



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/City Treasurer

AGENDA DATE: May 20, 2025

TITLE: PUBLIC HEARING TO CONTINUE MORENO VALLEY COMMUNITY SERVICES DISTRICT ANNUAL PARCEL TAXES AND CHARGES FOR FISCAL YEAR 2025/26 (ZONE A, C, D, E, M, AND S) (RESO. NOS. CSD 2025-__ - CSD 2025-__) (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES) (ALL DISTRICTS)

TITLE SUMMARY: Public Hearing for CSD Zones A, C, D, E, M, and S FY 2025/26 Proposed Parcel Taxes and Charges

DISTRICT: All Districts

Recommendation(s)

That the CSD:

1. Conduct a Public Hearing to consider continuing the current Zones A, C, D, E, M, and S Moreno Valley Community Services District annual parcel taxes and charges as proposed for Fiscal Year 2025/26.
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 the Continuation of the Maximum and Applied Parcel Tax for Providing Zone A (Parks and Community Services) Services During Fiscal Year 2025/26, and Calculation Thereof.
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, Approving the

Continuation of the Maximum and Applied Parcel Tax for Providing Zone C (Arterial Street and Intersection Lighting) Services During Fiscal Year 2025/26, and Calculation Thereof.

4. 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 the Continuation of the Maximum and Applied Parcel Charges for Providing Zone D (Parkway Landscape Maintenance) Services During Fiscal Year 2025/26, and Calculation Thereof.

5. 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 the Continuation of the Maximum and Applied Parcel Charges for Providing Zone E (Extensive Landscape Maintenance) Services During Fiscal Year 2025/26, and Calculation Thereof.

6. 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 the Continuation of the Maximum and Applied Parcel Charges for Providing Zone M (Commercial/Industrial/Multifamily Improved Median Maintenance) Services During Fiscal Year 2025/26, and Calculation Thereof.

7. 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 the Continuation of the Maximum and Applied Parcel Charges for Providing Zone S (Sunnymead Boulevard Maintenance) Services During Fiscal Year 2025/26, and Calculation Thereof.

8. Authorize the Chief Financial Officer to adjust the proposed charges in the event there are any parcel changes, clerical errors, or other adjustments as may be necessary between the date the parcel charges were calculated and the date the fixed charges are submitted to the County of Riverside, provided the applied charges do not exceed the maximum charges and are in compliance with the formation documents for each zone.

SUMMARY

This report recommends the Board of the Moreno Valley Community Services District ("CSD Board") conduct a Public Hearing and consider adoption of the resolutions (Attachments 1 through 6), which authorize the levy of parcel taxes (Zone A and Zone C) and parcel charges (Zones D, E, M, and S) (collectively "parcel charges") on the fiscal year (FY) 2025/26 property tax roll. This is a routine process that occurs each year.

The proposed parcel charges are a continuation of the parcel charges currently levied on the property tax bills. There are no increases proposed to the maximum parcel charge rates other than an annual inflationary adjustment, provided the qualified electors (property owners or registered voters) previously approved such adjustment. Revenue

received from the parcel charges funds the cost of parks and community services programs (Zone A), the operation of the arterial street lighting program (Zone C), and ongoing maintenance of certain public landscape areas (Zones D, E, M, and S).

The Finance Subcommittee reviewed the annual inflationary adjustments proposed to be applied to the maximum charge rates, if previously authorized by the property owners, at its April 22, 2025 meeting.

DISCUSSION

The CSD was formed simultaneously with City incorporation to provide a variety of benefit services. Zones within the CSD were established to allocate costs to those parcels that receive benefit from the services provided. Property owners of benefiting parcels in the zones pay a parcel charge, which is levied on their annual property tax bill, to fund parks and community services (Zone A), arterial street lighting (Zone C), and public landscape maintenance (Zones D, E, M, and S).

Each year, the CSD Board must conduct a Public Hearing (Government Code Section 61115) to receive public input on the proposed levy. The parcel charges cannot be levied on the property tax roll nor can an adjustment be made to the maximum parcel charge rate unless the qualified electors previously approved and the CSD Board annually authorizes such actions. Approval of the resolutions sets the maximum and applied parcel charge rates for each zone. The resolutions also authorize the County to levy the parcel charges on the FY 2025/26 property tax roll.

The Annual Levy Report ("Report") describes each zone, its improvements, services funded, annual budget, maximum and applied parcel charge rate, and the method of calculation of the parcel charges proposed for each parcel. Boundary maps for each zone (Attachment 7) are also included in the Report. An individual analysis of each zone, its current service level (landscape maintenance), projected expenses, estimated fund balance, assigned reserve levels, proposed capital improvement projects, and whether or not the property owners have authorized an inflationary adjustment was reviewed as part of the Report preparation. The Report is on file in the office of the Secretary of the CSD Board (City Clerk) and is accessible from the City's website (www.moval.org/sd).

