

City of Sacramento

Legislation Text

File #: 2019-01146, **Version:** 1

Title:

Greenbriar Community Facilities District No. 2018-03 Acquisition and Shortfall Agreement and Agreement to Reimburse Fees

File ID: 2019-01146

Location: District 1

Recommendation:

Pass a Motion: 1) authorizing the City Manager or the City Manager's designee to execute an Acquisition and Shortfall Agreement with the Greenbriar Project Owner LP for improvements to be constructed as part of the Greenbriar Community Facilities District No. 2018-03; and 2) authorizing the City Manager or the City Manager's designee to execute an agreement with the Greenbriar Project Owner LP to reimburse certain development fees from bond and tax proceeds.

Contact: Arwen Wacht, Program Specialist, (916) 808-7535; Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Acquisition and Shortfall Agreement
- 4-Fee Reimbursement Agreement

Description/Analysis

Issue Detail: On November 27, 2018, City Council formed the "Greenbriar Community Facilities District No. 2018-03 (Improvements)" (CFD) to issue bonds supported exclusively by the special tax to partially reimburse the developer for the cost of public infrastructure. In connection with the acquisition of facilities, the City and The Greenbriar Project Owner, LLC (Developer) propose to enter into an Acquisition and Shortfall Agreement (A&S Agreement) that prescribes how the Developer is to construct the facilities and specify how the City will reimburse the Developer from special-tax revenues and bond proceeds.

On November 10, 2015, the City Council approved a standard-form A&S Agreement for the acquisition of developer-constructed public improvements (Resolution 2015-0343). The attached A&S Agreement differs from the standard A&S Agreement by allowing the project lender to assume the A&S Agreement automatically in certain circumstances, therefore the City Council's approval is required for this A&S Agreement.

The Agreement to Reimburse Fees from Bond Proceeds (Fee Agreement) establishes compliance with the requirements of state law that parties declare intent to reimburse fees from bond proceeds issued or special tax revenue generated after payment of those fees. The Developer will commence development of the Greenbriar development (Project), pay the requisite fees, and construct improvements.

Through the issuance of bonds, the City will acquire certain public facilities constructed by the Developer and may reimburse certain development fees in accordance with the Fee Agreement. The debt issuance is anticipated in calendar year 2020.

Policy Considerations: Both the A&S Agreement and the Fee Agreement (collectively, the Agreements) are necessary to reimburse the Developer for construction of facilities or payment of infrastructure related fees. They do not bind the City to make any expenditure, to incur any indebtedness, or to proceed with the Project.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): The City prepared an environmental impact report (EIR) that evaluated the environmental effects of the Greenbriar Development Project (M05-046/P05-069). The EIR was certified by the City Council on January 29, 2008 (Resolution No. 2008-053). The City Council later certified the EIR and an addendum for modification to the previously approved project and next stage entitlements for the Greenbriar Development Project (P11-093) on May 30, 2017 (Resolution 2017-0207).

The City Council's action in approving these agreements is solely for the purpose of providing funding and reimbursement mechanisms and does not affect the environmental review the was previously prepared for the Greenbriar Development Project. No additional CEQA review is required.

Sustainability: Not applicable.

Commission/Committee Action: None.

Rationale for Recommendation: Approval of the Agreements will support new development within the City. The Greenbriar development project will add approximately 2,753 residential units to the City's housing supply. Approval of the Agreements will allow for the acquisition of public infrastructure and provide greater flexibility for the reimbursement of certain fees associated with the Project.

Financial Considerations: The Developer will initially use its own funds to finance construction of the public improvements and to pay development fees associated with public improvements. Later, if and when sufficient bond proceeds and special taxes are available, the City will reimburse the Developer consistent with the City's Mello-Roos Policy and with associated Agreements. The bond proceeds and special taxes will be used for the sole purposes of: (a) funding construction-cost and development-fee reimbursements to the Developer and (b) paying the City's administrative expenses. The payment of principal and interest on the bonds would be secured by a special tax lien placed on each property within the CFD, without obligations placed on other funds of the City. The bond sale is anticipated to occur in the 2020, depending on market conditions. There are no impacts on other funds of the City.

Local Business Enterprise (LBE): Not applicable.