

**Meeting Date:** 5/26/2015

**Report Type:** Consent

**Report ID:** 2015-00303

**Title:** Ordinance to Levy Special Tax for the Sacramento Maintenance Community Facilities District No. 2014-04 (Passed for Publication 05/19/2015; Published 05/22/2015)

**Location:** Citywide

**Recommendation:** Pass an Ordinance levying a special tax solely within and relating to land annexed into the Sacramento Maintenance Community Facilities District No. 2014-04 (District).

**Contact:** Sheri Smith, Program Specialist, (916) 808-7204; 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-Schedule of Proceedings
- 3-Sacramento Maintenance District Ordinance

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**City Attorney Review**

Approved as to Form  
Michael W. Voss  
5/15/2015 2:43:17 PM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 5/6/2015 3:58:31 PM

## Description/Analysis

**Issue Detail:** In 2014, Section 53340 of the Mello-Roos Act (Act) was amended to allow parcels to be annexed into an existing Community Facilities District (CFD) at special tax rates sufficient to fund maintenance to the annexed area and with the unanimous approval of property owners in the area to be annexed. This change introduces an economical, streamlined and creative solution to providing public improvement maintenance services for development projects, particularly small ones.

On April 14, 2015, Council passed a Resolution of Intention (Resolution 2015-0088) to create “future annexation territory” and allow projects to annex into the District administratively via the unanimous approval process. On May 19, 2015, Council passed for publication an ordinance levying a special tax on property that annexes into the District.

**Policy Considerations:** Adoption of the ordinance will provide the mechanism to fund maintenance and repair of public amenities, facilities, and improvements for project areas annexed to the District with flexibility to customize special tax rates for annexing projects based on the specific cost of services provided. As required by the Act, these services will not supplant services already available within that territory prior to annexation.

**Environmental Considerations:** Under the 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:** The recommended actions are authorized by the Mello-Roos Community Facilities Act of 1982 (Government Code section 53340) for levying special tax at varying rates, with the unanimous consent of the property owners.

**Financial Considerations:** The property owners will pay all costs associated with the District. Rates will vary by project as the actual cost of services for and services provided to each annexation area will be different.

**Local Business Enterprise (LBE):** Not applicable.

## SCHEDULE OF PROCEEDINGS

### SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2014-04 UNANIMOUS CONSENT PROCESS

- |                     |  |
|---------------------|--|
| April 14, 2015      | City council <ul style="list-style-type: none"><li>• Adopt Resolution of Intention to Create Annexation Process (sets hearing date)</li></ul>                                      |
| April 15, 2015      | Record Boundary Map  |
| May 8, 2015         | City Clerk publish notice of Public Hearing  |
| May 19, 2015        | City Council <ul style="list-style-type: none"><li>• Conduct Public Hearing for Annexation Process</li><li>• Pass for Publication Ordinance to Levy Tax at varying rates</li></ul> |
| <b>May 26, 2015</b> | <b>City Council</b> <ul style="list-style-type: none"><li>• <b>Adopt Ordinance to Levy Special Tax at varying rates</b></li></ul>  |

## ORDINANCE NO.

Adopted by the Sacramento City Council

### PROVIDING FOR A LEVY OF SPECIAL TAXES ON PARCELS THAT WILL BE ANNEXED TO THE SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 AT THE RATE TO BE APPROVED UNANIMOUSLY BY THE OWNER OF EACH PARCEL TO BE ANNEXED

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

1. On December 2, 2014, the City Council adopted Resolution No. 2014-0394 (the "**Resolution of Formation**"), thereby establishing the Railyards Maintenance Community Facilities District No. 2014-04 (the "**District**"). On December 16, 2014, the City Council adopted Ordinance No. 2014-0039, which levied a special tax solely within and relating to the District. On April 14, 2015, the City Council adopted Resolution No. 2015-0088 changing the name of the District to the Sacramento Maintenance Community Facilities District No. 2014-04. On May 19, 2015, the City Council adopted Resolution No. 2015-0130 establishing the future annexation area for the District.
2. This Ordinance supplements Ordinance No. 2014-0039. In accordance with section 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 of Formation (the "**RMA**"), a special tax is hereby authorized to be levied on all taxable parcels that will be annexed to the District at the rate or rates to be approved unanimously by the owner or owners of each parcel or parcels to be annexed to the District.
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.