



Staff Report

TO: City Council
FROM: Todd Parton, City Manager
DATE: June 15, 2021
SUBJECT: **Second Reading of Ordinances Dissolving Improvement Area Nos. 19D and 19F of CFD No. 93-1 and Formation of CFD No. 2021-1**

Background and Analysis:

On April 20, 2021, the City Council adopted Resolution No. 2021-20 stating its intention to form CFD No. 2021-1 (the "District") and dissolve Improvement Area Nos. 19D and 19F of City of Beaumont Community Facilities District No. 93-1 (the "Improvement Areas"), and Resolution No. 2021-21 stating its intention to incur bonded indebtedness in an amount not to exceed \$19,500,000. This was the initial step in the formation process of the District and the dissolution of the Improvement Areas and such resolutions called for a public hearing to be held on the formation of the District on June 1, 2020. The District consists of 529 proposed single family homes. Following the closing of the public hearing, the City Council adopted resolutions establishing the District and determining the necessity to incur bonded indebtedness in an amount not to exceed \$19,500,000. The adoption of such resolutions called for an election to be conducted by the City Clerk on the authorization of the levy of the special tax described in the Rate and Method of Apportionment of the Special Tax and the approval of the issuance of bonds in an amount not to exceed \$19,500,000. On file with the City Clerk is a Certificate of the Registrar of Voters of the County of Riverside confirming that there were no registered voters residing within the boundaries of the District. Accordingly, the election was a landowner election at which each property owner within the District had one vote for each acre (or portion thereof) of land it owns within the boundaries of the District that is not exempt from the proposed special tax. There are three current landowners within the District, SDC Fairway Canyon, LLC, D.R. Horton Los Angeles Holding Company, Inc. and Woodside 05S, LP (collectively, the "Developers"), and each had executed a waiver waiving certain election law requirements and consenting to the holding of the election on the issuance of the Bonds and the levy of the special tax that immediately followed the public hearing.

The Developers had been previously provided with a ballot which was returned to the City Clerk. The City Clerk conducted the election and read the results to the City Council and in-turn adopted a resolution certifying the election results passing the ballot measures. The City Council introduced the ordinance levying the special tax in the newly created District and separate ordinances dissolving the Improvement Areas. The Improvement Areas will be dissolved upon the formation of the District and the special tax liens that were approved in connection with the Improvement Areas will be extinguished.

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.

The estimated total effective tax rates of homes within the District ranges between approximately 1.98% and 2.00% of the estimated sales prices. This is consistent with the City's CFD Goals and Policies.

In addition, the City, the District and SDC Fairway Canyon, LLC ("SDC"), one of the Developers, entered into an acquisition agreement (the "Acquisition Agreement") pursuant to which the City shall acquire public facilities completed by the SDC with proceeds of bonds issued by the District, if and when such bonds are issued.

Fiscal Impact:

There is no impact on the general fund to pay any costs associated with the proposed formation of the District. \$50,000 has been advanced to the City by SDC to finance initial costs of the formation of the District and the dissolution of the Improvement Areas. 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. The inclusion of the Special Tax for Public Services will produce an estimated \$242,335 in annual revenues (net of administrative expenses) for public safety at build out (based on the initial rate of \$509 per unit). The inclusion of the Special Tax for Maintenance Services will produce an estimated \$297,086 in annual revenues (net of administrative expenses) for operations and maintenance at build out (based on the initial rate within \$205 per unit).

Recommended Action:

Waive the full second reading and approve by title only, "An Ordinance of the City Council of the City of Beaumont, Acting in Its Capacity as the Legislative Body of City of Beaumont Community Facilities District No. 2021-1 (Fairway Canyon), Authorizing the Levy of a Special Tax within the Community Facilities District;"

Waive the full second reading and approve by title only, "An Ordinance of the City Council of the City of Beaumont, Dissolving Improvement Area No. 19D of the City of Beaumont Community Facilities District No. 93-1 and Ordering the Recordation of a Notice of Cessation of Special Tax Lien to Improvement Area No. 19D;" and

Waive the full second reading and approve by title only, "An Ordinance of the City Council of the City of Beaumont, Dissolving Improvement Area No. 19F of the City of Beaumont Community Facilities District No. 93-1 and Ordering the Recordation of a Notice of Cessation of Special Tax Lien to Improvement Area No. 19F."

Attachments:

- A. Resolution of Formation
- B. Resolution to Incur Bonded Indebtedness
- C. Resolution Certifying Election Results
- D. Ordinance Authorizing Special Tax
- E. Ordinance Dissolving IA 19D
- F. Ordinance Dissolving IA 19F

G. Acquisition Agreement