

ENGINEER'S REPORT

MORENO VALLEY COMMUNITY SERVICES DISTRICT

FORMATION OF

LANDSCAPING MAINTENANCE DISTRICT NO. 2014-02

FISCAL YEAR 2014/15

May 1, 2014

MORENO VALLEY COMMUNITY SERVICES DISTRICT

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MORENO VALLEY, CA 92553

PREPARED BY

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ENGINEER'S REPORT STATEMENT

Formation of the

Moreno Valley Community Services District Landscaping Maintenance District No. 2014-02

Establishment of Annual Assessments

Riverside County, State of California

As part of the Resolution of Intention packet presented for the consideration of the Moreno Valley Community Services District Board of Directors, this Report describes the proposed Assessments to be levied on parcels within the Landscaping Maintenance District 2014-02 commencing in fiscal year 2014/15, including the budget and basis of the assessments. Reference is hereby made to the Riverside County Assessor's Maps for a detailed description of the lines and dimensions of parcels subject to the proposed assessment. The undersigned respectfully submits the enclosed Report as directed by the Moreno Valley Community Services District Board of Directors.

Dated this 15th day of May, 2014

Willdan Financial Services
Assessment Engineer
On Behalf of the Moreno Valley Community Services District

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INTRODUCTION

The Moreno Valley Community Services District ("CSD") was established pursuant to the Community Services District Law (California Government Code Section 61000 et seq.) ("CSD Law") in 1984 at the time of the incorporation of the City of Moreno Valley. The CSD is a dependent special district of the City, and the Moreno Valley City Council serves as the Board of Directors of the CSD. The boundaries of the CSD are the same as those of the City.

Prior to the City's incorporation, the territory that would become the City of Moreno Valley was an unincorporated territory of Riverside County. The County had created County Service Areas to fund and provide certain enhanced services in this territory. The CSD was created so that responsibility for these funding mechanisms (and services) within the territory of the new City of Moreno Valley could be transitioned from CSAs governed by the Riverside County Board of Supervisors to a CSD governed by the Moreno Valley City Council.

The CSD is comprised of a number of Zones, each of which provides a specific set of services within a defined portion of the City. Zone E of the CSD was established in 1987 to fund landscape maintenance services in certain geographical and development areas of the City. Zone E is comprised of a number of subzones (i.e. Zone E-1, Zone E-3A, etc), each of which funds specific landscaping improvements associated with the subdivision (or parts of subdivisions) that comprises the zone.

In November, 1996, the voters of California adopted Proposition 218, which has been codified as Articles XIII C and XIII D of the California Constitution. Proposition 218 imposed a number of substantive and procedural requirements on taxes, assessments, and property-related fees imposed by local governments in California. Although referred by the CSD as "charges", the charges imposed by Zone E of the CSD are categorized under Proposition 218 as real-property assessments.

Since the adoption of Proposition 218, the CSD has successfully conducted mail ballot protest proceedings pursuant to Article XIII D, Section 4(e) of the Constitution with respect to the charges imposed in Zones E-1, E-1A, E-2, E-3, E-3A, E-4A, E-12, E-14, E-15, and E-16. The charge in Zone E-4 exclusively funds street landscaping, predates Proposition 218, and pursuant to Article XIII D, Section 5 of the Constitution is not required to be approved at a mail ballot proceeding so long as the rate of the charge is not increased.¹ The mail ballot proceedings proposed assessment rates along with an automatic annual inflation adjustment. Therefore, except for the Zone E-4 charge, each of the charges discussed in this paragraph is automatically adjusted for inflation each year.

In order to clarify the status of the Zone E-1, E-1A, E-2, E-3, E-3A, E-4, E-4A, E-12, E-14, E-15, and E-16 charges, the CSD is considering transitioning the charges for these zones to an assessment district created pursuant to the Landscape and Lighting Act of 1972 (Section 22500 et seq. of the California Streets and Highways Code) (the "1972 Act"). If this transition occurs,

¹ Zone E-4 was annexed to the CSD in fiscal year 1988/1989 prior to Proposition 218 and the charge per single family residential property was originally established at \$182.00 with non-residential properties being charged four times that amount per acre. Subsequently, that \$182.00 rate was reduced over the next several years to \$110.00 at the time Proposition 218 was enacted. Pursuant to the exemption provisions of Proposition 218, the \$110.00 rate, was grandfathered as the Zone charge in fiscal year 1997/98 and although these property owners have subsequently been balloted for an increased charge, those proposed increases (the last being balloted in June 2011) have not been approved by the property owners.

parcels in these zones that had been charged an annual Zone E charge for landscape maintenance services will instead be assessed an annual assessment for those services. This transition will match the constitutional status of the Zone E charges as real property assessments with a procedural device designed for the levy of such assessments. The transition will not increase the amount paid annually by any property owner and will not change the nature or extent of the landscape maintenance services provided. The assessments levied in connection with the new assessment district will in every way serve as a continuation of the charges levied in connection with Zone E for the ongoing maintenance, servicing and operation of local landscaping improvements previously established and maintained in CSD Zones E-1, E-1A, E-2, E-3, E-3A, E-4, E-4A, E-12, E-14, E-15, and E-16.

This report shall serve as the detailed engineer's report for fiscal year 2014/15 for the proposed new assessment district, which is designated as: **Landscaping Maintenance District No. 2014-02** (the "District").

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number (APN) by the Riverside County Assessor's Office. The Riverside County Auditor/Controller uses Assessor's Parcel Numbers and a dedicated fund number established for the District to identify properties to be assessed on the tax roll and the allocation of the funds collected.

As part of this District formation to continue the assessments previously levied as CSD Zone E charges, the CSD Board will conduct a noticed public hearing pursuant to the provisions of the 1972 Act to consider public testimony, comments, and written protests regarding the formation of the District and levy of assessments. A Notice will be mailed to the affected property owners notifying them of the date of the public hearing and the proposed conversion of Zone E to Landscaping Maintenance District No. 2014-02. Upon conclusion of the public hearing and consideration of protests, the CSD Board may approve the Report (as submitted or amended), order the formation of the District, and the levy and collection of assessments as described herein and approved. In such case, the assessments for fiscal year 2014/15 shall be submitted to the Riverside County Auditor/Controller for inclusion on the property tax roll for each parcel.

Each subsequent fiscal year, an Engineer's Report shall be prepared and presented to the CSD Board describing the District, any changes to the District or improvements, and the proposed budget and assessments for that fiscal year. The CSD Board shall hold a public hearing regarding these matters prior to approving and ordering the proposed levy of assessments for that fiscal year and such public hearing shall be noticed pursuant to the 1972 Act if new or increased assessments are not proposed. If in any year, the proposed annual assessments for the District exceed the maximum assessments described herein, such an assessment would be considered a new or increased assessment and must be confirmed through mailed property owner protest ballot proceeding before that new or increased assessment may be imposed.

This Report consists of five (5) parts:

Part I

Plans and Specifications: A description of the District boundaries and the proposed improvements associated with the District. The District is being formed with ten zones of benefit (hereafter referred to as "Zones") that will replace the previous eleven CSD Zones, which are described in more detail in this section of the Report as well as Part II (Method of Apportionment). A diagram showing the exterior boundaries of the District and the Zones established therein is attached and incorporated herein under Part IV (District Diagram). The specific plans for the landscape improvements are on file in the Office of Financial and Management Services, Special Districts Division.

Part II

Method of Apportionment: A discussion of the general and special benefits associated with the overall local landscaping improvements to be provided within the District (Proposition 218 Benefit Analysis). This Part also includes a determination of the proportional costs of the special benefits and a separation of costs considered to be of general benefit (and therefore not assessed). This section of the Report also outlines the method of calculating each property's proportional special benefit and annual assessment utilizing a weighted benefit of apportionment known as an Equivalent Benefit Unit.

Part III

Estimate of Improvement Costs: An estimate of the annual funding required for the annual maintenance, servicing, and operation of landscape improvements within the District and specifically the costs associated with the improvements determined to be of special benefit to parcels within the District. The budget identifies an estimate of anticipated ongoing annual expenses to service, maintain, and operate existing landscape improvements within the District including, but not limited to, servicing of those improvements and related facilities, utility costs, and related incidental expenses authorized by the 1972 Act. The budget also identifies the maximum assessment rate for each Zone of the District and the associated assessment range formula (inflationary adjust) as applicable.

Part IV

District Diagrams: Various diagrams showing the boundaries of the District and the Zones therein are provided in this Report and these diagrams identify all parcels that receive special benefits from the improvements. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the District, are inclusive of all parcels as shown on the Riverside County Assessor's Parcel Maps as they existed at the time this Report was prepared and shall include all subsequent subdivisions, lot-line adjustments, or parcel changes therein. Reference is hereby made to the Riverside County Assessor's maps for a detailed description of the lines and dimensions of each lot and parcel of land within the District.

