

RESOLUTION NO. 2015-0077

Adopted by the Sacramento City Council

March 24, 2015

RESOLUTION OF INTENTION TO ESTABLISH MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-03 (SERVICES), AND TO LEVY A SPECIAL TAX THEREIN TO FINANCE MAINTENANCE SERVICES

BACKGROUND

- A. The City Council has duly considered the advisability and necessity of establishing a community facilities district and levying a special tax therein to pay for maintenance and related services to be provided within the district, under the Mello-Roos Community Facilities Act of 1982 (Act) and Chapter 3.124 of the Sacramento City Code (Chapter 3.124), shown on the Boundary Map in Exhibit A, attached hereto and incorporated herein.
- B. The City Council has determined that the establishment of the district is consistent with Chapter 3.124 and follows the local goals and policies concerning the use of the Act that have been adopted by the City Council and are now in effect.

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

- Section 1. Background statements A and B are accurate.
- Section 2. The City Council hereby proposes to establish a community facilities district under Chapter 3.124 and the Act (District). The boundaries of the territory proposed for inclusion in the District are shown on the map entitled "McKinley Village Community Facilities District No. 2014-03 (Services)" attached to this resolution as Exhibit A. A formal, recordable map showing the proposed territory to be included in the District ("**Boundary Map**") is on file in the office of the City Clerk, is in the form required by section 3110 of the Streets and Highways Code, and is hereby approved. The City Clerk is directed to file a copy of the Boundary Map with the Sacramento County Clerk/Recorder within fifteen days hereafter, and in no event later than fifteen days before the hearing, for placement in the Book of Maps of Assessment and Community Facilities Districts, in accordance with section 3111 of the Streets and Highways Code.

- Section 3. The name of the District is “McKinley Village Community Facilities District No. 2014-03 (Services).”
- Section 4. The District is being formed solely to fund maintenance and operation of parks, drainage basin landscaping, open space landscaping, and sound wall repair and maintenance. The District will not finance capital improvements or issue bonds. The services provided by the District are set forth in Exhibit B to this resolution, all of which are as authorized by the Act and by Chapter 3.124. The District will also finance all costs and expenses normally incidental to the provision of maintenance services, including but not limited to those for elections, engineering, contract supervision, planning, legal services, and City administration.
- Section 5. Except where funds are otherwise available, a special tax sufficient to pay for the maintenance and related services, secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually within the District. The tax is to be collected as a separately stated item on the county property-tax bill, but the City Council reserves the right to change the method of collection at any time. The special tax is to be apportioned according to land-use classes at the annual tax rate specified in Exhibit C to this resolution, the Rate and Method of Apportionment of Special Tax (RMA). The rate shown in Exhibit C is the maximum rate. The rate may be increased for inflation under Chapter 3.124, as specified in Exhibit C. If tax collections at the stated rate exceed the amount required to pay the Special Tax Requirement (as defined in Exhibit C), then the rate may be reduced in accordance with the formula set forth in Exhibit C. The special tax will be levied and collected until the City Council determines that the need for the maintenance and related services no longer exists.
- Section 6. In accordance with section 53325.7 of the Act, the City Council intends to establish an appropriations limit for the District, as defined by subdivision (h) of section 8 of article XIII B of the California Constitution.
- Section 7. At 6:00 p.m. on April 28, 2015, in the Council Chambers at New City Hall, 915 I Street, First Floor, Sacramento, California, the Council will hold a public hearing on the proposed establishment of the District, the territorial extent of the District, the types of services to be provided, the proposed levy of a special tax, and all other matters as set forth in this resolution. At the public hearing, any persons interested, including taxpayers, owners of property within the District, and any registered voters residing within the District, may appear and be heard, and the testimony of all interested persons for or against establishment of the proposed District, the territorial extent of the District, the types of services to be provided, the levy of the special tax within the District, or any other matters set forth herein will be heard and considered. Such protests may be made orally or in writing by

any interested persons, except that protests pertaining to the regularity or sufficiency of the proceedings must be in writing and must clearly set forth the irregularities and defects to which the objection is made. The City Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests must be filed with the City Clerk on or before the time fixed for the public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of the public hearing. If, at the conclusion of the hearing, the City Council determines to proceed with establishing the District, then the question of levying the special tax will be submitted to the qualified electors in an election conducted under section 53326 of the Act not less than 90 days nor more than 180 days thereafter, unless appropriate waivers pursuant to section 53326 have been filed with the City Clerk. The special tax may be levied if at least two-thirds of the votes cast upon the question of levying the tax are in favor of levying the tax.

Section 8. The City Council directs the Public Improvement Finance Manager of the Finance Department to prepare the report required by Section 53321.5 of the Act and to file the report with the City Council at or before the time of the hearing.

