

City of Hesperia

STAFF REPORT



DATE: December 16, 2025

TO: Mayor and City Council Members

FROM: Rachel Molina, City Manager

BY: Casey Brooksher, Assistant City Manager

SUBJECT: Receive and File the Local Agency Special Tax and Bond Accountability Act Report (SB 165) for the Fiscal Year Ended June 30, 2025

RECOMMENDED ACTION

It is recommended that the City Council receive and file the Local Agency Special Tax and Bond Accountability Act Reports (SB 165) for Communities Facilities District (CFD) 2005-1 (Belgate Development Restructuring), CFD 2021-1 (Residential Maintenance & Services), CFD 2022-1 (Non-Residential Maintenance & Services), and CFD 2023-1 (Silverwood Maintenance & Services) for the Fiscal Year Ended June 30, 2025.

BACKGROUND

CFD 2005-1 is the result of a workout agreement to restructure the previously defaulted CFD 91-3 (Belgate Development Project) \$10,000,000 Special Tax Bonds, 1992 Series A (1992 Bonds). These bonds were used to finance the construction of certain street, sewer, water, storm drain, and fire suppression improvements within CFD No. 91-3. The 1992 Bonds were in default because the properties were not built-out as expected, which resulted in the failure to pay the special taxes.

On August 10, 2003, the City entered into a Workout Agreement with Hesperia-ET Ventures, LLC to restructure the defaulted 1992 Bonds from CFD 91-3. Because delinquent principal and interest on the 1992 Bonds continued to accrue since issuance, the amount to defease and redeem the 1992 Bonds exceeded \$18 million. In order to extend the maturity of the bonds and implement a new development plan, a new CFD was formed for the purpose of refunding the 1992 Bonds. In 2005, CFD 2005-1 was formed and the related CFD 2005-1 (Belgate Development Restructuring) \$18,554,508 Special Tax Bonds, 2005 Series A were issued to refinance and restructure the 1992 Bonds.

In December 2014, these bonds were refinanced into CFD 2005-1 Special Tax Refunding Bonds, Series 2014, achieving a net present value savings of \$4.2 million. The refinancing lowered the special taxes by approximately 12% for the parcel owners within the District. In 2024, the City Council approved an additional refinance of this bond in order to achieve further savings for the property owners. The CFD 2005-1 Bonds are secured by and payable solely from the proceeds of special taxes levied annually on the taxable property in the district.

CFD 2021-1 (Residential Maintenance & Services) - CFD 2021-1 was established March 15, 2022 to fund maintenance and associated services related to new residential development. The map of the boundary of CFD 2021-1, including Future Annexation Area (allowing future developments within the area to annex into CFD 2021-1), and the Rate and Method of Apportionment were approved on February 15, 2022. A Special Landowner Election was held the

same day. The second reading and adoption of Ordinance 2022-01 – Authorizing the Levy of Special Taxes, was approved on March 15, 2022. No bonds were issued related to this CFD.

CFD 2022-1 (Non-Residential Maintenance & Services) - CFD 2022-1 was established June 7, 2022, to mitigate the negative fiscal impacts associated with new development to the City, to include enhanced police protection services as well as funding for enhanced roadway maintenance services for future non-residential development. The map of the boundary of CFD 2022-1, including Future Annexation Area (allowing future developments within the area to annex into CFD 2022-1), and the Rate and Method of Apportionment were approved on May 17, 2022. A Special Landowner Election was held the same day. The second reading and adoption of Ordinance 2022-06 – Authorizing the Levy of Special Taxes, was approved on June 7, 2022. No bonds were issued related to this CFD.

CFD 2023-1 (Silverwood Maintenance & Services) - CFD 2023-1 was established August 15, 2023 to mitigate the negative fiscal impacts associated with the Silverwood Development, including enhanced public safety services as well as funding for enhanced roadway maintenance services. The map of the boundary of CFD 2023-1, including Future Annexation Area (allowing for future streamlined annexation of additional properties' zones within the Silverwood Specific Plan Area into CFD 2023-1), and the Rate and Method of Apportionment were approved on August 1, 2023. A Special Landowner Election was held the same day. The second reading and adoption of Ordinance 2023-11 – Authorizing the Levy of Special Taxes, was approved on August 15, 2023. No bonds were issued related to this CFD.

ISSUES/ANALYSIS

Annually, a report is required of the CFD, which includes information prepared in compliance with the Local Agency Special Tax and Bond Accountability Act (Accountability Act). The Accountability Act was enacted by the California State Legislature through SB 165 to provide accountability measures for any local special tax and/or bond measure subject to voter approval on or after January 1, 2001. According to the requirements of the Accountability Act (Section 53410 of the Government Code of the State of California), an annual report must be filed by the local agency levying the special tax and/or issuing a bond measure and shall contain a description of the following:

1. The amount of the funds collected and expended.
2. The status of any project required or authorized to be funded by the special tax and/or bond measure.

In compliance with SB 165, the reports for CFD 2005-1, CFD 2021-1, CFD 2022-1, and CFD 2023-1 for the Fiscal Year (FY) Ended June 30, 2025 is provided as Attachments 1 and 2 to this staff report and includes information regarding the total amount of annual Special Taxes collected and expended during FY 2024-25, as well as the status of projects authorized by the bonds.

CITY GOAL SUPPORTED BY THIS ITEM

Financial Health - Maintain a balanced budget and adequate reserves.

FISCAL IMPACT

There is no fiscal impact associated with receiving and filing the SB 165 report.

ALTERNATIVE(S)

1. Provide alternative direction to staff.

ATTACHMENT(S)

1. Local Agency Special Tax and Bond Accountability Act Report (SB 165) – CFD 2005-1 (Belgate Development Restructuring)
2. Local Agency Special Tax and Bond Accountability Act Report (SB 165) – CFD 2021-1 (Residential Maintenance & Services), CFD 2022-1 (Non-Residential Maintenance and Services), and CFD 2023-1 (Silverwood Maintenance & Services)