

SUBMITTAL TO THE BOARD OF SUPERVISORS,  
COMMUNITY FACILITIES DISTRICT'S LEGISLATIVE BODY  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

521



FROM: COUNTY EXECUTIVE OFFICE

SUBMITTAL DATE:  
June 28, 2012

SUBJECT: Enrollment of FY 2012-13 Special Tax Levies for County CFD's and AD's.

**RECOMMENDED MOTION:** That the Board approve and adopt the following resolutions authorizing the enrollment of the FY 2012-13 Special Tax Levies in a not to exceed amount for the Community Facilities Districts and approve the not to exceed amounts for the Assessment Districts:

Res. No. CFD 2012-01 Authorizing the Levy and Enrollment of a Special Tax in CFD 87-1 (South 'A' Street)  
Res. No. CFD 2012-02 Authorizing the Levy and Enrollment of a Special Tax in CFD 88-4 (Winchester Ranch)  
Res. No. CFD 2012-03 Authorizing the Levy and Enrollment of a Special Tax in CFD 88-8 ('A' Street - North)  
Res. No. CFD 2012-04 Authorizing the Levy and Enrollment of a Special Tax in CFD 89-1 (Mountain Cove)  
Res. No. CFD 2012-05 Authorizing the Levy and Enrollment of a Special Tax in CFD 89-4  
Res. No. CFD 2012-06 Authorizing the Levy and Enrollment of a Special Tax in CFD 03-1 (Newport Road)  
Res. No. CFD 2012-07 Authorizing the Levy and Enrollment of a Special Tax in CFD 04-2 (Lake Hills Crest)  
Res. No. CFD 2012-08 Authorizing the Levy and Enrollment of a Special Tax in CFD 05-8 (Scott Road)  
Res. No. CFD 2012-09 Authorizing the Levy and Enrollment of a Special Tax in CFD 07-1 (Newport/I215 Interchange)  
Res. No. CFD 2012-10 Authorizing the Levy and Enrollment of a Special Tax in CFD 07-2 (Clinton Keith)

(continued on page 2)

*Stephanie Persi*  
**Stephanie Persi, Senior Management Analyst**

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012-13

SOURCE OF FUNDS: N/A

Positions To Be Deleted Per A-30 ☐

Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION:

APPROVE

BY:

*Ivan M. Chand*  
Ivan M. Chand

7/9/2012

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL

BY: *Dale A. Gardner* DATE: 6/28/12

Departmental Concurrence

☒ Policy

☐ Consent

☒ Policy

☐ Consent

Dep't Recomm.:

Per Exec. Ofc.:

Prev. Agn. Ref.:

District: 1 & 3

Agenda Number:

8.1 a - 5

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**SUBJECT:** Enrollment of FY 2012-13 Special Tax Levies for County CFD's

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**BACKGROUND:**

State statute requires the legislative body of a community facilities district to annually adopt, by resolution, the levy of special taxes to be enrolled for each fiscal year. Attached are the Resolutions for the Community Facilities Districts for which the Board serves as the Legislative Body . The resolutions conform to the requirements of State statute as well as the Rate and Method of Apportionment for the respective Community Facilities Districts.

The status and key indicators for both the Community Facilities Districts and the Assessment Districts are shown on the attached Exhibit "A".

## EXHIBIT A

### Key Indicators Affecting FY 2012-2013 Community Facilities District Levies

The Community Facilities Districts (CFD's) with commercial development have not shown much growth during this past Fiscal Year and the residential development is resuming slowly in three of the Districts which have not achieved full build out. CFD 04-2, CFD 05-8 and CFD 07-2 have added 292 single family residential homes in total during the past year. In spite of the economic challenges faced within Riverside County and by many for a sixth consecutive year, there has been a noticeable reduction on the CFD's delinquency rates bringing all but two districts down to an acceptable level as provided in the foreclosure covenant. The Executive Office continues to diligently pursue the delinquent parcels in accordance with the foreclosure covenant and have realized a decrease in the delinquencies for all of the Districts. At this time, there are no Districts in jeopardy of default due to delinquency. CFD 87-5 is scheduled to mature at the end of this Fiscal Year. A close out analysis has been performed and identified surplus monies to credit the final year debt service. CFD 88-4 which was refunded in 2010, scheduled to mature after the 2013-14 Fiscal Year and a close out analysis will be performed next year to identify any available surplus monies that could be applied to offset the final year debt service. Details on the status of the various Districts follow:

