



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 22, 2018**

FROM: FINANCE DEPARTMENT **WARD: 7**

SUBJECT: RESOLUTION FOR APPROVAL OF THE ENGINEER'S REPORT ON FISCAL YEAR 2018/19 RIVERWALK LANDSCAPE MAINTENANCE DISTRICT ASSESSMENT – SET PUBLIC HEARING

ISSUE:

Adopt a Resolution giving preliminary approval required for the annual levy of special assessments within the Riverwalk Landscape Maintenance District; and set a public hearing for the final approval of the levy of special assessments.

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution declaring the City's intention to levy and collect assessments for Fiscal Year 2018/19 within the Riverwalk Landscape Maintenance District and approving the Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments on June 26, 2018, at 3:00 p.m.

BACKGROUND:

On March 6, 2018, the City Council adopted a Resolution ordering the preparation of the attached annual Engineer's Report for the Riverwalk Landscape Maintenance District. The cost of maintaining the landscaping and administration of the District will be assessed to the property owners within the District. All parcels within the District have been assessed annually regardless of the status of its development.

The Riverwalk Landscape Maintenance District was formed under the provisions of the 1972 Street Lighting and Landscaping Act. In July 2002, a property owner ballot, required by Proposition 218, approved the formation of the District. The landscape improvements designed for the project area are in excess of normal City standards and the construction of the improvements has been funded by the developer of the Riverwalk neighborhood.

DISCUSSION:

The procedures of the Lighting and Landscaping Act of 1972 require the adoption of a Resolution giving preliminary approval to the Engineer's Report and the setting of a required Public Hearing; such hearing is requested for 3:00 p.m. on June 26, 2018.

Annually, the assessments are reviewed and any unspent balance remains with the District and serves to reduce subsequent years' assessments. An excess balance of \$236,179 was used to reduce the current year's assessments. The Engineer's Report has then calculated the annual assessment for the 2018/19 fiscal year to be \$243.14 per residential parcel. The July 2002 District formation process allowed for an annual increase to the preceding fiscal year assessment ranges by the change in the Consumer Price Index (CPI) as measured on July 1st of each year. For example, the 2002-03 base year assessment range for an equivalent dwelling unit (EDU), or single-family residential parcel, was \$150.00-\$230.00. Per the cumulative CPI changes as detailed in the Engineer's Report, the maximum allowed assessment range in 2018/19 per EDU is \$215.68-\$330.69 which is based on a CPI factor calculated on the base year initial range.

The increase in the assessment for FY18/19 is the result of increases in maintenance costs. The District's budget has experienced a constant levy since FY2010/11; however, an in-depth analysis of actual costs to provide services to the district have resulted in increases of approximately 30% over the prior year. As a result, after taking into account unspent balances, an additional increase of approximately 8% was required to cover increased operating expenses. However, the amount required for the assessment continues to be significantly lower than the maximum assessable which based on the CPI adjustments is estimated at \$462,922 for FY2018/19.

Riverwalk LMD 2018-19		Riverwalk LMD 2017-18	
Budgeted Expenditures		Budgeted Expenditures	
Contract Maintenance	\$ 231,166	Contract Maintenance	\$ 200,648
Utilities	20,484	Utilities	15,000
Contract Contingencies and Misc Repairs	41,000	Contract Contingencies and Misc Repairs	35,000
Assessment Engineer	4,500	Assessment Engineer	4,500
City Labor and Overhead	285,134	City Labor and Overhead	186,760
Operating Costs	3,000	Operating Costs	9,000
Total Estimated Cost	585,284	Total Estimated Cost	450,908
Less: 2017/18 Surplus	(236,179)	Less: 2016/17 Surplus	(126,803)
Amount Required for 2018/19 Assessment	\$ 349,105	Amount Required for 2017/18 Assessment	\$ 324,105
Maximum Assessable 2018-19	\$ 462,922	Maximum Assessable 2017-18	\$ 451,032

FISCAL IMPACT:

The cost of maintaining the parcels within the District will be assessed to the property owners within the District. Assessments are based on actual and projected expenditures and do not exceed the amount established in 2002/03 during District formation, adjusted for changes in the CPI. The 2018/19 estimated landscape budget for the Riverwalk area is \$585,284; the assessment per residential parcel will be \$243.14. In 2017/18 the estimated landscape budget for the District was \$450,908 and the assessment per residential parcel was \$225.72.

Prepared by: Edward Enriquez, Assistant CFO/ Deputy Treasurer
Certified as to
availability of funds: Adam Raymond, Chief Financial Officer/City Treasurer
Approved by: Marianna Marysheva, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Resolution
2. Preliminary 2018/19 Riverwalk Landscape Maintenance District Engineer's Report