



CITY OF MENIFEE

SUBJECT: Subdivision Improvement Agreement and Bonds for Replacement of Lien Agreement for Tract Map 31456, The Enclave, by KB Home Cal Management Services, LLC

MEETING DATE: February 5, 2025

TO: Mayor and City Council

PREPARED BY: Jorge Aguilar, Assistant Engineer

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute a Subdivision Improvement Agreement and securities to replace an existing Lien Agreement provided to guarantee the completion of required public improvements associated with Tract Map 31456, The Enclave, located west of Valley Boulevard, and north and south of Cherry Hills Boulevard; and
2. Adopt a resolution discharging the existing Subdivision Lien Agreement and authorize the City Clerk to record the resolution with the Riverside County Clerk Recorder's Office; and
3. Authorize the Public Works Director to fully release remaining improvement securities previously provided by RCFC Investments, LLC, for Tract Map 31456.

DISCUSSION

Tract Map 31456 (TM31456), also known as The Enclave ("Project"), is a subdivision of 161.21 gross acres of land into 192 total lots, of which 179 lots are for single family residential use. The subdivision is located on the west side of Valley Boulevard, north and south of Cherry Hills Boulevard. TM31456 was approved by the City Council on June 15, 2022.

On December 6, 2023, the City Council approved a Lien Agreement with RCFC Investments, LLC, a California limited liability company (RCFC), as a replacement for Public Improvement Agreements and bonds that were originally submitted as the required securities for the Project. RCFC requested the lien as a replacement form of Project security at that time as they did not intend to build in the foreseeable future and wanted to avoid paying the ongoing bond premiums associated with the estimated \$9 million of future Project improvements.

Ownership of the Project has since transitioned to KB Home Cal Management Services, LLC, of Delaware, a limited liability company ("Developer"), who intends to develop the Project. As such, the Developer has requested to enter into a new Subdivision Improvement Agreement (SIA) and provide securities in the form of improvement bonds to replace the existing Lien Agreement that was previously recorded on the property under RCFC ownership. A summary of bonds being provided by the Developer as replacement securities to guarantee the completion of the required Project improvements is shown in Tables 1 below.

TABLE 1- KB HOME REPLACEMENT PUBLIC IMPROVEMENT SECURITY

Improvement	Security	Faithful Performance	Material & Labor
Streets and Drainage	30212969	\$ 5,946,500	\$ 2,973,250
Water System	30212969	\$ 463,500	\$ 231,750
Sewer System	30212969	\$ 1,180,500	\$ 590,250
Riv. Co. Flood Control	30212969	\$ 1,323,500	\$ 661,750
Total		\$ 8,914,000	\$ 4,457,000

In addition to the Lien Agreement, RCFC has also previously posted a bond as security for the guarantee of completion of subdivision monuments for the Project. The Developer has now also provided a replacement subdivision monument bond to replace the bond originally submitted by RCFC. Details of the Developer's replacement subdivision monument bond and the original RCFC monument bond to be released are provided in Tables 2 and 3 below.

TABLE 2 – KB HOME REPLACEMENT SUBDIVISION MONUMENT SECURITY

Improvement	Security	Faithful Performance
Monuments	30212974	\$ 180,000
Total		\$ 180,000

TABLE 3- RCFC ORIGINAL SUBDIVISION MONUMENT SECURITY (TO BE RELEASED)

Improvement	Security	Faithful Performance
Monuments	800020759	\$ 180,000
Total		\$ 180,000

Staff has reviewed the Developer's request and determined that the proposed SIA and associated bonds for replacement of both the prior Lien Agreement and the original subdivision monument bond meet the requirements of the Project's conditions, and adequately protect the City's interests. If approved, and upon full execution of the SIA, the attached resolution would be filed with the Riverside County Recorder's Office to fully discharge the existing lien previously placed on TM31456.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

There is no fiscal impact associated with the recommended action. The Developer has paid all necessary fees associated with the replacement of securities. Upon completion of the improvements, and subsequent acceptance by the City, ongoing maintenance costs for the improvements would be supported through future fiscal year operation budgets in Community Facilities District 2017-1, Annexation No. 7.

ATTACHMENTS

1. Project Map
2. Subdivision Improvement Agreement
3. Replacement Bond – Improvements
4. Replacement Bond – Monuments
5. Resolution
6. Exhibit A - Original Lien Agreement
7. Original Monument Bond