



DATE: June 16, 2026

TO: Mayor and City Council

FROM: Director of Maintenance Services

SUBJECT: MD-1 Assessment Hearing: Adopt a Resolution to Approve the Final Engineer's Report, Confirm the Maximum Base Assessment Rate, Confirm the Fiscal Assessment Rate, Confirm the Assessment Diagram, Order the Levy and Collection of Fiscal Assessment; and Adopt a Resolution to Approve Funding Recommendations and Appropriate Revenue and Expenditure Budgets for Maintenance District No. 1 - Storm Drainage Pumping Station and Storm Drain Conduit - Pacheco Way, Stratford Road and Ruus Lane, for Fiscal Year 2026-27

RECOMMENDATION

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

1. Approving the Engineer's Report,
2. Confirming the Maximum Base Assessment (MBA) amounts,
3. Confirming the Fiscal Assessment Rate,
4. Confirming the Assessment Diagram,
5. Ordering the Levy and Collection of the Fiscal Assessment,
6. Approving the Funding Recommendation, and
7. Appropriating Revenue and Expenditure budgets for Maintenance District No. 2 for Fiscal Year 2026-27.

SUMMARY

This annual report is being provided, as required by the Hayward Municipal Code, to approve the annual assessment rate and expenditure budget. If the City Council adopts the attached resolutions, the revenue and expenditure budgets will be appropriated, and the final Assessor's tax roll will be prepared and filed with the County Auditor's Office allowing the assessments to be included in the FY 2027 tax roll.

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 2026-27, 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.

FISCAL IMPACT

There is no anticipated fiscal impact to the City's General Fund associated with this action. All expenses will be paid using assessment revenue from FY 2026-27. Staff has evaluated the District's fund balance and has determined 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 that operate this SWLS are approximately 30 years old. Recent evaluation of the flood control facilities by the County identified and recommended a combination of repair, replacement, and rehabilitation needs over the next five to ten years. Findings included evaluation and design, possibly additional 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 2026-27, the original 1995 Maintenance District No. 1 assessment and the MD1-2026 supplemental assessment are administered together as a combined annual levy.

DISCUSSION

The Fiscal Year 2027 Engineer's Report includes the required description of improvements, estimated costs, assessment methodology, assessment diagram, and assessment roll. Examples of funded improvements 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 2026-27 operating expenses are estimated at \$5,758. The remaining assessment revenue (\$44,228.53) will fund operating 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 the 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 10; and 3) published a legal notice in the East Bay Times on or before June 6, 2026.

NEXT STEPS

If the City Council adopts the two attached resolutions (Attachment II and III), the Final Engineer's Report (Attachment IV) will be approved, the revenue and expenditure budgets will be appropriated, and the final Assessor's tax roll (Attachment V) will be prepared and filed with the County Auditor's Office allowing the assessments to be included in the FY 2027 tax roll.

Prepared by: Manny Grewal, Management Analyst

Recommended by: Todd Rullman, Director of Maintenance Services

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott", is written above a horizontal line.

Jennifer Ott, City Manager