanes – Health Precautions" (<http://www.epa.gov/katrina/precautions.html>)

⁹ FEMA FloodSmart web site (http://www.fema.gov/hazard/flood/fl_during.shtml)

Our findings support the hypothesis that increases in flood risk decrease values for residential properties within the 100-year floodplain. Unlike other studies which conclude that there are uniform impacts within the floodplain, we find declining effects with reduced risk. Furthermore, there is evidence suggesting that flooding events heighten sensitivity to such risks and raise the property price premium associated with a given level of flood risk.¹⁰

¹⁰ "Using GIS To Evaluate The Effects Of Flood Risk On Residential Property Values ", Bartosova et. al, Proceedings of "Environmental Problem Solving with Geographical Information Systems: A National Conference", U.S. EPA, September 22-24, 1999, Cincinnati, Ohio

GENERAL VERSUS SPECIAL BENEFIT

Proposition 218 requires any local agency proposing to increase or impose a special assessment to “separate the general benefits conferred on a parcel.”¹¹ The rationale for separating special and general benefits is to ensure that property owners are not charged a benefit assessment in order to pay for general benefits. Thus, a local agency carrying out a project that provides both special and general benefits may levy an assessment to pay for the special benefits, but must acquire separate funding to pay for the general benefits.¹²

In other words:

$$\text{Total Benefit} = \text{General Benefit} + \text{Special Benefit}$$

However, flood control operations, such as the Services, provide only special benefits. Special benefits are benefits that are “peculiar and distinct over and above general benefits located in the district or to the public at large.”¹³ Because flood control infrastructure protects particular identifiable parcels (including residents of the parcel and any appurtenant facilities or improvements) from damage due to inundation or force by rising floodwaters, the benefits are provided directly to those parcels, and to no other parcels. By contrast, general benefits provided to the public at large are discussed in terms of general enhanced property values, provision of general public Services such as police and fire protection, and recreational opportunities that are available to people regardless of their location.¹⁴

The issue of general benefits merits further discussion, however, because flood control Services and improvements have an obvious indirect relationship to the provision of general benefits. For example, the Services may protect restaurant and/or recreation facilities in the Assessment District that may be used by people regardless of whether they own property in the District. But this indirect relationship does not mean that the Services and Improvements themselves will provide any general benefits. Rather, the Services will provide direct special benefits to parcels that may themselves be used in the provision of general benefits.

More to the point, the public at large will be paying for the general benefits provided to benefiting “public use” property, and specially benefited property owners’ assessments will not be used to subsidize general benefits provided to the public at large or to property outside

¹¹ California Constitution Article XII D 4

¹² Silicon Valley Taxpayers’ Association, Inc. v. Santa Clara County Open Space Authority (2008) 44 Cal 4th 431,450

¹³ California Constitution Article XII D 2(i)

¹⁴ Silicon Valley Taxpayers’ Association, Inc. v. Santa Clara County Open Space Authority (2008) 44 Cal 4th 431, 450-56

the Assessment District. All property that is specially benefited by the Services and Improvements will be assessed, including the parcels used in the provision of general benefits. Thus, the general public will pay for a portion of the provision of the flood control Services and Improvements because the assessed public agencies will use general taxes and other public revenue to pay their Assessments, and privately-owned parcels (such as restaurants) will collect revenue from customers to pay for any “general benefits.”

The Assessment Engineer finds that the Services and Improvements are of distinct and direct special benefit to the property within the Assessment District.

The Assessment Engineer conducted a parcel-by-parcel analysis and has developed an approach, described below as the industry standard. In any case, following is a description of the separation of general benefit from special benefit, and the quantification of the general benefit, in the District. In each step of this analysis, conservative assumptions and determinations have been used in order to ensure that the total calculated general benefit is maximized which reduces the special benefit assessed on any one parcel.

