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ASSESSMENT ADMINISTRATION FOR COUNTY SERVICE AREAS

**A Project
Presented to the
Faculty of
California State University,
San Bernardino**

**In Partial Fulfillment
of the Requirements for the Degree
Master of Public Administration**

**by
Shawn Dwayne Nelson**

June 1994

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Approved by:



Brian Watts, Chair, Public Administration

June 16, 1994
Date



David Bellis



Clifford Young

Abstract

In the assessment administration process for County Service Areas (CSA)'s, policies and procedures that are established must be able to answer one question as it relates to organization and function: why do we do what we do?

This paper defines the statutory authority of CSA's and provides a history of one county service area -- CSA 143 -- and illustrates some of the problems associated with current CSA assessment administration policy. These problems include inefficient policies, poor budgetary procedures, and, most importantly, a lack of proven administrative procedures that can effectively explain and justify the assessment process for CSA's.

Recommendations given to improve the assessment process for CSA's include improving the annexation process, developing a clear nexus between assessments and benefits received by property owners, establishing effective budgetary procedures, improving the public hearing and public notice process, and eliminating the overcharge of assessments to property owners and the need to provide credits in future years.

It is intended that the result of this paper will promote discussion and improve the assessment administration process for CSA's throughout the state.

Acknowledgements

To Stephanie, Jacob, Jennifer and Jaclyn:

"Thanks for making life worth living."

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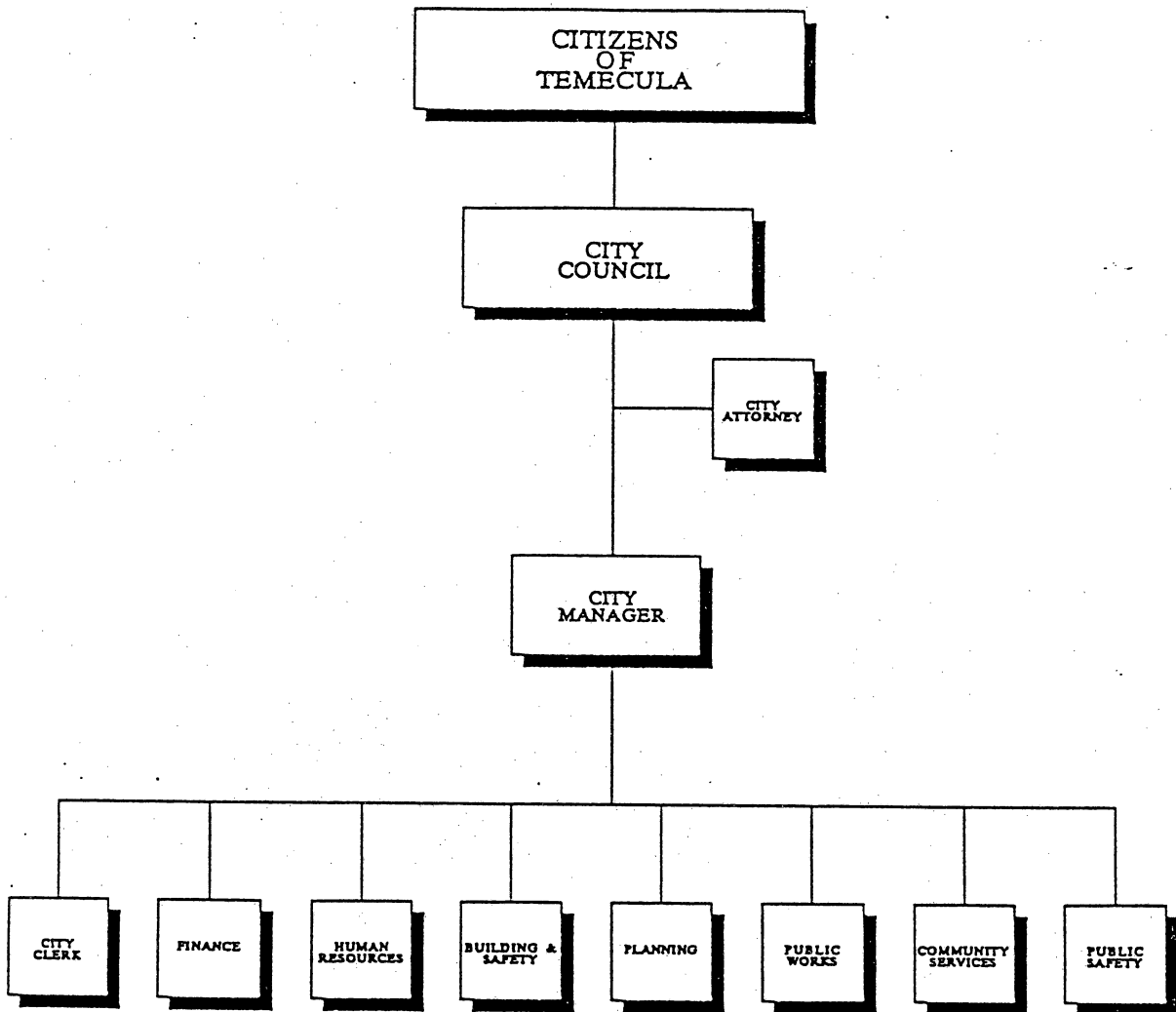
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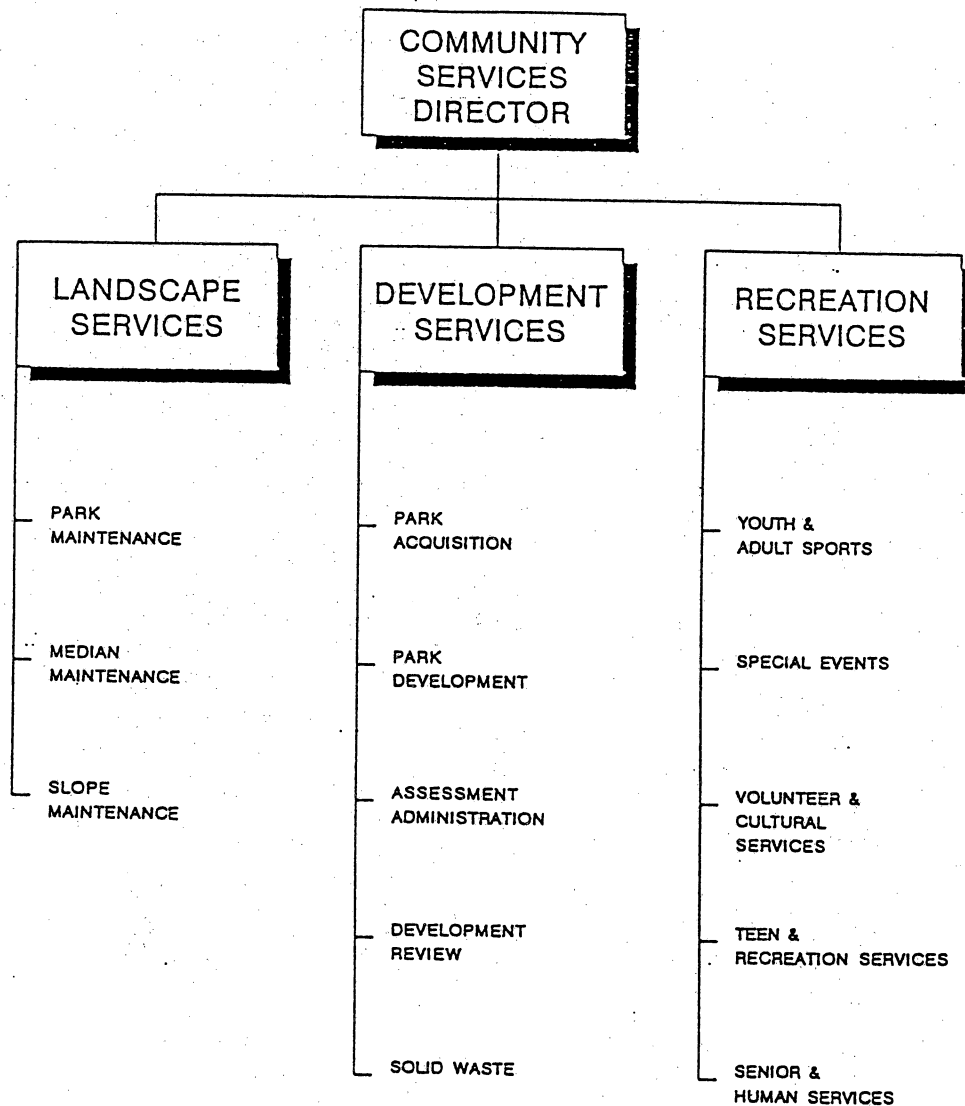
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ORGANIZATIONAL CHART



DEPARTMENT: COMMUNITY SERVICES

Organizational Chart



Chapter 1

Introduction

Statutory Authority of CSA's

County Service Areas (CSA)'s are established as benefit assessment districts pursuant to California Government Code 25210.2., known as the County Service Area Law. The main purpose of a CSA is to provide municipal services i.e. parks and recreation, street lighting, road maintenance, recycling and refuse collection, etc. and charge individual property owners an assessment on their property tax bill based on the benefit received. In theory, the main foundation of the CSA assessment is to be able to provide a nexus between the amount of benefit received by the property owner and the amount of the assessment levied to the property owner. The more benefit the property owner receives increases the level of fees that would be charged to that property owner.

Statement of the Problem

On January 1, 1991, with the incorporation of the City of Temecula, the City began to administer parks and recreation, street lighting, and slope maintenance services from CSA 143, which was previously governed by the Board of Supervisors for Riverside County. The City of Temecula inherited an administrative process that was riddled with inefficiencies, poor budgetary processes, ineffective operating procedures,

and, most importantly, a lack of justification as to why the CSA was operating according to the current administrative practices.

Also, many property owners were assessed for services that were never received, and there was no justification as to why different property owners were charged different fees. In some cases, property owners who lived on the same street were charged different assessments. As a result, the City of Temecula completely reorganized the methodology and procedural process to develop an assessment program that was understandable and could be justified in terms of benefits received to the amount charged. This process took the City of Temecula approximately two years to complete.

On July 1, 1993, the City of Murrieta also began to administer many municipal services formerly offered by CSA 143. Murrieta also inherited the same poor management and budgetary practices that Temecula experienced two years before. However, complaints from city staff and property owners in Murrieta were so great that the Board of Supervisors finally decided to analyze the operating practices of all of its CSA's to determine their effectiveness.

On July 15, 1993, the Board of Supervisors for Riverside County directed its Administrative Office to perform a full review of CSA 143 to provide background information concerning

the establishment of the CSA, assess the Board's policy on the formation of such CSA's, determine how assessments were developed and levied in CSA 143, and what alternative mechanisms could serve in place of CSA 143.

Purpose of Paper

The purpose of this paper is to analyze the results of the County's audit regarding the administration of CSA's and provide recommendations that can assist in improving the effectiveness of the assessment administration process for CSA's. The result will: (1) inform the reader regarding the statutory authority and history of CSA 143, (2) give an understanding of the types of services provided by a CSA, (3) compare the administration of CSA's to other types of assessment districts i.e. Community Service Districts, (4) provide an analysis of the policies, procedures, and processes of current CSA assessment administration, and (5) develop a list of recommendations that are supported by literature in the public administration field to assist in improving the assessment administration process for CSA's.

Chapter 2

Historical Perspective of CSA Assessments

History of CSA 143

CSA's have the authority to levy assessments based upon California Government Code Section 25210.2. To form a CSA, the governing board must adopt a resolution of intention to form the CSA at a noticed public hearing where all affected property owners within the boundaries of the CSA can comment on the proposed formation.

The proposal to establish CSA 143 was initiated by Rancho Consultants Financial Incorporated, who was the sole landowner at that time, and was approved by the Local Agency Formation Commission (LAFCO) on September 26, 1985. As approved by LAFCO, CSA had three authorized service functions: (1) street lighting, (2) refuse collection and (3) parks and recreation services. On December 5, 1985, following a public hearing on the matter, the Board of Supervisors, acting as the Conducting Authority, adopted Resolution No. 85-650 ordering the formation of CSA 143.¹

In 1987, the Board of Supervisors formed a Task Force on County Service Area Formation and Use Policy to provide joint community/county review of current policy and to make recommendations for amendments to the existing policy.² At the time, the County was concerned with the liability

associated with maintaining and operating common areas. On November 24, 1987, based on the unanimous recommendation of the Task Force, the Board of Supervisors approved a new policy on the formation and use of CSA's. The main aspect of this recommendation was the use of "dormant homeowners associations" to reduce the liability incurred by the CSA when maintaining common areas. As a result of this policy, when new residential developments were proposed within a CSA, instead of requiring a homeowners association to maintain common areas, the CSA was identified to provide landscape maintenance services with the ability to activate a homeowners association through the "dormant homeowners association."

The task force also recommended the following policies:

1. A CSA should only be formed when it is important to the health and safety of residents and if the registered voters and/or property owners in the area clearly demonstrate by majority petition that they desire and are willing to pay for an increased level of services.
2. A duplication of other government services is highly discouraged and should not be formed if similar government services are being provided.

3. Parks, recreation and community facilities and other common areas i.e. parkways, slopes, and community entry features along major roadways and thoroughfares should be operated and maintained by the CSA.
4. The county should accept ownership of common areas and natural open space areas or corridors set aside for environmental mitigation.
5. A CSA must be able to sustain financially its level of service.
6. Advisory Committees should be formed to oversee the functions of the CSA and provide recommendations to the Board of Supervisors.
7. CSA's will be assessed annually for expenses incurred in administering the functions of the CSA.
8. Whenever possible, previously existing CSA's shall be made to conform to the above policies.³

Many CSA's within the county were reorganized to reflect the above policies adopted by the Board of Supervisors, including CSA 143. These policies regarding CSA's are still in effect today.

However, when Temecula took over these municipal services from CSA 143 in January, 1991, the City formed a Community Services District (CSD). Although the CSD functions are similar to the CSA, the CSD collects rates and charges in order to provide services and maintain improvements within the CSD boundaries. CSD's are formed pursuant to Section 61621 of the Government Code. Until recently, CSD's had a higher level of public accountability than did CSA's because of public noticing requirements of CSD's. It was not until July, 1993, because of a change in State law, that CSA's also had to send public notices to every property owner within the CSA boundary, which provide information regarding the proposed assessments for the upcoming fiscal year as well as the location, date, and time of the public hearing. Lack of accountability in the past of CSA's has contributed greatly to the poor procedures established by the County of Riverside.

When Temecula assumed responsibility for the administration of parks, street lights, and slope maintenance from CSA 143 on January 1, 1991, staff tried to retrieve budgetary information that would justify the rationale behind the amount of the various assessments that were levied. At this time, CSA 143 had three zones of benefit: (1) Parks, (2) Zone A - Street Lighting and Slope Maintenance, and (3) Zone B - Old Town Temecula Street Lighting.

In the boxes of files that were delivered to the City by CSA 143, there were active files mixed with inactive ones and absolutely no information on how various budgetary figures were calculated for the public services. Further, there was no information regarding what slopes were being maintained by the CSA, where these slopes were located, and what areas within certain residential tracts the CSA was responsible for maintaining since the CSA had no legal descriptions of any of the slope maintenance areas.

Compounding this problem, the City began to receive many phone calls from property owners requesting justification as to why certain assessments were levied, why their assessments had increased if they did not receive any additional benefit, and why would people within the same residential tract pay differing assessments. The City received over 1,000 such phone calls and 500 written protests regarding the proposed assessments for FY 1990-91 and, unfortunately, city staff could not answer any questions as to why certain assessments were being proposed.

