



# City Council Memorandum

*City of Arts & Innovation*

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JULY 15, 2025**

**FROM: FINANCE DEPARTMENT**      **WARDS: 7**

**SUBJECT: PUBLIC HEARING – RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENT FOR RIVERWALK LANDSCAPE MAINTENANCE DISTRICT DIAGRAM AND LEVYING ASSESSMENTS FOR FISCAL YEAR (FY) 2025/26**

**ISSUE:**

Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2025/26 Riverwalk Landscape Maintenance District assessments and adopt a resolution authorizing the City of Riverside to confirm the diagram and assessment for the Riverwalk Landscape Maintenance District and levying assessments on all assessable lots and parcels of land therein for the FY 2025/26.

**RECOMMENDATIONS:**

That the City Council:

1. Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2025/26 Riverwalk Landscape Maintenance District assessments; and
2. Adopt a resolution authorizing the City of Riverside to confirm the diagram and assessments for the Riverwalk Landscape Maintenance District and levy assessments on all assessable lots and parcels of land therein for the FY 2025/26.

**BACKGROUND:**

In August 2002, the Riverwalk Landscape Maintenance 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.

On March 4<sup>th</sup>, 2025, the City Council adopted Resolution No. 24225, ordering the preparation of the 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 2025/26 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.

On May 20<sup>th</sup>, 2025 the City Council adopted Resolution No. 24265 approving the Preliminary Annual Engineer's Report for the Riverwalk Landscape Maintenance District and setting a public hearing for July 15<sup>th</sup>, 2025, to approve the Final Annual Engineer's Report for the Riverwalk Landscape Maintenance District and authorizing the levy of special assessments within the District.

### **DISCUSSION:**

The procedures of the Street Lighting and Landscaping Act of 1972 require the City Council to hold a Public Hearing prior to the adoption of a resolution confirming the Annual Engineer's Report and establishing the FY 2025/26 annual assessments for the Riverwalk Landscape Maintenance District. The District formation process sets an annual assessment increase based on 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 2.5288% as detailed in the Engineer's Report, the maximum allowed assessment range in FY 2025/26 per equivalent dwelling unit (EDU) is \$288.95 - \$443.02 for Zone A (residential) and \$1,444.67 - \$1,926.21 per acre for Zone B (business park). In prior years, the City levied less than the maximum allowable amount and used surplus district funds to help offset annual expenses. However, in recent years, the district has depleted most of its surplus funds through repairs, rehabilitations, and one-time equipment costs.

To avoid a sharp increase in property tax assessments, the City is gradually increasing the levy amount to the maximum level needed to fully offset maintenance costs. Staff recommend that in FY 2025/26, the City increase the levy amount by 5.0%, with \$83,620.56 contributed from the General Fund to support a gradual year over year increase toward full cost recovery. With the proposed increase, the current year assessment will remain well within the maximum allowable assessment range. Based on projected net expenses, the annual assessment for FY 2025/26 will be \$365.52 per residential parcel and \$1,841.01 per acre within the business park, resulting in a total assessment levy of \$534,300.

Finance staff has continued to work with the Parks and Recreation and Public Works Departments to review the possibility of increasing the levy amount in future years to have the District meet the full cost recovery and reduce the General Fund subsidy. Year over Year the subsidy has decreased approximately 9.25%. Any findings and recommendations regarding a larger increase to the levy, up to and including the maximum amount allowed, will be brought to the City Council for consideration prior to implementation.

### **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 estimated FY 2025/26 fiscal impact of the Riverwalk Landscape Maintenance District expenses is \$395,511 for Zone A and \$156,410 for Zone B, for a total of \$551,921. With an estimated annual levy of \$534,300 and the use of prior year surplus District funds, it is anticipated that the General Fund will contribute \$83,620.56, representing a 9.25% decrease in estimated General Fund support compared to the prior year. These amounts are incorporated into the proposed FY 2025/26 adopted in June 2025. Following Council approval and adoption of the resolution, the annual assessment for FY 2025/26 will be \$365.52 per residential parcel and \$1,841.01 per acre within the business park.

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Attachments:

1. Resolution
2. Preliminary 2025-2026 Riverwalk Landscape Maintenance District Engineer's Report
3. Resolution No. 24265 declaring intention to levy and collect assessments for FY 2025-26
4. Presentation