



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: JULY 5, 2022

FROM: FINANCE DEPARTMENT WARD: 7

SUBJECT: PUBLIC HEARING – RESOLUTION CONFIRMING DIAGRAM AND ASSESSMENT FOR RIVERWALK LANDSCAPE MAINTENANCE DISTRICT DIAGRAM AND LEVYING ASSESSMENTS FOR FISCAL YEAR 2022-2023

ISSUE:

Conduct a Public Hearing for the purpose of receiving comments relative to the Fiscal Year (FY) 2022/23 Riverwalk Landscape Maintenance District assessments and adopt a resolution confirming the diagram and assessment for the Riverwalk Landscape Maintenance District and levying assessments on all assessable lots and parcels of land therein for FY 2022/23.

RECOMMENDATION:

That the City Council:

1. Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2022/23 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 levying assessments on all assessable lots and parcels of land therein for FY 2022/23.

BACKGROUND:

The City of Riverside formed the Riverwalk Landscape Maintenance District under the provisions of the Landscaping and Lighting Act of 1972. In July 2002, per Proposition 218, a property owner election approved the formation of the District. The developer of the Riverwalk neighborhood constructed improvements within the District, at a level that exceeds normal City standards. The City then formed the Riverwalk Landscape Maintenance District to recover the cost of maintaining the enhanced improvements from the property owners that receive the specific benefit of the improvements.

On February 15, 2022, the City Council adopted Resolution 23825 ordering the preparation of the attached Annual Engineer's Report for the Riverwalk Landscape Maintenance District. The report outlines the estimated cost of maintaining the landscaping and administration of the District for FY 2022/23, 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 June 7, 2022, the City Council adopted Resolution 23858 approving the Preliminary Annual Engineer's Report for the Riverwalk Landscape Maintenance District and setting a public hearing for July 5, 2022 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 hold a Public Hearing prior to the adoption of a resolution confirming the Annual Engineer's Report and establishing the FY 2022/23 annual assessments for the Riverwalk Landscape Maintenance District. The District formation process held in July 2002 set 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 10.0432% as detailed in the Engineer's Report, the maximum allowed assessment range in FY 2022/23 per EDU is \$258.50 - \$396.34 for Zone A (residential) and \$1,292.45 - \$1,723.24 per acre for Zone B (business park). In prior years, the City has levied less than the maximum allowed and used surplus funds within the district towards annual expenses. However, the district depleted 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 2022-2023, the City increase the levy amount by the CPI increase of 10.0432%, contributing \$114,393 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 2022/23, the annual assessment for FY 2022/23 will be \$315.76 per residential parcel, and \$1,590.09 per acre within the business park. This would bring the total assessment levy for FY 2022/23 to \$461,539.84.

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 to 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 costs associated with maintaining enhanced improvements within the district. This ensures the additional cost of maintaining the enhanced landscape and facility improvements is borne primarily by those that benefit from them.
4. **Innovation** – Utilizing Landscape Maintenance Districts is an innovative way to offset the cost to maintain improvements that were constructed outside of normal City standards.
5. **Sustainability & Resiliency** – The formation of a Landscape Maintenance District provides a transparent and equitable way to fund and report on maintenance of 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 those within the district.

FISCAL IMPACT:

The total estimated fiscal impact of this action for FY 2022/23 is \$575,933. The estimated Riverwalk Landscape Maintenance District expenses for FY 2022/23 is \$422,486 in Zone A and \$153,447 in Zone B. With an estimated annual levy of \$461,540, it is anticipated the General Fund will contribute \$114,393, which is included in the proposed FYs 2022-2024 budget. The annual assessment for FY 2022/23 will be \$315.76 per residential parcel, and \$1,590.09 per acre within the business park.

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Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Fiscal Year 2022-2023 Riverwalk Landscape Maintenance District Engineer's Report
3. Resolution 23858 declaring intention to levy and collect assessments for FY 2022-2023
4. Presentation