



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of June 28, 2022

TO: Members of the City Council

VIA: Dante Hall, City Manager

SUBMITTED BY: Mike Roberts, Public Works Director/City Engineer

SUBJECT: Landscaping and Lighting Assessment Districts – Hold Public Hearings for LLAD Nos. 83-2, 2002-1, 2002-2, 2004-1, and 2005-1 and Adopt Resolutions Confirming Diagrams and Assessments for LLAD Nos. 83-2, 2002-1, 2002-2, 2004-1, and 2005-1 for Fiscal Year 2022/23

RECOMMENDED ACTIONS:

1. Hold a Public Hearing to receive testimony regarding the assessments for Benefit Zone Nos. 1, 2, 3&4, 5A, 5B, 5C, 6, 7, 8, 9, and 10 for Fiscal Year (FY) 2022/23 for the City of Hercules Landscaping and Lighting Assessment District No. 83-2 pursuant to the Landscaping and Lighting Act of 1972; and
2. Hold a Public Hearing and Adopt a Resolution Confirming Diagram and Assessments for FY 2022/23 for the Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 pursuant to the Landscaping and Lighting Act of 1972; and
3. Hold a Public Hearing and Adopt a Resolution Confirming Diagram and Assessments for FY 2022/23 for the Hercules Village Landscaping and Lighting Assessment District No. 2002-2 pursuant to the Landscaping and Lighting Act of 1972; and
4. Hold a Public Hearing and Adopt a Resolution Confirming Diagram and Assessments for FY 2022/23 for the Baywood Landscaping and Lighting Assessment District No. 2004-1 pursuant to the Landscaping and Lighting Act of 1972; and
5. Hold a Public Hearing and Adopt a Resolution Confirming Diagram and Assessments for FY 2022/23 for the Bayside Landscaping and Lighting Assessment District No. 2005-1 pursuant to the Landscaping and Lighting Act of 1972.

FISCAL IMPACT OF RECOMMENDATION:

If assessments are not levied as proposed, deficit balances could result or become more severe and there would be a loss of revenue of approximately \$3.01 million for FY 2022/23.

DISCUSSION:

Hercules Lighting and Landscaping Assessment Districts Overview and Annual Levying Process

The City of Hercules annually levies and collects special assessments to maintain certain improvements within the City's five established Landscaping and Lighting Assessment Districts (LLADs). Each District provides and ensures continued maintenance, servicing, administration and operations of various landscape and lighting improvements and other facilities located throughout each District. Each property is assessed only for the cost of the improvements from which benefit is received.

The five established Landscaping and Lighting Assessment Districts in Hercules provide for well-maintained, attractive landscaping and serviceable streetlighting along public streets as well as fire breaks adjacent to open space. They also provide for the upkeep of playgrounds, fields, park furniture, tennis courts, graffiti abatement, lighting, landscaping, water features, and trails in City parks. The expenses associated with the maintenance of these LLADs includes labor, material, equipment, utilities, repairs and administration. In accordance with the Lighting and Landscaping Act of 1972, the City Council has followed a multi-step Council meeting process each year to levy the parcel assessments that fund this maintenance.

The Council completed the first step on April 26, 2022 by adopting a resolution ordering the District Engineer to prepare the Preliminary Engineer's Report for each District. The second step in levying the annual LLAD assessments for each District, which consists of approving the Preliminary Engineer's Reports, declaring the City's intention to levy and collect assessments, and scheduling a public hearing, was completed at the May 10, 2022 Council meeting.

This Council Agenda item, which consists of holding the public hearing and confirming the Engineer's Reports and assessments for FY 2022/23, is the final step in the annual process to levy the LLAD assessments for LLAD No. 2002-1 (Victoria by the Bay), LLAD No. 2002-2 (Hercules Village), LLAD No. 2004-1 (Baywood), and LLAD No. 2005-1 (Bayside). Proper notice of the public hearing has been provided by publishing the notice in the newspaper, at least ten days prior to the scheduled public hearing.

For FY 2022-23, Baywood LLAD No. 2004-1 will make an installment payment to repay a 10-year loan borrowed for a tree replacement project. Also, Benefit Zone Nos. 1 (Hercules by the Bay), 3 & 4 (Gems/Birds), 6 (Village Parkway) and 7 (Heights) associated with LLAD No. 83-2 will continue to repay their respective 10-year loans borrowed to replace failing wooden streetlight poles with new energy-efficient LED streetlights on metal poles.

Extreme drought conditions and significant increases in East Bay Municipal Utility District (EBMUD) water rates have resulted in unusually high water costs in recent years for certain Benefit Zones and Districts. Since FY 2017-18, EBMUD's water rates have increased 40% as compared to

an allowable LLAD assessment rate increase of 16%. City staff will coordinate with the City's landscape contractors to closely monitor irrigation water usage through the remainder of FY 2021-22 and throughout FY 2022-23 to minimize costs and remain within budget.

Final Engineer's Reports Summary

The attached Final Engineer's Reports provide that the maximum annual assessment per parcel may be increased each fiscal year by the prior year's increase in the Consumer Price Index for the San Francisco-Oakland-San Jose Area - All Urban Consumers (CPI). The prior year's increase in the CPI was 5.2%. Per City Council's direction at the May 10, 2022 City Council meeting, the assessments for all LLADs/Zones are proposed to be increased 3% and assessed below the maximum assessment rates for FY 2022/23. The current and proposed rates per Equivalent Residential Unit (ERU) for each LLAD and Zone are set forth in the table below.

