



REPORT TO CITY COUNCIL

To: Honorable Mayor or Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Shannon Buckley, Assistant City Manager

Date: January 10, 2023

Subject: **Intention to Establish Community Facilities District No. 2023-1 of the City of Lake Elsinore (Lakeside)**

Recommendation

1. ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, STATING THE INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE CITY OF LAKE ELSINORE (LAKESIDE); and
2. ADOPT A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, STATING THE INTENTION TO INCUR BONDED INDEBTEDNESS FOR COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE CITY OF LAKE ELSINORE (LAKESIDE)

Background

The property to be included within proposed Community Facilities District No. 2023-1 of the City of Lake Elsinore (Lakeside) ("CFD No. 2023-1" or the "District") is located on the northeast corner of Grand Avenue and Riverside Drive, in the western part of the City of Lake Elsinore (the "Property") (see the attached project map). Collectively, the Property is approximately 35 gross acres with plans to be entitled for 140 single family residential lots. The Property is currently owned by Tri Pointe Homes IE-SD, Inc. (the "Property Owner").

The Property Owner has requested that the City form CFD No. 2023-1 to encompass the Property in accordance with the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance the costs of certain public improvements through the levy of a special tax and the issuance of bonds. The maximum amount of bonded indebtedness proposed is \$9 million.

Intention to Establish CFD No. 2023-1

The Property Owner has requested that the boundaries of CFD No. 2023-1 include the area described in Attachment A of the Resolution of Intention to Establish CFD No. 2023-1 presented at this meeting (the “Resolution of Intention”), and that special taxes be levied within the boundaries of the District in accordance with the Rate and Method of Apportionment (the “RMA”) described in Attachment C to the Resolution of Intention.

Discussion

The Resolution of Intention is the first step in the process of forming CFD No. 2023-1. The attached Resolutions declare the City’s intention to establish CFD No. 2023-1, its intention to incur bonded indebtedness by CFD No. 2023-1, and call for a public hearing. A public hearing on the matter will take place on February 21, 2023, and at that time the Council will formally consider the establishment of CFD No. 2023-1, and hold elections on the approval of the special taxes and the need to incur bonded indebtedness within CFD No. 2023-1.

Fiscal Impact

The Property Owner has made a deposit to pay for the costs of the formation proceedings which may be reimbursed to the Property Owner in accordance with a reimbursement agreement with the Property Owner. If established and subject to necessary Council and voter approvals, CFD No. 2023-1 will annually levy special taxes on all of the taxable property within the District in accordance with the RMA (as attached to the Resolution of Intention). Such special taxes will be used to pay for the costs of facilities, debt service on bonds and administration of CFD No. 2023-1. Any bonds issued by CFD No. 2023-1 are not obligations of the City and will be secured solely by the Special Taxes levied within CFD No. 2023-1.

The RMA provides that the annual special tax rates will range from \$3,228 for home sizes less than 1,900 square feet to \$3,564 for home sizes greater than 2,100 square feet, which rates escalate at 2% per year.

Attachments

Attachment 1 - Resolution of Intention to Establish CFD 2023-1
Attachment 2 - Resolution of Intention to Incur Debt
Attachment 3 - Landowner Petition
Exhibit A - Project Map
Attachment 4 - Reimbursement Agreement