



## Staff Report

**TO:** City Council  
**FROM:** Todd Parton, City Manager  
**DATE:** April 20, 2021  
**SUBJECT:** **Dissolution of Improvement Area Nos. 19D and 19F of CFD No. 93-1 and Formation of CFD No. 2021-1**

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### **Background and Analysis:**

Improvement Area Nos. 19D and 19F of City of Beaumont Community Facilities District No. 93-1 (the "Improvement Areas") were previously formed by the City of Beaumont for the purpose of financing certain infrastructure required for the development of the property within the Improvement Areas. Because development within the Improvement Areas was not completed as planned at the time that the Improvement Areas were formed, one of the property owners within the Improvement Area, SDC Fairway Canyon, LLC ("SDC"), has petitioned the City to dissolve the Improvement Areas and to form a new community facilities district in their place entitled "City of Beaumont Community Facilities District No. 2021-1 (the "District"). SDC plans to sell its remaining property in the proposed District to one or more merchant builders, who along with the other owners within the Improvement Areas, expect to develop the property within the District into residential neighborhoods.

This is the initial step in the formation process of the District. If approved, the resolutions would preliminarily approve the boundaries of the District and call a public hearing to be held on the formation of the District on June 1, 2021. Following the public hearing an election would be held on the levy of the special taxes for facilities and services and on the issuance of bonds to finance facilities in the maximum principal amount not to exceed \$19,500,000. Assuming there are no registered voters within the boundaries of the District, it is expected that the election will be a landowner election at which each property owner within the District will have one vote for each acre (or portion thereof) of land it owns within the boundaries of the District. Additionally, on June 1, 2021, assuming the passage of such measures at the election, the City would be asked to initiate proceedings to dissolve the Improvement Areas.

In connection with the formation of the District, staff recommends that the City Council approve two resolutions: (i) a resolution declaring the intention to establish the District and levy a special tax therein; and (ii) a resolution to incur bonded indebtedness within the District. City staff also recommends that the City Council approve the Reimbursement Agreement (the "Reimbursement Agreement") with SDC for the purpose of reimbursing SDC for the costs of forming the District.

**Fiscal Impact:**

There is no impact on the General Fund to pay any costs associated with the proposed formation of the District. A deposit in the amount of \$50,000 has been advanced to the City by SDC to finance initial costs of the formation of the District. It is anticipated that SDC will be required to deposit additional amounts pursuant to the Reimbursement Agreement. In the event that any bonds are issued by the District, SDC would be entitled to reimbursement of costs advanced pursuant to the Reimbursement Agreement.

Pursuant to the Rate and Method of Apportionment that governs how the special taxes will be levied within the District, four separate special taxes will be levied: 1) a special tax to finance the construction of facilities benefiting the District, that ranges between \$1,545 and \$2,380 per unit of Developed Property, 2) a special tax for maintenance services to benefit the District of \$205 per unit of Developed Property in Fiscal Year 2021-22, 3) an additional contingent special tax for maintenance services to benefit the District of \$624 per unit of Developed Property in Fiscal Year 2021-22, which will only be imposed if the homeowner's association within the District fails to maintain certain of the homeowners' association owned property, and 4) a special tax for public services benefiting the District of \$509 per unit of Developed Property in Fiscal Year 2021-22. The rates for each of the two maintenance special taxes for services will increase annually by the greater of 2% or an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior fiscal year, and the rate for the public services special tax will increase annually by the greater of 5% or an amount equal to the percentage change increase in the Consumer Price Index for the twelve-month period ending in January of the prior Fiscal Year, but the rate for the special tax for facilities does not increase annually. The special tax to finance the construction of facilities benefiting the District will be used only to finance actual facilities, and will not be used to finance fees, such as development impact fees.

**Recommended Action:**

Waive the full reading and adopt by title only, "Resolution of the City Council of the City of Beaumont, California, Declaring Its Intention to Establish City of

Beaumont Community Facilities District No. 2021-1 (Fairway Canyon), To Authorize the Levy of a Special Tax to Pay the Cost of Acquiring or Constructing Certain Public Facilities, and Paying for Certain Incidental Expenses and to Pay Debt Service on Bonded Indebtedness;”

Waive the full reading and adopt by title only, “Resolution of the City Council of the City of Beaumont, California, Declaring its Intention to Incur Bonded Indebtedness within City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon);” and

Approve the Reimbursement Agreement.

**Attachments:**

- A. Resolution of Intention
- B. Resolution to Incur Bonded Indebtedness
- C. Reimbursement Agreement
- D. Petition to Form