<b><u>CFD 87-1 (South 'A' Street)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$538,229	\$545,712	-1.37%
Total Administration as % of levy*	11.79%	11.81%	-0.18%
Current Delinquency Rate	N/A	8.09%	N/A

CFD 87-1 was successfully refunded in July 2006. All parcels that were delinquent at the time of the refunding have cured any outstanding Special Tax amount or completed a payment plan with the County. The tax delinquency rate for the prior Fiscal Year has decreased significantly from 16.14% to 8.09%. The majority of the delinquencies are attributable to the undeveloped developer owned parcels. Many of the prior year delinquent parcels continue to redeem during the following Fiscal Year so there has been no impact to the Reserve Fund. As a result of the refunding, there are surplus funds available that will be utilized to ensure a full debt service payment without drawing on the Reserve Fund. A surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years.

<b><u>CFD 88-4 (Winchester Ranch)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$1,921,969	\$1,920,419	0.08%
Total Administration as % of levy*	3.83%	3.99%	-4.10%
Current Delinquency Rate	N/A	4.80%	N/A

CFD 88-4 was successfully refunded and restructured in November 2010 converting the bonds for the District from an adjustable rate interest mode to a fixed rate of interest bonded debt service. The refunding subsequently reduced the total Special Tax amount to be collected by the District each Fiscal Year. Through the refunding the LOC and Protocol Agreement with Pulte Homes are no longer required. Last year, the property owners in the District realized a 46.53% reduction in the Special Tax. CFD 88-4 which was refunded in 2010, due to mature in 2013-14, a close out analysis will be performed next year to identify any available surplus monies. The tax delinquency rate for the prior Fiscal Year decreased from 7.61% to 4.80%.

\* Includes other County departments, fiscal agent, tax consultant, and legal fees

<b><u>CFD 88-8 ('A' Street North)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$445,470	\$428,858	3.87%
Total Administration as % of levy*	16.06%	16.92%	-5.34%
Current Delinquency Rate	N/A	27.15%	N/A

This District was successfully refunded and restructured in July 2006 significantly reducing the bonds outstanding for the District and subsequently reducing the total Special Tax amount to be collected by the District each Fiscal Year. The district delinquencies have significantly increased from 0.00% to 27.15%. Due to increased delinquencies, no surplus credit was able to be applied. In fact, the levy was increased by 3.87% from the prior year. The reserves are not in jeopardy of being used. If the delinquencies are made current, the district can apply a larger credit the following fiscal year.

<b><u>CFD 89-1 (Mountain Cove)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$841,701	\$845,846	-0.49%
Total Administration as % of levy*	7.87%	7.95%	-1.02%
Current Delinquency Rate	N/A	2.10%	N/A

The District was successfully refunded in September 2006 and the Improvement Area was collapsed. The letter of credit held by Shea Homes is no longer required as they are responsible for less than 20% of the annual Special Tax for the District. As of the 2009-10 Fiscal Year, there are no remaining residential approved parcels as the final two permits have been issued. The developed properties are able to generate sufficient revenues to meet the annual debt service obligation at a rate less than their maximum special tax. A surplus credit was applied to maintain a less than one percent change to the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The golf course is also fully operational and is open to the public. The tax delinquency rate for the prior Fiscal Year increased slightly from 1.70% to 2.10%.

