



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 21, 2024**

FROM: FINANCE DEPARTMENT **WARDS: 7**

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2024/25 WITHIN RIVERWALK LANDSCAPE MAINTENANCE DISTRICT; APPROVING PRELIMINARY ENGINEER'S REPORT; AND SETTING A PUBLIC HEARING ON PROPOSED ASSESSMENT FOR JUNE 18, 2024, AT 3:00 P.M.

ISSUE:

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year (FY) 2024/25 within 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 June 18, 2024, at 3:00 p.m.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution declaring the City's intention to levy and collect assessments for FY 2024/25 within Riverwalk Landscape Maintenance District, approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments within Riverwalk Landscape Maintenance District for June 18, 2024, at 3:00 p.m.

BACKGROUND:

On February 27th, 2024, the City Council adopted Resolution No. 24086, ordering the preparation of the attached Preliminary Annual Engineer's Report for Riverwalk Landscape Maintenance District (District). The attached report outlines the proposed cost of maintaining the landscaping and administration of the District for FY 2024/25 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.

In August 2002, the Riverwalk Landscape Maintenance Assessment District was formed under the provisions of the Landscaping and Lighting Act of 1972 and confirmed by property owner ballot pursuant to the requirements established by Proposition 218. The developer of the Riverwalk neighborhood financed the construction of the improvements within the District. The City then formed the Riverwalk Landscape Maintenance District to recover the cost for the City to maintain certain improvements from the property owners that receive the specific benefit of the improvements, as explained in the June 11, 2002, City Council staff report.

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 3:00 p.m. on June 25, 2024.

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 FY 2018/19, 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. 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 FY 2019/20, 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 4.2574% as detailed in the Preliminary Engineer's Report, the maximum allowed assessment range in FY 2024/25 per EDU is \$281.82 - \$432.09 for Zone A (residential) and \$1,409.04 - \$1,878.70 per acre for Zone B (business park). The City has levied less than the maximum allowed in prior years and used surplus funds within the district towards annual expenses. However, the district has depleted most of the surplus funds in recent years, through repairs, rehabilitations, and one-time equipment costs.

To avoid a sharp increase in property tax assessments, the City is slowly increasing the levy amount to the maximum level needed to fully offset maintenance costs. Staff recommends that in 2024/25, the City increase the levy amount by 5.0%, contributing \$92,146 from the General Fund to maintain a gradual year over year increase toward full cost recovery. With the proposed increase, the current year assessment will still be well within the maximum allowable assessment. Based on the projected net expenses for FY 2024/25, the annual assessment for FY 2024/25 will be \$348.12 per residential parcel, and \$1,753.35 per acre within the business park. This would bring the total assessment levy for FY 2024/25 to \$508,864.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The preparation of an annual engineer's report and levy process complies with the Landscaping and Lighting Act of 1972, under which the Riverwalk Landscape Maintenance District was formed. This process provides transparency for community members upon whom the assessments are levied each year.
2. **Equity** – In order to maintain the improvements within the Riverwalk Landscape Maintenance District, the annual maintenance cost is funded through an annual levy calculated based on the special benefit shared by each parcel within the district.

3. **Fiscal Responsibility** – Assessments are levied annually to pay the costs associated with maintaining enhanced improvements within the district. This ensures the additional cost of maintaining enhanced landscape improvements is borne primarily by the property owners that benefit from them.
4. **Innovation** – Utilizing Landscape Maintenance Districts is an innovative way to offset the cost of maintaining certain improvements within a specified area of the City and which benefit a select group of property owners.
5. **Sustainability & Resiliency** – The formation of a Landscape Maintenance District provides a transparent and equitable way to fund and report on maintenance improvements that provide a special benefit to a select group of property owners. The annual engineer's report and levy process helps to ensure transparent reporting to members of the community, and within the district.

FISCAL IMPACT:

The total fiscal impact for the Riverwalk Landscape Maintenance District estimated expenses for FY 2024/25 is \$386,393 in Zone A and \$164,617 in Zone B, for a total of \$551,010. With an estimated annual levy of \$508,863 and utilizing prior year surplus within the District, it is anticipated the General Fund will contribute \$92,146.36 which is incorporated in the proposed FY 2024/25 budget that will be brought forward to Council for adoption in June 2024. The annual assessment for FY 2024/25 will be \$348.12 per residential parcel, and \$1,753.35 per acre within the business park.

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Attachments:

1. Resolution
2. Preliminary 2024-2025 Riverwalk Landscape Maintenance District Engineer's Report