

535



SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FROM: Executive Office/Transportation

SUBMITTAL DATE:
May 8, 2014

SUBJECT: Order to Initiate an Ordinance to Dissolve Community Facilities District No. 07-1 (Newport/I-215 Interchange). District 5/District 5; [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:
1. Adopt an order to initiate an ordinance to dissolve Community Facilities District No. 07-1 (Newport/I-215 interchange) and repeal Special Tax Ordinance No. 879; and
2. Direct County Counsel to prepare the ordinance to dissolve Community Facilities District No. 07-1 (Newport/I-215 interchange) that will release all liens associated with the district.

BACKGROUND:

Summary
On September 30, 2008, the Board of Supervisors adopted Ordinance No. 879 authorizing the levy of special taxes within Improvement Area 2 of Community Facilities District 07-1 Newport/I-215 Interchange (CFD 07-1) pursuant to the rate and method of apportionment of special tax approved by the Board and the qualified electors. The CFD was formed as a requirement of the Cooperative Agreement between the City of Temecula and the County of Riverside to Mitigate Traffic Impacts in Western Riverside County, entered into between the parties on April 12, 2005, which resulted from the settlement of litigation.

(Continued)

Juan C. Perez, Director of
Transportation Land Management

Stephanie Persi
Senior Management Analyst

FORM APPROVED COUNTY COUNSEL
BY:
DALE A. GARDNER
Departmental Concurrence
DATE: 5/13/14

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy X
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A					Budget Adjustment: No
					For Fiscal Year: 2013-14

C.E.O. RECOMMENDATION:

APPROVE

BY:
Ivan M. Chand 5/13/2014

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Benoit and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: May 20, 2014
xc: E.O., Transp., Co.Co., Auditor

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

- A-30
- Positions Added
- 4/5 Vote
- Change Order

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Initiate an Ordinance to Dissolve Community Facilities District No. 07-1 (Newport/I-215
Interchange). District 5/District 5; [\$0]**

DATE: May 8, 2014

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BACKGROUND:

Summary (continued)

The agreement required that the County establish an I-215 Policy Area covering a wide expanse of then unincorporated land, essentially from the City of Canyon Lake easterly to Hemet, and from Winchester south to Temecula, and require that certain CFD's would be established which new residential development would be required participate in. One such CFD was to provide funding for the expansion of the Newport Road/I-215 interchange. The CFD's were envisioned to sell bonds to fund the building of the infrastructure prior to or as development occurred, in order to minimize the lag between development and the needed traffic improvements directly funded by that development through mitigation fee payment.

At the time that the agreement was entered into, the County was experiencing tremendous development growth, and it was anticipated that we would be able to sell bonds supported by a tax levy on land with approved new residential development projects that were entitled but not yet constructed. Credits would be issued against Transportation Uniform Mitigation Fees (TUMF) and the Menifee Valley Road and Bridge Benefit District fees (RBBB) for those developments that contributed to the special tax levy. That ability to sell bonds, supported by taxes levied on proposed but unbuilt units, became a casualty of the economic downturn, which made it extremely difficult, if not impossible, to market such bonds. Even today, with an improving economy, it remains difficult to sell bonds against undeveloped land.

In October 2008, the City of Menifee incorporated, including in its boundaries a majority of the CFD 07-1 boundaries. The City and the County have worked together to secure the needed funding to build the Newport/I-215 interchange, which is anticipated to start construction in early 2015. The City has bonded against future transportation revenues for about half of the needed funding, with the remaining funding coming from regional funds provided by the TUMF program administered by the Western Riverside Council of Governments (WRCOG) and other regional funding from the Riverside County Transportation Commission (RCTC). The City, in cooperation with the County, now wishes to dissolve the district since the interchange is being funded more expeditiously through other means.

Approval of the ordinance will release the special tax lien on the one developed tract and will release the condition for all remaining undeveloped tracts within the CFD 07-1 boundaries. As development occurs that would otherwise have been part of this CFD, they will be required to pay the full TUMF and RBBB fees at time of development, and not receive credits towards them for the interchange improvements.

Impact on Citizens and Businesses

The Newport/I-215 Interchange construction funding is being significantly accelerated by working cooperatively with the City, WRCOG, and RCTC to identify full funding now, rather than waiting for the right economic conditions to sell bonds. New development that was required to participate in CFD 07-1 will now be free of this assessment, and will pay mitigation fees as they develop instead.

SUPPLEMENTAL:

Additional Fiscal Information

The levy of the special tax commenced in fiscal year 2009-10 and in each fiscal year thereafter in anticipation of a bond sale. To date the district has levied taxes on one developed tract. Development slowed after the formation of the district resulting in few dollars collected for the project. The special taxes collected to date will be used to offset the project costs.