ATTACHMENT IV

Fiscal Year 2026

ENGINEER'S REPORT

City of Hayward

Maintenance District No. 2

June 2025
Final Report

Engineer of Work:

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Michael Lawson, Acting City Manager

Maintenance Service Director

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Michael Lawson

Engineer of Work

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Introduction

Overview

On April 16, 2002, by Resolution No. 02-043, the City Council approved the Final Map of Tract 7317 for a 114-lot residential subdivision, with 109 single-family homes, located on the northerly side of Eden Shores Boulevard and westerly of the Union Pacific Railroad.

On November 26, 2002, by Resolution No. 02-171, the City Council approved the Final Map of Tract 7361 for a 120 lot residential subdivision, with 116 single-family homes, located on the southerly side of Eden Shores Boulevard and westerly of the Union Pacific Railroad.

On June 3, 2003, by Resolution No. 03-083, the City Council approved the Final Map for Tract 7360, for a 318-lot residential subdivision, with 309 single-family homes located on the southwesterly side of Eden Shores Drive and westerly of the Union Pacific Railroad. The additional lots in each subdivision, 27 in total, will be landscaped areas, parks, wetlands or buffer areas.

Conditions of approval for Tracts No. 7317, 7360 and 7361, included provisions for construction of a water buffer channel and storm-water pretreatment pond, masonry walls, anti-predator fences, and landscaping within the proposed development area. Maintenance District No. 2 provides a funding source to operate and maintain these improvements, including the furnishing of water and electrical energy along with debris removal, weeding, trimming, and pest control spraying.

On June 24, 2003, by Resolution No. 03-102, the City Council ordered the formation of Maintenance District No. 2 to provide the funding for the operation and maintenance of these facilities. The FY 2004 Final Engineer's Report (formation report) included a FY 2004 budget which proposed $343,875.00 in expenditures at buildout for an anticipated 525 assessable parcels which equated to Maximum Base Assessment (MBA) Rate of $655.00 per parcel. This MBA rate which may be levied is increased each fiscal year by the prior year's change in the Consumer Price Index.

Legislative Analysis

Proposition 218 Compliance

On November 5, 1996, California voters approved Proposition 218 entitled "Right to Vote on Taxes Act," which added Articles XIIIC and XIIID to the California Constitution. While its title

refers only to taxes, Proposition 218 established new procedural requirements for the formation and administration of assessment districts.

Proposition 218 stated that any existing assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, or vector control on or before November 6, 1996, shall be exempt from the procedures and approval process of Proposition 218, unless the assessments are increased. Proposition 218 defines increased, when applied to an assessment, as a decision by an agency that does either of the following:

- Increases any applicable rate used to calculate the assessment.
- Revises the methodology by which the assessment is calculated, if that revision results in an increased amount being levied on any person or parcel.

The formation methodology used to calculate the MBA that could be levied in any given year allows the MBA from the prior year to be increased by the prior year's change in the Consumer Price Index. Therefore, based upon the review of the City Attorney, imposing the assessment adjustment each year based upon the prior year's increase in the Consumer Price Index does not require Proposition 218 proceedings.

Noticing, Public Comment, and Public Hearing

Noticing and information regarding this report were provided via the following methods: 1) a notice was mailed to all affected property owners to provide detail of their recommended FY 2026 assessment rate and to alert them to three community meetings where they could provide input (May 28, June 03, June 24); and 2) published a legal notice in the East Bay Times on or before June 13, 2025.

On June 24, 2025, the City is proposing to hold a public hearing to provide an opportunity for any interested person to be heard. After the public hearing, the Council may adopt a resolution setting the annual assessment amounts as originally proposed or as modified. Following the adoption of this resolution, the final assessor's roll will be prepared and filed with the Alameda County Auditor's Office to be included on the FY 2026 tax roll. Payment of the assessment for each parcel will be made in the same manner and at the same time as payments are made for property taxes. All funds collected through the assessment must be placed in a special fund and can only be used for the purposes stated within this report.

Plans and Specifications

Introduction

The annual Engineer's Report includes: (1) a description of the improvements to be operated, maintained, and serviced; (2) a listing of the proposed collection rate to be levied upon each assessable lot or parcel; and (3) an estimated budget.