Part V

Assessment Roll: A listing of the proposed assessment amount for each parcel within the District. The proposed assessment amount for each parcel is based on the parcel's calculated proportional special benefit as outlined in the method of apportionment and proposed assessment rate established in the District Budget. These assessment amounts represent the assessments proposed to be levied and collected on the County Tax Rolls for fiscal year 2014/15.

PART I — PLANS AND SPECIFICATIONS

DESCRIPTION OF THE DISTRICT

The territory within this District shall consist of all lots and parcels of land within the boundaries of the Moreno Valley Community Services District that in fiscal year 2013/14 were designated as CSD Zones E-1, E-1A, E-2, E-3, E-3A, E-4, E-4A, E-12, E-14, E-15, and E-16. Within the boundaries of this District, parcels are assigned to ten benefit zones ("Zones"), each of which is associated with a set of landscape improvements. Each of the benefit zones corresponds to (and replaces) a numbered zone of Zone E of the CSD, with the exception of CSD Zone E-4A, which as part of this transition has been eliminated and no longer assessed as a separate benefit zone. Each parcel is assigned to each zone that funds landscape maintenance services that specially benefit the parcel. Two zones (Zone E-1A and E-3A) are comprised solely of a subset of the parcels in a larger zone (Zones E-1 and E-3 respectively). Thus all parcels in Zone E-1A are also a part of Zone E-1 and all parcels in Zone E-3A are also a part of Zone E-3. These overlapping districts exist because, for example, the landscaping improvements associated with Zone E-1 provides special benefit to each parcel in Zone E-1 (including Zone E-1A parcels) but the landscaping improvements associated with Zone E-1A provides special benefit to only the Zone E-1A parcels.

These ten Zones within the District and the benefits associated with the properties therein are described in more detail in Part II (Method of Apportionment) of this Report. In addition the District Diagrams found in Part IV of this Report provide visual representations of the District showing the boundaries of the Zones and the improvement areas being maintained.

DISTRICT FACILITIES AND IMPROVEMENTS

The landscape improvements to be maintained by the Zone are local landscaping improvements that were installed in connection with the development of the parcels comprising each respective Zone. These landscaping improvements are an integral part of the subdivisions and development for which they were installed, creating a green amenity and aesthetically pleasing enhancement to the parcels served by the landscaping. In most cases, the landscaping improvements were a condition of development of the parcels in the Zone, and the properties within the Zone could not have been developed if the landscaping were not included. Improvements for each Zone are either located within the subdivision or along the entry path to the residential subdivisions or non-residential developments.

Collectively within the proposed ten Zones, there is approximately 2,750,366 square feet of planted landscaped area, 1,072,612 square feet of turf, 3,308,818 square feet of open space and 7,725 trees to be maintained and funded in part by the District assessments. The District Diagrams found in Part IV of this Report provide visual representations of the District, showing the boundaries of the Zones and the improvement areas being maintained. Detailed plans identifying the location and extent of the District's landscape improvements and maps of those Zones and improvement areas are on file in the Office of Financial and Management Services, Special Districts Division, and by reference these plans and maps are made part of this Report.

The maintenance, operation, and servicing of the District landscape improvements include the furnishing of labor, materials, equipment, and utilities for the ordinary and usual maintenance, operation, and servicing of the landscaped areas within the public right-of-ways, easements, and open space areas dedicated to the City as part of the development of properties within each Zone of the District.

PART II — METHOD OF APPORTIONMENT

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, including the acquisition, construction, installation and servicing of landscape improvements and related facilities. The 1972 Act requires that the cost of these improvements be levied according to benefit rather than assessed value:

Section 22573 defines the net amount to be assessed as follows:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

Section 22574 provides for zones as follows:

"The diagram and assessment may classify various areas within an assessment district into different zones where, by reason of variations in the nature, location, and extent of the improvements, the various areas will receive differing degrees of benefit from the improvements. A zone shall consist of all territory which will receive substantially the same degree of benefit from the improvements."

The formulas used for calculating assessments and the designation of zones herein reflect the composition of parcels within the District and the improvements and activities to be provided, and have been designed to fairly apportion the cost of providing those improvements based on a determination of the proportional special benefits to each parcel, consistent with the requirements of the 1972 Act and the provisions of Proposition 218 and Article XIII D of the California Constitution.

PROPOSITION 218 BENEFIT ANALYSIS

The costs of the proposed improvements for fiscal year 2014/15 have been identified and allocated to properties within the District based on special benefit. The improvements provided by this District and for which properties are assessed are local public landscape improvements and related amenities that were installed in connection with the development of the properties or would otherwise be required for the development of properties within each respective Zone of the District. The assessments and method of apportionment is based on the premise that these improvements would otherwise not have been required without the development of those parcels within the District.

Article XIID Section 2d defines District as follows:

"District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service";

Article XIID Section 2i defines Special Benefit as follows:

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

Article XIIID Section 4a defines proportional special benefit assessments as follows:

"An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

BENEFIT ANALYSIS

Special Benefit

The ongoing maintenance of local public landscaped areas within the District provides aesthetic benefits to the properties within each respective Zone and provides a more pleasant environment to walk, drive, live, and work. The primary function of these landscape improvements and related amenities is to serve as an aesthetically pleasing enhancement and green space for the benefit of the immediately surrounding developments for which the improvements were constructed and installed. These improvements are an integral part of the physical environment of parcels in associated Zones, and if the improvements were not properly maintained, it is these parcels that would be aesthetically burdened. In addition, the street landscaping in these Zones serve as both a physical buffer as well as a sound reduction or buffer between the roadways and the properties in the District and the open spaces, where applicable, provide a physical buffer and openness between properties. Furthermore, open spaces serve as an extension of the recreational features of parcels, such as their front or rear yards, and entry landscaping serves as a pleasant aesthetic amenity that enhances the approach to the parcels. As a result, the maintenance of these landscaped improvements is a particular and distinct benefit to the properties and developments within each Zone.

General Benefit

In reviewing the location and extent of the specific landscaped areas and improvements to be funded by District assessments and the proximity and relationship to properties to be assessed, it is evident these improvements are local improvements that were installed in connection with the development of properties in each respective Zone or are improvements that would otherwise be shared by and required for the future development of properties in those Zones. It is also evident that the maintenance these improvements and the level of maintenance provided only has a direct and particular impact on those properties (special benefit) and such maintenance beyond that which is required to ensure the safety and protection of the general public and property in general, has no identifiable benefit to the public at large or properties outside each respective Zone.

In the absence of a special funding Zone, the City would typically provide only weed abatement and erosion control services for landscaped areas. These services would typically be provided twice annually. This level of service provides for public safety and avoids negative impacts on adjacent roadways and vehicles traveling on those roadways, but results in a far less visually pleasing environment than is created with the enhanced levels of services associated with Zone E of the CSD and planned to continue in the District. The cost to provide the baseline level of service is approximately \$0.02 per square foot per servicing for streetscape areas and \$0.01 per square foot per servicing for open space areas that require maintenance. Those portions of

open space area identified as "Paseos" (natural vegetation areas) the baseline level of service is approximately \$0.0025 per square foot per servicing. The calculation of weed abatement and erosion control services costs accounts for the square footage of these areas. Since the baseline services, unlike the enhanced aesthetic services, provide substantial benefits to the general public and to the neighborhoods outside of the benefit zones, the cost of providing this baseline service is treated as the cost of general benefits from landscape maintenance services. Utilizing these per square foot costs and the square footages of the improvement areas in each Zone, the following table summarizes the current estimated general benefit costs calculated for each District Zone:

Fiscal Year 2014/15 Estimated General Benefit Costs

Zone	General Benefit Cost ⁽¹⁾
Zone 01	\$18,185
Zone 01A	\$2,905
Zone 02	\$32,460
Zone 03	\$48,120
Zone 03A	\$2,840
Zone 04	\$49,470
Zone 05	\$6,580
Zone 06	\$6,770
Zone 07	\$2,435
Zone 08	\$5,005

⁽¹⁾ The General Benefit Costs presented in the table above have been rounded to the nearest five dollars and are reflected in the budgets for each Zone. As with most landscape maintenance costs, these General Benefit Costs will be impacted by inflation and in subsequent fiscal years the General Benefit Cost contributions will be adjusted for inflation.

General Fund Maintained Areas

The following improvements have historically been funded through Zone E charges but will be excluded from assessment funding and instead funded from other resources. These particular improvement areas are identified on the District Diagrams provided in Part IV of this Report as "General Fund Maintained" improvements and include the improvements in the following Zones:

The 31,000 square feet of planter area and 8 trees in the greenbelt drainage area south of Iris Avenue and west of Turnberry Street that was previously included in CSD Zone E-4A (Daybreak). These improvements constitute all the landscaped areas previously in CSD E-4A and will be maintained and funded by other general fund revenues and not included in the assessments for Zone 04.

