



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL                      DATE: JUNE 1, 2021**

**FROM: FINANCE DEPARTMENT    WARD: 2**

**SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2021-2022 WITHIN LANDSCAPE MAINTENANCE DISTRICT 88-1 (SYCAMORE HIGHLANDS); APPROVING PRELIMINARY ENGINEER'S REPORT; AND GIVING NOTICE OF PUBLIC HEARING ON PROPOSED ASSESSMENT**

## **ISSUES:**

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year 2021-2022 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 6, 2021, at 1:00 p.m.

## **RECOMMENDATIONS:**

That the City Council:

1. Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year 2021-2022 within Landscape Maintenance District 88-1 (Sycamore Highlands) and approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessment within Landscape Maintenance District 88-1 (Sycamore Highlands) for July 6, 2021, at 1:00 p.m.

## **BACKGROUND:**

On February 2, 2021, the City Council adopted Resolution 23672, ordering the preparation of the attached Preliminary Annual Engineer's Report for Landscape Maintenance District 88-1 (Sycamore Highlands). The attached report outlines the cost of maintaining the landscaping and administration of the District for Fiscal Year 2021-2022 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.

The City formed Landscape Maintenance District 88-1 (Sycamore Highlands) under the provisions of the 1972 Street Lighting and Landscaping Act, in conjunction with a Development Agreement for the Highlander (Sycamore Highlands) project. In July 1997, per Proposition 218, a property

owner election approved the continuation of the District. Improvements within the District are designed to a level that exceeds normal City standards. The City formed Landscape Maintenance District 88-1 (Sycamore Highlands) to recover the annual cost of maintaining the improvements above normal City standards from the property owners that receive the special benefit of the improvements.

### **DISCUSSION:**

The procedures of the Street Lighting and Landscaping 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 1:00 p.m. on July 6, 2021.

The District formation process set a maximum annual assessment with an adjustment 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 Fiscal Year 2019-2020, the City began using the Riverside-San Bernardino-Ontario Index, as it most closely mirrors local assessed valuation changes.

By 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 Fiscal Year 2018-2019. Adding the cumulative increase of the new Riverside-San Bernardino-Ontario Index of 8.56% to the ending cumulative increase of the original index of 63.75% results in a cumulative total for both indexes of 72.31%. Using this methodology, the maximum allowed assessment for Fiscal Year 2021-2022 is \$99.93 (\$58.00 base year multiplied by cumulative factor of 172.31%).

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 budget for Fiscal Year 2021-2022 for the District is \$119,441. There is an existing agreement between the City and Castlerock Apartment Homes (formerly Riverside Sycamore Apartments) which allows for the property owner to maintain a section of landscaping and therefore receives a proportional credit to the property. Based on the Preliminary Engineer's Report, the annual assessment for the 2021-2022 fiscal year will be \$99.93 per residential parcel or equivalent dwelling unit (EDU), which is the maximum allowed assessment. The annual revenue provided by the levy will be \$104,934. The estimated cost to maintain the District is projected at \$119,441, leaving a shortfall of \$14,506 to be covered by the General Fund.

### **FISCAL IMPACT:**

The property owners are assessed the cost of maintaining the landscape improvements within the District at a level that exceeds City standards. The assessments are based on projected expenditures and cannot exceed the amount established in Fiscal Year 1997/98 upon District formation, adjusted for changes in the CPI (cumulatively 172.31%). In Fiscal Year 2020-2021, the estimated landscape budget for the District was \$115,667 and the assessment per residential parcel (or EDU) was \$97.78. The estimated landscape budget for Fiscal Year 2021-2022 for the District is \$119,441; the assessment per EDU will be \$99.93. Although the maximum allowable

assessment is proposed, the shortfall will require a City contribution from the General Fund in the amount of \$14,506 which is incorporated into the FY 2021/22 proposed budget.

Prepared by: Heidi Schrader, Debt Manager  
Certified as to  
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer  
Approved by: Moises Lopez, Deputy City Manager  
Approved as to form: Kristi J. Smith, Interim City Attorney

Attachments:

1. Resolution
2. Preliminary 2021-2022 Sycamore Highlands Landscape Maintenance District Engineer's Report