Agenda Item No: 2.e

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: June 16, 2026

Submitted by: Matthew Di Mario

From: Public Works

Subject:

PUBLIC HEARING TO PROVIDE FOR THE ANNEXATION AND SETTING THE ANNUAL SPECIAL TAX RATE FOR FISCAL YEAR 2026-27 FOR COMMUNITY FACILITIES DISTRICT NO. 2014-01 (PUBLIC SERVICES CFD)

Financial Impact:

Annual Revenue: $316,992.47 (CFD 2014-01 Assessments)

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 1st 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 annexing four (4) additional parcels to the CFD and adopt a resolution to levy a special tax to pay for public safety services for Fiscal Year (FY) 2026-27.

Recommended Action:

It is recommended that the City Council:

1. Open the Public Hearing concerning the annexation, levy and collection of assessments within the Placentia Community Facilities District No. 2014-01; and
2. Receive the Staff Report, consider all public testimony, ask questions of staff; and
3. Close the Public Hearing; and
4. Adopt Resolution No. R-2026-46, 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 2026-02) and approving the amended map for said District; and
5. Adopt Resolution No. R-2026-47, 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. 2014-01 (Public Services) for Fiscal Year 2026-27; and
6. Authorize inclusion of the Annual Special Tax for Community Facilities District No. 2014-01 (Public Services) for Fiscal Year 2026-27 on the Orange County Secured Property

Tax Roll.

Strategic Plan Statement:
This item is consistent with Strategic Goal No. 1, Fiscal Sustainability. This action will generate revenue to cover public safety-related expenses in the CFD. Assessments from specific properties will help provide a dedicated revenue source to assist in paying for public safety services.

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.

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. 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.

<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. On April 21, 2026 the City Council approved Resolution No. R-2026-19, which annexed 229 parcels into the CFD. Since April 21, 2026, the City has received four (4) landowner petitions for annexations into the CFD as a result of new development.

<u>FY 2026-27 Special Tax Rates</u>
The CFD is subject to an Annual Escalation Factor beginning on July 1, 2015, which shall be the greater of five percent (5%) or the annual percentage increase, if any, of the Consumer Price Index for the twelve (12) months ending the preceding December 31. The index identified in the Rate and Method of Apportionment from 2014 was the All-Urban Consumers (CPI-U) for Los Angeles-Riverside-Orange County area. However, in January 2018, the Bureau of Labor and Statistics split the index geographically into a Los Angeles-Long Beach-Anaheim area and a Riverside-San Bernardino-Ontario area. The City has determined that the Los Angeles-Long Beach-Anaheim index is the most appropriate index as it includes both Los Angeles and Orange Counties. The CPI for the 12 months ending the preceding December 31, 2025 was 3.0%. Therefore, the special tax rates are being increased by 5% as allowed. The adjusted special tax rates for FY 2026-27 are summarized below:

Land Use Type	FY 2026-27 Special Tax Rate
Single-Family Residential Property	$410.22 per residential unit
Multi-Family Residential Property	$309.95 per residential unit

This item recommends that the City Council adopt Resolution Nos. R-2026-46 and R-2026-47 to annex properties into the CFD and set the levy of the annual special tax, respectively, for CFD 2014-01 for FY 2026-27.

Financial Summary:
There is no General Fund impact as a result of this special tax levy for public safety services. If the recommended actions are approved, a total of 471 parcels will be assessed at the adjusted special tax rates. The 471 assessed parcels will generate about $316,992 in assessment revenue. All revenue will be allocated to the Public Safety CFD 2014-01 Fund No. 216 (216-90000-4208).

Attachments
Attachment 1 - R-2026-46
Attachment 1 - Exhibit B
Attachment 1 - Exhibit C
Attachment 2 - R-2026-47
Attachment 3 - Assessment Roll