



Legislation Text

---

File #: 22-0040, Version: 1

---

**REQUEST FOR CITY COUNCIL ACTION**

DATE: 01/19/2022

TO: Honorable Mayor and City Council Members

FROM: Finance Department

**SUBJECT:**

Formation proceedings for proposed Community Facilities District 2022-1 (Skyline Heights) and approval of resolutions.

**EXECUTIVE SUMMARY:**

The items for City Council consideration are the approval of resolutions declaring intention to establish the proposed Community Facilities District No. 2022-1 (Skyline Heights) of the City of Corona and to incur a bonded indebtedness for financing facilities for a proposed housing development project; and to set a public hearing for March 2, 2022, on the matters. These actions will initiate the formation proceedings for the proposed Community Facilities District No. 2022-1 (Skyline Heights) of the City of Corona.

**RECOMMENDED ACTION:**

**That the City Council:**

- a. Adopt Resolution No. 2022-003, declaring intention to establish the proposed Community Facilities District No. 2022-1 (Skyline Heights) of the City of Corona.
- b. Adopt Resolution No. 2022-004, declaring necessity for proposed Community Facilities District No. 2022-1 (Skyline Heights) of the City of Corona to incur bonded indebtedness.

**BACKGROUND & HISTORY:**

Community Facilities Districts ("CFDs"), also known as Mello-Roos Districts, are special tax districts that are created through the Mello-Roos Community Facilities Act of 1982 as a means of obtaining additional public funding and financing for various services and infrastructural improvements in California by imposing special taxes on property.

The City was approached by developers JHB Colony Investments, LLC and American Superior Land, LLC (the "Landowners") regarding the formation of a community facilities district for the purpose of financing certain City facilities and services for a proposed housing development project.

The proposed development, known as the Skyline Heights project (the "Project"), consists of 294 single-family detached homes and is located along the south side of West Foothill Parkway, east of the Paseo Grande and Foothill Parkway Intersection, west of the Lincoln Ave and Foothill Parkway Intersection. Construction of the Project is anticipated to begin in late 2022 and is anticipated to take approximately three years to complete.

The proposed Community Facilities District ("CFD No. 2022-1") Special Tax A, will fund the development of certain facilities required to serve the Project, including storm drain, sanitary sewer, domestic water, reclaimed water, streets, and traffic signals. The maintenance services for public facilities within and for the benefit of the proposed Project, which will be funded through CFD No. 2022-1 Special Tax B, include maintenance and lighting of parks, parkways, streets, roads and open space, graffiti removal, maintenance and operation of water quality improvements, and public street sweeping.

#### **ANALYSIS:**

The initial step in the process to establish CFD No. 2022-1 is for the City Council to approve Resolution Nos. 2022-003 and 2022-004, which declare intention to establish the proposed CFD No. 2022-01 and necessity to issue bonds to finance the construction of the facilities required to serve the Project. Once approved, the final steps would occur in conjunction with a public hearing regarding the formation of CFD No. 2022-1, which would be set for March 2, 2022.

Resolution No. 2022-003, declaring intention to establish the proposed CFD No. 2022-1, serves the following purposes:

1. It describes the territory of the boundaries of the CFD No. 2022-1;
2. It describes the types of facilities and services that will be financed with the special taxes and bond proceeds;
3. It describes the rate and method of apportionment of the special taxes to be levied on the properties within the CFD No. 2022-1; and
4. It calls for a public hearing to be held on March 2, 2022, at 6:30 p.m. in the City Council chambers.

Resolution No. 2022-004 also calls for a public hearing to declare necessity to incur bonded indebtedness for the construction of facilities to serve the Project, states the not-to-exceed amount of \$32,000,000 for bonds to be issued by CFD No. 2022-1, and declares that special taxes to be levied on the properties within the proposed CFD No. 2022-1 are to be used for payment of debt service on the bonds, payment of administrative expenses, and payment of public facilities relating to the CFD No. 2022-1.

Should these resolutions be approved and the formation proceedings advance, the actual formation of CFD No. 2022-1 will occur at the public hearing on March 2, 2022. At that hearing, the City

Council will be presented with information regarding the proposed CFD No. 2022-1, the special taxes to be levied on the properties, and the public facilities to be constructed using bond proceeds. During this hearing, the City Council will be asked to take the following actions that complete the formation process:

1. Adopt a resolution establishing CFD No. 2022-1;
2. Adopt a resolution deeming it necessary for CFD No. 2022-1 to incur a bonded indebtedness and call a special election of the landowners;
3. Conduct the special landowner election;
4. Adopt a resolution declaring the results of the election; and
5. Introduce and waive the first reading of the ordinance regarding levying the special taxes.

Staff will return to City Council at a future date following the formation of CFD No. 2022-1 to receive the appropriate approvals needed to issue the bonds. The details on the total amount of the bond issuance, interest rate, and bond term will be included in the future agenda report, once those items are finalized and ready for City Council approval.

The work on this project to-date has been undertaken by the City's financing team, which includes Best Best & Krieger LLP as bond counsel, Spicer Consulting Group, LLC as special tax consultant, CSG Advisors Incorporated as financial advisor, and staff members from the Planning and Development Department, Finance Department, and the City Attorney's Office.

#### **COMMITTEE ACTION:**

This project has been presented at the Finance, Legislative and Economic Development (FLED) Committee on February 5, 2020 and October 7, 2020. The most recent presentation was to the Committee of the Whole on May 12, 2021. At the May 2021 Committee of the Whole meeting, staff received direction to move forward with the approval process for the CFD formation.

#### **FINANCIAL IMPACT:**

The proposed CFD No. 2022-1 formation has no fiscal impact to the City's General Fund. All costs associated with the formation are paid from a deposit posted by the Landowners with the City. Annually thereafter, costs incurred for staff time to administer CFD No. 2022-1 are reimbursed from the annual levy of special taxes on the property owners. Bonds to be issued by CFD No. 2022-1 will be the sole responsibility of the property owners through a levy of special taxes; the City has no financial responsibility for the debt service associated with these 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 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 declares the City's intent to form CFD No. 2022-1 and the

necessity to issue bonds in connection therewith and there is no possibility that adopting the above resolutions will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** LIEN-CHI CANTUBA, FINANCIAL ANALYST III

**REVIEWED BY:** KIM SITTON, FINANCE DIRECTOR

**Attachments:**

1. Exhibit 1 - CFD No. 2022-1 Project Map
2. Exhibit 2 - Resolution No. 2022-003
3. Exhibit 3 - Resolution No. 2022-004