



CITY OF MENIFEE

SUBJECT: Resolution of Intention for Community Facilities District 2017-1, Annexation No. 14, Adler Ranch

MEETING DATE: August 17, 2022

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. Accept the petition of FPG Tricon Menifee Property LLC, Tract Map No. 32628 located east of I-215 at the southeast intersection of Antelope Road and Craig Avenue to annex into Community Facilities District No. 2017-1 (Maintenance Services) ("CFD No. 2017-1" or "CFD") as Annexation Area No. 14; and
2. Adopt a resolution of intention to add Annexation Area No. 14 into CFD No. 2017-1, to authorize the levy of special tax therein to finance certain maintenance services, and to set a public hearing for September 21, 2022.

DISCUSSION

On December 6, 2017, the City Council adopted Resolution No. 17-658, establishing CFD No. 2017-1 pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 ("Act"). CFD No. 2017-1 allows for the levy of special taxes on parcels of taxable property for the purpose of providing certain services which are necessary to meet increased demands placed by development upon the City.

FPG Tricon Menifee Property LLC ("Owner") is the owner of Alder Ranch, Tract Map No. 32628 ("TR 32628"), which consists of approximately 28.40 gross acres of a vacant residential property. The property is located east of I-215 at the southeast intersection of Antelope Road and Craig Avenue, as shown in the attached project location map.

The Owner has requested the City's assistance in annexing TR 32628 into CFD 2017-1 to cover the costs associated with the maintenance of public improvements. The area proposed for annexation would be designated "Annexation No. 14," and would include property within TR 32628, covering 303 multi-family residential units. Per the Owner's request, the City would

establish a rate and method of apportionment and authorize the levy of special taxes on the taxable property within Annexation Area No. 14 to pay for those services.

Annexation Area No. 14 would have a maximum annual tax of \$326 per unit. This tax rate includes a Maximum Special Tax A of \$281 per unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B (contingent) of \$45 per unit per year and would be included in CFD No. 2017-1 as "Tax Zone 14." The maximum annual tax rate is proposed to 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 Owner has agreed to initiate and conduct the CFD annexation proceedings pursuant to the Act. To that end, the Owner has submitted a "Consent and Waiver" form on file in the City Clerk's Office which authorizes the City to (1) hold the election and declare election results (2) shorten election time requirements, (3) waive analysis and arguments, and (4) waive all notice requirements relating to the conduct of the election immediately following the public hearing.

The next step to annex TR 32628 into CFD 2017-1 is to publish a notification of the proposed annexation along with the resolution of intention and boundary maps of the proposed annexation area. A public hearing on the matter would take place on September 21, 2022, and at that time the City Council would formally consider approval of Annexation No. 14.

STRATEGIC PLAN OBJECTIVE

Safe and Attractive Community

FISCAL IMPACT

The individual property owners in the CFD would be responsible for annual payments of special taxes. It is estimated, upon full completion of the tract development that there would be an annual collection of special tax revenues of approximately \$85,084 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, would 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, 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 Developer. 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 of Intention and Exhibits
3. CFD Maintenance Site Plan Exhibit