

City of Moreno Valley

Community Facilities District No. 4- Maintenance

Special Districts Division
Public Works Department

Annual Special Tax Report

2019/20

Report Date: April 2019

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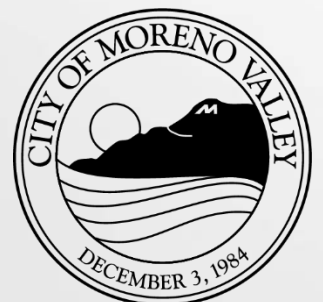


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Community Facilities District No. 4-Maintenance

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I. INTRODUCTION

A. DESCRIPTION OF PROCEEDINGS

The City Council of the City of Moreno Valley (“City Council”), pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California (“Act”), established Community Facilities District No. 4-Maintenance (“CFD No. 4-M” or “District”). At the request of the property owners, CFD No. 4-M was formed to fund the annual maintenance costs of certain stormwater and detention basin improvements (“Upstream Improvements”), as further defined in Section D, required to be installed as part of the development of the Centerpointe Business Park development and adjoining properties. These costs include direct costs, indirect costs, and administration costs. Only properties where the qualified electors approved the special tax through a special election shall have the special tax placed on the annual property tax roll or receive a direct bill. Listed below is a summary of the actions taken in the formation of the District.

Table 1: Summary of Actions

Document	Number	Date
Resolution Approving a Maintenance Agreement for the stormwater and detention basin improvements	2005-83	September 13, 2005
Resolution Approving Boundary Map	2005-84	September 13, 2005
Resolution of Intention to Establish the District	2005-85	September 13, 2005
Resolution Adopting Boundaries of Territory Proposed to be Annexed in the Future	2005-86	September 13, 2005
Resolution of Intention to Annex Territory in the Future	2005-87	September 13, 2005
Resolution of Formation to Establish the District	2005-97	October 25, 2005
Resolution Declaring the Results of the Special Election	2005-98	October 25, 2005
Ordinance Authorizing the Levy of Special Tax within CFD No. 4-M	697	November 8, 2005
Resolution Authorizing Future Annexations	2005-108	November 8, 2005

B. THE DISTRICT

The District was formed by the City of Moreno Valley (“City”) to fund the maintenance of the Upstream Improvements.

i. BOUNDARIES OF THE DISTRICT

The District is located in the City and generally bounded on the north by Alessandro Boulevard, on the west by Frederick Street, on the south by Cactus Avenue, and on the east by Heacock Street. The boundary map of the District was filed in the Office of the County Recorder of the County of Riverside, as Instrument No. 2005-0785279, on Page 18 of Book 64 in the Book of Maps of Assessments and Community Facilities Districts.

Upon formation of the District, a boundary for a future annexation area was created. This boundary includes those properties that will benefit from the maintenance of the Upstream Improvements after their development is constructed. The future annexation area boundary map was filed in the Office of the County Recorder of the County of Riverside, as Instrument No. 2005-0785280, on Page 19 in Book 64 in the Book of Maps of Assessments and Community Facilities Districts. Copies of the boundary map and the future annexation area boundary map are included in Appendix B of this report.

C. ANNEXATION PROCEEDINGS

Annexation proceedings were conducted on May 27, 2008 for Annexation No. 1. The City Council approved Resolution 2008-56 confirming the results of the special election for the annexation. The boundary map for Annexation No. 1 was filed in the Office of the County Recorder of the County of Riverside on May 29, 2008, as Instrument No. 2008-0289751, on Page 21 of Book 73 in the Book of Maps of Assessments and Community Facilities Districts. A copy of the Annexation No. 1 boundary map is included in Appendix B of this report. Table 2 identifies the annexed parcels.