The 2,230 square feet of parkway planter area on the east side of Nason Street north of Damascus Road that was previously included in CSD Zone E-15 (Celebration), will be maintained and funded by other general fund revenues and not included in the assessments for Zone 07.

ASSESSMENT METHODOLOGY

The method of apportionment for this District calculates the receipt of special benefit from the respective improvements based on the land use of the parcels.

Equivalent Benefit Unit Application

To proportionally allocate special benefit to each parcel, it is necessary to correlate each property's proportional benefit to other properties that benefit from the improvements and services being funded. In order to do this, the assessment methodology assigns each parcel a number of EBUs (Equivalent Benefit Units) based on its land use as of March 1st, preceding the fiscal year addressed herein. One EBU is defined as the special benefit allocable to a single family home (basic EBU unit). In each case, a parcel is only allocated EBUs if the landscaping serving the Zone has been accepted by the City or will be accepted by the City during the upcoming fiscal year.

Single Family Residential — This land use is defined as a fully subdivided single family residential home site with or without a structure. As previously noted, the single family residential parcel has been selected as the basic EBU unit for calculation of assessments and each single-family residential home site is assigned 1.0 Equivalent Benefit Unit (1.0 EBU per lot or parcel).

Condominium Residential — This land use is defined as a fully subdivided condominium residential unit assigned its own Assessor's Parcel Number by the County. EBUs are assigned to these parcels by multiplying the overall acreage of the condominium development by 4 (the typical number of single family homes in an acre of typical development), and then dividing the result by the number of condominium units/parcels in the development.

Multi-Family Residential and Mobile Home Park — This land use classification identifies properties that are used for residential purposes and contain more than one residential unit. Benefit is allocated to these parcels on an acreage basis by multiplying the acreage of the parcel by 4 (the typical number of single family homes in an acre of typical development).

Developed Non-Residential — This classification includes developed properties including parking lots that are identified or zoned for commercial, industrial or other non-residential use including offices, hotels, recreational facilities (excluding parks), and institutional facilities including hospitals, churches or facilities utilized by other non-profit organizations, whether those facilities are publicly owned (non-taxable) or privately owned. Like Multi-Family Residential and Mobile Home Park properties the proportional special benefit and EBU for these parcels is based on acreage, at 4.0 EBUs per acre.

Planned Residential Development — This land use is defined as a property that is currently consider vacant or undeveloped land, but for which the number of residential lots to be developed on the property is known or has been approved. These properties benefit from the existing Zone improvements, but may as part of their development install additional landscape improvements to be maintained either solely by the development or as part of the District improvements depending on the location and extent of those improvements. The proportional special benefit and EBU for these parcels is based on the planned residential units for the parcel, at 0.50 EBU per planned unit (50% of the basic EBU unit for a single family residential parcel).

Undeveloped/Vacant Property — This land use is defined as a parcel that is currently consider vacant or undeveloped land that can be developed, but for which the use and/or development of the property has not been fully determined. These parcels are assigned a proportional EBU that is based on 50% of the proportional benefit established for a developed property in the District. The proportional special benefit and EBU for these parcels is based on acreage, at 2.0 EBUs per acre.

Special Case Property — In some District Zones there may be one or more properties that the standard land use classifications identified above do not accurately identify the use and special benefit received from the improvements and/or it has been determined that the property receives special benefit, but has not been previously assessed for various reasons. Properties that are typically classified as Special Case properties usually involve some type of development or land restrictions whether those restrictions are temporary or permanent and affect the properties proportional special benefit. Examples of such restrictions may include situations where only a small percentage of the parcel's total acreage can actually be developed. In such a case, the net usable acreage of the parcel rather than the gross acreage of the parcel may be applied to calculate the parcel's proportional special benefit. In addition, in this District there are a few parcels that have been identified as properties that receive special benefit from the Zone improvements, but likely because of their ownership or tax status (government or non-profit owned properties) these parcels were not previously levied a CSD Zone E charge. The proportional special benefit and proposed assessment for each of these parcels is calculated along with all other properties in the District, but rather than ballot these properties for a new or increased assessment at this time, the agency will make an off-setting contribution to the Zone that is equal to the assessment amount these Non-Assessed parcels would otherwise have been assessed.

Exempt — means a lot, parcel of land or Assessor's Parcel that is considered to not specially benefit directly from improvements. This classification includes, but is not limited to, areas of public streets, private streets, and other roadways; and public easements or right-of-ways including landscaped parkways or easements; and utility right-of-ways or easements such as irrigation or drainage ditches, channels or basins, and flood plains. These types of parcels (similar to the improvements) are typically the result of property development rather than the

direct cause of development and have little or no need for the improvements. (These types of properties may or may not be assigned an Assessor's Parcel Number by the County).

Also exempt from assessment are Assessor's Parcels that are identified as common areas (properties for which the surrounding residential parcels have a shared interest); bifurcated lots; small parcels vacated by the County or similar sliver parcels that cannot be developed independent of an adjacent parcel. These types of parcels are generally not separately assessed because they are functionally a part of another parcel that is assessed for its own benefit and the benefit of the associated parcel. Based on the improvements maintained in this District it has been determined that public schools, public parks, golf courses, and open space areas provide landscape amenities that are available to the public or are similar in nature to the improvements of the District and any benefit these properties may derive from the District improvements are more than off-set by the public benefit they provide to properties in the District.

PART III — ESTIMATE OF IMPROVEMENT COSTS

CALCULATION OF ASSESSMENTS

An assessment amount per EBU in each Zone is calculated by:

Taking the "Total Annual Expenses" (Total budgeted costs) and subtracting the "Total General Benefit Contribution", to establish the "Special Benefit Costs";

$$\text{Total Amount Budgeted} - \text{Total General Benefit Contribution} = \text{Special Benefit Costs}$$

To the resulting "Special Benefit Costs", various "Benefit Cost Adjustments" are applied that may include:

- "Fund Balance Transfer/Reduction", represents the amount of available Fund Balance being applied to pay a portion of the Special Benefit Costs for the fiscal year.
- "Unfunded Improvement Costs/Deficit", represents the amount necessary to fund Special Benefit Costs not otherwise funded by assessments or other adjustments.

These adjustments to the Special Benefit Costs result in the "Net Special Benefit Assessment";

$$\text{Special Benefit Costs} \pm \text{Benefit Cost Adjustments} = \text{Net Special Benefit Assessment}$$

The amount identified as the "Net Special Benefit Assessment" is divided by the total number of EBUs of parcels that benefit to establish the "Assessment Rate" or "Assessment per EBU" for the fiscal year. This Rate is then applied back to each parcel's individual EBU to calculate the parcel's proportionate special benefit and assessment for the improvements.

$$\text{Net Special Benefit Assessment} / \text{Total EBU} = \text{Assessment per EBU}$$

$$\text{Assessment per EBU} \times \text{Parcel EBU} = \text{Parcel Assessment Amount}$$

DISTRICT BUDGET

The following budgets outline the estimated costs to maintain the improvements and the anticipated expenditures for each District Zone for fiscal year 2014/15.

Description	Total District	Zone 01	Zone 01A	Zone 02
	Budget	TownGate	Renaissance Park	Hidden Springs
Maintenance & Operation (O&M)				
Total Maintenance Costs	\$ 1,565,599	\$ 169,211	\$ 32,312	\$ 300,142
Utilities	462,600	102,300	13,300	125,800
Total O&M Expenses	\$ 2,028,199	\$ 271,511	\$ 45,612	\$ 425,942
Incidental/Administrative Expenses				
District Administration	\$ 481,723	\$ 48,025	\$ 12,298	\$ 94,576
County Fees	7,109	709	182	1,396
Miscellaneous Administration Expenses	59,270	5,859	1,500	11,538
Total Incidental/Administrative Expenses	\$ 548,102	\$ 54,593	\$ 13,980	\$ 107,510
TOTAL ANNUAL EXPENSES	\$2,576,301	\$ 326,103	\$ 59,592	\$ 533,452
General Benefit Costs	\$ (174,770)	\$ (18,185)	\$ (2,905)	\$ (32,460)
General Fund Maintenance Area Costs	\$ (13,910)	\$ -	\$ -	\$ -
Total General Benefit Contribution	\$ (188,680)	\$ (18,185)	\$ (2,905)	\$ (32,460)
SPECIAL BENEFIT COSTS	\$2,387,621	\$ 307,918	\$ 56,687	\$ 500,992
Benefit Cost Adjustments				
Fund Balance Transfer/Reduction ⁽¹⁾	\$ (322,551)	\$ (13,410)	\$ (10,696)	\$ -
Unfunded Improvement Costs/Deficit ⁽²⁾	-	-	-	-
Total Contributions/Adjustments	\$ (322,551)	\$ (13,410)	\$ (10,696)	\$ -
NET SPECIAL BENEFIT ASSESSMENT	\$2,065,070	\$ 294,509	\$ 45,991	\$ 500,992
District Statistics				
Total Parcels	11,297	1,192	557	1,157
Total Assessed Parcels	11,257	1,187	557	1,151
Total EBU		2,184.13377	557.00000	1,178.00000
Proposed Assessment per EBU (FY 2014/15)		\$134.84	\$82.57	\$425.29
Maximum Assessment per EBU		\$134.84	\$82.57	\$425.29
EBU of Non-Assessed Parcels		5.00000	-	-
Contribution for Non-Assessed Parcels ⁽³⁾	(25,579)	(674)	-	-
BALANCE TO LEVY	\$2,039,491	\$ 293,834	\$ 45,991	\$ 500,992
Reserve Fund/Fund Balance				
Beginning Fund Balance	\$ 3,360,759	\$ 237,193	\$ 95,949	\$ 448,256
Collections/ (Transfers or Reductions)	(322,551)	(13,410)	(10,696)	-
Unfunded Improvement Costs/Deficit	-	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 3,038,208	\$ 223,783	\$ 85,253	\$ 448,256

