



Legislation Details (With Text)

**File #:** 24-127      **Version:** 1      **Name:**

**Type:** Consent Item      **Status:** Passed

**File created:** 2/5/2024      **In control:** City Council/Public Finance and Economic Development Authority/Parking Authority

**On agenda:** 2/20/2024      **Final action:** 2/20/2024

**Title:** SUBJECT: Adopt Resolution Certifying and Adding Property to the Community Facilities District No. 2003-2 (Services)

REPORT IN BRIEF

Considers adopting a Resolution acting as the legislative body of the Community Facilities District No. 2003-2 (Services) of the City of Merced (the "CFD") adopt a resolution for previously designated "future annexation area" of the CFD to be added as property to the CFD.

On April 20, 2020, the CFD designated certain area as "Future Annexation Area" to the CFD as part of Annexation No. 14. The future annexation area is commonly now known as Stone Ridge West 108. This allowed for a streamlined annexation process for the property owner when ready to annex. Instead of a public hearing and an election to annex to the CFD, the landowner signs a unanimous approval and consent to be annexed into the CFD. The owner of the property, Stonefield Homes, Inc., is now ready to annex to the CFD. A unanimous approval and consent from the owner for the proposed Annexation No. 27 (Improvement Area 44) has been received and filed pursuant to the streamlined process. Annexation No. 27 triggers a modification to the existing rate and method of apportionment to include its rates which have been provided to the owner. It is anticipated that this annexation will be certified by resolution at this Council meeting.

RECOMMENDATION

City Council - Adopt a motion:

- A. Adopting Resolution 2024-20, a Resolution of the City Council of the City of Merced, Acting as the Legislative Body of the Community Facilities District No. 2003-2 (Services) of the City of Merced Certifying and Adding Property Thereto as Annexation No. 27 (Improvement Area 44) and Approving a Certain Agreement Related Thereto; and,
- B. Accepting the deposit amount of \$20,000 in Fund 4500 (CFD Formation Fund), increasing the revenue and appropriating the same to cover the cost of Community Facilities District formation and related expenditures for Annexation No. 27 (Improvement Area 44); and,
- C. Authorizing the City Manager to execute the Deposit and Reimbursement Agreement; and,
- D. Authorizing the Finance Officer to make the necessary budget adjustments.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Location Map - Annexation No. 27, 2. Boundary Map for Annexation No. 27 (Part of), 3. CFD Report/Maximum Special Tax Rates, 4. Deposit and Reimbursement Agreement for Annexation No. 27, 5. Unanimous Approval and Consent to Annexation.pdf, 6. Resolution 2024-20.pdf

Date	Ver.	Action By	Action	Result
2/20/2024	1	City Council/Public Finance and Economic Development	approved	Pass

Authority/Parking Authority

Report Prepared by: Francisco Mendoza-Gonzalez, Senior Planner, Development Services Department

**SUBJECT:** Adopt Resolution Certifying and Adding Property to the Community Facilities District No. 2003-2 (Services)

## REPORT IN BRIEF

Considers adopting a Resolution acting as the legislative body of the Community Facilities District No. 2003-2 (Services) of the City of Merced (the “CFD”) adopt a resolution for previously designated “future annexation area” of the CFD to be added as property to the CFD.

On April 20, 2020, the CFD designated certain area as “Future Annexation Area” to the CFD as part of Annexation No. 14. The future annexation area is commonly now known as Stone Ridge West 108. This allowed for a streamlined annexation process for the property owner when ready to annex. Instead of a public hearing and an election to annex to the CFD, the landowner signs a unanimous approval and consent to be annexed into the CFD. The owner of the property, Stonefield Homes, Inc., is now ready to annex to the CFD. A unanimous approval and consent from the owner for the proposed Annexation No. 27 (Improvement Area 44) has been received and filed pursuant to the streamlined process. Annexation No. 27 triggers a modification to the existing rate and method of apportionment to include its rates which have been provided to the owner. It is anticipated that this annexation will be certified by resolution at this Council meeting.

## RECOMMENDATION

**City Council** - Adopt a motion:

- A. Adopting **Resolution 2024-20**, a Resolution of the City Council of the City of Merced, Acting as the Legislative Body of the Community Facilities District No. 2003-2 (Services) of the City of Merced Certifying and Adding Property Thereto as Annexation No. 27 (Improvement Area 44) and Approving a Certain Agreement Related Thereto; and,
- B. Accepting the deposit amount of \$20,000 in Fund 4500 (CFD Formation Fund), increasing the revenue and appropriating the same to cover the cost of Community Facilities District formation and related expenditures for Annexation No. 27 (Improvement Area 44); and,
- C. Authorizing the City Manager to execute the Deposit and Reimbursement Agreement; and,
- D. Authorizing the Finance Officer to make the necessary budget adjustments.