Section 9. The City Clerk is directed to give notice of the hearing in accordance with Sections 53322 and 53322.4 of the Act, as follows:

- (a) By publishing in the *Sacramento Bulletin*, a newspaper of general circulation published in the area of the District, a notice of public hearing in the form required by the Act. The City Clerk shall do this in accordance with section 6061 of the Government Code, and the publication must be completed at least seven days before the date set for the public hearing.
- (b) By mailing to each owner of property within the District and to each registered voter residing within the District, using prepaid first-class postage, a notice of public hearing in the form required by the Act. The mailing to property owners is to be to their addresses as shown on the records of the Sacramento County Treasurer-Tax Collector or as otherwise known to the City Clerk. The mailing to registered voters is to be made to the registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters or as otherwise known to the City Clerk. The City Clerk shall complete all mailings at least fifteen days before the date set for the public hearing. The notice of hearing must include a description of the voting procedures.

Section 10. Exhibits A, B, and C are a part of this resolution.

Table of Contents:

Exhibit A - Boundary Map of Proposed Boundary

Exhibit B - List of Authorized Services

Exhibit C - Rate and Method of Apportionment of Special Tax

Adopted by the City of Sacramento City Council on March 24, 2015, by the following vote:

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

Noes: None

Abstain: None

Absent: None

Vacant: District 6

Attest:

Shirley Concolino

Digitally signed by Shirley Concolino
DN: cn=Shirley Concolino, o=City of Sacramento, ou=City
Clerk, email=sconcolino@cityofsacramento.org, c=US
Date: 2015.04.01 16:04:07 -07'00'

Shirley Concolino, City Clerk

Exhibit A Boundary Map

**PROPOSED BOUNDARIES OF
MCKINLEY VILLAGE COMMUNITY
FACILITIES DISTRICT NO. 2014-03
CITY OF SACRAMENTO, COUNTY OF SACRAMENTO,
STATE OF CALIFORNIA**

SHEET 1 OF 1

CLERK'S MAP FILING STATEMENT.
FILED IN THE OFFICE OF THE CLERK OF CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, THIS ____ DAY OF _____, 2014

CITY CLERK _____
CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE.
I HEREBY CERTIFY THAT THE MAP SHOWING THE PROPOSED BOUNDARIES OF MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-03, CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS PREPARED AND SUBMITTED TO THE CITY COUNCIL OF THE CITY OF SACRAMENTO AT A REGULAR MEETING THEREOF, HELD ON THE ____ DAY OF _____, 2014, BY ITS RESOLUTION NO. _____

CITY CLERK _____
CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT.
FILED THIS ____ DAY OF _____, 2014 AT THE HOUR OF ____ O'CLOCK ____ M., IN BOOK ____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE ____ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

COUNTY RECORDER _____
OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: DEPUTY _____ DOCUMENT NO. _____

APN: 001-0170-028-0000

CITY OF SACRAMENTO
Finance Department

SPECIAL DISTRICTS/COMMUNITY FACILITIES DISTRICTS/ASSESSMENT DISTRICTS

Exhibit B

McKinley Village Community Facilities District (CFD) No. 2014-03 (Services) List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annually administering the CFD. The authorized services to be funded include:

1. Maintenance and operation of drainage basin landscaping, water pump and aeration features.
2. Maintenance and operation of public parks: Lots A, B, C, F and I
3. Maintenance and operation of public soundwalls and open space: Lot M
4. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
5. The levy of Special Taxes to accumulate funds for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the Administrator.

Exhibit C

*CITY OF SACRAMENTO, CALIFORNIA
MCKINLEY VILLAGE COMMUNITY FACILITIES DISTRICT NO. 2014-03
(SERVICES)*

*RATE AND METHOD OF APPORTIONMENT AND MANNER OF
COLLECTION OF SPECIAL TAXES*

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in McKinley Village Community Facilities District No. 2014-03 (CFD) of the City of Sacramento (City) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate Special Tax amount or rate, as described below.

The initial responsibility for providing the Authorized Services Activation of the CFD is governed is set forth in by City Agreement Number 2015-_____, approved by City Council on _____2015 ("Public Improvement Maintenance Agreement"). If the Public Improvement Maintenance Agreement terminates, or if the City determines pursuant to the procedures set forth in the Public Improvement Maintenance Agreement that it is responsible for providing some or all of the Authorized Services, City may levy and collect the Special Taxes as described below.

2. Definitions

"Accessory Unit" means a second residential unit of limited size, e.g. granny flat or second unit that shares a Parcel with a single family detached unit.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to form the CFD and to determine, levy, and collect the Special Taxes, including compensation of City employees for administrative work performed in

McKinley Village Rate and Method of Apportionment and
Manner of Collection of Special Taxes

relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the Special Taxes on the general tax rolls or by other means, preparation of required reports, and any other costs required to establish or administer the CFD as determined by the City.

