



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 16, 2019**

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

SUBJECT: ORDINANCES TO LEVY SPECIAL TAXES FOR FISCAL YEAR 2019-2020 ON COMMUNITY FACILITIES DISTRICTS INCLUDING SYCAMORE CANYON BUSINESS PARK 92-1, GALLERIA AT TYLER 2004-1, RIVERWALK VISTA 2006-1 IMPROVEMENT AREAS NO. 1 & NO. 2, HIGHLANDS 2014-2, AND ORANGECREST GROVE 2015-1 FOR PAYMENT OF DEBT SERVICE AND OTHER AUTHORIZED EXPENSES

ISSUES:

Introduce and adopt ordinances to levy special taxes to be collected during Fiscal Year 2019-2020 for payment of debt service and other authorized expenses for the City's five (5) 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, and Orangecrest Grove 2015-1 to be effective immediately upon adoption.

RECOMMENDATIONS:

That the City Council:

1. Introduce and adopt an Ordinance levying special taxes during Fiscal Year 2019-2020 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 during Fiscal Year 2019-2020 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 during Fiscal Year 2019-2020 for payment of debt service, administrative expenses, and other authorized district costs associated with 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 during Fiscal Year 2019-2020 for payment of debt service, administrative expenses, and other authorized district costs associated with 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 during Fiscal Year 2019-2020 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; and
6. Introduce and adopt an Ordinance levying special taxes during Fiscal Year 2019-2020 for payment of debt service, administrative expenses, and other authorized district costs associated with Community Facilities District No. 2015-1 (Orangecrest Grove) to be effective immediately upon adoption.

BACKGROUND:

The Mello-Roos Community Facilities Act of 1982 requires that the City Council authorize the levy of special taxes annually. The City currently has five (5) Community Facilities Districts (CFD) that require a levy of special taxes for Fiscal Year 2019-2020. The CFDs include:

1. Sycamore Canyon Business Park (CFD 92-1)
2. Galleria at Tyler (CFD 2004-1)
3. Riverwalk Vista Improvement Area 1 (CFD 2006-1 IA1) & 2 (CFD 2006-1 IA2)
4. Highlands (CFD 2014-2)
5. Orangecrest Grove (CFD 2015-1)

DISCUSSION:

As part of the annual levy authorization process, an ordinance must be adopted by the City Council for each CFD. Each ordinance includes an exhibit that lists the special tax levied for every parcel within that CFD. The ordinances will be effective upon adoption in accordance with Section 416 (c) 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 Riverside County Auditor-Controller 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. CFD 2015-1 has not issued bonds, however, the rate and method of apportionment allows the district to levy special taxes on a parcel once it has an approved permit. Funds levied prior to bond sale will establish a Special Reserve Fund and help offset eligible improvement costs, reducing the total amount of bonds required.

For Fiscal Year 2019-2020, the following CFD special taxes include:

Sycamore Canyon (CFD 92-1) \$9,700,000 in bonds were issued in July 2005, including the refinancing of a previous \$1,200,000 issue from July 2003. There is currently \$6,905,000 in

principal outstanding. For Fiscal Year 2019-2020, projected special taxes are \$670,368 on 65 parcels. In Fiscal Year 2018-2019, \$665,408 was levied on 65 parcels. The bonds will mature September 1, 2034.

Galleria at Tyler (CFD 2004-1) The City issued the \$19,945,000 Galleria Certificates of Participation (COPs) in 2006. The \$15,980,000 2019A Galleria Lease Revenue bonds issued on May 9, 2019, refinanced the 2006 COPs, resulting in \$96,796 debt service savings within Fiscal Year 2018-2019 levy and \$96,595.86 within the Fiscal Year 2019-2020 levy. Both years of savings are reflected in the Fiscal Year 2019-2020 special tax of \$1,141,844, which will be spread among 11 parcels. Special taxes were \$1,334,391 in Fiscal Year 2018-2019, levied on 11 parcels. The 2019A Galleria Lease Revenue bonds will mature November 1, 2036.

Riverwalk Vista Improvement Area No. 1 (CFD 2006-1 IA1) \$4,415,000 in bonds were issued in June 2013. There is currently \$4,035,000 in principal outstanding. For Fiscal Year 2019-2020, projected special taxes are \$314,814, spread among 185 parcels. In Fiscal Year 2018-2019, special taxes were \$314,466 spread among 185 parcels. The bonds will mature September 1, 2043.

Riverwalk Vista Improvement Area No. 2 (CFD 2006-1 IA2) \$6,780,000 in bonds in two (2) series (A and B) were issued in March 2016. There is currently \$6,435,000 in principal outstanding. For Fiscal Year 2019-2020, projected special taxes are \$384,717, spread among 241 parcels. In Fiscal Year 2018-2019, special taxes were \$383,012 spread among 241 parcels. The Series B bonds will mature September 1, 2031 and the Series A bonds will mature September 1, 2046.

Highlands (CFD 2014-2) \$2,610,000 in bonds in two (2) series (A and B) were issued in April 2016. There is currently \$2,500,000 in principal outstanding. For Fiscal Year 2019-2020, projected special taxes are \$156,465 spread among 72 parcels. In Fiscal Year 2018-2019, special taxes were \$154,862 spread among 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) – The district has not issued bonds, however a pre-bonding levy is accumulating funds to reduce the size of the bond issuance and to fund a Special Reserve Fund.

Prepared by: Heidi Schrader, Debt Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Carlie Myers, Deputy City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Sycamore Canyon Ordinance
 - a. Exhibit A
2. Tyler Mall Ordinance
 - a. Exhibit A
3. Riverwalk Vista Improvement Area No. 1 Ordinance
 - a. Exhibit A
4. Riverwalk Vista Improvement Area No. 2 Ordinance

- a. Exhibit A
- 5. Highlands Ordinance
 - a. Exhibit A
- 6. Orangecrest Ordinance
 - a. Exhibit A