



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: October 23, 2018

Subject: Declare Intent to Annex Territory - Annexation No. 7 Into Community Facilities District No. 2015-2 (Maintenance Services) for Central Plaza

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. 7) AND AUTHORIZING THE LEVY OF A SPECIAL TAXES THEREIN

Background

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.

Discussion

HFC/PRP Elsinore, LLC, owns 7.33 gross acres of commercial property proposed to build 75,000 square feet of retail shopping center within the City (PM 37284) 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 lighting, traffic signals, and street maintenance.

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. 7 will encompass 75,000 square feet of retail shopping. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 7 consisting of Assessor's Parcel Numbers 377-080-014, 377-080-031 thru 377-080-034. The proposed total maximum tax rate for Tax Zone 8 is \$1,953.00 per acre per year. The annual

special tax rate is proposed to escalate each year at the greater of Consumer Price Index (CPI) or 2 percent. Exhibit "3" attached to the staff report is a maintenance exhibit to illustrate which services are being maintained by the CFD.

The City has agreed to the annexation into the CFD and HFC/PRP Elsinore, LLC 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 November 27, 2018, and at that time the Council will formally consider approval of Annexation No. 7.

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 for Tax Zone 7 will generate \$12,890.00 for maintenance services.

Exhibits

- A – Resolution
- A1 – Resolution Exhibits A-G
- B – Project Map
- C - Maintenance