Administrator means the official of the City, or designee thereof, responsible for determining the Special Tax requirement and providing for the levy and collection of the Special Tax.

Annual Costs means for each Fiscal Year, the total of (1) Authorized Services, (2) Administrative Expenses, and (3) any amounts needed to offset actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

Assessor means the County assessor.

Assessor's Parcel Map means an official map of the County Assessor designating parcels by Assessor's Parcel Number.

Authorized Services mean those services authorized to be funded by the CFD as set forth in the documents adopted by Council when the CFD was formed, as identified in **Attachment 2**.

Base Year means the Fiscal Year 2015-16.

Building Permit means a single permit or set of permits, issued by the City, required to construct an entire residential or nonresidential structure.

CFD means the McKinley Village Community Facilities District No. 2014-03 (Services) of the City of Sacramento, Sacramento County, California.

City means the City of Sacramento in Sacramento County, California.

Condominium Residential Use(s) means a multifamily Residential Use for ownership in a condominium structure.

Council means the City Council of the City of Sacramento acting for the CFD under the Act.

County means the County of Sacramento, California.

“County Assessor’s Parcel” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

“County Recorder” means the County of Sacramento’s Office of the Recorder.

“Developed Parcel” means a Parcel for which a Building Permit has been issued, on or prior to June 30, for a Residential Building within the CFD. A Developed Parcel will be reclassified as a Final Use Parcel if a Building Permit on a Parcel is revoked, abandoned, or expired.

“Final Use Parcel” means a Residential Parcel for which no further development approval is required for the issuance of a Building Permit.

“Fiscal Year” means the period starting July 1 and ending the following June 30.

“Homeowners Association” or “HOA” means the homeowners association that provides services to and collects assessments, fees, taxes, or charges from property within the CFD.

“Homeowners Association Parcel” or “HOA Parcel” means a Parcel within the boundaries of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Taxable Parcel.

“Maximum Annual Special Tax Revenue” means the greatest amount of Special Tax revenue that can be collected by levying the Maximum Annual Special Tax against a group of Taxable Parcels (Developed Parcels, Undeveloped Parcels, or Final Use Parcels).

“Multifamily Residential Use(s)” means a Parcel designated for attached multifamily residential uses, including Condominium Residential Use.

“Nonresidential Parcel” means a Parcel with a use designated for commercial, retail, office, community center, recreational center, community

garden, church, institutional (such as hospital), or other similar land uses. Nonresidential Parcels are exempt from the Special Tax.

"Parcel" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of July 1 of each year.

"Parcel Number" means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of July 1 of each year.

"Planned Residential Units" means the total number of Residential Units expected to be developed within the CFD as shown on the Tentative Map, as identified in Attachment 3.

"Public Parcel" means any Parcel, in its entirety, that is publicly owned that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways & basins, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel will be a Tax-Exempt Parcel.

"RMA" means this Rate and Method of Apportionment of Special Tax.

"Residential Building" means a residential structure on a Residential Parcel with land uses designated for Residential Use.

"Residential Parcel" means a Parcel with land uses designated for residential uses such as Single-Family Residential Use, Multifamily Residential Use, or Condominium Residential Use.

"Residential Unit" or "Unit(s)" means the number of single family detached units or an individual residential unit within a multifamily structure or condominium structure, for which Building Permits have been issued, or which have been planned as Planned Residential Units, as shown on **Attachment 3**. An Accessory Unit that shares a Parcel with a Residential Building shall not be considered a Unit for purposes of this RMA.

"Residential Use" means use as Single-Family Residential Use, Multifamily Residential Use, or Condominium Residential Use.

"Single Family Residential Use(s)" means a Parcel designated for detached single family residential uses.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD that may be levied on a Taxable Parcel in any Fiscal Year.

“Tax Collection Schedule” means the document prepared by the Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

“Tax Escalation Factor” means an annual percentage increase in the Maximum Annual Special Tax based upon the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers (CPI-U) Index); however, the annual percentage increase shall not exceed 4 percent.

“Taxable Parcel” means any Parcel that is a Developed Parcel, Final Use Parcel, or Undeveloped Parcel.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are:

- Public Parcels
- Nonresidential Parcels
- HOA Parcels

“Tentative Map” means the small lot tentative subdivision map for the McKinley Village Project that was approved on April 29, 2014, including any adjustments or amendments that were approved prior to CFD formation.

