



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Shannon Buckley, Assistant Administrative Services Director

Date: April 27, 2021

Subject: Establishment of Community Facilities District No. 2021-1 of the City of Lake Elsinore (Tuscany Valley/Crest)

Recommendations

adopt A RESOLUTION ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE CITY OF LAKE ELSINORE (TUSCANY VALLEY/CREST); and,

adopt A RESOLUTION DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS FOR COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE CITY OF LAKE ELSINORE (TUSCANY VALLEY/CREST); and,

adopt A RESOLUTION CERTIFYING ELECTION RESULTS FOR COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE CITY OF LAKE ELSINORE (TUSCANY VALLEY/CREST); and,

introduce by title only and waive further reading AN ORDINANCE AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2021-1 OF THE CITY OF LAKE ELSINORE (TUSCANY VALLEY/CREST).

Background and Discussion

The developer, SPT- AREP III Tuscany Associates, LLC, a Delaware limited liability company (the "Developer"), owns property containing 335 proposed residential lots within the City. Such property is located to the south of Highway 74 at Greenwald Avenue and Little Valley Road, in the northeastern part of the City. The Developer has requested that the City form a Community Facilities District ("CFD" or "District") and designate two improvement areas therein on such property to finance the costs of certain public improvements through the levy of a special tax and the issuance of bonds in an amount not to exceed \$14,000,000 for Improvement Area No. 1 and \$10,000,000 for Improvement Area No. 2.

The Developer has requested that: (1) the area shown in Attachment A of Resolution No. 2021-25 adopted by the City Council on March 23, 2021 (the "Resolution of Intention") be the boundaries of the CFD and Improvement Area Nos. 1 and 2 therein, (2) special taxes be levied within Improvement Area No. 1 in accordance with the rate and method of apportionment of special taxes as described in Attachment C to the Resolution of Intention; and (3) special taxes be levied within Improvement Area No. 2 in accordance with the rate and method of apportionment of special taxes as described in Attachment D to the Resolution of Intention.

Such rate and method of apportionment of special taxes are referred to herein each as an "RMA."

The Resolution of Intention called for a public hearing to be held on April 27, 2021. The purpose of the public hearing is for the City Council to formally consider the approval of the formation of the CFD, the designation of Improvement Area Nos. 1 and 2 therein and the approval of the levy of the special taxes within Improvement Area Nos. 1 and 2. Notice of the public hearing was published in the Press Enterprise and mailed to the property owner in accordance with the Mello-Roos Act.

In connection with the public hearing, Spicer Consulting Group has prepared a CFD Public Hearing Report which describes and analyzes the facilities to be financed by the CFD and the estimated costs of such facilities. Following the close of the public hearing, the City Council will be asked to adopt the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt which, together, approves the formation of the CFD and the designation of the Improvement Areas therein, the levy of the special taxes in each Improvement Area in accordance with the applicable RMA and determines the necessity for the CFD to issue bonds in an amount not to exceed \$14,000,000 for Improvement Area No. 1 and \$10,000,000 for Improvement Area No. 2. Such resolutions call for elections to submit to the qualified voters in Improvement Area No. 1 and in Improvement Area No. 2 ballot measures on the approval of the special taxes, the issuance of the bonds for each Improvement Area and an appropriations limit for the CFD.

In addition, the Resolution of Formation, approves the execution and delivery of the following agreements in the forms presented to the City Council: (i) the Acquisition, Construction and Funding Agreement with the Developer (the "Funding Agreement"); and (ii) the Joint Community Facilities Agreement with the Developer and Elsinore Valley Municipal Water District (the "JCFA"). The Funding Agreement sets forth the terms, among others, pursuant to which the CFD will finance improvements to be constructed by the Developer and acquired by the City or to be constructed by the City. In accordance with the Mello-Roos Act, the approval and execution of the JCFA allows for the CFD to finance improvements to be owned and operated by Elsinore Valley Municipal Water District which benefit the development within the District.

On file with the City Clerk is a Certificate of the Registrar of Voters of Riverside County certifying that there are no registered voters residing within the boundaries of the CFD. Accordingly, under the Mello-Roos Act, only property owners owning land in each Improvement Area are eligible to vote at the election for such Improvement Area with each owner having one vote for each acre (or portion thereof) that they own within such Improvement Area. The Developer has executed a consent and waiver of certain election procedures with respect to the election for each Improvement Area, including certain timing requirements with respect to the elections, and the City Clerk has executed certificates concurring to the holding of the elections on this date, all in accordance with the Mello-Roos Act. Accordingly, if the City Council approves the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt, the City Clerk will conduct the elections. The City Clerk will announce the elections results and the City Council will be asked to adopt the Resolution Certifying the Election Results. Based on upon certification that 2/3rds of the votes cast are in favor of the propositions voted upon in each Improvement Area, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within each Improvement Area. The City Council will then be asked to introduce the Ordinance authorizing the levy of the special tax within each Improvement Area in accordance with the applicable Rate and Method.

Fiscal Impact

The District will be required to annually levy special taxes on all of the taxable property within each Improvement Area in order to pay for the costs of facilities, debt service on bonds and administration of the CFD. Any bonds issued by the District are NOT obligations of the City and will be secured solely by the special taxes levied in the Improvement Area relating to such bonds. The Developer has made a deposit to pay for the costs of forming the CFD. The Funding Agreement provides the terms under which the Developer may be reimbursed for these costs if and when bonds are issued for CFD.

Exhibits

- A – Res. Establishing of Formation
- B – Res. Necessity to Incur Debt
- C – Res. Certifying the Election Results
- D - Ordinance
- E - Certificate of the Registrar of Voters
- F - Landowner Waivers CFD 2021-1 IA 1
- G - Landowner Waivers CFD 2021-1 IA 2
- H – CFD Report
- I – Funding Agreement
- J - Joint Community Facilities Agreement