Description of Improvements

The facilities, which have been constructed within the City of Hayward's Maintenance District No. 2 boundaries, and those which may be subsequently constructed, will be operated, maintained, and serviced and are generally described as follows:

- Water Buffer Channel;
- Storm-water Pre-Treatment Pond;
- Masonry Walls;
- Anti-predator Fences; and
- Miscellaneous Landscaping

The operation, maintenance and servicing of these improvements include, but are not limited to personnel, water (for irrigation and buffer replenishment), electrical energy, materials (including diesel fuel and oil), debris removal, weeding, trimming, pest control spraying, etc.

Fiscal Year 2026 Estimate of Cost and Budget

Estimate of Costs

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California provides that the total cost of operation, maintenance and servicing of the water buffer channel, water treatment pond, masonry walls, anti-predator fences and landscaping can be recovered by the District. Incidental expenses including administration of the District, engineering fees, legal fees and all other costs associated with these improvements can also be included.

Tract No. 7317, 7360 & 7361
Formed: June 24, 2003
Resolution Number: 03-102
FY 2026

Maximum Base Assessment Rate: **$1,183.42**
Assessment Amount per Parcel: **$280.33**
Number of Parcels: **534**
Assessment Income: **$149,699**

The following is an overview of the FY 2026 assessment district:

- **Maximum Base Assessment (MBA) Rate:** was increased from the prior year's MBA rate of $1,152.44 to **$1,183.42** by applying CPI-U for the San Francisco-Oakland-Hayward MSA (**2.69%** for the period February 2024 to February 2025).

- **Annual CPI increase:** the MBA amount can increase annually based upon the prior year's change in the CPI.

- **Assessment revenue:** the FY 2026 amount needed to operate and maintain the facilities and contribute to the capital reserve is: **$149,699.**

- **Annual assessment charge:** each of the 534 parcels shall be apportioned an equal share of the total assessment for this zone as the special benefit derived by the individual parcels is indistinguishable from each other. The FY 2026 per parcel charge will increase from the previous year from $2272.17 to **$280.33**. This amount is below the MBA and is sufficient for maintaining levels of service and for keeping a reserve balance. In future years, if there is a need for additional funds, the assessment amount may be increased up to the MBA amount.

- **Proposition 218:** Future increases in the assessment amount above the MBA amount would require the noticing and balloting of property owners per the requirements of Proposition 218.

Figure 1 – 2026 Estimate of Cost

City of Hayward
Maintenance District No. 2 - Eden Shores - Water Buffer
Fund 271, Project 3718
Established 2003, 534 Parcels

	FY 2023 Actual	FY 2024 Actual	FY 2025 Estimated	FY 2026 Proposed
Assessment				
a. **Maximum Base Assessment Amount**	**1,069.14**	**1,125.80**	**1,152.44**	**1,183.42**
b. Annual Per Parcel Assessment	240.22	264.24	272.17	280.33
c. # of Parcels	534	534	534	534
d. **Total Amount Assessed for the District:**	**128,277**	**141,105**	**145,338**	**149,699**
Income				
a. Annual Assessment Revenue	128,468	142,185	145,338	149,699
b. *Minus County Tax Collection Fee (1.7%)*	(2,181)	(2,399)	(2,471)	(2,545)
c. Other	2,973	12,649	3,700	3,700
d. **Total Revenue:**	**129,260**	**152,434**	**146,568**	**150,854**
Services				
a. Utilities: Water	61,305	56,654	77,000	86,240
b. Utilities: PGE	20,104	28,830	21,600	23,760
c. Landscaping Maintenance	32,688	23,952	34,679	60,000
d. One-time Project/Maintenance	9,899	2,953	56,350	75,000
e. Fence Repair				35,000
f. Fire Hazard Mitigation (Goats)	-	7,700	7,931	8,169
g. Property Owner Noticing	21		23	23
h. Annual Reporting	480	1,226	509	524
i. City Administration	4,328	4,629	4,592	4,730
j. **Total Expenditures:**	**128,825**	**125,945**	**202,683**	**293,446**
Account Balance				
a. Beginning Account Balance	340,223	340,659	367,148	311,032
b. *Net Change (Revenue - Expenditures)*	*436*	*26,489*	*(56,116)*	*(142,593)*
c. **Ending Account Balance:**	**340,659**	**367,148**	**311,032**	**168,440**

Method of Apportionment

Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code and as supplemented by the provisions of Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements which include the operation, maintenance and servicing of water buffer channels, water treatment ponds, masonry walls, predator fences and landscaping.

Proposition 218 requires that maintenance assessments must be levied according to benefit rather than according to assessed value. In addition, Article XIIID, Section 4(a) of the California Constitution limits the amount of any assessment to the proportional special benefit conferred on the property.

