



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: AUGUST 3, 2021**

FROM: FINANCE DEPARTMENT **WARDS: 2, 4, 5, 6, 7**

SUBJECT: ORDINANCES TO LEVY SPECIAL TAXES FOR FISCAL YEAR 2021-2022 ON COMMUNITY FACILITIES DISTRICTS: SYCAMORE CANYON BUSINESS PARK 92-1, GALLERIA AT TYLER 2004-1, RIVERWALK VISTA 2006-1 IMPROVEMENT AREAS NO. 1 & NO. 2, HIGHLANDS 2014-2, ORANGECREST GROVE 2015-1, AND POMELO 2015-2, FOR PAYMENT OF DEBT SERVICE AND OTHER AUTHORIZED EXPENSES

ISSUES:

Introduce and adopt ordinances authorizing the City of Riverside to levy special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, associated services, and other authorized expenses for the City's six (6) Community Facilities Districts, which include Sycamore Canyon Business Park 92-1, Galleria at Tyler 2004-1, Riverwalk Vista 2006-1 Improvement Areas No. 1 & No. 2, Highlands 2014-2, Orangecrest Grove 2015-1, and Pomelo 2015-2 to be effective immediately upon adoption.

RECOMMENDATIONS:

That the City Council:

1. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district costs associated with Community Facilities District No. 92-1 (Sycamore Canyon Business Park) to be effective immediately upon adoption;
2. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district costs associated with Community Facilities District No. 2004-1 (Galleria at Tyler) to be effective immediately upon adoption;
3. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district costs associated with Improvement Area No. 1 of Community Facilities District No. 2006-1 (Riverwalk Vista) to be effective immediately upon adoption;
4. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district

costs associated with Improvement Area No. 2 of Community Facilities District No. 2006-1 (Riverwalk Vista) to be effective immediately upon adoption;

5. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district costs associated with Community Facilities District No. 2014-2 (The Highlands) to be effective immediately upon adoption;
6. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, administrative expenses, and other authorized district costs associated with Community Facilities District No. 2015-1 (Orangethrest Grove) to be effective immediately upon adoption; and
7. Introduce and adopt an Ordinance levying special taxes to be collected during Fiscal Year 2021/22 for payment of debt service, associated services, administrative expenses, and other authorized district costs associated with Community Facilities District No. 2015-2 (Pomelo) to be effective immediately upon adoption.

BACKGROUND:

The City currently has six (6) Community Facilities Districts (CFDs), formed to finance the up-front cost of new residential development within the City of Riverside. Five of the districts have bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982. One district, CFD 2015-2 (Pomelo) was formed by the City of Riverside on December 1, 2020, pursuant to a landowner election, adoption of three resolutions, and one ordinance authorizing the annual levy of special taxes within the CFD.

Each CFD is authorized to levy special taxes to pay debt service, capital facility costs, administrative costs and to establish a special reserve fund. Pomelo has the authorization to levy a services special tax, which offsets the additional cost of providing services not covered by general property tax. The CFDs to levy special taxes for Fiscal Year 2021/22 include:

1. Sycamore Canyon Business Park (CFD 92-1)
2. Galleria at Tyler (CFD 2004-1)
3. Riverwalk Vista Improvement Area No. 1 (CFD 2006-1 IA1) & No. 2 (CFD 2006-1 IA2)
4. Highlands (CFD 2014-2)
5. Orangethrest Grove (CFD 2015-1)
6. Pomelo (CFD 2015-2)

DISCUSSION:

As part of the annual levy authorization process, each year, the City Council must adopt an ordinance for each CFD. Each ordinance includes an exhibit that lists the special tax to be levied for every parcel within a CFD. The ordinances will be effective upon adoption in accordance with Section 416 of the City of Riverside Charter and after being published in a newspaper of general circulation in accordance with Section 414 of the City Charter. The special tax rolls will then be transmitted to the Riverside County Auditor-Controller, which will collect the special tax as part of its annual ad valorem property tax levy.

