



CITY OF MENIFEE

SUBJECT: Ordinance Introduction and Annexation No. 27,
Encanto/McCall Gas Station, into Community Facilities
District 2017-1, Maintenance Services

MEETING DATE: January 15, 2025

TO: Mayor and City Council

PREPARED BY: Kristen Jensen, Financial Analyst

REVIEWED BY: Nick Fidler, Public Works Director

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt a resolution calling an election to annex territory, including Parcel Nos. 333-040-045 and 333-040-046, located on the northwest corner of the intersection of Encanto Dr. and McCall Boulevard, into City of Menifee Community Facilities District ("CFD") No. 2017-1 (Maintenance Services) and to levy a special tax on that land; and
2. Hold a special landowner election and canvass the election; and
3. Adopt a resolution declaring results of special landowner election; and
4. Introduce an ordinance, amending the Ordinance No. 2017-231 and levying and apportioning the special tax in CFD 2017-1.

DISCUSSION

On November 20, 2024, the City Council adopted Resolution No. 24-1511, declaring its intent to annex territory to CFD No. 2017-1 and commence the annexation proceedings for the territory to be annexed, also known as Annexation No. 27. The next steps in the annexation proceedings are to hold a public hearing on January 15, 2025, to conduct an election for the landowners and to declare the results of that election.

The area within Annexation No. 27 is included in Parcel Nos. 333-040-045 and 333-040-046 and is approximately 2.10 gross acres of vacant property within the City. The property is located on the northwest corner of the intersection of Encanto Drive and McCall Boulevard, as shown in the attached Project Location Map. The proposed maintenance services include items such as landscaping, lighting, street maintenance, drainage, and graffiti abatement.

Per the request of KA Menifee, LLC, Capital Financial Group, Inc Defined Benefit Pension Plan, Kaassi International, Inc. Defined Benefit Pension Plan, KZA Inc. Defined Benefit Pension Plan ("Owners"), the City would establish a rate and method of apportionment and authorize the levy of special taxes on the taxable property within Annexation No. 27 to pay for those services.

Annexation No. 27 would have a maximum annual tax of \$6,018 per acre. This tax rate includes a Maximum Special Tax A of \$5,016 per acre per year for maintenance services of public facilities and a Maximum Annual Special Tax B ("Contingent Tax B") of \$1,002 per acre per year and would be included in CFD No. 2017-1 as "Tax Zone 27." The maximum annual tax rate would escalate each year at the greater of Consumer Price Index ("CPI") or 2%. The attached CFD Maintenance Site Plan Exhibit illustrates which services are being maintained by the CFD.

The Owners submitted Consent and Waiver forms on file in the City Clerk's Office to:

- hold the election and declare election results; and
- consent to the shortening of election time requirements; and
- waive analysis and arguments; and
- waive all notice requirements relating to the conduct of the election immediately following the public hearing.

A copy of the boundary map entitled "Annexation Map No. 27, Community Facilities District No. 2017-1 (Maintenance Services)" was recorded on November 26, 2024, in Book 94 of Maps of Assessment and Community Facilities Districts at Page 75, in the office of the Riverside County Recorder. Annexing the parcel into CFD No. 2017-1 would cover the costs of maintenance of certain public improvements associated with the development.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

The individual property owners in the CFD will be responsible for annual payments of special taxes. Upon full completion of the tract development, there will be an annual collection of Special Tax revenues of approximately \$9,481, not including Contingent Tax B, to be used to pay for maintenance costs.

On June 1 of each year, every taxable unit for which a building permit has been issued within the boundaries of the CFD, will be subject to the special tax for the ensuing Fiscal Year. If the anticipated costs of maintaining the facilities in any given Fiscal Year, prior to buildout of the project, exceeds the special tax revenues available from parcels for which building permits have been issued, then the special tax may also be applied to property within recorded final subdivision maps, as well as other undeveloped property within the boundaries of the CFD.

All costs associated with annexation into the CFD have been borne by the Owners. By annexing into the CFD, the costs of maintaining improvements located within the development would be financed through special taxes levied on the parcels within CFD No. 2017-1 and not through the City's General Fund.

ATTACHMENTS

1. Project Location Map
2. Resolution Calling the Election
3. Resolution Declaring Election Results
4. Certificate of Registered Voters
5. Ordinance
6. Signed Petition, Waiver and Consent for Annexation
7. Maintenance Site Plan Exhibit