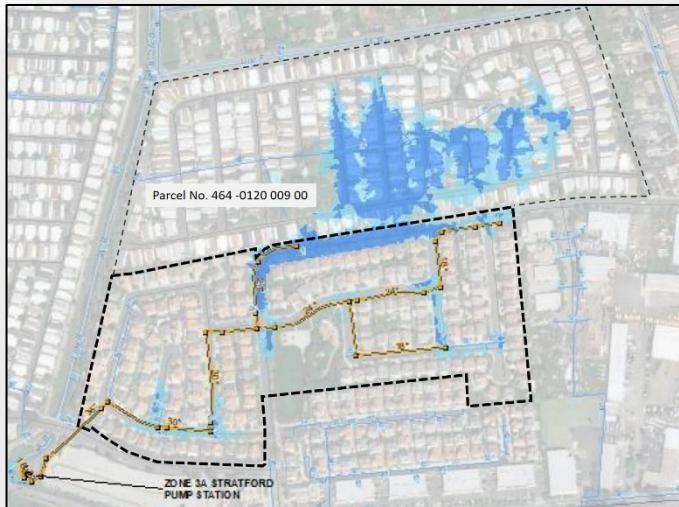
A formula to estimate the general benefit is listed below:

General Benefit	=	Benefit to real property outside of improvement district	+	Benefit to real property inside of improvement district	+	Benefit to public at large
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GENERAL BENEFIT TO PROPERTY OUTSIDE, BUT PROXIMATE, TO THE ASSESSMENT DISTRICT

An inundation analysis¹⁵ shows that only one parcel outside the boundaries of the District may benefit from the City's pump station: Parcel number 464 -0120-009-00, which contains a mobile home community with approximately 265 home sites. Of those sites, approximately

92 home sites have the potential to be affected by ponding water up to one foot in depth in the scenario in which all the pumps fail.



Such flooding events can cut off or temporarily interrupt access by residents, movements of goods, and response times for emergency vehicles. In order to evaluate the relative impacts of interruptions to access, the primary metric used was average daily trips by residents. Parcels within the District are single family residential; parcel number 464 - 0120-009-00 is an age-restricted mobile home park. According to a study conducted by the San Diego Association of

Governments (SANDAG), the average daily trips for these two residential land uses is 10 and 3, respectively. Therefore, trips within the District are estimated at $(174 \times 10 =) 1,740$, and trips attributed to the 92 affected home sites in the parcel number 464 -0120-009-00 is estimated at $(92 \times 3 =) 276$, which is 16% of the trips within the District.

However, a telephone conversation with the authors¹⁶ of the inundation analysis confirmed that the on-site drainage system of parcel 464-0120-009-00 was not factored into the analysis. They agreed that, while not known precisely, it is reasonable to assume that the on-site drainage system (consisting of a piping system and a privately-owned pump station) could alleviate all or most of the flooding on that parcel caused by a complete failure of the District's pump station. Therefore, the home sites on parcel number 464-0120-009-00 may not receive any benefit from the District's pump station. The true benefit received by this parcel is within the range of zero to 16% and is likely to be at the lower end of that range. For this Report, that benefit is conservatively estimated at half of the maximum, or 8%.

TOTAL GENERAL BENEFIT TO PROPERTIES OUTSIDE, BUT PROXIMATE, TO THE DISTRICT = 8%

¹⁵ "Zone 3A - Stratford Pump Station Assessment Summary", Wood Rogers, Feb. 2020

¹⁶ Jeremiah McMahon, Satish Kumar; Wood Rogers, April 26, 2021

GENERAL BENEFIT TO PROPERTY WITHIN THE ASSESSMENT DISTRICT

The “indirect and derivative” benefit to property within the Assessment District is particularly difficult to calculate. A solid argument can be presented that all benefits within the Assessment District are special because the improvements are clearly “over and above” and “particular and distinct” when compared with the baseline level of service and the unique proximity of and access to the improvements enjoyed by benefiting properties in the Assessment District. Percentage of parcels receiving indirect and derivative benefit = 0%

TOTAL GENERAL BENEFIT TO PROPERTIES WITHIN THE ASSESSMENT DISTRICT = 0%

GENERAL BENEFIT TO THE PUBLIC AT LARGE

The Stratford Village Park within Stratford Village is used almost exclusively by property owners within the Assessment District. While there is some occasional use by non-property owners, with no connection with property owners, including bikers, walkers, picnickers, etc., the Park itself derives no benefit from the Improvements and Services due to its elevation (no inundation) and adequate access during a flood event. Therefore, there is no benefit under this category.

