



## 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:** February 14, 2023

**Subject:** **Public Hearing and Election for Annexation Proceedings for Annexation No. 18 into Community Facilities District No. 2015-2 (Maintenance Services) for Lakeside**

### **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. 18);
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. 18); and
3. Introduce 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/Discussion**

On January 10, 2023, the City Council adopted Resolution No. 2023-002, 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. 18. A public hearing was set for February 14, 2023. 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 January 10, 2023, at 8:55 a.m. in Book 90, Page 30, Document No. 2023-0011601 of Maps of Assessment and Community Facilities Districts with the Riverside County Recorder.

Tri Pointe Homes IE-SD, Inc. (the "Owner"). The City Council adopted the Resolution of Intention 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 the maintenance of public improvements. The improvements proposed to be maintained items such as landscaping, lighting, street maintenance, parks, and graffiti abatement. 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. 18 will encompass 140 detached single-family residential lots. The territory proposed to be annexed into CFD No. 2015-2 will be included in Tax Zone 21. The proposed maximum tax rate is \$387 per unit per year for Special Tax A and \$82 per unit per year for Special Tax B. The maximum annual tax rates are proposed to escalate yearly at the greater Consumer Price Index (CPI) or 2%.

To annex property to CFD No. 2015-2 under 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 January 10, 2023.
- 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 of the amended Ordinance would be scheduled for February 28, 2023.

### **Fiscal Impact**

On March 1 of each year, every taxable property for which a building permit has been issued will be subject to special taxes in the ensuing Fiscal year. Suppose the anticipated costs of maintaining the facilities in any given Fiscal Year before the project's buildout exceeds the special tax revenues available from parcels for which building permits have been issued. In that case, the special tax may also be on undeveloped property within the Tax Zone.

Once developed, the Special Tax A for Tax Zone 21 will generate \$54,112 annually, plus the annual escalator for maintenance services.

### **Attachments**

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