



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 23, 2023

FROM: FINANCE DEPARTMENT WARD: 2

SUBJECT: RESOLUTION DECLARING INTENTION TO LEVY AND COLLECT ASSESSMENTS FOR FISCAL YEAR 2023/24 WITHIN LANDSCAPE MAINTENANCE DISTRICT 88-1 (SYCAMORE HIGHLANDS); APPROVING PRELIMINARY ENGINEER'S REPORT; AND SETTING A PUBLIC HEARING ON PROPOSED ASSESSMENT FOR JUNE 27, 2023, AT 3:00 P.M.

ISSUE:

Adopt a resolution declaring the City's intention to levy and collect assessments for Fiscal Year (FY) 2023/24 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 June 27, 2023, 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 2023/24 within Landscape Maintenance District 88-1 (Sycamore Highlands), approving the Preliminary Engineer's Report; and
2. Set a Public Hearing for final approval of the levy of special assessments within Landscape Maintenance District 88-1 (Sycamore Highlands) for June 27, 2023, at 3:00 p.m.

BACKGROUND:

On February 7, 2023, the City Council adopted Resolution No. 23953, ordering the preparation of the attached Preliminary Annual Engineer's Report for Landscape Maintenance District 88-1 (Sycamore Highlands). The attached report outlines the estimated cost of maintaining the landscaping and administration of the District for FY 2023-2024 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.

In September 1988 Landscape Maintenance District 88-1 was formed under the provisions of the Landscaping and Lighting Act of 1972. The District was originally formed in conjunction with a Development Agreement for the Lusk-Highlander project. Pursuant to the requirements established by Proposition 218, Landscape Maintenance District 88-1 was then confirmed by

property owner ballot in July 1997. The original construction of the improvements was funded by the Highlander Community Facilities District 90-1. The Landscape Maintenance District 88-1 was formed to assess property owners for the ongoing maintenance costs associated with those improvements within the district area.

DISCUSSION:

The procedures of the Landscaping and Lighting 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 3:00 p.m. on June 27, 2023.

The District formation process set an annual assessment increase 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 FY 2019/20, the City began using the Riverside-San Bernardino-Ontario Index, as it most closely mirrors local assessed valuation changes.

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 FY 2018/19. Adding the cumulative percentage increase of the new Riverside-San Bernardino-Ontario Index of 26.52% to the ending cumulative increase of the original index of 63.75% results in a cumulative percentage change total for both indexes of 90.27%. Using this methodology, the maximum allowed assessment for FY 2023/24 is \$110.35 (\$58.00 base year increased by a cumulative factor of 90.27%).

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 maintenance costs for FY 2023/24 for the District are \$128,200. 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, receiving a proportional credit to the property. That credit for FY 2023/24 is estimated to be \$8,718.36. The annual assessment for the 2023- 2024 fiscal year is \$110.35 per residential parcel or equivalent dwelling unit (EDU), which is the maximum allowed assessment. This minus the Castlerock credit equals a total proposed annual assessment of \$119,481.64. The difference between estimated costs and estimated revenue (prior to the credit) indicates a shortfall of \$12,323 to be covered by the General Fund and any remaining funds from FY 2022/23.

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 Landscape Maintenance District No. 88-1 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 Landscape Maintenance District No. 88-1, 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 to maintain 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 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 within the district.

FISCAL IMPACT:

The total fiscal impact for the estimated landscape maintenance costs within the District for FY 2023/24 are \$128,200; the assessment per EDU will be \$110.35. Although the maximum allowable Sycamore Highlands LMD assessment is proposed, the shortfall will require a General Fund contribution in the amount of \$12,323 which is incorporated into the proposed FY 2023/24 budget that will be brought forward to Council for adoption in June 2023.

Prepared by: Karen Hessel, Interim Debt & Treasury Manager
Certified as to
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Approved by: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Preliminary 2023-2024 Sycamore Highlands Landscape Maintenance District Engineer's Report