

Agenda Report



MEETING DATE: Tuesday, May 14, 2024

TO: City Council

FROM: PARKS & COMMUNITY SERVICES DIRECTOR CALUBAQUIB
PARKS SUPERINTENDENT MEDINA
ASST PUBLIC WORKS & UTILITIES DIRECTOR FONTES

SUBJECT: RESOLUTIONS ACCEPTING ENGINEER'S REPORTS &
INTENTION TO ORDER IMPROVEMENTS, LEVY, COLLECT
ASSESSMENTS & SET PUBLIC HEARING FOR 2024-2025
FISCAL YEAR FOR LLMADS

RECOMMENDED ACTION:

Staff recommends that the City Council adopt:

1. A resolution accepting the Engineer's Report; and a resolution of Intention to Order Improvements, Levy and Collect Assessments and Set a Public Hearing for July 9, 2024, to consider the annual program and budget for the Bay Breeze Subdivision Landscaping and Lighting Maintenance Assessment District PK-03-02 for the 2024-2025 Fiscal Year.
2. A resolution accepting the Engineer's Report; and a resolution of Intention to Order Improvements, Levy and Collect Assessments and Set a Public Hearing for July 9, 2024, to consider the annual program and budget for the Vista Montaña Subdivision Landscaping and Lighting Maintenance Assessment District PK-03-03 for the 2024-2025 Fiscal Year.
3. A resolution accepting the Engineer's Report; and a resolution of Intention to Order Improvements, Levy and Collect Assessments and Set a Public Hearing for July 9, 2024, to consider the annual program and budget for the Gonzales Street Alley Landscaping and Lighting District PK-94-1 (Gonzales LLMAD) for the 2024-2025 Fiscal Year. There is no increase proposed for the annual assessment.

DISCUSSION:

Bay Breeze LLMAD

The Bay Breeze Subdivision is located at the southwest corner of Ohlone Parkway and Harkins Slough Road. The Bay Breeze Landscaping and Lighting Maintenance Assessment District (LLMAD) program includes the following:

1. Maintenance and replacement of the street trees within the subdivision.
2. Operation, maintenance, repair, and replacement of the detention basins and the

- detention basin access roads within the subdivision.
3. Operation, maintenance, repair, and replacement of the perimeter fencing around the entire subdivision.
 4. Maintenance and replacement of the plantings done as part of the wetland mitigation plan.
 5. Maintenance of the environmental management parcel created within the subdivision.
 6. Maintenance, repair, and replacement of the landscaping within the public right-of-way abutting and within the subdivision, including the Ohlone Parkway medians.
 7. Operation, maintenance, repair and replacement of the sewer pump station.
 8. Maintenance of the graffiti coatings on the public exposure of the perimeter walls along the district boundaries.

The Bay Breeze Subdivision LLMAD is comprised of 114 single family residential parcels. The annual costs for the operation, maintenance, and servicing of landscaping and street lighting improvements are apportioned to each parcel within the district in proportion to the EDU's (Equivalent Dwelling Unit) assigned to the parcel as a percentage of the total number of EDU's assigned to all parcels within the district.

Staff is recommending that Council accept the annual engineer's report, which recommends a 2.6% CPI increase for 2024-25 and to schedule a public hearing on July 9, 2024. Staff will schedule a meeting with homeowners to discuss the proposed increase and collect feedback.

Vista Montaña LLMAD

The Vista Montaña Subdivision is located off of East Lake Avenue and adjacent to Ann Soldo Elementary School and the Bay Village subdivision. The Vista Montaña Subdivision Landscaping and Lighting Maintenance Assessment District includes the following:

1. Regular maintenance, repair, and replacement of all facilities within the agricultural buffer area (except the street and utilities) which includes but is not limited to, the landscaping, signage, perimeter wall, retaining walls, pedestrian path, and erosion control plantings within or adjacent to the detention basins and drainage swale.
2. Operation, maintenance, repairs, and replacement of and power for the street lighting within the district.
3. Regular maintenance, repair, and replacement of the parkway strip and street trees on Cipres, Roble, Arce, Manzana, Cirvelo, Cereze, and Secoya Streets and Vista Montaña, Franich, and Marcela Drives.
4. Operation, maintenance, repair, and replacement of the storm drain detention basins, drainage channel, drainage facilities, and erosion control measurers within the agricultural buffer, including the storm drain culvert crossing Highway 152 and the inlet structure on the west side of Highway 152.
5. Regular maintenance, repair, and replacement of the landscaping and perimeter wall along the Highway 152 frontage adjacent to the district boundaries, including graffiti removal.

6. Regular maintenance, repair, and replacement of the pedestrian/bike path connecting Secoya Street and McKenzie Avenue, adjacent to the district boundaries.
7. Regular maintenance, repair, and replacement of pedestrian pathways located at the end of Roble Street, at the end of Cirvelo Street, within the agricultural buffer area and parallel to Bridge Street, on the south side of the town homes parallel to Franich Drive and on the west side of the town homes parallel to Marcela Drive.

The Vista Montaña Subdivision LLMAD is comprised of two Zones: A and B. Zone A benefits all parcels within the district which includes, for example, the street lighting installed along Highway 152, the landscape improvements along Highway 152 and the agricultural buffer area. Zone B benefits those parcels within the single-family residential area primarily and includes the maintenance of the street end caps, the park strips and street lighting.

The Assessment District is based on a total number of Equivalent Dwelling Units (EDU's) and maximum annual assessments are included in the Engineer's Report.

Fees for Fiscal Year 2020-2021 were not increased from the prior year due to concerns from some property owners regarding the quality of service to the landscape strip in front of their homes and who expressed that they did not want an increase to their assessments.

