



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of March 13, 2018

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager

SUBJECT: FY 2018/19 Landscaping and Lighting Engineer's Reports – Resolution of Initiation

RECOMMENDED ACTION:

Adopt a resolution directing the filing of the Annual Engineer's Reports for the City of Hercules Landscaping and Lighting Assessment District No. 83-2, Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1, Hercules Village Landscaping and Lighting Assessment District No. 2002-2, Baywood Landscaping and Lighting Assessment District No. 2004-1, and 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 \$2,450,000 for FY 2018/19.

DISCUSSION:

As required by the Landscaping and Lighting Act of 1972 (hereinafter "the Act"), the first step in the annual process to levy and collect assessments through the City's five (5) Landscaping and Lighting Assessment Districts (LLADs) is the preparation of an annual Engineer's Report for each District. The Act requires that the City adopt a resolution ordering the filing of the Engineer's Report and that the Engineer's Report identify the following:

- 1) The fiscal year for which the report applies.
- 2) Any proposed new improvements or any substantial changes in existing improvements.
- 3) Plans and specifications for the improvements.
- 4) An estimate of the costs of the improvements, including:
 - a) The total costs for improvements to be made that year, being the total costs of constructing or installing all proposed improvements and of maintaining and servicing all existing and

- proposed improvements, including all incidental expenses. This may include a reserve which shall not exceed the estimated costs of maintenance and servicing through December 31st of the fiscal year, or whenever the City expects to receive its first installment of special assessments and tax collections from the county, whichever is later.
- b) The amount of any surplus or deficit in the improvement fund to be carried over from a previous fiscal year.
 - c) The amount of any contributions to be made from sources other than assessments.
 - d) The net amount to be assessed upon assessable lands within the District.
- 5) A diagram for the District.
- 6) An assessment of the estimated costs of the improvements, which will:
- a) State the net amount to be assessed upon assessable lands within the District.
 - b) Describe each assessable lot or parcel of land within the District.
 - c) Assess the net amount upon all assessable lots or parcels of land within the District by apportioning that amount among the several lots or parcels in proportion to the estimated benefits to be received by each lot or parcel from the improvements.

For FY 2018/19, City staff is proposing to proceed with a Proposition 218 election to increase assessments in the following LLAD No. 83-2 Benefit Zones:

- Benefit Zones 1 and 3&4 – Increases needed to eliminate annual operating deficits and fund wooden street light pole replacements over a 10-year repayment term.
- Benefit Zone 6 – Increase needed to eliminate the annual operating deficit, eliminate the cumulative deficit over a ten-year term, and fund wooden street light pole replacements over a 10-year repayment term.
- Zone 7 – Increase needed to fund wooden street light pole replacements over a 10-year repayment term.
- Zone 9 – Eliminate an annual operating deficit.

Once completed, the Engineer's Report for each District will be brought to the City Council for preliminary approval. At that time, the City Council may request modifications to the Engineer's Report and will adopt a resolution declaring its intent to levy and collect assessments within each District and set a public hearing date for consideration of the assessments. Notices and Ballots will be mailed to the affected property owners in Benefit Zones 1, 3&4, 6, 7 and 9 a minimum of 45 days prior to the public hearing. At the set public hearing, the City Council will take testimony on the levy and collection of the assessments and continue the public hearing to the following Council meeting date to allow sufficient time to tabulate the returned ballots. At the continued public hearing, the results of the ballot tabulation will be presented, and City Council will determine if the assessments should be levied per the Final Engineer's Report.

LLAD BACKGROUND INFORMATION:

1. Landscaping and Lighting Assessment District No. 83-2

Landscaping and Lighting Assessment District No. 83-2 (hereinafter "LLAD No. 83-2") was formed on January 5, 1984 by Resolution No. 84-7. LLAD No. 83-2 originally consisted of four residential areas or zones: Zone 1 (Olympian Hills, Citation Homes West of San Pablo and Historic Homes), 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 No. 83-2, Zone 6 (Village Parkway) a residential area was separated from Zone 5 upon development, and Zone 7 (Hanna Ranch) was annexed to the LLAD No. 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 LLAD No. 83-2 following a mailed assessment ballot proceeding.

