



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: SEPT 16, 2025**

FROM: FINANCE DEPARTMENT **WARDS: 5**

SUBJECT: RESOLUTION DECLARING CITY'S INTENTION TO ESTABLISH PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2025-2 (SAGECREST), TO AUTHORIZE A LEVY OF SPECIAL TAXES TO PAY THE COSTS OF PROVIDING PUBLIC SERVICES AND MAINTENANCE SERVICES

ISSUE:

Adopt a Resolution declaring the City's intention to establish the Proposed Community Facilities District CFD No. 2025-2 (Sagecrest), to authorize a levy of special taxes to pay the costs of providing public safety and maintenance services within the proposed Community Facilities District and set a Public Hearing for October 28, 2025 on the matter. Together these actions will initiate the formation proceedings for the City of Riverside Community Facilities District CFD No. 2025-2 (Sagecrest).

RECOMMENDATIONS:

That the City Council:

1. Adopt a Resolution declaring the City's intention to establish the Proposed Community Facilities District CFD No. 2025-2 (Sagecrest), to authorize a levy of special taxes to pay the costs of pay the costs of providing public safety and maintenance services within the District; and
2. Set a public hearing for October 28, 2025 at 3 p.m. in the City Council Chambers to vote on the establishment of the proposed Community Facilities District, and if established, to hold a special election to authorize the proposed rate and method of apportionment of the special taxes.

BACKGROUND:

The City has been approached by the landowners of Sagecrest, Century Communities of California LLC, requesting the formation of CFD No. 2025-2 (Sagecrest). The project, located in Ward 5, includes 150 attached townhomes, 9 of which are affordable units.

Tract No. 38913, also known as *Sagecrest* was presented to City Council by the Public Works Department on March 11, 2025. At that meeting, the City Council adopted Resolution No. 24233, the Resolution of Acceptance granting final approval of the Tract Map.

DISCUSSION:

The proposed CFD No. 2025-2 (Sagecrest) is structured to allow properties within the District to be taxed at their assigned rate from the time a parcel is considered developed, commencing in Fiscal Year 2026/27 or as soon thereafter as development occurs. The project is nearing completion with the first property owners closing escrow in November 2025.

The project consists of two tax types:

1. Special Tax A can be assessed to pay certain costs required to meet the needs for Public Safety Services in both the current Fiscal Year and the next Fiscal Year. The estimated average Special Tax A rates for CFD No. 2025-2 (Sagecrest) range are \$596.47 per residential property unit and \$39,095.39 per acre of non-residential property for Fiscal Year FY 26/27.

On each July 1, commencing July 1, 2026, the Maximum Special Tax A for Developed Property for the prior Fiscal Year shall be increased by the greater of:

- (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or
- (ii) five percent (5%).
- (iii) No Special Tax A shall be levied on undeveloped property.

2. Special Tax B can be assessed to pay for eligible city services including street frontage, slope and sidewalk landscaping, street sweeping, pavement management, storm drain maintenance, catch basin maintenance, graffiti abatement, and other authorized services specified by §53313 of the California Government Code that the City provides to this project area. This tax is estimated to be \$46.16 per residential property unit and \$3,105.89 per acre of non-residential property for Fiscal Year FY 26/27.

On each July 1, commencing July 1, 2026, the Maximum Special Tax B for Approved Property for the prior Fiscal Year shall be increased by the greater of:

- (i) an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in March of the prior Fiscal Year or
- (ii) three percent (3%).
- (iii) No Special Tax B shall be levied on undeveloped property.

All attachments to this report were prepared by outside counsel who advised the Finance Department on these options.

FISCAL IMPACT:

The total fiscal impact related to the costs associated with formation are paid from a deposit posted by the Landowners. Annually thereafter, costs incurred for staff time to administrate the District are reimbursed from the annual levy of special taxes on the property owners.

Special Tax Revenues for Fiscal Year 2026/27 are estimated at \$84,102 for Special Tax A and \$6,509 for Special Tax B which will be used to offset incremental costs of providing public safety and maintenance services within the District.

Prepared by: Meline Carranza, Debt and Treasury Manager
Approved by: Sergio Aguilar, Deputy Finance Director
Certified as to

availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer

Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/City
Treasurer

Approved as to form: Rebecca McKee-Reimbold, Interim City Attorney

Attachments:

1. Resolution of Intention to Establish Proposed CFD 2025-2 (Sagecrest)
2. Map of Proposed Boundaries
3. Rate and Method of Apportionment (RMA)
4. Landowner Petition