(1) Available Fund Balance being applied to pay a portion of the Special Benefit Costs for the fiscal year.

(2) The amount necessary to fund Special Benefit Costs not otherwise funded by assessments or other adjustments.

(3) Agency Contribution for parcels that benefit, but have not historically been assessed (typically government owned properties).

The budget dollar amounts above are calculated to the penny, but are shown here as rounded amounts (nearest dollar). Any variance in the addition or subtraction of the amounts displayed above is due to this rounding.

Engineer's Report
 Moreno Valley Community Services District
 Landscaping Maintenance District No. 2014-02

Description	Zone 03	Zone 03A	Zone 04
	Moreno Valley Ranch West	Lasselle Powerline Parkway	Moreno Valley Ranch East
Maintenance & Operation (O&M)			
Total Maintenance Costs	\$ 403,900	\$ 24,268	\$ 316,043
Utilities	\$ 86,200	\$ 4,500	\$ 57,900
Total O&M Expenses	\$ 490,100	\$ 28,768	\$ 373,943
Incidental/Administrative Expenses			
District Administration	\$ 144,278	\$ 11,028	\$ 117,242
County Fees	2,129	163	1,730
Miscellaneous Administration Expenses	17,602	1,345	14,803
Total Incidental/Administrative Expenses	\$ 164,009	\$ 12,536	\$ 133,775
TOTAL ANNUAL EXPENSES			
	\$ 654,109	\$ 41,304	\$ 507,718
General Benefit Costs	\$ (48,120)	\$ (2,840)	\$ (49,470)
General Fund Maintenance Area Costs	\$ -	\$ -	\$ (13,410)
Total General Benefit Contribution	\$ (48,120)	\$ (2,840)	\$ (62,880)
SPECIAL BENEFIT COSTS			
	\$ 605,989	\$ 38,464	\$ 444,838
Benefit Cost Adjustments			
Fund Balance Transfer/Reduction ⁽¹⁾	\$ -	\$ (4,975)	\$ (187,817)
Unfunded Improvement Costs/Deficit ⁽²⁾	-	-	-
Total Contributions/Adjustments	\$ -	\$ (4,975)	\$ (187,817)
NET SPECIAL BENEFIT ASSESSMENT			
	\$ 605,989	\$ 33,489	\$ 257,022
District Statistics			
Total Parcels	4,524	467	2,087
Total Assessed Parcels	4,512	467	2,071
Total EBU	4,494.13307	467.00000	2,336.56000
Proposed Assessment per EBU (FY 2014/15)	\$134.84	\$71.71	\$110.00
Maximum Assessment per EBU	\$134.84	\$71.71	\$110.00
EBU of Non-Assessed Parcels	120.48200	-	78.72000
Contribution for Non-Assessed Parcels ⁽³⁾	(16,246)	-	(8,659)
BALANCE TO LEVY	\$ 589,743	\$ 33,489	\$ 248,362
Reserve Fund/Fund Balance			
Beginning Fund Balance	\$ 582,847	\$ 61,900	\$ 637,013
Collections/ (Transfers or Reductions)	-	(4,975)	(187,817)
Unfunded Improvement Costs/Deficit	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 582,847	\$ 56,925	\$ 449,197

(1) Available Fund Balance being applied to pay a portion of the Special Benefit Costs for the fiscal year.

(2) The amount necessary to fund Special Benefit Costs not otherwise funded by assessments or other adjustments.

(3) Agency Contribution for parcels that benefit, but have not historically been assessed (typically government owned properties).

The budget dollar amounts above are calculated to the penny, but are shown here as rounded amounts (nearest dollar). Any variance in the addition or subtraction of the amounts displayed above is due to this rounding.

Description	Zone 05	Zone 06	Zone 07	Zone 08
	Stoneridge Ranch	Mahogany Fields	Celebration	Shadow Mountain
Maintenance & Operation (O&M)				
Total Maintenance Costs	\$ 108,698	\$ 82,258	\$ 52,773	\$ 75,996
Utilities	\$ 18,900	\$ 29,600	\$ 6,400	\$ 17,700
Total O&M Expenses	\$ 127,598	\$ 111,858	\$ 59,173	\$ 93,696
Incidental/Administrative Expenses				
District Administration	\$ 16,161	\$ 17,635	\$ 7,725	\$ 12,756
County Fees	239	260	114	188
Miscellaneous Administration Expenses	1,972	2,151	942	1,556
Total Incidental/Administrative Expenses	\$ 18,371	\$ 20,046	\$ 8,781	\$ 14,500
TOTAL ANNUAL EXPENSES	\$ 145,969	\$ 131,904	\$ 67,954	\$ 108,196
General Benefit Costs	\$ (6,580)	\$ (6,770)	\$ (2,435)	\$ (5,005)
General Fund Maintenance Area Costs	\$ -	\$ -	\$ (500)	\$ -
Total General Benefit Contribution	\$ (6,580)	\$ (6,770)	\$ (2,935)	\$ (5,005)
SPECIAL BENEFIT COSTS	\$ 139,389	\$ 125,134	\$ 65,019	\$ 103,191
Benefit Cost Adjustments				
Fund Balance Transfer/Reduction ⁽¹⁾	\$ (73,090)	\$ -	\$ (20,453)	\$ (12,111)
Unfunded Improvement Costs/Deficit ⁽²⁾	-	-	-	-
Total Contributions/Adjustments	\$ (73,090)	\$ -	\$ (20,453)	\$ (12,111)
NET SPECIAL BENEFIT ASSESSMENT	\$ 66,299	\$ 125,134	\$ 44,566	\$ 91,080
District Statistics				
Total Parcels	334	425	262	292
Total Assessed Parcels	334	425	262	291
Total EBU	334.00000	425.00000	262.00000	291.00000
Proposed Assessment per EBU (FY 2014/15)	\$198.50	\$294.43	\$170.10	\$312.99
Maximum Assessment per EBU	\$423.72	\$296.70	\$355.43	\$312.99
EBU of Non-Assessed Parcels	-	-	-	-
Contribution for Non-Assessed Parcels ⁽³⁾	-	-	-	-
BALANCE TO LEVY	\$ 66,299	\$ 125,134	\$ 44,566	\$ 91,080
Reserve Fund/Fund Balance				
Beginning Fund Balance	\$ 408,846	\$ 219,745	\$ 501,692	\$ 167,320
Collections/ (Transfers or Reductions)	(73,090)	-	(20,453)	(12,111)
Unfunded Improvement Costs/Deficit	\$ -	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 335,755	\$ 219,745	\$ 481,239	\$ 155,209

- (1) Available Fund Balance being applied to pay a portion of the Special Benefit Costs for the fiscal year.
(2) The amount necessary to fund Special Benefit Costs not otherwise funded by assessments or other adjustments.
(3) Agency Contribution for parcels that benefit, but have not historically been assessed (typically government owned properties).

The budget dollar amounts above are calculated to the penny, but are shown here as rounded amounts (nearest dollar). Any variance in the addition or subtraction of the amounts displayed above is due to this rounding.

ASSESSMENT RATES

The following shows the assessment rates applicable to each Zone for fiscal year 2014/15 based on the budget and the method of apportionment presented above. It is important to note that these rates are the same rates previously approved and applied under CSD Zone E.