“Undeveloped Parcel” means a Parcel that is not a Developed Parcel, Final Use Parcel, or Tax-Exempt Parcel.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City will direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax, in addition, will identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Assignment of Maximum Annual Special Tax

- A. Classification of Parcels. On or about July 1 of each Year, using the definitions in **Section 2** above, the Parcel records of the Assessor's Secured Tax Roll as of July 1, and other City development approval records, the Administrator shall complete the following steps:
1. Classify each Parcel as a Developed Parcel, Final Use Parcel, Undeveloped Parcel, or Tax-Exempt Parcel
 2. Assign to each Parcel the total number of Units
- B. Determination of Maximum Annual Special Tax. **Attachment 1** shows the Maximum Annual Special Tax for the Base Year. In each Fiscal Year following the Base Year, the Maximum Annual Special Tax shall be adjusted by the Tax Escalation Factor.
- C. Assignment of Maximum Annual Special Tax. Using **Attachment 1**, the Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel, Final Use Parcel, and Undeveloped Parcel using the steps below:
1. Developed Parcels
 - i. Residential Parcels: Assign the Maximum Annual Special Tax to each Unit on a Residential Parcel as shown on **Attachment 1**, as increased by the Tax Escalation Factor. To the extent that more than one Unit is assigned to the Residential Parcel, sum the Maximum Annual Special Tax

assigned to each Unit to determine the Maximum Annual Special Tax for the Residential Parcel.

2. Final Use Parcels: Assign the Maximum Annual Special Tax per Unit as shown in **Attachment 1**, as increased by the Tax Escalation Factor.
 3. Undeveloped Parcels: Assign the Maximum Annual Special Tax per Unit as shown in **Attachment 1**, as increased by the Tax Escalation Factor.
- D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel ceases to be classified as a Public Parcel, Nonresidential Parcel, or HOA Parcel and is converted to a taxable use, it shall become subject to the Special Tax if it meets the definitions of a Taxable Parcel. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 4.A** and **Section 4.C** above. If a Taxable Parcel is converted to a Tax-Exempt Parcel, the Parcel shall be subject to the Special Tax as if it consisted of the same number of Residential Units as shown on **Attachment 3**.

5. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

- A. Compute the Annual Costs using the definition of Annual Costs in Section 2.
- B. Calculate the Special Tax levy for each Taxable Parcel by the following steps:
 - Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for Developed Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in Step 1.

Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue for Developed Parcels, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.

Step 4: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue for Developed Parcels, increase proportionately the Special Tax levy for each Final Use Parcel until the revenue from the Special Tax levy equals the Annual Costs.

Step 5: If the Annual Costs are greater than the sum of the Maximum Annual Special Tax Revenue collected for (i) Developed Parcels and (ii) Final Use Parcels, increase proportionately the Special Tax levy for each Undeveloped Parcel until the revenue from the Special Tax levy equals the Annual Costs, or until the Maximum Annual Special Tax has been reached.

C. Levy on each Taxable Parcel the amount calculated above.

D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will not be sent later than the date required by the Auditor for such inclusion.

6. Records Maintained for the CFD

As development occurs in the CFD, the Administrator will maintain a file containing records of the following information for each Parcel:

- The current County Assessor's Parcel Number
- The designated and existing uses for each parcel
- The total number of Units assigned to each Parcel
- The total number of Planned Residential Units of Final Use Parcels
- The total number of Planned Residential Units of Undeveloped Parcels

- The Maximum Annual Special Tax assigned to each Parcel

The file containing the information listed above will be available for public inspection.

7. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments. Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy will be corrected, and if applicable in any case, a refund will be granted.

Interpretations may be made by resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this Exhibit that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

8. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a

McKinley Village Rate and Method of Apportionment and
Manner of Collection of Special Taxes

different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

**Attachment 1
McKinley Village Community Facilities
District No. 2014-03
Maximum Annual Special Tax by Category (Base Year
2015-16)**

Land Use Category	Maximum Annual Special Tax [1]
Developed Parcels	
Residential Parcels	\$427 per Unit
Final Use Parcels	\$427 per Unit
Undeveloped Parcels	\$427 per Unit

[1] The Maximum Annual Special Tax is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

Attachment 2

McKinley Village Community Facilities District (CFD) No. 2014-03 List of Authorized Services

McKinley Village Community Facilities District (CFD) No. 2014-03 (Services) List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annually administering the CFD. The authorized services to be funded include:

1. Maintenance and operation of drainage basin landscaping, water pump and aeration features.
2. Maintenance and operation of public parks: Lots A, B, C, F and I
3. Maintenance and operation of public soundwalls and open space: Lot M
4. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
5. The levy of Special Taxes to accumulate funds for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the Administrator.

Attachment 3

McKinley Village Tentative Subdivision Map

