



# Intention to Form Community Facilities District No. 2025-1, 2025-2, 2025-3 Discovery Village

**Item No. 6**

**February 4, 2025**



# Agenda

## **Presented by**

### **City of Murrieta Staff**

Javier Carcamo, Director of Finance

David Chantarangsu, Director of  
Development Services

### **City Consultants**

Shane Spicer, Special Tax Consultant – Spicer  
Consulting

Brian Forbath, Bond Counsel - Stradling

### **Developer**

Derek Hicks, VP Land Development -  
Argent Management



# Agenda

## Agenda

- Background
- Prior Actions
- Discovery Village Development Overview
- Community Facilities District Formation Process
- Facilities, Maintenance Services, and Safety Services CFDs
- Future Actions
- Recommendation



## Background

What is a Community Facilities District (CFD)?

- Special district authorized by the Mello-Roos Community Facilities Act of 1982.
- Financing mechanism for the construction of public facilities and infrastructure improvements and the provision of municipal services.
- City has established 15 CFDs



## CFDs within the City

### Previously formed City CFDs

CFD 2000-1 GREER RANCH

CFD 2001-1 MURRIETA HIGHLAND

CFD 2003-2 BLACKMORE

CFD 2003-4 BLUESTONE

CFD 2000-2 THE OAKS

CFD 2003-1 MURRIETA SPRINGS

CFD 2003-3 CREEKSIDE

CFD 2004-1 BREMERTON

CFD 2004-2 MURRIETA FIELDS

CFD 2005-1 SPRINGBROOK

CFD 2001-1 IA B HIGHLANDS

CFD 2000-2 IA B THE OAKS

CFD 2004-3 MEADOWLANE

CFD 2005-5 GOLDEN CITY IA A

CFD 2005-5 GOLDEN CITY IA B

| Agency Name          | Total     |
|----------------------|-----------|
| City of Murrieta     | 15        |
| Murrieta Valley USD  | 25        |
| Eastern Municipal WD | 3         |
| Rancho California WD | 3         |
| Elsinore Valley WD   | 2         |
| County of Riverside  | 1         |
| <b>Total</b>         | <b>49</b> |



## Prior Actions

- The City of Murrieta adopted the Land Secured Financing Policy in 2003.
  - Policy Amendments
    - April 5, 2016,
    - October 3, 2023
    - December 5, 2023
      - Workshop and adopted an amendment
- Tract Map Approval
  - Planning Commission - 2023
  - TR No. 38228 – Recorded December 13, 2024



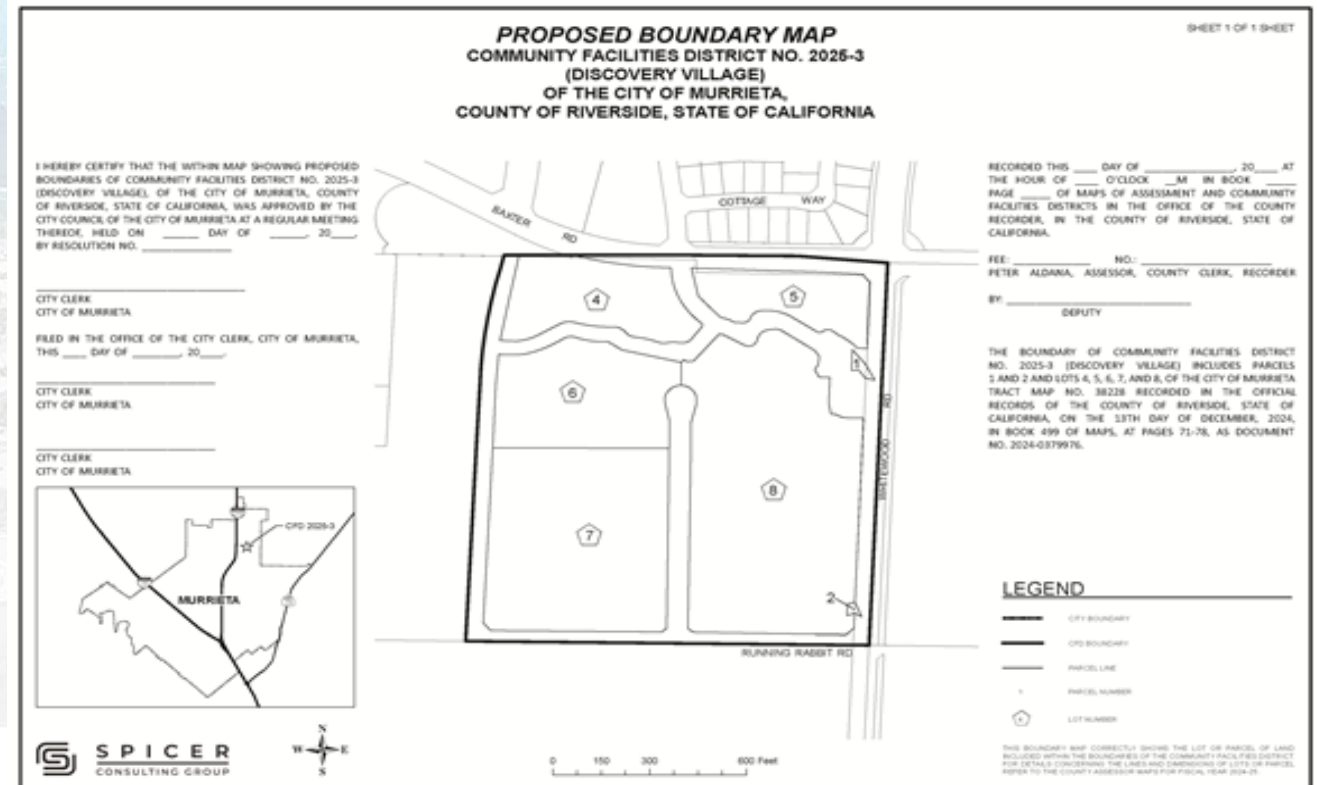
# Discovery Village Development

Location: Southwest corner of the intersection of Whitewood Road and Baxter Road, east of Interstate 215

