

**Meeting Date:** 12/16/2014

**Report Type:** Consent

**Report ID:** 2014-00692

**Title:** Railyards Maintenance Community Facilities District No. 2014-04 Ordinance to Levy a Special Tax (Passed for Publication 12/09/2014; Published 12/12/2014)

**Location:** Districts 3 and 4

**Recommendation:** 1) Pass an Ordinance levying a special tax solely within and relating to the District; and 2) pass a Resolution establishing an accounting fund for collecting special tax proceeds for Fiscal Year (FY) 2015-16

**Contact:** Diane Morrison, Program Specialist, (916) 808-7535; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

**Presenter:** None

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution
- 5-Ordinance

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**City Attorney Review**

Approved as to Form  
Michael W. Voss  
12/8/2014 9:16:00 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 12/2/2014 11:37:57 AM

## Description/Analysis

**Issue:** Under the conditions of approval for the Railyards Development Project (Project), the property owner initiated proceedings to create a community facilities district that will fund the maintenance of public improvements. Establishing the Railyards Maintenance Community Facilities District No. 2014-04 (District) will satisfy the conditions by authorizing the City to levy special taxes in an amount sufficient to provide funding of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and the area known as the West Tunnel and appurtenances.

On October 28, 2014, the City Council passed a resolution of intention to form the District. On December 2, 2014, the City Council passed a resolution to conduct a special mailed-ballot election with regard to formation of the District. On December 5, 2014, the property owner voted in favor of forming the District.

**Policy Considerations:** Approval of the ordinance will create a source of funding to provide maintenance and repair of the amenities, facilities, and improvements within the Project that exceed City standards.

**Environmental Considerations:** Under California Environmental Quality Act guidelines, formation of a district and continuing administrative activities do not constitute a project and are therefore exempt from review.

**Rationale for Recommendation:** By a unanimous vote, the property owner approved the levy of a special tax within the District. The attached ordinance will implement that approval in accordance with the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311-53368.3).

**Financial Considerations:** The property owners will pay all costs associated with the District. The maximum special tax for each Assessor's Parcel shall be the amounts shown below for Fiscal Year FY 2015-16.

<b>Developed Market Rate Residential</b>	\$260.00	Per Dwelling Unit
<b>Developed Affordable Residential</b>	\$ 0.00	Per Dwelling Unit
<b>Non-Residential Uses</b>		
Non-Residential Uses	\$ 0.19	Per Building Area
<b>Other Land Use Parcels</b>	\$ 0.42	Per Land Sq Ft
<b>Land Special Tax Rate</b>	\$ 0.42	Per Land Sq Ft

A detailed explanation of the proposed special tax is in the Rate and Method of Apportionment, which is attached to the resolutions. No tax will be levied in FY 2014-15. The formation process sets the base rates, which coincide with the special tax amounts shown above. An actual levy is anticipated for FY 2015-16.

