

**M E M O R A N D U M  
CITY OF CHINO  
FINANCE DEPARTMENT**

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**COUNCIL MEETING DATE: JULY 2, 2019**

**TO: MATTHEW C. BALLANTYNE, CITY MANAGER**

**FROM: ROB BURNS, DIRECTOR OF FINANCE**

**SUBJECT: ANNEXATION NO. 4 OF TERRITORY INTO EXISTING COMMUNITY FACILITIES DISTRICT NO. 2003-3 IMPROVEMENT AREA 5.**

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**RECOMMENDATION**

1) Conduct a Public Hearing; 2) adopt Resolution No 2019-037 calling a special election for the purpose of approving an annexation into Improvement Area 5 of the Community Facilities District No. 2003-3; and 3) adopt Resolution No. 2019-038, declaring results of the special election.

**FISCAL IMPACT**

Annexation of these properties will add an additional \$14,471, of Special Taxes annually, to be levied within Improvement Area 5 (IA 5) of Community Facilities District No. 2003-3 (CFD 2003-3) to be used for certain municipal services described in the Resolution of Formation for CFD No. 2003-3.

Revenue:	Expenditure:
1001000-51200	
Transfer In:	Transfer Out:

## **BACKGROUND**

The City's General Plan requires the City to ensure that new development within the City has a fiscally neutral effect on the General Fund. That principal has been applied to all new developments in The Preserve.

The City formed CFD 2003-3 in The Preserve to pay for certain public facilities and necessary ongoing municipal services authorized by the Mello-Roos Act and the formation documents with respect to CFD 2003-3. In addition, the City formed Improvement Area 5 of CFD 2003-3 for the purposes of levying special taxes exclusively for payment of municipal services and administrative expenses for Improvement Area 5 (Note: No public facilities are authorized to be financed through Improvement Area 5 and no CFD bonds will be issued payable by Improvement Area 5 Special Taxes). The Rate and Method of Apportionment for Improvement Area 5 (RMA) includes the Special Tax rates for residential and non-residential properties. Authorized municipal services payable from Improvement Area 5 Special Taxes include maintenance of parks, parkways and open space, flood and storm protection, operation of storm drainage systems, and public safety services.

On May 22, 2019, City Council adopted Resolution No. 2019-018 declaring the City of Chino's intention to annex territory into Improvement Area 5 of Community Facilities District No. 2003-3 for municipal services and establishing July 2, 2019 as the Public Hearing date.

## **ISSUES/ANALYSIS**

The property owners originally petitioning the City Council to annex into Improvement Area 5 were industrial properties owned by Sares-Regis (SRG Commercial), and Euclid/Kimball, LP. These properties were located north of Kimball west of Flight and South of Kimball off Euclid respectively. Since the City adopted Resolution No. 2019-018 on May 22, 2019, it has become necessary to remove the industrial properties owned by Sares-Regis from the annexation proceeding. These properties will be annexed at a later date into Improvement Area 5.

Therefore, the remaining property owner, Euclid/Kimball, LP, is seeking to annex into IA 5 of CFD 2003-3 as a condition of Resolution No. 2005-14 and subsequent resolutions, which require that all development projects within The Preserve annex into an existing CFD to fund necessary municipal services.

Upon adoption of Resolution No. 2019-018, a notice of Public Hearing was published in the local newspaper on June 22, 2019. Additionally, the full notice was mailed to the Property Owner as required by law. Ballot and waiver forms were sent to Euclid/Kimball, LP. The waiver form allows the property owners to waive the standard 90-day waiting period between the calling of the special election and the actual election, along with certain other procedures. The property owner has signed the waiver in order to ensure the election occurs on an expedited basis. The City Clerk must also concur with the shortening of various time periods applicable to said landowner election.

The annexation into Improvement Area 5 of CFD 2003-3 shall be subject to approval of the qualified electors within the territory proposed to be annexed into Improvement Area 5 of CFD 2003-3 at a special election.

After the public hearing has been conducted, an election is held for the affected property owner to cast the ballot. The ballot is tallied, and if the annexation is approved by the property owners, the City adopts a resolution declaring the result of the special election and ordering annexation of the property into the District.

RB:hm

Attachments: Resolution No. 2019-037  
Resolution No. 2019-038  
Annexation Boundary Map