Acres: 54 gross acres with 22.97 planned for development

Units: 363 Residential Mix Homes

- Court Homes 105
- Townhomes 153
- Triplex 105





# CFD Formation Process

1. Property owner petitions to form CFD; City Council has 45 days to estimate costs needed to form CFD and demand deposit of funds from petitioner (governed by Deposit and Reimbursement Agreement)
2. City Council commences CFD proceedings by adopting Resolution of Intention (ROI) to form CFD (consultant needed to develop Rate and Method of Apportionment; bond counsel needed to draft formation documents)
3. Public Hearing (at least 30 days after ROI approved)
4. Adoption of Resolutions forming CFD and determining necessity to incur bonded indebtedness
5. Election to authorize special tax levy and authorize bond issuances



# CFD Formation Process

6. Introduce Ordinance Authorizing the levy of the Special Tax
7. Record Notice of Special Tax Lien with County Recorder
8. Enact Ordinance Authorizing the levy of the Special Tax
9. Proceedings to issue bonds (bond and disclosure counsel needed to prepare bond documents, Appraisal of properties in CFD)
10. Special Taxes levied to pay debt service on the bonds, pay-go, and services, if applicable
11. Project costs funded or reimbursed
12. City administers CFD until bonds mature



## Community Facilities District 2025-3 (Discovery Village)

- Form CFD 2025-3 in accordance with the Mello-Roos Act
- Special Taxes range from \$3,087 to \$4,772, with overall ETR of 2.0%
- Maximum Bonded Indebtedness \$27.5 million
- Bond proceeds to Finance the construction and acquisition of public facilities
  - Public Facilities such as streets, sidewalks, drainage, lighting
  - Water and sewer facilities
  - City and Water District mitigation fees



## Community Facilities District 2025-2 (Maintenance Services)

- Form CFD 2025-2 in accordance with the Mello-Roos Act
- Special tax on parcels of residential property to finance public maintenance services
  - Enhanced public maintenance services to include landscape maintenance, lighting, street sweeping and pavement management, park and trails maintenance, drainage and stormwater maintenance, and graffiti abatement
  - Tax Zone Original tax rate - \$274 per unit of single-family residential property
  - Annual Escalator: Greater of two percent (2%) or year-over-year percentage increase for the month of March in the Consumer Price Index
- CFD 2025-2 is a citywide annexable District and will allow for future developments to annex to pay for additional public maintenance caused by those projects.



## Community Facilities District 2025-1 (Safety Services)

- Form CFD 2025-1 in accordance with the Mello-Roos Act
- Levy a special tax on parcels of residential property to finance Public Safety services
  - Public Safety Services eligible to be financed include police protection services (including but not limited to criminal justice services), fire protection and suppression services, and paramedic services.
  - Special Taxes for CFD 2025-1 \$250 per unit of affordable housing residential property, \$468 per unit of multi-family residential property, and \$580 per unit of single-family property.
  - Annual Escalator: Four percent (4%) for SFR and MFR, (0%) for Affordable Housing Property
- CFD 2025-1 is a citywide annexable District and will allow for future residential developments to annex to mitigate their impacts to safety services caused by those projects.



# Future Actions

## Future Actions

- Resolution of Intention February 4, 2025
- Hold a Public Hearing April 1, 2025
- Hold Property Owners Election/Introduce Ordinance April 1, 2025
- Approval of the Ordinance April 15, 2025



# Recommendation

## **Adopt four separate Resolutions entitled:**

A Resolution of the City Council of the City of Murrieta Declaring its Intention to Establish Community Facilities District No. 2025-1 (Safety Services) of the City of Murrieta, to Authorize the Levy of a Special Tax on Property Within the District to Pay the Costs of Providing Public Safety Services;”

A Resolution of the City Council of the City of Murrieta Declaring its Intention to Establish Community Facilities District No. 2025-2 (Maintenance Services) of the City of Murrieta, to Authorize the Levy of a Special Tax on Property Within the District to Pay the Costs of Providing Public Maintenance Services;

Resolution of Intention of the City Council of the City of Murrieta to Establish Community Facilities District No. 2025-3 (Discovery Village) of the City of Murrieta, to Authorize the Levy of a Special Tax to Pay the Costs of Acquiring or Constructing Certain Facilities and to Pay Debt Service on Bonded Indebtedness;

Resolution of Intention of the City Council of the City of Murrieta To Incur Bonded Indebtedness in an Amount Not to Exceed \$27,500,000 Within Proposed Community Facilities District No. 2025-3 (Discovery Village) Of The City Of Murrieta; and

Approve a Reimbursement Agreement regarding the Community Facilities District No 2025-3 (Discovery Village) and authorize the City Manager to execute the agreement.