



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

CONSENT  
February 27, 2007

Honorable Mayor and  
Members of the City Council

**Title:** Natomas Central Community Facilities District No. 2006-02, Adopt an Ordinance to Levy A Special Tax

**Location/Council District:** North Natomas – Del Paso Road and El Centro Road, located in Council District 1 (Location Map, Page 6)

**Recommendation:** Adopt an ordinance to levy a special tax on land within the Natomas Central Community Facilities District No. 2006-02.

**Contact:** Bob Cooper, Senior Engineer, (916) 808-5778; Mark Griffin, Fiscal Manager, (916) 808-8788

**Presenters:** Not Applicable

**Department:** Planning Department

**Division:** Public Improvement Financing

**Organization No:** 4915

### Description/Analysis

**Issue:** K. Hovnanian Forecast Homes Northern, Inc., one of the property owners of the Natomas Central development, has applied to the City to form a community facilities district (CFD) to sell bonds. The bond proceeds will partially reimburse the owner for development fees and costs for public infrastructure. Approval of the CFD will authorize the City to sell bonds and to levy a special tax to pay for the bonds.

**Policy Considerations:** The procedures under which this district is being formed are set forth in the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311-53365.3). Formation of the Natomas Central CFD is consistent with the City's Strategic Plan to achieve sustainability and enhance livability and to expand economic development throughout the City.

**Environmental Considerations:** Under the California Environmental Quality Act, the formation of a CFD does not constitute a project and is therefore exempt from review. In addition, the potential environmental impacts of the facilities that will be constructed with the bond proceeds were analyzed in the EIR for the Natomas Central project.

**Rationale for Recommendation:** The recommended actions in the ordinance is required by the Mello-Roos Community Facilities Act of 1982 in order to form a CFD.

**Financial Considerations:** There will be no impact to the General Fund. The owner will fund fees and improvements and be reimbursed at a later time if and when sufficient bond proceeds are available.

The amount of the proposed bonded indebtedness for this district will not exceed \$35,000,000. One bond sale is planned.

**Emerging Small Business Development (ESBD):** City Council approval of these proceedings is not affected by City policy related to the ESBD Program.

Respectfully Submitted by: Robert A. Griffin  
FOR Fiscal Manager, Planning Department

Approved by: Carol Shearly  
Director, Planning Department

Recommendation Approved:

Ray Kerridge  
City Manager

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**ATTACHMENT 1**  
**BACKGROUND**

The proposed Natomas Central CFD No. 2006-02 consists of approximately 398 gross developable acres. The project has been divided into several components, including residential, parks, open space, fire station, and schools. The proposed project includes approximately 1,693 single-family lots, 4 parcels for multi-family development, a 5-acre park, a 6-acre park, a 13-acre joint park/school site, a 7-acre private recreation center, a 26-acre detention basin/lake, a 2-acre fire station, and 28 acres of open space.

The developer proposes to construct the project in one phase with one bond sale. Construction is estimated to be completed in 2008.

Purpose of the CFD

To finance the public infrastructure needed for the project, the CFD will issue bonds that are secured by a special tax levied on real property. The CFD will use the bond proceeds to directly fund certain facilities that will be acquired from the developer once construction is complete. Other facilities will be funded indirectly, in that bond proceeds or special-tax revenues will also be used to pay development impact fees, which will then be used to pay for infrastructure that is part of an existing fee program. The facility costs, eligible fees, and estimated amounts that can be funded by the CFD include the following:

**Eligible Impact Fees**

Sacramento Metropolitan Air Quality Management District fees	\$1,366,000
Habitat conservation plan fees	\$1,378,000
Water connection fees	\$6,179,000
Natomas Area development fees	\$16,100,000
Regional Park fees	\$2,100,000
Sacramento County CSD-1 Sewer Fees	\$1,800,000
Sacramento County SRCSD Sewer Fees	\$11,700,000
Construction Excise Tax Fees	\$1,500,000
City Quimby Park Fees	\$7,300,000
Incidental Expenses Related to CFD Formation and Bond Issuance	<u>\$2,800,000</u>
Subtotal, Fees	\$52,223,000

**Eligible Facilities**

Detention basins	\$1,700,000
Traffic signals and intersection widening	\$1,000,000
Collector roadways	\$3,800,000
Nature park and open space	\$1,800,000
Private dry utilities	\$2,300,000
Public land acquisition	\$12,700,000
Incidental expenses directly related to capital facilities	<u>\$2,400,000</u>
Subtotal, Facilities	\$25,700,000

Total Fees and Facility Costs \$77,923,000

The amount of the proposed debt to be incurred to finance the acquisition and construction of the facilities and to finance the development fees will not exceed \$35,000,000. This amount may or may not include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the debt is proposed to be incurred. If the total debt to be incurred is not sufficient to fund the entire amount of the eligible fees and facilities, then the developer will be responsible to fund the difference.

