



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of July 10, 2018

TO: Members of the City Council

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

SUBJECT: Landscaping and Lighting Assessment District No. 83-2 – Conduct Continued Public Hearing, 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 2018-19

RECOMMENDED ACTIONS:

1. Open the Continued Public Hearing, Conduct the Continued Public Hearing and receive ballots, Close the Continued Public Hearing, and 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, 6, 7 and 9 within the Hercules Landscaping and Lighting Assessment District (LLAD) No. 83-2 commencing Fiscal Year 2018-19; 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, 6, 7 and 9 within the Hercules Landscaping and Lighting Assessment District No. 83-2 commencing Fiscal Year 2018-19; and
3. Adopt a Resolution Approving the Final Engineer’s Report, Confirming Diagram and Assessments and Ordering Levy of Assessments for FY 2018-19 for the Hercules Landscaping and Lighting Assessment District No. 83-2 commencing Fiscal Year 2018-2019 pursuant to the Landscaping and Lighting Act of 1972.

FISCAL IMPACT OF RECOMMENDATION:

If assessments are not levied as proposed for LLAD No. 83-2, there would be a loss of revenue of approximately \$1.7 million for FY 2018-19. The levies for the City’s other four LLADs were approved at the last Council meeting on June 26, 2018.

DISCUSSION:

On June 27, 2018 the ballots for Hercules Landscaping and Lighting Assessment District No. 83-2 Zones 1, 3&4, 6, 7, and 9 were publicly tabulated beginning at 8:00 am in the Council Chambers. The deadline to submit ballots for parcels corresponding to the Coventry development in Zone 1 was extended to the conclusion of the public input portion of tonight's Council meeting. Therefore, the results of Zone 1 will be finalized at the conclusion of the Continued Public Hearing.

Ballots are weighted in each Zone proportionally by each parcel's proposed assessment amount. The proposed assessment can only be imposed if a majority of the ballots returned approve the proposed assessment. Property owners in Zone 3&4 voted approximately 52% not in favor of increasing the maximum assessment rates. Property owners in Zone 6 voted approximately 62% not in favor of increasing the maximum assessment rates. Property owners in Zone 7 voted approximately 53% not in favor of increasing the maximum assessment rates. Property owners in Zone 9 voted approximately 57% in favor of increasing the maximum assessment rates.

At this time, it is recommended that the Council proceed with ordering the levy of assessments for FY 2018-19. The Final Engineer's Report for LLAD No. 83-2 has been updated to incorporate the anticipated results of the balloting. First, Zones 1, 3&4, 6, and 7 now reflect a CPI increase while Zone 9 incorporates the property owner approved rate (see table below). Second, the cost for the wood streetlight pole replacements has been removed in all Zones except for Zone 2 because funding for this work was to be provided by the proposed assessment increases.

Staff is planning on evaluating alternatives for addressing Zone operating deficits and cumulative deficits and will then report back to Council in the four to six weeks on the required service level reductions given this is the second time in two years that the proposed assessment increases have been rejected. 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 provide what landscape and lighting services we can within the revenues generated which may have will have an impact on our ability to keep these neighborhoods well-maintained, safe, and property values stable. Replacement of the failing hollow-core wood streetlights will not proceed, except for on the arterials streets which have an alternative funding source.

Proposed FY 2018-19 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 3.564%. All Zones in LLAD No. 83-2 are proposed to be assessed at their maximum assessment rates in FY 2018-19 increased by CPI from FY 2017-18, except Zone 9, which reflects the new maximum assessment rate as 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	CURRENT ASSESSMENT FY 2017-18		PROPOSED ASSESSMENT FY 2018-19		DIFFERENCE	
	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)	NEIGHBORHOOD COMPONENT ASSESSMENT	CITYWIDE ASSESSMENT (ZONE 10)

83-2						
1	\$58.24	\$120.44	\$60.32	\$124.74	\$2.08	\$4.30
2	\$112.48	\$120.44	\$116.49	\$124.74	\$4.01	\$4.30
3&4	\$74.92	\$120.44	\$77.59	\$124.74	\$2.67	\$4.30
5A	\$120.55	\$120.44	\$124.85	\$124.74	\$4.30	\$4.30
5B	\$121.35	\$120.44	\$125.68	\$124.74	\$4.33	\$4.30
5C	\$54.12	\$120.44	\$56.05	\$124.74	\$1.93	\$4.30
6	\$28.33	\$120.44	\$29.34	\$124.74	\$1.01	\$4.30
7	\$69.34	\$120.44	\$71.81	\$124.74	\$2.47	\$4.30
8	\$103.20	\$120.44	\$106.88	\$124.74	\$3.68	\$4.30
9	\$83.34	\$120.44	\$92.50	\$124.74	\$9.16	\$4.30

A District by District summary highlighting noteworthy points follows:

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

LLAD No. 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 No. 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 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.

For FY 2018-19 there is funding included for ditch cleaning in Zones 3&4 and 8, additional maintenance associated with trees and medians in Zone 5A, and improvements to Refugio Park and additional maintenance for Ohlone Park in Zone 10.

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 2018-19 Final Engineer's Report for LLAD No. 83-2.