In the many conversations with the staff from CSA 143, questions asked regarding certain procedures and policies of the CSA included the following:

1. Why were street lighting costs combined with slope maintenance costs in one zone of benefit?

2. Why are the boundaries of certain zones of benefit not contiguous with the boundaries of CSA 143?
3. Why does the annexation procedure levy an assessment for slope maintenance first, then accept certain slope areas for maintenance?
4. Why are slope maintenance areas accepted in fee title instead of accepting an easement deed for maintenance purposes?

In these and many other questions, the standard response was "That's the way we've always done it." It was apparent to city staff that CSA 143 did not have the ability to answer one important question as it related to its organization and function: Why?

Osborne and Gaebler's "Reinventing Government" focus on how the federal, state, and local governments operate, and they provide recommendations to improve their effectiveness by making government more entrepreneurial in its approach. They believe "to melt the fat, we must change the basic incentives that drive our government."⁴

However, Hammer and Champy's "Reengineering the Corporation" take this concept one step further. The authors claim that before one should determine whether to reinvent a certain procedure or policy, one should first ask the

fundamental question, should the procedure or policy even be in operation at all? Reengineering is the fundamental rethinking and radical redesign of business or governmental processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.⁵ The authors further say that reengineering should be brought in only when a need exists for heavy blasting. Marginal improvement requires fine tuning; dramatic improvement demands blowing up the old and replacing it with something new.⁶ In the case of CSA 143, drastic and dramatic changes needed to be implemented quickly. Because the problems were so severe with CSA 143, it took the City of Temecula nearly two years to establish an assessment system that could be understood, justified, and effective.

In July, 1993, it was the City of Murrieta's turn to assume responsibility of CSA 143. It found exactly the same poor budgeting procedures, unorganized filing systems, lack of justification for certain assessments, and poor management practices. However, in contrast to Temecula's experience, this situation became a huge problem for the County of Riverside because Murrieta made this situation a public issue. Newspapers published article after article regarding the lack of accountability and poor management practices of CSA 143. Finally, on July 15, 1993, the Board of Supervisors requested a management audit of CSA 143 to determine, among other issues, the following:

1. How was CSA 143 created and what rationale was utilized for the assignment of assessments?
2. What alternative funding mechanisms, if any, could serve in place of CSA 143?⁷

Many reports were presented to the Board of Supervisors over the next three months which will be elaborated upon in later in this chapter. However, the final audit report of CSA 143 was presented to the Board of Supervisors on October 29, 1993.

In summary, this report stated that the County could not provide a delineation of administrative and maintenance costs because that information was unavailable.⁸ Further, CSA 143 had a CSA Manager who reported directly to the CSA Administrator. The CSA Administrator claimed that the day-to-day operations of CSA 143 were given to the CSA Manager. And even with all of the improper management practices of CSA 143, the report states that it is not an "irregular" administrative practice or a violation of the "chain of command" for the CSA Administrator to delegate authority to an on-site manager who is expected to make management level decisions as necessary in order to ensure that a CSA is operating as efficiently as possible.⁹

But what happens when the operation is not functioning properly? Who then is responsible to ensure that the CSA is

efficient?

The CSA Administrator claimed that he knew of the improper management practices of CSA 143 and the former CSA Manager, however, former Supervisor Walt Abraham told him to allow CSA 143 to function in its current manner. On January 5, 1994, grand jury foreman Jay D. Hughes stated that former Supervisor Walt Abraham improperly interfered in the management of the troubled CSA 143.¹⁰ So the bottom line, according to the grand jury report, is that the main problem with CSA 143 was due to a former supervisor who meddled with the administrative staff of CSA 143 and did not allow them to operate their functions efficiently. And in January, 1994, the grand jury closed its investigation of fiscal and management problems with the service area that came to light in the summer of 1993.¹¹

Efficiency Problems Associated With Large Bureaucracies

As an bureaucracy becomes larger and more diverse in terms of its operation and functions like the County of Riverside, it becomes exceedingly more difficult for the organization to function in an efficient and effective manner. According to Yates, one problem associated with large and older organizations is that they become more tightly controlled and rigid. This reflects a commonly held view that the more mature bureaucracies are, the less flexible and more set in their ways they become.¹²

Anthony Downs further argues that the older the bureaucracy is, the more likely it is to be dominated by conservers - bureaucrats who cling tightly to their historical functions and prerogatives. Conversely, younger bureaucracies are normally more innovative, risk-taking, and open to influences from their environment.¹³

In regards to the County of Riverside, it is apparent that this organization is an extremely large and older bureaucracy with many traditions established in terms of operational policies and procedures. Further, the employees of CSA 143 had many conservers that had an established, methodical approach in the operational functions of their particular positions. There was absolutely no incentive for the employees within CSA 143 to be more efficient because the management staff had no incentive either. Further, the size and magnitude of the responsibilities and services provided by County of Riverside made the public officials associated with CSA 143 virtually unaccountable to the general public.

James Q. Wilson also states that it is important for bureaucracies to establish a mission regarding its purpose and function. Once a preferred mission has been staked out by the bureaucracy, it will energetically defend that mission against any external attempts to alter or diminish it.¹⁴ Wilson describes this tendency to establish a mission for an organization as a common practice that is widely shared and

successfully adapted to the requirements of organizational survival and enhancement. Wilson describes such organizations as having a high esprit de corps. This implies much more than mere high morale or good feelings, it refers to an attachment to a distinctive way to doing things.¹⁵

However, if the mission and purpose of a bureaucracy is not defined, then it is extremely difficult for an organization to operate efficiently. In the case of CSA 143, the mission of the bureaucracy was never established by the administrative staff, and therefore, there was no commitment to provide the highest level of quality public services within the operational framework of CSA 143. Again, the lack of direction and motivation to improve the processes associated with assessment administration deeply affected the performance of CSA 143.

Also, high performing organizations encourage employees to question existing structures and to change them if necessary. These organizations place a heavy emphasis on human resources, fostering a committed, skilled, and flexible work force that identifies strongly with the firm's success.¹⁶ Further, high performing organizations develop a variety of involvement practices for promoting employee motivation and commitment. These include enriched and self-managing forms of work design where employees are afforded high levels of task variety, autonomy, and feedback of results. Finally, high-

performing organizations continually seek to improve the skills, knowledge, and quality of their member's work lives by placing a strong emphasis on training and employee development.¹⁷ With CSA 143, little to no involvement of the employees was allowed in the design of operational policies or the decision-making process. This is a common practice with larger bureaucracies.

Finally, many large bureaucracies lack leadership at the executive and mid-management levels to instill the commitment and motivation necessary for the employees to perform effectively. According to Bennis, fewer than 1 out of 4 jobholders say that they are currently working at full potential and an overwhelming majority, 75 percent, said that they could be significantly more effective than they presently are.¹⁸ Bennis argues that there is not a decline of the work ethic, but rather, there is a commitment gap because leaders within organizations have failed to instill vision, meaning, and trust in their followers.¹⁹

In summary, large and older bureaucracies become increasing less flexible and more rigid in terms of their operations; the employees are normally dominated by conservers; there normally is not a clear mission or purpose that is communicated to the employees; there is little involvement by the employees in decisions that affect the operations of the bureaucracy and little investment in

employee training and development; and normally there is a lack of leadership by managers and mid-managers to instill commitment and motivate employees to higher levels of performance. All of these factors greatly affect the ability of large and older bureaucracies to operate efficiently.

Chapter 3

Assessment Administration Policies of CSA's

There are many policies and procedures that are established for all CSA's within Riverside County that do not address two fundamental questions associated with reengineering an organization: a) Why do we do what we do?, and b) Why do we do it the way we do?²⁰

A summary and analysis of the current policies and procedures associated with CSA assessment administration will be provided to highlight the inherent problems associated with its organizational policies that are established without a true understanding of why.

Current Policies and Procedures

First, if a developer of a proposed residential subdivision tract desires to dedicate slope areas to the CSA for landscape maintenance purposes, an application form would have to be submitted with a request to annex the proposed tract into a CSA zone of benefit. As stated earlier, Zone A for CSA 143 provided street lighting and slope maintenance services.

However, the boundaries of Zone A only included those residential tracts within CSA 143 that received slope maintenance services. There were a total of twelve (12) different sub-zones within Zone A entitled A-1 to A-12.

Therefore, any new residential tract had to be annexed into one of the 12 sub-zones of Zone A. This annexation process required the review by Riverside County Counsel before the annexation into a sub-zone could be approved. Normally, this process took between four to six months before the CSA would receive approval from County Counsel. The annexation process utilized by CSA 143 was extremely inefficient and detrimental to developers who needed an efficient manner in which to dedicate slopes to the CSA for maintenance purposes.

Second, the methodology associated with the amount of the assessment charged to individual property owners lacked a fundamental ability to justify why certain assessments were levied. This situation was exacerbated by the organizational structure of Zone A within CSA 143, which combined slope maintenance and street lighting services.

Using the example above, once an application and annexation was approved by County Counsel, the proposed tract would be annexed into one of twelve (12) potential sub-zones. Normally, the closest sub-zone geographically to the proposed development would be chosen for the annexation. CSA 143 would then determine the budget costs of the operation and maintenance of the slope areas within the new residential development i.e. water, electricity, landscape maintenance, repairs, administration, etc., and then add the operation and maintenance costs for slope maintenance associated within the

existing sub-zone. The net effect to many property owners within that sub-zone that received a new annexed residential tract would be higher assessments without any additional benefits.

To further illustrate this point, the following example is provided to depict the change in the annual assessment for an individual property owner within sub-zone A-12:

Pre-Annexation

<u>Zone</u>	<u># of Homes</u>	<u>O & M Costs</u>	<u>Assessment</u>
A-12	500	\$50,000	\$100

Post-Annexation

A-12	600	\$75,000	\$125
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As illustrated by the above example, with an annexation of 100 homes within a residential tract, 500 property owners that were already receiving slope maintenance services in Zone A-12 prior to the annexation, saw their assessments increase \$25 per year. Of course, the problem with this policy is that individual property owners experienced an increase in their assessment for slope maintenance services because of the additional costs of another residential development within Zone A-12 from which they received no direct benefit.

This policy is in direct conflict with California Government Code Section 25210.77, which provides that the

charge be in proportion to the estimated benefit.²¹ However, California Government Code Section 25210.66(a), allows the Board of Supervisors to "apportion the total cost by using any method which it determines to be fair and reasonable in apportioning benefit."²²

Third, the CSA established a dedication process where a developer of a residential subdivision can submit an application to the CSA to provide slope maintenance services for perimeter landscaped areas. The application process includes inspection of the landscaped areas to ensure that the irrigation system and plant material is installed pursuant to CSA specifications. Another purpose of annexation is to place properties within the residential subdivision on the tax rolls for assessment purposes.

The current policy established for CSA's requires the developer to submit a particular area for annexation into the CSA by December 31st of any fiscal year. As stated earlier, this process not only allows the CSA to include a residential development for slope maintenance or street lighting services for the new fiscal year, but also places these properties on the tax roll for the upcoming fiscal year. Then, the developer agrees to complete the required installation of the landscaped areas prior to the new fiscal year (July 1st).

The problem with this policy is that too many factors can adversely affect the developer's ability to complete the

landscaping improvements by the new fiscal year, i.e. economy, finances, home sales, weather, etc. As a result, many developers can not install the required landscape improvements by July 1st. Therefore, the property owners that are annexed into a sub-zone pay an assessment for landscaping services they never receive because the landscaping improvements are not installed by July 1st.

According to CSA policy, if a property owner is assessed for services not received in a fiscal year, that property owner will receive a credit in the following fiscal year. In 1992, the City of Temecula had to refund property owners within Zone A over \$250,000 in assessments that had been paid to property owners from CSA 143 for services that were never received.

Fourth, when a developer submits an application to the CSA for landscape maintenance purposes, the developer is asked to submit a proposed budget for what he/she estimates the cost of landscape maintenance services will be. In other words, the staff does not prepare a budget based upon the most cost effective maintenance procedures but rather what the developer thinks the costs may be as a result of the landscape maintenance services. In many cases, the developer has little or no experience in determining what the landscape maintenance costs should be.

When the City of Murrieta assumed landscape maintenance services for CSA 143, the total maintenance budget for slopes exceeded \$2 million, which was based on budget numbers provided by developers. After receiving competitive bids for these same slope areas, the City provided the same level of maintenance services for \$800,000. Further, because of overcharging property owners for maintenance services, the City of Murrieta received over \$1.3 million in fund balance revenues from CSA 143.

Fifth, the organizational structure of CSA's within Riverside County is not based on establishing a clear nexus between the cost of assessments levied and the amount of benefits received by individual property owners. For example, CSA 143 established three (3) zones of benefit: a) Parks, b) Zone A -Slope Maintenance and Street Lighting, and c) Zone B - Old Town Temecula Street Lights. The combination of slope maintenance and street lighting services within Zone A is virtually impossible to justify as to why different property owners within the sub-zones of Zone A paid differing amounts. This was further exacerbated by the fact that arterial street lighting was also included with residential street lighting in Zone A. This meant that although all property owners within the City benefitted from the arterial street lighting system, only those property owners who were assessed in Zone A paid for the city-wide arterial street lighting system. Many property owners within the City who benefitted from the

arterial street lighting system did not pay for those services.

Sixth, regarding CSA 143, the process associated with the development of the operating budgets for the various zones was limited to only one individual: the CSA Manager. No other member of the support staff was involved in the budgetary process and no information was gathered by any other staff member within the CSA. As stated earlier, this process was further impaired by the poor budget information provided by developers regarding slope maintenance services.

Also, as stated earlier, CSA 143 was formed and approved by the Local Agency Formation Commission (LAFCO) on September 26, 1985.²³ From its inception, CSA 143 never released a formal public bid regarding landscape maintenance for park and slope maintenance areas. It was later discovered that CSA 143 paid \$2.2 million for park landscape maintenance services that were reduced to \$800,000 for the same park area through a public bidding process.

To further illustrate the budgetary process, when the City of Murrieta assumed responsibility of CSA 143, the City also agreed to transfer all employees from CSA 143 into the City. However, a dispute arose between the City and the CSA Manager. As a result, the City decided not to hire the CSA Manager as the Parks and Recreation Director for the City of Murrieta. When the CSA Manager left, the City found many

inaccuracies and problems associated with the revenue and expenditure estimates formerly prepared for CSA 143. No one on the CSA 143 staff or anyone in Riverside County could explain or justify any reasons or explanations regarding previous budget estimates. This is extremely problematic when these budgets directly affect the assessments that are paid by individual property owners. For example, in FY 1992-93, the revenue estimates for CSA 143 were overstated by approximately \$2.5 million. By the time the City of Murrieta hired its new Parks and Recreation Director, the assessments for FY 1993-94 had to be approved even though the City knew the budgets that determined the amount of the assessments were inaccurate.

Seventh, the noticing requirements for CSA's in the past were extremely flexible and not demanding. However, in FY 1993-94, changes in state law required CSA's to notice every property owner regarding the proposed amount of each assessment for the upcoming fiscal year and the date, time, and location of the public hearing regarding the CSA assessments. Since the CSA's had little experience in developing public notices for an assessment hearing, many CSA's experienced complaints from angry property owners who potentially could have been satisfied if the notices had been more thorough and easier to understand.

