



Staff Report

File #: 23-0915

REQUEST FOR CITY COUNCIL ACTION

DATE: 11/15/2023

TO: Honorable Mayor and City Council Members

FROM: Finance Department

SUBJECT:

CONTINUED PUBLIC HEARING FOR COMMUNITY FACILITIES DISTRICT NO. 2018-1 (BEDFORD) CHANGE PROCEEDINGS FOR IMPROVEMENT AREA NO. 3 AND IMPROVEMENT AREA NO. 4; CONDUCTING AN ELECTION AND CONSIDER ADOPTION OF RESOLUTIONS AND OTHER OFFICIAL ACTIONS FOR CHANGE PROCEEDINGS

EXECUTIVE SUMMARY:

This staff report asks the City Council to conduct a public hearing to increase the amount of authorized bonded indebtedness of Improvement Area No. 3 of CFD No. 2018-1 (Bedford) and to revise each of the Rate and Method of Apportionment of Special Tax levied for Improvement Area No. 3 and Improvement Area No. 4 (the "Change Proceedings") of CFD No. 2018-1 (Bedford). As part of the public hearing, staff recommends that the City Council adopt a Resolution calling for a special election, conduct the special election for the Change Proceedings and canvass the ballots, adopt a Resolution declaring election results, and conduct the first reading of the Ordinance for such Change Proceedings.

RECOMMENDED ACTION:

That the City Council:

- a. Adopt Resolution No. 2023-109 determining the necessity for Improvement Area No. 3 of CFD No. 2018-1 (Bedford) of the City of Corona to incur an increase in the bonded indebtedness and that the rate and method of apportionment of special tax for Improvement Area No. 3 and Improvement Area No. 4 be revised and calling a special election on a proposition for incurring such bonded indebtedness.
- b. Adopt Resolution No. 2023-110 calling a special election and submitting to the voters of CFD No. 2018-1 (Bedford) of the City of Corona the propositions of (i) whether the amount of the authorized bonded indebtedness of Improvement Area No. 3 of said community facilities

district should be increased from \$25,000,000 to \$37,000,000 and (ii) whether the rate and method of apportionment of special tax for Improvement Area No. 3 and Improvement Area No. 4 of said community facilities district should be revised.

- c. Adopt Resolution No. 2023-111 declaring the results of the consolidated special elections within CFD No. 2018-1 (Bedford) of the City of Corona on propositions regarding (i) Improvement Area No. 3 of said community facilities district incurring a bonded indebtedness in an aggregate principal amount not to exceed \$37,000,000 for providing public facilities and (ii) revising the rate and method apportionment of special tax of Improvement Area No. 3 And Improvement Area No. 4 of the community facilities district.
- d. Conduct the first reading of Ordinance No. 3385 levying special taxes.

BACKGROUND & HISTORY:

Community Facilities Districts impose a special tax to provide a portion of the funding necessary to deliver services and/or facilities to newly developed areas pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"). The special tax is levied on real property within the district and then collected with property taxes.

On June 20, 2018, the City Council established the Bedford CFD, and designated five improvement areas therein, for the purpose of levying special taxes on parcels of taxable property therein to provide the financing of certain public facilities that are necessary to meet increased demands placed upon the City because of the development of said real property. The expectation upon establishment of the CFD was that as development proceeds within each improvement area, bonds secured by payments of special taxes would be issued to finance certain public improvements supporting the development, including certain public facilities to be owned and operated by the City, and certain storm channel improvements to be owned and operated by the County of Riverside.

In July 2021, Arantine Holdings LP (the "Owner") acquired an additional thirty-one (31) acres of land adjacent to the property. The Owner is requesting a revision to the Rate and Method of Apportionment of Special Tax for both Improvement Area No. 3 and No. 4 of the CFD. Additionally, to facilitate the expansion of public facilities paid for by proceeds of special tax bonds of the CFD (as described in the resolutions), the Owner has requested the City conduct proceedings to increase the bonded indebtedness of Improvement Area No. 3. The proposed changes to the Rate and Method of Apportionment and supporting documents do not increase special tax rates as established at the time of formation of the CFD in 2018, but rather conform to changes in the development plan since establishment of the CFD, provide for additional bonding capacity related to the addition of taxable property, and update costs for infrastructure needed to serve the additional development.

On September 20, 2023, the City Council adopted multiple resolutions to annex territory to CFD No. 2018-1 (Bedford) of the City of Corona, adopt a map of the area proposed to annexed, determine that the public convenience and necessity require the amount of authorized bonded indebtedness of CFD No. 2018-1 for Improvement Area No. 3 be increased, and that the Rate and Method of Apportionment of Special Tax for Improvement Area No. 3 and Improvement Area No. 4 be revised. The adopted resolutions also called for a public hearing to be held on November 1, 2023.

On November 1, 2023, the City Council continued the public hearing for Change Proceedings to November 15, 2023, to allow for publication of the public hearing notice in a newspaper of general circulation. On the same day, CFD No. 2018-1 Annexation No. 1 and authorizing the levy of the proposed special taxes were approved.

ANALYSIS:

Tonight, the City Council will conduct a public hearing and special elections as approved by resolutions on September 20, 2023. The City has received the completed ballots from the Owner requesting to revise the Rate and Method of Apportionment of Special Tax for Improvement Areas No. 3 and No. 4 of the CFD, and to increase the authorized bonded indebtedness of Improvement Area No. 3 (together, the "Change Proceedings"). The levy of the proposed special taxes, subject to the approval of the qualified electors at a special election, will occur with tonight's public hearing, pursuant to landowner consent received from the Owner.

There are several Resolutions being considered for adoption during tonight's public hearing. Resolution Nos. 2023-109, 2023-110, and 2023-111 call for the special elections and declare the results for the proposed bonded indebtedness increase and revised rate and apportionment method for Improvement Areas No. 3 and 4.

Upon a favorable outcome of the special elections, staff recommends that the City Council adopt Ordinance No. 3385, Levying special taxes in Improvement Areas No. 3 and No. 4 of the CFD.

FINANCIAL IMPACT:

There is no fiscal impact on the City's general fund as the costs of the change proceedings are paid from proceeds of deposits collected from the Owner. Additionally, the debt service on any special tax bonds is paid solely by special taxes levied on the property within the CFD.

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 declares the City's intent to conduct a public hearing and election for Subject Parcel to CFD No. 2018-1 and there is no possibility that adopting the resolutions will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: ERMA MONTANO, SENIOR FINANCIAL ANALYST

REVIEWED BY: KIM SITTON, FINANCE DIRECTOR

Attachments:

1. Exhibit 1 - Resolution No. 2023-109
2. Exhibit 2 - Resolution No. 2023-110
3. Exhibit 3 - Resolution No. 2023-111
4. Exhibit 4 - Ordinance No. 3385