

**SUBMITTAL TO THE BOARD OF DIRECTORS, COMMUNITY FACILITIES DISTRICTS OF THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**FROM:** COUNTY EXECUTIVE OFFICE      **SUBMITTAL DATE:** July 29, 2003

**SUBJECT:** Enrollment of FY 2003-04 Special Tax Levies for County CFD's.

**RECOMMENDED MOTION:** That the Board approve and adopt the following resolutions authorizing the enrollment of the Community Facilities Districts FY 2003-04 Special Tax Levies:

- Res. No. CFD 2003-06 Authorizing the Levy of a Special Tax in CFD 84-2 (Lakehills)
- Res. No. CFD 2003-07 Authorizing the Levy of a Special Tax in CFD 85-1, Imp. Area No. A (Golden Triangle)
- Res. No. CFD 2003-08 Authorizing the Levy of a Special Tax in CFD 85-1, Imp. Area No. B (Golden Triangle)
- Res. No. CFD 2003-09 Authorizing the Levy of a Special Tax in CFD 85-2 (California Oaks)
- Res. No. CFD 2003-10 Authorizing the Levy of a Special Tax in CFD 86-1 (Menifee Village)
- Res. No. CFD 2003-11 Authorizing the Levy of a Special Tax in CFD 87-1 ("A" Street - South)
- Res. No. CFD 2003-12 Authorizing the Levy of a Special Tax in CFD 87-5 (Wild Rose)
- Res. No. CFD 2003-13 Authorizing the Levy of a Special Tax in CFD 88-4 (Winchester Ranch)
- Res. No. CFD 2003-14 Authorizing the Levy of a Special Tax in CFD 88-8 ("A" Street - North)
- Res. No. CFD 2003-15 Authorizing the Levy of a Special Tax in CFD 89-1 (Mountain Cove)
- Res. No. CFD 2003-16 Authorizing the Levy of a Special Tax in CFD 89-4 (Walsh Medical Center)

**BACKGROUND:** State statute requires the legislative body of a community facilities district to annually adopt, by resolution, the annual levy of special taxes to be enrolled for each fiscal year. Attached are the Resolutions for all eleven of the Community Facilities Districts for which the Board serves as Legislative Body. Details on the status and key indicators for each of the Districts follow as Exhibit "A" to this Form 11. The resolutions conform to the requirements of State statute as well as the Rate and Method of Apportionment for the respective Community Facilities Districts.

**FINANCIAL DATA:**

**CURRENT YEAR COST:** \$ 0

**ANNUAL COST:** \$ 0

**NET COUNTY COST:** \$ 0

**IN CURRENT YEAR BUDGET:** N / A

**BUDGET ADJUSTMENT / FY:** N / A

**SOURCE OF FUNDS:** N / A

**C. E. O. RECOMMENDATION:** APPROVE

**County Executive Officer Signature**

*Debra Coumeyer*

*Jerry Norris*  
Jerry Norris, Senior Management Analyst

FORM APPROVED  
COUNTY COUNSEL

JUL 21 2003

Policy  
 Policy

Consent  
 Consent

Department Recommendation:  
Per Executive Office:

Prev. Agn. ref.

Dist. 1<sup>st</sup>, 3<sup>rd</sup>, & 5<sup>th</sup>

AGENDA NO.

**ATTACHMENTS FILED WITH THE CLERK OF THE BOARD**

**8.1** a-k

**EXHIBIT A**  
**Key Indicators Affecting FY 2002-2003 Community Facilities District Levies**

Economic improvement and intensive workout efforts have resulted in significant improvement in our CFD's from several years ago. Most recently is the complete turn around in CFD 89-4 (Walsh Medical Center). However, two challenges remain as we continue to work to restore the financial integrity of the districts. More specifically, CFD 88-8 ('A' Street North) remains in default, and CFD 87-1 (South 'A' Street) is in technical default due to a reserve fund that is below requirement. Details on the status of the various districts follow:

<b><u>CFD 84-2 (Lakehills)</u></b>	<b><u>FY2003-04</u></b>	<b><u>FY2002-03</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$ 785,204	\$ 786,623	-.18%
Total Administration as % of levy	7.18%	7.78%	N/A
2002-2003 Delinquency Rate	N/A	6.51%	N/A

The proposed levy decreased slightly last years amount. The tax delinquency rate increased slightly from 4.57% to 6.51%. Currently the landowner of the "top of the Hill" property is proposing financing for infrastructure for the area. By agreement, the current taxpayers will not be impacted by that proposal.

<b><u>CFD 85-1A (Golden Triangle)</u></b>	<b><u>FY2003-04</u></b>	<b><u>FY2002-03</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$ 469,039	\$ 478,345	-1.95%
Total Administration as % of levy	7.50%	7.37%	N/A
2002-2003 Delinquency Rate	N/A	3.56%	N/A

CFD 85-1A is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$43,490. There is a slight decrease in the proposed levy as compared to last year. The tax delinquency rate decreased from 5.66% to 3.56%.

