



Legislation Text

File #: 20-0456, Version: 1

AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

DATE: 07/01/2020

TO: Honorable Mayor and City Council Members

FROM: Administrative Services Department

SUBJECT:

City Council consideration of an Agreement Providing for Advancement of Funds for Community Facilities District No. 2018-1 (Bedford) of the City of Corona

RECOMMENDED ACTION:

That the City Council approve and authorize the City Manager to execute an Agreement Providing for Advancement of Funds for Community Facilities District No. 2018-1 (Bedford) of the City of Corona between the City and Arantine Hills Holdings L.P.

ANALYSIS:

On June 20, 2018, the City Council approved Resolution No. 2018-035 establishing Community Facilities District No. 2018-1 (Bedford) ("CFD 2018-1") for the purpose of financing certain public facilities and services which are necessary to meet increased demands placed upon the City as a result of the development of the Arantine Hills project. Resolution No. 2018-035 further designated five improvement areas within CFD 2018-1. Pursuant to Resolution No. 2018-036, the City Council subsequently authorized CFD 2018-1 to issue bonds and incur a bonded indebtedness for the purpose of financing certain public facilities in an amount not to exceed \$24,000,000 for Improvement Area No. 1. As authorized by Ordinance No. 3278, special taxes are levied upon all taxable property within Improvement Area No. 1 to pay debt service on any outstanding bonds. The next debt service payment for the Improvement Area No. 1 bonds is due on September 1, 2020.

It has recently come to City staff's attention that there is a shortfall in the proceeds of special taxes received by the City to date as a result of delays in the administration by the County of Riverside. To ensure that the City is able to make the debt service payment on September 1st, the master developer of the Arantine Hills development, Arantine Hills Holdings, L.P. ("Developer"), has agreed

to advance the delinquent amount of special taxes to the City. The City will then reimburse the Developer, without interest, from the proceeds of the special taxes from the Supplemental Roll at such time that the special taxes on deposit with the City are sufficient to pay the next installment of scheduled debt service on the bonds.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

There is no fiscal impact associated with this recommended action. The funds received from this agreement will be recorded as deposit. The Developer will be reimbursed from the proceeds of the special taxes from the Supplemental Roll at such time that the special taxes on deposit with the City are sufficient to pay the next installment of scheduled debt service on the bonds.

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 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 activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely authorizes the City to execute an agreement providing for advancement of funds by Arantine Hills Holdings L.P. to be utilized by the City to pay debt service on the bonds, and there is no possibility that executing this agreement will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: LIEN-CHI CANTUBA, FINANCIAL ANALYST III

REVIEWED BY: JENNIFER SCHAEFER, FINANCE MANAGER III

REVIEWED BY: KIM SITTON, ACTING ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: JACOB ELLIS, CITY MANAGER

Attachments:

1. Agreement for Advancement of Funds for CFD to Pay Debt Service