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Staff Report for a City of San Leandro City Council Resolution to Accept the Engineer's Report for Fiscal Year 2019-20 for the Heron Bay Maintenance Assessment District, Assessment District No. 96-3 and Ordering the Levy and Collection of Assessments Within the Heron Bay Maintenance Assessment District; Assessment District No. 96-3 for Fiscal Year 2019-20

SUMMARY AND RECOMMENDATIONS

The Heron Bay Maintenance Assessment District provides funding for the on-going maintenance of public facilities at the Heron Bay development and shoreline. The Annual Engineer's Report summarizes the expenses for the previous fiscal year and recommends assessment amounts for the upcoming fiscal year to continue funding the District. The proposed assessment for Fiscal Year (FY) 2019-20 is 93.32% of the maximum allowed by the District and represents an increase of 2.00% above last year's assessment.

Staff recommends adopting the resolutions accepting the Annual Engineer's Report for FY 2019-20 and ordering the levy and collection of assessments for the Heron Bay Maintenance Assessment District, Assessment District No. 96-3.

BACKGROUND

At its regular meeting on June 17, 1996, the City Council adopted Resolution No. 96-118 establishing the Heron Bay Maintenance Assessment District and subsequently approving a yearly assessment and levy. The District provides funding for the on-going maintenance of certain public facilities constructed as part of the Heron Bay development, including landscaping, storm water facilities, marshlands, and trail areas at the westerly end of Lewelling Boulevard. The District is currently providing the funding for the Heron Bay Rip-Rap Replacement Project (Levee Maintenance) which is

in the design and regulatory permits phase with construction anticipated in the summer of 2019.

Willdan Financial Services (Willdan) is currently retained as the Engineer-of-Work and has prepared the Annual Engineer's Report for FY 2019-20 and the associated Assessment Roll for FY 2019-20. A copy of the Engineer's Report is attached to the Resolution accepting the Engineer's Report and a copy of the Assessment Roll is attached to the Resolution ordering the levy and collection of assessments.

Analysis

Services to the District are provided by the City of San Leandro's Engineering & Transportation, Public Works, and Police Departments; the County of Alameda Public Works Agency; outside consultants; and outside contractors. The services cover maintenance of the facilities, monitoring of the marshland to confirm its health, feral animal removal, capital improvements, and administration. The cost of services for FY 2019-20 is estimated at \$403,801.

The District reserve fund balance is estimated to be \$487,079 at the end of FY 2018-19. In accordance with District rules, an additional \$300,000 must be held in reserve for capital improvements including unexpected or emergency repairs.

Reserve Fund Balance FY 2018-19 estimate	\$487,079
Maintenance costs FY 2019-20 estimate	(\$403,801)
 FY 2019-20 Assessments	 \$373,792
<u>Interest Income FY 2019-20 estimate</u>	<u>\$3,300</u>
 Reserve Fund Balance FY 2019-20 estimate	 \$460,370

The Annual Engineer's Report includes the following:

- Description of improvements maintained by funds provided by the District
- Budget based upon estimated costs for FY 2019-20
- Table of maximum annual assessments, method of apportionment, and calculation of proposed assessment
- Reference to an Assessment Diagram for the District
- Assessment Roll showing each property to be assessed and the amount of the assessment

The maximum recommended assessments and annual adjustments are as follows:

<u>Housing Type and Number of Units</u>	<u>FY 2018-19 Assessment</u>	<u>FY 2019-20 FY 2019-20 Estimated Annual Proposed Levy at Maximum Assessment (excludes reserve fund)</u>
451 Single-Family Units	\$310,883	\$317,098 \$295,928
<u>178 Motor Court Units</u>	<u>\$81,795</u>	<u>\$83,432</u> <u>\$77,864</u>
Total Assessments	\$392,678	\$400,530 \$373,792

The proposed assessment represents a modest increase above last year's assessment. The reserve balance is higher than average because funding has been set aside to complete maintenance activities and the Heron Bay Rip-Rap Replacement Project that cost more than a single year's allocation.

Current Agency Policies

- Maintain and enhance San Leandro's infrastructure
- Place San Leandro on a firm foundation for long-term fiscal sustainability

Previous Actions

- On July 17, 1996, by Resolution No. 96-118, the City Council established the Heron Bay Maintenance Assessment District.
- On July 16, 2018, by Resolution Nos. 2018-084 and 2018-085, the City Council accepted the Engineer's Report and ordered the levy and collection of the assessment for Fiscal Year 2018-19.

Fiscal Impacts

- The activities of the Heron Bay Maintenance Assessment District have no fiscal impact on the City since they are supported by the annual assessments.
- All administrative and maintenance costs associated with the District are included in the proposed assessments.

Attachments to Resolutions

- Engineer's Report
- Preliminary Assessment Roll

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