

# COMMUNITY FACILITIES DISTRICT NO. 4 - MAINTENANCE

ANNUAL  
SPECIAL TAX

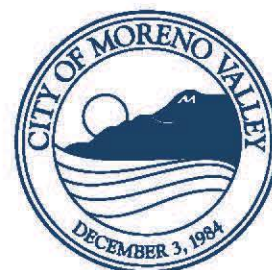
2020/21

REPORT

REPORT DATE: MAY 2020

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# I. INTRODUCTION

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## 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 (CFD) No. 4-Maintenance (“District”). As part of the development of the Centerpointe Business Park and adjoining properties, certain stormwater and detention basin improvements (“Upstream Improvements”), as further defined in Section D, were required to be installed. At the request of the property owners, the District was formed to fund the annual maintenance costs, as defined in the Rate and Method of Apportionment (RMA), of the Upstream Improvements. The District allows collection of revenue to fund the costs by levying a special tax on the property tax bill of properties within the District, provided the qualified electors (i.e. landowners or registered voters, depending upon the number of registered voters) have previously provided such approval. 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 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, within the City of Moreno Valley. The boundary map of the District was recorded 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.

The Future Annexation Area Boundary Map was also approved at the time the District was formed. It 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 recorded 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 maps are included in Appendix B of this report.

### C. ANNEXATION PROCEEDINGS

Since the District's formation, there have been three annexation proceedings:

- Annexation No. 1 – the City Council approved Resolution 2008-56, on May 27, 2008, confirming the results of the special election. The boundary map was recorded 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.
- Annexation 2019-02 – the City Council approved Resolution 2019-41, on August 20, 2019, confirming the results of the special election. The boundary map was recorded in the Office of the County Recorder of the County of Riverside on August 29, 2019, as Instrument No. 2019-0335754, on Page 11 of Book 84 in the Book of Maps of Assessments and Community Facilities Districts.
- Annexation 2019-03 – the City Council approved Resolution 2020-11, on March 17, 2020, confirming the results of the special election. The boundary map was recorded in the Office of the County Recorder of the County of Riverside on March 26, 2020, as Instrument No. 2020-0139511, on Page 1 of Book 85 in the Book of Maps of Assessments and Community Facilities Districts.

The boundary maps for each annexation are included in Appendix B. Table 2 identifies the annexed parcels.

**Table 2: Annexed Parcels**

Assessor's Parcel Number (APN)	Annexation Number	Date
297-170-004	1	May 27, 2008
297-170-005 <sup>1</sup>	1	May 27, 2008
297-170-027 <sup>2</sup>	1	May 27, 2008
297-170-075 <sup>3</sup>	1	May 27, 2008
297-170-076 <sup>3</sup>	1	May 27, 2008
297-170-029	2019-02	August 20, 2019
297-170-092	2019-03	March 17, 2020
<sup>1</sup> APNs 297-170-005 and 297-170-066 merged to form 297-170-082 then turned into 297-170-089 <sup>2</sup> APN 297-170-027 turned into 297-170-086 <sup>3</sup> 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 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 the parcel does not receive any benefit from the improvements in an email dated June 12, 2008. Hence, the special tax is not levied on that parcel.

## **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, the Upstream Improvements (i.e. additional stormwater and detention basin improvements) were constructed to adjoin the existing Heacock Street and Cactus Avenue Channels. The District 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, approximately 234,529 square feet of two detention basins 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 Council adopted Resolution No. 2005-83, which approved a maintenance agreement with the Centerpointe Business Park Property Owners Association (“Association”) and the District. On behalf of the Association, the City and District will perform the maintenance and operation of the Upstream Improvements for a term of 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

Consistent with the special tax rate formula included in the RMA, 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 is sufficient to fund the annual CFD Public Facilities Cost and Administrative Expenses, as defined in the RMA. Reasonably anticipated delinquencies from the previous fiscal year were taken into account when calculating the special tax requirement.

### A. ANNUAL CONSTRUCTION INFLATION INDEX

An annual inflation adjustment, as previously approved by the qualified electors, may be applied each fiscal year to the CFD Public Facilities Cost and the Maximum Special Tax. The Annual Construction Inflation Index 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. A history of the BCI adjustment factor is included in Table 3.

