



## **CITY OF MENIFEE**

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SUBJECT: Proposed Formation of Community Facilities District 2025-1, Menifee Vista

MEETING DATE: February 19, 2025

TO: Mayor and City Council

PREPARED BY: Lauri Lockwood, Financial Analyst

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

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### **RECOMMENDED ACTION**

1. Adopt a resolution of intention to establish Community Facilities District No. 2025-1, Menifee Vista, located west of Byers Road and north of Rouse Road; and
2. Adopt a resolution of intention to incur bonded indebtedness for Community Facilities District No. 2025-1, Menifee Vista.

### **DISCUSSION**

Jen SoCal 4 LLC, (the “Developer”) is planning a residential community composed of single-family homes on approximately 28 acres within the City. The property sits west of Byers Road and north of Rouse Road, as shown in the attached Location Map. The current property owners of the property, in coordination with the Developer, has requested that the City form a Community Facilities District (“CFD No. 2025-1”) in accordance with the Mello-Roos Community Facilities Act of 1982, as amended, 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 \$11 million. The bonds would not be general obligations of the City and would be secured solely by the special taxes levied in CFD No. 2025-1.

The Developer has requested that the boundaries of CFD No. 2025-1 include the area described in Exhibit A of the Resolution of Intention to Establish CFD No. 2025-1 (the “Resolution of Intention”) and that special taxes be levied within the boundaries of CFD No. 2025-1 in accordance with the Rate and Method of Apportionment (the “RMA”) as described in Exhibit C to the Resolution of Intention.

The formation request for CFD 2025-1 was reviewed by the Finance Committee at its November meeting, and the committee recommended the request be forwarded to the City Council for consideration.

The Resolution of Intention is the first formal step in the process to form CFD No. 2025-1. The attached Resolutions declare the City's intention to establish CFD No. 2025-1, the intention to incur bonded indebtedness by CFD No. 2025-1 and call for a public hearing. A public hearing on the matter would take place on April 2, 2025, and at that time the Council would formally consider approving the formation of CFD No. 2025-1 and hold an election on the approval of the special taxes and the incurring of bonded indebtedness within CFD No. 2025-1.

The Developer also requests that the City enter into a joint community facilities agreement (the "JCFA") with the Developer and Eastern Municipal Water District ("EMWD") relating to certain facilities proposed to be financed by CFD No. 2025-1 and owned and operated by EMWD. That agreement would be entered into prior to the approval of the issuance of bonds pursuant to the Act.

The development proposal for CFD No. 2025-1 includes 96 homes. The homes are planned to range in size from approximately 2,200 to 3,250 square feet. The average effective tax rate is estimated to be 1.99%, which is below the 2.00% limit established in the City's Special Assessment and Community Facilities District Goals and Policies. Under the RMA, the estimated annual tax rates would range from \$4,712 for homes less than 1,950 square feet to \$5,331 for homes greater than 2,550 square feet. Such rates would escalate at 2% per year.

The anticipated bond issuance amount based on current rates would be approximately \$7.8 million, which would cover a reserve fund, financing costs, and generate approximately \$6.8 million for facilities. The proposed facilities, which may be funded with proceeds of the bonds, are estimated to be:

- \$315,499 – City priority facilities, a 20% premium for project-specific priorities
- \$1,577,496 – City Development Impact Fees
- \$2,408,245 – City street facilities
- \$2,972,921 – Eastern Municipal Water District fees and facilities

The amount of the foregoing facilities costs that exceed available bond proceeds would be funded by the developer.

In addition to the costs of the foregoing facilities, proceeds of the special tax may be expended to pay administrative costs.

### **STRATEGIC PLAN OBJECTIVE**

Regular City Business

### **FISCAL IMPACT**

The developer made a deposit to pay for the costs of the formation proceedings, which may be reimbursed to the developer in accordance with the reimbursement agreement to be entered into by the City with the developer. CFD No. 2025-1 will annually levy special taxes on all the taxable property within CFD No. 2025-1 in accordance with the RMA in order to pay for the costs of facilities, debt service on bonds and administration of CFD No. 2025-1. Any bonds issued by CFD No. 2025-1 would not be obligations of the City and would be secured solely by the special taxes levied in CFD No. 2025-1.

### **ATTACHMENTS**

1. Project Location Map
2. Resolution of Intention to Establish CFD 2025-1
3. Resolution of Intention to Incur Debt
4. Landowner Petition
5. Reimbursement Agreement