Since then, City staff have held several community meetings with district property owners to present the details of the scope of district services the City provides and the associated budget that limits the City's work. Staff also provided details regarding the LLMAD's reserve account, which is currently well below levels needed to afford inevitable repairs as the development nears the 20-year mark.

Over the past year, City staff have conducted extensive outreach efforts to inform homeowners of the current state of the LLMAD and to collect feedback on solutions. These efforts include:

- 4 homeowner meetings (June 2023 (x2), January 2024 and February 2024)
- 3 newsletters summarizing these meetings mailed to all homeowners
- Forming a volunteer Advisory Group consisting of homeowners that met one to two times a month for six months to help inform communications and proposed future funding priorities

Options discussed with homeowners included:

1. Maintain the *status quo* fees, with annual CPI increases, which would result in a reduction of services to only essential safety related maintenance. The remainder of funds would be used to build the reserve; or
2. Increase fees to maintain current maintenance levels, or
3. Increase fees, implement the increase over time, and reduce current maintenance levels to limit the amount fees are increased by.

City staff worked with a consultant to develop updated annual maintenance and future replacement costs and a proposed rate increase. The consultant has assisted City staff in

creating a proposal and communicating with homeowners to work towards a ballot to increase fees. This proposed Overlay (Vista Montaña LLMAD Number 2) will be introduced under the same timeline as this year’s original LLMAD’s annual Engineer’s Report and assessment fee adjustment.

Staff is recommending that Council accept the annual engineer’s report, which recommends a 2.6% CPI increase for 2024-25, while the community considers how they wish to move forward long-term and to set the public hearing for July 9, 2024.

Gonzales LLMAD

The Gonzales Street Alleyway LLMAD was established to assist the residents bordering the alleyway and adjoining small parcel to cooperatively maintain this parcel that is now owned by the City but benefits its neighbors. The annual cost of \$600 to maintain the area was spread among the 17 parcels with one parcel not immediately adjacent to the alley paying slightly less.

STRATEGIC PLAN:

The Assessment District addresses the City Council’s strategic goals of:
 03-Infrastructure & Environment
 06-Public Safety

FINANCIAL IMPACT:

Bay Breeze LLMAD (0354-958)

For Fiscal Year 2024-2025, the total District assessment will be increased to \$71,521.15 which is the maximum allowed per the Engineer’s Report and reflects the increase in the Consumer Price Index of 2.6%. This amount includes the budget for annual maintenance and the remainder to be placed in a reserve for the replacement of trees, lights, sewer pump station, and perimeter fencing. The following chart summarizes this change and the assessment per EDU.

Item	23/24	24/25
Maintenance	\$21,517	\$24,159
Reserve	\$46,162	\$47,362
Total Annual Assessment	\$69,709	\$71,521
Annual Assessment per EDU	\$611.48	\$627.38

Vista Montaña LLMAD (0354-959)

For Fiscal Year 2024-2025 the total annual assessment will be increased to \$157,646.91 to reflect the 2.6% increase in the consumer price index and includes funds for annual maintenance and the reserve, which provides for replacement costs of such things as lighting or street trees based on current EDU’s within the district.

LLMAD funds would be used in one of two ways, depending on whether the Overlay is approved by homeowners. The following chart summarizes how funds would be budgeted and the assessment per EDU:

Item	Budget 23/24	Overlay Approved 24/25	Overlay Not Approved 24/25
Maintenance	\$96,762	\$139,144	\$59,601
Reserve	\$56,890	\$18,502	\$98,037
Total Annual Assessment	\$153,652	\$157,646	\$157,646
Annual Assessment per EDU			
Single Family Home	\$560.28	\$574.84	\$574.84
Townhome	\$448.22	\$459.88	\$459.88
Apartment	\$154.56	\$158.58	\$158.58

If the Overlay is approved, 30% of maintenance costs will be paid for by the new Overlay, with the remaining 70% coming from the existing assessment. Over the next five years, the new Overlay would gradually increase until it almost fully funds annual maintenance. Remaining funds would be moved to the reserve.

If the Overlay is not approved, maintenance will be reduced to only what is necessary for safety and to maintain essential stormwater infrastructure. Remaining funds would be moved to the reserve.

It should be noted that annual maintenance expenses for the LLMAD have exceeded the budget defined in the Engineer’s Report since nearly the beginning of its existence, leaving close to zero available to be deposited into the reserve many years. Due to increased maintenance levels in anticipation of this Fiscal Year is no exception. In order to keep expenses as close to budget as possible, staff have had to limit maintenance performed to levels below what homeowners may desire. Overspending on annual maintenance year over year has left less funds available to move to the reserve than budgeted. As a result, the assessment revenue did not create the ability to build a reserve over time to fund eventual capital repair and/or replacement of District assets. In addition, for many years fees were not increased annually by CPI to cover rising costs of service. In 2008, at the request of homeowners, the reserve was used for additional landscaping installations that created more annual maintenance costs. According to the Engineer’s Budget, the reserve account for the District should have well over \$800,000 today, however, the current balance is around \$70,000.

Gonzales LLMAD (0291-604)

The \$600 total annual maintenance costs are allocated toward plant care, mowing, and/or clearing and general alleyway maintenance.

ALTERNATIVE ACTION:

The Council could elect to:

1. Accept the Engineer’s Report, but not set the public hearing, thereby not adjusting assessments, or
2. Not accept the Engineer’s Report and not set the public hearing, thereby not adjusting assessments, or
3. A combination of the above options for one, two or all LLMADs.

ATTACHMENTS AND/OR REFERENCES (If any):
None