**Table 3: Annual Construction Inflation Index**

Fiscal Year	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 <sup>1</sup>	2.454%
2016/17	2.080%
2017/18	4.128%
2018/19	3.355%
2019/20	1.213%
2020/21	0.348%

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

### B. CFD PUBLIC FACILITIES COST

The District will 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 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 fiscal year thereafter based on the Annual Construction Inflation Index (Table 3). The history of the annual CFD Public Facilities Cost is included in Table 4.

**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 <sup>1</sup>	\$ 45,681.38
2016/17	\$ 46,631.55
2017/18	\$ 48,556.50
2018/19	\$ 50,185.57
2019/20	\$ 50,794.32
2020/21	\$ 50,971.08

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

### C. ADMINISTRATIVE EXPENSES

Administrative expenses are those directly related to the administration of the District and are included in Table 5. These expenses include the cost of preparing the annual special tax report, calculating the special tax rates, and levying the charges on the property tax roll. Costs may also include the City's expense to respond to public inquiries and coordinate with consultants, accountants, auditors, attorneys, and other professional services, as well as administrative services and project management provided by the City staff to monitor special tax installments, delinquencies, and related laws. Additional expenses include, but are not limited to, the cost 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.

### 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 Special Tax Requirement for FY 2020/21 is included in Table 5.



**Table 5: Special Tax Requirement**

<b>Gross Requirement</b>	
CFD Public Facilities Costs <sup>1</sup>	\$26,300.00
Administrative Expenses <sup>1</sup>	
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 <sup>2</sup>	0.00
<b>Total Gross Requirement</b>	<b>\$33,815.00</b>
<b>Credits/Adjustments</b>	
Fund Balance Contribution <sup>3</sup>	<b>(\$1,388.33)</b>
<b>Special Tax Requirement</b>	<b>\$32,426.67</b>
<p><sup>1</sup> Based on the FY 2020/21 adopted budget.</p> <p><sup>2</sup> The RMA allows the CFD Administrator to account for the reasonably anticipated delinquent special taxes based on the delinquency rate for special taxes levied in the previous fiscal year.</p> <p><sup>3</sup> Use of unassigned reserves.</p>	

### III. SPECIAL TAX CALCULATION

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#### A. METHOD OF SPECIAL TAX APPORTIONMENT

The RMA, adopted by Resolution No. 2005-97, places financial responsibility for annual maintenance of the Upstream Improvements on parcels within the District. The special tax is levied proportionally based on a parcel's square foot of land area. The special tax is not apportioned on an ad valorem basis, consistent with Article XIII A of the California Constitution.

#### B. MAXIMUM SPECIAL TAX

##### i. DEVELOPED AND UNDEVELOPED PROPERTY

Established by the RMA, the maximum annual special tax rate for each parcel of developed and undeveloped property was \$0.007370 per square foot of land area for fiscal year (FY) 2006/07 and can be increased each fiscal year thereafter, beginning in July 2007, by the Annual Construction Inflation Index, as referenced in Table 3. A history of the maximum special tax rate is included in Table 6.

**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 <sup>1</sup>	\$ 0.009614
2016/17	\$ 0.009813
2017/18	\$ 0.010218
2018/19	\$ 0.010560
2019/20	\$ 0.010688
2020/21	\$ 0.010725

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

##### ii. EXEMPTIONS

Exempt Property is 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 fiscal year, the legislative body shall levy the annual special tax until the amount of special taxes levied equals the annual special tax requirement (see Table 5). The annual special tax shall be levied each fiscal year, proportionately on each 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 FY 2020/21 special tax levy per parcel is included in Table 7.