In FY 1991-92, the City of Temecula allowed a financial consultant to prepare a written notice that was distributed to

every property owner in the City regarding the upcoming assessments. Although the notice was accurate in terms of information, it was extremely difficult to understand because of the many terms utilized in assessment administration that are not easily understood by most citizens. The notice resembled a legal document rather than an informational notice. In the next two weeks, the City of Temecula received over 700 phone calls from residents who did not understand what was being proposed and what exact services were going to be provided through the proposed assessments. In many cases, the public notice could have answered many basic questions if worded in plain English and would have saved the citizens and city staff administrative time and stress.

Eighth, all the proposed CSA assessments are considered during one annual public hearing by the Riverside County Board of Supervisors. In many cases, angry property owners attend these hearings and lodge complaints and ask questions in regards to the methodology and equity of the proposed assessments. This creates animosity between the Board and the citizens who are in attendance.

Further, there are no public workshops or informational sessions scheduled by the CSA administrative staff to try to answer public concerns and potentially alleviate problems prior to the public hearing. This means that all problems that arise from the assessment process are dealt with by the

Board of Supervisors at the public hearing. Again, the potential exists to alleviate some concerns prior to the public hearing.

Ninth, current CSA policy is not overly concerned if a property owner is overcharged for a particular service either because of inaccurate budget estimates or because no service was ever received by the individual property owner. The CSA philosophy is that if a property owner is overcharged for whatever reason, they can receive a credit the following fiscal year. But what happens if the property owner who has been overcharged for a service moves away prior to the following year's assessment cycle? Also, why should the property owner have to pay for services not received and allow the CSA to hold their money for twelve (12) months or longer? Finally, if a credit is given to an individual property owner, why is the property owner never notified that a credit was ever given toward the assessment?

As a result, many property owners contacted the CSA office demanding a credit on their property tax bill only to find that the credit was already received. Again, this information could easily be provided to property owners to create a better understanding as to how the credits are implemented within the CSA structure. Still, the process of tracking credits every fiscal year is not the most efficient manner to administer the assessment process.

For example, in FY 1989-90, CSA 143 anticipated that trash collection services would be provided beginning July 1st of that fiscal year. CSA 143 decided to annex single family residents into a zone for trash services even though a contract had not been executed by the County of Riverside and the trash hauler. Contract difficulties delayed the actual trash hauling until November of 1990, nearly 1 1/2 years after the assessments were levied.²⁴ Therefore, all of the property owners who resided within the boundaries of CSA 143 paid \$71.01 in FY 1989-90 for a service they never received.

Further, in FY 1990-91, property owners were assessed for four (4) months of trash services they did not receive. Any property owner who moved from their residence during that time lost any credit due them. In fact, the new property owner who did not pay for the overcharge in the previous year actually would receive the credit on the following year(s) tax bill.

Summary

This chapter has described some current assessment policies associated with CSA administration in Riverside County. The nine policies discussed in this section include the annexation process; the process associated with the inclusion of a proposed residential tract into a sub-zone; the timing of annexation prior to the dedication of slope maintenance areas; the usage of developer provided budget

estimates; the organizational structure of CSA 143; the budgetary process of CSA 143; the development of public notices; the current public hearing process; and the usage of credits in future years to compensate for assessment overcharges.

When the County of Riverside completed an analysis of CSA 143, the report concluded that the zone charges were accurately allocated, revenues were often overstated because developers did not always meet their build-out projections, and a need for stronger management control procedures was needed for all CSA's.²⁵ Therefore, the Board of Supervisors directed the Administrative Office to audit all CSA administration practices including organization and staffing, systems support, financial and administrative controls, project management policies and procedures, reporting requirements, and interdepartmental coordination.²⁶ This direction was given to the Administrative Office on September 21, 1993.²⁷

The following chapter will attempt to address many aspects of the above directive given to the County Administrative Office from the Board of Supervisors.

Chapter 4

Effective CSA Assessment Administration

This chapter will focus on the nine specific policies and procedures outlined in the previous chapter which are currently being implemented by CSA's within Riverside County. Recommendations will be proposed to potentially improve and streamline these nine policies associated with the assessment administration process.

Recommendations

First, it is recommended that all boundaries for each zone of benefit within the CSA be made contiguous with the overall boundaries of the CSA to eliminate the annexation process. As stated earlier, if a developer of a residential subdivision desires that the CSA maintain certain slope areas through the slope maintenance zone of benefit, current CSA policy would require the developer to annex the residential tract into one of many sub-zones established within the slope maintenance zone. This process is required because the slope maintenance zone of benefit boundaries are sub-zones within the overall boundary of the CSA. Annexation application requires review and approval by County Counsel and can take between four to six months to complete.

In response to the above question, one may ask why do we follow the annexation process? The answer would be to bring

a proposed residential development within the boundary of the slope maintenance zone of benefit. However, if the slope maintenance zone boundary is established contiguous with the overall boundary of the CSA, any proposed residential tract desiring slope maintenance services within the CSA boundary would also automatically be within the boundary of the slope maintenance zone of benefit. Therefore, the four to six month delay associated with the laborious and inefficient process of annexation would be eliminated. The reengineering of this particular process will allow the CSA to break away from ineffective, antiquated ways of conducting business.²⁸

The second recommendation is that the methodology of spreading the cost of slope maintenance and street lighting services within the CSA needs to be reorganized to require the proposed residential development to pay completely for the costs associated with slope maintenance for that particular tract. Currently, a proposed residential tract desiring slope maintenance services is annexed into a sub-zone of the slope maintenance zone of benefit. The sub-zone normally selected for annexation is usually the sub-zone that is closest to the proposed residential development geographically. Then, the CSA adds up the costs of slope maintenance for the new tract plus the costs of the existing tract and then evenly apportions those costs to all of the property owners. In many instances, the existing property owners assessments increase because of a new residential development, which does not

provide any additional benefit to those existing homeowners.

A more equitable method of spreading the costs for the assessments would be to require each residential development to pay completely for any service provided by the CSA.

According to Reed and Swain, special assessment funds are found where governments carry out improvement projects that benefit particular properties for which only those property owners are assessed payments.²⁹ Therefore, the total cost of slope maintenance should be calculated and then evenly spread only to those property owners within that particular tract. A neighboring tract should not be affected whatsoever because of the proposed new residential development within the overall boundaries of the CSA. Again, if all the various zone boundaries were established contiguous with the overall boundary of the CSA, this would further reduce the need to consider other existing residential tracts because the annexation process would no longer be required.

The third recommendation to improve the assessment process is that the CSA should establish a policy where no residential tract can be included on the property tax rolls until all the requirements associated with the dedication process are completed. For example, current CSA policy requires a residential development to be annexed into a zone prior to the completion and acceptance of those slope maintenance areas into a zone of benefit. This annexation is

required by December 31st of any fiscal year. This gives the developer only six months to complete all dedication requirements including installation and plant material growth prior to the new fiscal year beginning July 1st. However, regardless of whether the developer completes the dedication process, those property owners are still assessed for slope maintenance services even if they are not received.

It is recommended that the CSA change this policy to require that all slope maintenance areas be installed, inspected, and fully developed by May 1st of any fiscal year. Then, if the slope maintenance areas are acceptable for dedication, the CSA can then include those property owners on the tax rolls for the following fiscal year. This policy will eliminate the on-going occurrence of assessing property owners for services they do not receive, as well as discontinuing the need to credit those property owners towards future assessment charges. This policy will both save the property owners money and reduce the overhead and administrative costs associated with CSA staff having to complete a credit analysis every fiscal year for property owners overcharged for CSA assessments.

Fourth, it is recommended that when a developer requests to annex a residential development into the CSA for slope maintenance services, the CSA requests that the developer submit a budget for maintenance costs associated with that

particular slope area. In many cases, the developer has little experience with costing landscape maintenance. This policy is perplexing because the CSA has extensive experience in landscape maintenance of slopes because of the hundreds of acres of slopes that the CSA maintains on an on-going basis.

It is recommended that the CSA develop a process of establishing maintenance costs per square foot for landscape maintenance of slopes and turf areas. Further, a tracking system should be established to monitor the costs associated with utilities, repairs, and administration. This system should be recorded on a tract-by-tract basis to further delineate costs between one residential development and another. Finally, a public bid should be released at least once every two years to ensure that the CSA is receiving slope maintenance services at the most cost-effective price.

These recommendations will allow the CSA to efficiently monitor on-going operation and maintenance costs on a tract-by-tract basis. This will result in lower assessments to property owners because the budgets that are established for each slope maintenance area will be predicated on the most cost-effective price for landscape maintenance and accurate estimates for utilities, repairs, and administrative costs. Effective budgetary procedures are paramount in establishing an assessment administration process that can be easily explained and justified. Other budgetary recommendations will

be explored later in this chapter.

A fifth recommendation is that the organizational structure of a CSA must be easily understood and explained to the general public as well as all staff members. As stated earlier, by combining many services (i.e. parks, street lighting, slope maintenance, etc.) into one zone, it is extremely difficult to quantify to the public as to how much each property owner is paying for different services if the methodology for levying the assessments is not the same.

For example, every property owner within a city benefits from the city's arterial street lighting system. Therefore, every property owner in the city should be assessed for the costs associated with the arterial street lighting system. However, not every property owner benefits from residential street lights because not every neighborhood has street lights installed and operational. Therefore, only those property owners who actually have residential street lights should pay for those services. Accordingly, it would not be appropriate to combine the costs of arterial street lighting and residential street lighting in one zone of benefit because a clear nexus between the assessments and the benefits received per property owner can not be established. It would be more appropriate to establish one zone of benefit where all property owners are assessed for arterial street lights and another zone of benefit for only those residential property

owners who have residential street lights within their respective neighborhoods.

To illustrate this point, policy analysis is a form of applied research carried out to acquire a deeper understanding of sociotechnical issues and to bring about better solutions.³⁰ From a policy analysis standpoint, the establishment of these two separate zones of benefit would allow the public policy makers the ability to better analyze proposed assessments and formulate better decisions. The following organizational structure of the City of Temecula's Community Services Department provides one example of how a CSA could structure its various zones of benefit or service levels.

In the City of Temecula, the Community Services Department is responsible for providing parks and recreation services, arterial street lights, residential street lights, perimeter and slope landscaping services, recycling and refuse collection services, assessment administration, capital development projects, and development review. The Community Services Department has eighteen (18) full-time employees, approximately thirty-five (35) part-time or project employees, and administers landscaping services of five (5) private contract landscape companies.

The Community Services Department has an annual operating budget of \$4.8 million³¹ and a Capital Improvement Budget of approximately \$21 million.³² The Department is funded through

a benefit assessment district under Community Services District (CSD) Law. The same type of assessment authority that is afforded to CSA's are afforded to CSD's.

Temecula's CSD is divided into five service levels or zones of benefit: 1) Community Services, Parks, and Recreation, 2) Service Level A - Arterial Street Lights and Medians, 3) Service Level B - Residential Street Lights, 4) Service Level C - Perimeter Landscaping and Slopes, and 5) Service Level D - Recycling and Refuse Collection.³³

Community Services, Parks, and Recreation includes maintenance, service, and operations of all public parks in the City. All property owners pay for this service level because everyone benefits from the City's parks and recreation system.³⁴

Service Level A: Arterial Street Lighting and Medians provides a benefit to all parcels within the City through the service, operation, and maintenance of street lighting and landscaped medians along arterial streets. Also, this service level pays the utility costs of all traffic signals in the district. All property owners pay for this service level because everyone benefits from the City's arterial street lighting and median system.³⁵

Service Level B: Residential Street Lighting provides a benefit to all single family residential and vacant parcels

within those tracts requiring servicing, operation and maintenance of local street lighting. This is not a City-wide assessment. Only those property owners who have residential street lights pay for this service level.³⁶

Service Level C: Perimeter Landscaping and Slopes provides the servicing, operation, and maintenance of perimeter landscaped areas and slopes within the public right-of-way and dedicated easements within certain tracts. The level of maintenance required within these tracts varies depending on operating costs. This is not a City-wide assessment. Only those property owners having slopes and perimeter landscaping maintained by the City pay for this service level.³⁷

Service Level D: Recycling and Refuse Collection provides for the operation and administration of the refuse and recycling program and street sweeping services for all single family residential homes. This is not a City-wide assessment. Only those property owners who have single family residences pay for this service level.³⁸

An Annual Levy Report is prepared which describes the proposed rates and charges per parcel for each fiscal year based on the historical and estimated cost to provide services and maintain improvements that provide a benefit to properties within the City. The purpose of the levy report is to ensure that each parcel charged receives direct benefit from the

service levels established in the CSD.

As described above, every service provided within each service level has a clear connection between the assessments charged and the benefits received from each property owner. It is imperative that this nexus be established in the organizational structure of the CSA. Without this nexus, the justification of the proposed assessment fees is nearly impossible to effectively defend under public scrutiny.

Sixth, budget collaboration with input and involvement from all appropriate support staff is an integral part of the assessment process because, obviously, the expenditure aspect of the budget has a direct correlation with the assessment fees levied to individual property owners. If the budgetary process is not collaborative, efficient, and effective, the outcome of the assessments will be difficult to justify and chances are the assessments will be higher than potentially what they could have been. According to Mohrman and Cummings, high performing organizations place a heavy emphasis on human resources, fostering a committed, skilled, and flexible work force that identifies strongly with the firm's organization.³⁹ As CSA's become larger and more diversified in terms of the types of services provided, more concerted effort needs to be expended towards developing a proactive, cost effective budget.

Further, the budget process must also be an on-going twelve month process and not just a one-time submittal of a budget document that is poorly prepared and weakly administered. Therefore, a combination of a program, performance, and line-item budget is recommended to establish goals and objectives for the CSA (program), to determine the criteria against which to measure whether the goals and objectives are effective (performance), and to develop an account-by-account process to administer the operating budget (line-item).

For example, at the inception of the Community Services Department for the City of Temecula, the budget method that was utilized to prepare the operating budget was a line-item budget. Since the first two budgets were prepared by a consultant, the approach was a top-down budget process where the consultant identified the requested appropriations based upon line-item account numbers within the operating budget. There was little input into the budget document and no performance measures or program objectives were established for the Community Services Department.

The current budget process for the Community Services Department is extremely complex because of two main factors. First, the five (5) service levels or operational functions within the Department provide difficult challenges for establishing the appropriate level of resources necessary to

execute an effective level of public services. Second, the revenue stream for the Community Services Department is generated by a separate assessment, which requires several labor intensive statutory processes and a higher level of accountability to the property owners who are being assessed for these public services. Because of the complexity of the budgetary process, the Community Services Department utilizes a bottom-up approach in which support staff are an integral part of preparing and identifying the funding requirements for the three functional divisions within the Department i.e. landscape, recreation, and development services.

To further illustrate this point, a CSA must determine by division and function the program goals and objectives for the upcoming fiscal year. These are concrete objectives that each division desires to complete that will create positive benefits to the community. Then, based on these program objectives, the CSA can determine the resources necessary to accomplish those objectives. All levels of the Department should be involved in making recommendations to the Division Heads, who forward that input into the development of the operating budget.

Finally, the resources should be divided into specific line-item accounts, which allows the Department to better administer proper financial stewardship of the budget and provides the Finance Department with a higher level of

accountability as it relates to accepted methods of public finance administration. It is difficult to implement performance budgeting techniques into the budget process because of the lack of outputs in the CSA's that can be quantitatively measured. However, concerted effort must be expended in the budget cycle to establish performance objectives that can measure specific outputs. This performance measurement will allow the CSA to determine its effectiveness.

In terms of the effort required in preparing a comprehensive budget for a CSA, the following schedule of internal workshops will be highlighted to illustrate the budget development process, which includes a total of four half-day workshops preferably off-site from the office.