Because assessments are levied on the basis of benefit, they are not considered a tax, and, therefore, are not governed by Article XIIIA of the California Constitution.

Article XIIID of the California Constitution provides that publicly owned properties must be assessed unless there is clear and convincing evidence that those properties receive no special benefit from the assessment. Exempted from the assessment would be the areas of public streets, public avenues, public lanes, public roads, public drives, public courts, public alleys, public easements, and rights-of-ways.

The properties benefiting from the operation, maintenance and servicing of water buffer channels, water treatment ponds, masonry walls, predator fences and landscaping consist of the 534 single- family residential lots located within Tracts No. 7317, 7360 and 7361.

Each of the 534 single-family residential lots receives a special benefit in that they are able to be developed because protection of the adjacent open space has been provided through the construction of these improvements. The special benefit derived by the individual parcels is indistinguishable between parcels. Therefore, all residential parcels derive the same benefit and the corresponding method of assessment for residential land uses is based on a per parcel basis.

The estimated Fiscal Year 2026 proposed assessment revenue is $149,699. The proposed assessment for the District for Fiscal Year 2026 is $280.33 per parcel, which is an increased amount compared to the previous fiscal year's assessment. The MBA amount for the District is subject to an annual adjustment equal to the change in the applying CPI-U for the San Francisco-Oakland-Hayward MSA from the previous year. The MBA amount for the District for Fiscal Year 2026 has been increased from the previous year's MBA amount of $1,183.42 by 2.69%, which is equal to the percentage increase in CPI-U from February 2024 to February 2025. The MBA amount for the District for Fiscal Year 2026 is $1,183.42.

Assessment

WHEREAS, the City Council of the City of Hayward, County of Alameda, California, Pursuant to Chapter 26 of Part 3 of Division 7 of the Streets and Highways Code of the State of California, and Chapter 10, Article 10, Section 10-10.25 of the Hayward Municipal Code, and in accordance with the Resolution of Intention, being Resolution No. 25-256, preliminarily approving the Engineer's Report, as adopted by the City Council of the City of Hayward, on June 3, 2025, and in connection with the proceedings for;

WHEREAS, said Resolution directed the undersigned Engineer of Work to prepare and file a report presenting an estimate of costs, a diagram for the Assessment District and an assessment of the estimated costs of the improvements upon all assessable parcels within the Assessment District, to which Resolution and the description of said proposed improvements therein contained, reference is hereby made for further particulars;

NOW, THEREFORE, the undersigned, by virtue of the power vested in me and the order of the City Council of the City of Hayward, hereby make the following assessments to cover the portion of the estimated cost of Improvements, and the costs and expenses incidental thereto to be paid by the Assessment District.

As required, an Assessment Diagram is hereto attached and made a part hereof showing the exterior boundaries of the Assessment District. The distinctive number of each parcel or lot of land in the Assessment District is its Assessor Parcel Number appearing on the Assessment Roll.

I do hereby assess and apportion said net amount of the cost and expenses of the Improvements, including the costs and expenses incident thereto, upon the parcels and lots of land within said Assessment District, in accordance with the special benefits to be received by each parcel or lot from the improvements, and more particularly set forth in the Estimate of Costs and Method of Assessment hereto attached and by reference made a part hereof.

The assessments are made upon the parcels or lots of land within Assessment District, in proportion to the special benefits to be received by the parcels or lots of land, from the Improvements.

Each parcel or lot of land is described in the Assessment Roll by reference to its parcel number as shown on the Assessor's Maps of the County of Alameda for the fiscal year 2026. For a more particular description of said property, reference is hereby made to the deeds and maps on file and of record in the office of the County Recorder of the County.