GENERAL BENEFIT TO THE PUBLIC AT LARGE = 0%

TOTAL GENERAL BENEFITS

Using a sum of these three measures of general benefit, we find that 8% of the benefits conferred by the Improvements may be general in nature and must be funded by sources other than the assessment.

General Benefit Calculation

8%	Property outside the District
+ 0%	Property within the District
+ 0%	Public at large
8%	TOTAL General Benefit

SPECIAL NOTE ON GENERAL BENEFITS

In the 2009 *Dahms* case, the court upheld an assessment that was 100% special benefit on the rationale that the Services funded by the assessments were directly provided to property in the assessment district. Similar to the assessments in Pomona that were validated by *Dahms*, the Assessments described in this Engineer’s Report fund Flood Control Services that are directly provided to property in the assessment area. Moreover, as noted in this Report, the Services directly reduce flood risk on all property in the assessment area. Therefore, *Dahms* establishes a basis for minimal or zero general benefits from the Assessments. However, in this report, the general benefit is more conservatively estimated and described and then budgeted so that it is funded by sources other than the assessment.

THE CURRENT GENERAL BENEFIT CONTRIBUTION FROM THE CITY

This general benefit cannot be funded from the Assessments; it must be funded from other sources such as the City's General Fund or other non-District funds. These contributions can also be in the form of in-lieu contributions to the installation and maintenance of the Improvements such as other City assets that support and protect the Improvements. The City of Hayward will contribute both monetary and in-lieu resources to ensure that the general benefits conferred by the proposed Improvements are not funded by the District's Assessments.

A summary and quantification of these other contributions from the City is discussed below:

The City of Hayward owns, maintains, rehabilitates, and replaces curb and gutter along the border of the District Improvements. This curb and gutter serve to support, contain, retain, and manage stormwater flows. The contribution from the City towards general benefit from the maintenance, rehabilitation, and replacement of the curb and gutter is conservatively estimated to be 3%.

The City owns and maintains a storm drainage system throughout the District. This system serves to prevent flooding and associated damage to the Improvements; and to manage urban runoff including local pollutants loading from the Improvements. The contribution from the City towards general benefit from the maintenance, and operation of the local storm drainage system is conservatively estimated to be 3%.

The City owns and maintains local public streets along the border of the District Improvements. These public streets provide access to the Improvements to facilitate efficient maintenance. The contribution from the City towards general benefit from the maintenance of local public streets is conservatively estimated to be 3%.

The value of the construction of the improvements can be quantified and monetized as an annuity. Since this construction was performed and paid for by non-assessment funds, this "annuity" can be used to offset general benefit costs and is conservatively estimated to contribute 10%.

The total General Benefit is liberally quantified at 8% which is entirely offset by the conservatively quantified total non-assessment contribution towards general benefit described above of 19%. Therefore, no additional General Benefit must be funded by the City.

ASSESSMENT APPORTIONMENT

In the process of determining the appropriate method of assessment, various alternatives were considered. For example, a fixed or flat assessment for all properties was deemed to be inappropriate because properties less likely to be affected by flooding would be assessed the same as properties more likely to be affected. Hence, the appropriate method of

assessment should be based on the type and use of the property, the relative size of the property, and the level of potential damage to property. This method is further described below.

