



STAFF REPORT

TO THE CITY COUNCIL

DATE: June 14, 2022

FROM: Joseph A. Hughes, City Manager

PREPARED BY: Matt Bennett, Assistant Public Works Director

SUBJECT: Resolution of Intention to Establish City of Highland Community Facilities District No. 2022-01 (Mediterra) Generally on Greenspot Road east of La Cresta Street

RECOMMENDATION: That the City Council adopt Resolution No. 2022-_____, entitled: A Resolution of Intention of the City Council of the City of Highland to Establish Community Facilities District No. 2022-01 (Mediterra) and to Authorize the Levy of a Special Tax Within City of Highland Community Facilities District No. 2022-01 (Mediterra)

FISCAL IMPACT:

PUBLIC NOTICE: The agenda for this item was posted at the three locations per Resolution No. 2011-047 and on the City’s website.

BACKGROUND: The State legislature enacted the Mello-Roos Community Facilities Act of 1982 (the “Act”) to assist public agencies in financing certain public services. The developers, (1) D.R. Horton Los Angeles Holding Company, Inc., (2) Vista Verde – Highland, L.P. and (3) Greenspot Corridor, LLC, have requested that the City of Highland (City) assist them in forming a district for the City to cover the costs associated with the maintenance of public improvements within the proposed district; specifically, landscaping, park facilities, street and park lights, detention basin facilities, trails and access road, and graffiti maintenance. Services include building a reserve fund for replacement. The current development, composed of Phases 1 & 2 comprised of Tract 18893-1 and Tract 18893-2, is proposed to include 149 single family residential parcels, 1 private park and 1 public park at buildout. Phases 3 & 4 will be developed at a later date. The entire CFD is comprised of approximately 75.92 acres of residentially zoned land.

On May 22, 2021 the City Council considered and approved goals and policies concerning Community Facility Districts.

Approved _____	Motion _____	Second _____	Agenda Item No. _____
Denied _____	Ayes _____		
Continued _____	Noes _____		File No. _____
Tabled _____	Abstain _____		
	Absent _____		
_____ City Clerk		_____ City Manager	

ANALYSIS

Approval of the attached Resolution is required under the Act to levy a special tax and fund certain services. The attached Resolution declares the City Council's intention to form the proposed CFD No. 2022-01 (Mediterra) and to authorize the levy of a special tax in accordance with an attached Rate and Method of Apportionment of Special Tax. The attached Resolution is the initial step for forming the CFD pursuant to the procedures prescribed by the Act, which include holding a public hearing and submitting the formation of the proposed CFD No. 2022-01 (Mediterra) to the landowners at a special election to be conducted by mailed ballot.

The proposed district will be composed of Special Tax A, Special Tax B, Special Tax C and Special Tax D. Special Tax A provides funding for maintenance of the in-tract streetlights, landscaping in the medians on basin frontage on Greenspot Rd. Special Tax B provides funding for maintenance of the public park including landscaping, playground equipment, benches, trash receptacles, hardscape and other associated park equipment. Special Tax C provides funding for maintenance of Lot E (westerly slope), Lot F (parkway along Greenspot Road), private pocket park Lot A in TR 18893-1 and fuel modification. Special Tax D provides funding for maintenance of the detention basin and landscaping in the median and roundabout on Mediterra parkway. Maintenance of the Special Tax C and Special Tax D improvements shall be the responsibility of the Property Owner's Association which will enter into a Dormancy Agreement with the City. The Dormancy Agreement states that Special Tax B and Special Tax D will not be levied in any year, unless and until, the first year the City determines that the Special Tax B improvements have not been maintained by the Property Owner's Association to a standard acceptable to the City.

Special Tax A will have a Maximum Special Tax of \$144.00 per parcel for Single Family - Low Density Residential property, \$130.00 per unit for Single Family - Medium Density Residential property and \$810.00 per acre for Undeveloped, Approved, Multifamily Residential and Non-Residential property. Special Tax B will have a Maximum Special Tax of \$425.00 per parcel for Single Family-Low Density Residential property, \$385 per unit for Single Family - Medium Density Residential property and \$1,404.00-\$1,161.00 per acre for ~~Final Map~~, Multifamily Residential and Non-Residential property. Special Tax C will have a Maximum Special Tax of \$462.00 per parcel for Single Family - Low Density Residential property, \$418.00 per unit for Single Family - Medium Density Residential property and \$2,725.00-\$2,589.00 per acre for Undeveloped, Approved, Multifamily Residential and Non-Residential property. Special Tax D will have a Maximum Special Tax of \$77.00 per parcel for Single Family - Low Density Residential property, \$70.00 per unit for Single Family - Medium Density Residential property and \$433.00\$211.00 per acre for ~~Final Map~~, Multifamily Residential and Non-Residential property. These rates will increase based on the percentage increase in the Consumer Price Index with a maximum annual increase of 6% and a minimum annual increase of 2% of the Maximum Special Tax in effect in the previous fiscal year. The owners have filed a petition representing their willingness to move forward.

The CFD is composed of Phases 1 to 4. Phases 1 & 2 are currently being developed by DR Horton and recorded tract maps TR 18893-1 and TR 18893-2. In the future, upon Development of Phase 3 and 4~~the recordation of the final map for Phase 3 and 4~~, the City will no longer levy the full Maximum Tax for Phase 1 and 2 and will then spread the entire special tax on Phases 1 to 4 Developed ~~and Final Map~~ parcels resulting in a lower special tax for Phase 1 and Phase 2.

A public hearing on this matter will take place on July 14, 2022, and at that time the Council will hear any testimony concerning the formation and take action to adopt the “Resolution of Formation” and hold the special election regarding establishment of the Special Tax.

ALTERNATIVES

Not adopt the resolution and not authorize the levy of a special tax.

FINANCIAL IMPACT

The individual property owners are responsible for the annual payments of special taxes. The City will work with the County concerning the filing of the annual special tax with the County Auditor-Controller.

The property owner has posted a deposit in the amount of \$43,000 with its application to form the CFD in order to cover City costs incurred in connection with the formation. Approval of this resolution does not in any way commit the City to any financial contribution to or liability of the CFD. The City’s cost to administer the CFD annually will be reimbursed through the special taxes charged to property owners.

LEGAL

The Mello-Roos Community Facilities Act of 1982 (the “Act”) authorizes the initiation of the establishment of community facilities districts upon receipt by the City of a petition requesting institution of proceedings by owners of not less than 10% of the area of land proposed to be included within the district. The City has received the signed petitions from all land owners.