



## **Report to City Council**

**To:** Honorable Mayor and Members of the City Council

**From:** Grant Yates, City Manager  
**Prepared by:** Jason Simpson, Assistant City Manager

**Date:** February 28, 2017

**Subject:** Annexation No. 3 Into Community Facilities District No. 2015-2 (Maintenance Services) For Fairway Business Center (PM 36551)

### **Recommendation**

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, DECLARING ITS INTENTION TO ANNEX TERRITORY INTO COMMUNITY FACILITIES DISTRICT NO. 2015-2 (MAINTENANCE SERVICES) OF THE CITY OF LAKE ELSINORE, ADOPTING A MAP OF THE AREA TO BE PROPOSED (ANNEXATION NO. 3) AND AUTHORIZING THE LEVY OF A SPECIAL TAXES THEREIN

### **Background and Discussion**

On September 22, 2015 the City Council approved Resolution No. 2015-078 establishing Community Facilities District No. 2015-2 (Maintenance Services) of the City of Lake Elsinore (the "CFD No. 2015-2" or "District") for the purpose of levying special taxes on parcels of taxable property to provide certain services which are necessary to meet increased demands placed upon the City.

Rod Oshita, a partner with ARI Chaney Street, LLC, property owner of 18.21 gross acres of commercial/industrial property proposed to build 20 units (industrial buildings) within the City (PM 36551) has requested that the City assist them in annexing territory into CFD No. 2015-2 (Maintenance Services) to cover the costs associated with the maintenance of public improvements. The improvements proposed to be maintained include items such as landscaping and lighting, water quality improvements, and street maintenance.

The landowner has advised the City that the area described in Exhibit "A" of the Resolution of Intention to be annexed into CFD No. 2015-2 and that a Rate and Method of Apportionment of the special taxes to be levied as described in Exhibit "C".

The original area proposed within Annexation No. 3 will encompass 20 industrial buildings comprising of 6.37 net acres, with a maximum annual tax of \$2,872 per acre, per year. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 4 consisting of Parcel Map 36551. The proposed total maximum tax rate for Tax Zone 4 is \$2,872 per acre per year. This tax rate includes a Maximum Special Tax A of \$ 2,671 per acre per year for

maintenance services of public facilities and a Maximum Annual Special Tax B of \$201 per acre per year (POA Contingent). Special Tax B is for the maintenance and operation of the improvements described in Exhibit "B" attached hereto. If the POA were to default of its obligation to maintain such improvements, the City would be able to collect funds to pay for those services. Exhibit "H" attached to the staff report is a maintenance exhibit to illustrate which services are being maintained by the CFD and by the POA.

Annual Special Tax B rate is proposed to escalate each year at the greater of Consumer Price Index (CPI) or 2%. ARI Chaney Street, LLC has agreed to the annexation into the CFD and submitted a "Consent and Waiver" form on file in the City Clerk's Office, to initiate and conduct proceedings pursuant to the Mello-Roos Act of 1982, requesting the annexation of property to CFD No. 2015-2 (Maintenance Services) and consenting to the shortening of election time requirements, waiving analysis and arguments, and waiving all notice requirements relating to the conduct of the election.

The next step to annex the property to CFD No. 2015-2 is to publish a notification of the proposed district along with the "Resolution of Intention" and Boundary Map of the proposed Annexation area. A public hearing on the matter will take place on April 11, 2017, and at that time the Council will formally consider approval of Annexation No. 3.

### **Fiscal Impact**

On March 1 of each year, every taxable property for which a building permit has been issued will be subject to the special taxes in the ensuing Fiscal Year. If the anticipated costs of maintaining the facilities in any given Fiscal Year, prior to buildout of the project, exceeds the special tax revenues available from parcels for which building permits have been issued, then the special tax may also be on property with recorded final subdivision maps, as well as other undeveloped property within the Tax Zone. The special tax levied to pay for maintenance services will only be applied to those properties for which a building permit has been issued as of March 1 preceding the Fiscal Year being levied.

Once developed, the Special Tax A for Tax Zone 4 will generate \$18,291 for maintenance services.

### **Exhibits**

- A. Resolution No. 2017-
  - a. Description of Territory
  - b. Description of Authorized Services
  - c. RMA CFD2015-2 (Maintenance Services) - ROI
  - d. CFD 2015-2 Recorded Potential Annexation Area
  - e. CFD 2015-2 Annexation No. 3 Boundary Map
  - f. Petition
  - g. Notice of Public Hearing – April 2017
  - h. Ballot
  - i. Maintenance Exhibit