



## Report to City Council

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**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 CONFIRM DIAGRAMS AND ASSESSMENTS FOR LANDSCAPE MAINTENANCE DISTRICT NO. 2014-02 FOR FISCAL YEAR 2025/26 (RESO. NO. CSD 2025-\_\_) (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES) (ALL DISTRICTS)

**TITLE SUMMARY:** Public Hearing for Lighting Maintenance District No. 2014-02 for FY 2025/26 Proposed Levy of Real Property Assessments

**DISTRICT:** All Districts

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### Recommendation(s)

That the CSD:

1. Conduct the Public Hearing on the proposed levy of real property assessments for 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, Ordering that Costs for Certain Improvements Shall Be Raised Through Installments Over a Period of Years and Confirming Diagrams and Assessments for Fiscal Year 2025/26 in Connection with Moreno Valley Community Services District Landscape Maintenance District No. 2014-02.

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

## **SUMMARY**

This report recommends the Board for the Moreno Valley Community Services District (“CSD Board”) conduct a Public Hearing and consider adoption of the resolution (Attachment 1), which confirms the diagrams (i.e. maps), authorizes the levy of assessments on the fiscal year (FY) 2025/26 property tax roll, and orders the collection of revenue for future capital improvement projects for Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 (“LMD No. 2014-02” or “District”). This is a routine process that occurs each year.

The proposed assessments are a continuation of the real property assessments currently levied on the property tax bills. There are no increases proposed to the maximum assessments other than an annual inflationary adjustment, provided the property owners previously approved such adjustment. The revenue received from the assessments partially funds the ongoing maintenance of the public landscaping within the District and in some zones, is collected for related capital improvement or reinvestment projects.

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

## **DISCUSSION**

On May 27, 2014, the CSD Board adopted its Resolution No. CSD 2014-09, establishing LMD No. 2014-02 (certain former CSD landscape zones). On May 12, 2015, Zone 09 annexed into the District. There are eleven benefit zones included in LMD No. 2014-02. Each zone provides a specific set of public landscape maintenance services within a defined geographical area of the City. Property owners of benefiting parcels in the zones pay a special assessment, which is levied on their annual property tax bill, to fund the cost of maintaining the public landscaping within the zone (i.e. Special Benefit). Revenue received from the assessment funds the cost to provide the Special Benefit, as defined in the Assessment Engineer’s Report (“Report”) (Attachment 2), to maintain the public landscaping located within the District. The Report is also available from the City Clerk’s office and accessible from the City’s website ([www.moval.org/sd](http://www.moval.org/sd)).

Each year, the CSD Board must initiate proceedings and conduct a Public Hearing (Landscaping and Lighting Act of 1972) to receive public input on the proposed levy. The assessments cannot be levied on the property tax roll, nor can an adjustment be made to the maximum assessment rate unless the property owners previously approved and the CSD Board authorizes such actions. Approval of the resolution confirms the maps and

confirms the maximum and applied assessments. The resolution also authorizes the County to levy the assessments on the FY 2025/26 property tax roll.

On March 18, 2025, the CSD Board adopted resolutions to initiate the annual proceedings for the FY 2025/26 levy and approved the Report. The Report includes a description of the improvements within the District and the proposed service levels, the estimated annual expenses for each zone, funding to be collected for capital improvement projects within a zone, the method of assessment apportionment for each lot or parcel within the District boundaries, and diagrams showing the parcels within the zones that make up the District.

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 adjust the assessment rate to fund those increases, the frequency of service has been reduced to a level consistent with available funding. The table below identifies each of the benefit zones and proposed service level for FY 2025/26.

Zone	Development	Service Level <sup>1</sup>	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	Level 5	980,154
	Parkways 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
<sup>1</sup> Frequency of Service. Each level is increased by 4-week increments. Level 1=4-week; Level 3=12-week; Level 5=20-week.			

The Report also provides an analysis of each zone's annual financial status. It separates and apportions the cost of General Benefit, as defined in the Report, and the cost of Special Benefit (i.e. funded by the assessment) of the landscape maintenance services to the benefiting properties. The General Fund is also programmed to cover additional costs, aside from the cost of General Benefit, which are outlined in the Fiscal Impact section of this report.

The maximum assessment rate is the maximum amount that can be used to calculate the assessment levied on the property tax roll. If the property owners previously approved an annual inflationary adjustment, the Report recommends adjusting the maximum rates by

the adjustment. Zone 04 is the only zone without a property owner approved adjustment.

The applied assessment rate is the amount that is used to calculate the assessment actually levied on the property tax roll. The applied assessment is the amount necessary to fund the services of the zone, including administration and reserves, for the upcoming fiscal year. The applied assessment rate cannot exceed the maximum assessment rate. The assessment is calculated by applying the rate on an equivalent benefit unit basis, as defined in the Report, of those parcels in the zone. The proposed maximum and applied assessments, by parcel, are included in the Report.

### **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.

This action meets the Strategic Plan Priorities by managing and maximizing Moreno Valley’s public infrastructure to ensure an excellent quality of life, develop and implement innovative, cost-effective infrastructure maintenance programs, public facilities management strategies, and capital improvement programming and project delivery.

