



CITY OF MENIFEE

SUBJECT: Intention to set a Public Hearing and Proceedings for the Landscape and Lighting Maintenance District 89-1-C Levy and Collection of Assessments for Fiscal Year 2024/2025

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 initiating proceedings for the levy and collection of assessments for the Landscape and Lighting Maintenance District No. 89-1-Consolidated ("LMD No. 89-1-C" or "District") for Fiscal Year 2024/2025; and
2. Adopt a resolution for approval of the Annual Engineer's Report regarding the proposed levy and collection of assessments for LMD No. 89-1-C for Fiscal Year 2024/2025; and
3. Adopt a resolution declaring intention to levy and collect assessments for the LMD No. 89-1-C for Fiscal Year 2024/2025 and setting the date of the Public Hearing for June 19, 2024.

DISCUSSION

Pursuant to the Landscape and Lighting Act of 1972 and Article XIII D of the Constitution of the State of California, all parcels that have special benefit conferred upon them as a result of the maintenance and operation of improvement shall be identified, and the proportionate special benefit derived by each identified parcel shall be determined in relationship to the entire cost of the maintenance and operation of improvements. Only parcels that receive special benefit are assessed, and each parcel is assessed in proportion to the estimated benefit received.

LMD No. 89-1-C maintains and services 42 zones (73 locations) throughout the City of Menifee. The District contains 23 separate zones of benefit (54 locations) and 19 street lighting zones of benefit as described in the attached Engineer's Reports. The annual adjustment for certain zones within the District is the greater of the change in the Consumer Price Index (CPI) or 2%. The change in CPI for the Riverside-San Bernardino-Ontario California Standard Metropolitan Statistical Area is 4.25% for Fiscal Year (FY) 2024/2025. The Maximum Tax escalation for FY 2024/2025 will be equal to CPI, which is 4.25%. The annual budget for FY 2024/2025 totals \$896,584.

The primary improvements provided within LMD No. 89-1-C may include but are not limited to: maintenance and servicing of landscape, multi-purpose trails, fencing, inspection of contractor's work, coordination of irrigation schedules, backflow devices and fossil filter improvements within public rights-of-way, and providing electricity to streetlights. Services provided include all necessary service, operations, administration, and maintenance required to keep the abovementioned improvements in a healthy, vigorous and satisfactory working condition.

Failure to place the levy on the tax rolls would require decreasing certain service levels, including the closure or abandonment of LMD No. 89-1-C itself.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

Adoption of these resolutions would allow the City of Menifee to collect approximately \$896,584, which would allow the City to meet its maintenance obligation for this Landscaping and Maintenance District. Additionally, there would be a cost of \$73,924 to the General Fund, which is already accounted for within the proposed FY 2024/2025 budget. The Zone is being levied at the maximum eligible assessment rate and all available fund balance for this district has been used.

Zone	FY 24/25 Proposed Revenues	FY 24/25 Proposed Expenditures	Contribution to Fund Balance/ (Reduction in Fund Balance)	Col- umn 61
Zone 3	\$ 278,482	\$ 352,406	(\$73,924) *	
Zone 25	\$ -	\$ -	\$ -	
Zone 27	\$ 16,919	\$ 15,073	\$1,846	
Zone 37	\$ 43,249	\$ 44,164	(\$915) **	
Zone 38	\$ 53,369	\$ 79,155	(\$25,786) ***	
Zone 44	\$ 76,810	\$ 30,454	\$46,356	
Zone 47	\$ 12,921	\$ 11,067	\$1,854	
Zone 49	\$ 1,889	\$ 2,398	(\$509) **	
Zone 60	\$ -	\$ -	\$ -	
Zone 63	\$ 12,567	\$ 9,920	\$2,647	
Zone 69	\$ 64,620	\$ 61,195	\$3,425	
Zone 76	\$ -	\$ -	\$ -	
Zone 77	\$ 32,726	\$ 52,922	(\$20,196) ***	

Zone	FY 24/25 Proposed Revenues	FY 24/25 Proposed Expenditures	Contribution to Fund Balance/ (Reduction in Fund Balance)	Col- umn 61
Zone 81	\$ 53,323	\$ 53,252	\$71	
Zone 113	\$ 7,765	\$ 2,900	\$4,865	
Zone 114	\$ 5,880	\$ 3,830	\$2,050	
Zone 117	\$ 12,447	\$ 13,296	(\$849) **	
Zone 118	\$ 6,226	\$ 5,942	\$284	
Zone 121	\$ 5,711	\$ 5,282	\$429	
Zone 129	\$ 4,163	\$ 3,025	\$1,138	
Zone 130	\$ 17,112	\$ 17,027	\$85	
Zone 133	\$ 131,848	\$ 162,731	(\$30,883) **	
Zone 163	\$ 978	\$ 905	\$73	
Zone 167	\$ 30,993	\$ 26,672	\$4,321	
Zone 176	\$ 6,633	\$ 5,306	\$1,327	
Group 4	\$ 19,954	\$ 21,042	(\$1,088) **	

* Zone 3 is running a deficit and does not have Fund Balance to cover the deficit. A transfer of \$73,924 is already included in the previously adopted FY24/25 budget.

** Five zones are making deliberate use of available Fund Balance in order to lessen the tax burden on residents.

*** Two zones are running a deficit, but they are expected to have enough in their individual Fund Balance to cover their deficit.

LLMD 89-1-C Zone 3's expenses have outpaced revenues over the years because the assessment amount was based on the cost to provide services at the time the districts were formed and the assessment is being levied at the maximum eligible assessment rate. Historically, the City has budgeted Zone 3's tree trimming costs within the General Fund. As part of FY 2024/2025, those tree trimming costs are being shifted to the special district to reflect the full cost of providing services to the district. To offset rising costs, staff will review opportunities to retrofit irrigation equipment and reanalyze landscaping in the upcoming year.

ATTACHMENTS

1. Resolution Initiating Proceedings
2. Resolution Approving Engineer's Report
3. Engineer's Report Vol. 1
4. Engineer's Report Vol. 2
5. Resolution Declaring Intention