



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 19, 2026**

FROM: FINANCE DEPARTMENT **WARD: 2**

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2026/27 WITHIN LANDSCAPE MAINTENANCE DISTRICT 88-1 (SYCAMORE HIGHLANDS); APPROVING PRELIMINARY ENGINEER'S REPORT; AND SETTING A PUBLIC HEARING ON PROPOSED ASSESSMENT FOR JULY 14, 2026, AT 3:00 P.M.

ISSUE:

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year (FY) 2026/27 within Landscape Maintenance District 88-1 (Sycamore Highlands), 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 14, 2026, 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 2026/27 within Landscape Maintenance District 88-1 (Sycamore Highlands), approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments within Landscape Maintenance District 88-1 (Sycamore Highlands) for July 14, 2026, at 3:00 p.m.

BACKGROUND:

On February 24th, 2026, the City Council adopted Resolution No.24356, ordering the preparation of the attached Preliminary Annual Engineer's Report for Landscape Maintenance District 88-1 (Sycamore Highlands). The attached report outlines the estimated cost of maintaining the landscaping and administration of the District for FY 2026/27 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 September 1988 Landscape Maintenance District 88-1 was formed under the provisions of the Landscaping and Lighting Act of 1972. The District was originally formed in conjunction with a

Development Agreement for the Lusk-Highlander project. Pursuant to the requirements established by Proposition 218, Landscape Maintenance District 88-1 was then confirmed by property owner ballot in July 1997. The original construction of the improvements was funded by the Highlander Community Facilities District 90-1. The Landscape Maintenance District 88-1 was formed to assess property owners for the ongoing maintenance costs associated with those improvements within the district area.

DISCUSSION:

The procedures of the Landscaping and Lighting Act of 1972 require the adoption of a Resolution giving approval to the Preliminary Engineer's Report and setting a required Public Hearing. The attached Resolution sets the public hearing for 3:00 p.m. on July 14, 2026.

The District formation process sets an annual assessment increase based on the cumulative percentage increase, if any, in the Consumer Price Index for all Urban consumers (CPI-U) for the Los Angeles-Riverside-Orange County, California Standard Metropolitan Statistical area as published by the US Department of Labor Bureau of Labor Statistics ("the Bureau"). 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.

Using the prior index, the adjustment was calculated based upon a combination of the cumulative increases in the original index as it was in December of each year over the base index in December 1996 of 158.3. The original index ended with a cumulative increase of 63.75% over the base year. To use the new index, which publishes every other month, the escalation period was changed to January and began at a scale of 100 for FY 2018/19. Adding the cumulative percentage increase of the new Riverside-San Bernardino-Ontario Index of 38.33% to the ending cumulative increase of the original index of 63.75% results in a cumulative percentage change total for both indexes of 102.08%. Using this methodology, the maximum allowed assessment for FY 2026/27 is \$117.21 (\$58.00 base year increased by a cumulative factor of 102.08%).

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 maintenance costs for FY 2026/27 for the District are \$145,362.

There is an existing agreement between the City and Castlerock Apartment Homes (formerly Riverside Sycamore Apartments) which allows the property owner to maintain a section of landscaping, receiving proportional credit for the property. That credit for FY 2026/27 is estimated to be \$9,259.53. The annual assessment for the 2026/2027 fiscal year is \$117.21 per residential parcel or equivalent dwelling unit (EDU), which is the maximum allowed assessment. This, minus the Castlerock credit, equals a total proposed annual assessment of \$113,810.15. The difference between estimated costs and estimated revenue indicates a contribution of \$31,552 to be covered by the General Fund and any remaining funds from FY 2025/26.

The District is scheduled to expire in FY 2026–27. As the expiration date approaches, the Finance Department will coordinate with the City Manager's Office to evaluate available options moving forward. Additional information will be provided at a later date.

FISCAL IMPACT:

The total fiscal impact for the estimated landscape maintenance costs within the District for FY 2026/27 are \$145,362; the assessment per EDU will be \$117.21. Although the maximum allowable Sycamore Highlands LMD assessment is proposed, the credit due to the Castlerock Apartment Agreement and additional city obligations will require an estimated General Fund contribution in the amount of \$31,552. Funding is included in the FY 2026/27 budget to support this General Fund contribution.

Prepared by: Meline Carranza, Debt and Treasury Manager
Approved by: Sergio Aguilar, Deputy Finance Director
Certified as to
availability of funds: Julie Nemes, Interim Finance Director
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City
Treasurer
Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution
2. Preliminary 2026-2027 Sycamore Highlands Landscape Maintenance District Engineer's Report