



## **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: January 12, 2021**

**Subject: Public Hearing and Election for Change Proceedings for Community Facilities District No. 2019-2 (Nichols Ranch)**

### **Recommendations**

1. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2019-2 OF THE CITY OF LAKE ELSINORE (NICHOLS RANCH), APPROVING AMENDMENT TO THE RATE AND METHOD OF APPORTIONMENT, INCREASING THE AMOUNT OF AUTHORIZED BONDED INDEBTEDNESS TO BE INCURRED BY COMMUNITY FACILITIES DISTRICT NO. 2019-2 AND CALLING AN ELECTION THEREIN;
2. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2019-2 OF THE CITY OF LAKE ELSINORE (NICHOLS RANCH), CERTIFYING THE RESULTS OF THE JANUARY 12, 2021 SPECIAL ELECTION; and
3. Introduce and waive further reading of AN ORDINANCE OF THE CITY COUNCIL OF CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2019-2 OF THE CITY OF LAKE ELSINORE (NICHOLS RANCH) AUTHORIZING THE LEVY OF A SPECIAL TAX WITHIN SUCH DISTRICT.

### **Background**

The City of Lake Elsinore (the "City") formed the Community Facilities District No. 2019-2 of the City of Lake Elsinore (Nichols Ranch) (the "District") in 2019 pursuant to the Mello-Roos Community Facilities District Act of 1982. The District is approximately 58 acres planned for 168 residential lots within the City. Such property is located to the east of Interstate 15 and is bordered by Nichols Road to the south. Nichols Rd. Partners, LLC, is the landowner within the District (the "Developer").

Due to revisions in the proposed product mix within the District, the Developer has requested that the District undertake proceedings to (i) amend the Rate and Method of Apportionment of Special Taxes with the First Amended and Restated Rate and Method of Apportionment attached to Resolution No. 2020-101 adopted by the City Council on December 8, 2020 (the "Amended RMA") and (ii) increase the maximum amount of bonded indebtedness authorized to be incurred by the District from \$10 million to \$11 million.

Development within the District has not yet commenced. The Developer expects to sell the property within the District to Meritage Homes in the near future.

The current special tax rates within the District range from \$1,693, for a home less than 1,700 square feet, to \$2,049 for a home greater than 2,500 square feet. If the Amended RMA is approved, the District will have special tax rates ranging from \$2,302, for a home less than 1,700 square feet, to \$2,938 for a home greater than 2,900 square feet.

On December 8, 2020, the City Council adopted Resolution No. 2020-101 stating its intention to consider approval of the Amended RMA and increase of the maximum amount of bonded indebtedness authorized to be issued by the District and called for a public hearing to be held on the approval of such matters.

### **Documents to be Approved**

Following the public hearing to be held, approval of the first resolution will call for an election to be held with respect to the approval of the Amended RMA and the increase of the maximum amount of bonded indebtedness authorized to be issued by the District. The first resolution also approves the form of an Amended and Restated Funding Agreement, which amends and restates a prior funding agreement between the City and the Developer with respect to the District. The purpose of the Amended and Restated Funding Agreement is to: (1) include certain facilities to be constructed by the Developer and to be funded from proceeds of bonds to be issued by the District and (2) include additional Elsinore Valley Municipal Water District to be funded from proceeds of bonds to be issued by the District.

The City has received a certificate of the Registrar of Voters certifying that there are less than 12 Registered Voters residing within the District during the 90 days prior to the time of the public hearing. Accordingly, the election to be held will be a landowner election pursuant to which the landowners are the sole eligible voters within the District. The landowner within the District described above has executed a consent and waiver to certain election law requirements and to allow the election to be conducted immediately following the public hearing.

Following the holding of the election, the City Council will be asked to certify the election results and assuming approval of the Amended RMA and the increase of the maximum amount of bonded indebtedness authorized to be issued by the District, introduce the Ordinance authorizing the levy of the special tax in accordance with the Amended RMA.

### **Fiscal Impact**

The Developer has made a deposit to pay for the costs of the change proceedings described above. The District will annually levy special taxes on all of the taxable property within the District in accordance with the Amended RMA in order to pay for the costs of facilities, debt service on bonds, the services and administration of the District. Any bonds issued by the

District are not obligations of the City and will be secured solely by the Special Taxes levied in the District.

**Exhibits**

A – Reso. Approving Amendment to Rate and Method

B – Reso. Certifying Election Results

C – Ord. Levying Special Taxes

D – Landowner Waiver

E -Certificate of Registrar of Voters

F – Amended and Restated Funding Agreement

G – Project Map