

**TEMECULA COMMUNITY SERVICES DISTRICT
AGENDA REPORT**

TO: General Manager/Board of Directors

FROM: Kevin Hawkins, Director of Community Services

DATE: May 28, 2019

SUBJECT: Set Public Hearing to Approve TCSD Proposed Rates and Charges for Fiscal Year 2019-20

PREPARED BY: Jennifer Hennessy, Director of Finance

RECOMMENDATION: That the Board of Directors adopt the following resolutions entitled:

RESOLUTION NO. CSD 19-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA COMMUNITY SERVICES DISTRICT OF THE CITY OF TEMECULA ACKNOWLEDGING THE FILING OF A REPORT WITH RESPECT TO THE PROPOSED RATES AND CHARGES FOR FISCAL YEAR 2019-20 AND SETTING A TIME AND PLACE FOR A PUBLIC HEARING IN CONNECTION THEREWITH

RESOLUTION NO. CSD 19-

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEMECULA COMMUNITY SERVICES DISTRICT OF THE CITY OF TEMECULA, DECLARING ITS INTENTION TO LEVY AND COLLECT ANNUAL ASSESSMENTS FOR MAINTENANCE IN THE EXISTING TEMECULA COMMUNITY SERVICES DISTRICT, FOR FY 2019-20, PROPOSING CERTAIN CHANGES TO THE ASSESSMENTS AND AUTHORIZED IMPROVEMENTS, AND SETTING THE TIME AND PLACE FOR A PUBLIC HEARING THEREON

BACKGROUND: The Temecula Community Service District (TCSD) operates under the authority of Community Services District Law and provides residential street lighting; perimeter landscaping and slope maintenance; recycling and refuse collection and unpaved road maintenance services in the City of Temecula. The boundaries of the TCSD are coterminous with the City and the City Council serves as the Board of Directors of the TCSD.

The TCSD is required to complete an annual levy process, which includes adopting a resolution to accept the filing of a report on the proposed rates and charges necessary to provide the following services; noticing each affected property owner in the City; and conducting a public hearing to consider approving the proposed rates and charges.

The four current service levels of the TCSD include:

1. Service Level B – Residential Street Lighting.
2. Service Level C – Perimeter Landscaping and Slope Maintenance.
3. Service Level D – Residential Recycling and Refuse Collection.
4. Service Level R – Unpaved Road Maintenance.

1. Service Level B – Residential Street Lighting

The TCSD Rates and Charges for Service Level B are not proposed to increase from last year's rates. The rate is capped at \$25.68 per single family residential.

2. Service Level C – Perimeter Landscaping and Slope Maintenance

As a result of various property owner elections, there are two zones subject to an annual rate increase. The rate increase is the lesser of:

- (1) the percentage increase in the US Department of Labor, Bureau of Labor Statistics, Consumer Price Index ("CPI") of All Urban Consumers for the Riverside-San Bernardino-Ontario, for the previous calendar year

- (2) 5%

The Annual CPI change for 2018 was 2.73%. As a result, the following zones will see a slight increase in the rates for Fiscal Year 2019-20.

<u>Zone No. and Name</u>	<u>18-19 Rate</u>	<u>19-20 Rate</u>	<u>Increase</u>
6 - Woodcrest County	\$110.56	\$113.58	\$3.02
29 - Gallery Portraits	\$394.63	\$405.42	\$10.79

3. Service Level C – Perimeter Landscaping and Slope Maintenance – Increased Assessments

Zones 1, 4, 7, 10, 11, 14, 15, 17, 22 and 27 are currently being maintained at a reduced landscape maintenance general standard level. For the benefit of continued maintenance to prolong their functional life and appearance, the proposed annual increased maximum rate for FY19/20 is as follows:

<u>Zone No. and Name</u>	<u>18-19 Rate</u>	<u>19-20 Rate</u>	<u>Increase</u>
1 – Saddlewood	\$116.00	\$154.13	\$38.13
4 – The Vineyards	\$46.00	\$62.03	\$16.03