<b><u>CFD 85-1B (Golden Triangle)</u></b>	<b><u>FY2003-04</u></b>	<b><u>FY2002-03</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$ 128,524	\$ 114,025	12.72%
Total Administration as % of levy	24.61%	27.91%	N/A
2002-2003 Delinquency Rate	N/A	3.10%	N/A

CFD 85-1B is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$12,587.50. The increase in the proposed levy as compared to last year is the result of less surplus credit available than in prior years. The tax delinquency rate increased slightly from 2.99% to 3.10%.

<u>CFD 85-2 (California Oaks)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,054,329	\$ 3,167,184	-3.59%
Total Administration as % of levy	2.04%	2.07%	N/A
2002-2003 Delinquency Rate	N/A	3.92%	N/A

CFD 85-2 is a participant in the 1995 Marks-Roos refinancing pool issued through the Riverside County Public Financing Authority, and receives a surplus fund credit from the pool each year. The credit for FY 2003-2004 is projected to be \$345,915. There is a slight decrease in the proposed levy as compared to last year. The tax delinquency rate increased slightly from 3.71% to 3.92%.

<u>CFD 86-1 (Menifee Village)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,252,106	\$ 3,243,526	.26%
Total Administration as % of levy	2.71%	3.12%	N/A
2002-2003 Delinquency Rate	N/A	3.83%	N/A

CFD 86-1 was refunded in 1986. The refunding is supported by two levies, the total of which is the current levy supported by the property in the Original Area of the CFD and the property included in the Improvement Area. The levy in the original area will be paid in full in fiscal year 2011. The levy on the Improvement Area property may continue to fiscal year 2024. The tax delinquency rate increased from 2.79% to 3.83%.

<u>CFD 87-1 (South 'A' Street)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,014,648	\$ 1,014,648	0.00%
Total Administration as % of levy	9.46%	13.48%	N/A
2002-2003 Delinquency Rate	N/A	16.87%	N/A

The proposed levy, which is at the maximum allowable, is approximately \$250,000 short of the funds required to pay principal and interest on the bonds and restore the reserve fund to its requirement. However this shortage is down from \$300,000 that was required last year. The tax delinquency rate decreased from 27.50% to 16.87%. The Reserve Fund is currently \$460,291 below requirement. The September payment could require an additional draw on the Reserve Fund. **This district remains in technical default due to the deficit in the Reserve Fund.**

<u>CFD 87-5 (Wild Rose)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 1,462,765	\$ 1,358,583	7.67%
Total Administration as % of levy	3.21%	3.68%	N/A
2002-2003 Delinquency Rate	N/A	6.40%	N/A

Since CFD 87-5's restructure in April 1997, parcel development has nearly reached completion. Prior year credits continue to allow for a lower levy in the current year. The tax delinquency rate increased slightly from 4.84% to 6.40%.

<u>CFD 88-4 (Winchester Ranch)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	1,650,000	\$ 1,650,000	0.00%
Total Administration as % of levy	16.57%	7.78%	N/A
2002-2003 Delinquency Rate	N/A	11.16%	N/A

The levy reflects the anticipated conversion of the variable rate bonds to fixed rate bonds. Once the conversion is completed the actual levy will be determined. It is expected that the bonds will be converted in December of 2003. Until such time as the conversion is completed, the bonds have the benefit of an Irrevocable Letter of Credit. Over 30% of the special tax in this district is on undeveloped property owned by Pulte Homes.

<u>CFD 88-8 ('A' Street North)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 3,218,981	\$ 3, 155,863	2.00%
Total Administration as % of levy	3.43%	6.23%	N/A
2002-2003 Delinquency Rate	N/A	70.29%	N/A

This district continues to be in default due to a high delinquency rate, however that rate has declined slightly from 72.32% last year. The reserve fund remains fully depleted, and there have only been a few redemptions of prior year delinquencies over the last couple years. This issue originally defaulted on September 1, 1996, and no principal payments have been made to bondholders since September 1995. The levy for FY 2003-2004 is at the maximum allowable, and is approximately \$2.4 million short of the amount that would be required to pay full principal and interest for the current year and restore the reserve fund. **Staff continues to diligently pursue redemptions and foreclosure sales as a means of reviving this district. Absent the infusion of substantial funds from these actions, we project a continuing default on the principal and interest payments due the bondholders.**

<u>CFD 89-1 (Mountain Cove)</u>	<u>FY2003-04</u>	<u>FY2002-03</u>	<u>% Change</u>
Proposed/Actual Levy	\$ 927,182	\$ 927,182	0.00%
Total Administration as % of levy	5.77%	5.76%	N/A
2002-2003 Delinquency Rate	N/A	1.11%	N/A

The County and Shea Homes, who is developing the property with a senior overlay as originally intended, refunded this District in early 2001. The CFD financing was restructured to take advantage of lower interest rates, which resulted in a savings to property owners. The development of this property is progressing at a good rate with a large number of home sites already being occupied. The golf course is also fully operational and is open to the public. The tax delinquency rate increased from 0.00% to 1.11%.