Budget Workshops

The primary function of the first workshop is to identify the program objectives for the upcoming fiscal year, identify any mid-year budget requests that need to be pursued for the current fiscal year, identify any new parks or recreation facilities from the Capital Improvement Program that will affect next year's operation and maintenance costs, and determine staffing needs for the upcoming fiscal year. It is recommended that this first workshop be held in October of each year.

Next, a second budget workshop should be held in December to review the program objectives and staffing requirements, finalize a request list for mid-year appropriations, finalize staffing requirements for the upcoming fiscal year, identify operation and maintenance costs that include any new parks or recreation facilities, and identify any capital improvements, equipment, or vehicles that will be needed for the next fiscal year.

A third budget workshop should be scheduled in January to finalize the operation and maintenance requirements, and finalize the capital outlay requirements.

Finally, a fourth workshop should be scheduled in early February to review the final draft of the program objectives, the new facilities scheduled for maintenance in the upcoming fiscal year, the staffing requirements, the operation and maintenance costs, and the capital outlay requirements. So by the time the Finance Department submits the budget preparation manual to the CSA, the final draft of the CSA's operating requirements should already be completed. The combination of program, performance, and line-item budgeting coupled with the collaborative bottom-up budgetary approach and the utilization of departmental workshops will assist in developing a comprehensive, cost-effective budget document. Of course, the final budget is paramount in determining the amount of each assessment within the CSA.

Seventh, it is recommended that the public notice sent to every property owner within the CSA be written in a manner that is clear and easy to understand. In many circumstances, these public notices are written with terminology that is not understood by the general public because they do not have experience in the area of assessment administration. Therefore, it is extremely important that the notice is complete in describing the services, costs, and proposed assessments for the upcoming fiscal year in a simple and understandable manner.

Also, a brief summary regarding the highlights of major proposed improvements for the upcoming fiscal year provides the property owner with an idea as to how the revenue generated from the CSA will be utilized. Too many times people pay taxes without ever seeing a connection between what they pay and where the money is spent. These highlights on the public notice can attempt to create ownership and support for the proposed assessments from the property owners.

Eighth, the CSA currently schedules only one public hearing concerning the proposed assessments for the upcoming fiscal year. It is recommended that in addition to scheduling the public hearing, at least two public workshops regarding the assessments should be scheduled to answer questions from property owners in a more informal manner. A public hearing is usually a formal process and many property owners do not

feel comfortable in addressing the Board of Supervisors in that type of forum. By providing these public workshops, it allows the CSA to better serve the public and be more accessible to its constituency. Further, the public workshop process can alleviate concerns property owners may have by answering many basic questions that would otherwise be asked at the public hearing.

Finally, it is recommended that every effort be expended to not overcharge property owners for services provided by the CSA and eliminate the need to give credits to property owners in future fiscal years. A significant amount of effort is involved every fiscal year by CSA staff in attempting to calculate the amount of credits a property owner should receive for services that were not rendered in the prior fiscal year.

Further, property owners have also been required to pay money out of their pockets for a service they did not receive and the CSA holds their money for twelve months or longer. Since the property owner does receive a credit until the following fiscal year's assessment, any interest that could have been accrued by the property owner is lost because the CSA does not give interest consideration when calculating credits. So even if a credit is given, the property owner still loses. The more the CSA can reduce the need to give property owners credits, the more efficient and effective the

assessment administration process can become.

Chapter 5

Conclusion

A total of nine recommendations concerning current administrative policies associated with the assessment administration of CSA's have been provided. In summary, these recommendations include the following:

1. All zone boundaries be established contiguous with the overall boundary of the CSA. This will eliminate the need to follow the antiquated and laborious process of annexation.
2. All proposed residential tracts requesting to be included in the following fiscal year for slope maintenance services should not be calculated and included with costs associated with any other existing residential tract. This will require each tract to pay for their own costs only and create the most equitable spreading of costs in terms of the assessment fees.
3. No tracts should be included on the tax rolls for slope maintenance unless the property has completed all the dedication requirements i.e. installation, inspections, plant material growth, etc. Slope areas must complete all requirements by May 1st of any year to be included in the following year's

assessments. This policy will eliminate assessing property owners for services not received.

4. No budget estimates for slope maintenance should ever be accepted by a developer for inclusion in the slope maintenance budget. The CSA should establish a budget based on public bids for landscape maintenance and effective budget monitoring procedures for utilities, repairs, and administration to ensure the most cost effective price for these services.
5. The organizational structure should not combine differing services that benefit all property owners within the CSA with services that only benefit some property owners. The services that benefit only some property owners should be established in separate zones to ensure that the assessments are easily understandable and justifiable.
6. The budgetary process, which is paramount in establishing an effective assessment process, should be collaborative with extensive involvement from all key staff members. This will create a budget that is proactive and comprehensive, while attempting to streamline costs as much as possible. Internal off-site work shops are recommended to

invest the time necessary to complete the budgetary process.

7. The public notices that are sent to all property owners in the CSA must be worded in plain English and should describe highlights of the upcoming year's activities. This will help create a better understanding for the property owner as to where and how the assessment revenue is going to be utilized.
8. Two public workshops are recommended to answer potential questions and alleviate concerns of some property owners prior to the public hearing with the Board of Supervisors. This will allow the CSA to be more approachable at informal public workshops as opposed to the more formal structure of the public hearing.
9. The CSA should not overcharge property owners for services and then use credits in the following fiscal year to rectify the overcharge. It is much more efficient to establish procedures that will ensure that each property owner is charged only for those services that are actually received. This will save administrative costs and provide a higher level of accountability and credibility for the CSA.

These recommendations are designed to achieve the objective of efficient assessment administration, and provide sufficient organizational guidelines to support its implementation.⁴⁰ Further, these recommendations are derived from the reengineering concept that in some circumstances, radical change needs to take place to break away from the ineffective, antiquated ways of conducting business.⁴¹ This paper is not meant to be critical of CSA's, but rather, provide recommendations using reengineering concepts that focus on addressing why certain policies are implemented in a certain manner. It is hoped that these recommendations can assist in the assessment administration process for CSA's and better serve the citizens of Riverside County.

Appendix A

THE PRESS-ENTERPRISE

Wednesday
January 5, 1994

Temecula-Murrieta

and the Region

B

Jury says former supervisor meddled

► The grand jury foreman says steps have been taken to prevent improper interference in the management of county service areas in the future.

By Jack Robinson
The Press-Enterprise

RIVERSIDE

Former Supervisor Walt Abraham improperly interfered in management of troubled County Service Area 143 near Temecula, Riverside County grand jury foreman Jay D. Hughes said yesterday.

But the jury has concluded Chief Administrative Officer Larry Parrish is taking the necessary steps to prevent the problem from recurring, Hughes said.

In a recent letter to the Board of Supervisors, Hughes wrote that the grand jury had closed its investigation of fiscal and management problems with the service area that came to light earlier this year.

Among those problems was evidence that Abraham, who represented the area as supervisor until last year, told a county official who oversees the service area to leave its management to an advisory board of developers.

"It's inappropriate for any board member to independently supervise" staff, Hughes said. "That was our interest."

In November, county chief Parrish issued a report that did not blame Abraham for his actions, but did conclude the county needs tighter procedures that explicitly describe what contact is appropriate between staff and board members, among other issues.

Had Parrish not taken this concern seriously, the grand

jury would have pursued its investigation further, Hughes said.

Abraham declined to discuss the case yesterday.

The grand jury also was satisfied with Parrish's explanations of other problems discovered by the city of Murrieta when it took over much of the CSA last summer, Hughes said.

City officials said they found financial disarray, excessive parcel fees, unorthodox contract practices and other problems. At its greatest extent, before the cities of Temecula and Murrieta took over much of its work, CSA 143 provided parks, landscaping, trash pickup and other municipal services to a wide area.

Parrish's report concluded the county had little choice but to form a county service area to provide those services. But last month he asked supervisors to approve creation of a task force to re-examine how county service areas are formed and used.

Appendix B

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisor Buster SUBMITTAL DATE: July 15, 1993
SUBJECT: Supervisor Cenicerros

Review of County Service Area 143

RECOMMENDED MOTION:

Request that the Administrative Office perform a complete and full review of County Service Area 143 and provide the information in time to establish the FY 1993-94 budget and assessments for CSA 143 prior to August 12. The Administrative Office also will change to August 1 the due date of the on-going audit of CSA 143.

JUSTIFICATION:

Supervisor Buster has had responsibility for a portion of CSA 143 since the time he took office in January 1993. Supervisor Cenicerros picked up portions of CSA 143 as a result of redistricting. However, CSA 143 has a complex structure and review by our staff members has raised more questions than have been answered. This review should complement and augment the Administrative Office-commissioned audit of CSA 143 by addressing the following:

- Creation of County Service Area 143 and the underlying rationale for the assignment of assessments.

Bob Buster
Bob Buster
Supervisor
First District

Kay Cenicerros
Kay Cenicerros
Supervisor
Third District

(continued)

MINUTES OF THE BOARD OF SUPERVISORS

(REV.:
8/4/93)

On motion of Supervisor Buster, seconded by Supervisor Cenicerros and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended; that County Counsel look at what has occurred in the CSA, and report back to the Board on Tuesday, August 10, 1993 regarding alleged violations by staff.

Ayes: Buster, Dunlap, Cenicerros, Larson and Younglove
Noes: None
Absent: None
Date: July 20, 1993
xc: Supvs. Buster, Cenicerros, Co. Co., COB
Prev. Agn. ref. Depts. Comments Dist. AGENDA NO. 5

● The assessment and level of benefit ascribed to residential units and vacant land by zone and region for each of the preceding fiscal years.

● The assessment and level of benefit ascribed to residential units and vacant land by zone and region for FY 1993-94.

● Alternative administrative mechanisms, including annexation to or creation of a lighting and landscape or other service district, that could serve in the place of CSA 143.

We suggest that the audit date be moved to August 1 because of the need to establish a budget and assign assessments. The closing date to get the subject parcels on the tax roll is August 12.

We will need this information in a timely manner in order to understand the parcel charges and be able to explain them to our constituents.

BB:kvv

Appendix C

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



11.1

10:00 a.m. being the time set for public hearing on the recommendation from the Administrative Office regarding Fiscal Year 1993-1994 Proposed Assessment for County Service Area 143, and Review of CSA 143, the Chairman called the matter for hearing.

Mel Bohlken, Administrative Office, noted a change to Zone 22 - Vail Ranch - Undeveloped is listed at \$158.00 and should be changed to \$178.54 which is still under the cap.

Supervisor Cenicerros requested that the follow up study to the Board should include the rationale for the administrative charges given the reduction of the size of the district and the reduction in staff of it, and the specific amount that is left with CSA 143 and shifted to the two cities.

On motion of Supervisor Buster, seconded by Supervisor Cenicerros and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended, in the Administrative Office's letter dated August 6, 1993, with the inclusion of Supervisor Cenicerros recommendation as noted above and the correction by Mel Bohlken and listed as follows:

1. Set the FY 1993-94 parcel fees for CSA 143 at the Option 2 rate with charges in zones 19, 20, 22 not to exceed the CAP rate (see below).

I hereby certify that the foregoing is a full, true and correct copy of an order made and entered on
August 10, 1993 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors

Dated: August 10, 1993

Gerald A. Maloney, Clerk of the Board of Supervisors, in and for
the County of Riverside, State of California.

(seal)

By: Bonnie May Deputy
AGENDA NO.

xc: A.O.

11.1

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



Zone 3	Winchester	Developed	319.39
Zone 7	Warm Springs	Undeveloped	33.99
Zone 19	Silverhawk	Developed	234.27
Zone 19	Silverhawk	Undeveloped	69.90
Zone 20	Red Hawk	Developed	257.68
Zone 20	Red Hawk	Undeveloped	192.56
Zone 22	Vail Ranch	Developed	296.41
Zone 22	Vail Ranch	Undeveloped	178.54

Roll Call:

Ayes: Ruster, Dunlap, Cenicerros and Larson
Noes: None
Absent: Younglove

I hereby certify that the foregoing is a full, true and correct copy of an order made and entered on
August 10, 1993 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors

Dated: August 10, 1993

Gerald A. Maloney, Clerk of the Board of Supervisors, in and for
the County of Riverside, State of California.

(seal)

By: Bonnie May Deputy

AGENDA NO.

xc: A.O.

11.1



Larry Parrish
Chief Administrative Officer

County Administrative Office

REVISED

August 6, 1993

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 14th Floor
Riverside, CA 92501-3651

RE: REVIEW OF COUNTY SERVICE AREA 143

Members of the Board:

On July 20, 1993, the Board directed the Administrative Office to perform a full review of County Service Area 143. The following report provides background information on the establishment of CSA 143; the Board's policies on the formation and use of CSA's; how assessments were developed and levied in CSA 143; recommendations for the FY 1993-94 assessment; and, what alternative mechanisms could serve in place of CSA 143.

THE ESTABLISHMENT OF CSA 143:

The proposal to establish CSA 143 was initiated by Rancho Consultants Financial Incorporated (the sole landowner), and approved by the Local Agency Formation Commission (LAFCO) on September 26, 1985. The original boundaries included approximately 543 acres (Specific Plan No. 103 - Alta Murrieta). As approved by LAFCO, CSA 143 had three authorized service functions: street lighting, refuse collection and parks/recreation. On December 3, 1985, following a public hearing on the matter, the Board of Supervisors, acting as Conducting Authority, adopted Resolution No. 85-659 ordering the formation of CSA 143.

At the time of formation the Temecula/Murrieta area was totally within the unincorporated area of the County and there was no park and recreation district in the area to provide service to the public. The area was one of the most rapidly developing in the County and recreational facilities were seen as being in demand to accommodate planned residential growth. Over the years, as development continued to flourish, several thousand acres were annexed to CSA 143, additional functions (drainage control and police protection) were authorized; and, both Temecula and Murrieta incorporated and are now successor agencies for much of the CSA.

11.1

Robert T. Andersen Administrative Center
4080 Lemon Street • 12th Floor • Riverside, California 92501 • (909) 275-1100 • FAX (909) 275-1105

BOARD POLICIES ON THE FORMATION AND USE OF COUNTY SERVICE AREAS:

Following the establishment of CSA 143, it was determined that certain properties including open space, fire breaks, slopes, drainage areas and medians were being conditioned for dedication to the County or to some other mechanism for maintenance. At the time accepting such areas was contradictory to the Board's established policies pertaining to the formation and use of CSA's (Attachment A). The Board's original policy was adopted in 1981 at a time when the intent was to minimize the increasing number of post Proposition 13 CSA's and encourage alternatives which would not require a commitment of County resources. Up to that time, developers relied mainly on Homeowners Associations (HOA's) for the maintenance and operation of common areas and facilities within developments, particularly in private walled/gated communities. However, in developments where common areas and facilities are part of a typical subdivision, HOA's tend to be financially unstable which jeopardizes their ability to operate and maintain essential facilities. For this reason, developers began to look at alternatives, such as a CSA, to provide stable financing for on-going public maintenance.

To address this issue, the Board in 1987 formed the Task Force on County Service Area Formation and Use Policy to provide joint community/county review of current policy and to make recommendations for amendments to the existing policy. The Task Force was comprised of appointed community representatives and County staff. The County's primary area of concern was the significant liability the County could incur as a result of accepting title to common areas. The development community was concerned that they would be substantially affected by the requirement to form HOA's. They believed that since open space areas were required by the County for environmental mitigation or other public purposes, then a CSA as a public agency should take ownership and maintain the property.