#### CFD Special-Election Proceedings

The proposed CFD will be formed in compliance with the Mello-Roos Community Facilities District Act of 1982. As part of the formation proceedings, an election on the special tax is required. In this case, where there are fewer than 12 registered voters, the vote is by landowners. There are 4 landowners within this proposed CFD, and each landowner is assigned one vote per acre or a fraction thereof. At least two-thirds of the votes cast in the election must be in favor of levying the tax. A schedule for the CFD-formation proceedings is provided on Attachment 3.

#### Special-Tax Formula

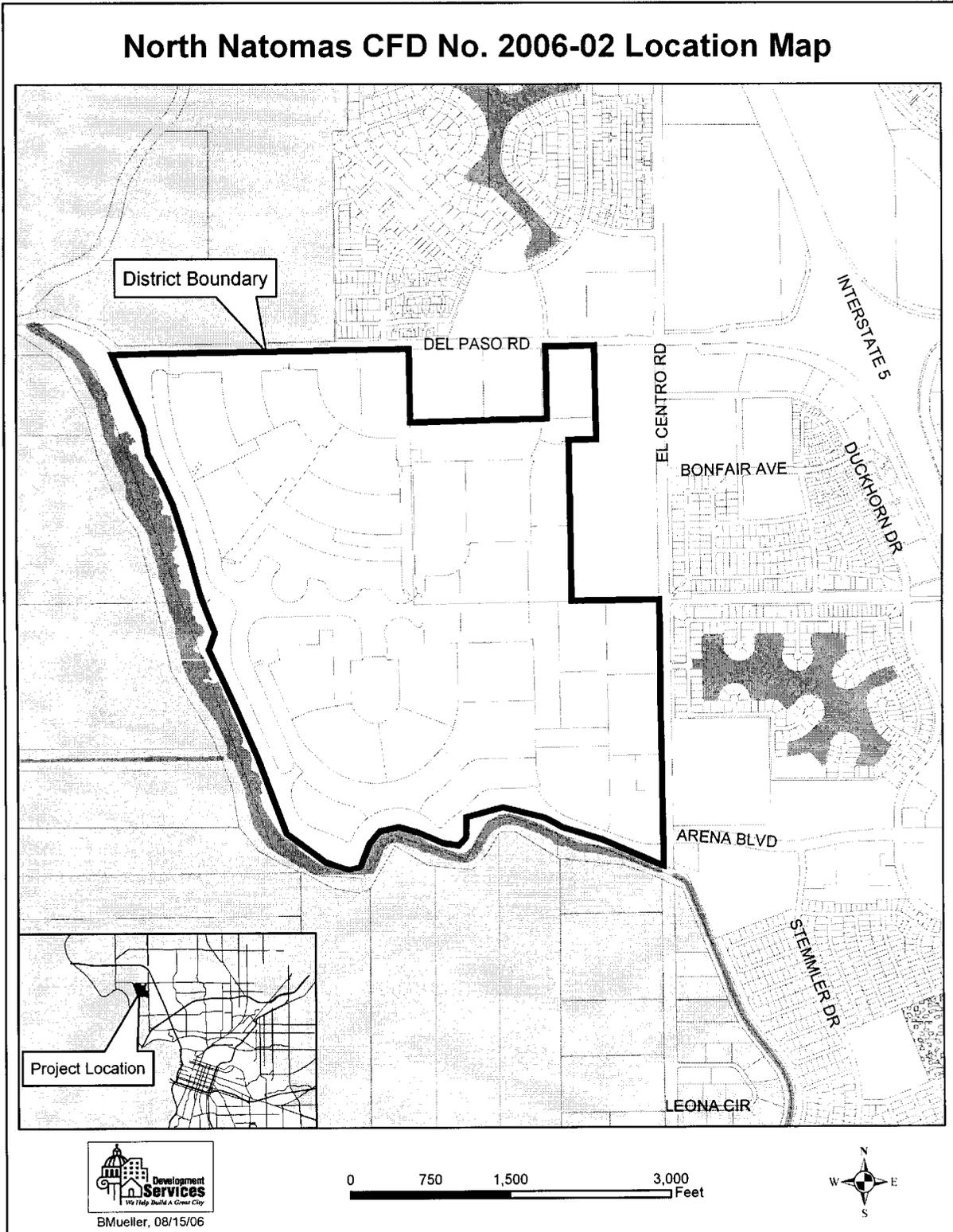
The rate and method of apportionment of the special tax (the RMA) is attached as Exhibit D to the Resolution of Formation adopted by Council on January 30, 2007. The special-tax is applied to both developed and undeveloped properties. The maximum special-tax rates for developed properties are shown in Section C, Table 1 of the RMA. The maximum special-tax rate for undeveloped property is \$10,600 per acre. The rates escalate 2% annually.