ZONES OF BENEFIT

Many assessment districts, including assessment districts to fund flood protection, confer different types and amounts of special benefit on parcels in different areas of the assessment district. Therefore, the creation of zones of benefit, corresponding to these various areas, are routinely considered in the development of an assessment district for flood control. However, this District contains a relatively homogenous community in which zone partitions are not of value. As such, no zones are differentiated.

METHOD OF ASSESSMENT

The next step in apportioning assessments is to determine the relative special benefit for each property. This process involves determining the relative benefit received by each property in relation to a "benchmark" property, a single family detached dwelling on one parcel (one "Single Family Equivalent Unit" or "SFE"). This SFE methodology is commonly used to distribute assessments in proportion to estimated special benefits. In this Engineer's Report, all properties are assigned an SFE value, which is each property's relative benefit in relation to a single-family home on one parcel.

The relative benefit to properties from maintenance, operational and improvement activities that reduce the potential for flooding is described by the following equations:

TABLE 3 – EQUATIONS

Equation
1 $\sum \text{Special Benefit}_{\text{parcel}} = \sum \text{Assessment}_{\text{parcel}}$
2 $\text{Assessment}_{\text{parcel}} = \text{Rate}_{\text{zone}} \times f(\text{Replacement Factors, Parcel Specific Factors})$
3 $\text{Rate}_{\text{zone}} = \text{Base Rate} * \text{Relative Zone Factor}$
4 $\text{Base Rate} = \frac{\sum \text{Costs}}{\sum \text{SFEs}}$

The special benefit conferred to property is a function of flood risk factors, flood damage factors, shared facilities factors, and land use factors. The derivation of these factors is described in the sections below.

FLOOD RISK FACTORS (PARCEL SPECIFIC FACTOR I)

Flood risk factors are typically derived from an analysis of the relative risks corresponding to specific sections of flood protection system; and then assigned to specific corresponding geographic zones. However, all parcels within the proposed Assessment District are equally protected by the storm drainage system of gutters, pipes, and pumps, all with the same relative risk of failure. Therefore, the relative risk factors are the same for all parcels.

FLOOD DAMAGE FACTORS (PARCEL SPECIFIC FACTOR II)

Flood damage is a function of the depth of flooding, with higher water levels causing greater damage to structures and property. Flood Inundation maps were used to evaluate elevation data and the risk to property improvements in the event that the pump station failed to operate during a 100-year storm event. Inundation levels were determined to be below the levels of any permanent residential units on private property. While there are some private improvements that will be inundated such as roadways, driveways, walkways and landscaping, no permanent damage is anticipated beyond minor clean up after flood waters have receded. Based on the foregoing, the flood risk factors are the same for all parcels.

SHARED FACILITY FACTORS (PARCEL SPECIFIC FACTOR III)

Shared facilities factors affect zones of parcels in similar ways. A weighted system is used based upon an equal distribution for each of the four critical shared facilities to model the effect of the degradation of these facilities in different zones during a flood event. Three of the categories (water, sewer, and power) will experience minimal disruption. The fourth (access) will experience a more pronounced interruption to access by residents, movements of goods, and response times for emergency vehicles. However, the level of disruption for all four categories will be the same for all parcels within the District.

WEIGHTED PARCEL FACTOR SUBTOTALS

Within the proposed Assessment District boundaries, Flood Risk Factors, Flood Damage Factors and Shared Facility Factors describe the relative benefit to each parcel within a group and are adjusted by their relative importance (weighting). However, since all three factors are equal across all parcels in the District, there is no differentiation to be made.

LAND USE FACTORS TO DETERMINE REPLACEMENT FACTORS

The final step in determining the apportionment is to factor in the land use, or replacement value for each type of use within a Group. There are no permanent residential improvements at risk in this District. As a result, the Land Use Factors are considered to be embedded in the analysis above and no further weighting is warranted.

SFEs AND RATE FACTORS

The metric used for assessments is the Single-Family Equivalent (SFE), which is defined as the special benefit received by the benchmark property (single-family residential).