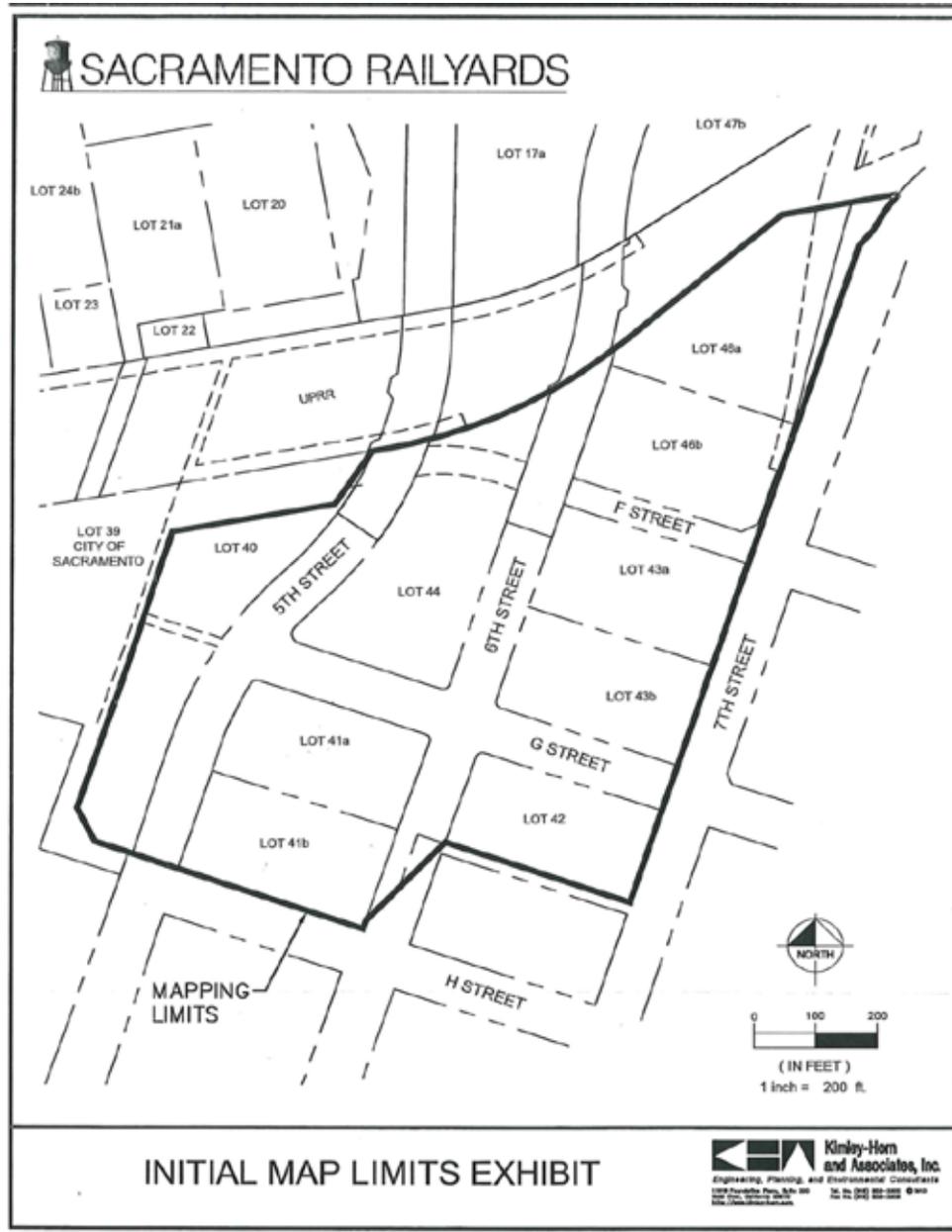
A new accounting fund will need to be established for the collection of special tax proceeds with the District beginning in FY 2015-16.