<b><u>CFD 89-4</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$355,434	\$351,053	1.25%
Total Administration as % of levy*	17.92%	18.44%	-2.89%
Current Delinquency Rate	N/A	0.00%	N/A

The District issued a new series of Bonds in May 2005, in part, to cover the refunding of the prior series of Bonds. This new series extended the final maturity of the District from 2016 to 2030. There were no new parcel becoming developed within the District during the past Fiscal Year and there are still 3 parcels remaining undeveloped. The revenue from only the developed properties is sufficient to meet debt service and it will not be necessary to levy the undeveloped properties within the District. The current Fiscal Year delinquency rate continues to be 0.00%.

\* Includes other County departments, fiscal agent, tax consultant, and legal fees

<b><u>CFD 03-1 (Newport Road)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$1,509,460	\$1,511,181	-0.11%
Total Administration as % of levy*	4.57%	4.60%	-0.61%
Current Delinquency Rate	N/A	2.59%	N/A

The Bonds for CFD 03-1 were issued in August 2004. Although the construction of Newport Road has been completed, the development has slowed considerably within this District over the past couple years. When comparing prior Fiscal Years, the delinquency rate continues to stay below the foreclosure covenant currently at 2.59%. The continuous decrease in delinquencies has resulted in the removal of the delinquency allowance applied for previous Fiscal Years. Due to the delinquency collection efforts by the Executive Office a surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year reducing the levy 1.25% from the prior year. The proposed levy amount is able to be maintained for subsequent Fiscal Years without impacting the Reserve Fund.

<b><u>CFD 04-2 (Lakehills Crest)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$1,712,757	\$1,716,300	-0.21%
Total Administration as % of levy*	2.63%	2.62%	0.29%
Current Delinquency Rate	N/A	3.33%	N/A

This District was levied for the first time in 2005-06 after bonds were issued in August 2005. Full subdivision has occurred at 512 parcels and permits continue to be issued with only 15 parcels becoming developed within the District during the previous Fiscal Year. The letter of credit held by Brehm Communities is no longer required as they are responsible for less than 20% of the annual Special Tax for the District. The delinquency rate, when compared to the rate at the same time last year, has decreased for a second consecutive year from 4.41% to 3.33% and is now below the foreclosure covenant for this District. A delinquency allowance was included in the annual levy for the previous Fiscal Year. The allowance for delinquencies previously applied has been removed and results in a less than one percent change to the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years without impacting the Reserve Fund.

<b><u>CFD 05-8 (Scott Road)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$1,026,362	\$896,207	14.52%
Total Administration as % of levy*	5.45%	6.26%	-14.79%
Current Delinquency Rate	N/A	1.19%	N/A

This District was formed in early 2006. The purpose of the CFD is to finance TUMF fee obligations. Bonds were issued in December 2007 to fund the first of three phases of improvements. There were 118 parcels becoming developed within the District during the past Fiscal Year. As with the prior Fiscal Year, all developed parcels will be levied at their full Assigned Special Tax rate. For Fiscal Year 2012-13, the levy on developed parcels will comprise of 100% of the full debt service coverage. The undeveloped parcels will not need to be levied. The tax delinquency rate decreased from 2.40% to 1.19%.

\* Includes other County departments, fiscal agent, tax consultant, and legal fees

<b><u>CFD 07-1 (Newport/I-215 Interchange)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$42,464	\$41,632	2.00%
Total Administration as % of levy*	35.60%	36.36%	-2.14%
Current Delinquency Rate	N/A	3.70%	N/A

This District was formed in January 2008 and bonds have not yet been issued, however, the RMA allows for the Special Tax to be levied prior to the issuance of bonds on any properties that qualify as developed. The purpose of the District is to finance the widening of the interchange at Interstate 215 and Newport Road, the modification of the ramps to meet future traffic demands and of any rights-of-way required from properties that have not been conditioned to dedicate such rights-of-way as a condition of development. There has been minimal development within the District during the past Fiscal Year and only developed parcels will be levied for this Fiscal Year. The delinquency rate increased from 2.70% to 3.70%.

