



Legislation Text

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AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 11/20/2018

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

SUBJECT:

City Council consideration of Resolution No. 2018-122 approving the Joint Community Facilities Agreement among the Corona-Norco Unified School District, City of Corona, Corona Associates, Knowleton Partners, Inc., Jon Christopher Enterprises, Inc., JBP, LLC, Dave Hunsaker, and Charles Noble

RECOMMENDED ACTION:

That the City Council adopt Resolution No. 2018-122 approving the Joint Community Facilities Agreement among the Corona-Norco Unified School District, City of Corona, Corona Associates, Knowleton Partners, Inc., Jon Christopher Enterprises, Inc., JBP, LLC, Dave Hunsaker, and Charles Noble

ANALYSIS:

Corona Associates, a California general partnership, Knowleton Partners, Inc., a California Corporation, Jon Christopher Enterprises, Inc., a California Corporation, JBP, LLC, a California limited liability company, Dave Hunsaker and Charles Noble ("Developer") are the co-owners and developer of certain real property totaling nearly 61 acres, located south of Skyline Drive, south of Foothill Parkway ("Property"). The City of Corona ("City"), Corona-Norco Unified School District ("School District"), and the Developer entered into a Joint Community Facilities Agreement dated September 4, 2007 ("Prior JCFA") relating to the Community Facilities District No. 07-2 of the Corona-Norco Unified School District ("CFD 07-2"). The City Council adopted Resolution No. 2007-080, approving the Prior JCFA.

The Developer has requested that the City enter into a Joint Community Facilities Agreement ("JCFA") with the Developer and the School District for the purpose of financing the design, construction, and acquisition of certain public facilities that are necessary to meet the increased demands placed upon the City and School District as a result of the development of the Property. The proposed development is known as Kraemer Ranch, which includes 62 single family residential units.

The School District would act as the lead agency and would form the community facilities district and maintain all administrative responsibilities for the district.

As provided in the JCFA, the community facilities district to be formed by the School District will be designated as Community Facilities District No. 18-1 of the Corona-Norco Unified School District ("CFD 18-1"). CFD 18-1 would finance, through the issuance of Mello-Roos bonds by the School District, school facilities to be owned and operated by the School District, certain sewer, drainage, and water quality improvements to be constructed by the Developer and owned, operated or maintained by the City and other public improvements to be constructed and owned, operated or maintained by the City.

Following the formation of CFD 18-1, a release of lien on the Property with respect to CFD 07-2 will be recorded with the County Recorder's Office by the School District. CFD 18-1 would supersede CFD 07-2. Additionally, following the formation of CFD 18-1, the Prior JCFA will automatically terminate and be of no further force and effect.

Depending upon the amount of CFD 18-1 bond proceeds, CFD 18-1 will provide up to \$1,233,471 in financing for public facilities for the City. The JCFA is consistent with the City's debt policy in that it limits the total annual amount of the special taxes and all other assessments and taxes which will be collected with respect to the Property to a maximum 1.95% of the fair market value of the Property. As permitted by the City's debt policy, the City Manager and Assistant City Manager/Administrative Services Director determined that the 1.95% maximum effective tax rate was in the best interests of the City and the development.

Additionally, through the CFD, the City will receive an additional Park Premium fee of \$1,500 per unit, in exchange for entering into the JCFA.

COMMITTEE ACTION:

Not applicable

STRATEGIC PLAN:

This item supports the City's Strategic Plan Goal 6: Improve Communications with Our Community; Objective a: Commit to transparency in all City actions.

FISCAL IMPACT:

The City's costs associated with the preparation and processing of the Joint Community Facilities Agreement are paid from a \$2,500 deposit made by the Developer. The City will not incur costs associated with the formation of the CFD 18-1 because the School District is the lead agency. The City will receive an additional Park Premium fee of \$1,500 per unit, in exchange for entering into the JCFA.

The School District will be administering the bonds upon issuance. The City will maintain adequate internal controls relative to the investment and disbursement of certain bond proceeds and maintaining accounting records in accordance with generally accepted accounting principles. Upon bond issuance, the School District agrees that CFD 18-1 will pay the City for its reasonable costs of tracking and reporting activities related to the bond proceeds received by the City on an annual basis, until the bond proceeds are expended.

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 general rule 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 adoption of the resolutions may have a significant effect on the environment, the action is not subject to CEQA. This action merely approves a JCFA among the School District, City, and Developer, and there is no possibility that adopting the above resolution will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: JENNIFER SCHAEFER, FINANCE MANAGER II

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER