



Report to City Council

TO: Mayor and City Council Acting in its Capacity as President and Members of the Board of Directors of the Moreno Valley Community Services District (CSD)

FROM: Dena Heald, Chief Financial Officer

AGENDA DATE: March 18, 2025

TITLE: ADOPT RESOLUTIONS TO INITIATE PROCEEDINGS TO LEVY ASSESSMENTS IN FISCAL YEAR 2025/26 FOR MORENO VALLEY COMMUNITY SERVICES DISTRICT LANDSCAPE MAINTENANCE DISTRICT NO. 2014-02 (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES)

TITLE SUMMARY: Resolutions to Initiate Proceedings to Levy FY 2025/26 Assessments for LMD 2014-02

Recommendation(s)

That the CSD:

1. Adopt Resolution No. CSD 2025-___, a Resolution of the Board for the Moreno Valley Community Services District of the City of Moreno Valley, California, Initiating Proceedings to Levy the Fiscal Year 2025/26 Assessments against Real Property in Moreno Valley Community Services District Landscape Maintenance District No. 2014-02.
2. Adopt Resolution No. CSD 2025-___, a Resolution of the Board for the Moreno Valley Community Services District of the City of Moreno Valley, California, Approving an Engineer's Report in Connection with the Fiscal Year 2025/26 Assessments against Real Property in Moreno Valley Community Services District Landscape Maintenance District No. 2014-02.
3. Adopt Resolution No. CSD 2025-___, a Resolution of the Board for the Moreno Valley Community Services District of the City of Moreno Valley, California, Declaring its

Intention to Levy the Fiscal Year 2025/26 Assessments against Real Property in Moreno Valley Community Services District Landscape Maintenance District No. 2014-02.

SUMMARY

This report recommends adoption of three resolutions (Attachments 1, 2, and 3), which will initiate the annual process to continue the levy of special assessments on the fiscal year (FY) 2025/26 property tax roll for Moreno Valley Community Services District (CSD) Landscape Maintenance District (LMD) No. 2014-02. If adopted, the resolutions will 1) initiate proceedings to levy the annual assessments, 2) approve the assessment engineer's report for the district, and 3) declare the intent to levy assessments on the FY 2025/26 property tax roll and set May 20, 2025, as the date of the Public Hearing. This is a routine process that is required each year.

The proposed assessments are a continuation of the real property assessments currently levied on the property tax roll. There are no increases proposed to the assessments other than an annual inflationary adjustment, provided the property owners previously approved such adjustment. Revenue received from the assessments partially funds the ongoing maintenance of public landscape improvements provided by the district and in some cases is collected for future capital improvement or reinvestment projects (CIP).

On February 25, 2025, the Finance Subcommittee granted staff the authority to conduct the annual inflationary adjustment review. If applicable, an adjustment will be applied to the proposed maximum assessment rates, if previously approved by the property owners.

DISCUSSION

On May 27, 2014, the CSD adopted its Resolution CSD 2014-09, establishing LMD No. 2014-02 ("District") (certain former CSD landscape zones) under the Landscaping and Lighting Act of 1972 (the "1972 Act"). On May 12, 2015, Zone 09 was annexed into the District. LMD No. 2014-02 includes eleven benefit zones. Each zone provides public landscape maintenance services within a defined geographical area of the City. Property owners of parcels within the District pay a special assessment as part of their annual property tax bill. Revenue received from the assessment funds the Special Benefit cost, as defined in the Assessment Engineer's Report ("Report") (Attachment 4), to maintain the public landscaping located within the District.

The frequency of landscape maintenance provided is based on each zone's financial resources. At the time the City accepts an area's public landscaping for maintenance, the assessment is set at a rate sufficient to fund the City's standard frequency of service, Level 1 (4-week rotation). For those zones where costs to maintain the landscaping have increased and the property owners have not approved a mail ballot proceeding to increase the assessment to fund those increases, the services provided have been reduced to a level consistent with that zone's available funding. A summary of each zone and its current service level is in the table below. Maps of each zone are included in the Report.

Zone	Development	Service Level¹	Sq.Ft. of Landscaping
Zone 01	Towngate	Level 1	323,609
Zone 01A	Renaissance Park	Level 3	72,335
Zone 02	Hidden Springs	Level 1	3,868,040
Zone 03	Moreno Valley Ranch - West	Level 1	866,943
Zone 03A	Lasselle Powerline Parkway	Level 3	53,774
Zone 04	Moreno Valley Ranch - East Parkways	Level 5	980,154
	Medians	Level 3	
Zone 05	Promontory Park	Level 1	98,392
Zone 06	Mahogany Fields	Level 1	175,864
Zone 07	Celebration	Level 1	225,154
Zone 08	Shadow Mountain	Level 1	76,771
Zone 09	Savannah	Level 1	64,456

¹ Frequency of Service. Each level is increased by 4-week increments. Level 1=4-week; Level 3=12-week; Level 5=20-week.

The assessment cannot be levied on the property tax roll nor can an adjustment be made to the assessment unless the property owners previously approved and the CSD Board authorizes such adjustment. The 1972 Act requires the CSD Board to initiate annual proceedings and conduct a Public Hearing to receive public input on the proposed levy, prior to authorizing such levy each year. The 1972 Act also requires an annual review and evaluation of the District’s revenues and expenditures before assessments can continue to be levied on the property tax roll for the next fiscal year.

The Report includes a description of the improvements within the District, the projected annual maintenance costs and funding to be collected for CIP, if any, the method of assessment apportionment for each lot or parcel within the District boundaries, and a diagram showing the parcels within the zones that make up the District. The Report also provides an analysis of the District’s annual financial status. It separates and apportions the cost of General Benefit, the other costs funded by the General Fund, and the cost of Special Benefit to the benefiting properties.

Costs considered to be of General Benefit, as defined in the Report, are not allowed to be assessed to properties and therefore are apportioned as a General Fund expense. General Benefit refers to the benefit the public receives from the District’s public landscape improvements. The General Fund is also programmed to cover additional costs, which are outlined in the Fiscal Impact section of this report. The City’s FY 2025/26 proposed Operating Budget includes funds necessary to cover these costs.

Adoption of the proposed resolutions will 1) initiate proceedings for the annual levy of assessments for LMD No. 2014-02, 2) approve the Report, and 3) declare the intent to levy assessments on the FY 2025/26 property tax roll and set 6:00 p.m. on May 20, 2025, as the date of the Public Hearing. After the close of the Public Hearing and provided there is not a majority protest, the CSD Board can consider authorizing the recommended

assessments to levy on the FY 2025/26 property tax bills of parcels within LMD No. 2014-02.

Conflict of Interest Analysis

Section 18702.2 of the Fair Political Practices Commission (FPPC) Regulations provides that if a Council Member has a financial interest in a parcel of land (other than a leasehold interest), the Council Member must recuse him or herself from voting on any proposal that would impose, repeal, or modify any taxes, fees, or assessments that apply to the parcel owned by the Council Member. However, there is an exception under Section 18703 of the FPPC Regulations, which provides that if a governmental decision's financial effect on a Council Member's financial interest is indistinguishable from its effect on the public generally, then the Council Member is not disqualified from participating in the subject decision. In other words, if the Council Member can establish that a significant segment of the public is affected by the decision, and the effect on the Council Member's financial interest is not unique compared to the effect on the public generally, then the subject Council Member may participate in the subject decision.

Section 18703 also includes a provision titled "Specific Rules for Special Circumstances," which provides in part that there is no potential conflict of interest if the decision involves a proposal to set or adjust the amount of an assessment or tax for broadly provided public services that is applied equally, proportionally, or by the same percentage to the official's interest and all businesses, properties, or individuals subject to the assessment or tax. This exception, however, does not apply if the decision would initially impose the assessment or tax, or determine the boundaries of a property or who is subject to the assessment or tax. Under this exception, a Council Member is only permitted to take part in setting or adjusting the amount of the assessment or tax, once the decisions to implement the assessment or tax, or determine which property or persons that will be subject to the assessment or tax have already been made.

Since the instant situation pertains to recommendations regarding whether to adjust the amounts of various assessments and taxes in a manner that will be the same across the board, which are associated with assessment and special tax districts that have already been established, any Council Member who owns property within any of the subject districts who are subject to payment of the assessments and/or special taxes may vote on the assessments and/or special taxes, whether it is recommended that the amounts remain the same or be increased.

With respect to those Council Members who rent or lease real property within any of the subject districts, there is a different rule which applies that suggests that there may be a potential conflict of interest that requires such Council Members to recuse themselves from voting on the proposed assessments and/or special taxes, whether it is recommended that the amounts remain the same or be increased.

Section 18702.2 of the FPPC Regulations, titled "Materiality Standard: Financial Interest in Real Property" provides that it is reasonably foreseeable that a governmental decision on any real property in which a Council Member has a leasehold interest is material if the

governmental decision will increase or decrease the potential rental value of the property. In cases involving any proposed increase in an assessment or special tax that must be paid by the landlord as the property owner, it is foreseeable that the landlord may pass-through any such increase to anyone leasing the property that is subject to the assessment or special tax.

In light of the foregoing, it is recommended that each Council Member who rents property within a particular district that is subject to the taxes and assessments listed in this staff report should recuse themselves from participating in any decision to increase any tax or assessment that may be passed through by the landlord and consequently affect the potential rental value of the property rented by the Council Member. On the other hand, those who own property within the subject districts may vote on the proposed taxes and assessments since they will be applied equally across the board that presumably will not create a unique effect on the Council Member's interest.

ALTERNATIVES

1. Adopt the proposed resolutions. *Staff recommends this alternative as it is consistent with the 1972 Act and required to initiate the annual process to continue levying the annual assessments on the property tax roll to support the public landscape maintenance program for FY 2025/26.*
2. Do not adopt the proposed resolutions. *Staff does not recommend this alternative as it may prevent the City from levying the FY 2025/26 assessments and collecting funding to support the services of the District as requested by the property owners.*
3. Do not adopt the proposed resolutions but rather continue the item to a future Council meeting. *Staff does not recommend this alternative as it may prevent the City from meeting Riverside County's deadline to include assessments on the FY 2025/26 property tax roll.*

FISCAL IMPACT

Property owners pay the special assessment as part of their annual property tax bill. The assessment, including an inflationary adjustment to the maximum assessment rate, has been approved through prior proceedings. Funds received for the benefit of each zone are restricted and can only be used within the zone and for the purposes for which they were collected.

If the property owners approved an annual inflationary adjustment, the Report recommends increasing the FY 2025/26 maximum assessment rates by an annual inflationary adjustment (i.e. Consumer Price Index or other factor approved by the property owners). Zone 04 is the only zone where the property owners have not approved an annual inflationary adjustment.

The applied assessment rate is the amount needed to fund the services of each zone and is the amount actually levied on the property tax roll. It cannot exceed the maximum rate.

After completing an individual analysis of each zone’s current level of service, anticipated expenditures, fund balance, assigned reserve levels, and proposed CIP, the Report recommends setting the applied rates as those set forth below. Parcel specific details of the proposed maximum and applied assessment are included in the Report as attachment 4 and are also available from the City Clerk’s office and accessible from the City’s website (www.moval.org/sd).

