

## **RESOLUTION NO. 2012-115**

Adopted by the Sacramento City Council

May 15, 2012

### **DECLARING INTENTION TO ESTABLISH COMMUNITY FACILITIES DISTRICT NO. 2012-01 (CLEAN ENERGY), CITY OF SACRAMENTO, COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, AND TO LEVY SPECIAL TAXES THEREIN TO FINANCE THE ACQUISITION AND INSTALLATION OF ENERGY-EFFICIENCY, WATER-CONSERVATION, AND RENEWABLE-ENERGY IMPROVEMENTS PERMANENTLY AFFIXED TO REAL PROPERTY**

#### **BACKGROUND**

- A. The City Council (the "Council") of the City of Sacramento (the "City") has duly considered the advisability and necessity of establishing a community facilities district within the City's jurisdictional boundaries and levying special taxes therein to finance the acquisition, installation, and improvement of energy-efficiency, water-conservation, and renewable-energy improvements permanently affixed to privately or publicly owned real property (the "Authorized Improvements"), all in accordance with the Mello-Roos Community Facilities Act of 1982 as amended by Senate Bill No. 555 (Statutes 2011, chapter 493) (the "Act"). The Act is set forth in chapter 2.5 (beginning with section 53311) of part 1 in division 2 of title 5 of the California Government Code.
- B. In section 8 of Senate Bill No. 555, the California Legislature made the following findings:

"The Legislature finds and declares that global warming poses a serious threat to the economic well-being, public health, natural resources, and the environment of the state, and that action taken by the state to reduce emissions of greenhouse gases will have far-reaching effects by encouraging other states, the federal government, and other countries to act. California has a tradition of environmental leadership and wishes to be at the forefront of national and international efforts to reduce emissions of greenhouse gases. In furtherance of these efforts to reduce emissions of greenhouse gases, the Legislature declares that a public purpose will be served by providing the legislative body of a local agency with the authority to use special taxes pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the installation of energy efficiency and renewable energy improvements that are affixed, as specified in Section 660 of the Civil Code, to residential, commercial, industrial, or other property.

"The Legislature further finds and declares that the growing population, climate change, and the need to protect and grow California's economy while protecting

and restoring our fish and wildlife habitats make it essential that the state manage its water resources as efficiently as possible. Section 2 of Article X of the California Constitution declares: "It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or unreasonable use or unreasonable method of use of water be prevented, and that the conservation of those waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare." Former Governor Schwarzenegger, in his Executive Order S-06-08, proclaimed a condition of statewide drought and ordered implementation of additional actions to promote water conservation which will contribute to achieving long-term reductions in water use. Former Governor Schwarzenegger called for a 20-percent per capita reduction in urban water use statewide by the year 2020. Reduced water use through conservation provides significant energy and environmental benefits, and can help protect water quality, improve stream flows, and reduce greenhouse gas emissions. There are many water conservation practices that produce significant energy and other resource savings that should be encouraged as a matter of state policy. The Legislature also declares that a public purpose will be served by providing the legislative body of a local agency with the authority to use special taxes pursuant to the Mello-Roos Community Facilities Act of 1982 to finance the installation of water conservation improvements that are attached to residential, commercial, industrial, or other property."

- C. The Council has determined that establishing the community facilities district is consistent with and follows the local goals and policies concerning the use of the Act that have been adopted by the Council and are now in effect.
- D. The 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 Council acknowledges the legislative findings contained in paragraph B of the Background and finds that the statements in paragraphs A, C, and D of the Background are true.
- Section 2. The Council intends, and hereby proposes, to establish a community facilities district in accordance with section 53328.1 of the Act, to be known and designated as "Community Facilities District No. 2012-01 (Clean Energy), City of Sacramento, County of Sacramento, State of California" (the "Community Facilities District").
- Section 3. As authorized by section 53328.1 of the Act, the Community Facilities District will initially contain only territory proposed for annexation to the Community Facilities District in the future (the "Territory"). The Territory includes the entire current jurisdictional boundaries of the City and is more particularly described and shown on a map entitled "Proposed Boundaries of Territory Proposed for Annexation in the Future to Community Facilities District No. 2012-01 (Clean Energy), City of Sacramento, County of Sacramento, State of California" now

on file in the office of the City Clerk (the "Clerk"), which map is hereby approved by the Council. A reduced copy of the map is attached to this resolution as Exhibit A. The Council finds that the map is in the form and contains the matters prescribed by section 3110 of the California Streets and Highways Code. The Council hereby authorizes and directs the Clerk to certify the adoption of this resolution on the face of the map and to record a copy of the map with the Sacramento County Clerk/Recorder in accordance with section 3111 of the California Streets and Highways Code.

