

AGENDA ITEM REQUEST FORM

Department: Administrative Services

Department Director: Michael Roberts

Phone: 799-8215

Meeting Date:

Final Decision Date Deadline:

SUBJECT:

Landscaping and Lighting Assessment Districts Approving Final Engineer's Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments. Open and Close Public Hearing and Declare Ballot Period Closed for 2017-18

INDICATE APPROPRIATE BODY

☒ City
Council

☐ Successor Agency to the
Redevelopment Agency

☐ Public Finance
Authority

☐ Finance
Commission

☐ Planning
Commission

☐ Community/Library
Services Commission

☐ Oversight Board

☐ Other _____

ITEM

☐ Presentation/Introduction

☐ Study Session

☐ Grant Application/Acceptance

☒ Public Hearing

☐ Resolution

☐ Video/PowerPoint

☐ Consent Calendar

☐ Ordinance

☐ Discussion Action

☐ Contract/Agreement

RECOMMENDED ACTION:

LLAD - Open and Close the election regarding Assessment Increases in LLAD 83-2, Hold Public Hearings and Adopt Resolutions Approving the Final Engineer's Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments for LLAD Nos. 2002-1, 2002-2, 2004-1, and 2005-1 for Fiscal Year 2017-18

☐ Copy of executed Resolution/Ordinance/Contract/Application required immediately upon approval.

REVIEWED AND APPROVED FOR AGENDA:

City Attorney (if Contract, Ordinance or Resolution)

Signature

Date

6-8-17

Finance Department for Fiscal Impact

Signature

Date

6/8/17

City Manager

Signature

Date

6/8/17

AGENDA ITEM NO:

XI.1



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of June 13, 2017

TO: Members of the City Council

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

SUBJECT: Landscaping and Lighting Assessment Districts – Hold Public Hearing and Close the Election regarding Assessment Increases in LLAD 83-2, Hold Public Hearings and Adopt Resolutions Approving the Final Engineer's Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments for LLAD Nos. 2002-1, 2002-2, 2004-1, and 2005-1 for Fiscal Year 2017-18

RECOMMENDED ACTIONS:

1. Hold a Public Hearing to receive testimony regarding the increase in the maximum assessment rates for Benefit Zones 1, 3&4, 5C, 6, and 7 and the assessments for Benefit Zones 2, 5A, 5B, 8, 9, and 10 for Fiscal Year (FY) 2017-18 for the City of Hercules Landscaping and Lighting Assessment District No. 83-2 pursuant to the Landscaping and Lighting Act of 1972; and
2. At the conclusion of the public testimony, request any remaining assessment ballots for Benefit Zones 1, 3&4, 5C, 6, and 7 of Landscaping and Lighting Assessment District No. 83-2 be delivered to the City Clerk, declare the balloting period closed and any ballots received after that time shall be invalid and not counted; and
3. Declare the assessment ballots will be tabulated on June 14, 2017 in the City Council Chambers beginning at 8:00 AM and that any interested person may attend and watch the tabulation process; and
4. Continue the public hearing to June 27, 2017 for Landscaping and Lighting Assessment District No. 83-2, at which time the ballot results will be presented and City Council will take action on this item; and
5. Hold a Public Hearing and Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagram and Assessments and Ordering Levy of Assessments for FY 2017-18 for the Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 pursuant to the Landscaping and Lighting Act of 1972; and
6. Hold a Public Hearing and 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 Village Landscaping and Lighting Assessment District No. 2002-2 pursuant to the Landscaping and Lighting Act of 1972; and

7. Hold a Public Hearing and Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagram and Assessments and Ordering Levy of Assessments for FY 2017-18 for the Baywood Landscaping and Lighting Assessment District No. 2004-1 pursuant to the Landscaping and Lighting Act of 1972; and
8. Hold a Public Hearing and Adopt a Resolution Approving the Final Engineer's Report, Confirming Diagram and Assessments and Ordering Levy of Assessments for FY 2017-18 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, a deficit balance could result and there would be a loss of revenue of approximately \$2.4 million for FY 2017/18.