Table 2: Annexed Parcels

Assessor's Parcel Number (APN)	Annexation Number	Date of Annexation
297-170-004	1	May 27, 2008
297-170-005 ⁽¹⁾	1	May 27, 2008
297-170-027 ⁽²⁾	1	May 27, 2008
297-170-075 ⁽³⁾	1	May 27, 2008
297-170-076 ⁽³⁾	1	May 27, 2008

⁽¹⁾ APNs 297-170-005 and 297-170-066 merged to form 297-170-082 then turned into 297-170-089
⁽²⁾ APN 297-170-027 turned into 297-170-086
⁽³⁾ APNs 297-170-075, 297-170-076, and 297-170-067 merged to form 297-170-087

While APN 297-170-027 was included in the boundaries of the future annexation area for the District and was subsequently annexed as part of Annexation No. 1, it was later determined that the parcel does not drain into the Upstream Improvements. The City's Land Development Division confirmed APN 297-170-027 does not receive any benefit from the improvements in an email dated June 12, 2008. Hence, the special tax is not levied on the property tax roll.

D. DESCRIPTION OF IMPROVEMENTS AND SERVICES

The Centerpointe Business Park development adjoins the Heacock Street and Cactus Avenue Channels, which are publicly maintained facilities. Neither channel has the hydraulic capacity nor the size to accept post-construction runoff from the Centerpointe Business Park development or the adjoining upstream properties. To mitigate the post-construction stormwater impacts and provide sufficient future sizing and hydraulic drainage capacity, construction of the Upstream Improvements (i.e. additional stormwater and detention basin improvements) were constructed to adjoin the existing Heacock Street and Cactus Avenue Channels ("Downstream Improvements"). CFD No. 4-M funds the direct and indirect costs associated with the maintenance of the Upstream Improvements.

i. IMPROVEMENTS

The improvements to be maintained include, but are not limited to storm drains, approximately 1,511 linear feet of bleeder lines, two detention basins comprised of approximately 234,529 square feet located on Lots A and B of Parcel Map 32326, additional inlet structures, outlet structures, outflow storm drain pipes, manholes, junction structures, perimeter fencing, access gates, and spillways.

ii. SERVICES

On September 13, 2005, the City entered into a maintenance agreement with the Centerpointe Business Park Property Owners Association ("Association") and CFD No.

4-M by Resolution to perform the maintenance and operation of the Upstream Improvements on behalf of the Association for a term of thirty (30) years, with subsequent renewable 30-year terms. The maintenance service tasks and schedule are included herein as Appendix A.

II. COMPUTATION OF THE SPECIAL TAX REQUIREMENT

The special tax is calculated based on a per square foot of land area basis and levied on the property tax roll of taxable parcels within the District to fund costs attributable to the Upstream Improvements. The annual special tax requirement shall be equal to the amount necessary to pay the CFD Public Facilities Cost and Administrative Expenses, as defined in the Rate and Method of Apportionment (RMA). Reasonably anticipated delinquencies from the previous fiscal year (FY) will also be taken into account when calculating the special tax requirement.

A. ANNUAL CONSTRUCTION INFLATION INDEX

As noted in the following sections of this report, an annual inflation adjustment, as previously approved by the qualified electors, may be applied each FY to the CFD Public Facilities Cost and the Maximum Special Tax. The maximum annual inflation adjustment is based on the Engineering News-Record Building Cost Index (BCI) for the City of Los Angeles, CA, measured as of the end of the calendar year. The following table provides a history of the applied adjustment.

Table 3: Annual Construction Inflation Index

Fiscal Year	Applied BCI Adjustment
2006/07	base year
2007/08	6.910%
2008/09	1.570%
2009/10	6.610%
2010/11	0.000%
2011/12	5.260%
2012/13	1.580%
2013/14	2.050%
2014/15	0.850%
2015/16 ⁽¹⁾	2.454%
2016/17	2.080%
2017/18	4.128%
2018/19	3.355%
2019/20	1.213%

⁽¹⁾ Engineering News Record (ENR), the supplier of the Building Cost Index, had a typo for December 2014 resulting in an adjustment for 2015/16

B. CFD PUBLIC FACILITIES COST

The District shall provide contracted maintenance and operation services in accordance with the maintenance service schedule described in Appendix A. Additional services attributable to the maintenance and operation of the Upstream Improvements may require work components provided by outside agencies, including but not limited to the Riverside County Flood Control and Water Conservation District and Eastern Municipal Water District. For FY 2006/07, the CFD Public Facilities Cost was estimated at \$35,000. Per the RMA, the CFD Public Facilities Costs shall be increased each FY thereafter based on the Annual Construction Inflation Index (Table 3). The following table provides the history of the annual escalation to the CFD Public Facilities Cost.

