



REPORT TO COUNCIL City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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CONSENT
December 9, 2008

**Honorable Mayor and
Members of the City Council**

Title: Appropriation of Special Tax Revenue, CFD 2006-02

Location/Council District: North Natomas/District 1

Recommendation: Adopt 1) a **Resolution** appropriating \$2,244,930 from collected Mello-Roos taxes to allow for the reimbursement of the developer costs, 2) authorize the creation of Project Number J22003600 to maintain accountability over the provision of the reimbursement arrangement with the landowner.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788

Presenters: Not Applicable

Department: Planning

Division: Public Improvement Financing

Organization No: 22001411

Description/Analysis

Issue: K. Hovnanian Forecast Homes has incurred expenses that are eligible for reimbursement under City Agreement 2008-0683 from special taxes collected within Community Facilities District (CFD) #2006-02. This item will appropriate collected taxes for the purpose of reimbursement for eligible expenses to K. Hovnanian Forecast Homes. The taxes are collected solely for the purpose of financing public improvements within the CFD. All of these improvements will be constructed by the developer.

Policy Considerations: Pursuant to the City Charter, City Council appropriation authority is required to reimburse developers under relevant agreements.

Environmental Considerations: California Environmental Quality Act (CEQA): Under the California Environmental Quality Act (CEQA) guidelines, continuing administrative activities do not constitute a project and are therefore exempt from review

Sustainability Considerations: There are no sustainability considerations applicable to administrative activities.

Commission/Committee Action: None

Rationale for Recommendation: Appropriating funds from CFD 2006-02 and establishment of Project No. J22003600 will allow the landowner to be reimbursed for a portion of actual improvement costs incurred as per City Agreement 2008-0683.

Financial Considerations: Mello-Roos special taxes are collected within CFD 2008-02 solely for the purpose of constructing public facilities and financing fees within the CFD. To date, \$2,244,930 has been collected. Verified eligible expenses to date exceed this amount. Approval will release available fund to the developer.

Emerging Small Business Development (ESBD): Not Applicable

Respectfully Submitted by: 
Mark Griffin
Fiscal Manager, Planning Department

Approved by: 
Carol Shealy
Director, Planning Department

Recommendation Approved:


for Ray Kerridge
City Manager

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BACKGROUND

In 2006, the City formed a Community Facilities District (CFD) under Mello-Roos law (Government Code 66000 et. seq.) for the purpose financing fees and public improvements within the CFD. On July 10, 2008, the City and K. Hovnanian Forecast Homes entered an Acquisition and Shortfall Agreement providing reimbursement to K. Hovnanian Forecast Homes for eligible expenses with the CFD. Funds are available from special taxes levied for the purposes of the CFD. Council appropriation authority is now needed to effect reimbursements.

Funds available are \$2,244,930 and will be appropriated to Project Number J22003600 to permit payment to K. Hovnanian Forecast Homes.

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROPRIATION OF SPECIAL TAX REVENUE, COMMUNITY FACILITIES DISTRICT 2006-02, AND CREATION OF PROJECT NUMBER J22003600

BACKGROUND

- A. Pursuant to City Agreement No. 2008-0683, K. Hovnanian Forecast Homes is entitled to reimbursement for eligible expenses incurred within Community Facilities District 2006-02.
- B. To date, the City has received \$2,244,930 in Mello-Roos special taxes levied for the purpose of financing eligible expenses within Community Facilities District 2006-02.
- C. The City has verified eligible expenses by K. Hovnanian Forecast Homes in excess of available funds.
- D. The appropriation of available funds will permit partial reimbursement to K. Hovnanian Forecast Homes.
- E. The City Council is fully advised in this matter.

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

Section 1. The City Council finds and determines that the background statements A through E are true and correct.

Section 2. The City Manager's designee is authorized to create Project Number J22003600 to account for the reimbursements within Community Facilities District 2006-02.

Section 3. The City Manager's designee is authorized to appropriate \$2,244,930 in Mello-Roos special taxes Project J22003600.