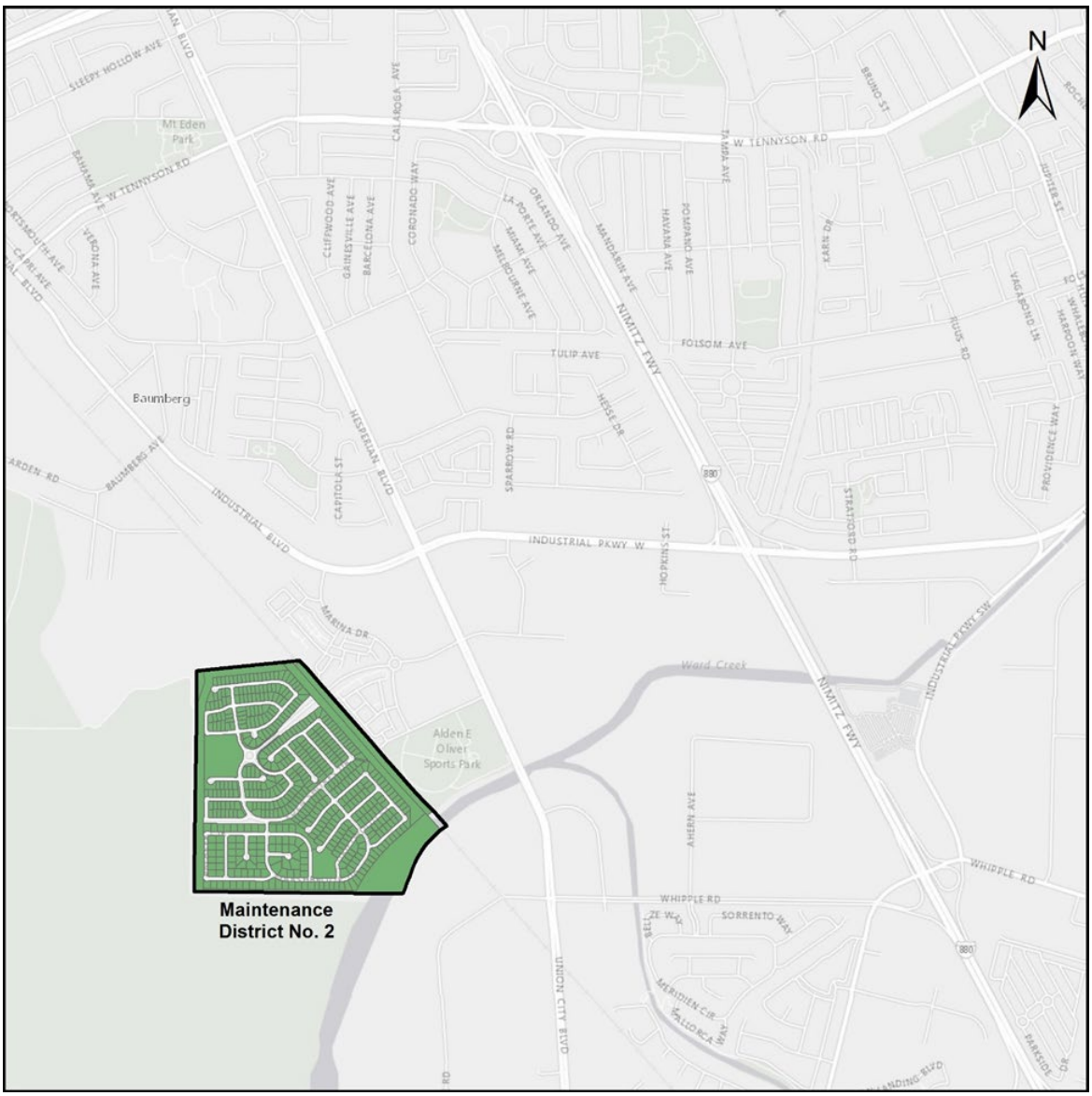
I hereby place opposite the Assessor Parcel Number for each parcel or lot within the Assessment Roll, the amount of the assessment for the fiscal year 2026 for each parcel or lot of land within said Maintenance District No. 2.