At the time the City accepts an area's public landscaping for maintenance (Zones D, E, M, and S), the parcel charge is set at a rate sufficient to fund the City's standard frequency of services, Level 1 (4-week rotation). For those areas where costs to maintain the landscaping have increased and the property owners have not approved a mail ballot proceeding to adjust the parcel charge rate to fund those increases, the maintenance services have been reduced to a level consistent with available funding. The current service level for each landscape maintenance zone, and area within, are included in the Report.

The maximum parcel charge rate is the maximum amount that can be used to calculate the parcel charge levied on the property tax roll. If the qualified electors previously approved an annual inflationary adjustment, the Report recommends adjusting the

maximum rates by the adjustment. The Report identifies which zones do not have a qualified elector approved adjustment.

The applied parcel charge rate is the amount that is used to calculate the parcel charge actually levied on the property tax roll. It is the amount necessary to fund the services of the zones, including administration and reserves, for the upcoming fiscal year. The applied parcel charge rate cannot exceed the maximum parcel charge rate. The proposed maximum and applied charges, by parcel, are included in the Report.

Conflict of Interest Analysis

Regarding a special financing district pertaining to the provision of a public service, a council member who lives in said district may participate in adjusting the amount of the district's parcel charge so long as the increase or decrease is the same for everyone else living within the zones. This is known as the "Public Generally Exception."

FPPC Regulations § 18703. Public Generally.

(e) Specific Rules for Special Circumstances. The financial effect on a public official's financial interest is deemed indistinguishable from that of the public generally where there is no unique effect on the official's interest if the official establishes:

(1) Public Services and Utilities. The decision sets or adjusts the amount of an assessment, tax, fee, or rate for water, utility, or other 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, tax, fee, or rate. This exception does not apply if the decision would impose the assessment, tax or fee, or determine the boundaries of a property, or who is subject to the assessment, tax, or fee. Under this exception, an official is only permitted to take part in setting or adjusting the amount of the assessment, tax, or fee, once the decisions to implement, and determine the property or persons subject to the assessment, tax, or fee, have already been made.

This action meets the Strategic Plan Priorities by providing the financial resources to manage and maximize Moreno Valley's public infrastructure to ensure an excellent quality of life; to promote an active and engaged community where we work together to beautify our shared environment, care for each other, and enjoy access to cultural and recreational amenities that support a high quality of life for all of our residents as envisioned and articulated throughout the City's adopted General Plan; and, to improve the lives and futures of our City's youth by expanding healthy lifestyle choices and learning opportunities.

ALTERNATIVES

1. Conduct the Public Hearing and approve the recommended actions as presented.

Staff recommends this alternative, as it will allow for collection of revenue necessary to fund the programs and services the zones were created to provide. This alternative will avoid burdening the General Fund to provide the services.

2. Conduct the Public Hearing and do not approve the recommended actions. *Staff does not recommend this alternative as it may prevent the City from levying the FY 2025/26 parcel charges on the property tax roll and collecting the funding to support the programs and services the zones were created to provide. Selection of this alternative may require a contribution from the General Fund.*
3. Open the Public Hearing but continue consideration of the remaining recommendations to a future regular CSD Board meeting. *Staff does not recommend this alternative as it may prevent the City from meeting the County's deadline to include the parcel charges on the 2025/26 property tax roll.*

FISCAL IMPACT

Property owners pay the CSD parcel charge as a part of their annual property tax bill. The parcel charge rate, including inflationary adjustments where applicable, has been approved by the qualified electors through prior proceedings. Funds received for the benefit of each zone are restricted and can only be used to fund the operation and services of that zone. The table below provides a summary of the proposed parcel charge rates for FY 2025/26. Tract/parcel specific rates and charges for Zones D and M are available in the attached resolutions and the Report.