DISCUSSION:

The City of Hercules annually levies and collects special assessments in order to maintain certain improvements within the City's five established Landscaping and Lighting Assessment Districts (LLAD). 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 street lighting 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 districts includes labor, material, equipment, utilities, repairs, and administration. In accordance with the Lighting and Landscaping Act of 1972, the City Council has followed a three-step Council meeting process each year to levy the parcel assessments that fund this work.

The Council completed the first step on March 28, 2017 by adopting a resolution ordering the District Engineer to prepare the Preliminary Engineer's Report for each District. At that meeting, the Council also authorized staff to enter into an agreement designating Francisco & Associates as the District Engineer. The second step in levying the annual parcel assessments for each District, which consists of approving the Preliminary Engineer's Reports and scheduling a public hearing, was completed at the April 11, 2017 Council meeting.

As discussed during previous Council meetings, four of the five Districts (Victoria By the Bay, Promenade, Baywood, and Bayside) are fiscally sound with the current maximum assessment rates levied on the respective properties. The current maximum assessment rates for Benefit Zone Nos. 2 (Foxboro and Willow Glen), 5A (Commercial), 5B (Commercial), 8 (Trees and Flowers), 9 (Birds and Country Run), and 10 (Citywide Parks) of LLAD 83-2 are adequate at this time. However, the current maximum assessment rates for Benefit Zone Nos. 1 (Hercules by the Bay), 3&4 (Gems/Birds), 5C (Undeveloped), 6 (Village Parkway), and Zone 7 (Heights) of LLAD 83-2 are insufficient to cover annual maintenance, including their pro-rated share of the Arterial Roadway Landscape and Lighting maintenance, and to pay for the replacement of wooden street light poles that must be replaced, given their deteriorated condition. The proposed new street light poles would include LED lighting, which would result in future on-going annual energy and operational cost savings. On April 11, 2017, Council approved procedures in accordance with June 13, 2017

Proposition 218 for the completion, return, and tabulation of ballots to increase LLAD assessments in these Zones for FY 2017-18.

On April 26, 2017, notices and ballots were mailed out to all affected property owners in Zones No. 1 (Hercules by the Bay), 3 & 4 (Gems/Birds), 5C (Undeveloped), 6 (Village Parkway), and Zone 7 (Heights) with instructions that ballots must be returned by mail by 5:00 PM on June 13, 2017, or in person by the close of the public input portion of the Public Hearing to be held at the June 13, 2017 Council meeting. Ballots will be tabulated in the City Council Chambers beginning at 8:00 AM on June 14, 2017. Any interested parties may attend and observe the tabulation. If a majority of the ballots returned for each Benefit Zone approve the proposed assessment increase, it will be imposed for that Benefit Zone. If a majority of the ballots returned oppose the proposed assessment increase, the current assessment will continue to be imposed for that Benefit Zone. Ballots are weighted proportionally by each parcel's proposed assessment amount. The results of the ballot tabulation will be reported back to City Council at the Continued Public Hearing on June 27, 2017.

This Council Agenda item, which consists of holding the public hearing and confirming the Engineer's Reports and assessments for FY 2017-18, is the third step in the annual process to levy the parcel 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 LLAD No. 83-2, City Council will hold a Public Hearing to receive testimony regarding the assessment increases and accept the assessment ballots until the close of the public input portion. Announcing the results of the ballot tabulation and confirming the LLAD No. 83-2 Engineer's Reports and assessments for FY 2017-18 is scheduled to be conducted at the June 27, 2017 City Council meeting.

Property Owner Benefits & Services

The five Lighting and Landscaping Assessment Districts provide special benefit to the various parcels of land within the district and are essential to help maintain property values.

The benefits can be categorized broadly into two types, lighting and landscaping. Adequately lit streets maintain safe neighborhoods and improves the appearance of property frontage at night. Street lighting keeps our streets safe for drivers and pedestrians alike, benefitting those using or occupying the neighboring parcels. At night or in bad weather, drivers and pedestrians can better see one another, traffic signs, and bicyclists.

Properly functioning street lighting allows our first responders to more easily locate a Hercules resident's home in an emergency. Adequate lighting also allows for safe access to one's home and property. To continue to provide adequate lighting, there are approximately 500 wooden street light poles in the City that must be replaced given their deteriorated condition with new poles and energy and cost-effective LED lighting, which will have on-going energy and operational cost savings.