Fiscal Year 2014/15 Assessment Rates

Zone	Maximum ⁽¹⁾ Rate	Proposed Rates for FY 2014/15	
Zone 01	\$134.84	\$ 134.84	per EBU
Zone 01A	\$ 82.57	\$ 82.57	per EBU
Zone 02	\$425.29	\$425.29	per EBU
Zone 03	\$134.84	\$134.84	per EBU
Zone 03A	\$ 71.71	\$ 71.71	per EBU
Zone 04	\$110.00 ⁽²⁾	\$110.00	per EBU
Zone 05	\$423.72	\$198.50	per EBU
Zone 06	\$296.70	\$294.43	per EBU
Zone 07	\$355.43	\$170.10	per EBU
Zone 08	\$312.99	\$312.99	per EBU

⁽¹⁾ The Maximum Assessment Rate for all other Zones includes an inflationary adjustment that was approved by the property owners as part of the balloted assessment.

⁽²⁾ The Maximum Assessment Rate does not include an inflationary adjustment.

ANNUAL INFLATIONARY ADJUSTMENT (ASSESSMENT RANGE FORMULA)

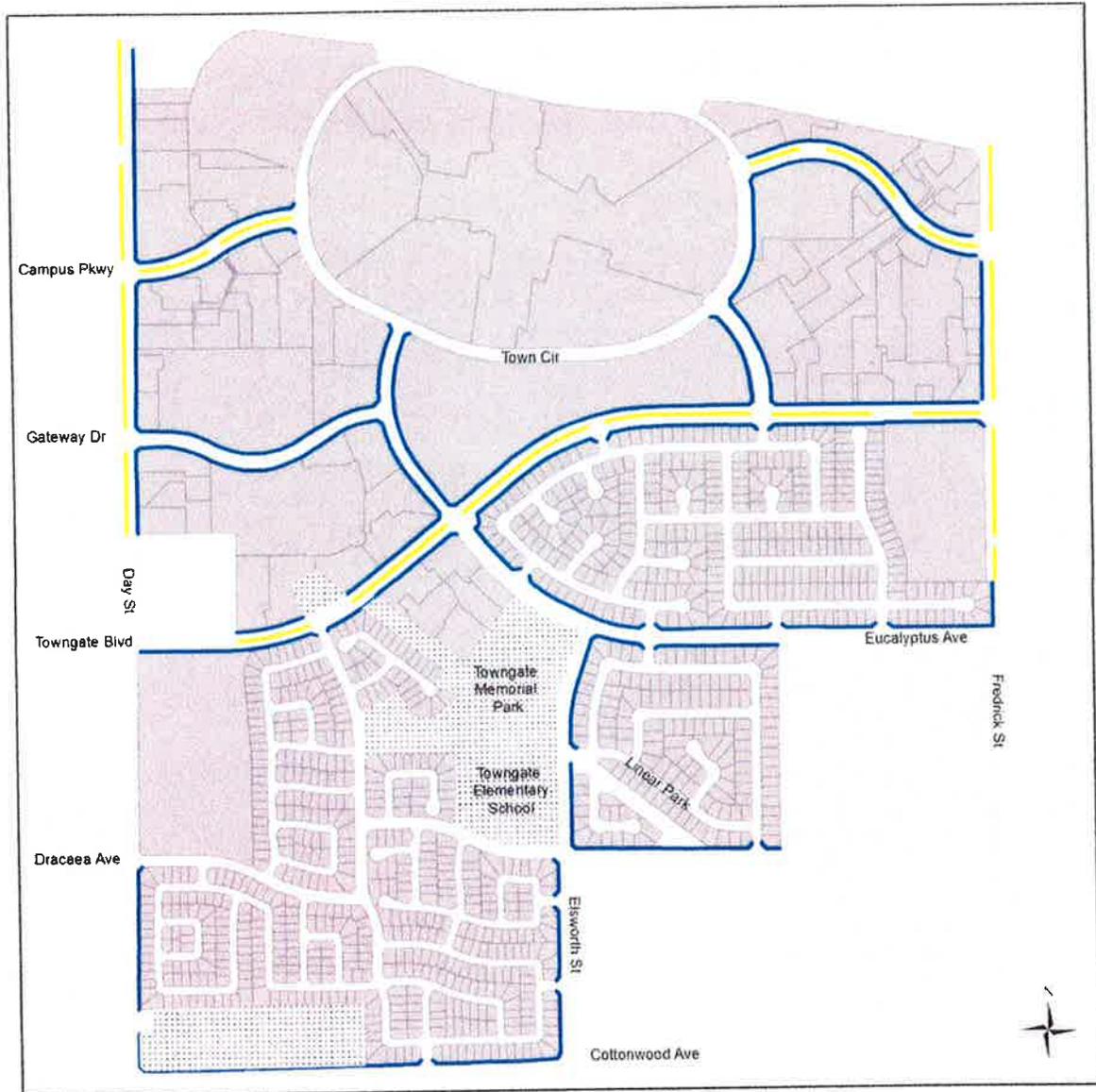
Except in Zone 04 the Assessment Range Formula originally established for CSD Zone E shall be continued for this District and is defined by the following:

Each fiscal year, the Maximum Assessment per EBU (Assessment Rate) established for the improvements in the previous fiscal year may be adjusted by the percentage change calculated for the previous calendar year in the Los Angeles-Riverside-Orange County Consumer Price Index, as published by the Department of Labor's Bureau of Labor Statistics.

PART IV — DISTRICT DIAGRAMS

The following pages provide boundary diagrams for each Zone within the District, as well as a general depiction of the location of the improvements as identified at the time this Report was prepared. Detailed maps of the full extent and location of the improvement areas are on file in the Office of Financial and Management Services, Special Districts Division. The combination of these map and the Assessment Roll referenced by this Report constitute the Assessment Diagrams for the District.

Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 01 (TownGate)



- Landscaped Parkway
- Landscaped Median
- Zone 01 Parcels



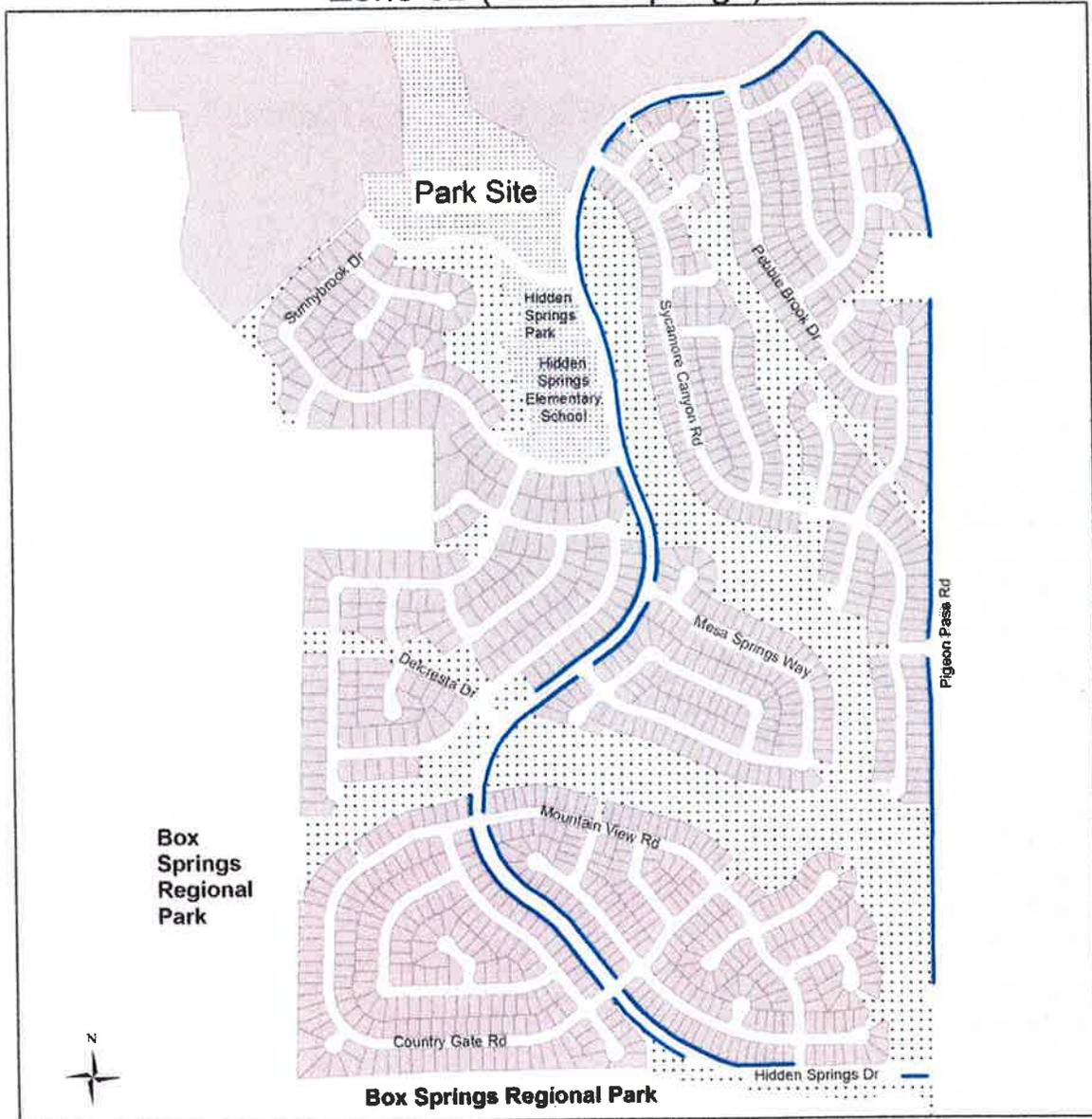
Moreno Valley Community Services District
Landscape Maintenance District No. 2014-02
Zone 01A (Renaissance Park)



