



Staff Report

File #: 23-0548

REQUEST FOR CITY COUNCIL ACTION

DATE: 07/19/2023

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:

RESOLUTIONS LEVYING SPECIAL TAXES TO BE COLLECTED DURING FISCAL YEAR 2024 FOR THE CITY'S MAINTENANCE AND SERVICES COMMUNITY FACILITIES DISTRICTS

EXECUTIVE SUMMARY:

This staff report asks the City Council to adopt Resolution No. 2023-076, No. 2023-077, No. 2023-078, No. 2023-079, No. 2023-080, No. 2023-081, No. 2023-082, No. 2023-083, No. 2023-084, and No. 2023-085. Adoption of the recommended resolutions will allow the City to levy and collect Fiscal Year 2024 special taxes for the City's maintenance and services Community Facilities Districts.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2023-076, levying special taxes to be collected during Fiscal Year 2024 for the payment of the annual cost of maintenance services within Community Facilities District No. 2016-2 (Terrassa), Special Tax B.
- b. Adopt Resolution No. 2023-077, levying special taxes to be collected during Fiscal Year 2024 for the payment of the annual cost of maintenance services within Community Facilities District No. 2017-2 (Valencia/Seville), Special Tax B.
- c. Adopt Resolution No. 2023-078, levying special taxes to be collected during Fiscal Year 2024 for the payment of the annual cost of maintenance services within Community Facilities District No. 2018-1 (Bedford), Special Tax B.
- d. Adopt Resolution No. 2023-079, levying special taxes to be collected during Fiscal Year 2024

for the payment of the annual cost of maintenance services within Community Facilities District No. 2018-2 (Sierra Bella), Special Tax B.

- e. Adopt Resolution No. 2023-080, levying special taxes to be collected during Fiscal Year 2024 for the payment of annual cost of the operation and maintenance of parkways and open space within Community Facilities District No. 97-1 (South Corona Landscape).
- f. Adopt Resolution No. 2023-081, levying special taxes to be collected during Fiscal Year 2024 for the payment of annual cost of the operation and maintenance of storm drainage facilities within Community Facilities District No. 2000-1 (Eagle Glen II).
- g. Adopt Resolution No. 2023-082, levying special taxes to be collected during Fiscal Year 2024 for the payment of annual cost of the operation and maintenance of parkways and open space within Community Facilities District No. 2002-2.
- h. Adopt Resolution No. 2023-083, levying special taxes to be collected during Fiscal Year 2024 for the payment of annual cost of the operation and maintenance of parkways and open space within Community Facilities District No. 2002-3.
- i. Adopt Resolution No. 2023-084, levying special taxes to be collected during Fiscal Year 2024 for the payment of the annual cost of the operation, maintenance and lighting of parkways, streets, road and open space within Community Facilities District No. 2011-1.
- j. Adopt Resolution No. 2023-085, levying special taxes to be collected during Fiscal Year 2024 for the payment of the annual cost of maintenance services within Community Facilities District No. 2016-3 (Maintenance Services).

BACKGROUND & HISTORY:

Pursuant to the Mello-Roos Community Facilities Act of 1982, Community Facilities Districts (the "Districts") listed under the Recommended Action section were formed to levy special taxes for the payment of the annual cost of, but not limited to, maintenance and lighting of parks, parkways, streets, roads, and open space, maintenance and operation of water quality improvements, maintenance and operation of traffic signals, public street sweeping, and reserve funds for replacement of improvements within the Districts and the surrounding areas, and for the payment of administrative expenses incurred in connection with the levy and collection of said special taxes.

ANALYSIS:

It is necessary that the City Council levy special taxes for the payment of the annual costs of the operation and maintenance of parkways and open space within the Districts, pursuant to Section 53340 of the Government Code. Special taxes within the Districts are levied in an amount necessary to satisfy the Operation and Maintenance Special Tax Requirement, as defined in the Districts' Rate and Method of Apportionment (the "RMA"). Any necessary replenishment or expenditure of the

reserve funds and an amount estimated for administrative expenses during the year are included in the levy. The special taxes levied will not exceed the authorized amounts provided in the RMA.

FINANCIAL IMPACT:

Every fiscal year, each District's budgeted operating costs and estimated revenues are reviewed by staff. The budgeted operating costs are determined by the prior year's actual costs for service and projected costs for the same services and any capital improvement projects needed for the next fiscal year. Additionally, the projected revenues are estimated based on the RMA allowable special tax rates and the properties within the District boundaries, including anticipated development for the newer Districts.

A summary of Fiscal Year 2024 estimated levies and operating costs for the Districts are presented in Exhibit 1. Column "YOY % Change in Levy Rate" in Exhibit 1 shows the changes to the proposed levy rates in Fiscal Year 2024 compared to Fiscal Year 2023. The majority of the Districts are changing from 0%-4.56% as stated in the Exhibit. Three (3) zones in CFD 2016-3 were newly established during Fiscal Year 2023 and not levied in Fiscal Year 2022. Therefore, the comparison between the two years is not applicable.

Each District fully covers its operating and administration costs except for the following:

- i. CFD No. 2002-3: it is recommended to maintain the levy at approximately 21.36% of the maximum allowable tax due to excess capital reserve funds. The estimated operating deficit of \$10,053 will be covered by the estimated available capital reserve balance of \$275,557.

- ii. CFD No. 2011-1: it is recommended to increase the levy by 10% this fiscal year in order to account for the increases in service costs for landscaping and lighting and to build up the capital reserve funds for future improvements. The estimated operating deficit of \$9,709 will be covered by the estimated available capital reserve balance of \$220,518.

- iii. CFD No. 2016-3 Zone 20: it is recommended to increase the levy by the Consumer Price Index of 4.56% for March 2023 as defined in the RMA to cover the estimated costs. The estimated operating deficit of \$1,201 will be covered by the estimated available capital reserve balance of \$2,238.

Pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), an adequate amount is retained in the reserve fund to maintain the financial stability of the Districts.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely sets the special taxes to be levied and collected within the Districts for Fiscal Year 2023, and there is no possibility that adopting the resolution will

have a significant effect on the environment. Therefore, no environment analysis is required.

PREPARED BY: ERMA MONTANO, SENIOR FINANCIAL ANALYST

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - Summary of Estimated Levies & Operating Costs for the Districts
2. Exhibit 2 - Boundary Map for Resolution No. 2023-076
3. Exhibit 3 - Resolution No. 2023-076
4. Exhibit 4 - Boundary Map for Resolution No. 2023-077
5. Exhibit 5 - Resolution No. 2023-077
6. Exhibit 6 - Boundary Map for Resolution No. 2023-078
7. Exhibit 7 - Resolution No. 2023-078
8. Exhibit 8 - Boundary Map for Resolution No. 2023-079
9. Exhibit 9 - Resolution No. 2023-079
10. Exhibit 10 - Boundary Map for Resolution No. 2023-080
11. Exhibit 11 - Resolution No. 2023-080
12. Exhibit 12 - Boundary Map for Resolution No. 2023-081
13. Exhibit 13 - Resolution No. 2023-081
14. Exhibit 14 - Boundary Map for Resolution No. 2023-082
15. Exhibit 15 - Resolution No. 2023-082
16. Exhibit 16 - Boundary Map for Resolution No. 2023-083
17. Exhibit 17 - Resolution No. 2023-083
18. Exhibit 18 - Boundary Map for Resolution No. 2023-084
19. Exhibit 19 - Resolution No. 2023-084
20. Exhibit 20 - Boundary Map for Resolution No. 2023-085
21. Exhibit 21 - Resolution No. 2023-085