

RESOLUTION NO. 2019-0066

Adopted by the Sacramento City Council

March 5, 2019

Approving the Interpretation of Section G.3 in the Rate and Method of Apportionment of Special Tax for McKinley Village Community Facilities District No. 2015-04 (Improvements)

BACKGROUND

- A. The City Council established the McKinley Village Community Facilities District No. 2015-04 (Improvements) (the “CFD”) on July 28, 2015 (Resolution No. 2015-0242). At the same time, the City Council approved the rate and method of apportionment for the CFD’s special tax (the “RMA”).
- B. Among other things, the RMA authorizes the partial prepayment of special taxes on parcels. (RMA § G.3.) It also provides that the City Council may, by resolution, interpret the RMA for purposes of clarifying any vagueness or ambiguity in the RMA’s special-tax rates, method of apportionment, classification of properties, and definitions. (RMA § I.)
- C. The primary developer of the CFD, Encore McKinley Village, LLC, has requested a preliminary calculation of the partial prepayment of special tax for parcels that fall within—or straddle—two tax zones. Working with NBS (the City’s special tax administrator), the Treasurer’s Office and the City Attorney’s Office determined that the RMA is unclear on the procedure for calculating the special tax on a tax-zone-straddling parcel.
- D. After consulting with NBS, Goodwin Consulting Group (which drafted the RMA), and Orrick, Herrington & Sutcliffe LLP (bond counsel for the CFD), the Treasurer’s Office and the City Attorney’s Office determined that a reasonable way to apportion the special tax on zone-straddling parcels in the CFD is to interpret the RMA as follows: determine which tax zone contains the majority of the parcel and apply to the entire parcel the special tax for that tax zone.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

Section 1. The facts in the background are true.

Section 2. RMA § G.3 is vague on how the City should classify and tax parcels that are within two tax zones.

Section 3. RMA § G.3 is hereby interpreted as follows: a parcel that is within two tax zones will be classified as being in the zone that contains more than 50% of the parcel (measured in square feet), and the entire parcel will be taxed at the rate for that zone.

Section 4. This interpretation of RMA § G.3 is fair and equitable to all owners of property within the CFD and thus is consistent with Government Code § 53325.3, which says that the tax may be apportioned on any “reasonable basis as determined by the legislative body [i.e., the City Council].”

Adopted by the City of Sacramento City Council on March 5, 2019, by the following vote:

Ayes: Members Ashby, Carr, Guerra, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg

Noes: None

Abstain: None

Absent: None

Attest:

Mindy Cuppy

Digitally signed by Mindy Cuppy
Date: 2019.03.07 11:56:37
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Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.