- Landscaped Median
- CSD Maintained Landscape
- Zone 01A Parcels



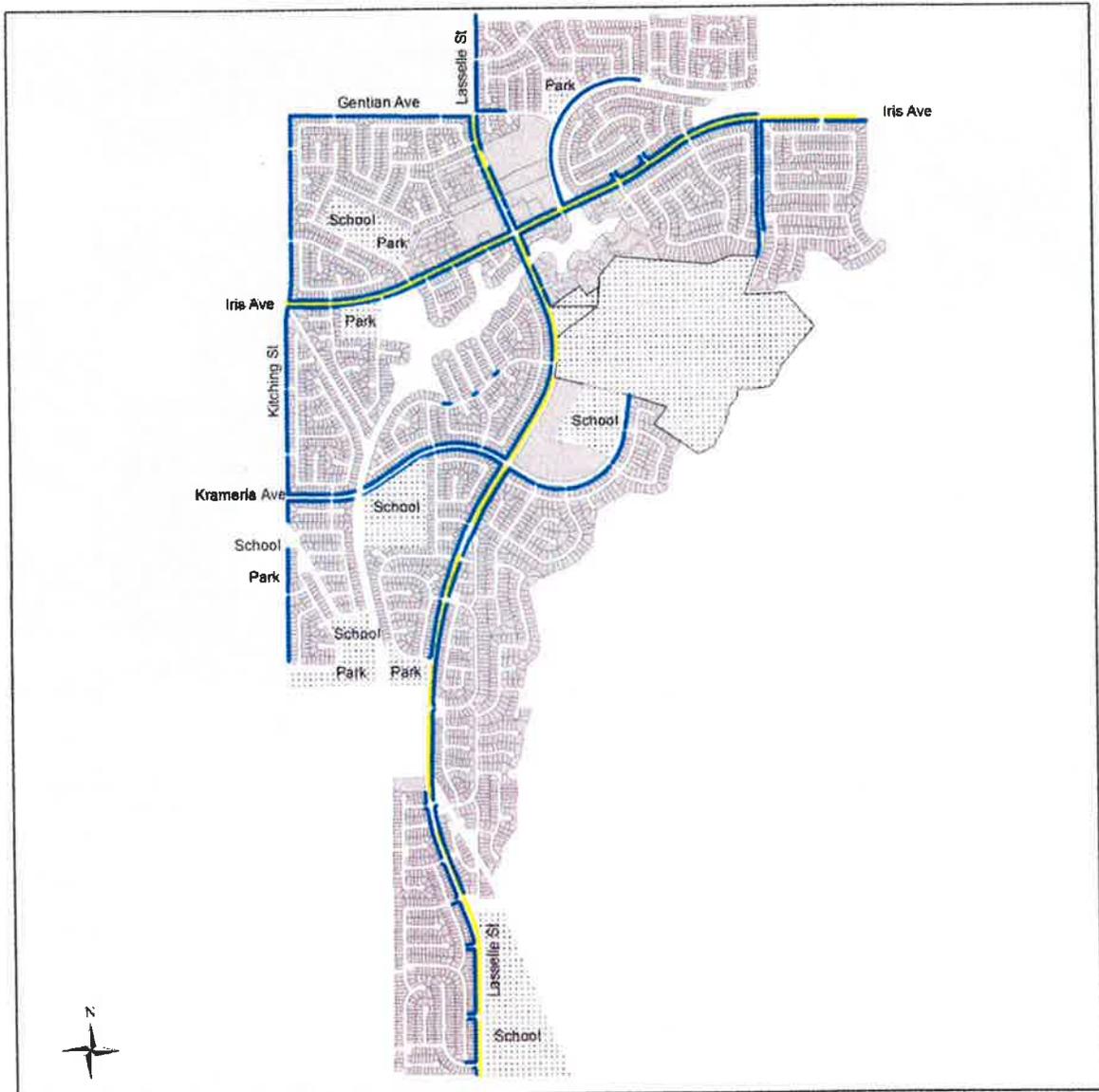
Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 02 (Hidden Springs)



- Landscaped Parkway
- Landscaped Open Space
- Zone 02 Parcels

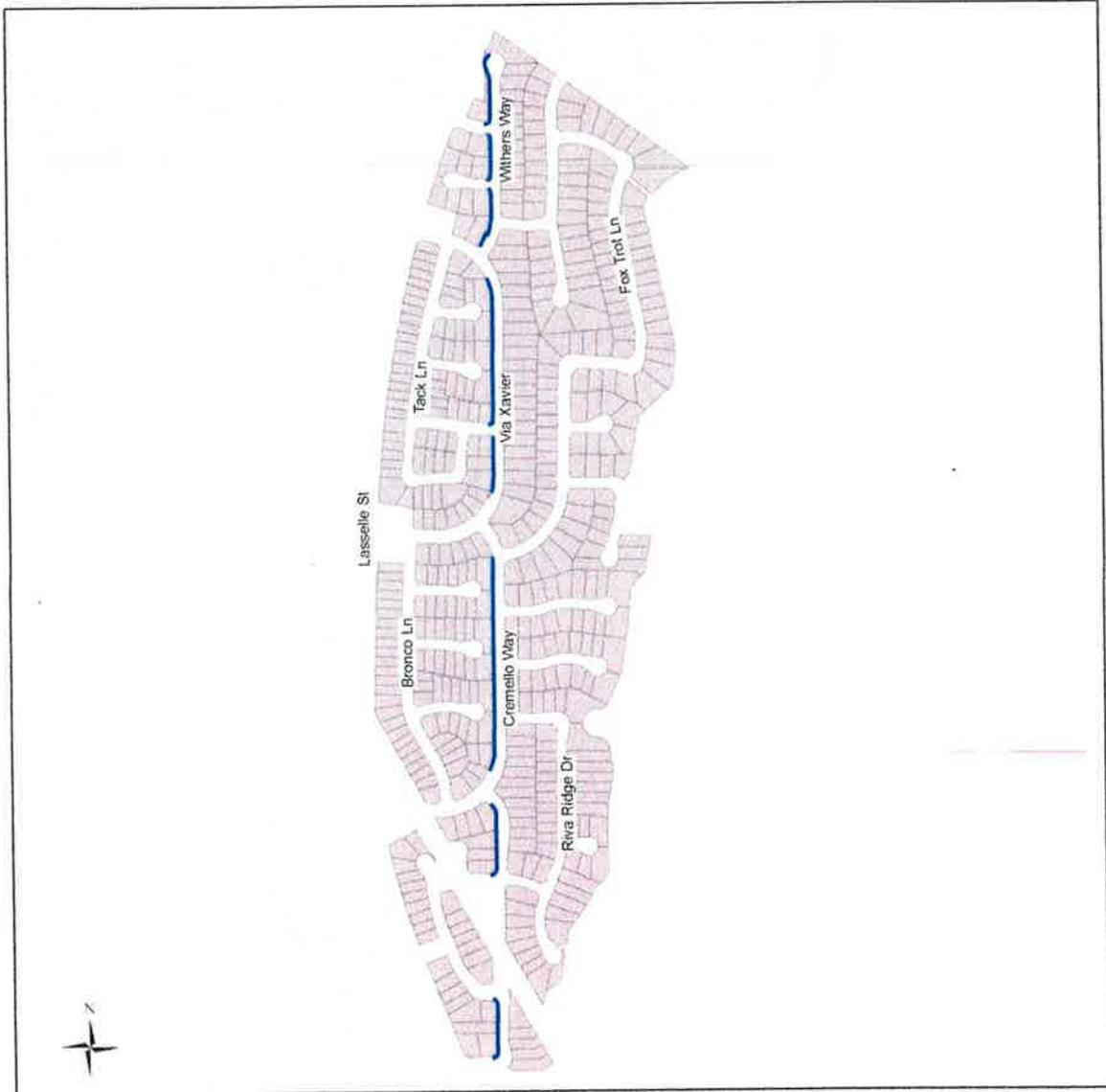


Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 03 (Moreno Valley Ranch - West)