**Table 7: Special Tax Levy**

Assessor's Parcel Number (APN)	Property Owner	Square Footage of Land Area <sup>1</sup>	Maximum Special Tax	Applied Special Tax <sup>2</sup>
297-170-004	NOVO LAND	391,604	\$ 4,199.95	\$ 1,887.20
297-170-029	RG CENTERPOINTE	368,518	\$ 3,952.35	\$ 1,775.94
297-170-068	TGA CENTERPOINTE LLC	381,586	\$ 4,092.50	\$ 1,838.92
297-170-069	TGA CENTERPOINTE LLC	1,061,557	\$ 11,385.20	\$ 5,115.80
297-170-071 <sup>3</sup>	UNITED STATES POSTAL SERVICE	Exempt	\$ -	\$ -
297-170-072	TGA CENTERPOINTE LLC	255,697	\$ 2,742.35	\$ 1,232.24
297-170-073 <sup>3</sup>	CENTERPOINTE BUSINESS PARK PROP OWNERS ASSN	Exempt	\$ -	\$ -
297-170-074 <sup>3</sup>	CENTERPOINTE BUSINESS PARK PROP OWNERS ASSN	Exempt	\$ -	\$ -
297-170-078	BARTLETT PROP	292,288	\$ 3,134.78	\$ 1,408.58
297-170-079 <sup>3</sup>	UNITED STATES POSTAL SERVICE	Exempt	\$ -	\$ -
297-170-086 <sup>4</sup>	IIT INLAND EMPIRE LOGISTICS CENTER	-	\$ -	\$ -
297-170-087	TGA CENTERPOINTE	2,242,033	\$ 24,045.80	\$ 10,804.69
297-170-088	PROLOGIS USLV TRS CASUB	394,654	\$ 4,232.65	\$ 1,901.89
297-170-089	PROLOGIS USLV NEWCA 7	804,118	\$ 8,624.16	\$ 3,875.16
297-170-092	BRODIAEA APG	536,659	\$ 5,755.66	\$ 2,586.24
<b>TOTAL</b>		<b>6,728,713</b>	<b>\$ 72,165.40</b>	<b>\$ 32,426.67</b>

<sup>1</sup> Excludes square footage of exempt parcels.  
