Agenda Item No: 2.d

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: July 21, 2026

Submitted by: Matthew Di Mario

From: Public Works

Subject:
PUBLIC HEARING FOR THE ANNEXATION OF PROPERTIES INTO COMMUNITY FACILITIES DISTRICT NO. 2014-01 (PUBLIC SERVICES)

Financial Impact:
There is no fiscal impact associated with this recommended action.

Summary:
On February 18, 2014, the City Council adopted Resolution No. R-2014-10, establishing Community Facilities District No. (CFD) 2014-01 Public Services CFD to provide an ongoing sustainable funding source paid for by new developments to help fund the cost of public safety services. On March 4, 2014, the City Council adopted Ordinance No. 2014-03, authorizing the City Council to determine, by resolution, on or before August 1 of each year, the specific special tax to be levied on each parcel of land within the CFD. At that time, the City Council also, in the adoption of the territory map, approved the area designated as future annexation to the CFD. Staff recommends that the City Council adopt a resolution for the approval of 3 new annexations into the CFD.

Recommended Action:
It is recommended that the City Council:
1. Open the Public Hearing concerning Resolution No. R-2026-55; and
2. Receive the Staff Report and consider all public testimony; and
3. Close the Public Hearing; and
4. Adopt Resolution No. R-2026-55, a Resolution of the City Council of the City of Placentia, California, ordering the annexation of territory to its Community Facilities District No. 2014-01 (Public Services) (Annexation 2026/27-01) and approving the amended map for said District.

Strategic Plan Statement:
There is no specific strategic planning goal or objective associated with this agenda item.

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 CFD may fund public improvements with a useful life of 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.

In 2014, the City Council created CFD 2014-01 to provide a new revenue stream paid for by new residential developments to be used to help fund the cost of public safety services. All new residential development projects are required to annex their properties into the Public Services CFD as a condition of approval for receiving their entitlements. The special tax that is currently being assessed on properties within the CFD is based upon a Fiscal Impact Analysis (FIA) that was prepared for the initial formation of the CFD in 2014. Based on the FIA, the tax rate needed to support public safety services for new residential developments was established at $225.00 for each single-family residential unit per year. Therefore, the special tax rates for 2014-15 were $225.00 per residential unit for single-family residential property and $170.00 per residential unit for multi-family residential property. The CFD special tax rates are subject to annual escalation, so the tax rate for FY 2026-27 is $410.22 per unit for single-family residential property and $309.95 per unit for multi-family residential property. For the tax to be applied to a parcel, either construction must be completed or a building permit for the home needs to be issued by the City by June 1 of the preceding fiscal year. This item's recommendation is only for the annexation of properties into the CFD. There is no levy of the special tax associated with this recommendation. An item will be presented to the City Council in June 2027 for the levy of the annual special tax of the CFD.

<u>FY 2026-27 Annexations to CFD</u>
City Council Resolution No. R-2014-04 designated the entire territory of the City as a future annexation area for the District. This resolution also allows for voluntary annexation into the District. The table below lists the parcels that have requested annexation:

APN	Unit Type
346-162-05	Multi-family residential
346-162-06	Multi-family residential
346-162-08	Multi-family residential

The proposed annexation parcels are directly related to the Sumner Village development at 440 N Jefferson St. Staff is recommending the adoption of Resolution No. R-2026-55 (Attachment 1) to approve the annexation of parcels into the CFD, listed in Exhibit A of R-2026-55.

Financial Summary:
There is no fiscal impact associated with this recommended action. A special tax levy will be presented to the City Council later in June 2027 to set the annual assessment on all parcels in the CFD for Fiscal Year 2027-28.

Attachments
Attachment 1 - Resolution No. R-2026-55
Attachment 1 - Exhibit C for Resolution No. R-2026-55