

**Proposed Incorporation
City of Menifee Valley**

Response to Comments

**Public Review Draft
Comprehensive Fiscal Analysis**

October 2, 2007

Submitted to:

**Riverside County Local Agency Formation Commission
3850 Vine St., Suite 110
Riverside, California 92507**

Prepared by:

GST Consulting
90 Tierra Plano
Rancho Santa Margarita, CA 92688
(949) 433-3253

The following responses to comments are hereby provided for the Menifee Valley Public Review Draft Comprehensive Fiscal Analysis (CFA). Responses to comments are provided for areas of technical relevance to CFA only, and no response is provided to opinions expressed by the commenter regarding findings contained within the analysis. Additionally, no responses are provided for comments specific to the environmental documents prepared separately from this CFA. All correspondence is attached with the responses alpha numerically cross referenced to each comment contained in the correspondence.

Public Agency Comments

Riverside County Chief Executive Office letter dtd September 24, 2007

Comment A-1: Clarifications have been incorporated into the Public Hearing Draft CFA.

Comment A-2: Concur with comment. Omission was due to a clerical error in data transcribing. Appropriate corrections in the CFA and affected tables have been incorporated into the Public Hearing Draft CFA.

Comment A-3: Concur with comment. Omission was due to a clerical error in data transcribing. Appropriate corrections in the CFA and affected tables have been incorporated into the Public Hearing Draft CFA.

Riverside County Chief Executive Office letter dtd September 24, 2007 (incl Assessor-County Clerk-Recorder Comment Letter)

Comment B-1: Concur with comment. Adjustment lowering the per-unit assumption for apartments has been incorporated into the Public Hearing Draft CFA.

Comment B-2: Current market research provided by a local commercial real estate development firm on September 27th confirms assumptions in the CFA are appropriate. However, in deference to the concerns raised by the commenter, adjustments lowering the commercial retail and commercial industrial square footage unit factors have been incorporated into the Public Hearing Draft CFA.

Comment B-3: Comment noted.

General Public Comments

None.



Executive Office
County of Riverside

Larry Parrish
County Executive Officer

September 24, 2007

George Spiliotis, Executive Director
Riverside Local Agency Formation Commission
3850 Vine Street, Suite 110
Riverside, CA 92507-4277

RE: Public Review Draft Comprehensive Fiscal Analysis for the Proposed Menifee Incorporation

Dear Mr. Spiliotis:

The following summarizes comments provided by the Riverside County Economic Development Agency (EDA), Riverside County Department of Building and Safety, and the Riverside County Code Enforcement Department in regards to the Public Review Draft Comprehensive Fiscal Analysis (CFA) for the proposed Menifee Incorporation.

EDA Comments:

- A-1
- On page 26, under the heading "Community Services," the draft states that CSA 145 manages the Kay Cenicerros Community Center. This is incorrect. The County of Riverside owns the facility, and contracts with Family Services Association (FSA) to operate and maintain the facility. The funding provided by the County to FSA is not from a special tax but is a combination of general fund dollars and grant funds. At this time, the County is not anticipating changing the ownership status of this facility.

Code Enforcement Comments:

- A-2
- On page 39, under the heading "Community Development," it appears costs for supplies have been excluded. The expense amounts of \$105,062, \$113,524, and \$121,315 are incorrect and should be changed to \$153,358, \$165,708, and \$177,289, respectively.

Building and Safety Comments:

- A-3
- On Page 40, under Engineering/Building & Safety/Public Works, the expense amounts in Engineering and Building and Safety services of \$848,167, \$867,805, and \$1,060,903 are incorrect and should be changed to \$1,208,661, \$1,235,694, and \$1,514,277, respectively. The department could not identify the discrepancy.

Thank you for the opportunity to comment. If you would like to discuss these comments, please call me at (951) 955-1110.

Sincerely,

TINA GRANDE
Senior Management Analyst

George Spiliotis, Executive Director
Riverside Local Agency Formation Commission
September 24, 2007
Page 2

cc: Supervisor Jeff Stone
Verne Lauritzen
Michael Alexander
Dale Anderson
Nick Anderson
Mark Bernas
Tony Carstens
Serena Chow
Gary Christmas
Frank Corvino
Wayne Fowler
Bill Gayk
Christopher Hans
Denise Harden
John Hawkins
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Robert Miller
Jay Orr
Diane Sinclair
Steve Stump
Will Taylor
Lyn Tontz
Larry Ward
Howard Windsor
File



Executive Office
County of Riverside

Larry Parrish
County Executive Officer

September 24, 2007

George Spiliotis, Executive Director
Riverside Local Agency Formation Commission
3850 Vine Street, Suite 110
Riverside, CA 92507-4277

RE: Public Review Draft Comprehensive Fiscal Analysis for the Proposed Menifee Incorporation

Dear Mr. Spiliotis:

Attached please find a memo from Larry Ward, County of Riverside Assessor-County Clerk-Recorder, in regards to the Public Review Draft Comprehensive Fiscal Analysis (CFA) for the proposed Menifee Incorporation.

Thank you for the opportunity to comment. If you would like to discuss these comments, please call me at (951) 955-1110.

Sincerely,

TINA GRANDE
Senior Management Analyst

Attachment

cc: Supervisor Jeff Stone
Verne Lauritzen
Michael Alexander
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Mark Bernas
Tony Carstens
Serena Chow
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Larry Ward
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COUNTY OF RIVERSIDE
ASSESSOR-COUNTY CLERK-RECORDER
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CATHY COLT
ASSISTANT
Administrative Division

TAUNA MALLIS
ASSISTANT
County Clerk-Recorder Division

FRIT SWAIN
ASSISTANT
Valuation Division

LARRY W. WARD
Assessor-County Clerk-Recorder

To: Tina Grande, Senior Management Analyst
Riverside County Executive Office

From: 
Larry Ward
Assessor-County Clerk-Recorder

Date: September 21, 2007

Re: Menifee Valley CFA

Per our department's review of the assumptions put forward in the referenced Menifee Valley CFA, we have the following observations based on our analysis of current market conditions along with our future projections.

B-1 On Table 3-C, Assessed Valuation Assumptions for New Development, we believe the 3% growth on new construction is conservatively reasonable. It will probably be less than 3% for the next year or so but after that will come back to something higher than 3%. The housing projections look good except for multiple family residential - apartments. The \$150,000 per unit represents the high end of current market value. Once the housing market stabilizes, the apartment market will level out or possibly dip a little.

B-2 The Medical Office value appears reasonable and will probably be sustained. The Commercial Retail projects appear high, and it should be noted that the commercial market rents are expected to decline over the next year to reflect what is currently occurring in the housing market. The \$150 per foot for Commercial Retail is currently reasonable but will probably decline somewhat over the next two years. We believe that the Commercial Industry predictions are very aggressive. The \$125 per foot is probably not realized now, much less in the next two years.

B-3 It should also be noted that with the downturn in the housing market, not only will current sales and new construction values be lower than in recent years, but existing assessed values may temporarily be reduced through Prop 8 reductions.

LWW/pm