In 1997 the assessment methodology was revised to conform to the requirements of Article XIII D of the California Constitution (enacted by Proposition 218). An assessment ballot proceeding in June of 1997 confirmed LLAD No. 83-2. The June 1997 assessment ballot authorized the City to levy and collect assessments through FY 2002/03. The 1997 assessment ballot proceeding also authorized the City to increase assessments annually by the prior year's change in the Consumer Price Index (CPI) each fiscal year through FY 2002/03.

In FY 2003/04 the property owners approved an assessment increase commencing FY 2003/04 and approved the continuation of LLAD No. 83-2 through FY 2012/13. The 2003 assessment ballot proceeding also authorized the City to annually increase assessments by the prior year's change in the Consumer Price Index (CPI) each fiscal year through FY 2012/13.

In May of 2010, the property owners approved three (3) major changes to LLAD No. 83-2 commencing in FY 2010/11:

1. The removal of the assessment levy sunset date of FY 2012/13 and allowing LLAD No. 83-2 to continue in perpetuity.
2. Continuation of the authorization to increase assessments annually by the prior year's change in the Consumer Price Index (CPI).
3. Changes to the assessment methodology to recognize changes to developing areas to provide consistency throughout LLAD No. 83-2.

In FY 2016/17 the City conducted a Proposition 218 election to increase assessments in LLAD No. 83-2 Benefit Zones 1, 3&4, 5C, 6, and 7 for FY 2017/18. The assessment increase was only approved by property owners in Zone 5C.

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

The Victoria by the Bay development was required to install approximately 24 acres of landscaped medians, frontages and parks and 211 streetlights as a condition for approval of the development. The area was formerly part of Zone 5C in LLAD No. 83-2. The improvements in the Victoria by the Bay development were determined to be distinct from other improvements within existing LLAD No. 83-2 and to require a higher level of maintenance. Therefore, the development was detached from LLAD No. 83-2 and Victoria by the Bay Landscaping and Lighting Assessment District No. 2002-1 was formed on May 14, 2002 by Resolution No. 02-050 of the City Council pursuant to the Landscaping and Lighting Act of 1972.

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

The Hercules Village development was required to extend Railroad Avenue, install approximately 50 acres of landscaped improvements, which include parkway strips, paseos, an enhanced pond and detention basins, 122 streetlights and provide slope and retaining wall maintenance adjacent to the City's existing pedestrian pathway as a condition for approval of the development. The area was formerly part of Zone 5C in LLAD No. 83-2. The improvements in the Hercules Village development were determined to be distinct from other improvements within existing LLAD No. 83-2 and would require a higher level of maintenance. Therefore, the development was detached from LLAD No. 83-2 and Hercules Village Landscaping and Lighting Assessment District No. 2002-2 was formed on May 14, 2002 by Resolution No. 02-049 of the City Council pursuant to the Landscaping and Lighting Act of 1972.

4. Baywood Landscaping and Lighting Assessment District No. 2004-1

The Baywood development was required to extend Sycamore Avenue 60 feet, install approximately 4.5 acres of landscaped improvements, which include tree-lined streets, alleyways, and natural open spaces, and construct 37 streetlights as a condition for approval of the development. The area was formerly part of Zone 5C in LLAD No. 83-2. The improvements in the Baywood development were determined to be distinct from other improvements within existing LLAD No. 83-2 and would require a higher level of maintenance. Therefore, the development was detached from LLAD No. 83-2 and Baywood Landscaping and Lighting Assessment District No. 2004-1 was formed on April 13, 2004 by Resolution No. 04-034 of the City Council pursuant to the Landscaping and Lighting Act of 1972.

5. Bayside Landscaping and Street Lighting Assessment District No. 2005-1

The Bayside development was required to install a 0.67 acre neighborhood park and public street lights as a condition of approval of the development. The area was formerly part of Zone 5C in LLAD No. 83-2. The improvements in the Bayside development were determined to be distinct from other improvements within existing LLAD No. 83-2 and would require a higher level of maintenance. Therefore, the development was detached from LLAD No. 83-2 and Bayside Landscaping and Lighting Assessment District No. 2005-1 was formed on May 10, 2005 by Resolution No. 05-060 of the City Council pursuant to the Landscaping and Lighting Act of 1972.

ATTACHMENTS:

Attachment 1 – Resolution