



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 16, 2024**

FROM: FINANCE DEPARTMENT **WARDS: 1, 2, 4, 5, 6 AND 7**

SUBJECT: ORDINANCES TO LEVY SPECIAL TAXES FOR FISCAL YEAR 2024/25 ON COMMUNITY FACILITIES DISTRICTS: BRIDLE RIDGE 2021-3, GALLERIA AT TYLER 2004-1, HIGHLANDS 2014-2, KUNNY RANCH 2013-1, ORANGECREST GROVE 2015-1, POMELO 2015-2, RIVERPOINT-PARK PLACE 2021-2, RIVERWALK VISTA 2006-1 IMPROVEMENT AREAS NO. 1 & NO. 2, AND SYCAMORE CANYON BUSINESS PARK 92-1, FOR PAYMENT OF DEBT SERVICE AND OTHER AUTHORIZED EXPENSES

ISSUE:

Introduce and adopt ten ordinances authorizing the City of Riverside to levy special taxes to be collected during Fiscal Year (FY) 2024/25 for payment of debt service, associated services, and other authorized expenses for the City's nine Community Facilities Districts, which include: Bridle Ridge 2021-3, Galleria at Tyler 2004-1, Highlands 2014-2, Kunny Ranch 2013-1, Orangecrest Grove 2015-1, Pomelo 2015-2, Riverpoint-Park Place 2021-2, Riverwalk Vista 2006-1 Improvement Areas No. 1 & No. 2, and Sycamore Canyon Business Park 92-1, to be effective immediately upon adoption.

RECOMMENDATIONS:

That the City Council:

1. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 for authorized district costs associated with Community Facilities District No. 2021-3 (Bridle Ridge) to be effective immediately upon adoption; and
2. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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; and
3. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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

4. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 for authorized district costs associated with Community Facilities District No. 2013-1 (Kunny Ranch) to be effective immediately upon adoption; and
5. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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; and
6. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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; and
7. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 for authorized district costs associated with Community Facilities District No. 2021-2 (Riverpoint-Park Place) to be effective immediately upon adoption; and
8. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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; and
9. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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; and
10. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2024/25 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.

BACKGROUND:

The City currently has nine Community Facilities Districts (CFDs), formed to finance the up-front cost of new residential development within the City of Riverside. Seven of the districts have bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982. Each CFD is authorized, upon issuance of permit, to levy special taxes to pay debt service, capital facility costs, administrative costs, and to establish a special reserve fund. Pomelo, Riverpoint, and Bridle Ridge have 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 FY 2024/25 include:

1. Bridle Ridge (CFD 2021-3)
2. Galleria at Tyler (CFD 2004-1)
3. Highlands (CFD 2014-2)
4. Kunny Ranch (CFD 2013-1)
5. Orangecrest Grove (CFD 2015-1)
6. Pomelo (CFD 2015-2)
7. Riverpoint Park Place (CFD 2021-2)

8. Riverwalk Vista Improvement Area No. 1 (CFD 2006-1 IA1)
9. Riverwalk Vista Improvement Area No. 2 (CFD 2006-1 IA2)
10. Sycamore Canyon Business Park (CFD 92-1)

Each year, a consultant for the City prepares an engineer's report for each Community Facilities District (CFD) to provide a detailed analysis of the costs associated with the facilities and services funded by the CFD. Based on this analysis and the guidelines set forth in the Rate and Method of Apportionment of Special Tax (RMA), special taxes/assessments are calculated and apportioned among the taxable properties.

DISCUSSION:

As part of the annual levy authorization process, the City Council must adopt an ordinance each year to levy special taxes for each eligible CFD. Each ordinance includes an exhibit that lists the special tax to be levied for every parcel within the 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.

Bridle Ridge (CFD 2021-3) The City formed Bridle Ridge (CFD 2021-3) on April 26, 2022. 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, 2024, and for which a building permit was issued on or before March 1, 2024. In FY 2024/25, projected facilities special taxes (special tax A) are \$87,500 spread among 28 parcels and \$44,180 in services special taxes (special tax B) spread among 28 parcels. In FY 2023/24, projected facilities special taxes (special tax A) were \$24,960 and services special taxes (special tax B) were \$3,291 spread among 8 parcels.

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 as of June 30, 2024 on the 2006 COPs and \$12,465,000 in principal outstanding as of June 30, 2024 on the 2019A Lease Revenue Bonds. For FY 2024/25, projected special taxes are \$1,236,562 spread among 11 parcels. Special taxes were \$1,234,962 in FY 2023/24, spread among 11 parcels. The COPs and Lease Revenue Bonds will mature on September 1, and November 1, 2036, respectively.

