



CITY OF MENIFEE

SUBJECT: Intention to set a Public Hearing to Establish Fiscal Year 2024/2025 County Service Area Charges Within the City

MEETING DATE: May 15, 2024

TO: Mayor and City Council

PREPARED BY: Lauri Lockwood, Financial Analyst

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt a resolution declaring the City's intention to continue County Service Area charges within the City for Fiscal Year 2024/2025 and notice a public hearing for June 19, 2024.

DISCUSSION

When the City of Meniffee incorporated in October 2008, it assumed responsibility for the existing County Service Areas (CSAs) within the City's jurisdictional boundaries. Since then, the City has been responsible for the services and charges provided by CSAs 33, 43, 84, 86, 138, and 145 within its boundaries. Additionally, during the formal incorporation on October 1, 2008, the City adopted all Riverside County Ordinances in effect, including Riverside County Ordinance No. 573.

Riverside County Ordinance No. 573 specifically requires that the City Council annually cause to be prepared and filed with it a report describing the services, parcels and charges provided by each CSA for the upcoming fiscal year. Additionally, a public hearing must be conducted to complete the process of establishing the CSA charges for the upcoming fiscal year.

Each of the six CSAs identified above has annual assessment charges levied against the parcels contained within its service area boundaries. The charges are set each year based on the formula specified within Riverside County Ordinance No. 573. The annual charges are assessed and included on the property tax bill for each affected parcel and are collected and transferred to the CSA/City on the same schedule as the normal property tax payments.

The CSAs provide several different services to portions of the City, primarily street lighting. However, some CSAs provide additional services. For example, CSA 86 provides funding for dedicated law enforcement service to the Quail Valley area, and CSA 145 provides for parks and recreation services for most areas of the City west of Interstate 215. Attached as Exhibit A to the

resolution is a report of the various County Service Areas describing the services provided, the cost of the services, and the assessment ranges.

The cost of services provided by five of the six CSAs is either covered entirely by their respective special assessments, or by a combination of special assessment revenue and the CSA's fund balance. The exception is CSA 145, which maintains streetlights, landscaping and parks and provides recreation services to 7,746 properties in Sun City and western Menifee. When this CSA was formed, the assessment increases were limited to 2% annually which has resulted in maintenance costs rising faster than revenues.

In FY 2024/2025 CSA 145 has budgeted revenue of \$1,042,163 and budgeted expenditures of \$1,088,238. Historically, the City has budgeted tree trimming costs for CSA 145 within the General Fund. In FY 2024/2025, staff recommend shifting the CSA tree trimming costs to the special district to reflect the full cost of providing services to the district. As such, a General Fund contribution of \$46,075 would be required to balance the proposed budget because this CSA does not have an available fund balance to cover the total costs.

If the resolution is adopted, it would set a public hearing to complete this process, which would be held during the June 19, 2024, City Council meeting.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

Adoption of this resolution would allow the City of Menifee to collect approximately \$1,924,382, which would allow the City to meet its maintenance obligation for the six CSAs. Additionally, there would be a \$46,075 impact to the General Fund, which is already accounted for in the adopted FY 2024/2025 budget, to support the existing maintenance costs associated with CSA 145. This CSA is being levied at the maximum eligible assessment rate, and all available fund balance for this district has been used.

ATTACHMENTS

1. Resolution
2. Exhibit A: Preliminary Annual Levy Report - CSAs