



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 10, 2018**

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

SUBJECT: COMMUNITY FACILITIES DISTRICTS – ADOPTION OF ORDINANCES TO LEVY SPECIAL TAXES FOR FISCAL YEAR 2018/19 – SYCAMORE CANYON 92-1, TYLER MALL 2004-1, RIVERWALK VISTA 2006-1 IMPROVEMENT AREAS NO. 1 & NO. 2, HIGHLANDS 2014-2, AND ORANGECREST GROVE 2015-1

ISSUES:

Adoption of ordinances to levy the special taxes collected to pay the debt service expenses and other costs for the City's five Community Facilities Districts that require a levy for 2018/19; and, authorize the Chief Financial Officer to refund in the 2018/19 fiscal year, any cost savings that may occur from the refinancing of the 2006 Certificates of Participation (COPS).

RECOMMENDATION:

That the City Council:

1. Introduce and adopt the necessary Ordinances, to be effective immediately, levying special taxes to be collected during fiscal year 2018/19 to pay debt service, administrative, or other project related district costs associated with the following Community Facilities Districts of the City of Riverside:
 - A. Sycamore Canyon Business Park CFD 92-1;
 - B. Tyler Mall CFD 2004-1;
 - C. Riverwalk Vista CFD 2006-1 consisting of Improvement Area No. 1 and Improvement Area No. 2;
 - D. Highlands CFD 2014-2; and
 - E. Orangecrest Grove CFD 2015-1.
2. Authorize the Chief Financial Officer or designee to refund in Fiscal Year 2018/19 any excess assessments received from the 2018/19 Tyler Mall CFD 2004-1 levy that may materialize if the anticipated refinancing of the 2006 COPS is achieved during the assessment year.

BACKGROUND:

Pursuant to applicable provisions of the Mello-Roos Community Facilities Act of 1982, special taxes for a Community Facilities District (CFD) must be levied annually by ordinance. The City currently has five CFDs that require a levy of special taxes for fiscal year 2018/19. They are: 1) CFD 92-1 Sycamore Canyon Business Park established on August 10, 1993; 2) CFD 2004-1 Galleria at Tyler (Mall) established January 5, 2005; 3) CFD 2006-1 Riverwalk Vista with two improvement areas approved on May 22, 2007; 4) CFD 2014-2 Highlands established on July 22, 2014; and 5) CFD 2015-1 Orangecrest Grove established on August 11, 2015.

DISCUSSION:

As part of the annual CFD approval process, an exhibit is attached to each ordinance listing the special tax amount for each parcel in the CFDs. The ordinances will be effective upon adoption in accordance with section 416 (c) of the City Charter and after being published in a newspaper of general circulation in accordance with Section 414 of the City Charter. The levy of the special taxes will be delivered to the County Auditor-Controller for collection through the annual property tax bills.

As of this publication of this report, the refinancing of the 2006 COPS has yet to be completed. As such, the 2018/19 levy for Tyler Mall CFD 2004-1 is based on current debt service needs. It is anticipated that if the refinancing can be completed during Fiscal Year 2018/19, there will be a debt service reduction. To allow the mall operator to benefit as expeditiously as possible, the request is being made to refund any excess so determined in Fiscal Year 2018/19.

FISCAL IMPACT:

The annual special tax levies for each District are the amounts necessary to pay annual principal and interest due on the outstanding bonds issued for the Districts plus applicable administrative expenses for established Districts. Bond Reserve requirements of all appropriate Districts are fully funded. With the exception of one District, there are no delinquency problems. For CFD 2006-1 Improvement Area No.1, the City is pursuing judicial foreclosure as prescribed in the related bond covenant. Variations in the amount of special taxes levied from the prior year are normal, and primarily due to fluctuations in the amount of annual debt service due and the availability of interest earnings to apply to the Districts' debt service requirements. Other special issues are noted below. For the 2018/19 fiscal year, special taxes must be levied on the following CFDs:

1. Sycamore Canyon CFD 92-1, \$9,700,000 of bonds sold July 2005, including the refinancing of a previous \$1,200,000 issue from July 2003. This is the thirteenth of twenty-nine annual levies of special taxes. For 2018/19, special taxes are \$665,408 and for 2017/18, they were \$663,858.
2. Tyler Mall CFD 2004-1, related to the City's 2006 Certificates of Participation issue of \$19,945,000. For 2018/19, special taxes are \$1,334,391 and for 2017/18, they were \$1,095,701. The net 2018/19 assessment is subject to change based on Council's approval and subsequent refinancing of the 2006 COPS.

3. Riverwalk Vista CFD 2006-1, Improvement Area No. 1, \$4,415,000 of bonds sold June of 2013. This is the sixth of thirty annual levies of special taxes required for bond debt service and does not include the levies made prior to the issuance of the bonds, which were used to reduce the size of the debt issuance. For 2018/19, special taxes are \$314,466 and for 2017/18, they were \$316,517.
4. Riverwalk Vista CFD 2006-1, Improvement Area No. 2, \$6,780,000 of bonds sold March of 2016. This is the third of thirty annual levies of special taxes required for bond debt service and does not include the levies made prior to the issuance of the bonds, which were used to reduce the size of the debt issuance. For 2018-19, special taxes are \$383,012 and for 2017-18, they were \$382,310.
5. Highlands CFD 2014-2, \$2,610,000 of bonds sold April of 2016. This is the third of thirty annual levies of special taxes required for bond debt service and does not include the levies made prior to the issuance of the bonds, which were used to reduce the size of the debt issuance. For 2018-19, Special taxes are \$154,862 and for 2017-18, they were \$156,462.
6. Orangecrest CFD 2015-1, for 2018-19 no bonds have been issued by the district, however a pre-bonding levy will be used to accumulate funds to reduce the size of the bond issuance.

Prepared by:	Adam Raymond, Chief Financial Officer/ City Treasurer
Approved as to availability of funds:	Edward Enriquez, Assistant Chief Financial Officer/Deputy Treasurer
Approved by:	Lea Deesing, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Ordinance – Sycamore Canyon
2. Ordinance – Galleria at Tyler
3. Ordinance – Riverwalk Vista No. 1
4. Ordinance – Riverwalk Vista No. 2
5. Ordinance – Highlands
6. Ordinance – Orangecrest Grove