Table 4: CFD Public Facilities Cost

Fiscal Year	CFD Public Facilities Cost
2006/07	\$35,000.00
2007/08	37,418.50
2008/09	38,005.97
2009/10	40,518.17
2010/11	40,518.17
2011/12	42,649.42
2012/13	43,323.28
2013/14	44,211.41
2014/15	44,587.21
2015/16 ⁽¹⁾	45,681.38
2016/17	46,631.55
2017/18	48,556.50
2018/19	50,185.57
2019/20	50,794.32

⁽¹⁾ Engineering News Record (ENR), the supplier of the Building Cost Index, had a typo for December 2014 resulting in an adjustment for 2015/16

C. ADMINISTRATIVE EXPENSES

Administrative expenses are those directly related to the administration of CFD No. 4-M and are included in Table 5 of this report. These expenses relate to the cost of preparing the annual special tax report and the special tax installment information either to be direct billed or submitted to the Riverside County Auditor-Controller for collection on the property tax roll. Costs may also include the City's expense in responding to public inquiries and coordinating the consultants, accountants, auditors, attorneys, and other administrative contractors, as well as administrative services and project management provided by the City staff in monitoring special tax installments and related laws. Additional expenses include, but are not limited to, the costs of the City's general administrative services overhead for personnel support, building rental and maintenance, insurance, City Council support, City Manager support, purchasing, and communications. Monitoring delinquencies is also included as part of this scope of work.

D. SPECIAL TAX REQUIREMENT

Pursuant to the RMA, the annual special tax requirement shall be equal to the amount required to pay the CFD Public Facilities Costs, Administrative Expenses, and anticipated delinquencies. The following table is the computation of the FY 2019/20 special tax requirement for the District.

Table 5: Special Tax Requirement

Gross Requirement	
CFD Public Facilities Costs ⁽¹⁾	\$26,300.00
Administrative Expenses ⁽¹⁾	
Special Tax Report and Administration	4,300.00
Stormwater Administration	2,500.00
GF Cost Allocation	515.00
Other Professional Services	0.00
County Levy Fee	200.00
Anticipated Delinquencies ⁽²⁾	0.00
Total Gross Requirement	\$33,815.00
Credits/Adjustments	
Unassigned Reserves Credit/Interest Earnings	-\$5,749.00
Fund Balance Contribution	-
Special Tax Requirement	\$28,066.00
<p>⁽¹⁾ Based on the FY 2019/20 proposed budget.</p> <p>⁽²⁾ Per the RMA, CFD Administrator shall take into account the reasonably anticipated delinquent special taxes based on the delinquency rate for special taxes levied in the previous FY.</p>	

III. SPECIAL TAX CALCULATION

A. METHOD OF SPECIAL TAX SPREAD

The RMA, approved with Resolution No. 2005-97 at the time of District formation, places financial responsibility for annual maintenance of the Upstream Improvements on parcels within the boundaries of CFD No. 4-M. The special tax rate is determined based on the cost of maintaining the facilities, authorized services available, or other reasonable basis as determined by the legislative body of the District. The special tax is calculated per square foot of land area for a parcel. Pursuant to Article XIII A of the California Constitution, the special tax may not be apportioned on an ad valorem basis.