SINGLE-FAMILY RESIDENTIAL

The residential portion of the District is made up of 174 single-family residential units. Each of the rate factors were determined to be equal among all residential parcels. As the benchmark property, these are assigned one SFE each.

PUBLICLY OWNED PARCELS

Article XIIID, Section 4 of the California Constitution states that publicly owned properties shall not be exempt from assessment unless there is clear and convincing evidence that those properties receive no special benefit.

Publicly owned parcels were individually reviewed and assigned the most appropriate property type. The only public parcel within this District is the Stratford Village Park, which contains a playground, sport court, skate park, and a turf area – none of which will be inundated in a flood event. Furthermore, access during a flood event is likely not necessary (due to the associated extreme weather). Therefore, this parcel will not be impacted by a flood event nor benefited by the drainage facilities; it receives no special benefit and is exempt from the assessment.

ASSESSMENT RATES

Assessment rates are determined by dividing the total benefit by the number of Single-Family Equivalents (SFEs) in order to determine an assessment rate per SFE. The base rate for a single-family home is set at $(\$17,020 \div 174) = \97.82 per parcel.

CRITERIA AND POLICIES

PARCEL CHANGES

The signatory Assessment Engineer is responsible for a parcel-by-parcel analysis, and determination of special benefit and assessment amount for each parcel in the proposed Assessment District. Each year, the Assessment Engineer will re-analyze and re-calculate individual benefits and corresponding assessments for each parcel, incorporating parcel splits and combinations, land use changes, specific flood risks, etc. The Assessment Engineer shall use the lien date roll obtained from the County of Alameda, or a third-party distributor of this data as the basis for the levy roll. Review of aerial photos and other data including real estate data, and site visits are anticipated.

APPEALS OF ASSESSMENTS LEVIED TO PROPERTY

Any property owner who feels that the assessment levied on their property is in error as a result of incorrect information being used to apply the foregoing method of assessment may file a written appeal with the Maintenance Services Director of the City of Hayward or his or her designee. Any such appeal is limited to correction of an assessment during the then current fiscal year. Upon the filing of any such appeal, the Maintenance Services Director or his or her designee will promptly review the appeal and any information provided by the property owner. If the Maintenance Services Director or his or her designee finds that the assessment should be modified, the appropriate changes shall be made to the assessment

roll. If any such changes are approved after the assessment roll has been filed with the County for collection, the Maintenance Services Director or his or her designee is authorized to refund to the property owner the amount of any approved reduction. Any dispute over the decision of the Maintenance Services Director or his or her designee shall be referred to the City Manager of the City of Hayward and the decision of the City Manager shall be final.

DURATION OF THE ASSESSMENT

If approved by property owners in an assessment ballot proceeding conducted pursuant to the Article and Government Code Section 53750 et seq., the assessments can be levied annually commencing with Fiscal Year 2026.

COST OF LIVING ADJUSTMENTS TO ASSESSMENT RATE

The assessment cannot be increased in future years without approval from property owners in another assessment ballot proceeding, except for an annual adjustment tied to the annual change of the U.S. Department of Labor, Bureau of Labor Statistic Consumer Price Index – All Urban Consumers (“CPI”) for San Francisco-Oakland-Hayward, CA MSA Consumer Price Index for All Urban Consumers (CPI-U), not to exceed 3% per year. The February-to-February CPI will be used to calculate the CPI. Any CPI in excess of 3% will be used in subsequent years when the CPI is less than 3%. In the case of a negative February to February CPI, a 0.0% CPI will be used. The CPI adjustment will be applied to the sum of the existing 1995 assessment and the proposed new assessment for each parcel to obtain the maximum allowable rate. The actual rate applied each year may be less than or equal to the maximum allowable rate and will be determined by the City Council based on the needs within MD1.

This sub-section describes the criteria that shall govern the expenditure of assessment funds and ensures equal levels of benefit for properties of similar type. The criteria established in this Report, as finally confirmed, cannot be substantially modified; however, the Council may adopt additional criteria to further clarify certain criteria or policies established in this Report or to establish additional criteria or policies that do not conflict with this Report.

