



# City of Rialto

## Legislation Text

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For City Council Meeting [July 14, 2020]

TO: Honorable City Council

APPROVAL: Rod Foster, City Manager

FROM: Bob Chandler, Interim Finance Director

Request City Council to Adopt the Following Resolutions Setting the Fiscal Year 2020-21 Special Tax Levies for Community Facilities Districts 2006-1, 2016-1, 87-1 and 87-2:

- (1) **Resolution No.7650** of The City Council of the City of Rialto, State of California, Community Facilities District 2006-1 (Elm Park) Establishing Annual Special Tax for Fiscal Year 2020-21.(2) **Resolution No.7651** of The City Council of the City of Rialto, State of California, Community Facilities District 2016-1 (Public Services) Establishing Annual Special Tax for Fiscal Year 2020-21. (3) **Resolution No.7652** of The City Council of the City of Rialto, State of California, Community Facilities District 87-1 (Las Colinas) Establishing Annual Special Tax for Fiscal Year 2020-21. (4) **Resolution No.7653** of The City Council of the City of Rialto, State of California, Community Facilities District 87-2 (Las Colinas) Establishing Annual Special Tax for Fiscal Year 2020-21.

### **BACKGROUND**

The City annually sets the special tax rates levied within Community Facilities Districts (CFDs) 2006-1 (Elm Park), 2016-1 (Public Services), 87-1 and 87-2 (Las Colinas). Property owners established these districts through ballot procedures when the districts were formed to complete various public improvements and provide additional public safety services in the subject areas.

### **ANALYSIS/DISCUSSION**

The levy for CFD 2006-1 for Special Tax A is required to pay annual principal and interest on the Mello-Roos bonds issued in 2006 and refinanced in 2016, plus administrative costs associated with the district. The levy for 2006-1 Special Tax B is assessed to pay for the increased costs of public safety and other City services related to new developments. The proceeds of the bonds issued for the district paid for development impact fees, the acquisition and construction of necessary street improvements, water facilities, sanitary sewer and storm drain improvements, and landscaping. The City levies annual special tax rates per dwelling unit for developed parcels, and per gross acre for undeveloped land, but only for Special Tax A. The proposed special tax rates for FY 2020-21 range from \$2,622.32 to \$3,101.28 per dwelling unit for Special Tax A. The proposed rate for Special Tax B for FY 2020-21 is \$871.10 for all developed residential dwelling units. In total, the proposed rates for FY 2020-21 range from \$3,493.42 to \$3,972.38 per dwelling unit. For Special Tax A, the City bases these calculations on the costs involved with administering the district, including: debt service payments, debt service fees, collection of assessments, delinquency management, and reserve requirements. For Special Tax B, the rate proposed is pursuant to the formula included in the Rate and Method of Apportionment adopted by the City Council and approved by the landowner vote when

the district was formed. CFD 2006-1 has 130 parcels with two active delinquent properties. The estimated levy for Fiscal Year 2020-21 is \$473,832.86, and all of the special tax rates proposed for FY 2020-21 for CFD 2006-1 are consistent with the Rate and Method of Apportionment originally approved by the property owners through the ballot procedures performed when the district was formed.

The levy for CFD 2016-1 was established by the City and property owners to help reimburse the City for increased costs of public safety and other City services related to new developments and as determined necessary by the City's General Plan to maintain the district. The City levies annual special tax rates per dwelling unit for developed parcels. The proposed special tax rates for Fiscal Year 2020-21 is \$311.98 per single family residential dwelling unit. The City bases rate calculations on the costs involved with administering the district, including: collection of assessments, delinquency management, and reimbursement of Police, Fire and other services for the district. CFD 2016-1 has 143 parcels with one active delinquent property. The estimated levy for Fiscal Year 2020-21 is \$44,613.14. As proposed, the special tax rates for CFD 2016-1 are consistent with the rate and method of apportionment originally approved by the property owners through the ballot procedures performed when the district was formed. The Police Department and Fire Department will receive their pro-rata share budgetarily of 39.6% and 26.4%, respectively as funds are received.