FISCAL IMPACT:

The annual special tax levy for each district is based on the amount necessary to pay annual principal and interest due on the outstanding bonds issued for the districts, plus applicable administrative expenses for each established district. For Fiscal Year 2020/21, the following CFD special taxes include:

Sycamore Canyon (CFD 92-1) In July 2005, the City issued \$9,700,000 in bonds, including the refunding of a previous \$1,200,000 issued from July 2003. There is currently \$6,310,000 in principal outstanding. For Fiscal Year 2021/22, projected special tax revenue is \$671,861 spread among 54 parcels. In Fiscal Year 2020/21, \$683,620 was levied on 54 parcels. The bonds will mature September 1, 2034.

Galleria at Tyler (CFD 2004-1) In May 2019, the City issued \$15,980,000 in Lease Revenue bonds, which refunded all but \$5,000 from the previous \$19,945,000 2006 Certificates of Participation (COPs) issued. There is currently \$5,000 in principal outstanding on the 2006 COPs and \$14,675,000 in principal outstanding on the 2019A Lease Revenue Bonds. For Fiscal Year 2021/22, projected special taxes are \$1,234,224 on 11 parcels. Special taxes were \$1,242,308 in Fiscal Year 2020/21, spread among 11 parcels. The COPs and Lease Revenue bonds will mature on September 1, 2036 and November 1, 2036 respectively.

Riverwalk Vista Improvement Area No. 1 (CFD 2006-1 IA1) In June 2013, the City issued \$4,415,000 in bonds. There is currently \$3,855,000 in principal outstanding. For Fiscal Year 2021/22, projected special taxes are \$319,090 spread among 185 parcels. In Fiscal Year 2020/21, special taxes were \$319,093 on 185 parcels. The bonds will mature September 1, 2043.

Riverwalk Vista Improvement Area No. 2 (CFD 2006-1 IA2) In March 2016, the City issued \$6,780,000 in bonds in two (2) series (A and B). There is currently \$6,150,000 in principal outstanding. For Fiscal Year 2021/22, projected special taxes are \$390,227 spread among 212 parcels. In Fiscal Year 2020/21, special taxes were \$401,937 on 212 parcels. The Series B bonds will mature September 1, 2031 and the Series A bonds will mature September 1, 2046.

Highlands (CFD 2014-2) In April 2016, the City issued \$2,610,000 in bonds in two (2) series (A and B). There is currently \$2,390,000 in principal outstanding. For Fiscal Year 2021/22, projected special taxes are \$161,459 spread among 72 parcels. In Fiscal Year 2020/21, special taxes were \$165,991 on 72 parcels. The Series B bonds will mature September 1, 2031 and the Series A bonds will mature September 1, 2046.

Orangecrest (CFD 2015-1) In March 2020, the City issued \$2,440,000 in bonds in two (2) series (A and B). There is currently \$2,440,000 in principal outstanding. For Fiscal Year 2021/22, projected special taxes are \$173,879 spread among 85 parcels. In Fiscal Year 2020/21, special taxes were \$232,339 spread among 85 parcels. The Series B bonds will mature September 1, 2027 and the Series A bonds will mature September 1, 2049.

Pomelo (CFD 2015-2) The City formed Pomelo (CFD 2015-2) on December 1, 2020. While no bonds have been issued to date, the District's Rate and Method of Apportionment allows both facilities and services special taxes to be collected upon each Assessor's Parcel of Taxable Property, other than Provisional Undeveloped Property, that has been included in a Final Map recorded prior to January 1, 2021 and for which a building permit was issued on or before March 1, 2021. In Fiscal Year 2021/22, project facilities special taxes (special tax A) are \$143,766, and services special taxes (special tax B) are \$13,416 spread among 43 parcels.

Prepared by: Heidi Schrader, Debt and Treasury Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Kris Martinez, Interim Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Sycamore Canyon Ordinance
 - a. Exhibit A
2. Galleria at Tyler Ordinance
 - a. Exhibit A
3. Riverwalk Vista Improvement Area No. 1 Ordinance
 - a. Exhibit A
4. Riverside Vista Improvement Area No. 2 Ordinance
 - a. Exhibit A
5. Highlands Ordinance
 - a. Exhibit A
6. Orangecrest Ordinance
 - a. Exhibit A
7. Pomelo Ordinance
 - a. Exhibit A
 - b. Exhibit B