



## City Council Report

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Sacramento, CA 95814

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**File ID:** 2019-01138

August 13, 2019

**Consent Item 07**

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**Title: (Pass for Publication) Ordinance Dissolving the Streetcar Community Facilities District No. 2017-01 and Rescinding Ordinance No. 2017-043**

**Location:** Districts 3 and 4

**Recommendation:** 1) Review an Ordinance dissolving the Streetcar Community Facilities District No. 2017-01 (CFD) and rescinding Ordinance No. 2017-0043 levying the special tax; 2) pass for publication the Ordinance title as required by Sacramento City Charter 32(c) to be adopted August 20, 2019; and 3) pass a Motion directing the City Manager, or City Manager's designee, to return to City Council within 60 days with a recommendation related to the future disposition of the Riverfront Joint Powers Authority and potential options for a successor project.

**Contact:** Sheri Smith, Special Districts Manager, (916) 808-7204, Department of Finance

**Presenter:** None

**Attachments:**

1-Description/Analysis

2-Ordinance

## Description/Analysis

**Issue Detail:** On March 21, 2017, City Council (Council) held a public hearing and passed Resolution No. 2017-0105 establishing the CFD to fund maintenance of the proposed streetcar. The City conducted a special election (mail-ballot) on the proposed special tax to fund the CFD which passed with a 78.05% approval and on July 25, 2017, the Council adopted Ordinance No. 2017-0043 to levy the special tax within the CFD.

Following the formation of the CFD, Horizon Capital Investments, LLC and others sued to invalidate the CFD. The City has entered into a Settlement Agreement, City Agreement No. 2019-0541 (Agreement) and agreed to dissolve the CFD and to not levy the special tax in exchange for dismissal of the lawsuit. The actions in the attached ordinance will result in the dismissal of the lawsuit under the Agreement.

On March 21, 2017, Council approved Resolution No. 2017-0103 establishing the Riverfront Joint Powers Authority (Riverfront JPA) with West Sacramento to construct, own, operate, and maintain the streetcar project. With the dissolution of the CFD and the financial challenges of implementing the streetcar project as previously envisioned, the need for the Riverfront JPA is unclear. In January 2019, bids were received for the proposed streetcar project indicating a cost of approximately \$75 million over the project budget. Since that time, staff has been engaged in an effort to evaluate conceptual options for a successor project. Staff will return, as directed, with recommendations related to the Riverfront JPA and potential successor projects.

**Policy Considerations:** The procedures for CFD dissolution are set forth in Government Code section 53338.5.

**Economic Impacts:** Not applicable

### Environmental Considerations:

**California Environmental Quality Act (CEQA):** This report concerns administrative activities and governmental fiscal activities that do not constitute a “project” as defined by the CEQA Guidelines Sections 15378(b)(2) and 15378(b)(4) and are not subject to the provisions of CEQA (CEQA Guidelines Section 15060(c)(3)).

**Sustainability:** Not applicable

**Commission/Committee Action:** None

**Rationale for Recommendation:** Adoption of the Ordinance will implement the Agreement approved by Council on July 23, 2019.

**Financial Considerations:** None

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

**ORDINANCE NO.**

Adopted by the Sacramento City Council

August 20, 2019

**DISSOLVING THE SACRAMENTO STREETCAR COMMUNITY FACILITIES DISTRICT  
NO. 2017-01 AND THE LEVY OF THE SPECIAL TAX AND ORDERING THE RECORDATION OF  
AN ADDENDUM OF THE SPECIAL TAX LIEN RELATING TO COMMUNITY FACILITIES DISTRICT  
NO. 2017-01**

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

1. On March 21, 2017, the City Council adopted Resolution No. 2017-0105 (the "**Resolution**"), thereby establishing the Sacramento Streetcar Community Facilities District No. 2017-01, City of Sacramento, County of Sacramento, State of California (the "**CFD**").
2. On March 27, 2017, the City Council adopted Resolution No. 2017-0106 calling a special mailed-ballot election on the propositions to levy a special tax within the CFD and to establish the appropriation limit for the CFD as provided in the Resolution. The measure was passed and approved by more than two-thirds of the votes cast.
3. On July 25, 2017, the City Council adopted Ordinance No. 2017-0043 to levy the special tax within the CFD.
4. On July 28, 2017, the Notice of Special Tax Lien for the CFD was recorded in the Office of the Sacramento County Clerk/Recorder as Document No. 201707280618.
5. The City Council rescinds Ordinance No. 2017-0043.
6. The City Council dissolves the CFD and the levy of the special tax pursuant to Section 53338.5 of the California Government Code, based on the following determinations:
  - i. There are no facilities requiring the services of the CFD;
  - ii. The CFD is not obligated to pay any outstanding debt; and
  - iii. The CFD has no authorization to levy any special tax.
7. The City Council hereby directs the City Clerk to record an addendum to the Notice of Special Tax, Document No. 201707280618 at the Office of the Sacramento County Clerk/Recorder, which shall state that the Community Facilities District and all associated liens, if any, have been dissolved pursuant to Section 53338.5 of the California Government Code.
8. In accordance with section 32(c) of the City Charter, after the City Council has passed this ordinance for publication the City Clerk shall have the title of this ordinance, and only the title, published at least once in a newspaper of general circulation that is published in the City and designated by the City Council as the official newspaper of the City, with the publication to occur at least three days before the City Council adopts this ordinance.