



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of June 27, 2017

TO: Members of the City Council

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

SUBJECT: Landscaping and Lighting Assessment District No. 83-2 – Continue the Public Hearing to Declare the Results of the Property Owner Protest Balloting Proceedings Conducted for Proposed Assessment Increases in Designated Zones, Adopt a Resolution Declaring the Same, and Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments for Fiscal Year 2017-18

RECOMMENDED ACTIONS:

1. Open the Continued Public Hearing, declare the results of the property owner protest balloting proceedings conducted for a proposed increase in the maximum assessment rate for Benefit Zones 1, 3& 4, 5C, 6 and 7 within the Hercules Landscaping and Lighting Assessment District No. 83-2 commencing Fiscal Year 2017-2018, take any addition Public Testimony, and Close the Public Hearing; and
2. Adopt a resolution declaring the results of the property owner protest balloting proceedings conducted for a proposed increase in the maximum assessment rate for Benefit Zones 1, 3& 4, 5C, 6 and 7 within the Hercules Landscaping and Lighting Assessment District No. 83-2 commencing Fiscal Year 2017-2018; and
3. Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagram and Assessments and Ordering Levy of Assessments for FY 2017-18 for the Hercules Landscaping and Lighting Assessment District No. 83-2 commencing Fiscal Year 2017-2018 pursuant to the Landscaping and Lighting Act of 1972.

FISCAL IMPACT OF RECOMMENDATION:

If assessments are not levied as proposed for LLAD District 83-2, there would be a loss of revenue of approximately \$1.4 million for FY 2017/18. The levies were ordered for the 4 other LLAD Districts at the last Council meeting on June 13, 2017.

DISCUSSION:

On June 14, 2017 the ballots for Hercules Landscaping and Lighting Assessment District No. 83-2 Zones 1, 3&4, 5C, 6 and 7 were publicly tabulated beginning at 8:00 am in the Council Chambers.

Property owners for Zones 1, 3&4, 6 and 7 voted approximately 60-70% not to increase the maximum assessment rates while property owners for Zone 5C voted 72% to increase the maximum assessment rate. Votes are weighted according to the proportional financial obligation of the affected properties and the majority vote determines the outcome. Detailed results are shown on the attached Detailed Balloting Tabulation Exhibit and general background information including the rationale for the proposed increases and steps taken leading up to the tabulation are included in the attached June 13 staff report.

At this time, it is recommended that the Council proceed with ordering the levy of assessments for FY 2017-18. The Final Engineer's Report for District 83-2 has been updated to incorporate the results of the balloting. First, Zones 1, 3&4, and 6 now reflect a CPI increase while Zone 5C incorporates the voter approved rate (see below). Second, the cost for the wood streetlight pole replacements has been removed except for Zone 2 because funding for this work was to be provided from the assessment increases, which were not voter approved. Zone 2 has adequate funding for the replacements from the current assessment level and a pilot replacement project is planned this coming year. Lastly, the Engineer's Report includes redistributing the landscaping and lighting arterial/major roads cost, similar to the other 4 Landscaping and Lighting Engineer's Reports which were previously approved. The arterial/major roads cost reallocation ensures each property owner is paying it's fair share.

Staff is planning on evaluating alternatives for addressing Zone operating deficits, cumulative deficits, and for replacing the wood pole streetlights and then reporting back to Council in the next 2-3 months. As previously reported, there are certain neighborhood zones where landscaping and lighting needs are not sustainable. These deficit zones must be fairly and equitably addressed to maintain landscape and lighting services that help keep neighborhoods well-maintained, safe, and property values stable.

Proposed FY 2017-18 Assessment Rates

The Final Engineer's Report provides 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 3.437%. All Zones in District 83-2 are proposed to be assessed at their current maximum assessment rates in FY 2017/18 including the CPI increase, except Zone 5C, which reflects the new rate approved by the property owners. The current and proposed rates for each of the Zones are set forth in the table below:

CITY WIDE DISTRICT 83-2	CURRENT ASSESSMENT FY 2016-17		PROPOSED ASSESSMENT FY 2017/18		DIFFERENCE	
	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)
1	\$56.31	\$116.44	\$58.24	\$120.44	\$1.93	\$4.00
2	\$108.75	\$116.44	\$112.48	\$120.44	\$3.73	\$4.00
3&4	\$72.43	\$116.44	\$74.92	\$120.44	\$2.49	\$4.00
5A	\$116.55	\$116.44	\$120.55	\$120.44	\$4.00	\$4.00
5B	\$117.32	\$116.44	\$121.35	\$120.44	\$4.03	\$4.00
5C	\$34.08	\$116.44	\$54.12	\$120.44	\$20.04	\$4.00
6	\$27.39	\$116.44	\$28.33	\$120.44	\$0.94	\$4.00

7	\$67.03	\$116.44	\$69.34	\$120.44	\$2.31	\$4.00
8	\$99.78	\$116.44	\$103.20	\$120.44	\$3.42	\$4.00
9	\$80.57	\$116.44	\$83.34	\$120.44	\$2.77	\$4.00

Lighting and Landscaping Assessment District No. 83-2 Historical Information

Landscaping and Lighting Assessment District No. 83-2 (hereinafter “LLAD 83-2”) is the largest and oldest District in the City and consists of 10 Zones. The District 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 the LLAD 83-2, Zone 6 (Village Parkway), a residential area, was separated from Zone 5 upon development, and Zone 7 (Heights) was annexed to the LLAD 83-2. In 1991, the existing neighborhoods known as Zone 8 (Trees and Flowers) and Zone 9 (Birds and Country Run) and Zone 10 (Citywide park and recreation facilities) were annexed to the LLAD 83-2 following a mailed assessment ballot proceeding.

For FY 2017-18 funding is included in Zone 10 to account for improvements to Refugio Park, which includes replacing the retaining wall along the pathway adjacent to the lake, and could also include any of the following: dredging Refugio Lake, replacing the Refugio Lake aerator fountains, and paving the multipurpose trail that loops around the lake and then out the valley.

ATTACHMENTS:

1. Resolution Declaring the Results of the Property Owner Protest Balloting Proceedings for LLAD No. 83-2.
2. Resolution Approving the Final Engineer’s Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments for LLAD No. 83-2
3. FY 2017-18 Final Engineer’s Reports for LLAD No. 83-2.
4. Detailed Balloting Tabulation Exhibit
5. June 13, 2017 Staff Report