B. MAXIMUM SPECIAL TAX

i. DEVELOPED AND UNDEVELOPED PROPERTY

The maximum annual special tax rate for each parcel of developed and undeveloped property, as established by the RMA, was \$0.007370 per square foot of land area for FY 2006/07 and shall be increased each FY thereafter beginning in July 2007, by the Annual Construction Inflation Index, as referenced in Table 3. The following table lists the allowable increase in the maximum annual special tax rate per FY per square foot of land area for the District.

Table 6: Maximum Special Tax

Fiscal Year	Maximum Special Tax per sq ft of land area
2006/07	\$0.007370
2007/08	0.007879
2008/09	0.008002
2009/10	0.008530
2010/11	0.008530
2011/12	0.008978
2012/13	0.009119
2013/14	0.009305
2014/15	0.009384
2015/16 ⁽¹⁾	0.009614
2016/17	0.009813
2017/18	0.010218
2018/19	0.010560
2019/20	0.010688

⁽¹⁾ Engineering News Record (ENR), the supplier of the Building Cost Index, had a typo for December 2014 resulting in an adjustment for 2015/16

ii. EXEMPTIONS

Exempt Property shall be classified as: (i) Assessor's Parcels owned by the State of California, Federal, or other local governments; (ii) Assessor's Parcels which are used as places of worship and are exempt from ad valorem property taxes because they are owned by a religious organization; (iii) Assessor's Parcels used exclusively by a homeowners association; (iv) Assessor's Parcels with public or utility easements making

impractical their utilization for other than the purposes set forth in the easement; and (v) any other Assessor's Parcels at the reasonable discretion of the City Council.

iii. METHOD OF APPORTIONMENT

Commencing with FY 2006/07 and for each following FY, the legislative body shall levy the annual special tax until the amount of special taxes levied equals the annual special tax requirement. The annual special tax shall be levied each FY proportionately on each Assessor's Parcel of developed and undeveloped property up to 100% of the applicable maximum annual special tax.

IV. SPECIAL TAX ALLOCATION (TAX ROLL)

The special tax is allocated to taxable developed and undeveloped properties within the District. The following table provides the total amount of the proposed special tax levy per parcel for FY 2019/20.

Table 7: Special Tax Levy

Assessor's Parcel Number	Property Owner	Square Footage of Land Area ⁽¹⁾	FY 2019/20 Maximum Special Tax	FY 2019/20 Applied Special Tax
297-170-004	NOVO LAND	391,604	\$ 4,185.46	\$ 1,887.20
297-170-068	WESTERN A WEST CA	381,586	4,078.38	1,839.00
297-170-069	WESTERN A WEST CA	1,061,557	11,345.92	5,116.20
297-170-071 ⁽²⁾	UNITED STATES POSTAL SERVICE	Exempt	Exempt	Exempt
297-170-072	WESTERN A WEST CA	255,697	2,732.89	1,232.20
297-170-073 ⁽³⁾	CENTERPOINTE BUSINESS PARK PROPOWERS ASSN	Exempt	Exempt	Exempt
297-170-074 ⁽³⁾	CENTERPOINTE BUSINESS PARK PROPOWERS ASSN	Exempt	Exempt	Exempt
297-170-078	BRODIAEA INDUSTRIAL CENTER	292,288	\$ 3,123.96	\$ 1,408.60
297-170-079 ⁽²⁾	UNITED STATES POSTAL SERVICE	Exempt	Exempt	Exempt
297-170-086 ⁽⁴⁾	IIT INLAND EMPIRE LOGISTICS CENTER LOGISTICS CENTER	330,620	-	-
297-170-087	WESTERN A WEST CA	2,242,033	23,962.85	10,805.40
297-170-088	PROLOGIS USLV TRS CASUB	394,654	4,218.05	1,902.00
297-170-089	PROLOGIS USLV NEWCA7	804,118	8,594.40	3,875.40
TOTAL		6,154,157	\$ 62,241.91	\$ 28,066.00

⁽¹⁾ Excludes square footage of exempt parcels.

⁽²⁾ Per the RMA, parcels owned by the State of California, Federal or other local governments are Exempt from the special tax.

⁽³⁾ Per the RMA, lettered lots are exempt from the special tax calculation.

