REPORT TO COUNCIL
City of Sacramento

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

CONSENT
April 30, 2009

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 a **Resolution** appropriating $1,170,672 from collected Mello-Roos taxes to allow for the reimbursement of eligible developer costs.

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 have been, or 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 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 2006-02 solely for the purpose of constructing public facilities and financing fees within the CFD. To date, $3,415,602 has been collected. By Resolution 2008-814, $2,244,930 was disbursed representing collections prior to July 1, 2008. The balance of $1,170,672 has been collected this fiscal year and will now be appropriated. Verified eligible expenses to date are $5,900,000 for improvements to El Centro and Del Paso Roads, exceeding all tax amounts collected. Approval will release the available funds 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:

_____
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 of financing fees and public improvements within the CFD. On July 10, 2008, the City and K. Hovnanian Forecast Homes entered Acquisition and Shortfall Agreement 2008-0683 ("Agreement") as amended by 2008-0683-1 providing reimbursement to K. Hovnanian Forecast Homes for eligible expenses within the CFD.

Total verified and reimbursable costs under the Agreement are $5,900,000 to date. The City's engineering consultant, Harris and Associates, has verified costs and compliance with the agreement in the amounts of $4,300,000 and $1,600,000 for El Centro and Del Paso Road respectively. Both roadways were widened to four lanes and include medians, curbs, gutters and sidewalks.

Funds are made available from special taxes levied for the purposes of the CFD. As funds are received, Council appropriation authority is needed to allow reimbursements.

Funds available are $1,170,672 and will be appropriated to Project Number J22003600 to permit payment to K. Hovnanian Forecast Homes. A prior payment of $2,244,930 was made for the same purpose under Resolution 2008-814.

RESOLUTION NO.

Adopted by the Sacramento City Council

APPROPRIATION OF SPECIAL TAX REVENUE, COMMUNITY FACILITIES DISTRICT 2006-02

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 $3,415,602 in Mello-Roos special taxes levied for the purpose of financing eligible expenses within Community Facilities District 2006-02 with $2,244,930 previously disbursed under Resolution 2008-814 and with $1,170,672 in available balance.

C. The City has verified eligible expenses of K. Hovnanian Forecast Homes in the amount of $5,900,000 to date.

D. The appropriation of available funds of $1,170,672 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 appropriate $1,170,672 in Mello-Roos special taxes to Project J22003600.