## ALTERNATIVES

1. Approve the actions as recommended by staff; or,
2. Requesting modification or amendment to the documents and provide direction to City staff regarding the same; or,
3. Decline to authorize action as recommended; or,
4. Continue to a future City Council meeting (time and date to be specified in motion).

## AUTHORITY

Annexation of property into the City’s existing CFD No. 2003-2 (Services) pursuant to Chapter 2.5

(commencing with Section 53311) of Part 1 of Division 2 of Title 5 of California Government Code (the "Act"), commonly known as the "Mello-Roos Community Facilities Act of 1982;" and the City's Policy on new development.

## DISCUSSION

The City approved a policy requiring all new development finance the provision of certain services to the new development, which in most cases is accomplished by annexing to a community facilities district pursuant to the Mello-Roos Community Facilities Act of 1982. The services to be provided may include all or a portion of the following: police and fire protection services, maintenance of parks, landscaping, parkways, open space and storm drain maintenance, and other services authorized or to be authorized by the City's Municipal Code. The financing of these services, usually through the formation or annexation to the community facilities district, is a condition of approval for new developments.

Stone Ridge West 108 is slated for 108 single family homes. The developer, Stonefield Home, Inc., has petitioned the City to annex the property into the City's CFD for Services (CFD No. 2003-2).

On April 20, 2020, the CFD designated certain area as "Future Annexation Area" to the CFD as part of Annexation No. 14. The future annexation area is commonly now known as Stone Ridge West 108. This allowed for a streamlined annexation process for the property owner when ready to annex. Instead of a public hearing and an election to annex to the CFD, the landowner signs a unanimous approval and consent to be annexed into the CFD. The owner of the property, Stonefield Homes, Inc., is now ready to annex to the CFD. A Unanimous Approval and Consent from the owner for the proposed Annexation No. 27 (Improvement Area 44) has been received and filed pursuant to the streamlined process. Annexation No. 27 triggers a modification to the existing rate and method of apportionment to include its rates which have been provided to the owner. It is anticipated that this annexation will be certified by resolution at this Council meeting.

The Rate and Method of Apportionment (RMA) has been calculated based on 108 single family units. The City Council is being asked to conduct proceedings to annex the property into the CFD.

The subject site was included as a future Annexation Area under Improvement Area 44, that was recorded with Annexation #14 in 2020.

The adoption of the Resolution Certifying and Adding Property to the Community Facilities District No. 2003-2 (Services) also includes the approval of the Deposit and Reimbursement Agreement with Fortis General Construction, Inc. (Attachment 5). The agreement provides for reimbursement to the City for costs incurred with the annexation process. The developer has submitted a deposit of \$20,000 to cover the costs of the CFD annexation process. Generally, a deposit of \$25,000 is requested for CFD annexations, however since some work has already been done as part of the future annexation for this site, the City's CFD consultants are charging a reduced fee which would bring the deposit down from \$25,000 to \$20,000. The Agreement would also authorize the City to request additional funds as needed to complete the annexation process. Additionally, this agreement states that the developer would be responsible for maintaining any landscaping and other district costs included in the CFD until such time as the CFD has sufficient funds to take over the maintenance.

As shown on Attachment 6, the applicant has submitted the Unanimous Approval and Consent to

Annexation to Community Facility District No. 2003-2 (Services) of the City of Merced and Acknowledgement of Lien.

### City Council Action

Staff is recommending the City Council adopt a resolution annexing Annexation No. 27 into the CFD and approving the Deposit and Reimbursement Agreement (Attachment 5); receive and appropriate the \$20,000 deposit for the annexation to Fund 4500 (CFD Formation Fund); and authorize the City Manager or Deputy City Manager to execute the agreements.

### **IMPACT ON CITY RESOURCES**

The annexation of these properties into CFD No. 2003-2 (Services) would allow a special tax to be levied on these properties in an amount necessary to finance all or portion of the cost of providing certain public services and maintenance that are in addition to those provided in the territory within the district prior to formation. This includes the district, periodic cost and costs of the tax levy and collection.

### **ATTACHMENTS**

1. Location Map - Annexation No. 27
2. Boundary Map for Annexation No. 27 (Part of
3. CFD Report/Maximum Special Tax Rates
4. Deposit and Reimbursement Agreement for Annexation No. 27
5. Unanimous Approval and Consent to Annexation
6. Resolution 2024-20