- Section 4. The Council hereby finds that any property included within the Territory that is currently in agricultural use will, if annexed into the Community Facilities District, nonetheless be benefited by the Authorized Improvements.
- Section 5. The Council intends, in accordance with the Act, to facilitate the financing on a parcel-by-parcel basis of the acquisition, installation, and improvement of the Authorized Improvements shown on Exhibit B to this resolution as may be approved, in any particular instance, by the City or the City's authorized program administrator.
- Section 6. The cost of financing the acquisition, installation, and improvement of the Authorized Improvements includes all expenses incidental to the acquisition, installation and improvement, including but not limited to the following: the costs of planning and designing the Authorized Improvements, together with the costs of any environmental evaluations thereof; a proportionate share of the costs associated with the creation of the Community Facilities District, the issuance of bonds or the making of alternative financing arrangements, the determination of the amount of any special taxes, or the collection or payment of any special taxes; and any costs otherwise incurred to carry out the authorized purposes of the Community Facilities District. A representative list of incidental expenses proposed to be incurred is set forth on Exhibit C to this resolution.
- Section 7. The Council intends (a) that a parcel within the Territory may be annexed to the Community Facilities District and subjected to the special tax only with the unanimous written approval of the owner or owners of the parcel when it is annexed (the "Unanimous Approval Agreement"); (b) that the rate of special tax for each parcel will be established in an amount required to finance or refinance (including the payment of interest) the Authorized Improvements approved for the parcel and to pay the parcel's appropriate share of the Community Facilities District's administrative expenses; (c) that the maximum annual rate, method of apportionment, and manner of collection of the special tax must be specified in the Unanimous Approval Agreement for each parcel; and (d) that the special-tax revenues may also be used to repay the appropriate portion of any funds the City advances for the Community Facilities District and to repay under any agreement (which will not constitute a City debt or liability) any advances of funds or reimbursement for the lesser of the value or cost of work in-kind provided by any person for the purposes of the Community Facilities District.
- Section 8. Upon recordation of a Notice of Special Tax Lien in accordance with sections 53328.1(a)(4) and 53328.3 of the Act and section 3114.5 of the California

Streets and Highways Code, a continuing lien to secure each levy of the special tax will attach to each parcel annexed to the Community Facilities District, and this lien will continue in effect until the special-tax obligation is prepaid and permanently satisfied and the lien is cancelled in accordance with law or until the City no longer levies the special tax. The method of prepayment of the special-tax obligation, if any, will be as set forth in the Unanimous Approval Agreement.

- Section 9. The Council intends that the proposed special tax will be collected through the regular secured property-tax bills for Sacramento County. The Council further intends that the proposed special tax will be subject to the same enforcement mechanism and the same penalties and interest for late payment as regular ad valorem property taxes, although the Council reserves the right to use any other lawful means of billing, collecting, and enforcing the special tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the special-tax lien.
- Section 10. As required by the Act, (a) the maximum authorized special tax for financing the acquisition, installation, and improvement of the Authorized Improvements that may be levied against any parcel used for private residential purposes (which use begins when a certificate of occupancy or final inspection for private residential use is issued) is specified as a dollar amount and may not increase by more than 2% each year; (b) the special tax may not be levied against such a parcel after the last tax date set forth in the Unanimous Approval Agreement; and (c) the special tax may not be increased on such a parcel, as a consequence of delinquency or default by the owner of any other parcel or parcels within the Community Facilities District, by more than 10% or by the amount specified in the Unanimous Approval Agreement, whichever is less.
- Section 11. in accordance with sections 53325.7 and 52238.1(a)(2) of the Act, the Council intends to establish the appropriations limit (as defined by section 8(h) of Article XIII B of the California Constitution) for the Community Facilities District for the 2012-2013 fiscal year and for subsequent fiscal years as the sum of the amounts stated as the appropriations limit in each approved Unanimous Approval Agreement. The amount contributing toward the appropriations limit of the Community Facilities District in each Unanimous Approval Agreement will be subject to adjustment following the fiscal year in which the Unanimous Approval Agreement is fully executed, as provided in section 53325.7 of the Act.
- Section 12. At 6:00 p.m. on Tuesday, June 19, 2012, in the Council Chambers of New City Hall at 915 I Street, Sacramento, California, the Council will hold a public hearing to consider the establishment of the Community Facilities District, the designation of Authorized Improvements, the specification of the Territory, and all other matters as set forth in this resolution. At the public hearing, any persons interested may appear and be heard, and the testimony of all interested persons for or against the establishment of the Community Facilities District, the specification of Authorized Improvements, the extent of the