7 – Ridgeview	\$89.00	\$125.63	\$36.63
10 – Martinique	\$116.00	\$142.47	\$26.47
<u>Zone No. and Name (cont.)</u>	<u>18-19 Rate</u>	<u>19-20 Rate</u>	<u>Increase</u>
11 – Meadowview	\$175.00	\$267.33	\$92.33
14 – Morrison Homes	\$89.00	\$120.83	\$31.83
15 – Barclay Estates	\$175.00	\$225.13	\$50.13
17 – Monte Vista	\$46.00	\$82.00	\$36.00
22 – Sutton Place	\$116.00	\$148.17	\$32.17
27 – Avondale	\$70.00	\$85.20	\$15.20

The proposed annual maximum rate per zone will be presented to property owners in a protest ballot proceeding, as identified in the Preliminary Engineer's Report for Service Level C Zones 1, 4, 7, 10, 11, 14, 15, 17, 22 and 27. In an effort to reduce the burden on the property owners, the proposed maximum rate is planned to be phased in over a period of three years for each zone beginning Fiscal Year 2019-2020. In future years, the maximum annual assessment that may be levied each fiscal year for each Zone is proposed to include an annual inflationary adjustment to the maximum assessment rate, to be applied in Fiscal Year 2020-2021. The percentage increase is as identified in the Consumer Price Index (CPI) reported for all items in Riverside-San Bernardino-Ontario, CA, all urban consumers, not to exceed three (3) percent.

As required by Proposition 218, the proposed increased assessments for the parcels and territories within Zones 1, 4, 7, 10, 11, 14, 15, 17, 22 and 27 will be subject to mail ballot proceeding. The Board will conduct a noticed public hearing to consider public comments and written protests regarding the levy of the proposed increased assessments. Upon conclusion of the public hearing, property owner protest ballots received will be tabulated to determine whether a majority protest exists. The Board will confirm the results of the balloting once the ballot tabulation is completed. If a majority protest exists for one or more of the proposed increased Zone assessments, further proceedings to implement the proposed increased assessment for that Zone or Zones shall be abandoned at that time. However, the Board may continue to levy and collect annual assessments for the improvements provided in those Zones at an assessment rate equal to or less than the previously approved maximum assessment rate adopted by the Board. If tabulation of the ballots indicate that a majority protest does not exist for the proposed increased assessments, the Board may adopt this Report and confirm the increased assessments as presented in the Engineers Report.

4. Service Level D – Residential Recycling and Refuse Service

Per the Franchise Agreement with CR&R, the change in CPI and landfill tipping fees determine the increase/decrease in the annual Service Level D rate and charge. An increase of \$16.90 is proposed to the annual rate and charge for Service Level D from \$281.52 to \$298.42 per residential unit beginning Fiscal Year 2019-20. The increase is due to a CPI increase of 3.07% and a landfill tipping fee increase of 3.05%, and a decrease of \$1.95 to maintain fund balance in Fund 194.

5. Service Level R – Unpaved Street and Road Maintenance

The TCSD rates and charges for Service Level R are not proposed to increase from their approved per parcel rate. The rate is capped at \$115.26 per single family residential and \$57.62 per vacant residential property.

Staff recommends that the Board of Directors adopt the resolutions to accept the filing of the report on the proposed rates and charges for Fiscal Year 2019-20, and declaring its intention to levy and collect annual assessments for maintenance, and schedule a public hearing concerning these issues for July 23, 2019. Staff will proceed with noticing each affected property owner in the City regarding the proposed rates and charges within a minimum of forty-five (45) days prior to the public hearing.

FISCAL IMPACT: The revenue generated for the TCSD Fiscal Year 2019-20 rates and charges will fund residential street lighting; perimeter landscaping and slope maintenance; recycling and refuse collection and unpaved road maintenance services in the City of Temecula.

ATTACHMENTS:

1. Resolution – Proposed Rates and Charges
2. Exhibit A – Project Summary
3. Resolution – Annual Assessments for Maintenance
4. Preliminary Engineer’s Report