LMD 2014-02 Assessment Rates (Landscape Maintenance)								
Zone	# of EBUs ¹	FY 2024/25		Proposed FY 2025/26				
		Maximum ²	Applied ^{3,4}	Maximum ²	Applied ³	Adjustment to Maximum ⁴	Change in Applied	Assessment Revenue ⁵
Zone 01	2,080	\$ 182.65	\$ 182.65	\$ 188.90	\$ 188.90	3.42%	\$ 6.25	\$ 392,954.46
Zone 01A	661	\$ 111.83	\$ 111.83	\$ 115.66	\$ 115.64	3.42%	\$ 3.81	\$ 76,481.46
Zone 02	1,247	\$ 576.16	\$ 576.16	\$ 595.88	\$ 595.88	3.42%	\$ 19.73	\$ 742,872.12
Zone 03	4,654	\$ 182.65	\$ 182.65	\$ 188.90	\$ 188.90	3.42%	\$ 6.25	\$ 879,130.28
Zone 03A	467	\$ 97.12	\$ 97.12	\$ 100.45	\$ 100.44	3.42%	\$ 3.32	\$ 46,905.48
Zone 04 ⁶	2,298	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00	0.00%	\$ -	\$ 252,806.30
Zone 05 ⁷	334	\$ 574.01	\$ 165.36	\$ 593.66	\$ 215.36	3.42%	\$ 50.00	\$ 71,930.24
Zone 06 ⁷	422	\$ 401.93	\$ 281.14	\$ 415.69	\$ 331.14	3.42%	\$ 50.00	\$ 139,741.08
Zone 07 ⁷	262	\$ 481.50	\$ 78.16	\$ 497.99	\$ 128.16	3.42%	\$ 50.00	\$ 33,577.92
Zone 08 ⁷	291	\$ 424.01	\$ 210.16	\$ 438.52	\$ 260.16	3.42%	\$ 50.00	\$ 75,706.56
Zone 09 ^{7,8}	150	\$ 882.89	\$ 398.66	\$ 913.12	\$ 412.30	3.42%	\$ 13.64	\$ 61,845.00
Total Projected Assessment Revenue								\$ 2,773,950.90
¹ Equivalent Benefit Units. Generally, an EBU is equivalent to a single-family residential (SFR) parcel. Properties other than SFR (e.g. undeveloped land or condo) will be assigned an EBU greater or less than 1, depending upon the formula in the Engineer’s Report.(Rounded). ² Maximum Rate that can be used to calculate assessment levied as previously authorized by the property owners.(Rounded) ³ Applied Rate is the amount used to calculate the assessment levied on the property tax roll. (Rounded) ⁴ Property owner approved inflationary adjustment to max rate based on percentage change calculated for the prior year in the Los Angeles-Long Beach-Anaheim Regional Consumer Price Index, as published by the Department of Labor’s Bureau of Labor Statistics (index approved by property owners). ⁵ Total of proposed levy differs from calculation of EBUs and rate shown due to rounding. ⁶ Does not have a property owner approved annual adjustment. ⁷ Applied rate lower due to projected expenses and/or available fund balances. ⁸ Property owners authorized an annual inflationary adjustment to the maximum assessment rate equal to the greater of CPI or 3.0%.								

For FY 2025/26, the total projected expenditures for the District are \$3,206,925.09. The property assessments are projected to generate \$2,773,950.90 in revenue. Other revenue sources to the District (e.g. interest income), the use of available unassigned reserves in certain zones, and the General Fund are programmed to fund the difference between projected expenditures and assessment revenue.

The City’s FY 2025/26 proposed Operating Budget includes a total General Fund contribution of \$232,469.47.

General Fund Costs		
Type	Description	Amount
General Benefit Cost	As defined in the Report, represents costs which are not allowed to be assessed to properties and therefore, are apportioned to the General Fund. The General Benefit is the benefit the public receives from the public landscape improvements in the District and is the minimum amount the community would fund (e.g. costs for weed abatement and erosion control) had the improvements not been installed by the development.	\$ 192,388.00
General Fund Maintained Area Costs	Funds the ongoing maintenance of improvements that provide no Special Benefit to the parcels in the zone and therefore, cannot be funded by the assessments; these improvements were included within a zone at the time of development (e.g. drainage area in Zone 04).	\$ 16,377.93
Contribution for Non-Assessed Parcels	Funds the annual contribution for parcels that benefit from the improvements but have not been assessed because the property owner has not approved the rate through a mail ballot proceeding; these are, or were, typically government owned properties (e.g. Fire Station).	\$ 23,703.54
Total		\$ 232,469.47

Third party costs associated with the annual levy approval process and preparation of the Report for LMD No. 2014-02 are projected not to exceed \$5,500. Third party services include a consultant assessment engineer, special legal counsel, and publication of the Public Hearing legal notice. These costs are included in the City's FY 2025/26 proposed Operating Budget for LMD No. 2014-02 (Fund 5014).

NOTIFICATION

Posting of the agenda.

PREPARATION OF STAFF REPORT

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Department Head Approval:
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CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**

6. Youth Programs

See the Discussion section above for details of how this action supports the City Council's Strategic Priorities.

Report Approval Details

Document Title:	STAFFREPORT_FMS_SD_RESOLUTIONS TO LEVY ASSESSMENTS FOR LMD 2014-02_03.18.25.docx
Attachments:	- LMD 2014-02 Resolution Initiating Proceedings.doc - LMD 2014-02 Resolution Approving Engineer's Report.doc - LMD 2014-02 Resolution Declaring Intent.doc - LMD 2014-02 Preliminary Engineer's Report FY2025-26.pdf
Final Approval Date:	Mar 11, 2025

This report and all of its attachments were approved and signed as outlined below:

No Signature found

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