

# City of Sacramento

## Legislation Text

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**File #:** 2018-01738, **Version:** 1

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**Title:**

**(Pass for Publication) Sacramento Services Community Facilities District No. 2018-05 (CFD No. 2018-05) Ordinance to Levy a Special Tax on Future Annexed Land**

**File ID:** 2018-01738

**Location:** Citywide

**Recommendation:**

1) Pass a Motion by a majority vote allowing the City Council to review and adopt an ordinance to levy a special tax without the Law and Legislation Committee's prior review (Council Rules of Procedure, chapter 13, section B.1.i(ii)); 2) review an ordinance to levy a special tax on land to be annexed into CFD No. 2018-05 at a future date; and 3) pass for publication the ordinance title as required by section 32(c) of the Sacramento City Charter for adoption on February 12, 2019.

**Contact:** Eric Frederick, Program Specialist, (916) 808-5129; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance.

**Presenter:** None.

**Attachments:**

- 1-Description/Analysis
- 2-Schedule of Proceedings
- 3-Ordinance

**Description/Analysis**

**Issue Detail:** In 2014, Section 53340 of the Mello-Roos Community Facilities Act of 1982 (Act) was amended to allow parcels being annexed into an existing community facilities district to be taxed by ordinance at specific special tax rates with the unanimous approval of property owners in the area to be annexed.

On December 11, 2018, Council passed a Resolution of Intention (Resolution No. 2018-0480) to create a "future annexation area" and allow development projects to annex into CFD No. 2018-05

administratively using the unanimous approval process. On January 22, 2019, Council adopted a Resolution Establishing Territory as a Future Annexation Area to CFD No. 2018-05 (Resolution No. 2019-0031), thereby establishing the “future annexation area” of CFD No. 2018-05.

CFD No. 2018-05 was formed solely to fund the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities, landscape areas, and any other services authorized under the Act and the City’s charter and will not finance capital improvements or issue bonds. No new or additional services beyond those already authorized under CFD No. 2018-05 will be provided in the territory proposed to be annexed to CFD No. 2018-05; however, services need not be shared in common between CFD No. 2018-05 and the territory proposed to be annexed in the future. No special tax or lien is imposed until required by project entitlements.

Staff recommends that Council pass a motion bypassing review of the attached ordinance by the Law and Legislation Committee pursuant to Council Rules of Procedure, chapter 13, section B.1.i(ii), and pass for publication the ordinance levying the special tax.

**Policy Considerations:** The recommended action will provide a mechanism to fund services provided by the City for project areas annexed to CFD No. 2018-05 with flexibility to customize special tax rates 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. Further, the unanimous approval process allows future development projects to be annexed into CFD No. 2018-05 administratively without additional Council action and allows special tax rates to be set at levels appropriate to the services provided to each portion of annexed territory.

**Economic Impacts:** None.

### **Environmental Considerations:**

**California Environmental Quality Act (CEQA):** Under CEQA Guidelines, the formation of a community facilities district and continuing administrative activities do not constitute a project and are therefore exempt from review (14 Cal. Code Regs. §15378(b)(4) & (5)).

**Sustainability:** Not applicable.

**Commission/Committee Action:** Not applicable. The City Council must pass a motion to bypass the Law and Legislation Committee.

**Rationale for Recommendation:** The recommended actions are necessary to allow for future annexations to CFD No. 2018-05 using the unanimous approval process permitted under the Act.

**Financial Considerations:** The property owners will pay all costs associated with annexing to CFD No. 2018-05. The maximum special tax rates for properties located in CFD No. 2018-05 are outlined in the Rate and Method of Apportionment of Special Tax (included as Exhibit C to both Resolution No. 2018-0480 and Resolution No. 2019-0031) but may vary for each annexation depending on the services needed in the territory being annexed. There is no impact on the General Fund or any other funds of the City as a result of this action.

**Local Business Enterprise (LBE):** Not applicable.