ASSESSMENT FUNDS MUST BE EXPENDED WITHIN THE PROPOSED ASSESSMENT DISTRICT

The net available assessment funds, after incidental, administrative and other costs, shall be expended exclusively for improvements that protect property within the boundaries of the proposed Assessment District.

SENIOR AND LOW-INCOME EXEMPTIONS

The Government Code does not provide for exemptions to assessments for senior citizen or low-income property owners.

Government Code § 53759.1 and 53759.2

AB 2257, effective January 1, 2025, codifies Government Code §§ 53759.1 and 53759.2. Government Code § 53759.1 authorizes public agencies to implement an exhaustion of

administrative remedies requirement in the context of a proposed Proposition 218 property related fee or assessment. If the local agency complies with certain specified requirements, property owners are required to submit a written objection regarding a proposed property related fee or assessment during the ratemaking process and by a specified deadline no less than 45 days after mailing of notice pursuant to Proposition 218, and prohibited from challenging the property related fee or assessment in litigation if they did not submit a timely written objection. To implement this requirement, the local agency is required, among other things, to prepare written responses to the timely submitted objections and present them to the local agency governing body, which will make certain specified determinations prior to the close of the Proposition 218.

Government Code § 53759.2 specifies the scope of a Court's review of the administrative record of the underlying ratemaking proceeding, if the local agency complied with Government Code § 53759.1 in adopting the property related fee or assessment being challenged.

MD1-2026 intends to comply with and implement Government Code § 53759.1 with respect to the proposed assessment. Property owners will be informed of the deadline and process to submit a written objection, and other dates related to MD1-2026 compliance with this provision.

ASSESSMENT

WHEREAS, the City Council of the City of Hayward is proceeding with the proposed formation of the Stratford Village Flood Control Facilities Improvement Assessment District under Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, and Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code, and Article XIID of the California Constitution, to proceed with the proposed levy of assessments;

WHEREAS, the undersigned Engineer of Work has prepared and filed a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the Improvements upon all assessable parcels within the Assessment District;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me under State law and the order of the City Council, hereby makes the following assessment to cover the portion of the estimated cost of said Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

The amount to be paid for said Improvements and the expense incidental thereto, to be paid by the Assessment District for the fiscal year 2026 is generally as follows:

Element	Cost Estimate
Total Annual Costs	\$ 59,476.23
Less Contribution from current funding sources	\$ 42,456.00
TOTAL ASSESSMENT AMOUNT	\$ 17,020.23

An Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of said Assessment District. The distinctive number of each parcel or lot of land in said Assessment district is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of said Improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot, from the Improvements, and more particularly set forth in the Cost Estimate and Method of Assessment hereto attached and by reference made a part hereof.

The maximum allowed assessment is subject to an annual adjustment tied to the annual change of the U.S. Department of Labor, Bureau of Labor Statistic Consumer Price Index – All Urban Consumers (“CPI”) for the San Francisco-Oakland-Hayward, CA MSA Consumer Price Index for All Urban Consumers (CPI-U), not to exceed 3% per year. The

February to February CPI will be used to calculate the CPI. The CPI adjustment will be applied to the sum of the existing 1995 assessment and the proposed new assessment.

In the event that the actual assessment rate for any given year is not increased by an amount equal to the maximum of 3% or the yearly CPI change plus any CPI change in previous years that was in excess of 3%, the maximum authorized assessment shall increase by this amount. In such event, the maximum authorized assessment shall be equal to the base year assessment as adjusted by the increase to the CPI, plus any and all CPI adjustments deferred in any and all prior years. The CPI change above 3% will be used in a future year when the CPI adjustment is below 3%.

