



# City Council Memorandum

*City of Arts & Innovation*

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**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JUNE 18, 2024**

**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 (FY) 2024/25**

## **ISSUE:**

Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2024/25 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 2024/25.

## **RECOMMENDATIONS:**

That the City Council:

1. Conduct a Public Hearing for the purpose of receiving comments relative to the FY 2024/25 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 2024/25.

## **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.

On February 27th, 2024, the City Council adopted Resolution 24086, 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 2024/25, 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 21<sup>st</sup>, 2024 the City Council adopted Resolution 24115 approving the Preliminary Annual Engineer's Report for the Riverwalk Landscape Maintenance District and setting a public hearing for June 18<sup>th</sup>, 2024, 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 2024/25 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 4.2574% as detailed in the Engineer's Report, the maximum allowed assessment range in FY 2024/25 per EDU is \$281.82 - \$432.09 for Zone A (residential) and \$1,409.04 - \$1,878.70 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 most 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 2024/2025, the City increase the levy amount by 5.0%, contributing \$92,146 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 2024/25, the annual assessment for the 2024/25 fiscal year will be \$348.12 per residential parcel and \$1,753.35 per acre within the business park. This would bring the total assessment levy for FY 2024/25 to \$508,864.

In the coming months, Finance staff is planning 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. 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 total fiscal impact of this action is \$601,010. The estimated Riverwalk Landscape Maintenance District expenses for FY 2024/25 are \$436,393 in Zone A and \$164,617 in Zone B. With an estimated annual levy of \$508,864 and utilizing project funds within the District, it is anticipated the General Fund will contribute \$92,146, which is included in the proposed FY 2024/25 budget. The annual assessment for FY 2024/25 will be \$348.12 per residential parcel and \$1,753.35 per acre within the business park.

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#### **Attachments:**

1. Resolution
2. Fiscal Year 2024-2025 Riverwalk Landscape Maintenance District Engineer's Report
3. Resolution 24115 declaring intention to levy and collect assessments for FY 2024-2025
4. Presentation