<sup>2</sup> The applied special rate is established based on the needs of the District. It can be lower than but cannot exceed the maximum special tax rate. The FY 2020/21 applied special tax rate is \$0.004820 per square foot of land area.  
<sup>3</sup> Government owned parcels and lettered lots are exempt from the special tax.  
<sup>4</sup> 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—Riverside County Assessor's Office Monthly Assessment Roll Report

### 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**

<b>FY</b>	<b>Amount Levied</b>	<b>Amount Delinquent <sup>1</sup></b>	<b>Number of Delinquent Parcels</b>	<b>Percent Delinquent</b>
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%
2019/20	28,066.00	-	-	0.00%

<sup>1</sup> Amount delinquent per the Riverside County ([https://ca-riverside-ttc.publicaccessnow .com](https://ca-riverside-ttc.publicaccessnow.com)) as of February 26, 2020.

## 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

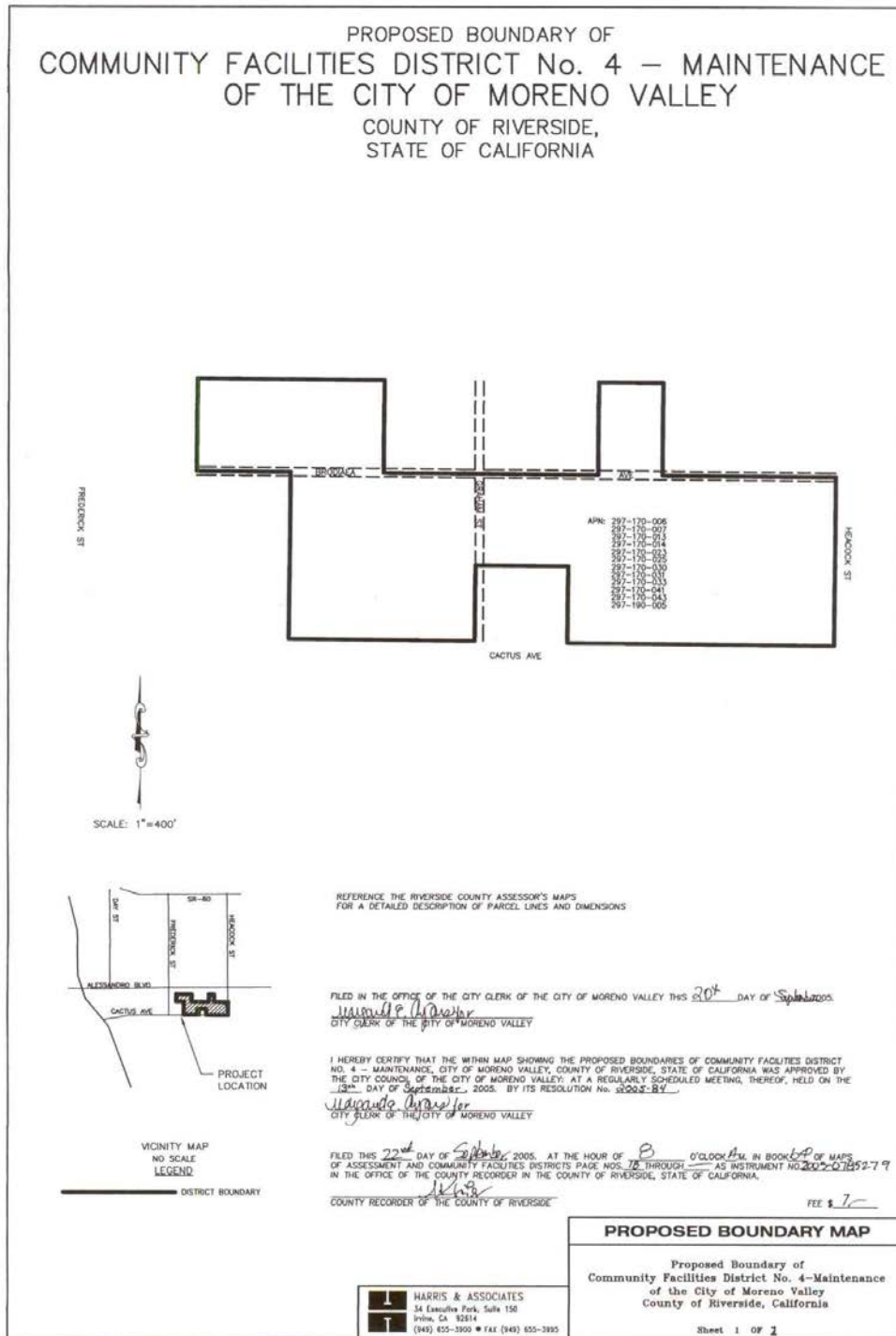
The City shall not perform or otherwise be responsible to implement any monitoring or mitigation compliance or certify to monitoring or mitigation compliance affecting the Upstream Improvements pursuant to (i) any conservation covenant or easement and (ii) any permits issued by the United States Army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

