



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JUNE 23, 2015**

FROM: FINANCE DEPARTMENT **WARD: 4**

SUBJECT: FORMATION PROCEEDINGS FOR PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2015-1 (ORANGECREST GROVE); APPROVAL OF FUNDING AGREEMENT WITH DEVELOPER – RESOLUTIONS

ISSUES:

The issues for City Council consideration are to: 1) approve resolutions to declare its intention to establish the proposed City of Riverside CFD No. 2015-1 (Orangecrest Grove) and to incur bonded indebtedness; 2) approve a Funding Agreement with the Landowner; and 3) set a Public Hearing for July 28, 2015, on the matter. Together these actions will initiate the formation proceedings for the City of Riverside Community Facilities District 2015-1 (Orangecrest Grove) (CFD 2015-1).

RECOMMENDATIONS:

That the City Council:

1. Adopt the attached Resolution declaring its intention to establish the proposed City of Riverside Community Facilities District No. 2015-1 (Orangecrest Grove) and setting a Public Hearing for July 28, 2015 at 3 p.m.;
2. Approve a Funding Agreement between the City of Riverside and Ridge Crest Cardinal – Riverside, L.P.; and
3. Adopt the attached Resolution declaring its intention to incur bonded indebtedness on behalf of CFD 2015-1.

BACKGROUND:

The City was approached by Ridge Crest Cardinal – Riverside, L.P., a California limited partnership (Landowner) regarding the formation of a community facilities district (CFD) for the purpose of financing certain City facilities. The first step in the process to establish CFD 2015-1 for the Landowner is approval of the above noted resolutions. The final steps would occur in conjunction with a public hearing regarding the formation which, per the above resolutions, would be set for July 28, 2015.

In connection with the initiation of the formation proceedings, the above resolutions also approve a Funding Agreement between the City and the Landowner to provide for the construction from bond proceeds of certain City facilities.

The Resolution of Intention for CFD 2015-1 does several things: 1) It accepts the petition filed by the Landowner and the representations made by the Landowner with respect to the CFD; 2) It describes the territory of the boundaries of the CFD; 3) It describes the types of facilities that will be financed with the special taxes and bond proceeds; 4) It describes the rate and method of apportionment of the special taxes to be levied on the properties within the CFD which will be owned by the City and by the Riverside Unified School District; 5) It calls for a public hearing to be held on July 28, 2015, at 3:00 p.m. in the City Council Chambers; and 6) It approves the Funding Agreement with the Landowner.

The Resolution of Intention to Incur Bonded Indebtedness states the not-to-exceed amount for bonds to be issued by the CFD (\$3 million) and declares that special taxes to be levied on the properties within the proposed CFD are to be used for payment of debt service on the bonds, payment of administrative expenses and payment of public facilities relating to the CFD. This resolution also calls for the public hearing noted above.

Should these resolutions be approved and the formation proceedings advance, the actual formation of CFD 2015-1 will occur following the actions taken at the public hearing. At that hearing, the City Council will be presented with information regarding the proposed CFD 2015-1, the special taxes and the public facilities. At the conclusion of the hearing, the City Council may take the following actions that complete the formation process:

1. Adopt a resolution establishing CFD 2015-1 and approving a joint community facilities agreement with the Riverside Unified School District;
2. Call a special election of the landowners;
3. Conduct the special landowner election;
4. Adopt a resolution declaring the results of the election; and
5. Adopt an ordinance levying the special taxes.

The work on this project to date has been undertaken by the City's financing team which consists of bond counsel (Best Best & Krieger), special tax consultant (Albert A. Webb Associates) and the financial advisor (CSG Advisors). Staff members from the Finance Department and the City Attorney's Office are coordinating the formation process.

FISCAL IMPACT:

The proposed CFD 2015-1 formation has no fiscal impact to the City of Riverside. All costs associated with formation are paid from a deposit posted by the Landowner with the City. Annually thereafter, costs incurred for staff time to administer the district are reimbursed from the annual levy of special taxes on the property owners. Bonds to be issued by CFD 2015-1 will be the sole responsibility of the property owners through a levy of special taxes; the City has no responsibility for the debt service associated with these bonds.

Prepared by: Brent A. Mason, Finance Director/Treasurer
Certified as to
availability of funds: Brent A. Mason, Finance Director/Treasurer
Approved by: Deanna M. Lorson, Assistant City Manager
for John A. Russo, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Resolution Declaring Intention to Establish CFD 2015-1 and Approving a Funding Agreement
2. Resolution Declaring Intention to Incur Bonded Indebtedness
3. Funding Agreement