

21.0 MSR DETERMINATIONS

The Service Review guidelines prepared by the State Office of Planning and Research recommend that issues relevant to the jurisdictions within the MSR be addressed through written determinations called for in the Act. Based on the above information, following are the written determinations for the agencies discussed within this MSR.

Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of supply, capacity, condition of facilities, and service quality.

1. The Cities of Calimesa, Hemet, Moreno Valley, Murrieta, Perris, and San Jacinto have existing storm water drainage deficiencies that are related to the inadequacy of the drainage system and/or areas that are undeveloped or underdeveloped. Improvements to the Cities' drainage systems are provided by new development, and the Cities are planning infrastructure projects to enhance or expand the existing systems.
2. Within the Cities of Calimesa and Moreno Valley, some existing roadways and/or intersections are currently operating below the City's adopted LOS standard. Roadway improvements are expected to assist in alleviating some congestion and increasing the LOS. Within Moreno Valley, regardless of the improvements, the Draft General Plan EIR states that certain roadway segments within the City may experience traffic volumes that exceed their acceptable LOS.
3. A majority of the agencies within this MSR that provide park and recreational services are currently providing parkland acreage at a ratio that is below the agencies' adopted standards. These agencies include: the Cities of Banning, Beaumont, Calimesa, Moreno Valley, Perris, San Jacinto, Temecula, and the Beaumont-Cherry Valley Recreation and Park District. It should be noted that the adopted standards for the provision of parkland vary by agency and are either 3.0 or 5.0 acres per 1,000 population. Most of these agencies have planned for new facilities and are collecting either Quimby Act or development impact fees to fund future facilities that would help to offset the increasing demands of growth.
4. Several agencies within this MSR that provide law enforcement services are currently providing law enforcement personnel at a ratio that is below the agencies' adopted standards. These agencies include: the Cities of Banning, Hemet, Moreno Valley, Murrieta, and Temecula. It should be noted that the adopted standards for the provision of law enforcement personnel vary by agency; Moreno Valley, Murrieta, and Temecula have a standard of providing 1 sworn officer per 1,000 population and the Cities of Banning and Hemet have standards of providing 1.4 and 1.3 sworn officers per 1,000 population.

5. Pursuant to the most recent information posted by the CIWMB, seven out of the nine cities included within this MSR are diverting less than the solid waste that is required by the California Public Resources Code (PRC 41780). These cities include: Banning, Calimesa, Moreno Valley, Perris, Murrieta, San Jacinto, and Temecula.
6. The existing City of Hemet police facility is overcrowded. The City has prepared plans for a new police facility. The project is currently in the conceptual stage, and no timeline for construction has been determined.
7. The existing Moreno Valley library facility is too small to house the library's entire collection. Therefore, the City is currently developing plans for a new library facility.
8. Perris is characterized by several physical attributes that warrant improvement. These include: unimproved or badly deteriorated roadways and roadways without sufficient capacity for anticipated new development; inadequate storm drain infrastructure; insufficient parkland and recreation facilities; and inadequate public safety facilities. Because of these infrastructure issues, the City requires development proposals to provide an Infrastructure Concept Plan.
9. The City of Perris has stated that water and wastewater infrastructure deficiencies exist due to the lack of maintenance for many years. The deficiencies include deteriorated and defective water and sewer lines. The City's water and wastewater systems are being evaluated and programs are being implemented to improve operations. The City has stated that funds have not yet been designated for these infrastructure projects.
10. The Beaumont Library District prepared a Assessment Study and Facilities Plan, which determined that the existing library facility is inadequate for serving the District's population and that a replacement library should be developed no later than 2009.
11. Because the CSAs provide services via contract with service providers, such as the Sheriff's Department, County Transportation Department, Southern California Edison, etc. CSAs do not own any capital infrastructure or facilities.
12. The CSAs do not have Capital Improvement Programs or other planning documents, except for CSAs that collect Quimby Act Fees and have adopted park master plans. Development of additional planning documents could provide information on upcoming infrastructure needs and assist in programming the funding necessary to provide improvements in advance of need.

Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

1. SCAG's adopted population growth projections for each city within the MSR range from a low annual growth rate of 1.05 percent to a high growth rate of 11.5 percent. Based on the cities' projections regarding growth and the actual development that is occurring, these

regional projections may be inaccurate. Many of the cities are currently developing residential units to house new residents at a much higher rate than the projections provide for. For example, the Cities of Perris, Calimesa, Murrieta, and Moreno Valley are currently in the process of developing several thousand housing units each, which provides for growth at a much higher rate than the SCAG projections delineate.

2. Because of geographic boundaries, location within unincorporated territories, and provision of services to specific developments, demographic information is difficult to obtain for special districts and CSAs. As a result, population projections are not commonly undertaken for special districts and CSAs. At times this is a constraint to predicting future service demands outside of existing development areas, especially in areas where rapid growth is projected.
3. Growth within each of the agencies would increase demand for the full range of public services and facilities. Based on information provided for the MSR, it appears that the agencies are planning to increase service capacity to meet the expected increase in demand.
4. The EDA has stated that the CSAs are capable of expanding services, which are needed as a result of growth, based on the collection of special taxes and the public's willingness to pay for enhanced services.

Financing Constraints and Opportunities

Purpose: To evaluate a jurisdiction's capability to finance needed improvements and services.

1. Several agencies within this MSR have a history of overall expenditures exceeding overall revenues. These agencies include: the Cities of Beaumont, Calimesa, Hemet, the Beaumont-Cherry Valley Recreation and Park District, Santa Rosa CSD, and Tenaja CSD. Having expenditures exceed revenues would appear to cause financing constraints to the provision of services, facilities, and maintenance.
2. The City of Perris has had overall revenues that exceeded expenses within the last two fiscal years. However, the budgets for FY 2005-06 and 2006-07 expect the General Fund to have expenditures exceed revenues.
3. In recent years the City of San Jacinto has used General Fund reserves to balance budgets. The City's 2004 Annual Financial Report states that this use of reserves will not resolve the long-term structural imbalance in the City's General Fund and that absent a strong turn-around in the economy, cuts in General Fund services will be needed in future years to correct the imbalance.
4. A majority of the agencies within this MSR have adopted policies related to the required amount and use of reserve funds. Specifically, these agencies include: the Cities of Banning, Hemet, Moreno Valley, Murrieta, Perris, Temecula, the Beaumont Library District, and the Tenaja CSD. Agencies that do not have adopted reserve policies include the City of Beaumont and the Beaumont-Cherry Valley Recreation and Park District. Reserve policies and the use of reserve funds would appear to provide financing opportunities, especially

- during economic downturns, and when capital projects are necessary or desired by the community.
5. To provide funding for infrastructure and services related to new development, the agencies within this MSR require that costs associated with specific developments be borne by the new development. Hence, the agencies require applicants for new development to pay development impact fees to provide funding for new facilities and services to meet the increasing demands created by the new developments.
 6. The City of Banning currently does not have or implement a Quimby Ordinance for the acquisition of parkland. Implementation of a Quimby Ordinance would be a financing opportunity for the City because it can be implemented separately from a Parkland Development Fee and provide additional funding for the acquisition of parkland.
 7. To provide for future parkland, a majority of the agencies within this MSR that provide park and recreational services have adopted Quimby Act fees to provide funding or the dedication of parkland to help offset the demand created by newly developing areas.
 8. The City of Moreno Valley has a history of funding constraints related to ongoing maintenance of existing park and recreation facilities. The City is limited to an annual fee for park maintenance. A proposal to increase this fee was rejected by voters in 1996. The City's 2005–2006 budget notes that the funding constraint has resulted in dependence on fee-supported recreational activities and degradation of service levels. On July 8, 2003, the City created Community Facilities District #1 to provide assistance in maintaining new parks and trails within newly developed areas. The current assessment is \$119 per residential unit.
 9. The City of Perris provides water and sewer services for less than it costs the City to provide. This structure would appear to cause financial constraints that may affect service operations or constraints to necessary facility upgrades. However, the City raised service rates, which became effective on January 1, 2006. The rate increase should assist in expenditures meeting revenues.
 10. The City of Perris's water and wastewater service rates include EMWD charges plus the City's charges. Therefore, service is more expensive than service directly provided by EMWD.
 11. To assist in needed funding, the Cities of Murrieta, San Jacinto, and Temecula have created financing districts. The funds collected are used to provide maintenance to facilities and provide adequate services.
 12. The Santa Rosa CSD has stated that funding for roadway projects is constrained due to limited assessment funds and the costs for roadway projects. In addition, landowners within the District are subdividing lots and building additional residential units, thereby causing an increase in traffic. Because annual assessments are levied on a per-acre basis, revenues do not increase with the additional units to fund the long-term maintenance needs caused by the traffic increase.

