



## **CITY OF MENIFEE**

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SUBJECT: Resolution of Intention for Annexation No. 22, Cimarron Ridge into CFD 2017-1 (Maintenance Services)

MEETING DATE: August 2, 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

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### **RECOMMENDED ACTION**

1. Accept the Petition of Pulte Home Company, LLC, Tract Nos. 36658-1 thru 36658-7 located to the southwest of McLaughlin Road and Byers Road into Community Facilities District (CFD) No. 2017-1 (Maintenance Services) as Annexation Area No. 22; and
2. Adopt a resolution of Intention to add Annexation Area No. 22 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 6, 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.

Pulte Home Company, LLC, a Michigan limited liability company, is the owner of Cimarron Ridge, Tract Nos. 36658-1 through 36658-7, consisting of approximately 203 gross acres of a vacant land to be developed into 756 Single-Family residential lots. The property is located south of McLaughlin Road and west of Byers Road, as shown in the attached project location map.

The Owner has requested that the City assist it in annexing TR 36658-1 thru 36658-7 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. 22," and would include property within TR 36658-1 thru 36658-7, to include 756 Single-Family residential lots. 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. 22, Tax Zones 22A, 22B, and 22C to pay for those services. Multiple Tax Zones would be established to ensure Special Tax assessments are in alignment with CFD's maintenance responsibilities established for non-private and gated private tracts within the development.

Tax Zone 22A would have a maximum annual tax of \$1,186 per unit. This tax rate includes a Maximum Special Tax A of \$1,086 per unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B (Contingent) of \$100 per unit per year and would be included in CFD No. 2017-1 as "Tax Zone 22A." 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 is to illustrate which services are being maintained by the CFD.

Tax Zone 22B would have a maximum annual tax of \$979 per unit. This tax rate includes a Maximum Special Tax A of \$879 per unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B (Contingent) of \$100 per unit per year and would be included in CFD No. 2017-1 as "Tax Zone 22B." The maximum annual tax rate is proposed to escalate each year at the greater of CPI or 2%. The attached CFD Maintenance Site Plan Exhibit is to illustrate which services are being maintained by the CFD.

Tax Zone 22C would have a maximum annual tax of \$979 per unit. This tax rate includes a Maximum Special Tax A of \$879 per unit per year for maintenance services of public facilities and a Maximum Annual Special Tax B (Contingent) of \$100 per unit per year and would be included in CFD No. 2017-1 as "Tax Zone 22C." The maximum annual tax rate is proposed to escalate each year at the greater of CPI or 2%. 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 TR 36658-1 thru 36658-7 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 6, 2023, and at that time the Council would formally consider approval of the Annexation No. 22, Tax Zones 22A, 22B, and 22C.

## **STRATEGIC PLAN OBJECTIVE**

Safe and Vibrant Community

## **FISCAL IMPACT**

The individual property owners in the CFD would be responsible for annual payments of special taxes. Upon full completion of each zone, there will be an annual collection of special tax revenues to be used to pay for maintenance costs. The estimated amounts per zone are as follows, Tax

Zone 22A in the amount of \$426,798, Tax Zone 22B in the amount of \$101,964, and Tax Zone 22C in the amount of \$217,113, none include Contingent Tax B.

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