LLAD ZONES/DISTRICTS	CURRENT ASSESSMENT* FY 2021/22		PROPOSED ASSESSMENT* FY 2022/23		DIFFERENCE	
	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)
1 (Cottage Ln, Coventry, and Olympian Hills)	\$76.92	\$134.97	\$79.23	\$139.02	\$2.31	\$4.05
1 (Other Parcels)	\$128.66	\$134.97	\$132.52	\$139.02	\$3.86	\$4.05
2	\$126.05	\$134.97	\$129.83	\$139.02	\$3.78	\$4.05
3&4 (Non-Residential Parcels)	\$83.96	\$134.97	\$86.48	\$139.02	\$2.52	\$4.05
3&4 (Residential Parcels)	\$130.00	\$134.97	\$132.52	\$139.02	\$2.52	\$4.05
5A	\$135.09	\$134.97	\$139.14	\$139.02	\$4.05	\$4.05
5B	\$135.99	\$134.97	\$140.07	\$139.02	\$4.08	\$4.05
5C	\$60.65	\$134.97	\$62.47	\$139.02	\$1.82	\$4.05
6 (Arbors Senior Housing Center)	\$31.75	\$134.97	\$32.70	\$139.02	\$0.95	\$4.05
6 (Westwood Duets)	\$185.33	\$134.97	\$188.21	\$139.02	\$2.88	\$4.05
6 (Other Condominiums)	\$110.67	\$134.97	\$112.77	\$139.02	\$2.10	\$4.05
7 (Bay Pointe, Bravo, Caprice)	\$77.70	\$134.97	\$80.03	\$139.02	\$2.33	\$4.05
7 (Other Parcels)	\$133.78	\$134.97	\$137.79	\$139.02	\$4.01	\$4.05
8	\$115.65	\$134.97	\$119.12	\$139.02	\$3.47	\$4.05
9	\$100.09	\$134.97	\$103.09	\$139.02	\$3.00	\$4.05
Victoria by the Bay LLAD No. 2002-1	\$544.15	\$134.97	\$560.47	\$139.02	\$16.32	\$4.05
Promenade LLAD No. 2002-2	\$685.11	\$134.97	\$705.66	\$139.02	\$20.55	\$4.05
Baywood LLAD No. 2004-1	\$1,850.00	\$134.97	\$1,905.50	\$139.02	\$55.50	\$4.05
Bayside LLAD No. 2005-1	\$249.65	\$134.97	\$257.14	\$139.02	\$7.49	\$4.05

*The rates shown above are for single-family homes which equal one Equivalent Residential Unit. Condominiums and Apartment Units are assessed at 75% and 64% the amount of a single-family home respectively.

Lighting and Landscaping Assessment District No. 83-2

Landscaping and Lighting Assessment District No. 83-2 (hereinafter “LLAD 83-2”) is the largest and oldest LLAD in the City and currently consists of 11 Zones. The LLAD was originally formed in 1984 and consisted of four residential areas or Zones: Zone 1 (Hercules by the Bay), Zone 2 (Foxboro and Willow Glen Apartments), Zone 3 (Valley Oaks and Tiffany Ridge) and Zone 4 (Falcon Heights). Later in 1984 Zones 3 and 4 were combined when connected by the Marsten Ranch development annexation, Zone 5 (commercial and undeveloped properties) was annexed to LLAD 83-2, Zone 6 (Village Parkway), a residential area, was separated from Zone 5 upon development, and Zone 7 (Heights) was annexed to LLAD 83-2. In 1991, the existing neighborhoods known as Zone 8 (Trees and Flowers), Zone 9 (Birds and Country Run), and Zone 10 (Citywide park and recreation facilities) were annexed to LLAD 83-2 following a mailed assessment ballot proceeding.

Victoria By the Bay Lighting and Landscaping Assessment District No. 2002-1

Victoria by the Bay consists of 791 single-family detached parcels, 132 multi-family units, a City open space parcel, and 2 neighborhood parks (Victoria Park and Arbor Park).

Hercules Village Lighting and Landscaping Assessment District No. 2002-2

Hercules Village consists of 218 single family residential units, 3 privately owned parcels which can be developed into multi-family units and/or residential/commercial flex sites and 3 City open space parcels.

Baywood Landscaping and Lighting Assessment District No. 2004-1

Baywood consists of 64 single family residential parcels, 14 townhomes, and a City-owned open space parcel. The Baywood neighborhood assessments are proposed to be levied at \$1,905.50 per single family parcel. Baywood’s assessments remain higher than other LLADs because the landscaping maintenance for Baywood includes the front and back yards of homes outside the fence-line areas, which are maintained by property owners or homeowner associations in other LLADs.

Bayside Lighting and Landscaping Assessment District No. 2005-1

Bayside currently consists of 479 single-family residential units, including the recently constructed Muir Pointe development, three neighborhood parks (Bayside Park, Shasta Park, and Sierra Park), and one mixed-use parcel consisting of 147 multi-family units and 12,777 sq. ft. of commercial space.

ATTACHMENTS:

1. Resolutions Confirming Diagrams and FY 2022/23 Assessments for LLAD No. 83-2, LLAD No. 2002-1 (Victoria by the Bay), LLAD No. 2002-2 (Hercules Village), LLAD No. 2004-1 (Baywood), and LLAD No. 2005-1 (Bayside)
2. FY 2022/23 Final Engineer’s Reports for LLAD No. 83-2, LLAD No. 2002-1 (Victoria by the Bay), LLAD No. 2002-2 (Hercules Village), LLAD No. 2004-1 (Baywood), and LLAD No. 2005-1 (Bayside)