



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 18, 2023**

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

SUBJECT: ORDINANCES TO LEVY SPECIAL TAXES FOR FISCAL YEAR 2023/24 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, POMELO 2015-2, KUNNY RANCH 2013-1, AND BRIDLE RIDGE 2021-3, FOR PAYMENT OF DEBT SERVICE AND OTHER AUTHORIZED EXPENSES

ISSUES:

Introduce and adopt nine ordinances authorizing the City of Riverside to levy special taxes to be collected during Fiscal Year (FY) 2023/24 for payment of debt service, associated services, and other authorized expenses for the City's eight 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, Pomelo 2015-2, Kunny Ranch 2013-1, and Bridle Ridge 2021-3 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 2023/24 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 FY 2023/24 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 FY 2023/24 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 FY 2023/24

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 FY 2023/24 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 FY 2023/24 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
7. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2023/24 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;
8. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2023/24 for authorized district costs associated with Community Facilities District No. 2013-1 (Kunny Ranch) to be effective immediately upon adoption; and
9. Introduce and adopt an Ordinance levying special taxes to be collected during FY 2023/24 for authorized district costs associated with Community Facilities District No. 2021-3 (Bridle Ridge) 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. Six 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 2023/24 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. Orangecrest Grove (CFD 2015-1)
6. Pomelo (CFD 2015-2)
7. Kunny Ranch (CFD 2013-1)
8. Bridle Ridge (CFD 2021-3)

DISCUSSION:

As part of the annual levy authorization process, each year the City Council must adopt an ordinance 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 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.

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 \$5,660,000 in principal outstanding. For FY 2023/24, projected special taxes are \$670,115 spread among 54 parcels. In FY 2022/23, \$672,597 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 \$13,225,000 in principal outstanding on the 2019A Lease Revenue Bonds. For FY 2023/24, projected special taxes are \$1,234,962 spread among 11 parcels. Special taxes were \$1,237,762 in FY 2022/23, spread among 11 parcels. The COPs and Lease Revenue bonds will mature on September 1, 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 \$3,660,000 in principal outstanding. For FY 2023/24, projected special taxes are \$315,683 spread among 185 parcels. In FY 2022/23, special taxes were \$320,041 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 \$5,845,000 in principal outstanding. For FY 2023/24, projected special taxes are \$393,929 spread among 212 parcels. In FY 2022/23, special taxes were \$391,801 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 \$2,270,000 in principal outstanding. For FY 2023/24, projected special taxes are \$166,262 spread among 72 parcels. In FY 2022/23, special taxes were \$162,762 on 72 parcels. The Series B bonds will mature September 1, 2031, and the Series A bonds will mature September 1, 2046.

Orangetrest (CFD 2015-1) In March 2020, the City issued \$2,440,000 in bonds in two series (A and B). There is currently \$2,345,000 in principal outstanding. For FY 2023/24, projected special taxes are \$173,697 spread among 85 parcels. In FY 2022/23, special taxes were \$172,179 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 \$4,805,000 in principal outstanding. For FY 2023/24, projected special taxes are \$333,540 in project facilities special taxes (special tax A) and \$38,774 in services special taxes (special tax B) spread among 108 parcels. In FY 2022/23, project facilities special taxes (special tax A) were \$324,674, and services special taxes (special tax B) were \$37,078 spread among 108 parcels. The bonds will mature September 1, 2052.

Kunny Ranch (CFD 2013-1) The City formed Kunny Ranch (CFD 2013-1) on December 3, 2013. While no bonds have been issued to date, the District's Rate and Method of Apportionment allows facilities' 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, 2023 and for which a building permit was issued on or before March 1, 2023. In FY 2023/24, projected facilities special taxes are \$226,824 spread among 49 parcels.

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, 2023, and for which a building permit was issued on or before March 1, 2023. In FY 2023/24, projected facilities special taxes (special tax A) are \$24,960 and \$3,291 in services special taxes (special tax B) spread among 8 parcels.

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 spreads 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 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 \$3,582,038. 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:

Sycamore Canyon CFD 92-1: \$15,000
Riverwalk Vista Improvement Area No. 1 CFD 2006-1 IA1: \$15,000
Riverwalk Vista Improvement Area No. 2 CFD 2006-1 IA2: \$11,000
Highlands CFD 2014-2: \$12,300
Orangecrest CFD 2015-1: \$22,000
Pomelo CFD 2015-2: \$15,000
Kunny Ranch CFD 2013-1: \$15,000
Bridle Ridge CFD 2021-3: \$15,000

Staff costs for the Galleria at Tyler CFD 2004-1 will not be offset, as no administration is collected for this district.

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

Attachments:

1. Sycamore Canyon Ordinance
2. Galleria at Tyler Ordinance
3. Riverwalk Vista Improvement Area No. 1 Ordinance
4. Riverside Vista Improvement Area No. 2 Ordinance
5. Highlands Ordinance
6. Orangecrest Ordinance
7. Pomelo Ordinance
8. Kunny Ranch Ordinance
9. Bridle Ridge Ordinance