



CITY OF MENIFEE

SUBJECT: First Reading and Introduction of an Ordinance for the Proposed Formation of Community Facilities District 2025-1, Menifee Vista

MEETING DATE: June 4, 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

RECOMMENDED ACTION

1. Adopt a resolution establishing Community Facilities District 2025-1, Menifee Vista, of the City of Menifee ("CFD 2025-1" or "CFD"), located north of Rouse Road between Valley Boulevard and Byers Road, and calling an election; and
2. Adopt a resolution determining the necessity to incur bonded indebtedness for CFD 2025-1 and calling an election; and
3. Adopt a resolution certifying election results for CFD 2025-1; and
4. Introduce an ordinance authorizing the levy of special taxes within CFD 2025-1.

DISCUSSION

On February 19, 2025, the City Council adopted Resolution No. 25-1537 (the "Resolution of Intention"), declaring its intent to commence the formation of CFD No. 2025-1. The next step in the proceedings is to hold a public hearing relating to the formation of the CFD, to conduct an election in CFD 2025-1 and to declare the results of the election.

The property in the CFD is planned to be developed into 96 homes on approximately 28 acres. The previous owner of the property in the CFD requested that the City form CFD 2025-1 in accordance with the Mello-Roos Community Facilities Act of 1982, as amended (the "Mello-Roos Act"), 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 \$11,000,000.

The boundaries of CFD 2025-1 include the area described in Exhibit A of the Resolution of

Intention and the proposed special taxes to be levied within the boundaries of CFD 2025-1 are set forth in the Rate and Method of Apportionment (the "RMA") as described in Exhibit C to the Resolution of Intention.

The Resolution of Intention called for a public hearing to be held on April 2, 2025, for the City Council to formally consider the approval of the formation of CFD 2025-1 and the approval of the levy of the special taxes within CFD 2025-1. Due to the expected change in ownership of the property in the CFD, the public hearing was continued to the June 4, 2025, City Council meeting. The property in the CFD has been transferred to Richmond American Homes of Maryland, Inc., a Maryland corporation (the "Developer"). Notice of the public hearing was published in the Press-Enterprise and mailed to the property owner in accordance with the Mello-Roos Act.

In connection with the public hearing, Spicer Consulting Group has prepared a Public Hearing Report that describes and analyzes the facilities to be financed by the CFD 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, approve the formation of the CFD and the levy of the special taxes within the CFD in accordance with the RMA and determines the necessity for the CFD to issue bonds in an amount not to exceed \$11,000,000. Such Resolutions call for an election to submit to the qualified voters in the CFD ballot measures on the approval of the special taxes, the issuance of the bonds and an appropriations limit for the CFD.

In addition, the Resolution of Formation, approves the execution and delivery of the following agreements in the forms presented to the City Council: (i) the Acquisition, Construction and Funding Agreement with the Developer (the "Funding Agreement"); and (ii) the Joint Community Facilities Agreement with the Developer and Eastern Municipal Water District ("Water District JCFA"). The Funding Agreement sets forth the terms, among others, pursuant to which the CFD will finance improvements to be constructed by the Developer. In accordance with the Mello-Roos Act, the approval and execution of the Water District JCFA allows for the CFD to finance improvements to be owned and operated by Eastern Municipal Water District that benefit the development within the CFD.

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 CFD. Accordingly, under the Mello-Roos Act, only landowners in the CFD are eligible to vote at the election with each owner having one vote for each acre (or portion thereof) that they own within the CFD. The Developer, as the landowner in the CFD, has executed a consent and waiver of certain election procedures for the election within the CFD, 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 elections. The City Clerk will announce the elections results and the City Council will be asked to adopt the Resolution Certifying the Election Results. Based upon certification that two-thirds of the votes cast are in favor of the propositions voted upon, the Resolution Certifying the Election Results directs the City Clerk to record a notice of special tax lien on the property within the CFD.

The City Council will then be asked to introduce the ordinance authorizing the levy of the special tax within the CFD in accordance with the RMA.

STRATEGIC PLAN OBJECTIVE

Regular City Business

FISCAL IMPACT

The CFD will be required to annually levy special taxes on all taxable property within the CFD in order to pay for the costs of facilities, debt service on bonds and administration of the CFD. Any bonds issued by the CFD are not obligations of the City and will be secured solely by the special taxes levied in the CFD. The Developer has made a deposit to pay for the costs of forming the CFD. The Funding Agreement includes a provision for reimbursement of these costs to the Developer if and when bonds are issued for CFD.

ATTACHMENTS

1. Resolution of Formation CFD 2025-1
2. Resolution Determining Necessity to Incur Debt for CFD 2025-1
3. Resolution Certifying Election Results for CFD 2025-1
4. Ordinance Authorizing the Levy of Special Taxes
5. Project Map
6. Public Hearing CFD Report
7. Acquisition, Construction and Funding Agreement
8. Joint Community Facilities Agreement (EMWD)
9. Certificate of ROV