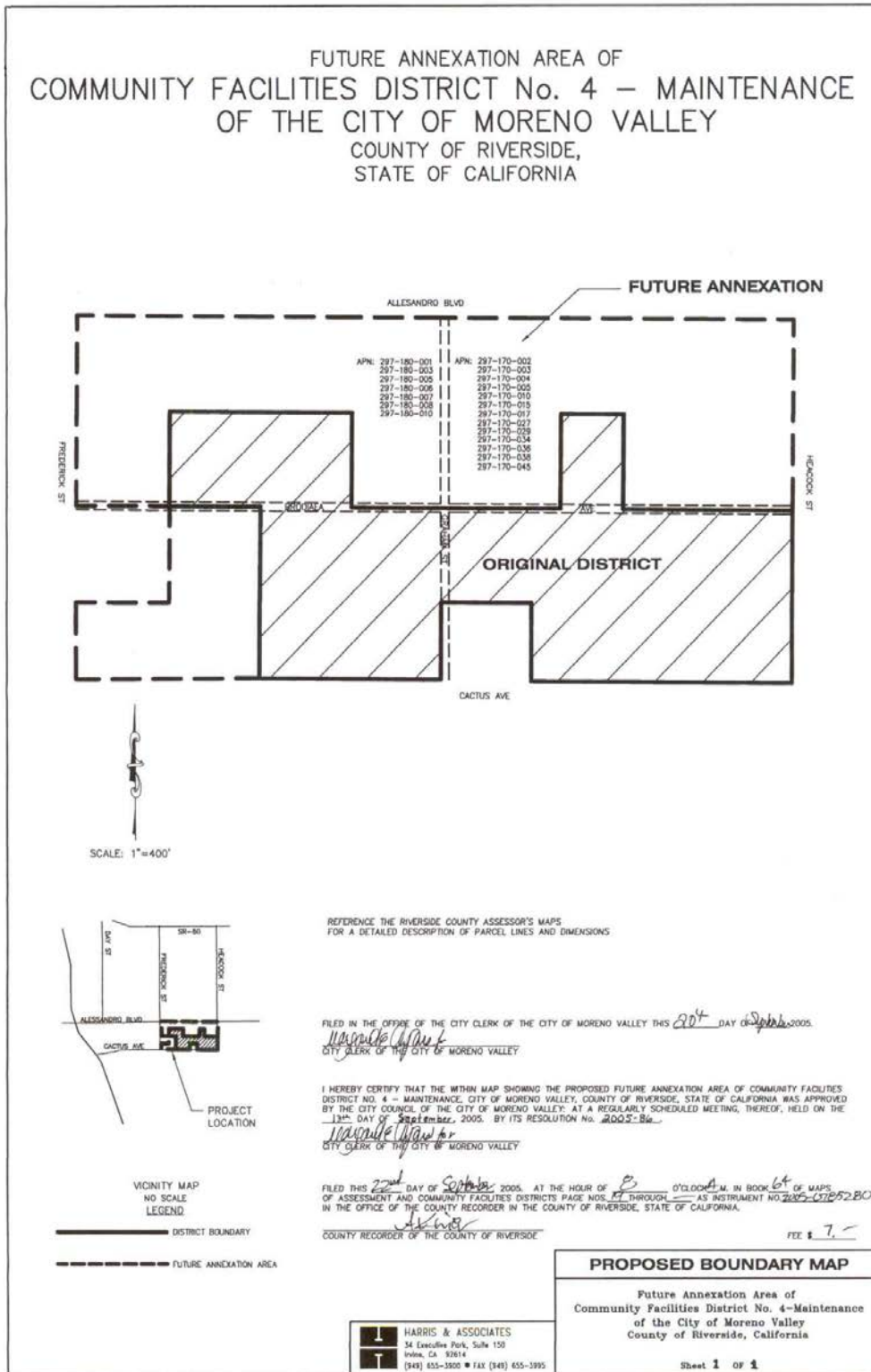


# Appendix B: Boundary Maps

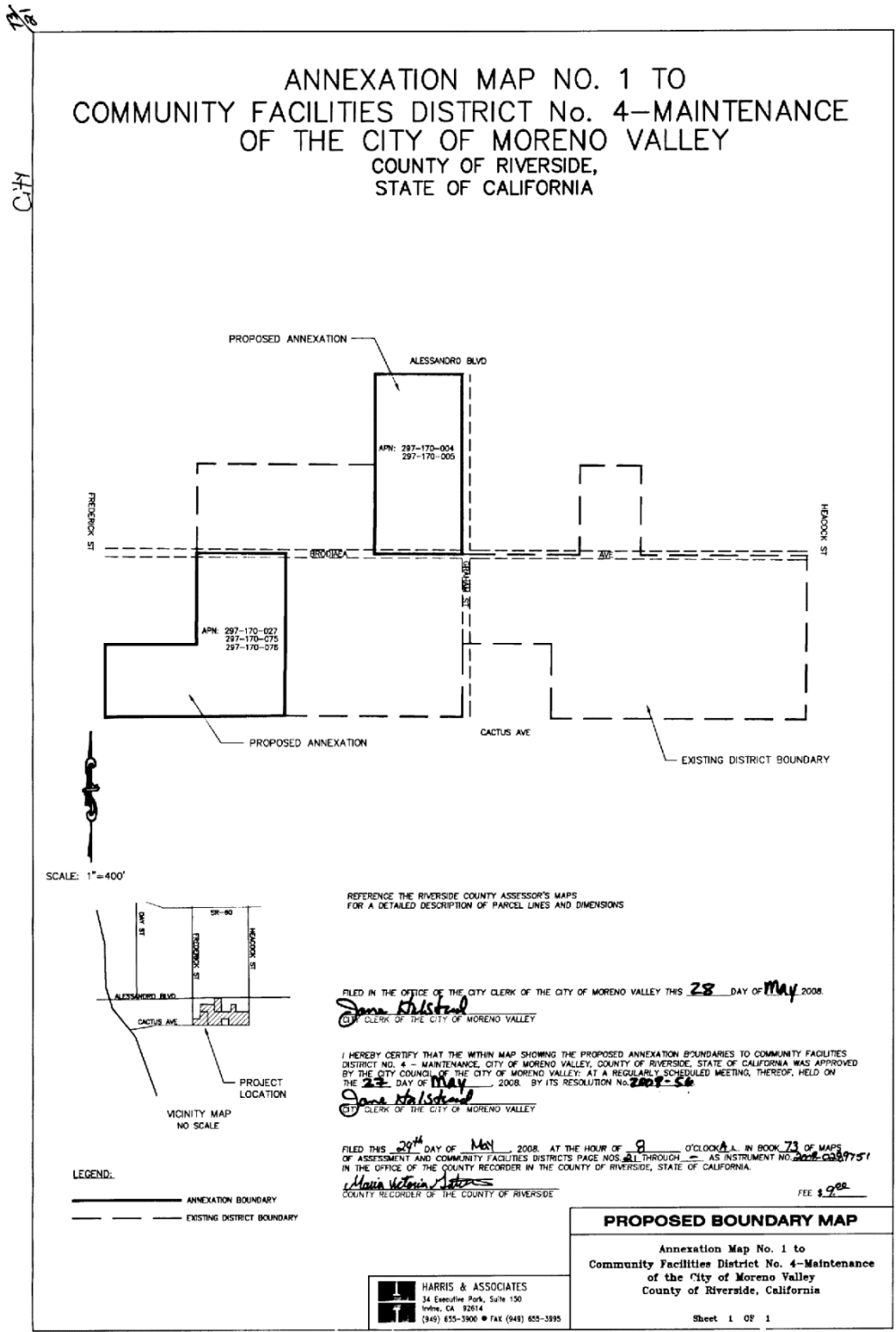
## Map 1: CFD No. 4-M Boundary Map



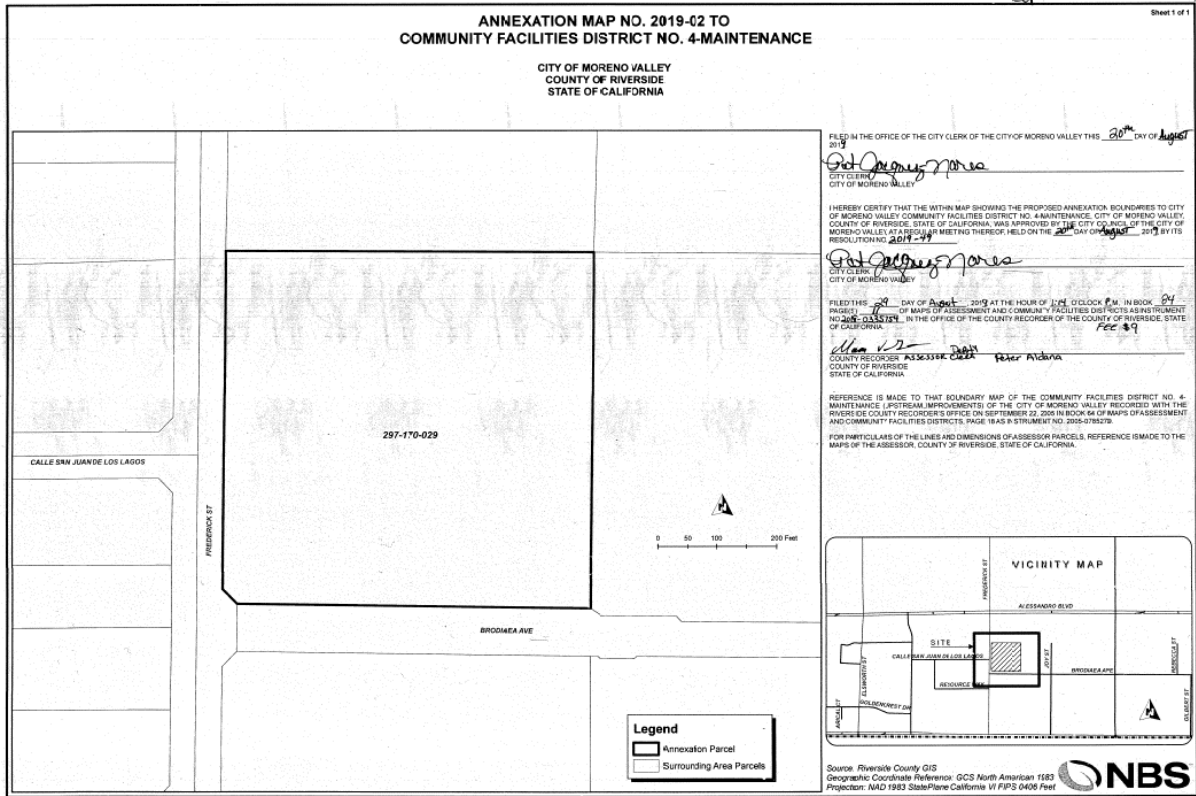
## Map 2: CFD No. 4-M Boundary Map – Future Annexation Area



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



# Map 4: CFD No. 4-M Boundary Map – Annexation No. 2019-02



Map 5: CFD No. 4-M Boundary Map – Annexation No. 2019-03

