



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

### **Recommendation**

1. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE CITY OF LAKE ELSINORE (LAKESIDE), TO AUTHORIZE THE LEVY OF A SPECIAL TAX TO PAY THE COSTS OF ACQUIRING OR CONSTRUCTING CERTAIN FACILITIES AND TO PAY DEBT SERVICE ON BONDED INDEBTEDNESS; and
2. Adopt A RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE TO INCUR BONDED INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$9,000,000 WITHIN PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2023-1 OF THE CITY OF LAKE ELSINORE (LAKESIDE).

### **Background**

The Property to be included within the 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). The Property is approximately 35 gross acres with plans to be entitled to 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 encompass the Property under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance the costs of specific public improvements through the levy of a special tax and the issuance of bonds. The maximum amount of bonded indebtedness proposed is \$9 million.

## Establish CFD No. 2023-1 (Lakeside)

On January 10, 2023, the City Council adopted resolutions that declared the intention to form CFD No. 2023-1 and to incur bonded indebtedness for CFD No. 2023-1. Due to a clerical error, the previous resolutions called for a public hearing on the formation of CFD No. 2023-1 on February 21, 2023 which is not a regularly scheduled City Council meeting date. The resolutions presented at this meeting rescind the previous resolutions adopted on January 10, 2023, and call for a public hearing on the formation of CFD No. 2023-1 for March 28, 2023.

### **Discussion**

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 per the Rate and Method of Apportionment (the “RMA”) described in Attachment C to the Resolution of Intention. The Resolution of Intention is the first step in 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 occur on March 28, 2023. 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 per 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 per 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 homes less than 1,900 square feet to \$3,564 for homes 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  
Attachment 4 - Project Map  
Attachment 5 - Reimbursement Agreement