## **ALTERNATIVES**

1. Conduct the Public Hearing and approve the recommended actions as presented. *Staff recommends this alternative, as it is consistent with the 1972 Act and will allow for collection of revenue necessary to support the services the District was 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 assessments and collecting the funding to support the services of the District as requested by the property owners. 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 assessment on the FY 2025/26 property tax roll.*

## **FISCAL IMPACT**

Property owners pay the LMD No. 2014-02 assessment as a part of their annual property tax bill. The assessment, including inflationary adjustments where applicable, has been approved by the property owners through prior proceedings. Funds received for the benefit of each zone are restricted and can only be used to fund the services of that zone. The recommended assessment rates for FY 2025/26 are listed in the table below.

LMD 2014-02 Assessment Rates (Landscape Maintenance)								
Zone	# of EBUs <sup>1</sup>	FY 2024/25		Proposed FY 2025/26				
		Maximum <sup>2</sup>	Applied <sup>3,4</sup>	Maximum <sup>2</sup>	Applied <sup>3</sup>	Adjustment to Maximum <sup>4</sup>	Change in Applied	Assessment Revenue <sup>5</sup>
Zone 01	2,180	\$ 182.65	\$ 182.65	\$ 188.90	\$ 188.90	3.42%	\$ 6.25	\$ 411,726.50
Zone 01A	557	\$ 111.83	\$ 111.83	\$ 115.66	\$ 115.64	3.42%	\$ 3.81	\$ 64,411.48
Zone 02	1,247	\$ 576.16	\$ 576.16	\$ 595.88	\$ 595.88	3.42%	\$ 19.73	\$ 742,872.12
Zone 03	4,534	\$ 182.65	\$ 182.65	\$ 188.90	\$ 188.90	3.42%	\$ 6.25	\$ 856,371.24
Zone 03A	467	\$ 97.12	\$ 97.12	\$ 100.45	\$ 100.44	3.42%	\$ 3.32	\$ 46,905.48
Zone 04 <sup>6</sup>	2,400	\$ 110.00	\$ 110.00	\$ 110.00	\$ 110.00	0.00%	\$ -	\$ 264,022.00
Zone 05 <sup>7</sup>	334	\$ 574.01	\$ 165.36	\$ 593.66	\$ 215.36	3.42%	\$ 50.00	\$ 71,930.24
Zone 06 <sup>7</sup>	422	\$ 401.93	\$ 281.14	\$ 415.69	\$ 331.14	3.42%	\$ 50.00	\$ 139,741.08
Zone 07 <sup>7</sup>	262	\$ 481.50	\$ 78.16	\$ 497.99	\$ 128.16	3.42%	\$ 50.00	\$ 33,577.92
Zone 08 <sup>7</sup>	291	\$ 424.01	\$ 210.16	\$ 438.52	\$ 260.16	3.42%	\$ 50.00	\$ 75,706.56
Zone 09 <sup>7,8</sup>	150	\$ 882.89	\$ 398.66	\$ 913.12	\$ 412.30	3.42%	\$ 13.64	\$ 61,845.00
<b>Total Projected Assessment Revenue</b>								<b>\$ 2,769,109.62</b>
<sup>1</sup> 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). <sup>2</sup> Maximum Rate that can be used to calculate assessment levied as previously authorized by the property owners.(Rounded) <sup>3</sup> Applied Rate is the amount used to calculate the assessment levied on the property tax roll. (Rounded) <sup>4</sup> 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). <sup>5</sup> Total of proposed levy differs from calculation of EBUs and rate shown due to rounding. <sup>6</sup> Does not have a property owner approved annual adjustment. <sup>7</sup> Applied rate lower due to projected expenses and/or available fund balances. <sup>8</sup> 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 property assessments are projected to generate \$2,769,109.62 in revenue. The projected expenditures for the District are \$3,225,787.35. Other revenue sources to the District (e.g. interest income), the use of available unassigned reserves for applicable zones, and the General Fund are programmed to fund the difference between the projected assessment revenue and expenditures.

The City's FY 2025/26 Proposed Operating Budget includes a General Fund contribution of \$232,469.47, which is detailed below.

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
<b>Total</b>		<b>\$ 232,469.47</b>

Third party costs associated with the annual levy approval process and preparation of the reports for LMD No. 2014-02 are projected not to exceed \$5,000.00. Third party services include a consultant assessment engineer, special legal counsel, and publication of a legal notice. These costs are included in the City's FY 2025/26 Adopted Operating Budget for LMD No. 2014-02 (Fund 5014).

## **NOTIFICATION**

The Public Hearing notice was published in The Press-Enterprise on Thursday, May 8, 2025 in compliance with Streets & Highways Code Section 22626.

## **PREPARATION OF STAFF REPORT**

Prepared By:  
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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

Document Title:	STAFFREPORT_FMS_SD_PUBLIC HEARING FOR LMD 2014-02_05.20.25.docx
Attachments:	- Resolution Confirming Assessments.docx - LMD 2014-02 Engineer's Report FY 2025-26.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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