



City of Rialto

Legislation Text

File #: 21-0459, **Version:** 1

For City Council Meeting [July 27, 2021]

TO: Honorable Mayor and City Council

APPROVAL Marcus Fuller, City Manager

FROM: Bob Chandler, Interim Finance Director

Request City Council to Adopt the Following Resolutions Setting the Fiscal Year 2021-22 Special Tax Levies for Community Facilities Districts 2006-1, 2016-1, 87-1 and 87-2:

- (1) **Resolution No.7748** 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 2021-22.
- (2) **Resolution No.7749** 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 2021-22.
- (3) **Resolution No.7750** 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 2021-22.
- (4) **Resolution No.7751** 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 2021-22.

BACKGROUND

The Mello-Roos Community Facilities Act of 1982 permits cities to establish a Community Facilities District (CFD) that allows for financing the construction of various public improvements and the provision of additional public safety and other City services. On an annual basis, the special tax levy is calculated according to the applicable Rate and Method of Apportionment adopted at the formation of the Community Facilities District. Typically, these special taxes are billed through the County of jurisdiction and appear as separate line-item charges on the property tax billing. This financing mechanism allows new development to pay for significant public infrastructure and augmented public service needs over time.

The City of Rialto 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 and other City 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 development within the district. 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.

For Special Tax A, the City levies annual special tax rates per dwelling unit for developed parcels, and per gross acre for undeveloped land. The proposed special tax rates for FY 2021-22 range from \$2,667.78 to

\$3,155.02 per dwelling unit for Special Tax Rate A. The Proposed Special Tax Rate B for FY 2021-22 is \$888.54 for all developed residential dwelling units. In total, the Proposed Special Tax Rates for FY 2021-22 range from \$3,556.32 to \$4,043.56 per dwelling unit.

For Special Tax A, the City bases its calculations on the costs involved with administering the district, including: i) debt service payments, ii) debt service fees, iii) collection of assessments, iv) delinquency management, and v) 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 one active delinquent property. The estimated levy for Fiscal Year 2021-22 is \$482,350.18 for the Proposed Special Tax, and all of the Special Tax Rates proposed for FY 2021-22 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 rate for Fiscal Year 2021-22 is \$319.17 per single family residential dwelling unit. The City determines 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 192 parcels with one active delinquent property. The estimated levy for Fiscal Year 2021-22 is \$61,280.64. As proposed, the special tax rate for CFD 2016-1 is 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 of 40.2% and 23.8%, 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 2021-22.

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. Staff recommends approved by the City Council to ensure the City can continue to levy and collected the special taxes that pay for the continued debt service in CFD 2006-1, and for the additional public services pursuant to CFD 2016-1. The City will provide this information to the County Tax Collector, and the authorized assessments will be included on the 2021-22 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 \$482,350.18, and \$61,280.64 for CFD 2016-1. The estimated revenues will be included in the Fiscal Year 2021-22 annual budget in the following Agency Funds:

- CFD 2006-1 Account No. 871-400-2141-7104 and CFD 2016-1 Account No. 872-400-21417104.
- Related expenditures for the districts will be included in the Fiscal Year 2021-22 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 2021-22.

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:

- 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 2021-22.
- 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 2021-22.
- 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 2021-22.

- 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 2021-22.