



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 12, 2019

Subject: Annexation No. 6 Into Community Facilities District No. 2015-2 (Maintenance Services) for Westlake

Recommendation

adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE 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. 6) 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.

Pardee Homes, LLC, owns 19.60 gross acres of residential property proposed to build 163 detached single family residential condominiums within the City (TR 33267) 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, parks, street maintenance, and graffiti abatement.

The landowner has advised the City that the area described in Exhibit "B" 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. 6 will encompass 163 residential properties. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 7 consisting of Assessor's Parcel Numbers 379-050-006 and 397-050-034. The proposed total maximum tax rate for Tax Zone 7 is \$406 per unit per year. This tax rate includes a Maximum

Special Tax A of \$350 per unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B of \$56 per unit 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. Annual Special Tax B rate is proposed to escalate each year at the greater of Consumer Price Index (CPI) or 2%. Exhibit "3" attached to the staff report is a maintenance exhibit to illustrate which services are being maintained by the CFD and by the POA.

The City has agreed to the annexation into the CFD and Pardee Homes has 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 March 26, 2019, and at that time the Council will formally consider approval of Annexation No. 6.

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 undeveloped property within the Tax Zone.

Once developed, the Special Tax A for Tax Zone 7 will generate \$56,923 for maintenance services.

Exhibits

A-Reso.
A1-Reso. Exhibits A-G
B- Maintenance Exhibit
C-Project Map