



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 1, 2021**

FROM: FINANCE DEPARTMENT **WARD: 7**

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FY2021-2022 WITHIN RIVERWALK LANDSCAPE MAINTENANCE DISTRICT; APPROVING PRELIMINARY ENGINEER'S REPORT; AND GIVING NOTICE OF PUBLIC HEARING ON PROPOSED ASSESSMENT

ISSUES:

Adopt a resolution declaring the City's intent to levy and collect assessments for Fiscal Year 2021-2022 within the Riverwalk Landscape Maintenance District, approving the Preliminary Engineer's Report, and setting a public hearing for final approval of the levy of special assessments within the District for July 6, 2021, at 1:00 p.m.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution declaring the City's intent to levy and collect assessments for Fiscal Year 2021-2022 within the Riverwalk Landscape Maintenance District and approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessment within the Riverwalk Landscape Maintenance District for July 6, 2021, at 1:00 p.m.

BACKGROUND:

On February 2, 2021, the City Council adopted Resolution 23673 ordering the preparation of the attached Preliminary Annual Engineer's Report for the Riverwalk Landscape Maintenance District (District). The attached report outlines the cost of maintaining the landscaping and administration of the District for Fiscal Year 2021-2022, as well as the method of apportioning those costs to the property owners within the District. The City assesses all parcels within the District annually, regardless of development status.

The City formed the Riverwalk Landscape Maintenance District under the provisions of the 1972 Street Lighting and Landscaping Act. In July 2002, per Proposition 218, a property owner election approved the formation of the District. The developer of the Riverwalk neighborhood designed the

landscape improvements for the project area at a level in excess of normal City standards. The City formed the Riverwalk Landscape Maintenance District to recover the annual cost of maintaining the improvements above normal City standards from the property owners that receive the special benefit of the improvements.

DISCUSSION:

The procedures of the Street Lighting and Landscaping Act of 1972 require the adoption of a Resolution giving approval of the Preliminary Engineer's Report and the setting of a required Public Hearing. The attached Resolution sets the public hearing for 1:00 p.m. on July 6, 2021.

The District formation process set an annual assessment increase by the change in the Consumer Price Index (CPI) as measured each July 1. Prior to Fiscal Year 2018-2019, the annual escalation was determined by multiplying the prior year rates, both Minimum and Maximum, by the percentage increase, if any, in the CPI for Los Angeles-Riverside-Orange County (1982-84=100). In December 2017, the Bureau discontinued the original index, and replaced it with two new indexes (Riverside-San Bernardino-Ontario and Los Angeles-Long Beach-Anaheim).

Starting in Fiscal Year 2019-2020, the City began using the Riverside-San Bernardino-Ontario Index, as it most closely mirrors local assessed valuation changes. Thus, the annual escalation will be determined by the percentage increase, if any, in the Riverside-San Bernardino-Ontario Index (December 2017=100) from the preceding year.

Based on the CPI increase of 3.5638% as detailed in the Preliminary Engineer's Report, the maximum allowed assessment range in Fiscal Year 2021-2022 per EDU is \$234.91 - \$360.17 for Zone A (residential) and \$1,174.49 - \$1,565.97 per acre for Zone B (business park). The City has levied less than the maximum allowed in prior years and has used surplus funds within the district towards annual expenses. However, the district requires a number of repairs and rehabilitations as well as one-time equipment costs, which will deplete all surplus funds. To keep the levy amounts reasonable to property owners for the upcoming fiscal year, the City will provide a total amount of \$137,428.35 to be covered by the General Fund, but will also need to increase the levy amount by 5% in order to offset the shortfall. The 5% proposed increase is still within the maximum allowable assessment to date. Based on the projected expenses for Fiscal Year 2021-2022, the annual assessment for the 2021-2022 fiscal year will be \$286.94 per residential parcel.

At the end of each fiscal year staff review actual expenditures against collected assessments and any unspent balance remains with the District to cover expenditures in the following year. The estimated landscape budget for Fiscal Year 2021-2022 for the District is \$556,843. However, with the City's contribution amount and remaining funds from prior year's assessment, this will allow the City to set the levy at \$419,414.65.

FISCAL IMPACT:

The property owners within the District are assessed the cost of maintaining the landscape improvements within the District at a level that exceeds City standards. The assessments are based on projected expenditures and do not exceed the amount established in 2002/03 during District formation, except as adjusted for changes in the CPI as described above. The estimated landscape budget for Fiscal Year 2021-2022 for the District is \$556,843 and will require a City contribution from the General Fund in the amount of \$137,428.35 which is included in the proposed Fiscal Year 2021/22 budget. The assessment per residential parcel will be \$286.94.

The assessment for each commercial parcel will be \$1,444.99 per acre based on proximity to the landscaping benefit.

Prepared by: Heidi Schrader, Debt & Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Moises Lopez, Deputy City Manager
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

1. Resolution
2. Preliminary 2021-2022 Riverwalk Landscape Maintenance District Engineer's Report