



**DATE:** December 8, 2020

**TO:** Mayor and City Council

**FROM:** Director of Public Works

**SUBJECT:** Adopt Resolutions Initiating Proceedings Pursuant to Streets and Highways Code Sec. 1160 et seq., Providing Intention to Levy Assessments for FY 2022, Preliminarily Approving the Engineer's Report and Providing for Notice of Prop. 218 Hearing for Old Highlands Pavement Improvements, and Adoption of a Resolution Adopting Prop. 218 Assessment Ballot Procedures

### **RECOMMENDATION**

That Council adopts a resolution (Attachment II) initiating proceedings pursuant to Streets and Highways Code Sec. 1160 et. seq., preliminarily approving the Engineer's Report, providing notice of public hearing in compliance with Prop. 218, and approving the mailing of ballots. Staff also requests the adoption of a resolution (Attachment III) adopting Procedures for Proposition 218 Assessment Ballot Proceedings for the Old Highlands Area Pavement Improvement Assessment District.

### **SUMMARY**

The 6.12 miles of streets in the Old Highlands area were not brought up to City standards upon annexation in 1963 and have not been maintained, with the exception of emergency repairs. City Staff and the Old Highlands Homeowners Association (OHHA) Board and property owners have agreed to the framework for creation of an assessment district and imposition of special assessments against the properties in the Old Highlands to fund a pavement improvement project in the area (see Attachment IV, Assessment Diagram for proposed District). An Engineer's Report has been prepared by SCI Consulting Group (SCI) (Attachment V). The Engineer's Report proposes a new assessment to fund the cost to repave the roadways within the proposed district boundaries.

### **BACKGROUND AND DISCUSSION**

On October 20, 2020, Council adopted Resolution No. 20-182, approving the intention to establish the Old Highlands Benefit Assessments District and impose assessments for street pavement improvements pursuant to Government Code § 54703, et seq., the Benefit Assessment Act of 1982, ordered preparation of an Engineer's Report, and set a date and time for Prop. 218 hearing at 7:00 p.m. on January 26, 2021. After consultation with SCI, it was determined that it is more appropriate for the proceedings to be initiated pursuant to the Permanent Road Division Law contained in Streets and Highways Code Section 1160 et seq.

The purpose of this item is to adopt a resolution of intention to form the assessment district and levy the assessments pursuant to the provisions of the Permanent Road Division Law and Prop. 218. The Prop. 218 hearing on the proposed assessments will be held during the February 2, 2021 City Council Meeting. Resolution No. 20-182 will be superseded upon adoption of the attached resolutions.

The Old Highland area was annexed to the City in 1963 and at that time, the 6.12 miles of streets within the Old Highland area were not brought up to City standards upon annexation and have not been maintained. The OHHA board and property owners have agreed to the framework for creation of an assessment district and imposition of special assessments against the properties in the Old Highlands area to fund a pavement rehabilitation project for streets within the Old Highland area.

City Staff met with the OHHA Board of Directors and agreed on tentative terms that were presented to property owners at an OHHA neighborhood meeting on January 18, 2018. The terms are summarized as follows:

#### *OHHA Tentative Terms*

*Staff has outlined agreement terms with the OHHA Board for maintenance of all public roads within the OHHA boundary. Agreement terms for roadway maintenance consist of the following main points:*

*The roadways require full depth reconstruction. This reconstruction effort, including design, legal and financial consultants, City inspection, survey and administration staff costs and roadway reconstruction, is estimated to cost \$5 million to \$6 million.*

*City will provide the initial funding for improvements from the Capital Improvement Program over a period of five to six years. The City will improve one or two streets each year. The OHHA Board will set construction priorities. They have selected Cotati and Tribune as the streets to be reconstructed during the first year of this program.*

*OHHA property owners will reimburse the City for 50% of the cost incurred to reconstruct each road within the OHHA neighborhood.*

*OHHA property owners will approve a financing mechanism that guarantees this reimbursement over a 20-year period. There are approximately 296 parcels within the OHHA boundary. Each parcel may be assessed approximately \$655.50 (per the preliminary cost estimate) per year for the improvements.*

*The roadway improvements are intended to include pavement reconstruction only. Very minor improvements to eliminate roadway water ponding may also be included.*

*The roadway improvements will not include curb and gutter, rolled curbs, storm drain inlets, street lighting or sidewalks.*

*The roadway improvements will follow the existing roadway footprint. The intent is to construct a 20-foot wide one-way street and a 24-foot wide two-way street unless existing obstructions prevent this from being implemented. In the case of obstructions, the roadway will be narrowed.*

*The City will only improve roadways that are 100% public right-of-way. The City's surveyor will identify street sections that are currently private property. The City's surveyor will create a plat/legal description for these roadway segments. Property owners will cause these roadway segments to be dedicated to the City as public right-of-way.*

*All existing deferred improvement agreements will be voided upon OHHA property owners' approval of a financing mechanism.*

*The City will not begin any work, except development of an Engineer's Report for the proposed financing mechanism, until financing is approved by the OHHA property owners. The Engineer's Report will include a rough estimate of anticipated costs only with appropriate contingencies.*

*The OHHA Board is responsible for all communications necessary to convince property owners to approve the financing mechanism and to dedicate private street areas for public right-of-way.*

*When construction is complete, the City will perform future maintenance of the roadways with available City funds as is possible as part of the City Pavement Rehabilitation Program.*

An Engineer's Report has been prepared by SCI (Attachment V). The Engineer's Report proposes a new assessment to fund the cost to repave the roadways within the proposed district boundaries. It was originally estimated the cost per property owner was to be approximately \$600 per year per property owner; however, the Engineer's Report details that the cost estimate has increased to \$655.50 per year per property due to increasing construction costs.

## **ECONOMIC IMPACT**

The pavement improvement would likely have a positive impact on property values, including on vacant properties.

## **FISCAL IMPACT**

There is no anticipated fiscal impact to the City's General Fund related to the formation of the Assessment District or consolidation.

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following projects:

- Project 5: Maintain and improve pavement
- Part 5.a: Maintain Pavement Condition Index (PCI) at 70.
- Part 5.b: Prepare OHHA pavement improvement program design and financing structure.
- Part 5.c: Construct various OHHA pavement improvements

## **SUSTAINABILITY FEATURES**

The project will involve pavement improvement, which will require contractors to recycle all construction and demolition debris as a result of the project.

## **PUBLIC CONTACT**

On September 18, 2020, a Notice of Public Hearing for the City Council meeting on October 20, 2020 was sent to properties within the project site. Upon adoption of the two resolutions, a ballot along with the Engineer's Report and notice of the public hearing in which the ballots will be counted, will be mailed to all property owners within the OHHA district.

## **NEXT STEPS**

If Council adopts the attached resolutions, ballot materials will be sent to all property owners of record at least 45 days prior to the scheduled public hearing. The ballots will be counted at a public hearing at the February 2, 2021 City Council meeting.

*Prepared by:* Kathy Garcia, Deputy Director of Public Works

*Recommended by:* Alex Ameri, Director of Public Works

Approved by:



---

Kelly McAdoo, City Manager