The levy for CFD 87-1 was required to pay annual principal and interest on Mello-Roos bonds issued in 1988 and for administrative costs associated with the district. The proceeds of the bonds issued for the district paid for the acquisition and construction of necessary street improvements, water facilities, sanitary sewer and storm drain improvements, and police and fire protection facilities. However, the CFD 87-1 debt service was defeased during Fiscal Year 2018-19, and as such, no levy is being proposed for Fiscal Year 2020-21.

The City and the property owners established the levy for CFD 87-2 to help reimburse the City for Police and Fire protection services determined as necessary by the City's General Plan and the location of the district. Subsequent to the approval of the Utility Users Tax in 2003, the CFD 87-2 annual tax rate has been set at zero (\$0) for all parcels within the district.

The Resolutions with exhibits indicating the special tax rates (required by the County Tax Collector each year) are attached to the staff report. If approved by the City Council, the City will provide this information to the County Tax Collector, and the authorized assessments will be included on the 2020 -21 property tax roll.

### **ENVIRONMENTAL IMPACT**

As proposed, the request is not a Project as defined by Section 15378 of the California Environmental Quality Act (CEQA), wherein a "Project" means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. By definition, pursuant to Section 15378 (b) (4) of CEQA, a Project does not include: the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

### **GENERAL PLAN CONSISTENCY**

Complies with the following Rialto General Plan Guiding Principle:

Our Government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

Goal 3-6: Require that all developed areas within Rialto are adequately served with essential public services and infrastructure.

Policy 3-6.1: Coordinate all development proposals with other affected public entities to ensure the provision of adequate public facilities and infrastructure services.

Policy 3-6.3: Require an increasing level of public safety infrastructure and service capability tied to population increase and increasing service demand.

Policy 5-3.7: Add service level capability and infrastructure to meet increasing demand of new development.

## **LEGAL REVIEW**

The City Attorney has reviewed and supports this staff report

## **FINANCIAL IMPACT**

### Operating Budget Impact

As proposed, the total levy for CFD 2006-1 is \$473,832.86, and \$44,613.14 for CFD 2016-1. The estimated revenues will be included in the Fiscal Year 2020-21 annual budget in the following Agency Funds: CFD 2006-1 Account No. 871-400-2141-7104 and CFD 2016-1 Account No. 872-400-2141-7104. Related expenditures for the districts will be included in the Fiscal Year 2020-21 annual budget in Fund 871, CFD 2006-1 Elm Park Agency Fund and Fund 872, CFD 2016-1 Agency Fund. CFDs 87-1 and CFD 87-2 special tax assessments have been set to zero (\$0) for Fiscal Year 2020-21.

### Capital Improvement Budget Impact

This item, as proposed, will have no impact on the capital improvement budget.

### Licensing

A Business License is not required as part of this action.

## **RECOMMENDATION**

Staff recommends that the City Council adopt the following resolutions setting the Fiscal Year 2020-21 special tax levies for Community Facilities Districts 2006-1, 2016-1, 87-1 and 87-2:

- Adopt a Resolution of The City Council of the City of Rialto, State of California, Community Facilities District 2006-1 (Elm Park) Establishing Annual Special Tax for Fiscal Year 2020-21.
- Adopt a Resolution of The City Council of the City of Rialto, State of California, Community Facilities District 2016-1 (Public Services) Establishing Annual Special Tax for Fiscal Year 2020-21.
- Adopt a Resolution of The City Council of the City of Rialto, State of California, Community Facilities District 87-1 (Las Colinas) Establishing Annual Special Tax for Fiscal Year 2020-21.
- Adopt a Resolution of The City Council of the City of Rialto, State of California, Community Facilities District 87-2 (Las Colinas) Establishing Annual Special Tax for Fiscal Year 2020-21.