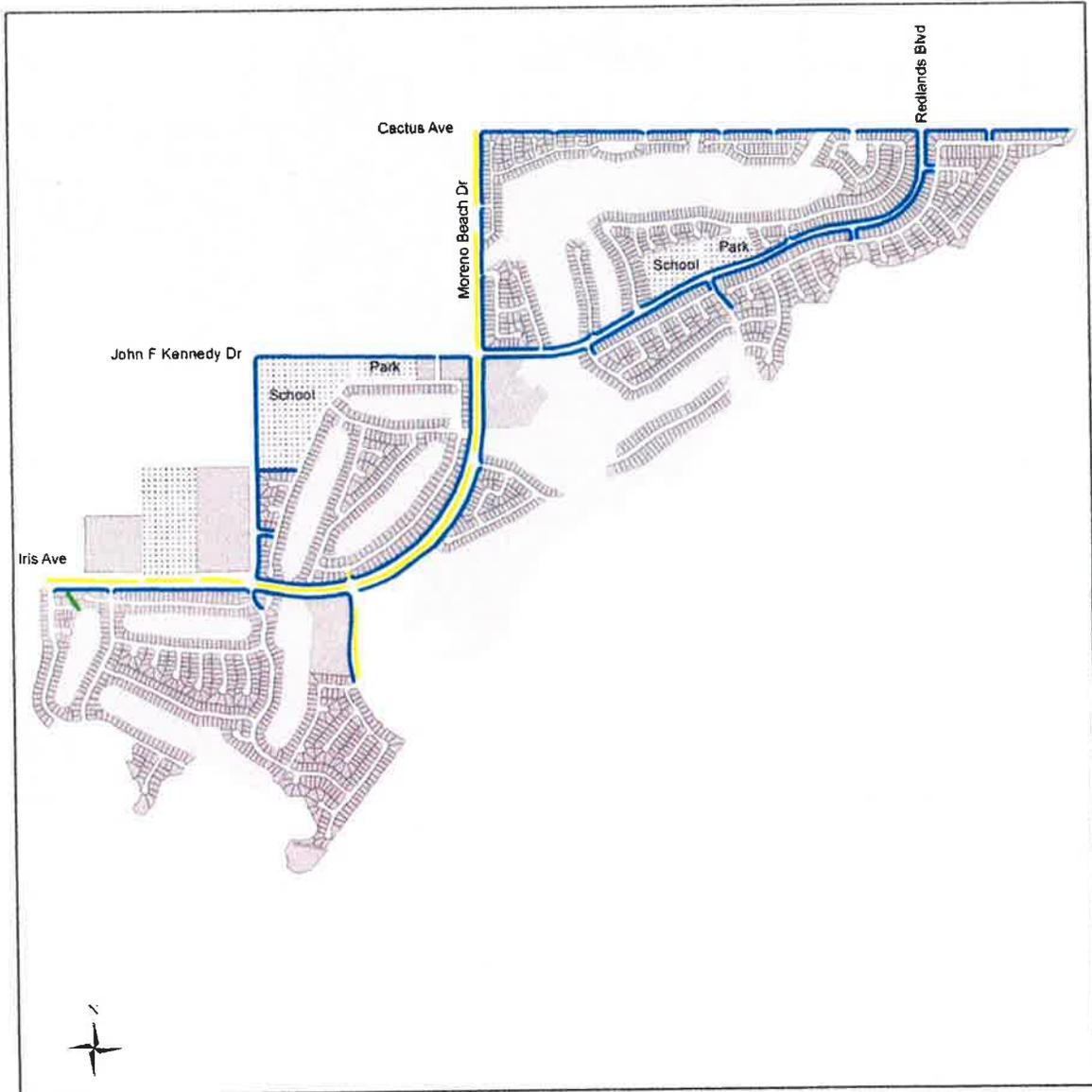
— Landscaped Parkway; — Utility Lines
Zone 03 Parcels

Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 03A (Lasselle Powerline Parkway)



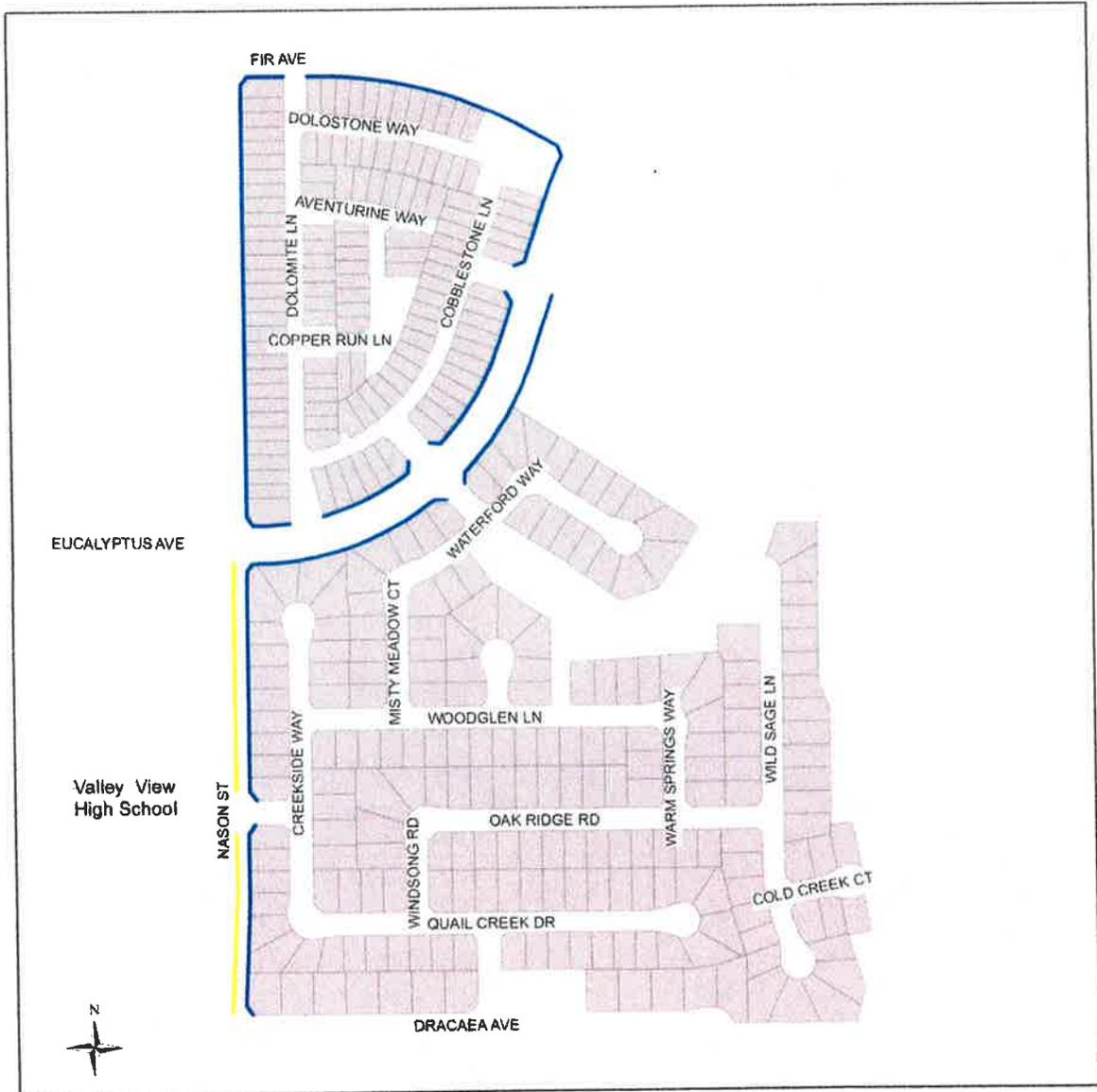
- Landscaped Parkway
- Zone 03A Parcels

Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 04 (Moreno Valley Ranch - East)



- Landscaped Parkway
- Landscaped Open Space
- Landscaped Medians
- Zone 04 Parcels

Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 05 (Stoneridge Ranch)