Territory, the establishment of the appropriations limit, or any other matter set forth in this resolution will be heard and considered.

- Section 13. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and must clearly set forth the irregularities and defects to which objection is made. The 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. Any written protest not personally presented at the public hearing by the author of the protest must be filed with the Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.
- Section 14. After the conclusion of the public hearing, if written protests by 50% or more of the registered voters residing and registered within the Territory have been filed and not withdrawn, or if written protests have been filed and not withdrawn by the owners of one-half or more of the land area that is within the Territory and not exempt from the special tax, then no further proceedings to form the Community Facilities District may be undertaken for at least one year from the date of the Council's determination that a majority protest exists. If the majority protest is only against the furnishing of a specified type or types of Authorized Improvements, or against levying a specified special tax, or against any aspect of the issuance of debt, then only those elements need be eliminated from the proceedings.
- Section 15. The public hearing may be continued from time to time but must be completed within 30 days. If, however, the Council finds that the complexity of the Community Facilities District or the need for public participation requires additional time, then the public hearing may be continued from time to time for a period not to exceed six months.
- Section 16. At the public hearing, the Council may modify this resolution by eliminating any of the Authorized Improvements, by reducing the Territory, by reducing the authority to incur indebtedness to be repaid by the special tax, or by making any other changes that reduce the authorizations proposed by this resolution.
- Section 17. At the conclusion of the public hearing, the Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with establishing the Community Facilities District. If the Council determines to proceed with establishment, then the election procedure will consist of the execution of Unanimous Approval Agreements as provided in sections 53329.6 and 53355.5 of the Act.
- Section 18. The City's Sustainability Program Manager (the "Manager") is hereby directed to study the Community Facilities District and, at or before the time of the public hearing, to cause to be prepared and filed with the Clerk a report that contains the following: copies of Exhibits B and C to this resolution, a recommended form of Unanimous Approval Agreement, recommendations for appropriate

procedures and criteria for processing and evaluating applications for participation and inclusion in the Community Facilities District from the owners of property within the Territory, and an estimate of the related incidental expenses. The Clerk shall submit the report to the Council for review and shall make it available for inspection by the public. In addition, the Clerk shall make the report part of the record of the public hearing. The Manager may retain consultants to prepare the report.

Section 19. The Clerk shall give notice of the time and place of the public hearing by publishing a Notice of Public Hearing in the form required by the Act once in the *DAILY RECORDER*, a newspaper of general circulation published in the area of the Community Facilities District, in accordance with section 6061 of the California Government Code, and publication must be completed at least seven days before the date of the hearing.

Section 20. This resolution takes effect when adopted and supersedes Resolution No. 2012-105, which is hereby rescinded.

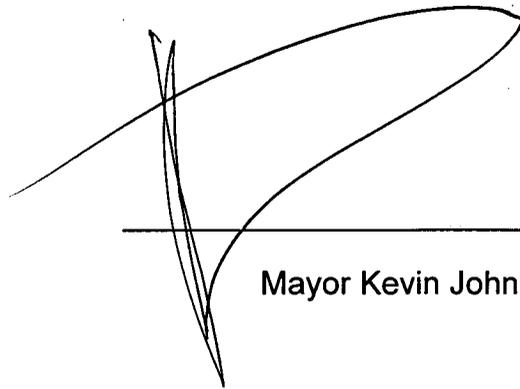
Adopted by the City of Sacramento City Council on May 15, 2012 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

Noes: None.

Abstain: None.

Absent: None.



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Mayor Kevin Johnson

Attest:



Shirley Concolino, City Clerk