



## **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:** June 27, 2017

**Subject:** Annexation No. 4 Into Community Facilities District No. 2015-2 (Maintenance Services) for Cottage Lane (TR 32996)

### **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. 4) 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.

James Rex, a Division President with LE Cottage Lane, LLC, owns of 5.40 net acres of residential property proposed to build 41 detached single family residential properties within the City (TR 32996) 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 "2" 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. 4 will encompass 46 parcels including 41 residential properties. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 5 consisting of Tract Map No. 32996. The proposed total maximum tax rate for Tax Zone 5 is \$699 per unit per year. This tax rate includes a Maximum Special Tax A of \$378 per

unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B of \$321 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. 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%. LE Cottage Lane, 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 August 8, 2017, and at that time the Council will formally consider approval of Annexation No. 4.

### **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 5 will generate \$15,474 for maintenance services.

### **Exhibits**

A Resolution of Intention  
B Resolution Exhibits A-H  
C Project Map