**Local Business Enterprise (LBE):** None. No goods or services are being purchased.

## Background

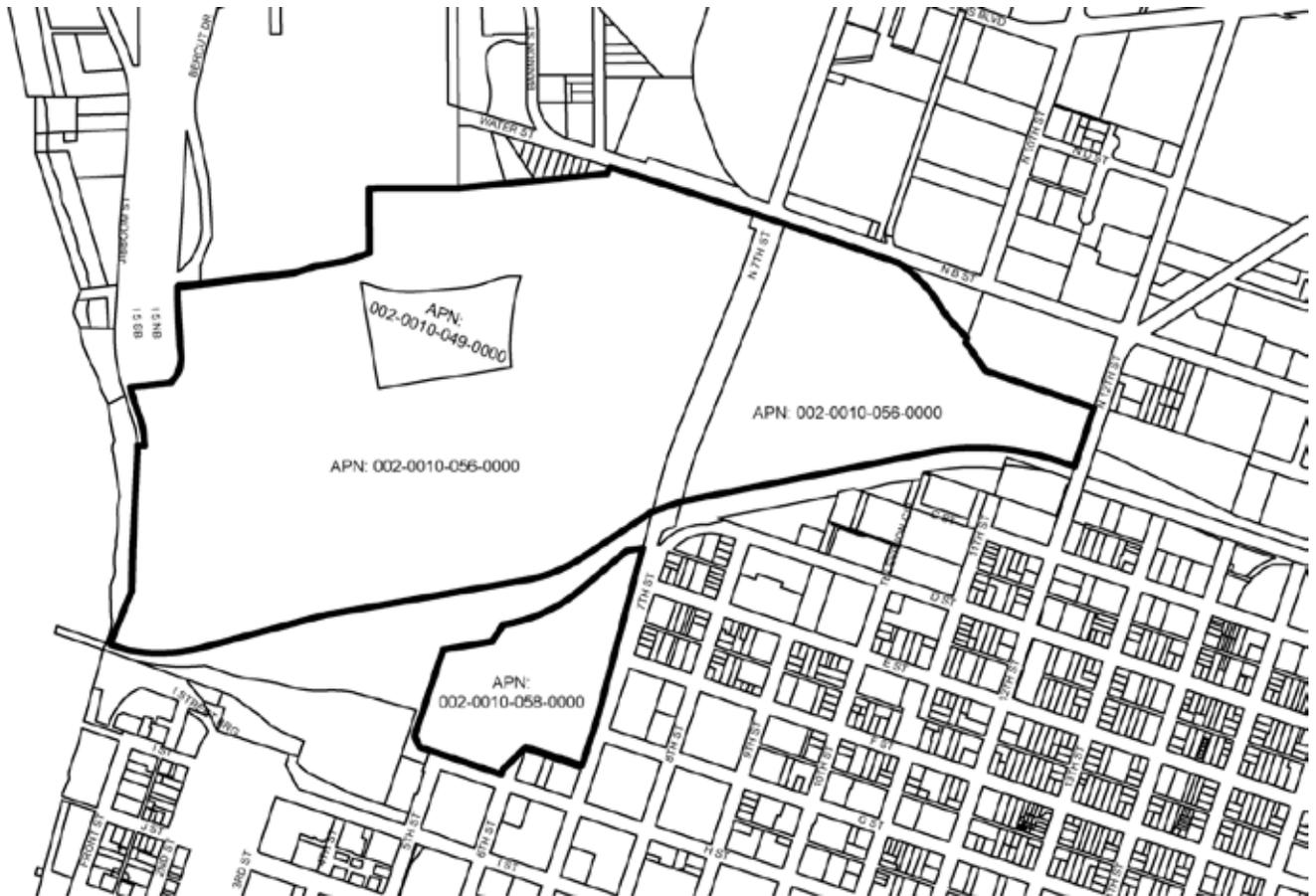
The Sacramento City Council approved the Railyards Specific Plan on December 11, 2007 (City Resolution No. 2007-908), subject to certain conditions, including the conditions of approval of the Sacramento Railyards tentative master parcel map (City Resolution No. 2007-912) requiring financing mechanisms for the maintenance of certain improvements.

IA Holdings, successor to S. Thomas Enterprises, has applied for a Final Map on the South of the Tracks Phase, which is located as shown below.



The initial map is expected to accommodate 200 dwelling units, 650,000 sq. ft. of non-residential, and the new County Courthouse.

The conditions of approval for improvements maintenance will be satisfied for the initial map with the formation of the District. In addition, to minimize the need to create new districts or to process annexations as additional maps are submitted, the District boundaries will encompass the entire Railyards Specific Plan area (Area) as shown below. The tax rates are also estimated on the high end to accommodate the uncertainties over the pace and configuration of the build out of the Railyards. Should rates prove to be higher than necessary, the rates can be lowered administratively or formally and permanently reduced by Council Resolution. If the rates are inadequate, new rates can be established for each relevant map.



