

City of Sacramento

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Title:	Formation Proceedings for Greenbriar Community Facilities District No. 2018-03 (Improvements) and Sacramento Services Community Facilities District No. 2018-05 [Noticed 11/16/2018]		
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Title:

Formation Proceedings for Greenbriar Community Facilities District No. 2018-03 (Improvements) and Sacramento Services Community Facilities District No. 2018-05 [Noticed 11/16/2018]

File ID: 2018-01463

Location: District 1

Recommendation:

Conduct a public hearing and upon conclusion, adopt: 1) a Resolution of Formation establishing the Greenbriar Community Facilities District (CFD) No. 2018-03 (Improvements) (referred to herein as the Greenbriar Improvement CFD), improvement area No. 1, and improvement area No. 2 therein, and providing for a levy of special tax; 2) a Resolution deeming it necessary to incur bonded indebtedness for each improvement area within the Greenbriar Improvement CFD; 3) a Resolution calling for a special mailed-ballot election for each improvement area of the Greenbriar Improvement CFD on November 28, 2018; 4) a Resolution of Formation establishing the Sacramento Services CFD No. 2018-05 (referred to herein as the Maintenance CFD) and providing for a levy of special tax; 5) a Resolution calling for a special mailed-ballot election for the Maintenance CFD on November 28, 2018; and 6) a Resolution of Intention to establish a unanimous approval process for future annexation of territory into the Maintenance CFD.

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Presenter: Arwen Wacht, Program Specialist, (916) 808-7535, Department of Finance

Attachments:

01-Description/Analysis
02-Background
03-Schedule of Proceedings
04-Resolution of Formation - (Greenbriar Improvement CFD)
05-Exhibit A - Boundary Map - (Greenbriar Improvement CFD)
06-Exhibit B - List of Authorized Facilities and Fees (Greenbriar Improvement CFD)
07-Exhibit C - List of Incidental Expenses (Greenbriar Improvement CFD)
08-Exhibit D - Rate and Method of Apportionment - Improvement Area No. 1 (Greenbriar Improvement CFD)
09-Exhibit E - Rate and Method of Apportionment - Improvement Area No. 2 (Greenbriar Improvement CFD)
10-Exhibit F - Hearing Report - (Greenbriar Improvement CFD)
11-Resolution - Deeming It Necessary to Incur Bonded Indebtedness - (Greenbriar Improvement CFD)
12-Resolution - Calling Special Mailed-Ballot Election - (Greenbriar Improvement CFD)
13-Exhibit A-1 - Ballot for Improvement Area 1 - (Greenbriar Improvement CFD)
14-Exhibit A-2 - Ballot for Improvement Area 2 - (Greenbriar Improvement CFD)
15-Exhibit B - Waiver and Consent Forms - (Greenbriar Improvement CFD)
16-Resolution of Formation - (Maintenance CFD)
17-Exhibit A - Boundary Map - (Maintenance CFD)
18-Exhibit B - List of Authorized Services - (Maintenance CFD)
19-Exhibit C - Rate and Method of Apportionment of Special Tax - (Maintenance CFD)
20-Exhibit D - Hearing Report - (Maintenance CFD)
21-Resolution - Calling Special Mailed-Ballot Election - (Maintenance CFD)
22-Exhibit A - Ballot - (Maintenance CFD)
23-Exhibit B - Waiver and Consent Forms - (Maintenance CFD)
24-Resolution - Intention to Establish Future Annexation of Territory- (Maintenance CFD)
25-Exhibit A - Map of District and Future Annexation Area - (Maintenance CFD)
26-Exhibit B - List of Authorized Services - (Maintenance CFD)
27-Exhibit C - Rate and Method of Apportionment of Special Tax - (Maintenance CFD)
28-Exhibit D - Annexation Procedures - (Maintenance CFD)

Description/Analysis

Issue Detail: Integral Communities, LLC (Developer), the master developer of the Greenbriar development, has applied to the City to form the Greenbriar Improvement CFD with two improvement areas (one north and one south of the future Meister Way), for the purpose of obtaining tax-exempt bond financing. The bond proceeds are expected to partially reimburse the Developer for the cost of public infrastructure that the City will acquire from the Developer, as well as certain development fees

that the Developer must pay to the City and local agencies (for example, the Twin Rivers Unified School District). Approval of the Greenbriar Improvement CFD will authorize the City to sell bonds and to levy the special tax to pay debt service for the bonds, administrative costs of the CFD, and fund the authorized facilities and fees.