Dated: June 4, 2025

Engineer of Work

By _____
John W. Bliss, License No. C052091

Vicinity Map

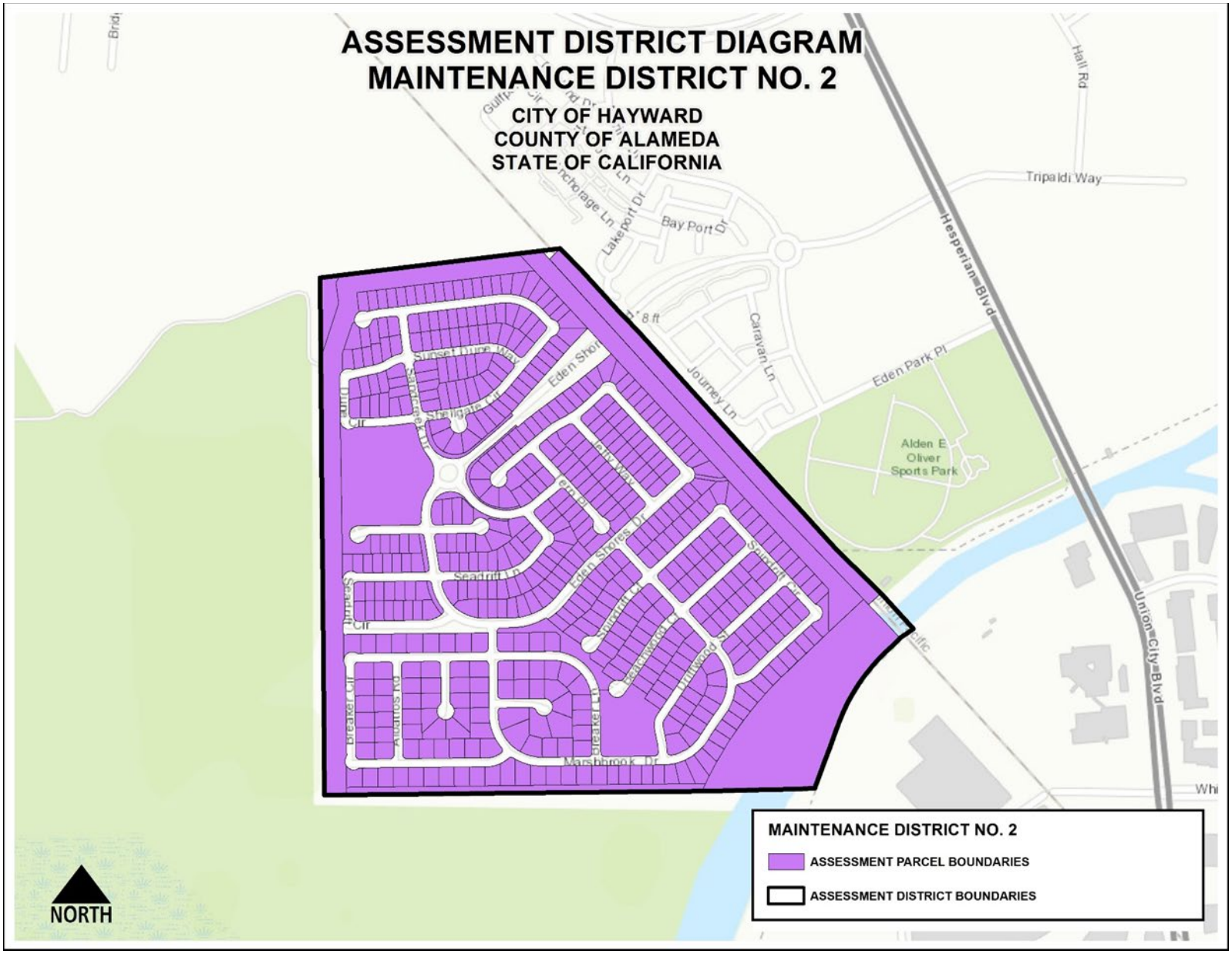


Assessment Diagram

The Assessment District Diagram for the City of Hayward's Maintenance District No. 2 (Eden Shores) is on file in the Office of the Hayward City Clerk and is incorporated in this report in Appendix “A”.

A detailed description of the lines and dimensions of each lot or parcel within the Assessment District are those lines and dimensions shown on the maps of the Assessor of the County of Alameda for Fiscal Year 2026.

For additional information as to the bearings, distances, monuments, easements, etc. of subject subdivisions, reference is hereby made to Final Tracts Maps No. 7317, 7360 and 7361 filed in the Office of the Recorder of Alameda County


ASSESSMENT DISTRICT DIAGRAM
MAINTENANCE DISTRICT NO. 2
CITY OF HAYWARD
COUNTY OF ALAMEDA
STATE OF CALIFORNIA
Tripaldi Way
Hall Rd
Hesperian Blvd
Bay Port Dr
Lakeport Dr
Caravan Ln
Journey Ln
Eden Park Pl
Alden E Oliver Sports Park
Union City Blvd
Sunset Dune Way
Sheligate Cir
Eden Shores Dr
Seadrift Ln
Marshbrook Dr
Breaker Cir
Breaker Ln
Alabatros Rd
MAINTENANCE DISTRICT NO. 2
ASSESSMENT PARCEL BOUNDARIES
ASSESSMENT DISTRICT BOUNDARIES
NORTH

Appendix A - Assessment Roll

A list of names and addresses of the owners of all parcels within the City of Hayward's Maintenance District No. 2 are shown on the last equalized Property Tax Roll of the Assessor of the County of Alameda. This list is keyed to the Assessor's Parcel Numbers as shown on the Assessment Roll on file in the Office of the Hayward City Clerk.