



Report to City Council

TO: Mayor and City Council

FROM: Launa Jimenez, Chief Financial Officer

AGENDA DATE: August 20, 2024

TITLE: ANNEXATION OF CERTAIN PARCELS INTO COMMUNITY FACILITIES DISTRICT NO. 2023-01 (PUBLIC SAFETY SERVICES). (REPORT OF: FINANCIAL AND MANAGEMENT SERVICES)

TITLE SUMMARY: Pursuant to Landowner Petitions, Annex Certain Parcels into Community Facilities District No. 2023-01 (Public Safety Services) (Reso No. 2024-__)

Recommendation(s)

That the City Council:

1. Acting as the legislative body of Community Facilities District No. 2023-01 (Public Safety Services), adopt Resolution No. 2024-__, a Resolution of the City Council of the City of Moreno Valley, California, ordering the annexation of territory to City of Moreno Valley Community Facilities District No. 2023-01 (Public Safety Services) and approving the amended maps for said District, for the specific properties as listed in the Discussion section of this staff report and as previously approved by the Landowner and certified by the City's Election Official (Amendment Nos. 3 - 8).

SUMMARY

Adoption of the resolution will order the annexation of 8 parcels into Community Facilities District (CFD) No. 2023-01 (Public Safety Services) (the "District"). This action impacts only the property owners identified below, not the general citizens or taxpayers of the City.

DISCUSSION

As a condition of approval for development projects, Property Owners are required to provide an ongoing funding source for certain public services (i.e., public safety services). The funding mitigates the cost of impacts created by the proposed development.

Pursuant to the Mello-Roos Community Facilities Act of 1982, the City Council formed CFD No. 2023-01 (Public Safety Services) to provide an alternative funding tool for the development community to mitigate the impact of their proposed development. Annexation into the District provides property owners a mechanism to fund public safety services, through an annual special tax.

On March 5, 2024, the City Council adopted Ordinance No. 1007, which designated the entire territory of the City as a future annexation area for CFD No. 2023-01. With the future annexation area designated, annexations can occur without an additional public hearing as long as the annexing landowner provides unanimous consent.

A property owner now has the following options to satisfy the development condition requiring a funding source for certain public services:

1. Annex the property into the District. (This option is generally only available if there are fewer than 12 registered voters living within the proposed annexation area); or
2. Create a permanent, prefunded, and irrevocable endowment that will yield an annual revenue stream to meet the annual obligation and provide for the ongoing operational services for public safety.

If a landowner elects to annex their property into the District and the City Council approves the annexation, the City is authorized to levy special taxes onto the annual property tax bill to fund the services related to or, impacted by their development.

The following property owners have elected to annex into the District to satisfy their condition of approval:

Property Owner(s) Project ACP Record No(s).	District	Amendment No(s).	APN(s)	Location
Johnny Jason and Lizbeth Magallanes Barcenas Accessory Dwelling Unit (ADU) SCP24-0049/BFR23-0266	CFD 2023-01	3	488-370-030	13781 Nathan Pl.
Alejandra Moreno-Aguilar and Maria Leticia, Steve and Andres Mariscal Accessory Dwelling Unit (ADU) SCP24-0054/BFR24-0025	CFD 2023-01	4	486-025-004	15123 Charlee Ct.
Moreno Beach Hospitality MV Home 2 Hilton Hotel SCP24-0060/ PEN22-0256/BFC23-0126	CFD 2023-01	5	488-400-041 488-400-042 488-400-043	North of Eucalyptus between Fir Ave. and Moreno Beach Dr.

Sandra Broussard Davenport Accessory Dwelling Unit (ADU) SCP24-0062/BFR23-0075	CFD 2023-01	6	484-201-008	14597 Cochiti Dr.
Charles A. Maciel Accessory Dwelling Unit (ADU) SCP24-0064/BFR23-0055	CFD 2023-01	7	482-152-032	24858 Corley Ct.
Sigma Beta XI Inc. Accessory Dwelling Unit (ADU) SCP24-0053/BFR24-0027	CFD 2023-01	8	316-133-034	16679 Perris Blvd.

The Office of the Riverside County Registrar of Voters confirmed there were less than 12 registered voters residing at each property, allowing a special election of the landowner. Adoption of the attached resolution (Attachment 1) amends the District and adds the property/properties, with a special tax rate based on property type, in the Fiscal Impact section of this report and directs the recordation of the boundary maps and amended notices of special tax lien for the amendments. The City Clerk received and reviewed the Landowner Petitions and confirmed the Property Owners unanimously approved the annexations of their property into the District (Attachment 2).

Successful completion of the annexation process satisfies the project’s conditions of approval requirements to provide a funding source for the City’s public safety services.

ALTERNATIVES

1. Adopt the resolution. *Staff recommends this alternative as it will annex the properties into CFD No. 2023-01 at the request of the Property Owners and satisfy the condition of approval/requirements for the proposed developments.*
2. Do not adopt the resolution. *Staff does not recommend this alternative as it is contrary to the request of the Property Owners, will not satisfy the condition of approval/requirements and may delay development of the projects.*
3. Do not adopt the resolution but rather continue the item to a future regularly scheduled City Council meeting. *Staff does not recommend this alternative as it will delay the Property Owners from satisfying the condition of approval/requirements and may delay development of the projects.*

FISCAL IMPACT

Revenue received from the special tax is restricted and can only be used to fund the services within the District. The special tax can only be applied to a property tax bill of a parcel wherein the qualified electors (i.e., landowners or registered voters, depending upon the number of registered voters) have previously provided approval. The maximum special tax rate is detailed below. If the projected revenue from the maximum special tax exceeds what is necessary to fund the services within the District, a lower amount will be applied to the property tax bill.

Property Owner(s) Project ACP Record No(s).	Amendment No(s).	Property Type	FY 2024/25 Maximum Special Tax Rate ¹
Johnny Jason and Lizbeth Magallanes Barcenas Accessory Dwelling Unit (ADU) SCP24-0049/BFR23-0266	3	Single Family	\$206.00/Unit
Alejandra Moreno-Aguilar and Maria Leticia, Steve and Andres Mariscal Accessory Dwelling Unit (ADU) SCP24-0054/BFR24-0025	4	Single Family	\$206.00/Unit
Moreno Beach Hospitality MV Home 2 Hilton Hotel SCP24-0060/PEN22-0256/BFC23-0126	5	Commercial/ Industrial	\$56.00/1,000 Feet of Building Square Footage
Sandra Broussard Davenport Accessory Dwelling Unit (ADU) SCP24-0062/BFR23-0075	6	Single Family	\$206.00/Unit
Charles A. Maciel Accessory Dwelling Unit (ADU) SCP24-0064/BFR23-0055	7	Single Family	\$206.00/Unit
Sigma Beta XI Inc. Accessory Dwelling Unit (ADU) SCP24-0053/BFR24-0027	8	Single Family	\$206.00/Unit
1. For FY24/25, Council approval to increase the Maximum Special Tax was not requested due to no annexations completed after the final formation of CFD 2023-01			

The maximum special tax rates are subject to an annual inflation adjustment based on the change in the Consumer Price Index (CPI) or five percent (5%), whichever is greater. However, the annual adjustment cannot be applied unless the City Council annually authorizes such adjustment. The increase to the maximum special tax rates cannot exceed the annual inflationary adjustment without a two-thirds approval of the qualified electors.

NOTIFICATION

The Landowner Petitions were e-mailed to the Property Owners on July 12, 15, 18 and 22, 2024. A copy of the RMA was included with each Landowner Petition as Exhibit B.

PREPARATION OF STAFF REPORT

Prepared by:
Isa Rojas
Management Analyst

Department Head Approval:
Launa Jimenez
Chief Financial Officer/Treasurer

Concurred by:
Felicia London
Special Districts Division Manager

Concurred by:
Shanna Palau
Public Safety Contracts Administrator

CITY COUNCIL GOALS

Community Image, Neighborhood Pride and Cleanliness: Promote a sense of community pride and foster an excellent image about our City by developing and

executing programs which will result in quality development, enhanced neighborhood preservation efforts, including home rehabilitation and neighborhood restoration.

Revenue Diversification and Preservation: Develop a variety of City revenue sources and policies to create a stable revenue base and fiscal policies to support essential City services, regardless of economic climate.

CITY COUNCIL STRATEGIC PRIORITIES

- 1. Economic Development**
- 2. Public Safety**
- 3. Library**
- 4. Infrastructure**
- 5. Beautification, Community Engagement, and Quality of Life**
- 6. Youth Programs**

Objective 4.2: Develop and maintain a comprehensive Infrastructure Plan to invest in and deliver City infrastructure.

Objective 5.2: Promote the installation and maintenance of cost effective, low maintenance landscape, hardscape and other improvements which create a clean, inviting community.

Report Approval Details

Document Title:	STAFFREPORT_FMS_SD_ANNEXATIONS INTO CFD 2023-01.docx
Attachments:	- RESOLUTION ORDERING ANNEXATION - CFD 2023-01.docx - CERTIFICATES OF ELECTION OFFICIAL.docx
Final Approval Date:	Aug 13, 2024

This report and all of its attachments were approved and signed as outlined below:

No Signature found

Felicia London, MPA

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Shanna Palau

Patty Rodriguez

Natalia Lopez

Launa Jimenez

Brian Mohan

Mike Lee

Patty Rodriguez