13. Tenaja CSD has stated that maintenance and roadway deficiencies exist due to funding constraints. The areas of deficiency include weed cutting, tree trimming, and roadway maintenance. The District has stated that at times roadway maintenance is implemented in a less expensive manner versus a more thorough manner in order to save costs.
14. Of the 24 CSA budgets reviewed for this MSR, 2 show expenditures exceeding revenues and 14 budgets show revenue surpluses in excess of 35 percent of the budgeted revenue. Expenditures exceeding revenues may indicate that either assessments should be increased or another method of financing should be implemented in order to provide the anticipated level of services while assuring adequate cash flow. However, due to Proposition 218, implementation of additional financing mechanisms would most likely need voter approval.

Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

1. To provide for insurance services in a cost-saving manner, many agencies are participants in insurance consortiums that pool resources and share costs for professional risk management and claims administration. This structure provides cost savings in comparison to the costs of general insurance policies.
2. All of the Cities within this MSR have adopted purchasing policies, which have the objective of securing supplies and equipment at the lowest possible cost.
3. The City of Hemet has adopted an Expenditure Control Policy, which is intended to reduce the rate of growth in appropriations of the General Fund.
4. The Valley-Wide Recreation and Park District has a history of cooperative relationships with several different agencies and utilizes various different methods to fund new facilities. These arrangements provide for the development of new facilities and services in a cost-effective manner. The District is expecting to continue to pursue these types of cooperative projects and funding methods.
5. Regarding CSAs, the current method of providing administrative services provides for efficiencies and cost savings because one joint staff is providing services for all CSAs. This method reduces costs by minimizing the number of employees who only serve the CSAs.
6. Potential cost avoidance opportunities may exist by combining some CSAs into larger geographic entities, which could consolidate tasks such as accounting, or by consolidating the small CSA tracts with adjacent service providers. An analysis of these potential opportunities could be implemented to indicate any financial benefits of either option.

Opportunities for Rate Restructuring

Purpose: To identify opportunities to impact rates positively without decreasing service levels.

1. Generally, the agencies within this MSR regularly review rates for services and adjust them as necessary.
2. The City of Hemet responded to an increase in expenditures for both water and refuse services by implementing rate increases in July 2003. Water rates increased 14 percent, and refuse rates increased 10 percent for residential service and 17 percent for commercial service. Likewise, the FY 2005–06 budget includes another 10 percent increase for refuse rates.
3. The City of Perris provides water and sewer services for less than it costs the City to provide. The City raised service rates, which became effective on January 1, 2006. The rate increase should assist in expenditures meeting revenues; however, the City should monitor costs to ensure that service rates meet the City's cost to provide the services.
4. In 2004 the City of Temecula conducted a cost of services study to ensure that fees for services are adequate to cover service expenses and necessary maintenance and upgrades. The study identified that the City was charging less than the full actual cost of providing the services. Pursuant to this study, the City revised fees for services.
5. The opportunities for restructuring CSA and some special district rates are limited due to the requirements of Proposition 218.

Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

1. A majority of the cities and both Park and Recreation Districts within this MSR have cooperative agreements with other agencies in order to provide additional facilities and services in a cost-effective manner. For example, many agencies have joint-use agreements with various school districts to provide for shared use of recreational facilities.
2. Currently, the City of Murrieta Police Department shares its facility with the City's Emergency Operations Center. The City is also developing a new joint substation/fire station facility. The City is planning that all future substations and fire stations will be shared facilities.
3. The City of Perris has recently developed a new joint Sheriff's substation and fire station facility.
4. It appears that as the MSR area continues to grow and new facilities are developed to provide increasing services, there would be numerous opportunities to share facilities. For example, neighboring cities could jointly develop fire, law enforcement, or park and recreational facilities. Also, departments within the same city could develop joint facilities, such as joint fire and law enforcement facilities or joint park and library facilities.

Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

1. Based on the existing provision of services, it is reasonable to conclude that public services can continue to be provided by the agencies within this MSR under the existing government structures.
2. Regarding CSAs, due to the existing County policy regarding the provision of road services, it may be appropriate to evaluate different service provision mechanisms. Potential methods of financing and provision of road services include Community Facilities Districts and Assessment Districts.
3. CSAs 93, 139, and 146 are “dormant,” and are no longer providing services. CSAs 139 and 146 are also no longer collecting assessment revenue. Unless a future need for these CSA is identified, their dissolution should be considered.
4. It would generally be preferable for proposed developments that are located adjacent or in proximity to a city, and that can be served by the city, to be annexed rather than forming new or expanding existing CSAs. Overall, having a city provide services would generally be more efficient than having a small entity provide only specific services.
5. Many CSAs are separated from each other and have small service areas. It may be beneficial to individually analyze service provision within each of these CSAs to determine whether there are potential efficiencies that might be gained by including them in another nearby service entity.
6. A government structure option that may provide efficiencies is areawide CSAs rather than smaller CSAs. The areawide CSAs may be able to better provide and plan for services in the larger geographical area, such as a special district does. This structure could more effectively project growth within its boundaries, and boundaries would be more cohesive. Larger CSAs may also provide for the combination of financial resources and may reduce the number of administrative services.

Evaluation of Management Efficiencies

Purpose: To evaluate the internal organizational structure of the jurisdiction.

1. The agencies within this MSR have budget and accounting practices audited regularly by certified public accountants.
2. In addition to the required financial budgets and audits, the Beaumont and Banning Library Districts are required to prepare an annual State report, which provides operations information including collection data, circulation, and revenue data. Also, monthly operational reports are required to be prepared and submitted to the Boards.

3. The EDA and the County Auditor Controller have stated that no recent audits regarding CSA financial activity have been completed. In order to ensure the efficient use of funds, accurate future budgeting, adequate parcel fees, and comply with State law and County policy, a financial audit of all of the CSAs should be implemented on a regular schedule.

Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated with the agency's decision-making and management processes.

1. The agencies within this MSR ensure that local accountability and governance standards are met by noticing and holding meetings pursuant to the Brown Act. In addition, many of the agencies have information available on Web sites, broadcast meetings on the local cable television channel, and publish newsletters.
2. Some of the cities, Special Districts, and CSAs utilize advisory committees to represent residents and provide direction regarding appropriate service levels. The advisory committee meetings are open to the public and conform to the provisions of the Brown Act.
3. CSA 93 was created to provide park services to the unincorporated area of Moreno Valley in 1972. When the City incorporated in 1984, the areas of the CSA within the new City were detached from the CSA. Areas outside of the City, which total 18,000, acres continue to have ad-velorem taxes paid to the CSA although the CSA is no longer providing any services. These funds have been collected by CSA 93 since 1985, post incorporation of the City of Moreno Valley. Since at least 2001, these funds have been shifted to the City of Moreno Valley. Taxes and assessments collected by a CSA are for services within that CSA. Since the City of Moreno Valley is not within CSA 93, those funds should not be shifted to the City. If audits, as required by County Policy 573 and Government Code Section 25250, for the CSA's were being prepared, this problem would have been uncovered sooner. EDA should consider preparing audits for all CSA's with special attention being paid to any pre-Proposition 13 CSAs (which would have received ad-velorem tax revenue) even if the CSAs are dormant. Ad-velorem tax revenue would be missed if only reviewing assessments, and as in the case of CSA 93, some CSAs are still collecting ad-velorem tax revenue.