



DATE: June 16, 2026

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Approving the Final Engineer's Report and Ordering the Levy of Assessments for Fiscal Year 2027 for Old Highlands Area Road Improvement Assessment District

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) approving the Final Engineer's Report (Attachment III) and ordering the levy of Assessments for Fiscal Year 2027 for Old Highlands Area Road Improvement Assessment District.

SUMMARY

The Old Highlands Area Road Improvement Assessment District was formed in 2021 to fund a pavement improvement project of the 6.12 miles of streets in this area, which were not brought up to City standards upon annexation in 1963. In each subsequent year for which the assessments will be continued, the City Council must approve an updated Engineer's Report for the upcoming fiscal year. The Engineer's Report includes a budget for the upcoming fiscal year's costs and services and an updated assessment roll listing all parcels and their proposed assessments for the upcoming fiscal year.

FISCAL IMPACT

This item has no fiscal impact to the City's General Fund or Measure C.

The levying and collection of assessments supports the pavement improvement program through a cost-sharing agreement.

BACKGROUND AND DISCUSSION

The Old Highland Area was annexed to the City in 1963; 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 maintained. In December 2020, the City developed a proposed assessment district and imposition of special assessments against the properties in the Old Highlands area to fund a pavement improvement project in the area, pursuant to Streets and Highways Code Sec. 1160 et. seq., and Prop. 218 (California Constitution Article XIII C and XIID; Government Code section 53753).

This proposed assessment district, the "Old Highlands Area Road Improvement Assessment District," was authorized by an assessment ballot proceeding conducted during December 2020 through February of 2021. On February 2, 2021¹, the balloting period was closed and since a weighted majority (78.55%) of ballots returned were in support of the proposed assessment, the Council approved and levied the assessments for the first time with the adoption of Resolution No. 21-020. The assessments are to expire after 20 years. The assessment was first levied beginning in fiscal year 2022 and will cease to be levied after fiscal year 2041, unless renewed and extended by Proposition 218-compliant balloting.

At the time the Assessment District was formed and balloted, the City anticipated full-depth roadway reconstruction in the Old Highlands area. During design and construction, the City determined that milling the existing pavement to subgrade and applying a 3-inch asphalt concrete overlay would meet the project's pavement-condition objectives at a lower cost. This treatment improved pavement condition, ride quality, structural section, and useful life, while reducing total project costs.

Construction is now complete, and the City is reconciling actual project costs against the budget in the formation Engineer's Report. Because the final project cost is expected to be lower than the \$6,504,300 shown in Table 2, the FY 2027 assessment is being continued at the previously approved rate while the reconciliation is completed. The FY 2028 Engineer's Report will incorporate actual costs, credit prior assessment revenues, and amortize the remaining balance over the rest of the 20-year repayment period at the 2% interest rate established at formation. The updated annual assessment is expected to be lower than the current rate.

In order to continue to levy the assessment for fiscal year 2027, SCI Consulting Group, the assessment engineer, has prepared a Final Engineer's Report (Attachment III). This Engineer's Report, which establishes the estimated costs for the pavement rehabilitation project that will be funded by the assessments for fiscal year 2027 and determines the special benefits and general benefits received from the services and to apportion the assessments to lots and parcels within the District based on the estimated special benefit each parcel receives from the services funded by the assessments, was completed and filed with the City on May 18, 2026. The total estimated amount of revenues that would be generated by the assessments in fiscal year 2027 is approximately \$183,216. The assessment rate is \$665.50 per year per developed single-family residential parcel, with different rates for different uses, as described and supported in the Engineer's Report.

ECONOMIC IMPACT

This item has no direct economic impact on the City. However, the project supports the pavement improvement program, which provides safe streets for all residents and visitors and has a positive impact on property values, including on vacant properties.

¹ <https://hayward.legistar.com/LegislationDetail.aspx?ID=4770707&GUID=A1652F6D-8A60-41F9-AB64-9E373A91A965&Options=&Search=>

STRATEGIC ROADMAP

This agenda item is a routine operational item.

SUSTAINABILITY FEATURES

The project that is supported through the levying of taxes requires all contractors to recycle all construction and demolition debris, providing for green construction.

PUBLIC CONTACT

The City fulfilled the public contact requirement through the Prop. 218 hearing in December 2020 and balloting in February 2021. Pursuant to the requirements of Prop. 218, all property owners within the District received information regarding the yearly and total assessment for each parcel and for the District as a whole during that process. Pursuant to Government Code Section 53753.5, the notice, protest/ballot, and public hearing requirements of Prop. 218 do not apply in subsequent fiscal years after creation of an assessment district if there is no increase in the amount of the assessment beyond what was previously adopted by the local agency. Since the FY27 assessments do not exceed the maximum assessment levels previously approved by the City Council during the formation of the Assessment District, no special noticing or public hearing is required for this item.

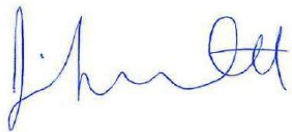
NEXT STEPS

If the City Council adopts the attached resolution, the final assessment roll will be prepared and filed with the Alameda County Auditor's office to be included on the FY 2027 tax roll. All funds collected through the assessment will be placed in a special fund and can only be used for the purposes stated within this report.

Prepared by: Elli Lo, Senior Management Analyst
Yama Farouqi, Senior Civil Engineer

Recommended by: Alex Ameri, Director of Public Works

Approved by:



Jennifer Ott, City Manager