#### Council Action

On October 10, 2006, the City Council adopted Resolution No. 2006-729 that initiated the formation proceedings, declared its intention to levy a special tax, adopted the CFD boundary map, and set November 14, 2006, as the date for the public hearing. Also on October 10, 2006, the City Council adopted Resolution No. 2006-730 that declared its intention to incur bonded indebtedness. On November 14, 2006, the City Council continued the public hearing until January 9, 2007. On January 9, 2007, the City Council found that the complexity of the proposed district and the need for public participation required additional time, and the public hearing was continued to January 30, 2007. On January 30, 2007, the City Council conducted the public hearing and adopted the following: a resolution of formation establishing the CFD and providing for the levy of a special tax, a resolution to incur bonded indebtedness, and a resolution calling for a special mailed-ballot election. On February 13, 2007, the City Council declared that the ballot measure submitted to the qualified electors in the CFD was passed and approved by those electors. The Council also passed for publication an ordinance to levy a special tax.

ATTACHMENT 2

North Natomas CFD No. 2006-02 Location Map



BMueller, 08/15/06

**ATTACHMENT 3**

**SCHEDULE OF PROCEEDINGS**

**PROPOSED  
NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT  
(CFD) NO. 2006-02**

October 10, 2006	City Council – Initiate Proceedings <ul style="list-style-type: none"><li>o Adopt Resolution Approving Agreement for Legal Services</li><li>o Adopt Resolution of Intention To Form CFD and Levy Special Tax (set hearing date and approve boundary map)</li><li>o Adopt Resolution of Intention to Incur Bonded Indebtedness</li></ul>
October 11, 2006	Mail and Publish Notice of Hearing and record Boundary Map
November 14, 2006	City Council – Public Hearing continued until January 9, 2007
January 9, 2007	City Council – Public Hearing continued until January 30, 2007
January 30, 2007	City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none"><li>o Conduct Public Hearing</li><li>o Adopt Resolution of Formation</li><li>o Adopt Resolution Deeming it Necessary to Incur Bonded Indebtedness</li><li>o Adopt Resolution Calling Special Mailed-Ballot Election</li></ul>
January 31, 2007	Mail Special Election Ballots
February 9, 2007	Special Election Ballots Due
February 13, 2007	City Council <ul style="list-style-type: none"><li>o Adopt Resolution Declaring Results of Special Election</li><li>o Review Ordinance to Levy Special Tax and pass it for publication of title</li></ul>
February 14, 2007	Record Notice of “Special Tax Lien”
<b>February 27, 2007</b>	<b>City Council</b> <ul style="list-style-type: none"><li>o <b>Adopt Ordinance to Levy Special Tax</b></li></ul>

**ATTACHMENT 4**

**ORDINANCE NO.**

Adopted by the Sacramento City Council

**ORDINANCE LEVYING A SPECIAL TAX  
FOR FISCAL YEAR 2007-2008  
AND FOLLOWING FISCAL YEARS  
SOLELY WITHIN AND RELATING TO  
NATOMAS CENTRAL COMMUNITY FACILITIES DISTRICT NO. 2006-02  
CITY OF SACRAMENTO  
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

**SECTION 1.** Pursuant to Government Code Sections 53316 and 53340, and Council Resolution No. 2007-\_\_\_\_ (the "Resolution Declaring Election Results"), adopted February 13, 2007, and in accordance with the Rate and Method of Apportionment of Special Tax as set forth in Resolution No. 2007-056 (the "Resolution of Formation"), adopted January 30, 2007, establishing the Natomas Central Community Facilities District No. 2006-02, City of Sacramento, County of Sacramento, State of California (the "Community Facilities District"), a special tax is hereby levied on all taxable parcels within the Community Facilities District for the 2007-2008 fiscal year and for all subsequent fiscal years in the amount of the maximum tax authorized under the Resolution of Formation until collection of the Special Tax by the Council ceases and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Act, provided that this amount may in any fiscal year be levied at a lesser amount by resolution of the Council.

**SECTION 2.** The Manager of the Public Improvement Finance Division of the City (the "Manager"), 915 "I" Street, City Hall, Third Floor, Sacramento, CA 95814, telephone (916) 808-8788, is authorized and directed, with the aid of the appropriate officers and agents of the City, to determine each year, without further action of the Council, the appropriate amount of the Special Tax (pursuant to, and as that term is defined in, the Resolution of Formation) to be levied, to prepare the annual Special Tax roll in accordance with the Resolution of Formation, and to present the roll to the Council for consideration.

SECTION 3. Upon approval by the Council, whether as submitted or as modified by the Council, the Manager is authorized and directed, without further action of the Council, to provide all necessary and appropriate information to the Sacramento County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as stated in the Resolution of Formation and in Section 53340 of the California Government Code, the Council has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including but not limited to, direct billing by the City to the property owners, supplemental billing and judicial foreclosure, all or any of which the Council may implement in its discretion by resolution.

SECTION 4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Taxes to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.

SECTION 5. The City agrees that, in the event the Special Tax is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.

SECTION 6. Taxpayers claiming that the amount of the Special Tax on their property is not correct are referred to Section J of the Rate and Method of Apportionment of the Special Tax contained in the Resolution of Formation for the proper claims procedure.

SECTION 7. If for any cause any portion of this Ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this Ordinance, and the application of the Special Tax to all other parcels, shall not be affected.

SECTION 8. This ordinance shall take effect and be in force immediately as a tax measure; and before the expiration of fifteen (15) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the area of the Community Facilities District.