



**Board of Directors  
April 17, 2019**

**SUBJECT:**

Adopt a Proposed Resolution of the Board of Directors of Eastern Municipal Water District Declaring its Intention to Conduct Proceedings to Consider Amending the Rate and Method of Apportionment of Special Tax and Adding Certain Authorized Facilities Within Community Facilities District No. 2012-61 (Creekside at Menifee)

**BACKGROUND:**

Community Facilities District (CFD) No. 2012-61 (Creekside at Menifee) was established on May 1, 2013 with the adoption of Resolution Nos. 5115 and 5116, which established the CFD and set a not to exceed bonded indebtedness limit of \$4,000,000. The CFD was formed for financing Eastern Municipal Water District (EMWD) water and sewer facilities cost in lieu of fee improvements for 141 single family detached homes within Tract No. 30322-1. The project is located east of the city of Menifee in unincorporated Riverside County, south of Olive Avenue, between Leon Road and Rice Road, as depicted on the attached location map (Exhibit E).

In September of 2017 the District received a landowner petition from Lansing Stone Star, LLC, the landowner at the time, which represented 100 percent of the area subject to the Special Tax. The petition requested the Board of Directors of EMWD institute proceedings to amend and restate the Rate and Method of Apportionment, and enter into a Joint Community Facilities Agreement (JCFA) with Valley-Wide Park and Recreation District. The Special Tax rate increase was supported by an increase in home prices from 2013, when the CFD was formed. A Price Point Study was done to determine if the increased home prices proposed by the landowner were comparable to homes in the surrounding area. The results of the study determined the prices were approximately five percent higher than comparable prices. The finance team decided to use the more conservative home price valuation from the study in setting the Special Tax in order to ensure the effective tax rate did not exceed two percent of the property value at the time of a future bond sale.

Subsequent to receiving the original petition, the property within the boundary of CFD No. 2012-61 (Creekside at Menifee), was purchased by KB Home Coastal, Inc. The District received a new landowner petition (Exhibit C) requesting the Board of Directors of EMWD institute proceedings to amend and restate the Rate and Method of Apportionment, enter into a Joint Community Facilities Agreement (JCFA) with Valley-Wide Park and Recreation District, and change the name of the CFD to Community Facilities District No. 2012-61 (Autumn Winds).

The finance team believes the home prices remain comparable to similar sized homes in the area and a new price study will not be required. Based on the estimated valuation for the overall CFD, the two percent effective tax rate within CFD No. 2012-61 (Creekside at Menifee),

will be maintained, as well as the \$4,000,000 not to exceed amount of bonded indebtedness for the CFD overall, as shown on the Preliminary Change Proceeding Analysis (Exhibit D). The JCFA with Valley-Wide Park and Recreation District (Exhibit B) will authorize CFD No. 2012-61 (Creekside at Menifee) to finance Park fees and facilities, which consists of the design, construction, and acquisition of improvement for regional and community use.

The Resolution to consider an amendment to the Rate and Method of Apportionment for CFD No. 2012-61 (Creekside at Menifee) (Exhibit A) sets June 5, 2019, at 9:00 a.m. as the date and time of a public hearing to approve the amendment to the RMA. The Resolution also approves changing the name of the CFD, and approves the JCFA with Valley-Wide Park and Recreation District, as to form, authorizing the President of the Board, General Manager, Director of Finance, or the Secretary of the Board of Directors of EMWD to execute and deliver the Joint Community Facilities Agreement.

**FINANCIAL IMPACT:**

None

**STRATEGIC PLANNING GOAL/OBJECTIVE:**

Financial Stability: Enhance and maintain the District's strong financial position and credit quality by identifying and implementing specific opportunities to improve underlying financial metrics.

**ENVIRONMENTAL IMPACT:**

None

**RECOMMENDATION:**

Adopt a proposed Resolution of the Board of Directors of Eastern Municipal Water District to consider an amendment to the Rate and Method of Apportionment for CFD No. 2012-61 (Creekside at Menifee), to establish a public hearing date of June 5, 2019 at 9:00 a.m., change the name of Community Facilities District No. 2012-61, and approve as to form, a Joint Community Facilities Agreement with Valley-Wide Park and Recreation District.

**SUBMITTED BY:**



Paul D. Jones II, P.E., General Manager

3/31/2019



Laura Nomura, Deputy General Manager

3/28/2019

**Attachment(s):**

*Exhibit A - Resolution of Intention to Institute Change Proceedings*

*Exhibit B - Joint Community Facilities Agreement with Valley-Wide RPD*

*Exhibit C - Executed Petition for CFD 2012-61 Change Proceedings, 4819-6598-2612-1*

*Exhibit D - Preliminary Change Proceedings Analysis*

*Exhibit E - Location Map*

**History:**

04/11/19      Board Administrative Committee      RECOMMENDED FOR APPROVAL

04/17/19      Board Meeting

Staff Contact: Charles Turner