



CITY OF MENIFEE

SUBJECT: Ordinance Introduction and Annexation No. 22, Cimarron Ridge, into Community Facilities District 2017-1 (Maintenance Services)

MEETING DATE: September 6, 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. Adopt a resolution calling an election to annex territory, including Tract Nos. 36658-1 thru 36658-7, located south of McLaughlin Road and west Byers Road, into City of Menifee Community Facilities District No. 2017-1 (Maintenance Services) and to levy a special tax on that land; and
2. Hold a special landowner election and canvass the election; and
3. Adopt a resolution declaring results of special landowner election; and
4. Introduce an ordinance, amending the Ordinance No. 2017-231 and levying and apportioning the special tax in CFD 2017-1.

DISCUSSION

On August 2, 2023, the City Council adopted Resolution No. 23-1349, declaring its intent to annex territory to Community Facilities District (CFD) No. 2017-1 and commence the annexation proceedings for the territory to be annexed, also known as Annexation No. 22. The next step in the annexation proceedings is to hold a public hearing on September 6, 2023, to conduct an election for the landowners and to declare the results of that election.

The area within Annexation No. 22 includes Tract Nos. 36658-1 through 36658-7 and is approximately 203 gross acres of vacant property within the City. The property is located south of McLaughlin Road and west Byers Road, as shown in the attached Project Location Map. The proposed maintenance services will include items such as landscaping, lighting, street maintenance, drainage, parks and trails, and graffiti abatement.

Per the request of Pulte Home Company, LLC, a Michigan limited liability company ("Owner"), the City will 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 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. 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.

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. 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 illustrates 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. 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 illustrates which services are being maintained by the CFD.

The Owner submitted a "Consent and Waiver" form on file in the City Clerk's Office and provided as Attachment 6 to:

- hold the election and declare election results; and
- consent to the shortening of election time requirements; and
- waive analysis and arguments; and
- waive all notice requirements relating to the conduct of the election immediately following the public hearing.

A copy of the boundary map entitled "Annexation Map No. 22, Community Facilities District No. 2017-1 (Maintenance Services)" was recorded on August 9, 2023, in Book 91 of Maps of Assessment and Community Facilities Districts at Page 60-62, in the office of the Riverside County Recorder.

STRATEGIC PLAN OBJECTIVE

Safe and Vibrant Community

FISCAL IMPACT

The individual property owners in the CFD will 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 of these estimates include Maximum Annual Special Tax B (Contingent).

On June 1 of each year, every taxable unit for which a building permit has been issued within the boundaries of the CFD, will 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, then the special tax may also be applied to property with 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 will 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 Calling the Election
3. Resolution Declaring Election Results
4. Certificate of Registered Voters
5. Ordinance
6. Signed Petition, Waiver and Consent for Annexation
7. Maintenance Site Plan Exhibit