



CITY OF MENIFEE

SUBJECT: Resolution of Intention for Community Facilities District 2017-1, Annexation No. 17, On Deck

MEETING DATE: January 18, 2023

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 VSK Investments, LLC, PM 37145 located east of I-215 on the northwest corner of Highway 74 and Trumble Road to annex into Community Facilities District No. 2017-1 (Maintenance Services) (CFD No. 2017-1) as Annexation Area No. 17; and
2. Adopt a Resolution of Intention to add Annexation Area No. 17 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 March 1, 2023.

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.

VSK Investments, LLC (Owner) is the owner of On Deck Center, PM 37145, which consists of approximately 4.82 gross acres of a vacant lot which would include commercial lots and a hotel. The property is located east of I-215 on the northwest corner of Highway 74 and Trumble Road, as shown in the attached project location map.

The Owner has requested that the City assist it in annexing PM 37145 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. 17," and would include property within PM 37145, to include a gas station, car wash, fast food restaurant, and a hotel. 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. 17 to pay for those services.

Annexation Area No. 17 would have a maximum annual tax of \$3,137 per acre and would be included in CFD No. 2017-1 as “Tax Zone 17.” The maximum annual tax rate is proposed to escalate each year at the greater of Consumer Price Index (CPI) or 2%. There are no maintenance services proposed to be funded by the levy of Special Tax B (Contingent) for CFD No. 2017-1. The attached CFD Maintenance Site Plan Exhibit is to illustrate 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 PM 37145 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 March 1, 2023, and at that time the Council would formally consider approval of the Annexation No. 17.

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 development that there would be an annual collection of special tax revenues of approximately \$15,122 to be used to pay for maintenance costs.

On June 1 of each year, every taxable acre 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