



Staff Report

TO: City Council
FROM: Elizabeth Gibbs, City Manager
DATE: May 16, 2023
SUBJECT: Formation of Community Facilities District (CFD) No. 2023-1 (Fairway Canyon)

Description Hold a public hearing and approve by resolution the establishment of CFD No. 2023-1, approve a resolution to incur bond indebtedness, adopt a resolution certifying election result, and introduce ordinance authorizing the levy of special taxes.

Background and Analysis:

The developer, Meritage Homes of California, Inc., a California corporation (the "Developer") and D.R. Horton Los Angeles Holding Company, Inc., a California corporation, own property containing 419 proposed residential lots within the City. Such property is located in the northwestern part of the City, west of Tukwet Canyon Parkway, and north of Oak Valley Parkway. The Developer has requested that the City form a community facilities district ("CFD No. 2023-1") with two improvement areas therein ("Improvement Area No. 1" and "Improvement Area No. 2" and together, the "Improvement Areas") to encompass such property in accordance with the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance the costs of certain public improvements, public safety services, and maintenance services through the levy of a special tax. Improvement Area No. 1 is planned to include approximately 132 residential units and Improvement Area No. 2 is planned to include approximately 287 residential units.

In order to finance the CFD facilities and incidental expenses, the City intends to issue bonds secured by special taxes levied in each Improvement Area. The maximum amount of bonded indebtedness proposed for Improvement Area No. 1 is \$3.5 million and the maximum amount of bonded indebtedness proposed for Improvement Area No. 2 is \$11 million.

The Developer has requested that the boundaries of CFD No. 2023-1 include the area described in Attachment A of the Resolution of Intention to Establish CFD No. 2023-1 adopted by the City Council on April 4, 2023 (the "Resolution of Intention"), and that special taxes be levied within the boundaries of Improvement Area No. 1 and

Improvement Area No. 2 in accordance with the applicable Rate and Method of Apportionment (each an "RMA") described in Attachments C and D to the Resolution of Intention.

The Resolution of Intention called for a public hearing to be held on May 16, 2023. The purpose of the public hearing is for the City Council to formally consider the approval of the formation of CFD No. 2023-1 and the approval of the levy of the special taxes within CFD No. 2023-1. Notice of the public hearing was published in the Press Enterprise and mailed to the property owners in accordance with the Act.

In connection with the public hearing, Spicer Consulting Group has prepared a CFD Public Hearing Report which describes and analyzes the facilities and services to be financed by CFD No. 2023-1 and the estimated costs of such facilities and services. Following the close of the public hearing, the City Council will be asked to adopt the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt which, together, approve the formation of CFD No. 2023-1 and the Improvement Areas, the levy of the special taxes in each Improvement Area in accordance with the applicable RMA and determines the necessity for CFD No. 2023-1 to issue bonds in an amount not to exceed \$3.5 million for Improvement Area No. 1 and \$11 million for Improvement Area No. 2. Such resolutions call for an election to submit to the qualified voters within CFD No. 2023-1 ballot measures on the approval of the special taxes, the issuance of the bonds and an appropriations limit for CFD No. 2023-1.

In addition, the Resolution of Formation approves the execution and delivery of the Acquisition, Construct and Funding Agreement with the Developer (the "Funding Agreement") in the form presented to this City Council. The Funding Agreement sets forth the terms, among others, pursuant to which CFD No. 2023-1 will finance improvements to be owned by the City.

On file with the City Clerk is a Certificate of the Registrar of Voters of Riverside County certifying that there are no registered voters residing within the boundaries of CFD No. 2023-1. Accordingly, under the Act, only property owners owning land in CFD No. 2023-1 are eligible to vote at the election for CFD No. 2023-1 with each owner having one vote for each acre (or portion thereof) that they own within an Improvement Area. The Property Owners have executed consents and waivers of certain election procedures with respect to the election, including certain timing requirements with respect to the election, in accordance with the Act. Accordingly, if the City Council approves the Resolution of Formation and the Resolution Determining the Necessity to Incur Debt, the City Clerk will conduct the election. The City Clerk will announce the election results and the City Council will be asked to adopt the Resolution Certifying the Election Results. Based on upon certification that 2/3rds of the votes cast are in favor of the propositions voted upon in each Improvement Area, the Resolution Certifying the

Election Results directs the City Clerk to record a notice of special tax lien on the property within each Improvement Area. The City Council will then be asked to introduce the Ordinance authorizing the levy of the special tax within each Improvement Area in accordance with the applicable RMA.

Fiscal Impact:

The Developer has made a deposit of \$50,000 to pay for the costs of the formation proceedings which may be reimbursed to the Developer in accordance with Funding Agreement. If established and subject to necessary City Council and voter approvals, CFD No. 2023-1 will annually levy special taxes on all of the taxable property within each of Improvement Area No. 1 and Improvement Area No. 2 in accordance with the RMA applicable to such Improvement Areas (as attached to the Resolution of Intention). Any bonds issued by CFD No. 2023-1 are not obligations of the City and will be secured solely by the Special Taxes levied in the applicable Improvement Area within CFD No. 2023-1. The inclusion of the Special Tax B is estimated to produce \$178,075 in annual revenues for public safety at buildout (based on the initial rate of \$425/unit). The inclusion of the Special Tax D will produce an estimated \$213,271 in annual revenues for Public Services at buildout (based on the initial rate of \$509/unit).

Recommended Action:

Adopt, "Resolution of the City Council of the City of Beaumont, California, Establishing City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) and Improvement Areas Therein, Authorizing the Levy of a Special Tax Therein, Calling an Election Within Each Improvement Area and Approving and Authorizing Certain Actions Related Thereto" and;

Adopt, "Resolution of the City Council of the City of Beaumont, California, Acting as the Legislative Body of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) Determining the Necessity to Incur Bonded Indebtedness within Improvement Areas Nos. 1 and 2 of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) in an Amount Not to Exceed \$3,500,000 Within Improvement Area No. 1 and \$11,000,000 Within Improvement Area No. 2 and Calling Elections Therein" and;

Adopt, "Resolution of the City Council of the City of Beaumont, California, Acting in its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) Certifying Election Results" and;

Introduce by Title Only, "Ordinance of the City Council of the City of Beaumont, California, Acting in its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2023-1 (Fairway Canyon) Authorizing the Levy of Special Taxes Within Improvement Area No. 1 and Improvement Area No. 2."

Attachments:

- A. Resolution Establishing City of Beaumont CFD No. 2023-1
- B. Resolution Determining Necessity to Incur Bond Indebtedness within CFD No. 2023-1
- C. Resolution Certifying Election Results
- D. Ordinance Authorizing the Levy of Special Tax
- E. Acquisition, Construction and Funding Agreement
- F. Certificate of the Registrar of Voters
- G. Public Hearing Report
- H. Project Map