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 \$2,210,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$167,106 spread among 72 parcels. In FY 2023/24, special taxes were \$166,262 on 72 parcels. The Series B bonds will mature September 1, 2031, and the Series A bonds will mature September 1, 2046.

Kunny Ranch (CFD 2013-1) The City formed Kunny Ranch (CFD 2013-1) on December 3, 2013. In April 2024, the City issued \$4,140,000 in bonds. There is currently \$4,140,000 in principal outstanding as of June 30, 2024. In FY 2024/25, projected facilities special taxes are \$322,824 spread among 74 parcels. In FY 2023/24, special taxes were \$226,824 spread among 49 parcels. The bonds will mature September 1, 2053.

Orangecrest Grove (CFD 2015-1) In March 2020, the City issued \$2,440,000 in bonds in two series (A and B). There is currently \$2,295,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$173,614 spread among 85 parcels. In FY 2023/24, special taxes were \$173,698 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) In May 2022, the City issued \$4,805,000 in bonds. There is currently \$4,720,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$326,720 in project facilities special taxes (special tax A) and \$40,424 in services special taxes (special tax B) spread among 108 parcels. In FY 2023/24, project facilities special taxes (special tax A) were \$333,540, and services special taxes (special tax B) were \$38,774 spread among 108 parcels. The bonds will mature September 1, 2052.

Riverpoint-Park Place (CFD 2021-2) The City formed Riverpoint-Park Place (CFD 2021-2) on September 7, 2021. 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 Jan 1, 2024, and for which a building permit was issued on or before March 1, 2024. In FY 2024/25, projected facilities special taxes (special tax A) are \$184,705 spread among 61 parcels and \$25,281 in services special taxes (special tax B) spread among 108 parcels.

Riverwalk Vista Improvement Area No. 1 (CFD 2006-1 IA1) In June 2013, the City issued \$4,415,000 in bonds. There is currently \$3,555,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$315,552 spread among 185 parcels. In FY 2023/24, special taxes were \$315,683 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 series (A and B). There is currently \$5,685,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$395,234 spread among 212 parcels. In FY 2023/24, special taxes were \$393,929 on 212 parcels. The Series B bonds will mature September 1, 2031, and the Series A bonds will mature September 1, 2046.

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 issue from July 2003. There is currently \$5,310,000 in principal outstanding as of June 30, 2024. For FY 2024/25, projected special taxes are \$676,227 spread among 54 parcels. In FY 2023/24, special taxes were \$670,115 on 54 parcels. The bonds will mature September 1, 2034.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 5 – High Performing Government** and **Goal 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.**

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The formation of a Community Facilities District provides a transparent and equitable way to finance, administer, and report on specific infrastructure and services related to new development.

2. **Equity** – Community Facilities Districts share the cost of infrastructure and maintenance services among each property owner and spread the cost long-term across the generations of property owners that benefit from it.
3. **Fiscal Responsibility** – Payment of the facilities financing is paid over the term of 30 years through a Special Tax, ensuring the cost of the service is borne by those that benefit directly from it.
4. **Innovation** – Utilizing Community Facilities Districts is an innovative way to plan and direct revenue to directly support new development.
5. **Sustainability & Resiliency** – Adding a Services Special Tax B offsets the cost to maintain the district financed facilities well into the future.

FISCAL IMPACT:

The total fiscal impact resulting from the levies of each district in this report is estimated to be \$3,995,929. Each district is a separate legal entity, wholly supported by its own Special Tax revenue. 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, associated maintenance, where applicable, plus staff costs and administrative expenses for each established district. It is estimated that City staff costs will be offset by the following:

- Bridle Ridge CFD 2021-3: \$22,000
- Highlands CFD 2014-2: \$15,500
- Kunny Ranch CFD 2013-1: \$18,500
- Orangecrest Grove CFD 2015-1: \$18,500
- Pomelo CFD 2015-2: \$15,000
- Riverpoint-Park Place CFD 2021-2: \$15,000
- Riverwalk Vista Improvement Area No. 1 CFD 2006-1 IA1: \$15,000
- Riverwalk Vista Improvement Area No. 2 CFD 2006-1 IA2: \$13,000
- Sycamore Canyon CFD 92-1: \$15,000

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Attachments:

1. Bridle Ridge Ordinance
2. Galleria at Tyler Ordinance
3. Highlands Ordinance
4. Kunny Ranch Ordinance
5. Orangecrest Ordinance
6. Pomelo Ordinance

7. Riverwalk Vista Improvement Area No. 1 Ordinance
8. Riverside Vista Improvement Area No. 2 Ordinance
9. Riverpoint-Park Place Ordinance
10. Sycamore Canyon Ordinance