<b><u>CFD 07-2 (Clinton Keith Rd)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$546,770	\$345,180	58.40%
Total Administration as % of levy*	2.62%	4.43%	-68.95%
Current Delinquency Rate	N/A	1.97%	N/A

This District was formed in July 2007 and bonds have not yet been issued, however, the RMA allows for the Special Tax to be levied prior to the issuance of bonds on any properties that qualify as developed. The purpose of the District is to finance TUMF and RBBD fees that will be used for the widening of Clinton Keith Road between Antelope Road and State Route 79. There were 159 parcels becoming developed within the District during the past Fiscal Year. For Fiscal Year 2012-13 there are 463 developed parcels that will receive a Special Tax. The tax delinquency rate increased slightly from 1.25% to 1.97%.

<b><u>AD 159R-SB (Rancho Villages)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$101,988	\$101,736	0.25%
Total Administration as % of levy*	16.26%	16.26%	0.00%
Current Delinquency Rate	N/A	1.95%	N/A

The Assessment Districts 159R-SB is a smaller district within the original AD 159R Rancho Villages which fronts Butterfield Stage Road and contains 239 parcels. The bonds are scheduled to mature in 2014. A preliminary close out analysis has been performed to identify any available surplus monies. The tax delinquency rate decreased slightly from 2.15% to 1.95%.

<b><u>AD 159R-SC (Rancho Villages)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$207,326	\$360,707	-42.52%
Total Administration as % of levy*	17.09%	17.09%	0.00%
Current Delinquency Rate	N/A	8.34%	N/A

The Assessment Districts 159R-SC is a smaller district which is located in the southeast portion of the Original Assessment District and contains 1,088 parcels. The bonds are scheduled to mature in 2014. A preliminary close out analysis has been performed to identify any available surplus monies. A surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years. The bonds are scheduled to mature in 2014. The tax delinquency rate decreased slightly from 9.28% to 8.34%.

\* Includes other County departments, fiscal agent, tax consultant, and legal fees

<b><u>AD 159R-D (Rancho Villages)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$136,123	\$229,452	-40.67%
Total Administration as % of levy*	12.19%	12.19%	0.00%
Current Delinquency Rate	N/A	6.18%	N/A

The Assessment Districts 159R-SC is a smaller district which is located in the southeast portion of the Original Assessment District and contains 1,088 parcels. The bonds are scheduled to mature in 2014. A preliminary close out analysis has been performed to identify any available surplus monies. A surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years. The bonds are scheduled to mature in 2014. The tax delinquency rate decreased slightly from 7.36% to 6.18%.

<b><u>AD 167 (North Palm Springs Business)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$149,090	\$173,322	-13.98%
Total Administration as % of levy*	11.25%	11.25%	0.00%
Current Delinquency Rate	N/A	10.94%	N/A

The Assessment District 167 is located between 19<sup>th</sup> and 20<sup>th</sup> Avenue containing 47 parcels. The bonds are scheduled to mature in 2016. It was formed to fund construction of water improvements, storm drain improvements, street improvements and streetlights. The construction of project facilities is 100% complete and the actual cost of these public facilities was \$1,352,394.41. All of the public facilities funded have been accepted/dedicated by the appropriate public agency. A surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years. The tax delinquency rate increased slightly from 9.11% to 10.94%.

<b><u>AD 168 (Rivercrest)</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2011-12</u></b>	<b><u>% Change</u></b>
Proposed/Actual Levy	\$255,580	\$257,902	-0.90%
Total Administration as % of levy*	13.52%	13.52%	0.00%
Current Delinquency Rate	N/A	4.49%	N/A

The Assessment District 168 is located between Chicago Avenue and Bethlam Avenue containing 376 parcels. The bonds are scheduled to mature in 2026. It was formed to fund the acquisition of improvements such as street and storm drain improvements on Fairview Avenue and Bethlam Avenue. A surplus fund credit was applied to reduce the annual levy amount for this Fiscal Year compared to the prior Fiscal Year. The proposed levy amount is able to be maintained for subsequent Fiscal Years. The tax delinquency rate increased slightly from 3.10% to 4.49%.

\* Includes other County departments, fiscal agent, tax consultant, and legal fees