



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Shannon Buckley, Assistant City Manager

Date: December 10, 2024

Subject: Public Hearing and Election for Annexation Proceedings for Annexation No. 22 into Community Facilities District No. 2015-2 (Maintenance Services) for Blazed Utopia

Recommendation

1. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, CALLING AN ELECTION TO SUBMIT TO THE QUALIFIED ELECTORS THE QUESTION OF LEVYING A SPECIAL TAX WITHIN THE AREA PROPOSED TO BE ANNEXED TO COMMUNITY FACILITIES DISTRICT NO. 2015-2 (MAINTENANCE SERVICES) (ANNEXATION NO. 22);
2. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, DECLARING ELECTION RESULTS FOR COMMUNITY FACILITIES DISTRICT NO. 2015-2 (MAINTENANCE SERVICES) (ANNEXATION NO. 22); and
3. Introduce by title only and waive further reading of AN ORDINANCE AMENDING ORDINANCE NO. 2016-1359 OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ACTING IN ITS CAPACITY AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 2015-2 OF THE CITY OF LAKE ELSINORE (MAINTENANCE SERVICES) AUTHORIZING THE LEVY OF SPECIAL TAXES.

Background and Discussion

On October 22, 2024, the City Council adopted Resolution No. 2024-54, declaring its intention to annex territory to Community Facilities District No. 2015-2 (Maintenance Services) and commence the annexation proceedings for the territory to be annexed, also known as Annexation No. 22. A public hearing was set for December 10, 2024. Following such a public hearing, if there is no majority protest against the annexation and the special tax levy, the City Clerk will conduct an election for the landowners and declare the election results.

As required by the Resolution of Intention, an annexation map was recorded on October 24, 2024, at 3:34 p.m. in Book 94, Page 46, Document No. 2024-0321430 of Maps of Assessment and Community Facilities Districts with the Riverside County Recorder.

RA & B Development, LLC (the "Owner"). The Resolution of Intention was adopted by the City Council in response to a request by the Owners for the City to assist them in annexing territory into CFD No. 2015-2 (Maintenance Services) to cover the costs associated with maintaining public improvements. The improvements proposed to be maintained include landscaping and street maintenance. The Applicants have 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 according 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 original area proposed within Annexation No. 22 will encompass a 17,037-square-foot cannabis facility. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 25. The proposed maximum tax rate is \$5,569 per acre per year for Special Tax A and \$755 per acre per year for Special Tax B. The maximum annual tax rates are proposed to escalate yearly at the greater of the Consumer Price Index (CPI) or 2%.

To annex property to CFD No. 2015-2 according to the provisions of California Government Code Section 53311 et seq., the City must adopt a series of three statutorily required Resolutions and an Ordinance, which are summarized below.

- Resolution declaring the City's intent to annex territory to Community Facilities District No. 2015-2, including the boundary of the area to be annexed and the rate and method of apportionment of special taxes within the annexation area (the special tax applies only to properties within the annexation area), adopted October 22, 2024.
- Resolution calling an election to submit to the qualified electors the question of levying a special tax within the area proposed to be annexed to the District.
- Resolution declaring the election results and directing the recording of the notice of special tax lien.
- Amend the Ordinance and order the levy and collection of special taxes in the District.

With the adoption of the Resolutions and the first reading of the amended Ordinance, the second reading would be scheduled for January 14, 2025.

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 before the project buildout exceed the special tax revenues available from parcels for which building permits have been issued, then the special tax may also be applied to undeveloped property within the tax zone.

Once developed, the Special Tax A for Tax Zone 25 will generate \$7,519 annually, plus the annual escalator for maintenance services.

Attachments

Attachment 1- Project Map
Attachment 2 – Resolution Calling an Election
Exhibit A - Rate and Method of Apportionment
Exhibit B – Ballot
Attachment 3 – Resolution Declaring Election Results
Exhibit A - Certificate of Election Results
Attachment 4 - Certificate of Registrar of Voters
Attachment 5 - Ordinance