



Report to City Council

TO: Mayor and City Council
FROM: Launa Jimenez, Chief Financial Officer

AGENDA DATE: December 17, 2024

TITLE: **ADOPT A RESOLUTION TO APPROVE A JOINT COMMUNITY FACILITIES AGREEMENT, VVUSD COMMUNITY FACILITIES DISTRICT NO. 2025-1 (RESO. NO. 2025-XX) (REPORT OF: FINANCIAL & MANAGEMENT SERVICES)**

TITLE SUMMARY: Adopt a Resolution to Approve a Joint Community Facilities Agreement by and Among Lennar Homes of California, LLC, the City of Moreno Valley, and Val Verde Unified School District Community Facilities District No. 2025-1 (Reso. No. 2024-__)

Recommendation(s)

1. Adopt Resolution No. 2024-__, a Resolution Approving the Joint Community Facilities Agreement between Lennar Homes of California, LLC, Val Verde Unified School District, and the City of Moreno Valley, in substantially the form attached hereto with modifications subject to City Attorney approval and authorize the City Manager to execute the Agreement and related documents.

SUMMARY

This report recommends adopting Resolution No. 2024-__, approving a Joint Community Facilities Agreement (“JCFA”). The JCFA is for the Val Verde Unified School District (“VVUSD”) Community Facilities District (“CFD”) 2025-1 and is between the City, VVUSD and Lennar Homes of California, LLC (“Developer”). This action will provide the Developer with a financing option to pay certain City Development Impact Fees (“City Fees”) with bonds issued by VVUSD, acting as the legislative body of CFD 2025-1.

Acting on behalf of the CFD, VVUSD is responsible for formation and annual

administration activities related to the District. The City is not a party to or liable for CFD 2025-1 or the debt issued by VVUSD. The City's role is limited to agreeing to allow the financing of certain City Fees with bond proceeds and managing the activities related to implementation of the JCFA and compliance with its terms.

DISCUSSION

The Developer plans to construct 64 single-family residential lots as part of Tract 37725. Tract 37725 is located on the southwest corner of Perris Blvd. and Krameria Ave., as identified on the Boundary Map included with this report. As part of the project's development requirements, the Developer is required to pay certain fees.

At the request of the Developer and pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Act"), VVUSD is forming CFD 2025-1, which includes the parcels included in Tract 37725. Formation of the CFD allows the Developer to finance certain fees with the issuance of tax-exempt bonds. Tax-exempt bonds typically have lower interest rates than the rates associated with conventional financing methods and therefore, are a preferred financing method of the development community.

The Act requires approval of a JCFA if the financed improvements will be owned and operated by an agency (i.e. City) other than the agency forming the CFD. Exhibit C of the JCFA identifies the types of City Fees that can be financed through the CFD.

The future bonds will be issued by VVUSD and secured by a special tax, which will be levied on the property tax bill of the properties included within the CFD for the term of the bonds (typically 25-30 years). With the special tax, the property tax rate of properties within the CFD is projected to be 1.85% of the property value at the time the homes are originally sold. The average property tax rate for other new home developments within the City ranges from 1.95%-2.00%.

The City's Special District Financing Policy ("Policy") limits the property tax rate to 1.75% when the City, acting as the legislative body of a district, issues the bonds. However, the Policy is silent on the property tax rate when the City is not the legislative body of a CFD but rather a party to a JCFA.

As the legislative body of the CFD, VVUSD will be responsible for formation of the CFD, bond issuance and compliance, annual administration, levy of the special tax levy on the property tax roll of those parcels in the CFD and responding to customer inquiries. The City will have no responsibility for the CFD other than to ensure City Fees paid with bond proceeds are used in compliance with the JCFA and the Act.

This action meets the Strategic Plan Priorities by providing the financial resources to manage and maximize Moreno Valley's public infrastructure to ensure an excellent quality of life.

ALTERNATIVES

1. Adopt the Resolution and related actions as recommended herein. Staff recommends this alternative to facilitate development of the property.
2. Do not adopt the Resolution. Staff does not recommend this alternative since it will not facilitate development of the property.

FISCAL IMPACT

There is no fiscal impact to the City. City costs associated with preparation of the staff report and review of the JCFA are being funded by the Developer. The Developer will also pay an administrative fee at the time of payment of the financed City Fees to cover expenses related to administration of and compliance with the terms of the JCFA. The City is not party to nor liable for the formation or administration of the CFD or any bond issuance related to the CFD.

NOTIFICATION

Posting of the agenda.

PREPARATION OF STAFF REPORT

Prepared By:
Isa Rojas
Management Analyst

Department Head Approval:
Launa Jimenez
Chief Financial Officer/City Treasurer

Concurred By:
Felicia London
Special Districts Division Manager

CITY COUNCIL GOALS

Advocacy. Develop cooperative intergovernmental relationships and be a forceful advocate of City policies, objectives, and goals to appropriate external governments, agencies and corporations.

Public Facilities and Capital Projects. Ensure that needed public facilities, roadway improvements, and other infrastructure improvements are constructed and maintained.

Positive Environment. Create a positive environment for the development of Moreno Valley's future.

CITY COUNCIL STRATEGIC PRIORITIES

1. Economic Development
2. Public Safety
3. Library
4. Infrastructure

5. Beautification, Community Engagement, and Quality of Life
6. Youth Programs

Report Approval Details

Document Title:	STAFFREPORT_FMS_SD_JCFA, VVUSD CFD 2025-1.docx
Attachments:	- JCFA - VVUSD, CFD 2025-1.docx - Boundary Map - VVUSD CFD 2025-1.pdf - Resolution - VVUSD_CFD 2025-1.docx
Final Approval Date:	Dec 10, 2024

This report and all of its attachments were approved and signed as outlined below:

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Felicia London, MPA

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