After lengthy discussions on the points of concern the concept was raised by the development community of using a dormant HOA as a method of mitigating the County's liability for the maintenance and operation of common areas. As envisioned at the time, this entity would incorporate itself to take title to specific property from the County if the County should determine that conditions exist, such as the loss of the ability to assess the property, which might necessitate the transfer of the property to an HOA. It was believed that this procedure adequately insulated the County from future inability to fund the activities within a given CSA. On November 24, 1987, based on the unanimous recommendation of the Task Force, the Board approved a new policy on the formation and use of CSA's with special consideration given to those environmental mitigation conditions brought about as a result of the rapid growth in the unincorporated areas of the County and more particularly areas within CSA 143 (Attachment B and B-1).

THE DEVELOPMENT OF ASSESSMENTS IN CSA 143:

As recommended by the CSA 143 Advisory Committee, various zones of benefit have been created over the years and parcel fees are levied within each zone. Under the zone of benefit concept, it is recognized that specific areas might have open space areas, slopes, pocket parks and other site specific areas that are unique to a given area and a separate zone charge is applied for services related to the area. It was further recognized that there were other "regional" costs for park and recreation facilities, police protection and administration which needed to be spread over the entire undeveloped and developed CSA area. The Advisory Committee's recommended fee structure attempted to take into consideration what charges could be spread throughout the entire CSA and those charges which could only be applied to specific areas within the CSA. Every effort was made to comply with Government Code Section 25210.77(a) which provides that the charge be in proportion to the estimated benefit.

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The Board should also be aware that in a CSA receiving services related to local park, recreation or parkway facilities, Government Code Section 25210.66(a), allows the Board of Supervisors to "apportion the total cost by using any method which it determines to be fair and reasonable in apportioning benefit". --

In developing the parcel fee for undeveloped areas the Advisory Committee recommended that vacant parcels be assessed a charge equivalent to four units of benefit per acre. The underlying rationale being that undeveloped property was receiving a level of benefit as the surrounding amenities increased the properties marketability.

Attachment C identifies the parcel fees levied by zone and category over the past 3 years.

Attachment D represents three options for the distribution of costs for FY 1993-94. The first option uses each parcel as a separate unit with trash deducted from vacant land. The second option is based on the use of undeveloped acreage at 2 parcel charges per acre with trash deducted from vacant land. The third option is based on the use of undeveloped acreage at 4 parcel charges per acre with trash deducted from vacant land.

When the parcel charges for FY 1993-94 were originally developed residents in zones where the charge was to be increased were noticed of a public hearing that would take place on the matter and the amount of increase being proposed (notice is not required if charges remain the same or are less than the prior fiscal year). The parcel cap referenced in Attachment D is the amount originally proposed in the hearing notice sent to affected landowners. Therefore, FY 1993-94 parcel fees cannot exceed the cap unless new notices are sent to affected landowners and a subsequent hearing were to take place. Re-noticing the hearing at this time would result in missing the deadline for placing the parcel charges on the tax roles.

You will notice that only Zone 3, Winchester Collection, was noticed that their parcel fee may increase to \$322.16. Zone 7, 19, 20 and 22 were not noticed as the anticipated cost was less than prior years charge. Additionally, the 1993-94 proposed parcel charge for Zone 19, 20 and 22 all exceed the cap thus limiting the parcel charge to the noticed amount.

ALTERNATIVE MECHANISMS:

The alternative mechanisms available to fund CSA 143 are:

1. Activate the dormant Homeowners Association and dissolve CSA 143.
2. Annex to Valley-Wide Recreation and Park District and dissolve CSA 143.
3. Create a 1972 Landscape and Maintenance Assessment District and dissolve CSA 143.
4. Create a Community Service District (CSD) with local elected officials and dissolve CSA 143.

While each alternative may have some merit, additional time would be needed to evaluate the feasibility of each option and to solicit community input to determine which option, if any, would be desirable.

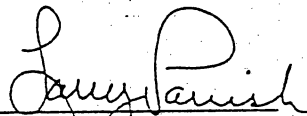
RECOMMENDATION:

Given the unique nature of CSA 143 and in reviewing the options available; option 2 appears to represent a reasonable compromise between how charges were previously allocated and the more traditional method of allocating charges. Therefore, IT IS RECOMMENDED that the Board:

1. Set the FY 1993-94 parcel fees for CSA 143 at the option 2 rate with charges in zones 19, 20 & 22 not to exceed the CAP rate (see below).

Zone 3	Winchester	Developed	319.39
Zone 7	Warm Springs	Undeveloped	33.99
Zone 19	Silverhawk	Developed	234.27
Zone 19	Silverhawk	Undeveloped	69.90
Zone 20	Red Hawk	Developed	257.68
Zone 20	Red Hawk	Undeveloped	192.56
Zone 22	Vail Ranch	Developed	296.41
Zone 22	Vail Ranch	Undeveloped	158.00

Respectfully Submitted,



LARRY PARRISH
Chief Administrative Officer

COUNTY OF RIVERSIDE
POLICY ON FORMATION OF COUNTY SERVICE AREAS

1. A County Service Area should be formed if the registered voters and/or the landowners in the area demonstrate clearly by majority petition that they desire the service and that they are willing to pay for it.
2. Existing County departments should be used to the maximum extent possible to satisfy requirements in any geographic area rather than creating another government entity, i.e., another CSA.
3. A CSA should not be formed if there is a viable alternative. A viable alternative can include use of a homeowners' association.
4. Except for street light purposes, a CSA should not be formed in conjunction with property development, land divisions, etc.
5. A CSA should not be formed unless it will be cost effective.
6. A CSA will not be formed if a special district or other government entity already exists in the area which can perform the desired function and which has statutory authority to perform the function.
7. When creation of a CSA is proposed in a populated area, the Board should consider holding an advisory election on formation of the CSA and on the maximum service charge to be levied when there is evidence of significant disagreement among residents on whether a CSA should be formed and a service charge levied.
8. A CSA should not be formed unless important to the health and safety of inhabitants.
9. Except in CSA's with routine operations, such as those with a function of street lighting, advisory committees will be formed to provide recommendations to the Board of Supervisors on policy matters with the CSA's. Advisory committees will be formed by Resolution upon submission to the Board of names of members by the Supervisor in whose district the CSA is situated.
10. CSA's will reimburse the County annually for expenses incurred by the County in administering the CSA's.

March 1981

ATTACHMENT B

COUNTY OF RIVERSIDE
POLICY ON THE FORMATION AND USE OF COUNTY SERVICE AREAS

1. A county service area should only be formed when it is important to the health and safety of residents; and, if the registered voters and/or property owners in the area clearly demonstrate by majority petition that they desire and are willing to pay for an increased level of service. Within an inhabited area, the Board should consider holding an election on formation of the county service area.
2. The duplication of governmental services is highly discouraged; therefore, where there are similar services in place, formation of a county service area may be inappropriate. Application of the following policy for dedication of property to the county generally should be limited to multi-function county service areas.
3. Parks, recreation and community facilities, and other common areas such as parkways, slopes, and community entry features along major roadways and thoroughfares external to developments, located within the county service area that are intended for public use or benefit should be operated and/or maintained by the county service area upon dedication and acceptance of the property by the county for unrestricted access, use, or benefit by the public.
4. The county, on behalf of a county service area, should accept ownership of common areas (as described in section 3) and natural open space areas or corridors set aside for environmental mitigation (including fire breaks and drainage areas) located within the county service area upon review and acceptance of title transfer documentation by the county which include provisions for transfer of ownership of the property from the county to an incorporated association when the county determines certain conditions exist including, but not limited to the loss of the ability to assess the property.
5. A county service area must be able to financially sustain the level of service anticipated upon its formation as well as other services that may be added subsequent to formation.
6. Except in county service areas with routine operations, such as those with a street lighting function, advisory committees should be formed to provide recommendations to the Board of Supervisors on policy matters within the CSA.
7. County service areas will be assessed annually for expenses incurred in administering the county service area, including the costs of any losses occurring within the county service area or establishment of a reserve for such losses. Insofar as possible, notice is to be given to subsequent property owners for existing and potential county service area assessments within previously established county service areas.
8. Whenever possible and feasible, previously existing county service areas shall be made to conform to these stated policies.

November 1987

NOVEMBER 9, 1987

REPORT ON THE
TASK FORCE REPORT

The Task Force on County Service Area Formation and Use Policy was formed by the Board of Supervisors to provide joint community/county staff review of current policy and make recommendations for change.

Although there was agreement on several of the policy statements proposed by the Chief Administrative Officer through his letter of June 3, 1987, substantial differences existed with regard to whether the county, on behalf of county service areas, should take ownership of common areas (e.g. parks, recreation centers, natural open space areas, roadway easements, etc.) or if homeowners associations should be required to take ownership of these areas.

The primary concern of the county was the significant liability that the county could incur as a direct result of accepting title to common areas. Of further concern was the possible determination in the future that the method of providing services or the scope of services provided is beyond that which is authorized, therefore leaving the county with title to property and no viable assessment provision. A case in point would be the circumstance where county property in a newly incorporated area would be selectively transferred to the new entity leaving the county to own and maintain less desirable open space property. Because of these concerns, the county looked to ownership alternatives, such as homeowners associations, to mitigate the maintenance/liability issue.

The community position on open space ownership reflects, in large measure, the views of many developers in the Rancho California area who have current and future developments in County Service Area 143, and who indicate they would be substantially affected by the requirement to form homeowners associations. The community believes that, since open space areas are required by the county for environmental mitigation or other public purposes as part of the approval process, then a county service area, as a public agency, should take ownership and maintain this property. It was further stated by community representatives that insofar as the original conditions of approval for the formation of CSA 143 included provisions for dedication of public facilities to the county, that indeed such dedications should be allowed under CSA Formation and Use Policies.

The community indicated that their experience with homeowners associations demonstrated that they are not reliable vehicles for handling long-term or difficult situations because the resolve to meet responsibilities typically wanes as management difficulties or financial pressures increase, thus creating the potential for significant problems in the future. County service areas are seen by the community as more efficient providing economies of scale for managing or contracting for services; whereas it could take multiple homeowners associations with higher costs to cover the same responsibilities. The county-wide policy considerations regarding equestrian trails were considered to be beyond the scope of the policies assigned this body for review.

Considerable discussion was held in clarifying and defining "public use" as a key step in identifying the conditions under which the county, on behalf of a county service area, could legally take ownership and expend public funds to perform maintenance on property/facilities. In summary, public use was defined as

Report on the Task Force Report
November 9, 1967
Page 2

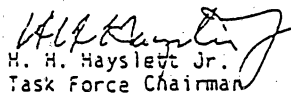
appropriately occurring when land or facilities are dedicated to and accepted by the county for use by the public on an unrestricted basis, and where the service or function available through the property or facility and is determined to be for public benefit.

After lengthy discussion expanding and clarifying points of concern about liability and ownership of common areas, using a "dormant homeowners association" as a method of mitigating some of the county's potential liability was brought forward by counsel for representatives of the community. This entity is an unincorporated association that will incorporate itself to take title to specific property from the county upon the county finding itself in certain conditions with regard to open space and previously dedicated property, such as loss of the ability to assess the property for the required level of service. Documentation to implement this potential future interest will be included in transfer of title documents subject to county review and approval. While the foregoing policy is dependent on assurance that the Department of Real Estate will allow for creation of a dormant homeowners associations and title to dedicated property can be appropriately transferred, it is believed that this procedure adequately insulates the county from future inability to fund the activities within a given county service area.

In consideration of the county incurring substantial potential liability with the acceptance of ownership of common areas on behalf of a county service area, the Task Force recommends that county service areas be assessed annually to provide a reserve in the county self-insurance program against potential liability costs.

The policy forwarded herewith, unanimously recommended for adoption by the Task Force, updates existing county service area policy, bringing into consideration those conditions impacting on the county service area formation and use brought about by rapid growth in the unincorporated areas of Riverside County.

Respectfully submitted,


H. H. Hayslett Jr.
Task Force Chairman

HHH:so

Exhibit "A" -- Recommended Policy
Exhibit "B" -- Background Documents

**COST BREAKDOWN FOR CSA 143
ATTACHMENT C**

FY 90 - 91

ZONE	ADMIN/*** PARK	TRASH	ZONE** CHARGE	TOTAL* PARCEL CHARGE
3 Winchester Collection	47.63	4.47	125.53	177.63
7 Warm Springs	47.63	0	0	47.63
19 Silver Hawk	47.63	4.47	11.90	64.00
20 Red Hawk	47.63	4.47	71.44	123.54
22 Vail Ranch (not assessed)				

FY 91 - 92

ZONE	ADMIN*** COST	PARK*** MAINT	TRASH	ZONE** CHARGE	TOTAL* PARCEL CHARGE
3 Winchester Collection	49.02	38.47	108.51	84.39	280.39
19 Silver Hawk	49.02	38.47	108.51	27.89	223.89
20 Red Hawk	49.02	38.47	108.51	42.15	238.15
22 Vail Ranch	49.02	38.47	108.51	68.83	264.83

FY 92 - 93

ZONE	ADMIN*** COST	PARK*** MAINT	TRASH	ZONE** CHARGE	TOTAL* PARCEL CHARGE
3 Winchester Collection	32.57	38.29	123.27	125.61	319.74
7 Warm Springs	32.57	38.29	0	15.64	86.50
19 Silver Hawk	32.57	38.29	123.27	40.14	234.27
20 Red Hawk	32.57	38.29	123.27	63.55	257.68
22 Vail Ranch	32.57	38.29	123.27	102.28	296.41

- * Acreage at 4 X the acre without trash.
- ** Includes slopes, medians, monuments and pocket parks associated with the particular zone.
- *** Regional charges i.e., police protection, admin., regional parks.

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CSA 143 ESTIMATED PARCEL CHARGES FISCAL YEAR 1993-94 ATTACHMENT D					
ZONE	DESCRIPTION	SITE STATUS	OPTION I PARCEL CHARGE	OPTION II 2X ACRE	OPTION III 4X ACRE
3	WINCHESTER COLLECTION	DEVELOPED 225	354.84	319.39	307.54
		UNDEVELOPED* 0	0	0	0
		PARCEL CAP	322.16	322.16	322.16
7	WARM SPRINGS	DEVELOPED 0	0	0	0
		UNDEVELOPED* 57	69.44	33.99	22.14
		PARCEL CAP	86.50	86.50	86.50
19	SILVER HAWK	DEVELOPED 119	458.07	263.82	235.40
		UNDEVELOPED* 195	264.15	69.90	41.48
		PARCEL CAP	234.27	234.27	234.27
20	RED HAWK	DEVELOPED 311	600.50	386.48	319.41
		UNDEVELOPED* 484	406.58	192.56	125.49
		PARCEL CAP	257.68	257.68	257.68
22	VAIL RANCH	DEVELOPED 262	417.08	351.92	338.93
		UNDEVELOPED* 1213	223.16	158.00	145.01
		PARCEL CAP	296.41	296.41	296.41

• No Trash Charge

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Appendix D

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisors Buster and Cenicerros
SUBMITTAL DATE: September 21, 1993

Continuing review of County Service Area 143
RECOMMENDED MOTION:

Request that the Administrative Office complete its review of County Service Area 143 to address the continuing concerns evinced by our offices and residents of the area.

JUSTIFICATION:

Though the recently completed financial audit of CSA 143 addressed the status of accounts and reconciled the amount of fees owed the Murrieta Community Services District, a number of questions previously raised have not been satisfactorily answered. We request that the Administrative Office, with assistance from other county departments as needed, provide the following:

1. Parcel-by-parcel spreadsheet on the remaining portions of CSA 143, including yearly charges broken down by regional and zone charges. The regional and zone charges will be further reduced to their constituent parts, including a clear delineation of the difference between the administrative fee assessed to developed and undeveloped land.