⁽⁴⁾ The site runoff for this parcel does not drain into the constructed stormwater and detention basin improvements. As a result, the special tax is not applied to this parcel.

Source: Property Owner/Square Footage of Land Area—County of Riverside

A. DELINQUENCIES

There have been no delinquencies in the District as of the date of this report. The District does not have a foreclosure covenant to collect delinquent special taxes. Any foreclosure proceedings will be through the normal tax sale process with the Riverside County Auditor-Controller/Tax Collector (historically, permissible after five-years of property tax delinquency).

Table 8: Delinquencies

FY	Amount Levied	Amount Delinquent ⁽¹⁾	Number of Delinquent Parcels	Percent Delinquent
2006/07	\$ 17,500.00	\$ -	-	0.00%
2007/08	35,000.00	-	-	0.00%
2008/09	35,000.00	-	-	0.00%
2009/10	-	-	-	0.00%
2010/11	35,000.00	-	-	0.00%
2011/12	39,388.48	-	-	0.00%
2012/13	38,519.18	-	-	0.00%
2013/14	35,675.16	-	-	0.00%
2014/15	33,300.00	-	-	0.00%
2015/16	33,978.00	-	-	0.00%
2016/17	25,546.68	-	-	0.00%
2017/18	25,362.60	-	-	0.00%
2018/19	25,696.00	-	-	0.00%

⁽¹⁾ Amount delinquent per the Riverside County website (<https://ca-riverside-ttc.publicaccessnow.com/>) as of March 13, 2019.

Appendix A: Maintenance Services

In accordance with the maintenance agreement, the following Upstream Improvement Maintenance Tasks and Schedule, the City shall perform the operation and maintenance services shown below.

Upstream Improvement Maintenance Tasks and Schedule									
Task	Access Road	Detention Basin Side Slopes	Detention Basin Bottom	Detention Basin Inlets	Detention Basin Outlet or Overflow Control Structures	Catch Basin Inlets	Catch Basin Sumps	Storm Drain System	Schedule
Inspect for sediment accumulation			■	■	■	■	■	■	Annually
Remove sediment accumulation			■	■	■	■	■	■	Every 5-10 Years
Inspect for debris (dead vegetation and trash)	■	■	■	■	■	■	■	■	Early spring, fall and after major storms
Clean debris	■	■	■	■	■	■	■	■	As needed
Inspect for erosion	■	■	■	■					Early spring, fall and after major storms
Reestablish permanent vegetation		■	■						As needed
Remove dead vegetation				■	■				Annually - early spring
Spray herbicide	■			■	■				Annually - early spring
Apply pre-emergent	■			■	■				Annually - fall
Replace stone rip-rap				■	■				Every 3-5 years as needed
Mowing		■	■						0-2 times annually
Inspect structural elements during wet weather and compare to as-built plans				■	■			■	Annually

