



City of Oceanside

300 North Coast Highway,
Oceanside, California 92054

Staff Report

File #: 25-820

Agenda Date: 6/4/2025

Agenda #: 19.

DATE: June 4, 2025

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

TITLE: RESOLUTIONS OF COMMUNITY FACILITIES DISTRICTS NO. 2000-1 (OCEAN RANCH), NO. 2001-1 (MORRO HILLS), NO. 2006-1 (PACIFIC COAST), NO. 2022-1 (PUBLIC SAFETY SERVICES), NO. 2023-1 (NORTH RIVER FARMS PUBLIC FACILITIES), AND NO. 2023-2 (NORTH RIVER FARMS FIRE SERVICES) AUTHORIZING THE LEVY OF SPECIAL TAXES FOR FISCAL YEAR 2025-2026

RECOMMENDATION

Staff recommends that the City Council adopt resolutions authorizing the levy of special taxes for Community Facilities Districts 2000-1 (Ocean Ranch), 2001-1 (Morro Hills), 2006-1 (Pacific Coast), 2022-1 (Public Safety Services), 2023-1 (North River Farms Public Facilities), and 2023-2 (North River Farms Fire Services) for FY 2025-2026.

BACKGROUND AND ANALYSIS

The Mello-Roos Community Facilities Act was enacted in 1982 to provide alternate means for financing infrastructure following the passage of Proposition 13. The Act allows cities, counties, and special districts to create defined areas within their jurisdiction and, by a two-thirds vote within the area, impose special taxes to pay for the public improvements and services required by the area. The Community Facilities District (CFD) may provide for the purchase, construction, expansion, or rehabilitation of any real or tangible property with a useful life of at least five years. The CFD may also finance soft costs (such as planning and consulting) involved in the formation of the CFD.

A CFD is a public finance tool to facilitate providing infrastructure for new development that has a broad public benefit. The underlying principles contained in the City's CFD policy are that the public interest is protected; there is fairness in the application of the special taxes; there is full disclosure to potential buyers; and that the City's financial position is protected.

There are seven CFDs being addressed under these resolutions. These are:

- 1) The Ocean Ranch Corporate Centre,
- 2) The Morro Hills Development,
- 3) Morro Hills Improvement Area,
- 4) The Pacific Coast Business Park,
- 5) Citywide Public Safety Services,
- 6) The North River Farms Public Facilities, and
- 7) The North River Farms Fire Services.

The Ocean Ranch Corporate Centre, CFD 2000-1, is an industrial subdivision of approximately 308 net developable acres located north of Oceanside Boulevard and west of College Boulevard. In 2001, the landowners within Ocean Ranch Corporate Centre voted to incur indebtedness and issue bonds in the maximum amount of \$25 million. The first bond issue took place in December 2002 for a face value of \$12,265,000. The second bond issue took place in November 2004 for a face value of \$12,735,000. Both of these bond issues were refinanced in 2013 and 2014, respectively.

Morro Hills Development, CFD 2001-1, is a master-planned community of approximately 588 acres located in northeastern Oceanside's San Luis Rey Valley, just south of the intersection of Vandegrift Road and Douglas Drive. Now referred to as Arrowood, the master plan included 1,007 residential units to be developed around an 18-hole championship public golf course. The master plan also included a public park, elementary school, village center, country store, church and daycare center. In 2002, the City issued the first phase of bonds in the amount of \$9,915,000. The second phase was issued in February 2004, in the amount of \$11,000,000, to finance construction of infrastructure improvements required for the development of the property within Improvement Area No. 1 within the District. The final phase of bonds was issued in December 2004, for a face value of \$16,085,000. All three of these bond issues were refinanced in 2013, 2014, and most recently in 2024.

Pacific Coast Business Park, CFD 2006-1, is 105 acres of a 152-acre site, located south of Old Grove Road, west of College Boulevard. The property is entitled for approximately 1,500,000 square feet of industrial, research and development and office space. In 2006, the land owners within Pacific Coast Business Park voted to incur indebtedness and issue bonds in the maximum amount of \$12 million. Bonds were issued in May 2008, in the par value amount of \$8,880,000. These bonds were refinanced in 2017.

The Citywide Public Safety Services CFD, CFD 2022-1, is a City-wide district that funds police and fire services. There is currently one development (Alta Oceanside) located in Zone A of the CFD. Future development will annex into the CFD and will be designated as Zone B.

Finally, the North River Farms development, CFDs 2023-1 and 2023-2, is a 177-acre site located along North River Road. At build-out, it is anticipated that the development will consist of 395 residential units subject to the special tax. CFD 2023-1 funds public facilities and CFD 2023-2 funds fire services.

The special tax levy began in tax year 2003-2004 for CFDs 2000-1 (Ocean Ranch) and 2001-1 (Morro Hills). The special tax levy began in tax year 2008-2009 for CFD 2006-1 (Pacific Coast). The special tax levy began in tax year 2025-2026 for CFD 2022-1 (Public Safety Services), CFD 2023-1 (North River Farms Public Facilities), and CFD 2023-2 (North River Farms Fire Services). The City Council has approved the special tax levies each year.

The attached resolutions authorize the levying of special taxes for the Ocean Ranch, Morro Hills, Pacific Coast, Public Safety Services, North River Farms Public Facilities, and North River Farms Fire Services Community Facilities Districts for FY 2025-2026.

FISCAL IMPACT

The FY 2025-2026 Special Tax Requirement for each of the respective CFDs has been calculated by the Districts' special tax consultant, and will be submitted to the San Diego County Assessor's office for placement on the 2025-2026 tax rolls as follows:

CFD	FY2024-2025 Special Tax Assessment	FY2025-2026 Special Tax Assessment	% Change
Ocean Ranch	1,727,255	1,761,801	2.0%
Morro Hills	1,099,898	908,269	-17.4%
Morro Hills IA	481,488	426,503	-11.4%
Pacific Coast	661,808	631,988	-4.5%
Public Safety Services	0	56,600	NA
North River Farms Public Facilities	0	336,878	NA
North River Farms Fire Services	0	243,491	NA
Total	3,970,449	4,365,530	NA

These special taxes will result in total revenue of \$4,365,530 that will be dedicated to paying debt incurred in the formation of the CFDs, annual services, and for ancillary costs associated with the administration of the districts. The Morro Hills and Morro Hills IA CFD assessment decrease from prior year is due to the 2024 bond refunding.

The CFD Special Tax Levy Requirements were calculated by the Districts' special tax consultant in April 2025 and were based on the Districts' trustee account balances, fiscal year special tax collections and expense information available as of March 2025. The Special Tax Levy Receipts included in the adopted 2025-2026 budget represent conservative estimates of the special tax levy requirements based on the Districts' financial balance information available as of March 2025.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

Prepared by: Silvia Twardy, Supervising Accountant
 Reviewed by: Jill Moya, Financial Services Director
 Submitted by: Jonathan Borrego, City Manager

ATTACHMENTS:

1. Staff Report
2. Ocean Ranch CFD Resolution

3. Morro Hills CFD Resolution
4. Pacific Coast CFD Resolution
5. Public Safety Services CFD Resolution
6. NRF Public Facilities CFD Resolution
7. NRF Fire Services CFD Resolution