The Railyards project is a mixed-use development of approximately 238 acres in the downtown area of the City of Sacramento. The project will involve the development of residential dwelling units, retail, mixed use, hotels, office, historic/cultural space and open space. The project will include low-, medium-, and high-rise single use and mixed use residential, retail, office and hotel structures. The project also provides cultural/recreational facilities including but not limited to the refurbished Central Shops buildings, numerous public parks and walkways, and a proposed performing arts and education center. The project will offer a network of public streets with vehicular, bicycle, and pedestrian access, aboveground and subgrade parking facilities and above surface and subsurface energy, water, wastewater and drainage infrastructure and facilities.

The project site is located generally east of the Sacramento River, south of the City Water Treatment Plant and North B Street, west of 12<sup>th</sup> Street, north and west of the Alkali Flat neighborhood, north of H Street between 5<sup>th</sup> and 7<sup>th</sup>, and northwest of 5<sup>th</sup> and I Street.

The City and S. Thomas Enterprises of Sacramento, LLC entered into a development agreement for the property (City Agreement No. 2008-0150 and Ordinance No. 2007-104).

As a result of a foreclosure on October 22, 2010 of certain loans made to S. Thomas Enterprises of Sacramento, LLC by an affiliate of IA Holdings, IA Holdings acquired fee title to the property and accepted and assumed some of Thomas's rights and duties under the development agreement for the property. The acceptance and assumption are more particularly set forth in that certain Consent to Assignment and Assumption of Railyards Development and Funding Agreements, dated February 28, 2011 by and between IA Holdings and the City (City Agreement No. 2011-0277).

## SCHEDULE OF PROCEEDINGS

### RAILYARDS MAINTENANCE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2014-04

Oct. 14, 2014	City Clerk Certification of registered voters
Oct. 22, 2014	100% Consent waivers due to City
Oct. 28, 2014	City Council <ul style="list-style-type: none"><li>o Adopt Resolution of Intention (sets hearing date)</li></ul>
Oct. 29, 2014	Mail Notice of Hearing and Record Boundary Map
Nov. 23, 2014	City Clerk publish notice of Public Hearing
Dec. 02, 2014	City Council <ul style="list-style-type: none"><li>o Conduct Public Hearing</li><li>o Resolution of Formation</li><li>o Resolution Calling Special Election</li></ul>
Dec. 03, 2014	Mail Ballots
Dec. 05, 2014	Ballots Due
Dec. 09, 2014	City Council <ul style="list-style-type: none"><li>o Adopt Resolution Declaring Results of Special Election</li><li>o Pass for Publication Ordinance to Levy Tax</li></ul>
Dec. 10, 2014	Record Notice of Special Tax
<b>Dec. 16, 2014</b>	<b>City Council</b> <ul style="list-style-type: none"><li>o <b>Adopt Ordinance to Levy Special Tax</b></li></ul>

**RESOLUTION NO.**

Adopted by the Sacramento City Council  
**ESTABLISHING AN ACCOUNTING FUND FOR THE  
RAILYARDS MAINTENANCE COMMUNITY FACILITIES DISTRICT 2014-04  
FOR FISCAL YEAR 2015-16**

**BACKGROUND**

- A. Railyards Maintenance Community Facilities District 2014-04 (District) formation was approved by City Council on December 2, 2014. Fiscal Year (FY) 2015-16 is the first year that landowners within the District will be subject to the special tax. A new accounting fund needs to be created in accordance with Article IX, section 114, of the City Charter.
- B. The District will levy special taxes in an amount sufficient to provide funding for maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and the area known as the West Tunnel and appurtenances.

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

- Section 1 The Background statements A and B are true and correct.
- Section 2 The Finance Director is authorized and directed to create a new accounting fund to be known as the Railyards Maintenance CFD 2014-04.