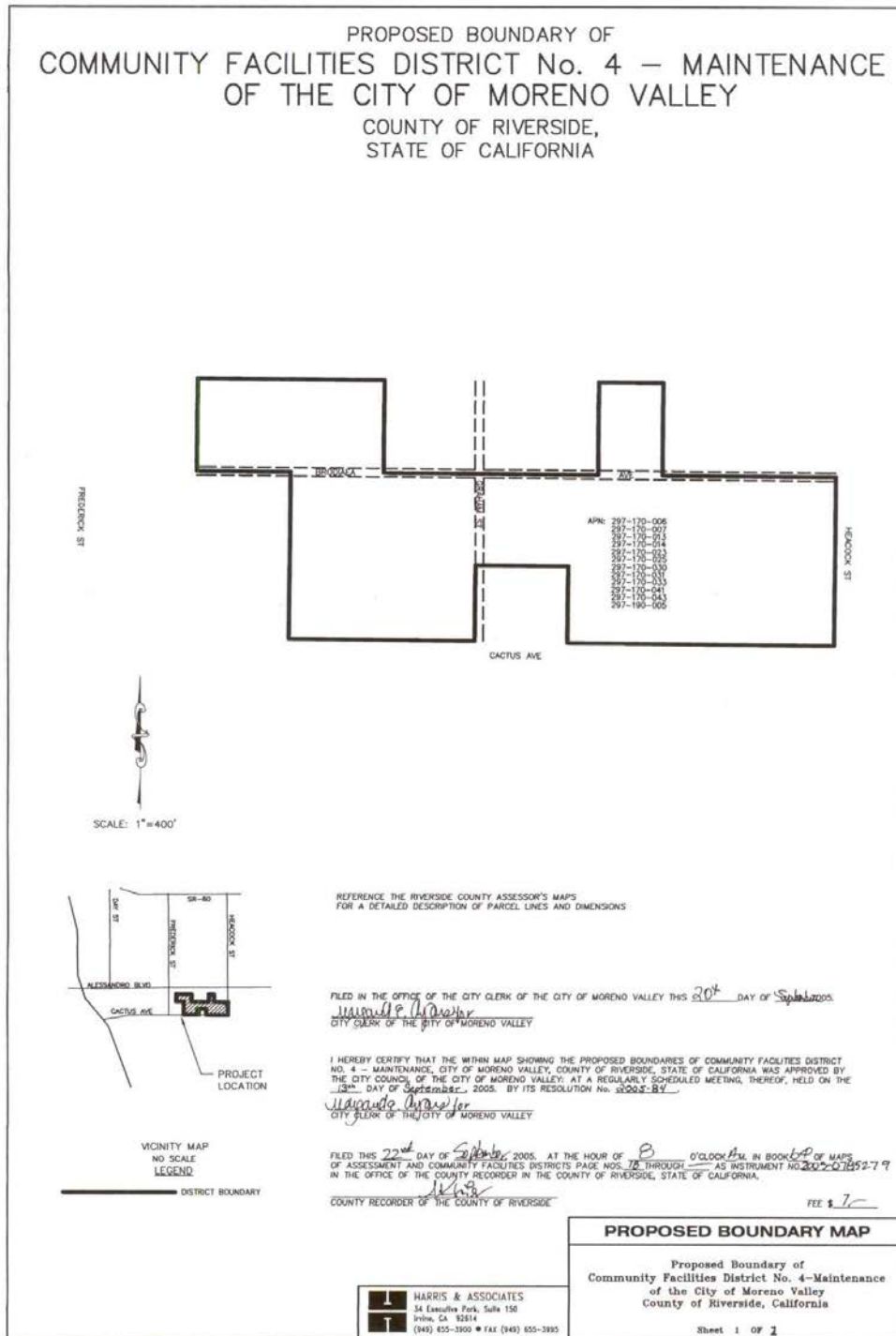
Upstream Improvement Maintenance Tasks and Schedule									
Task	Access Road	Detention Basin Side Slopes	Detention Basin Bottom	Detention Basin Inlets	Detention Basin Outlet or Overflow Control Structures	Catch Basin Inlets	Catch Basin Sumps	Storm Drain System	Schedule
Make adjustments or replacements as determined by annual wet weather inspections			■	■	■			■	As needed
Keep records of all inspections and maintenance activities	■	■	■	■	■	■	■	■	Annually
Keep records of all costs for inspections, maintenance and repairs	■	■	■	■	■	■	■	■	Annually

The City shall not perform or otherwise be responsible to implement any monitoring or mitigation compliance or certify to monitoring or mitigation compliance affecting the Upstream Improvements pursuant to (i) any conservation covenant or easement and (ii) any permits issued by the United States Army Corps of Engineers or other similar governmental regulatory agencies.