If property owners, in an assessment ballot proceeding, approve the initial fiscal year benefit assessment for the special benefits to their property including the CPI adjustment schedule, the assessment may be levied annually and may be adjusted by up to the maximum annual CPI adjustment without any additional assessment ballot proceeding. In the event that in future years the assessments are levied at a rate less than the maximum authorized assessment rate, the assessment rate in a subsequent year may be increased up to the maximum authorized assessment rate without any additional assessment ballot proceeding.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Alameda for the fiscal year 2026. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of Alameda County.

I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2026 for each parcel or lot of land within the said Assessment District.¹⁷

Dated: December 16, 2025



Engineer of Work

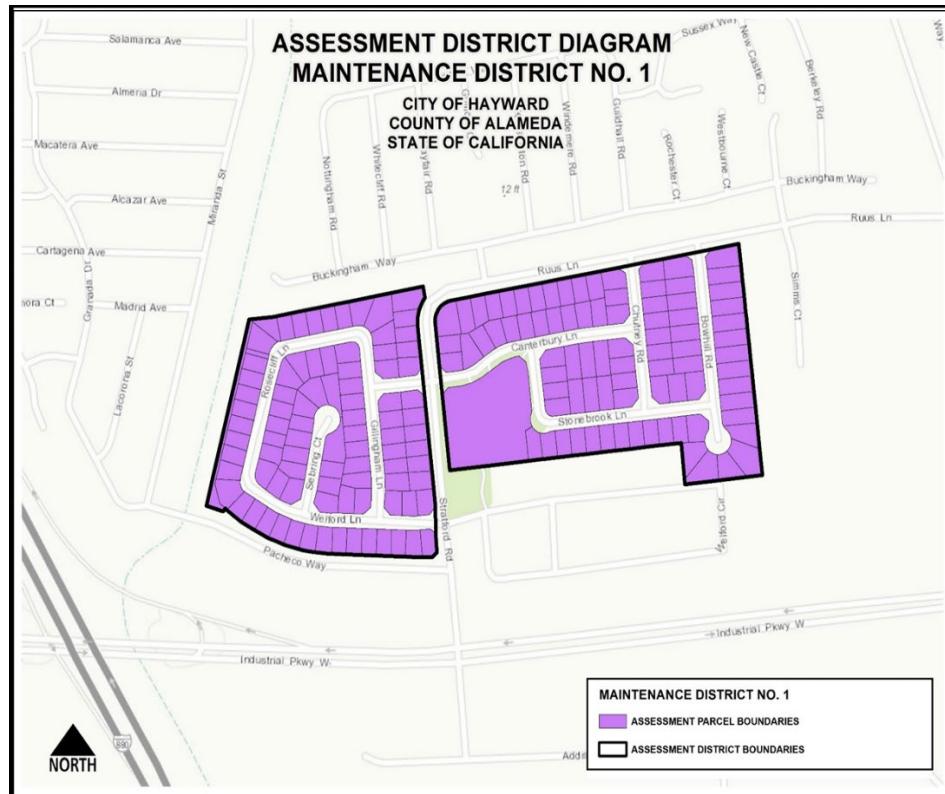
By _____
John Bliss, License No. C052019

¹⁷ Each parcel has a calculated assessment based on the estimated level of special benefit to the property.

ASSESSMENT DIAGRAM

The Assessment District includes all properties within the proposed boundaries of the Stratford Village Flood Control Facilities Improvement Assessment. The boundaries of the Assessment District are displayed on the following Assessment Diagram. The lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions as shown on the maps of the Assessor of the County of Alameda, for fiscal year 2026, and are incorporated herein by reference, and made a part of this Diagram and this Report.

FIGURE 2 – STRATFORD VILLAGE FLOOD CONTROL ASSESSMENT DIAGRAM FY 2026



APPENDICES

APPENDIX A – ASSESSMENT ROLL, FY 2027

The Assessment Roll is made part of this report and is available for public inspection during normal office hours. Each lot or parcel listed on the Assessment Roll is shown and illustrated on the latest County Assessor records and these records are, by reference, made part of this report. These records shall govern all details concerning the description of the lots or parcels.