Also, under the conditions of approval for the Greenbriar development project (P11-093), the property owners are required, prior to recordation of the final subdivision map, to annex the project area to an existing financing district, or to establish a new financing district for the maintenance of landscaping, parks, open space, and other public improvements that are beyond those typically provided by the City. The establishment of the Maintenance CFD will satisfy the entitlement conditions for maintenance by authorizing the City to levy special taxes in an amount sufficient to provide maintenance funding. A full list of the services authorized to be funded by the Maintenance CFD are provided in Exhibit B (Attachment 18) of the Resolution of Formation for the Maintenance CFD (Attachment 16).

In addition, development projects in the City that are not currently located in the Maintenance CFD boundaries may desire to annex into the Maintenance CFD to meet certain development requirements. Traditional annexations to a community facilities district require no less than four Council meetings and several months to complete; however, a streamlined annexation process can be created by the approval of Council.

The passage of the attached Resolution of Intention to Provide for Future Annexation of Territory (Attachment 24) is the first step to allow for future annexations to the Maintenance CFD by the unanimous approval of the owner(s) of property to be annexed. Once this unanimous consent process is established, Council action will not be required for future annexations to the Maintenance CFD from the “future annexation area”.

Policy Considerations: The procedures under which these districts are being formed are set forth in Title 5, Division 2, Chapter 2.5 of the Government Code, Sections 53311-53368.3, entitled “The Mello-Roos Community Facilities Act of 1982” (Act). Formation of the CFDs are consistent with the City’s Policy and Procedures for Use of Special Assessment and Mello-Roos Community Facilities District Financing for Infrastructure and Public Facilities, as amended, adopted August 9, 1994 by City Resolution No. 94-491 (Mello-Roos Policy).

The recommended action to form the Maintenance CFD is also consistent with City policy to implement special districts to fund the maintenance and repair of amenities, facilities, and improvements within a project that exceed City standards. In addition, the recommended action will create a streamlined annexation process that is less costly and provides flexibility to customize special tax rates for annexing projects based on the specific cost of services provided. As required by the Act, these services will not supplant services already available within that territory prior to annexation. The Greenbriar project will be the first, and currently only, project within the boundary of the Maintenance CFD. In the future, other development projects in the City can annex

administratively, without additional Council action, if a “future annexation area” is created. The procedures relative to the creation of a future annexation area are set forth in the Act, and several community facilities districts in the City are already successfully utilizing the streamlined annexation process.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the CEQA Guidelines, the formation of community facilities districts as funding mechanisms without commitment to any specific projects which could result in a significant impact to the environment does not constitute a project for purposes of CEQA and is therefore exempt from review [CEQA Guidelines section 15378(b)(4)].

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The actions in the recommended resolutions are required by the Act in order to form the CFDs, authorize the special taxes, authorize the bonds for the Greenbriar Improvement CFD, and allow future annexations from the “future annexation area” to the Maintenance CFD using the unanimous approval process permitted under California Government Code Section 53339.7.

Financial Considerations: Specific to the Greenbriar Improvement CFD, the Developer will fund development fees and public improvement costs and be reimbursed at a later time if and when sufficient bond proceeds and special taxes are available. These reimbursements will be limited to public improvement and fees charged to construct public improvements that otherwise comply with the Mello-Roos Policy or any subsequent update to such policy. The special taxes will be used for the sole purpose of funding reimbursements and administrative expenses. Both of these uses may be paid by bond proceeds or directly from special taxes. The Greenbriar Improvement CFD will have two improvement areas. The maximum special tax rates for properties located in Improvement Area No. 1 and Improvement Area No. 2 are outlined in each improvement area’s Rate and Method of Apportionment of Special Tax, which are included as Exhibit D (Attachment 8) and Exhibit E (Attachment 9) to the Resolution of Formation. In addition to a separate Rate and Method of Apportionment of Special Tax, each improvement area also has its own appropriations limit and indebtedness limit.

Specific to the Maintenance CFD, the property owners will pay all costs associated with the CFD. The maximum special tax rates for properties located in the CFD are outlined in the Rate and Method of Apportionment of Special Tax, which is included in Exhibit C (Attachment 19) to the Resolution of

Formation for the Maintenance CFD (Attachment 16). In addition, property owners will pay all costs associated with annexing to the Maintenance CFD, and the maximum special tax rates for annexing properties may vary for each annexation depending on the needs of the territory being annexed.

The formation of these CFDs will not create an obligation on the general fund or any other City funds.

Local Business Enterprise (LBE): Not applicable.