The landscaping benefits provide for healthy and well-maintained neighborhood and city parks, recreation facilities, open space and landscaping improvements. Routine landscape maintenance to city medians, parks, and open spaces such as mowing, weed abatement, trash and debris pick-up keep our neighborhoods properly maintained while increasing safety and plant health during years of drought. Landscaping is routinely pruned at medians and other areas so drivers have good sight vision at city intersections. These efforts also provide for litter and graffiti removal.

As directed at the February 14th Council meeting, legally-permissible informational fact sheets (or "Frequently Asked Questions") for distribution to residents in the impacted Zones were made publicly
June 13, 2017

available. Additional factual public information included community presentations made to affected property owners on May 17th and 20th, publicly available general FAQs on the City's website, and balloting information directly to property owners.

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%. To address the funding shortfalls described in the section above, the current maximum assessment rates for Zones No. 1 (Hercules by the Bay), 3 & 4 (Gems/Birds), 5C (Undeveloped), 6 (Village Parkway), and areas of 7 (Heights) are proposed to be increased above the authorized CPI increase of 3.437%, subject to property owner approval, as shown in the table below. All other Districts/Zones are proposed to be assessed at their current maximum assessment rates in FY 2017/18, with the exception of the Baywood District (No. 2004-1), where the neighborhood assessment rate needed to cover expenses and continue to build capital reserves is \$1,500/parcel. The current and proposed rates for each District and Zone 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 (Olympian Hills and Cottage Ln)	\$56.31	\$116.44	\$83.04	\$120.44	\$26.73	\$4.00
1 (Other Parcels)	\$56.31	\$116.44	125.30	\$120.44	\$68.99	\$4.00
2	\$108.75	\$116.44	\$112.48	\$120.44	\$3.73	\$4.00
3&4	\$72.43	\$116.44	\$129.03	\$120.44	\$56.60	\$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 (Arbors Senior Housing Center)	\$27.39	\$116.44	\$28.33	\$120.44	\$0.94	\$4.00
6 (Westwood Duets)	\$27.39	\$116.44	\$160.88	\$120.44	\$133.49	\$4.00
6 (Other Parcels)	\$27.39	\$116.44	\$87.96	\$120.44	\$60.57	\$4.00
7 (Bay Pointe, Bravo, Caprice)	\$67.03	\$116.44	\$69.34	\$120.44	\$2.31	\$4.00
7 (Other Parcels)	\$67.03	\$116.44	\$109.61	\$120.44	\$42.58	\$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

	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)
VICTORIA BY THE BAY DISTRICT 2002-1	\$469.45	\$116.44	\$485.59	\$120.44	\$16.14	\$4.00
PROMENADE DISTRICT 2002-2	\$591.06	\$116.44	\$611.38	\$120.44	\$20.32	\$4.00
BAYWOOD DISTRICT 2004-1	\$1,500.00	\$116.44	\$1,500.00	\$120.44	\$0.00	\$4.00
BAYSIDE DISTRICT 2005-1	\$215.38	\$116.44	\$222.78	\$120.44	\$7.40	\$4.00

A District by District summary highlighting noteworthy points follows:

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 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.

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 \$1,500.00 per single family parcel. Baywood’s assessments remain higher than other Districts 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 Districts.

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.

Bayside Lighting and Landscaping Assessment District No. 2005-1

Bayside currently consists of 335 single-family residential units and one mixed-use parcel with 147 apartment units and 12,777 sq. ft. of commercial space. The Muir Pointe project that is also located within the boundaries of this District is currently being developed and will add 144 single family residential parcels. Upon completion of these developments, there will be an incremental increase in expenses for the District, however, more assessment revenue will be generated once all the Muir Pointe parcels are assessed at the developed rate in future years.

ATTACHMENTS:

1. Resolutions Approving the Final Engineer's Report, Confirming Diagrams and Assessments and Ordering Levy of Assessments for FY 2017-18 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)
2. FY 2017-18 Final Engineer's Reports 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), LLAD 83-2.