## ORDINANCE NO.

Adopted by the Sacramento City Council

### LEVYING A SPECIAL TAX FOR THE PROPERTY-TAX YEAR 2015-2016 AND FOLLOWING TAX YEARS SOLELY WITHIN AND RELATING TO THE RAILYARDS MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 FOR THE MAINTENANCE OF AREAS IN AND AROUND THE RAILYARDS DEVELOPMENT PROJECT

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

1. On December 2, 2014, the City Council adopted Resolution No. 2014-03XX (the "**Resolution**"), thereby establishing the Railyards Maintenance Community Facilities District No. 2014-04 (the "District").
2. In accordance with sections 53328 and 53340 of the California Government Code (the "**Code**") and the Rate and Method of Apportionment of Special Tax attached as Exhibit B to the Resolution (the "**RMA**"), a special tax is hereby levied on all taxable parcels within the District for the 2015-2016 tax year and for all subsequent years in the amount of the maximum authorized tax. This amount may be adjusted annually by resolution of the City Council, subject to the maximum authorized special tax limit.
3. The Manager of the Public Improvement Finance Division of the Finance Department or his or her designee (the "**Manager**"), with the aid of the appropriate officers and agents of the City and without further action by the City Council is authorized and directed: (a) to calculate the Special Tax Requirement (as required in section 6 of the RMA) each year; (b) to prepare the annual special-tax roll in the amount of the Special Tax Requirement in accordance with the RMA; and (c) to provide to the Sacramento County Auditor-Controller all information in proper form, and in proper time, that is necessary and appropriate to effect the correct and timely billing and collection of the special tax on the secured property-tax roll of Sacramento County (the "**County**"). As provided in section 53340 of the Code and in the RMA, the special tax is to be collected in the same manner and at the same time as ad valorem taxes.
4. The appropriate officers and agents of the City are authorized to make adjustments to the special-tax roll before the final posting of the special taxes to the County tax roll each year, as may be necessary to achieve a correct match of the special tax levy with the assessor's parcel numbers used by the County in sending out property-tax bills. The County may deduct its reasonable and agreed charges for collecting the special tax from the amounts collected, before remitting the special tax collections to the City.
5. Any taxpayer may contest the levy of the special tax by filing a written notice of appeal in accordance with section 8 of the RMA, which is supplemented as follows:
  - a. The Manager shall serve as the CFD Administrator for purposes of section 8 of the RMA.

- b. A taxpayer may file a notice of appeal with the Manager not more than two years after the end of the tax year for which the taxpayer is contesting the levy, and the taxpayer's failure to do so within that time constitutes a bar to appeal. The notice of appeal must specify in detail the grounds of the appeal, which are limited to (1) clerical errors in assigning an amount of tax to a parcel and (2) an error in defining the use of a parcel or its classification. No other appeals are allowed.
  - c. Not more than 30 days after an appeal is filed, the Manager shall review the appeal, meet with the taxpayer (if necessary), and mail the taxpayer a written decision on the appeal. If the Manager finds that the special tax should be modified, then the Manager shall correct the special-tax levy or grant the taxpayer a credit against the next year's special-tax levy, as appropriate under the circumstances. The Manager's failure to timely mail a written decision will constitute a decision denying the appeal.
  - d. If the taxpayer disagrees with the Manager's decision, and if the taxpayer is current on payments of the special tax, then the taxpayer may appeal to the City Council by filing a written notice of appeal with the City Clerk not more than 30 days after the Manager mails the notice of decision or has failed to timely mail a written decision, and the taxpayer's failure to do so constitutes a bar to further appeal. The notice of appeal must specify in detail the grounds of appeal. The City Council shall, in accordance with chapter 1.24 of the City Code, either hear the appeal itself or refer the appeal to a hearing officer. The hearing on the appeal from the Manager's decision is to be conducted not more than 30 days after the taxpayer files the appeal with the City Council, and the City Council or the hearing officer, as appropriate, shall mail a written decision to the taxpayer not more than 30 days after the hearing concludes. The decision of the City Council or the hearing officer will be final for all purposes. The failure of the City Council or the hearing officer to hear the appeal or to render a decision within the specified time will constitute a denial of the appeal.
6. The filing of an appeal under section 8 will not relieve the taxpayer of the obligation to pay the special tax when due.
  7. If for any reason a court with jurisdiction finds any portion of this ordinance to be invalid or finds the special tax to be inapplicable to any particular parcel, then the balance of this ordinance and the application of the special tax to the remaining parcels will not be affected.
  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.