(CONTINUED)

Bob Buster
Bob Buster
Supervisor
First District

Kay Cenicerros
Kay Cenicerros
Supervisor
Third District

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Dunlap, seconded by Supervisor Cenicerros and duly carried, IT WAS ORDERED that the above matter is approved as recommended, and that said report is due back November 2, 1993.

Ayes: Buster, Dunlap, Cenicerros and Younglove
Noes: None
Abstain: Larson
Absent: None
Date: September 28, 1993
xc: Supvs. Buster, Cenicerros, A.O.
COB

Gerald A. Maloney

Deputy

Prev. Agn. ref.

Depts. Comments

3 43 AGENDA NO.

2. Review and reaffirmation of the management hierarchy for County Service Area administration, particularly as it pertains to CSA 143.

● Why didn't the CSA Administrator approach the other members of the Board and/or the Chief Administrative Officer following Supervisor Walt Abraham's direction to violate the "chain of command" by ordering that control of CSA 143 be vested in Jeanine Overson, the on-site administrator?

● Why didn't the Administrative Office and representatives of County Counsel clearly enunciate to our offices the existence of CSA 143's unique administrative functions, including the assessment multiplier on raw land? In other words, why did it fall to our offices to discover that "irregular" administrative practices were the rule in CSA 143?

3. The amount and disposition of budget surpluses for each fiscal year.

4. Explanation of why revenues were consistently overstated.

5. Review of the decision to establish CSA 143 as a County Service Area instead of a Community Services District.

● Because of its extensive geographical area, the population served and the size of its budget, it appears that CSA 143 should have been established as a Community Services District.

6. Elaboration on the previously raised question of an alternative funding/administrative mechanism to serve in the place of CSA 143.

● The Administrative Office's previous report spelled out four such alternatives: activation of the dormant homeowners associations, creation of a landscape maintenance district or Community Services District, or annexation to Valley-Wide Recreation and Park District. The report also specified that it would take additional time to evaluate the pros and cons of each option. That evaluation should be undertaken.

BB:kvv

Appendix E

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



3.5

On motion of Supervisor Younglove, seconded by Supervisor Cenicerros and duly carried by unanimous vote, IT WAS ORDERED that the Administrative Office's Report on Review of County Service Area 143, dated October 29, 1993, is approved as listed below:

1. Receive and file this report; and, direct the Administrative Office to establish stronger management control procedures for all CSA's.
2. Direct the Administrative Office to audit overall CSA administration practices including: organization and staffing, systems support, financial and administrative controls, project management policies and procedures, reporting requirements, and interdepartmental coordination; and,

IT WAS FURTHER ORDERED that the Board support the Grand Jury's investigation of this matter to avoid institutional license to investigate itself.

Roll Call:

Ayes: Buster, Cenicerros, Larson and Younglove
Noes: None
Absent: Dunlap

I hereby certify that the foregoing is a full, true and correct copy of an order made and entered on
November 2, 1993 of Supervisors Minutes.

WITNESS my hand and the seal of the Board of Supervisors

Dated: November 2, 1993

Gerald A. Maloney, Clerk of the Board of Supervisors, in and for
the County of Riverside, State of California.

(seal)

By: *[Signature]*

Deputy

AGENDA NO

xc: Supvs. Buster, Cenicerros, A.O.

3.5

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Supervisors Buster and Cenicerros SUBMITTAL DATE: September 21, 1993

SUBJECT: Continuing review of County Service Area 143
RECOMMENDED MOTION:

Request that the Administrative Office complete its review of County Service Area 143 to address the continuing concerns evinced by our offices and residents of the area.

JUSTIFICATION:

Though the recently completed financial audit of CSA 143 addressed the status of accounts and reconciled the amount of fees owed the Murrieta Community Services District, a number of questions previously raised have not been satisfactorily answered. We request that the Administrative Office, with assistance from other county departments as needed, provide the following:

1. Parcel-by-parcel spreadsheet on the remaining portions of CSA 143, including yearly charges broken down by regional and zone charges. The regional and zone charges will be further reduced to their constituent parts, including a clear delineation of the difference between the administrative fee assessed to developed and undeveloped land.

(CONTINUED)

Bob Buster

Bob Buster
Supervisor
First District

Kay Cenicerros

Kay Cenicerros
Supervisor
Third District

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Dunlap, seconded by Supervisor Cenicerros and duly carried, IT WAS ORDERED that the above matter is approved as recommended, and that said report is due back November 2, 1993.

Ayes: Buster, Dunlap, Cenicerros and Younglove
Noes: None
Abstain: Larson
Absent: None
Date: September 28, 1993
xc: Supvs. Buster, Cenicerros, A.O.

Gerald A. Maloney

Clerk of the Board

By M. A. [Signature]
Deputy

Prev. Agn. ref. COS

Depts. Comments

Dir.

AGENDA NO.

3.5



Larry Parrish
Chief Administrative Officer

County Administrative Office

October 29, 1993

Honorable Board of Supervisors
County of Riverside
Robert T. Andersen Administrative Center
4080 Lemon Street, 14th Floor
Riverside, CA 92501-3651

RE: CONTINUING REVIEW OF COUNTY SERVICE AREA 143

Members of the Board:

On September 21, 1993, the Board directed the Administrative Office to complete its review of County Service Area 143 (CSA 143) to address the continuing concerns expressed by the Board and residents of the area. Following is our response to the specific issues raised by the Board:

1. **Issue:** Provide a parcel-by-parcel spreadsheet on the remaining portions of CSA 143, including yearly charges broken down by regional and zone charges. The regional and zone charges to be further reduced to their constituent parts, including a clear delineation of the difference between the administrative fee assessed to developed and undeveloped land.

Response: Attachment "A" is a breakdown of the regional and zone charges by year for developed and undeveloped land. Attachment "B" is a sampling of the parcel by parcel charges over the past four years. The sampling indicates that regional and zone charges were appropriately

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allocated (a parcel by parcel spreadsheet is available if further detail is necessary, however, for ease of presentation a representative sample was used). An explanation of the component parts of the total parcel charge and the methodology follows:

Administrative Fees

The administrative fee covers salaries and fringe benefits, supplies and services, and extended police protection. The administrative fee for undeveloped land was added to the park maintenance fee and zone charge, and that total was multiplied at four times the acre as per the methodology recommended by the Advisory Committee. The underlying rationale being that undeveloped property was receiving a level of benefit as the amenities increased the marketability of these properties. Owners of developed land paid the administrative fees on a per parcel basis.

Trash Collection Charges

It was anticipated that trash collection for the area would be provided beginning in FY 89-90, so the parcel charge included an estimate of \$71.01 per parcel for this service. Contractual difficulties delayed the actual trash hauling until November 1990. This resulted in a fund balance which was used to partially offset the FY 90-91 trash charge. Therefore, as noted in Attachment A, the parcel fee assessed in FY 90-91 was \$4.47 per parcel.

A comparison of actual vs. estimated charges indicates that prior year fund balances have been used to reduce the parcel charge below the actual cost. In FY 91-92 the actual cost for trash collection was \$186.36 and the parcel charge was \$108.51. In FY 92-93 the actual cost for trash collection was \$189.36 and the parcel charge was \$123.27. In FY 93-94 trash collection was partially offset with the prior year's fund balance due to the parcel cap limitation of \$123.27. The actual cost is estimated to be \$193.92 per parcel.

Park Fees (Regional)

In FY 89-90, the Rancho California Sports Park was the only regional park within the CSA. That year, park maintenance charges and administrative charges were combined, therefore, a breakdown of how these charges were allocated between each category is unavailable.

In FY 90-91 park maintenance for regional parks was budgeted at \$613,729. There were four regional parks on-line at that time: Alta Murrieta Sports Park, Alta Murrieta Sycamore Park, Cal Oaks Sports Park, Cal Oaks Park #10. The Rancho California Sports Park was turned over to the City of Temecula in FY 90-91. The remaining four regional parks were maintained by CSA 143 until FY 93-94 when they were turned over to the City of Murrieta.

Zone Charge

Zone charges are established by calculating the cost of landscape maintenance, street lighting charges, local pocket parks, open space and slope maintenance for the parcels within that zone. Each zone would be charged for their respective services for that particular area. For FY 93-94, CSA 143 has two pocket parks; one in Zone 3 (Winchester Collection) and one in Zone 22 (Red Hawk). Prior to FY 93-94 the zone charge for undeveloped land was based on a level of benefit equal to four times the acre. As previously noted, this methodology was recommended by the Advisory Committee. In FY 93-94, as approved by the Board, the zone charge for undeveloped land is calculated at a level of benefit equal to two times the acre.

2. Issue: Review and reaffirmation of the management hierarchy for County Service Area administration, particularly as it pertains to CSA 143.

Response: There are currently 72 active CSAs within the County. The administration of these CSAs is handled through the Administrative Office by the CSA Administrator. The CSA Administrator is responsible for the proper and efficient administration of all CSAs. CSAs that perform public works functions or park and recreation services generally have staff who are responsible for the day-to-day operation of the CSA. These CSAs also have Advisory Committees appointed by the Board or elected by resident voters to provide recommendations to the Board on policy matters within the CSA. Policy recommendations from Advisory Committees are reviewed by their respective staff and the CSA Administrator who, through the Chief Administrative Officer, recommends appropriate action to the Board of Supervisors.

October 29, 1993

The day-to-day management of CSA 143 was under the direction of the on-site CSA Manager. This particular manager did have a relatively greater degree of authority. This was primarily due to the scope of services provided and number of staff employed by the CSA. For this reason it was necessary for the on-site manager to have more flexibility in making decisions. I don't view this as an "irregular" administrative practice or a violation of the "chain of command" as suggested. It is not unusual for the CSA Administrator to delegate authority to an on-site manager who is expected to make management level decisions as necessary in order to ensure that a CSA is operating as efficiently as possible. The delegation of authority, however, does not preclude Administrative Office oversight of CSA operations.

The Board has also inquired about a comment made by the CSA Administrator that suggests a former member of the Board "ordered" him to leave the management of the CSA alone. I have not been told by the CSA Administrator that such an order was given. I understand the CSA Administrator approached the former Supervisor to make him aware of the direction the Advisory Committee was taking on matters specific to that CSA and that the Supervisor indicated he was satisfied with how the CSA was operating. Again, I do not view this as an "irregular" administrative practice or a violation of the "chain of command." It is common practice for the CSA Administrator to contact individual supervisors to keep them apprised of the activities of a CSA within their district.

While I indicate that these management practices (identified in the preceding paragraphs) are not viewed as "irregular", I do believe they reinforce the need for clear management control procedures to be put in place for CSAs. Therefore, I am recommending that the Administrative Office establish a written management control procedure for all CSAs. This procedure will address span of control, reporting relationships, procedures for parcel fee refunds and staff contact with Board Members.

3. **Issue:** **The amount and disposition of budget surpluses for each fiscal year.**

Response: The following chart identifies the amount of surplus revenue for each fiscal year, the amount used to reduce assessments for the next fiscal year, and the amount reserved for Dry Period Funding. (Dry Period Funding is the period from July 1 to Dec 31 of any fiscal year when tax proceeds have not yet been collected to support the CSA.)

October 29, 1993

CSA 143 BUDGET BALANCES

FY YEAR	F\B AVAILABLE AT END OF FY	USED FOR NEXT FY BUDGET	DRY PERIOD FUNDING
1986-87	\$ 76,371	\$ 45,065	\$ 31,306
1987-88	618,669	522,524	96,145
1988-89	1,059,078	1,009,796	50,182
1989-90	2,432,146	1,149,514	1,282,632
1990-91	2,647,273	1,500,000	1,147,273
1991-92	2,505,302	1,400,000	1,105,302
1992-93	2,179,370*	256,945	317,338

* Distributed:	City of Murrieta	\$1,399,739
	CSA 143	<u>574,283</u>
		1,974,022
	Reserved for Encumbrance	<u>205,348</u>
	Total Distributed	<u>\$2,179,370</u>

4. Issue: Explanation of why revenues were consistently overstated.

Response: Each fiscal year, the CSA manager would request that developers and merchant builders prepare a budget for their projected developments for the next fiscal year, and for developments that were turned over to CSA 143 during the current fiscal year. These budgets included the cost for landscape maintenance, park maintenance, open space maintenance, street light costs, and trash collection (if applicable). To this was added Regional Park and Open Space maintenance costs along with the administrative overhead costs. Revenues were often overstated because developers did not always meet their projected build-out which resulted in assessments being collected on developed but unoccupied property (property that had been legally subdivided but not yet built-out). These fees were then used to offset the parcel charges in the next fiscal year, thus, reducing the assessments to the homeowners and developers the following year.

October 29, 1993

5. Issue: Review of the decision to establish CSA 143 as a County Service Area instead of a Community Services District (CSD).

Response: In 1985, the consulting firm of Christensen and Wallace prepared a feasibility study and justification report for the proposed formation for the Alta Murrieta Service Area (CSA 143). They concluded that a Community Service District has all the powers for the provision of service that a County Service Area has, but that it could not be used in this instance because the formation of a CSD requires a petition by the registered voters living in the affected area. Since this development was uninhabited at the time, this alternative was not available.

6. Issue: Elaborate on the previously raised questions of an alternative funding/administrative mechanism to serve in place of CSA 143.

Option #1: Activate the dormant Homeowners Association (HOA).

In 1986, when CSA 143 was initially established, it was recognized that the maintenance activities would be both expensive and far-reaching. It was further determined that the enabling statute for CSAs was being reviewed in Sacramento and could potentially be modified in a manner that would inhibit the ability of the County to collect the necessary revenue to perform the required maintenance on slopes, median, pocket parks and other landscape areas within a given development.

Accordingly, there was created the concept of the dormant HOA, which was ultimately approved by the Department of Real Estate for California. The dormant HOA was required to develop an approved set of conditions, covenants, and restrictions (C,C & R's) which could be activated by the County. Such activation would occur when the County determined it was either incapable or unwilling to continue collection of the assessments within a given development.

Were the County to require activation of a dormant HOA, it would be necessary to convey the property previously accepted by the County back to the Association. Thereafter, the Association would have to develop a basis for collections of the needed assessment, as well as provide for the actual maintenance.

It is noted that the original concept of CSA 143 was to provide an alternative to HOAs which had previously proven to be cumbersome and often ineffective in performing actual maintenance, collection of dues/fees and providing general leadership. It is further noted that many of the services performed by CSA 143 are regional in scope and cannot be performed by an HOA. The operation of a Regional Sports Complex requires an entity capable of assessing in an area greater than a single HOA. Provision of trash collection, bike lanes, flood facilities, and open space buffer zone functions requires a more regional basis for collection of fees/assessments, and could not be performed by individual HOAs. The scope of the work and the requirement of jurisdiction over territory overlapping numerous developments makes activation of the dormant HOA an extremely limited solution.

It should be further recognized that many parcels within CSA 143 are not included within developments subject to a dormant HOA. Therefore, even if some associations were activated, these parcels would continue to fall within the jurisdiction of CSA 143, creating a dual jurisdiction situation and preventing orderly development/maintenance of the area.

Option #2: Annex to Valley-Wide Recreation and Park District.

The Director of Valley-Wide Recreation and Park District has stated that the area is too geographically separated from the District to be served efficiently. Therefore, this option is not viewed as a viable alternative at this time.

Option #3: Form a Community Service District.

This would create a new level of government insofar as a CSD is considered a quasi-municipality, lacking only the function of land use planning. As an independent district, it would have its own board of directors and essentially perform the same activities as the current CSA.