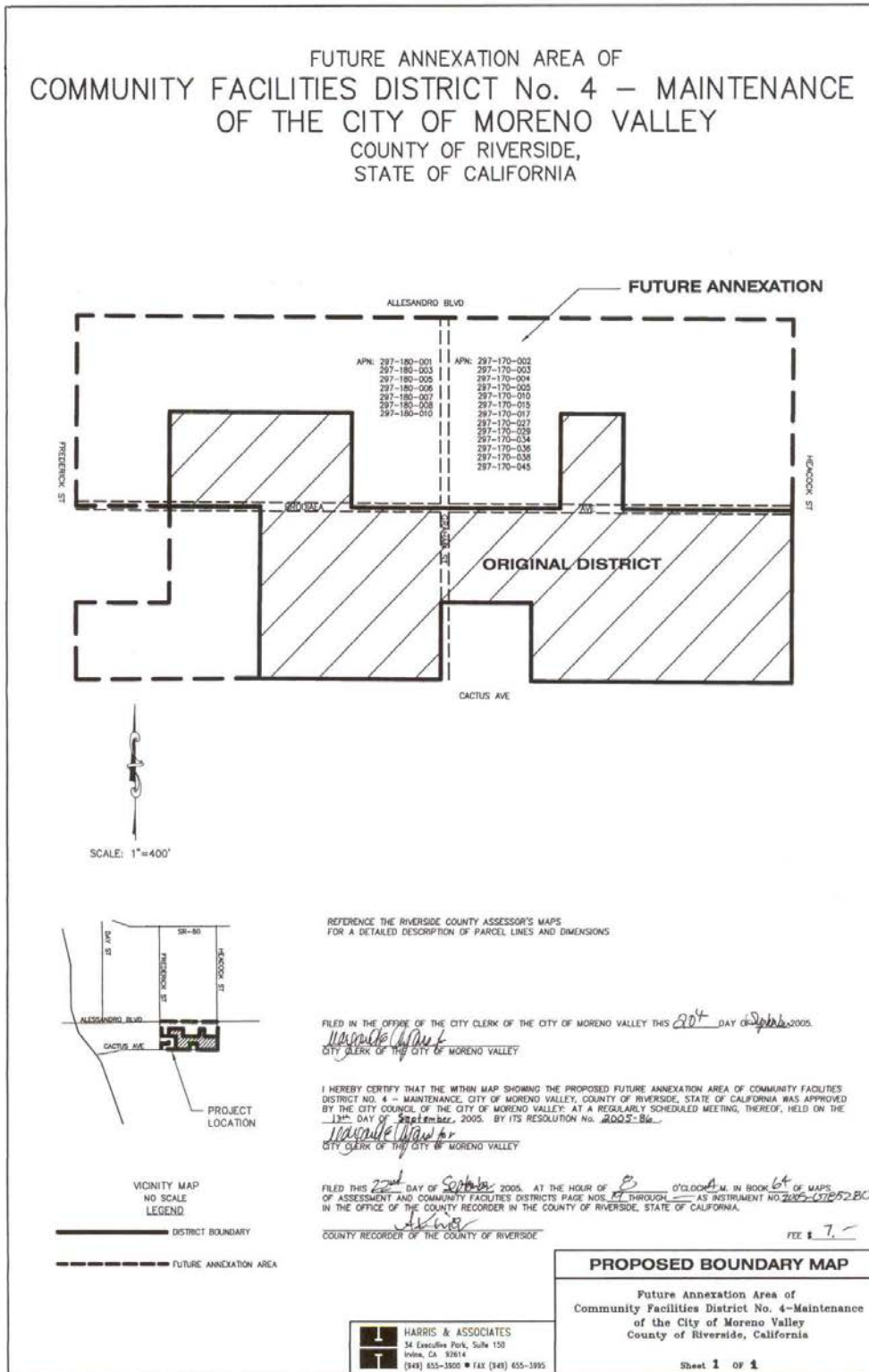
No other services by the City may be implied or inferred without amendment or modification to the agreement.

Appendix B: Boundary Maps

Map 1: CFD No. 4-M Boundary Map



Map 2: CFD No. 4-M Boundary Map – Future Annexation Area



Map 3: CFD No. 4-M Boundary Map – Annexation No. 1