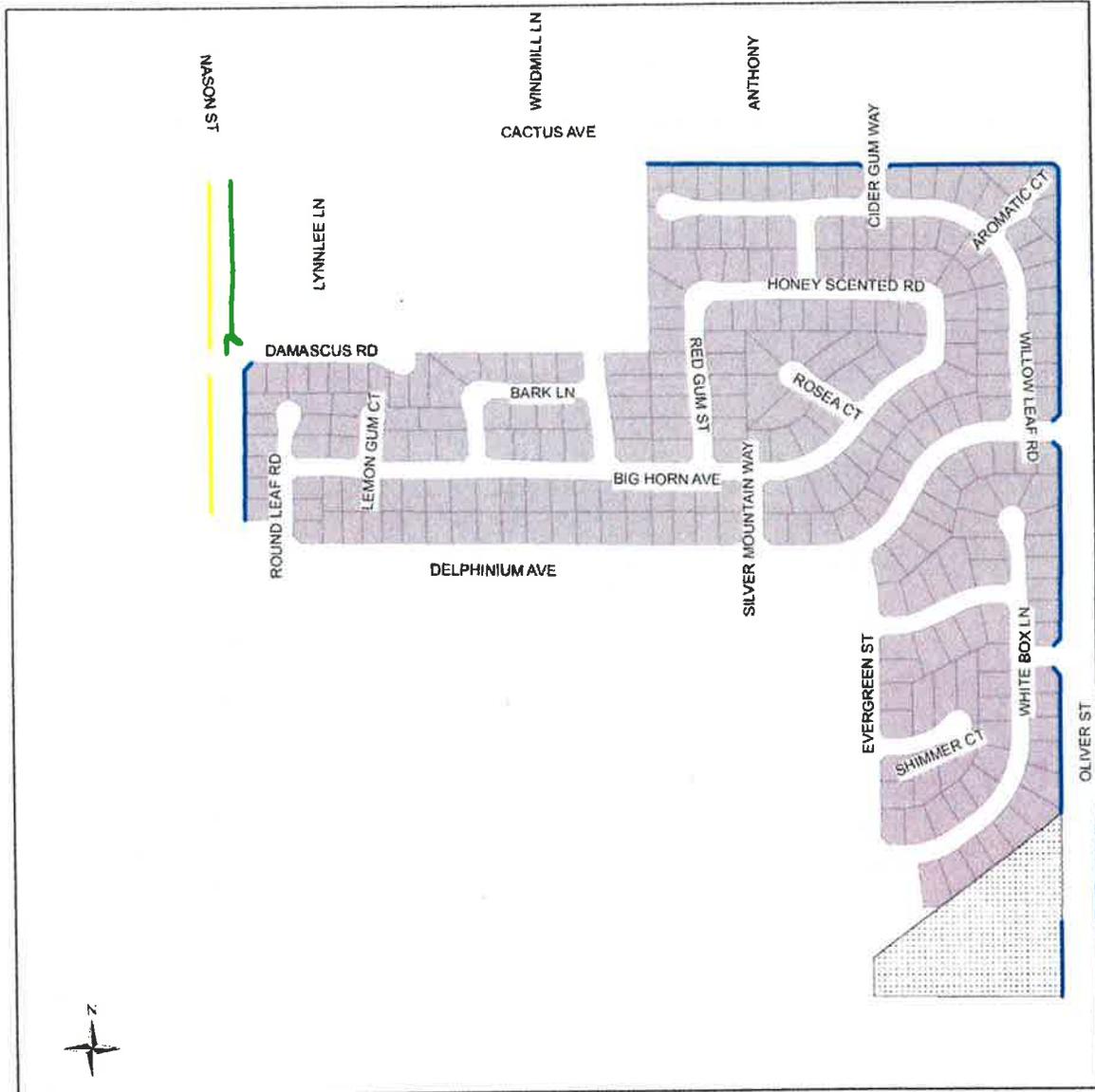
Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 06 (Mahogany Fields)



- Landscaped Parkway
- - - Future Landscaping
- Landscaped Median
- Zone 06 Parcels



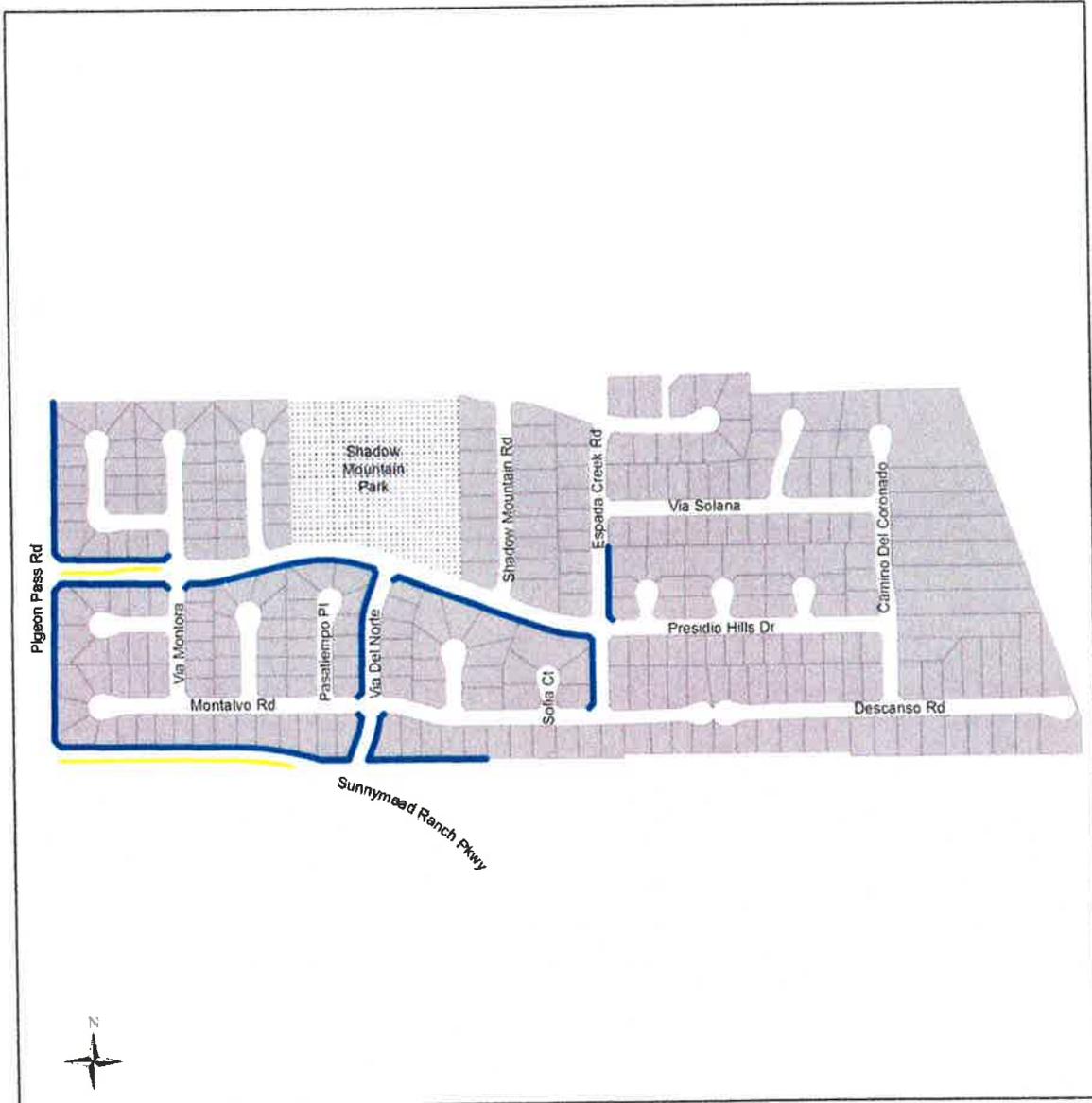
Moreno Valley Community Services District
 Landscape Maintenance District No. 2014-02
 Zone 07 (Celebration)



- General Fund Maintained
- Landscaped Parkway
- Landscaped Median
- Landscaped Open Space
- Zone 07 Parcels



Moreno Valley Community Services District Landscape Maintenance District No. 2014-02 Zone 08 (Shadow Mountain)



- Landscaped Parkway
- Landscaped Median
- Zone 08 Parcels



PART V — ASSESSMENT ROLL

Parcel identification for each lot or parcel within the District is based on available parcel maps and property data from the Riverside County Assessor's Office. A listing of the Assessor's Parcel Numbers (APNs) to be assessed within this District, along with the corresponding Assessment Amounts to be levied for fiscal year 2014/15 has been provided electronically to the Secretary of the CSD Board (City Clerk) due to the number of parcels within the District and by reference this listing of the APNs and corresponding Assessment Amounts to be levied for fiscal year 2014/15 is made part of this Report. If any APN identified therein is submitted for collection and identified by the County Auditor/Controller of the County of Riverside to be an invalid parcel number for any fiscal year, a corrected parcel number and/or new parcel numbers will be identified and resubmitted to the County Auditor/Controller. The assessment amount to be levied and collected for the resubmitted parcel or parcels shall be based on the method of apportionment, as described in this Report and approved by the CSD Board.