The formation of a CSD requires a petition signed by at least 10% of the registered voters within the proposed district. If such petition is signed by less than 80% of the registered voters within the proposed district, actual formation is subject to confirmation by the registered voters within the affected territory. From the foregoing, it is beyond the power of the County to create such a district on its own motion.

Option #4: 1972 Landscape and Maintenance Assessment District:

Pursuant to Streets and Highways Code Section 22525, a Landscape and Lighting District may perform the following:

- (a) The installation or planting of landscaping.
- (b) The installation or construction of statuary, fountains, and other ornamental structures and facilities.
- (c) The installation or construction of public lighting facilities, including, but not limited to, traffic signals.
- (d) The installation or construction of any facilities which are appurtenant to any of the foregoing or which are necessary or convenient for the maintenance or servicing thereof, including, but not limited to, grading, clearing, removal of debris, the installation or construction of curbs, gutters, walls, sidewalks, or paving, or water, irrigation, drainage, or electrical facilities.
- (e) The installation of park or recreational improvements, including, but not limited to, all of the following:
 - (1) Land preparation, such as grading, leveling, cutting and filling, sod, landscaping, irrigation systems, sidewalks, and drainage.
 - (2) Lights, playground equipment, play courts, and public restrooms.
- (f) The maintenance or servicing, or both, of any of the foregoing.
- (g) The acquisition of land for park, recreational, or open-space purposes.
- (h) The acquisition of any existing improvement otherwise authorized pursuant to this section.

Formation of the District is through the provisions of the Streets and Highways Code ("S & H") 22585 et seq. Such formation requires the preparation of an engineering report (S & H 22565) and preparation/approval of the appropriate resolution (S & H 22587). Thereafter, a protest hearing must be conducted and written protest must be evaluated (S & H 22588 et seq.).

As a practical matter, an assessment district formed under these provisions operates essentially the same as a CSA. Assessments would be levied normally to fund the projects identified within the engineer's report and collected "in the same manner as county taxes are collected" (S & H 22646).

Summary and Conclusions:

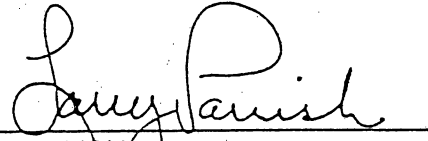
- A sampling of regional and zone charges indicates that fees were appropriately allocated.
- Trash collection fees were initially greater than actual costs, however, surplus funds were used to partially offset the cost of trash collection in the succeeding fiscal years.
- Initially administrative charges were combined with park maintenance charges. Beginning in FY 91-92 these charges were separated.
- There is a need for stronger management control procedures for CSAs. These procedures need to address, among other things, span of control, reporting relationships, parcel fee appeals procedure and staff contact with Board Members.
- Revenues were often overstated because developers did not always meet their build-out projections. These surplus funds were used to partially offset parcel fees in the succeeding fiscal year, thus, reducing assessments to homeowners and developers the following year.
- Alternative mechanisms to serve in place of CSA 143 do not appear to be viable options at this time.

October 29, 1993

Recommendation:

1. Receive and file this report; and, direct the Administrative Office to establish stronger management control procedures for all CSAs.
2. Direct the Administrative Office to audit overall CSA administration practices including: organization and staffing, systems support, financial and administrative controls, project management policies and procedures, reporting requirements, and interdepartmental coordination.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Larry Parrish", is written over a horizontal line.

LARRY PARRISH
Chief Administrative Officer

.Attachments

Appendix F

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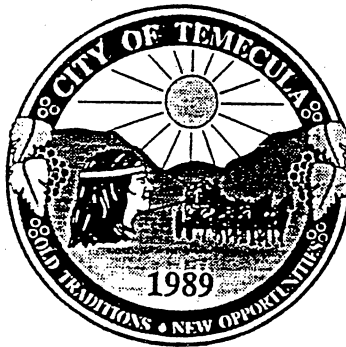
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1993

COMMISSIONER

CITY OF TEMECULA

PRELIMINARY ANNUAL LEVY REPORT
TEMECULA COMMUNITY SERVICES DISTRICT
FISCAL YEAR 1993/1994



REVISED
JUNE 1993

MUNI FINANCIAL SERVICES, INC.

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Temecula, CA 92590
Tel: (909) 699-3990
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OVERVIEW

A. Introduction

The Temecula Community Services District ("District") was formed in 1989 upon incorporation of the City to continue services previously provided by the County. The City collects special rates and charges in order to provide services and maintain the improvements within the District. The District has been formed and the rates and charges established pursuant to Section 61621 of the Government Code.

This Report describes the proposed rates and charges per parcel for Fiscal Year 1993/94 based on the historical and estimated cost to provide services and maintain improvements that provide a benefit to properties within the District. Each parcel charged receives direct benefit from the District.

For the purposes of this Report, wherever the word "parcel" is used, it refers to an individual property assigned its own assessment number. The County Auditor/Controller uses assessment numbers when identifying those properties that are charged for special district benefits.

A public hearing will be held to allow the public an opportunity to hear and be heard regarding the District. After the public hearing, the Board of Directors may order the modification of this Report. After approval of this Report, as submitted or as modified, the Board shall order the levy and collection of rates and charges for Fiscal Year 1993/94. In such case, the rate and charge information will be submitted to the County Auditor/Controller. The County Auditor/Controller will include the rates and charges on the property tax roll for Fiscal Year 1993/94.

B. Description of the District and Services

The District provides certain services and the maintenance of specific improvements within public rights-of-way and dedicated landscape easements throughout the City.

The District consists of six separate service levels providing services within certain areas throughout the City. Each parcel is grouped within one or more service levels based upon its location and the quantity and type of services provided within that area. Each service level has differing costs depending upon the various services providing benefits to the parcels within the level. Each parcel is charged its fair share of the costs of the services providing benefit.

Services and improvements provided include the construction and maintenance of community parks, recreation programs, street lighting, median landscape maintenance, perimeter landscape maintenance, slope protection, a recycling and refuse collection program, and road improvement construction and maintenance.

Table I below lists the various Service Levels within the District along with the total levy budget, charge per equivalent dwelling unit (EDU) as compared to the 1992/93 fiscal year, along with the 1993/94 total EDU, and the total number of parcels within each Service Level.

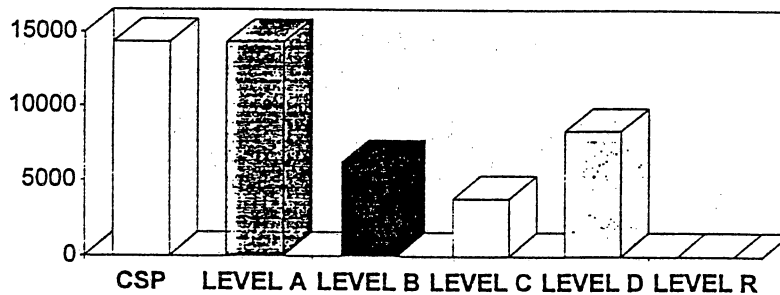
**TABLE I
SERVICE LEVELS**

SERVICE LEVEL	1992/93		1993/94		Increase	Total EDU per Level	Parcels per Level
	Total Levy Budget	Charge per EDU	Total Levy Budget	Charge per EDU			
Community Services, Parks, and Recreation	\$2,164,534	\$58.30	\$2,415,360	\$64.20	\$5.90	37,622.39	14,361
Service Level A Arterial Street Lighting and Medians	154,776	4.18	157,304	4.18	0	37,622.39	14,361
Service Level B Residential Street Lighting	192,650	30.88	191,765	30.88	0	6,210	6,210
Service Level C Local Landscaping and Slopes:							
Rate Level # 1	5,550	50.00	26,150	50.00	0	523	523
Rate Level # 2	96,162	93.00	83,235	93.00	0	895	895
Rate Level # 3	98,040	120.00	137,280	120.00	0	1,144	1,144
Rate Level # 4	233,953	179.00	176,136	179.00	0	984	984
Service Level D Citywide Recycling and Refuse	\$1,250,365	\$159.12	1,379,730	165.00	\$5.88	8,362	8,362
Service Level R Roads			\$0	\$0.00	N/A		

Exhibit A below illustrates the relationship of those parcels located within each of the six Service Levels.

EXHIBIT A

PARCELS BY SERVICE LEVEL



DESCRIPTION OF THE DISTRICT

A description of the current Service Levels within the District is listed below.

Community Services, Parks, and Recreation includes maintenance, service, and operations of all public parks in the District. Most park construction is provided either by Developers as a condition of their residential projects or Development Impact Fees. This Service Level also allows for the construction of the Community Recreation Center and its debt service. In addition, this Service Level provides funding for the various recreation programs throughout the City. The following is a list of some of the City's Parks and Recreation facilities:

- | | |
|--------------------------------|---------------------------------|
| •Rancho California Sports Park | •Community Recreation Center |
| •Sam Hicks Monument Park | •Loma Linda Park |
| •Veterans Park | •Riverton Park |
| •Bahia Vista Park | •John Magee Park |
| •Calle Aragon Park | •Kent Hindergardt Memorial Park |
| •Teen Recreation Center | •Paloma Del Sol Park |
| •Senior Center | |

Service Level A, Arterial Street Lighting and Medians provides a benefit to all parcels within the City through the servicing, operation, and maintenance of street lighting and landscaped medians along arterial streets.

Service Level B, Residential Street Lighting provides a benefit to all single family residential and vacant parcels within those tracts requiring servicing, operation, and maintenance of local street lighting.

Service Level C, Perimeter Landscaping and Slopes provides the servicing, operation, and maintenance of perimeter landscaped areas and slopes within the public right of way and dedicated easements within certain tracts. The level of maintenance required within these tracts varies depending on operating costs and therefore, four Rate Levels have been established.

Table II below shows a breakdown of the Tracts composing each Rate Level within Service Level C, Local Landscaping and Slopes.

TABLE II
Service Level C Tracts

Rate Level #1	\$50.00	Rate Level #2	\$93.00	Rate Level #3	\$120.00	Rate Level #4	\$179.00
Tract Name	Tract #	Tract Name	Tract #	Tract Name	Tract #	Tract Name	Tract #
Presley Development	23267-0	Ridgeview	20735-7	Martinique	23218	Meadowview	21765
	23267-1		20735-9	Saddlewood	18518-0	Signet Series	20882-0
	23267-4		20881-0		18518-2		20882-1
	26861-1		21764-0		18518-3		20882-2
	26861-2	Winchester Creek	20130-0	The Summit	20643		20882-3
Rancho Solana	22593-0		20130-1		20643-4	Village Grove	21672-1
	22593-1		20130-2		22203		21672-2
	22593-2		20130-3		22203-4		21672-3
The Vineyards	20879-0		20130-4	Vintage Hills	22715-0		21672-4
	20879-1		20130-5		22715-1		21674-0
			20130-6		22715-2		21674-1
			21340-0		22716-0		21674-2
			21340-1		22716-1		21674-3
			21340-2		22716-2		21675-1
			21340-3		22716-3		21675-2
		Woodcrest Country	21561		22716-4		21675-3
			22208		22915-0		21675-4
					22915-1		21675-5
					22915-2		21675-6
					22915-3		

Service Level D, Citywide Recycling and Street Sweeping provides the operations and administration of the refuse and recycling program and street sweeping services for all single family residential homes.

Service Level R, Roads includes the construction and maintenance of streets and roads throughout the City.

CHANGES TO THE DISTRICT

For Fiscal Year 1993/94, changes within the District that affect the levy are outlined below.

A. Annexations

Annexations to Service Level C, Local Landscaping and Slopes are the parcels within Tracts 26861-1, 26861-2, 23267-0, 23267-1 and 23267-4 (Presley Development).

B. Modifications of the District Structure

A new Service Level, Service Level R (Roads) has been added. This Service Level will provide funding for construction and maintenance of public streets and roads throughout the City. No charges are proposed within Service Level R for this fiscal year.

C. District Budget Changes

The Community Services, Parks and Recreation Service Level rates have increased due to the operations and maintenance costs of the Community Recreation Center, as well as several neighborhood and community parks that will be added to the City's park system. Service Level D has increased due to an increase in the County landfill dumping costs and normal Consumer Price Index (CPI) increases.

DISTRICT BUDGETS

TABLE III
1993/94 DISTRICT BUDGETS

TEMECULA COMMUNITY SERVICES DISTRICT								
OPERATING BUDGET DEPARTMENT SUMMARY								
FOR THE YEAR ENDING JUNE 30, 1993								
		Community						
		Services	Level A	Level B	Level C	Level D	Level R	Total
Acct.								
Number		190	191	192	193			
PERSONNEL SERVICES								
Salaries and Wages	5100	\$456,890	\$13,200	\$19,239	\$47,117			\$536,446
PERS Retirement	5102	\$65,069	\$1,880	\$2,740	\$6,710			\$76,399
State Unemployment	5103	\$17,021	\$581	\$847	\$2,073			\$20,522
Medicare FICA	5104	\$6,625	\$191	\$279	\$683			\$7,778
Auto Allowance	5106	\$2,400						\$2,400
Unemployment Training Tax	5109	\$457	\$13	\$19	\$47			\$536
Workers Compensation	5112	\$23,736	\$1,492	\$189	\$3,208			\$28,625
Health Benefits	5113	\$82,320	\$2,645	\$2,940	\$9,114			\$97,019
Part-Time (Project)	5119	\$139,558						\$139,558
Part-Time Retirement	5120	\$5,235						\$5,235
Compensated Absences	5126	\$5,616						\$5,616
Total Personnel Services		\$804,927	\$20,002	\$26,253	\$68,952	\$0	\$0	\$920,134
OPERATIONS AND MAINTENANCE								
Telephone Service (Cellular)	5208	\$11,000						\$11,000
Repair & Maint. - Facilities	5212	\$116,000						\$116,000
Maintenance Supplies	5218							\$0
Office Supplies	5220	\$19,000						\$19,000
Printing	5222	\$30,000						\$30,000
Legal Documents/Maps	5224	\$2,000						\$2,000
Dues and Memberships	5226	\$2,500						\$2,500
Publications	5228	\$1,000						\$1,000
Postage and Packaging	5230	\$6,000						\$6,000
Rent - Office	5234	\$33,750						\$33,750
Rent - Equipment	5238	\$13,000						\$13,000
Equipment Lease	5239	\$10,380						\$10,380
Utilities	5240	\$186,969	\$8,000		\$115,473			\$310,442
Small tools/Equipment	5242	\$10,000						\$10,000
Uniforms	5243	\$6,000						\$6,000
Signs	5244	\$4,000						\$4,000
Legal Services	5246	\$15,000						\$15,000
Consulting Services	5248							\$0
Other Outside Services	5250	\$243,950						\$243,950
Advertising	5254	\$5,000						\$5,000

TEMECULA COMMUNITY SERVICES DISTRICT								
OPERATING BUDGET DEPARTMENT SUMMARY								
FOR THE YEAR ENDING JUNE 30, 1993								
		Community						
		Services	Level A	Level B	Level C	Level D	Level R	Total
Acct.								
Number		190	191	192	193			
OPERATIONS AND MAINTENANCE, CONTINUED								
Public Notices	5256	\$1,000						\$1,000
Conference Education	5258	\$8,000						\$8,000
Meetings in Town	5260	\$2,000						\$2,000
Mileage	5262	\$3,500						\$3,500
Fuel Expense	5263	\$4,000						\$4,000
Blueprints	5268	\$500						\$500
Recreation Supplies	5300	\$143,507						\$143,507
Arterial Street Lighting	5500		\$121,302	\$165,512				\$286,814
Landscape Maintenance	5510		\$8,000		\$238,376			\$246,376
Assessment Administration	5525	\$20,000						\$20,000
Waste Hauling	5535					\$1,419,000		\$1,419,000
CIP Assistant Engineer	New	\$58,307						\$58,307
City Administration Charges	5540	\$155,293						\$155,293
Total Operations and Maintenance		\$1,111,656	\$137,302	\$165,512	\$353,849	\$1,419,000	\$0	\$3,187,319
INTERNAL SERVICE FUNDS								
Liability Insurance		\$27,248						\$27,248
Vehicles		\$26,556						\$26,556
Information Systems		\$49,814						\$49,814
Copy Center		\$22,613						\$22,613
Facilities		\$65,177						\$65,177
Total Internal Services		\$191,408						\$191,408
CAPITAL OUTLAY								
Office Furnishings	5600	\$15,000						\$15,000
Office Equipment	5602	\$5,000						\$5,000
Vehicles	5608							\$0
Equipment	5610	\$22,000						\$22,000
CIP - Projects							\$0	\$0
Bond Proceeds	5901	\$505,000						\$505,000
Total Capital Outlay		\$547,000	\$0				\$0	\$547,000
RESERVE FOR CONTINGENCY								
		0	0	0	0	0	0	\$0
TOTAL DISTRICT COSTS		\$2,654,991	\$157,304	\$191,765	\$422,801	\$1,419,000	\$0	\$4,845,861
RECREATION REVENUE		176,500						
FUND BALANCE CARRY OVER		63,131						
BALANCE TO LEVY		\$2,415,360	\$157,304	\$191,765	\$422,801	\$1,379,730	\$0	\$4,566,960

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METHOD OF APPORTIONMENT

As in past years, the cost to provide services within the District will be fairly distributed among each assessable property based upon the estimated benefit received by each property. The benefit formula used is based upon the land use and size of a property.