| Community Services Districts (Zones A, C, D, E, M, and S) | | | | | | | | | | | |
|---|---|------------------------------|---------------------|--------------------------|-------------|-------------|-------------|-------------|------------------------------------|-------------------|------------------------|
| Proposed Annual Parcel Charge Rates ¹ | | | | | | | | | | | |
| Zone | Specific Plan or Development | Purpose | Parcel Count (est.) | Charge Category | FY 2024/25 | | FY 2025/26 | | Adjustment to Maximum ² | Change in Applied | Charge Revenue |
| | | | | | Maximum | Applied | Maximum | Applied | | | |
| A ³ | Citywide | Parks & Community Services | 50,311 | Per parcel/dwelling unit | \$ 87.50 | \$ 87.50 | \$ 87.50 | \$ 87.50 | 0.00% | \$ - | \$ 5,293,312.50 |
| C ³ | Citywide | Arterial Street Lights | 49,080 | Per parcel | \$ 9.00 | \$ 9.00 | \$ 9.00 | \$ 9.00 | 0.00% | \$ - | \$ 441,720.00 |
| D ^{4,5} | Citywide - residential tracts | Public Landscape Maintenance | 11,437 | Per parcel | varies | varies | varies | varies | 3.42% | varies | \$ 1,277,437.82 |
| E-7 ⁶ | Centerpointe | Public Landscape Maintenance | 106 | Per acre | \$ 983.01 | \$ 983.01 | \$ 1,016.63 | \$ 1,016.63 | 3.42% | \$ 32.97 | \$ 203,111.28 |
| E-8 ⁷ | Promontory Park | Public Landscape Maintenance | 404 | Per parcel | \$ 742.06 | \$ 31.16 | \$ 794.07 | \$ 32.22 | 3.42% | \$ 1.04 | \$ 13,016.88 |
| | | | 225 | Per condo unit | \$ 262.69 | \$ 10.78 | \$ 281.10 | \$ 11.14 | 3.42% | \$ 0.36 | \$ 2,506.50 |
| M ^{4,5,8} | Citywide - certain arterial medians | Public Landscape Maintenance | 88 | Per parcel | varies | varies | varies | varies | 3.42% | varies | \$ 180,179.60 |
| S | Certain improvements on Sunnymead Blvd., between Frederick St. and Perris Blvd. | Public Landscape Maintenance | 129 | Per front linear foot | \$ 4.026157 | \$ 4.026157 | \$ 4.164010 | \$ 4.164010 | 3.42% | \$ 0.14 | \$ 79,255.28 |
| Total Projected Parcel Charge Revenue | | | | | | | | | | | \$ 7,490,539.86 |
| ¹ "Parcel Charge" = parcel tax and parcel charge. Zones A and C are parcel taxes; Zones D, E, and M are parcel charges. Rates for Zones D and M can be found in the Report. ² Annual adjustment to maximum charge as approved by qualified electors. Based on percentage change calculated for the prior year in the Los Angeles-Long Beach-Anaheim Regional Consumer Price Index (CPI), as published by the Department of Labor's Bureau of Labor Statistics (3.42%) ³ Property owners have not approved an inflationary adjustment. ⁴ 28 of the 103 Zone D tracts and 3 parcels in Zone M do not have an approved annual adjustment. ⁵ Costs shared based on the area of public landscaping maintained and the number of parcels sharing in the cost. ⁶ Includes hand bills parcels ⁷ Applied a lower rate to use unassigned reserves. Affects all parcels in Zone E-8 and some parcels in Zone M. ⁸ Rate per parcel in Zone M is calculated based on square footage of landscaping; cost spread proportionately to ballot group by linear footage or acreage. | | | | | | | | | | | |

For FY 2025/26, the parcel charges are projected to generate \$7,490,539.86 in revenue. Total projected expenditures for these zones are \$17,028,647.00. Other revenue sources to the District (e.g. interest income, property taxes), and in some cases, the use of available unassigned reserves for certain zones are programmed to fund the difference between the projected parcel revenue and expenditures.

The City's FY 2025/26 Proposed Operating Budget includes a General Fund contribution of \$282,013.00. For Zone C, the projected revenue from the parcel charge alone is insufficient to fund the operation of the arterial and intersection street lighting program. The General Fund contributes the difference between the projected revenue and expenditure. The General Fund also provides financial support to Zone M for certain landscape areas constructed without a special financing district to fund their continued maintenance (e.g. Alessandro Blvd. entry monuments). The following table provides the total General Fund contributions for each zone.

| District | Description | General Fund Obligation | General Fund Contribution | Total |
|---|---|-------------------------|---------------------------|----------------------|
| Zone C ¹ | Arterial and Intersection Street Lighting | \$ - | \$ 117,013.00 | \$ 117,013.00 |
| Zone M ² | Landscape Maintenance (medians) | \$ 165,000.00 | \$ - | \$ 165,000.00 |
| Total | | | | \$ 282,013.00 |
| ¹ Projected contribution included in proposed Operating Budget. The actual contribution may be lower than needed to cover expenses. In the event additional amounts are needed, a budget adjustment will be requested. | | | | |
| ² General Fund Contribution supports landscape maintenance of certain medians or portions thereof and other landscaped areas where alternative funding does not exist. | | | | |

NOTIFICATION

On April 29, 2025, a Public Hearing notification was mailed to the property owners. A Notice of Public Hearing was also published in The Press-Enterprise on May 1, 2025, and May 8, 2025.

PREPARATION OF STAFF REPORT

Prepared By:
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Concurred By:
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Department Head Approval:
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Chief Financial Officer/City Treasurer

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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.

Revenue Diversification and Preservation: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

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**

Objective 4.2: Develop and maintain a comprehensive Infrastructure Plan to invest in and deliver City infrastructure.

Objective 5.2: Promote the installation and maintenance of cost effective, low maintenance landscape, hardscape and other improvements which create a clean, inviting community.

Report Approval Details

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| Document Title: | STAFFREPORT_FMS_SD_PUBLIC HEARING FOR CSDs_05.20.25.docx |
| Attachments: | <ul style="list-style-type: none">- Resolution Approving Annual Levy for CSD Zn A.docx- Resolution Approving Annual Levy for CSD Zn C.docx- Resolution Approving Annual Levy for CSD Zn D.docx- Resolution Approving Annual Levy for CSD Zn E.docx- Resolution Approving Annual Levy for CSD Zn M.docx- Resolution Approving Annual Levy for CSD Zn S.docx- Boundary Maps for Zones A, C, D, E, M, and S.pdf |
| Final Approval Date: | May 12, 2025 |

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

No Signature found

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