



Agenda Item No: 1.c

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: June 3, 2025

Submitted by: Jeannette Ortega

From: Administrative Services

Subject:

Setting of the Annual Special Tax Rate for Fiscal Year 2025-26 for Community Facilities District No. 2024-01 (Old Town Maintenance Services)

Financial Impact:

Fiscal Impact:

The recommended levy assessments for the Old Town CFD will generate \$1,540.52 in revenue for FY 2025-26. There is no fiscal impact to the General Fund with these recommended actions.

Summary:

On March 5, 2024, the City Council adopted Ordinance No. O-2024-03, an Ordinance of the City Council of the City of Placentia, California, Levying Special Taxes within the City of Placentia Community Facilities District No. 2024-01 (Old Town Maintenance Services) to provide a non-General Fund and sustainable funding source to pay for the ongoing maintenance and repairs of the public streetscape improvements as specified in the Streetscape Master Plan for Old Town Placentia. Staff recommends that the City Council adopt a resolution to levy a special tax to pay for maintenance services in Old Town Placentia for Fiscal Year (FY) 2025-26 (Attachment 1).

Recommendation:

Recommended Action: It is recommended that the City Council take the following actions:

1. Adopt Resolution No. R-2025-21, a Resolution of the City Council of the City of Placentia, California, Setting the Levy of an Annual Special Tax for Community Facilities District No. 2024-01 (Old Town Maintenance Services) for Fiscal Year 2025-26; and
2. Authorize inclusion of the Annual Special Tax for Community Facilities District No. 2024-01 (Old Town Maintenance Services) for Fiscal Year 2025-26 on the Orange County Secured Property Tax Roll.

Strategic Plan Statement:

This item is consistent with the City Council approved 5-Year Strategic Goal to:

Promote Community and Economic Development, as Objective Number 3.7 to continue to establish Old Town Historic District/Business Improvement District. This agenda item will specifically result in the funding mechanism needed to preserve and maintain the future reconstruction of the public infrastructure in Old Town Placentia.

Discussion:

In 1978, California voters enacted Proposition 13, which limited the ability of local public agencies to increase property taxes based on a property's assessed value. In 1982, the Mello-Roos Community Facilities Act of 1982 ("Act") was created to provide an alternate method of financing public infrastructure and services. Under the Act, a Community Facilities District ("CFD") may fund public improvements with a useful life of five (5) years or more, such as park and recreational facilities, streets, sewer systems, schools, libraries, childcare facilities, and other public infrastructure. CFDs may also fund the maintenance and servicing of public landscape areas, parks, streetlights, storm drain systems, and public safety services.

On July 11, 2017, the Placentia City Council approved the adoption of the Old Town Revitalization Plan. The Old Town Revitalization Plan includes a comprehensive Streetscape Master Plan. The Streetscape Master Plan dictates the specific amenities for the Old Town area, so that these elements will be consistent throughout and give the area a sense of place and a feeling of cohesiveness. These include widened sidewalks, landscape enhancements, new trees, bike racks, lighting, trash receptacles, bollards and seating.

In 2020, the City, in partnership with the County of Orange, established an Enhanced Infrastructure Financing District (EIFD). The purpose of the EIFD is to create a funding mechanism that can facilitate the construction of the Streetscape Master Plan in Old Town Placentia.

On January 23, 2024, the City Council adopted Resolution of Intention to establish the proposed City of Placentia Community Facilities District No. 2024-01 (Old Town Maintenance Services) (Resolution No. R-2024-04). The City Council also adopted a Resolution of Intention to allow for Future Annexation of territory to the CFD (Resolution No. R-2024-05). A public hearing was set for March 5, 2024, to discuss the formation of the CFD and future annexation of territory.

On March 5, 2024, the City Council held a public hearing to discuss the formation of the CFD and future annexation of territory. After the Special Tax Election hearing, the City Council adopted Resolution No. R-2024-16 which declared the Results of the Special Election, determined the Validity of Prior Proceedings, and directed the Recording of Notice of Special Tax Lien. The City Council introduced Ordinance No. O-2024-03, levying the Special Taxes within the City of Placentia Community Facilities District No. 2024-01 (Old Town Maintenance Services).

The CFD Report provides a description of the Services to be funded by the CFD and an estimate of the fair and reasonable cost of the Services and incidental expenses of the CFD. The CFD Report also shows the boundaries of the proposed CFD and the affected assessor's parcels. The CFD boundary map and future annexation area of CFD No. 2024-01 has been recorded on February 6, 2024, in the Office of the County Recorder of Orange County, California in Book 109, page 40-41 M/M of Maps of Assessment and Community Facilities Districts (Instrument No. 2024000026763).

Annual Special Tax Rate

Each fiscal year, the City determines the special tax requirement and annual special tax rates for the CFD based upon maintenance and servicing costs within the Project. The special tax is levied and collected in perpetuity, unless and until such time the City determines that the revenue is no longer needed.

The special taxes within the CFD will be levied according to formulas and provisions of the Rate and Method of Apportionment of Special Tax (the “RMA”) contained within the Fiscal Year 2025-2026 Administration Report (“Report”) prepared for the formation of the CFD (Attachment 2). The Report describes the services to be funded by the CFD; and provides an estimate of the fair and reasonable cost of the Services and incidental expenses for the CFD.

Annual Escalation Factor

The CFD is subject to an Annual Escalation Factor beginning on July 1st, which shall be a maximum of six percent (6%) and a minimum annual increase of two percent (2%) per Fiscal Year, of the CPI for the twelve (12) months ending the preceding December 31st. The index identified in the RMA was the All-Urban Consumers Price Index (“CPI-U”) for the Los Angeles-Long Beach-Anaheim area. The CPI for the 12 months ending the preceding December 31, 2024, was 3.424%. Therefore, the special tax rates are being increased by 3.424% as allowed and summarized in the table below:

Land Use Class	Description	Current Special Tax	Special Tax
		FY 2024-25 Assessment Tax Rate	FY 2025-26 Assessment Tax Rate
1	Single Family Residential Property	\$329.04 per dwelling unit	\$340.31 per dwelling unit
2	Multi-Family Residential Property	\$303.17 per dwelling unit	\$313.55 per dwelling unit
3	Non-Retail Commercial Property	\$0.3100 per square foot of Non-Residential Floor Area	\$0.3206 per square foot of Non-Residential Floor Area
4	Retail Commercial Property	\$0.2146 per square foot of Non-Residential Floor Area	\$0.2219 per square foot of Non-Residential Floor Area
5	Office Property	\$0.3100 per square foot of Non-Residential Floor Area	\$0.3206 per square foot of Non-Residential Floor Area
6	Industrial Property	\$0.3100 per square foot of Non-Residential Floor Area	\$0.3206 per square foot of Non-Residential Floor Area
7	Hotel/Motel Property	\$237.99 per Hotel/Motel Room	\$246.14 per Hotel/Motel Room
8	Rehab/Remodel Property	\$0.0792 per Parcel Square Foot	\$0.0819 per Parcel Square Foot
9	Parking Lot Property	\$0.0688 per Parcel Square Foot	\$0.0712 per Parcel Square Foot

Fiscal Impact Summary:

The recommended levy assessments for the Old Town CFD will generate \$1,540.52 in revenue for FY 2025-26. There s no fiscal impact to the General Fund with these recommended actions.

Attachments

[Attachment 1 - Resolution FY 25-26 Levy Aessment for CFD.docx](#)

[Attachment 2 Annual Report FY 25-26](#)