



## 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:** October 24, 2023

**Subject:** Establishment of Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails)

### **Recommendation**

1. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, ESTABLISHING COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS);
2. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, DETERMINING THE NECESSITY TO INCUR BONDED INDEBTEDNESS FOR COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS);
3. Adopt A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, CERTIFYING ELECTION RESULTS FOR COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS); and
4. Introduce by title only and waive further reading of AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, CALIFORNIA, AUTHORIZING THE LEVY OF SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF LAKE ELSINORE (COASTAL MISSION TRAILS).

### **Background**

The property to be included within the proposed Community Facilities District No. 2023-2 of the City of Lake Elsinore (Coastal Mission Trails) ("CFD No. 2023-2" or the "District") is located on the northwest corner of Mission Trail Road and Lemon Street (the "Property") (see the attached project map). Collectively, the Property is approximately 18 gross acres with plans to be entitled for 191 single-family residential lots. The Property is currently owned by Vista Emerald, LLC (the "Property Owner").



The Property Owner has requested that the City form a Community Facilities District ("CFD" or "District") 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 \$15 million.

The Property Owner has requested that: (1) the area shown in Appendix B of Resolution No. 2023-78 adopted by the City Council on September 12, 2023 (the "Resolution of Intention") be the boundaries of the District, and (2) special taxes be levied within the District in accordance with the rate and method of apportionment of special taxes as described in Appendix C to the Resolution of Intention. Such rate and method of apportionment of special taxes are referred to herein as the "RMA."

The Resolution of Intention called for a public hearing to be held on October 24, 2023. The purpose of the public hearing is for the City Council to formally consider the approval of the formation of the District and the approval of the levy of special taxes within the District. Notice of the public hearing was published in the Press Enterprise and mailed to the property owner in accordance with the Mello-Roos Act.

### **Discussion**

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 District 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 District, the levy of the special taxes in the District in accordance with the RMA and determines the necessity for the District to issue bonds in an amount not to exceed \$15,000,000 for the District. Such resolutions call for an election to submit to the qualified voters the District ballot measures on the approval of the special taxes, the issuance of the bonds, and an appropriations limit for the District.

In addition, the Resolution of Formation, approves the execution and delivery of the Funding Agreement with Vista Emerald, LLC, a California limited liability company (the "Funding Agreement"), and two Joint Community Facilities Agreements with the Elsinore Valley Municipal Water District and the Lake Elsinore Unified School District, in the forms presented to this Council. The Funding Agreement sets forth the terms, among others, pursuant to which the District will finance improvements to be owned by the City. The Joint Community Facilities Agreements set forth the terms, among others, pursuant to which the District will finance improvements to be owned by the Elsinore Valley Municipal Water District and the Lake Elsinore Unified School 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 District. Accordingly, under the Mello-Roos Act, only property owners owning land in the District are eligible to vote at the election for the District with each owner having one vote for each acre (or portion thereof) that they own within the District. The Property Owner has executed consents and waivers of certain election procedures with respect to the election, including certain timing requirements with respect to the election, 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 election. The City Clerk will announce the election 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 the District, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within the District. The City Council will then be asked to introduce the Ordinance authorizing the levy of the special tax within the District in accordance with the Rate and Method.

**Fiscal Impact**

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

**Attachments**

- Attachment 1 – Resolution Establishing of Formation
- Attachment 2 – Resolution of Necessity to Incur Debt
- Attachment 3 – Resolution Certifying the Election Results
- Exhibit A – Certificate of the Registrar of Voters
- Attachment 4 – Ordinance Authorizing the Levy of Special Tax
- Attachment 5 – CFD 2023-2 Public Hearing Report
- Attachment 6 – Funding Agreement
- Attachment 7 – Joint Community Facilities Agreement (EVMWD)
- Attachment 8 – Joint Community Facilities Agreement (LEUSD)