Each property is assigned an Equivalent Dwelling Unit (EDU) factor that reflects the property's land use and degree of benefit. Please refer to Appendix A for a complete listing of land use codes and their associated EDU. The following is the formula used to calculate each property's District charges.

$$\text{Parcel EDU} \times \text{Acres or Units} \times \text{Charge per EDU} = \text{Parcel Charge}$$

Table IV below reflects the levy calculations for various property types for each Service Level.

TABLE IV

PARCEL CHARGE CALCULATIONS FOR COMMUNITY SERVICES, PARKS, AND RECREATION

<i>Property Type</i>	<i>Parcel EDU</i>	<i>X</i>	<i>Charge per EDU</i>	<i>=</i>	<i>Parcel Charge</i>	<i>Multiplier</i>
Single Family Residential	1.00		\$64.20		\$64.20	Per Unit
Multi Family Residential	0.75		\$64.20		\$48.15	Per Unit
Agricultural	0.50		\$64.20		\$32.10	Per Acre
Single Family Vacant	2.00		\$64.20		\$128.40	Per Acre
Non-Residential Vacant	4.00		\$64.20		\$256.80	Per Acre
Non-Residential Improved	6.00		\$64.20		\$385.20	Per Acre

Property Type: Parcel X Charge = Parcel Multiplier
EDU per Charge
EDU

PARCEL CHARGE CALCULATIONS FOR SERVICE LEVEL A

Single Family Residential	1.00	\$4.18	\$4.18	Per Unit
Multi Family Residential	0.75	\$4.18	\$3.14	Per Unit
Agricultural	0.50	\$4.18	\$2.09	Per Acre
Single Family Vacant	2.00	\$4.18	\$8.36	Per Acre
Non-Residential Vacant	4.00	\$4.18	\$16.72	Per Acre
Non-Residential Improved	6.00	\$4.18	\$25.08	Per Acre

PARCEL CHARGE CALCULATIONS FOR SERVICE LEVEL B

Single Family Residential	1.00	\$30.88	\$30.88	Per Unit
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PARCEL CHARGE CALCULATIONS FOR SERVICE LEVEL C

Single Family Residential Rate C-1	1.00	\$50.00	\$50.00	Per Unit
Single Family Residential Rate C-2	1.00	\$93.00	\$93.00	Per Unit
Single Family Residential Rate C-3	1.00	\$120.00	\$120.00	Per Unit
Single Family Residential Rate C-4	1.00	\$179.00	\$179.00	Per Unit

PARCEL CHARGE CALCULATIONS FOR SERVICE LEVEL D

Single Family Residential	1.00	\$165.00	\$165.00	Per Unit
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Appendix G

NOTICE OF PUBLIC HEARINGS

NOTICE IS HEREBY GIVEN that on Tuesday, June 22, 1993, at 8:00 p.m., or as soon thereafter as it may be heard at the Temecula Community Center, 28816 Pujol Street, Temecula, California, the Board of Directors of the Temecula Community Services District (the "TCSD") will hold a public hearing on the levy and collection of rates and charges within the TCSD for fiscal year 1993/1994, on the property tax rolls.

NOTICE IS FURTHER GIVEN that on Tuesday, June 22, 1993, at 8:00 p.m., or as soon thereafter as it may be heard at the Temecula Community Center, 28816 Pujol Street, Temecula, California, the Board of Directors of the TCSD will hold a public hearing on the creation of a new service level within the TCSD.

The Temecula Community Services District (TCSD) operates under the authority of Community Services District Law and provides parks and recreation, median and slope maintenance, street lighting, graffiti removal, and recycling and refuse collection services in the City of Temecula. The boundaries of the TCSD are the same as those of the City of Temecula, and the City Council also serves as the Board of Directors of the TCSD.

Property owners in the City of Temecula only pay for the services that they actually receive through separate rates and charges on their property tax bill. The services provided by the TCSD are divided into five (5) service levels:

1. Community Services, Parks and Recreation. Operations, maintenance, improvements, and administration of the City community parks system, recreation facilities, programs, and activities.
2. Service Level A - Arterial Street Lights, Medians and Graffiti Removal. Operations, maintenance, utility costs, and administration of all arterial street lights, medians, traffic signals, and city-wide graffiti removal.
3. Service Level B - Residential Street Lights. Operations, maintenance, utility costs and administration of all residential street lights.
4. Service Level C - Perimeter Landscaping and Slope Maintenance. Operations, maintenance, utility costs, improvements, and administration for all perimeter landscaping and slope maintenance areas maintained by the TCSD.
5. Service Level D - Refuse Collection, Recycling and Street Sweeping. Operations and administration of the refuse and recycling program, and street sweeping services for all single family residential homes.

PROPOSED RATES AND CHARGES FOR FY 1993-94

Attached is an estimate that shows the proposed rates and charges that you will be required to pay for the next fiscal year. These charges are based on the Engineer's Report for Collection of Rates and Charges for Fiscal Year 1993-94 (the "Report"), which is on file with the City Clerk. The TCSD Board preliminarily adopted the Report on May 25, 1993. A copy of the Report is available for public viewing at City Hall, 43174 Business Park Drive, Temecula, California, Monday through Friday from 8:00 a.m. to 5:00 p.m.

** The attached estimate of the rates and charges for your property is provided for your information and convenience. The amount shown in the Report on file at the City Clerk's Office are actual amounts, and the Report shall be controlling over any discrepancy with the actual estimate.

RATES AND CHARGES APPEAL PROCESS

Any property owner subject to the rates and charges, may request a review of the rate and charge on their property by filing a written appeal in accordance with City guidelines, with TCSD Secretary, (City Clerk) before 4:30 p.m. on Wednesday, July 1, 1993. Any property owner subject to a rate and charge who believes that payment of all or a portion of the rate and charge would create a hardship for such property owner during fiscal year 1993-94, may file a written hardship appeal in accordance with City guidelines, with the TCSD Secretary (City Clerk) before 4:30 p.m. on July 1, 1993.

TCSD BUDGET FOR FISCAL YEAR 1993-94 (July 1, 1993 to June 30, 1994)

The proposed budget for the TCSD is as follows:

Community Services/Parks	\$2,708,290.00
Service Level A	326,533.00
Service Level B	191,765.00
Service Level C	453,881.00
Service Level D	<u>1,419,000.00</u>
Total TCSD Budget For FY 1993-94	\$5,099,469.00

At the Public Hearing on the creation of Service Level R, any person owning property within the proposed Service Level R boundaries will be given an opportunity to be heard concerning such person's opinion against or in favor of creating Service Level R. Any written protests against the creation of Service Level R must be submitted to the TCSD Secretary before the public hearing begins. If fifty percent (50%) or more of the registered voters within the proposed Service Level R boundaries, or the owners within the Zone R boundaries, file written protests, the TCSD must abandon the proceedings to create Service Level R.

PUBLIC WORKSHOPS

Two community workshops will be held to answer questions and concerns prior to the Public Hearing. These workshops will be held on Thursday, June 10, 1993 at 6:00 p.m. and Saturday June 12, 1993 at 10:00 a.m. Both workshops will be held at the Teen Recreation Center, 27870 Front Street, Suite D-4, Temecula, California. These workshops are intended to provide additional information concerning the proposed rates and charges, and the public is encouraged to attend.

QUESTIONS AND INQUIRIES

If you have any questions, please don't hesitate to contact the Community Services Department at (909)694-6480. If a staff member is not available, every effort will be made to return your phone call as quickly as possible. Thank you for taking the time to review this information, and we are looking forward to serving you.

HIGHLIGHTS OF THIS YEAR'S RATES AND CHARGES (All rates and charges are on an annual basis)

Community Services/Parks. For single family residents, this rate and charge is proposed to be \$64.20, an increase of \$5.90 per year. This increase is due to the expansion of community recreation facilities and programs which include the current construction of the Community Recreation Center at the Rancho California Sports Park and the construction of the Senior Citizens Center. In addition, a 2-acre park is nearing completion at Loma Linda Road; a 1-acre park and 9.2-acre park near Highway 79 South will be dedicated to the City this summer; a 9-acre park near Sparkman Elementary School with lighted fields for baseball and soccer will be completed by late summer; a 5-acre park, east of Calle Medusa, is scheduled to begin construction this summer; and a 28.6 acre community park on Pala Road is anticipated to begin construction within the next six months.

Service Level A - Arterial Street Lights, Medians, and Graffiti Removal. For single family residents, this rate and charge is proposed to be \$8.28, an increase of \$4.10. This increase is due to the addition of arterial street lights, traffic signals and a new city-wide graffiti removal program.

Service Level B - Residential Street Lights. The proposed rate of \$30.88 for residential street lighting will not increase from last year.

Service Level C - Slope Maintenance. No assessment increases are proposed for this service level, however, decreases are proposed for some property owners.

Service Level D - Refuse, Recycling, and Street Sweeping. For single family residents, this rate and charge is proposed to be \$165.00, an increase of \$5.88. This is due to an increase in County landfill dumping costs and normal Consumer Price Index (CPI) increases.

PROPOSED NEW SERVICE LEVEL

The TCSD Board of Directors proposes the creation of Service Level R within the TCSD for the construction, installation and maintenance of streets and roads. Service Level R boundaries will be the same as the City boundaries. No rates and charges will be levied for Service Level R in Fiscal Year 1993-94.

PUBLIC HEARING

At the Public Hearing on the TCSD Rates and Charges for FY 1993-94, the Board of Directors will review and consider any protest received in writing by the City Clerk's Office prior to the scheduled hearing. The Board will also listen to public comments by all interested individuals concerning the proposed rates and charges of the TCSD for FY 1993-94.

Endnotes

¹ County of Riverside Agenda Report, Review of County Service Area 143 (County of Riverside, CA: August 10, 1993) p. 1.

² Ibid., p. 2.

³ Ibid., Attachment B.

⁴ David Osborne and Ted Gaebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector (Reading, MA: Addison-Wesley Publishing Company, Inc., 1992), p. 23.

⁵ Michael Hammer and James Champy, Reengineering the Corporation: A Manifesto For Business Revolution (New York, NY: Harper-Collins Publishers, Inc., 1993) p. 32.

⁶ Ibid., p. 34.

⁷ County of Riverside Agenda Report, Review of County Service Area 143, (County of Riverside, CA: July 15, 1993) p. 1-2.

⁸ County of Riverside Agenda Report, Continuing Review of County Service Area 143 (County of Riverside, CA: October 29, 1993) p. 2.

⁹ Ibid., p. 4.

¹⁰ Jack Robinson, "Jury Says Former Supervisor Meddled," Temecula/Murrieta Press Enterprise, January 5, 1994, Sec. D, p. 1.

¹¹ Ibid.

¹² Douglas Yates, Bureaucratic Democracy: The Search for Democracy and Efficiency in American Government (Cambridge, MA: Harvard University Press, 1982) p. 126.

¹³ Anthony Downs, Inside Bureaucracy (Boston, MA: Little-Brown, 1967) p. 264.

¹⁴ James Q. Wilson, The Investigators (New York, NY: Basic Books, 1978) p. 14.

¹⁵ Ibid.

¹⁶ Susan Mohrman and Thomas G. Cummings, Self-Designing Organizations: Learning How to Create High Performance (Reading, MA: Addison-Wesley Publishing Company, 1989) p. 11.

¹⁷ Ibid., p. 12.

¹⁸ Warren Bennis and Burt Nanus, Leaders: The Strategies For Taking Charge (New York, NY: Harper & Row, Publishers, Inc., 1985) p. 7.

¹⁹ Ibid., p. 8.

²⁰ Michael Hammer and James Champy, Reengineering the Corporation: A Manifesto For Business Revolution (New York, NY: Harper-Collins Publishers, Inc., 1993) p.32.

²¹ County of Riverside Agenda Report, Review of County Service Area 143 (County of Riverside, CA: August 10, 1993) p.2.

²² Ibid., p. 3.

²³ Ibid., p. 1.

²⁴ County of Riverside Agenda Report, Continuing Review of County Service Area 143 (County of Riverside, CA: October 29, 1993) p. 2.

²⁵ County of Riverside Agenda Report, Continuing Review of County Service Area 143 (County of Riverside, CA: October 29, 1993) p. 9.

²⁶ Ibid., p. 10.

²⁷ County of Riverside Agenda Report, Continuing Review of County Service Area 143 (County of Riverside, CA: September 21, 1993) p. 1.

²⁸ Michael Hammer and James Champy, Reengineering the Corporation: A Manifesto For Business Revolution (New York, NY: Harper-Collins Publishers, Inc., 1993) p. 5.

²⁹ B. J. Reed and John W. Swain, Public Finance Administration (Englewood Cliffs, NJ: Prentice-Hall, Inc., 1990) p. 33.

³⁰ E. S. Quade, Analysis For Public Decisions (New York, NY: The Rand Corporation, 1989) p. 4.

³¹ City of Temecula, Annual Operating Budget - FY 1993-94 (Temecula, CA: June, 1993) p. 106-110.

³² City of Temecula Capital Improvement Program - FY 1994-98 (Temecula, CA: June, 1993) p. 15-20.

³³ City of Temecula, Annual Levy Report - Temecula Community Services District - FY 1993-94 (Temecula, CA: June, 1993) p. 3.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ Ibid., p. 4.

³⁹ Susan Mohrman and Thomas Cummings, Self-Designing Organizations: Learning How to Create High Performance (Reading, MA: Addison-Wesley Publishing Company, Inc., 1989) p. 11.

⁴⁰ Barry Boseman and Jeffrey D. Straussman, Public Management Strategies: Guidelines For Managerial Effectiveness (San Francisco, CA: Jossey-Bass Inc., Publishers, 1990) p. 33.

⁴¹ Michael Hammer and James Champy, Reengineering the Corporation: A Manifesto For Business Revolution (New York, NY: Harper-Collins Publishers, Inc., 1993) p. 5.

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