



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 20, 2025**

FROM: FINANCE DEPARTMENT **WARD: 7**

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2025/26 WITHIN RIVERWALK LANDSCAPE MAINTENANCE DISTRICT; APPROVING PRELIMINARY ENGINEER'S REPORT; AND SETTING A PUBLIC HEARING ON PROPOSED ASSESSMENT FOR JULY 15, 2025, AT 3:00 P.M.

ISSUE:

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year (FY) 2025/26 within Riverwalk Landscape Maintenance District, 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 15, 2025, at 3:00 p.m.

RECOMMENDATIONS:

That the City Council:

1. Adopt a resolution declaring the City's intention to levy and collect assessments for FY 2025/26 within Riverwalk Landscape Maintenance District and approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments within Riverwalk Landscape Maintenance District for July 15, 2025, at 3:00 p.m.

BACKGROUND:

In August 2002, the Riverwalk Landscape Maintenance Assessment District was formed under the provisions of the Landscaping and Lighting Act of 1972 and confirmed by a 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 subsequently formed the Riverwalk Landscape Maintenance District to recover the cost of maintaining certain improvements from the property owners who receive the specific benefit of those improvements, as explained in the City Council staff report dated June 11, 2002.

On March 4th, 2025, the City Council adopted Resolution No. 24225, ordering the preparation of the attached 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.

DISCUSSION:

The procedures of the Street Lighting and Landscaping Act of 1972 require the adoption of a Resolution approving the Preliminary Engineer's Report and setting a Public Hearing. The attached Resolution sets the public hearing for 3:00 p.m. on July 15, 2025.

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 calculated by multiplying the prior year's minimum and maximum rates by the percentage increase, if any, in the CPI index for Los Angeles-Riverside-Orange County. In December 2017, the U.S. Bureau of Labor Statistics discontinued that 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 reflects changes in local assessed valuations. As a result, the annual escalation is now determined by the percentage increase, if any, in the Riverside-San Bernardino-Ontario Index (December 2017=100) compared to the preceding year.

Based on the CPI increase of 2.5288% as detailed in the Preliminary Engineer's Report (Attachment 2), 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.

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 costs are funded through an annual levy, calculated based on the special benefit attributed to each parcel within the district.
3. **Fiscal Responsibility** – Assessments are levied annually to fund the costs associated with maintaining enhanced improvements within the district. This ensures that the additional cost of maintaining enhanced landscaping is borne primarily by the property owners who directly benefit from those improvements.
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 that 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 help ensure clear and transparent reporting to both the community and district property owners.

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 budget scheduled for Council for adoption 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.

Prepared by:	Meline Carranza, Debt and Treasury Manager
Approved by:	Sergio Aguilar, Deputy Finance Director
Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Edward Enriquez, Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution
2. Preliminary 2025-2026 Riverwalk Landscape Maintenance District Engineer's Report