

Meeting Date: 8/11/2015

Report Type: Consent

Report ID: 2015-00615

Title: Refunding of Residual Del Paso Road CFD No. 95-02 Special Tax/Redemption Proceeds

Location: District 1

Recommendation: Pass a Motion 1) authorizing refunds to current owners of property in the former Del Paso Road CFD No. 95-02 from residual Special Tax/Redemption Proceeds; and 2) directing that any accrued interest received after the refunds to be deposited in the General Fund.

Contact: Brian Wong, Senior Debt Analyst, (916) 808-5811; Janelle Gray, Debt Manager, (916) 808-8296, Office of the City Treasurer

Presenter: None

Department: City Treasurer

Division: City Treasurer

Dept ID: 05001011

Attachments:

1-Description/Analysis

2-Background

3-Exhibit A - Allocation of Refunds

City Attorney Review

Approved as to Form

Joseph Cerullo

7/29/2015 4:26:32 PM

Approvals/Acknowledgements

Department Director or Designee: Russell Fehr - 7/9/2015 9:41:26 AM

Description/Analysis

Issue Detail: Two series of special-tax bonds were issued for the Del Paso Road Community Facilities District No. 95-02 (the “CFD”) in December 1995 to prepay North Natomas Assessment District 88-03 (“88-03”) assessments levied on property within the CFD. Debt service on the CFD’s bonds and costs to administer the CFD have been included since Fiscal Year 1995/96 in the property taxes levied on property within the CFD. The CFD’s bonds matured on September 1, 2014, with the release of the bond reserve used to offset the final debt-service payment.

City staff has determined, after analysis and reconciliation, that there is a balance in the special tax/redemption fund (currently eCAPS Fund No. 7416) that should be refunded to the current owners of property in the CFD. As of August 3, 2015, the net balance in the special tax/redemption fund is \$109,621.47. Staff recommends that this amount be applied for use of refunds to the current owners of property within the CFD, as shown on the last equalized assessment roll, in proportion to the max tax amount of each parcel as compared to the total max tax of the CFD in the most current levied year (Fiscal Year 2013/14).

Policy Considerations: The Mello-Roos Community Facilities Act of 1982 requires that special taxes be used only for the CFD’s authorized purposes. The purpose of the CFD was to prepay 88-03 assessments rather than to finance new capital improvements, so there are no facilities to be funded. Thus, because all obligations related to the CFD have been satisfied, a logical and authorized use of the remaining special-tax proceeds is to refund them to current owners of property in the CFD.

At the time of the refund, the City may not yet have received interest that accrued on the balance during May and June 2015. The cost to refund this interest will exceed the interest itself (estimated to be less than \$250), so the interest will be deposited in the General Fund.

Staff’s recommendation is generally consistent with section 3.120.170 of the Sacramento City Code (pertaining to assessment districts), which authorizes refunds to the current property owners of funds not needed for a district’s purposes.

Economic Impacts: Not applicable.

Environmental Considerations: Not applicable. Approval of the recommendation is not a “project” subject to CEQA because it (a) has no potential to cause a significant effect on the environment and (b) concerns government fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §§ 15061(b)(3) & 15378(b)(4).)

Sustainability: Not applicable.

Commission/Committee Action: None

Rationale for Recommendation: Approval of staff’s recommendation is necessary before the disbursement of refunds can occur and the special tax/redemption fund is closed out.

Financial Considerations: As of August 3, 2015, approximately \$109,621.47 is available in Fund 7416. Information regarding affected parcels that may be entitled to a refund is provided in the Background section.

Local Business Enterprise (LBE): Not applicable.

Background

History of the CFD / Prior Issuances of CFD bonds

Del Paso Road Community Facilities District No. 95-02 (the “**CFD**”) was formed in August 1995 for the purpose of prepaying the North Natomas Assessment District 88-03 assessments levied on an undeveloped 100-acre parcel within the CFD, which was then designated as the future site of a stadium. The prepayment allowed for the parcel to be donated to the City free and clear of the assessment lien.

The City issued two series of bonds on behalf of the CFD:

- Series A in the amount of \$2.5 million, issued in December 1995
- Series B in the amount of \$4.045 million, issued in December 1995

When the bonds were issued, there was one owner of three large, undeveloped parcels, which were split into 11 parcels that remained unimproved for several years, with the exception of curbs, gutters, sidewalks, and streetlights. Because of various parcel changes over the years, as of the date of this report there are now 19 parcels owned by nine different ownership groups.

Current Status of the CFD’s Bonds

The CFD’s bonds matured on September 1, 2014, with the release of the bond reserve used to offset the final debt-service payment.

City staff has determined, after analysis and reconciliation, that there is a balance in the special tax/redemption fund (currently eCAPS Fund No. 7416) in the amount of \$109,621.47* that should be refunded to the current owners of property in the CFD.

*Based on the eCAPS Trial Balance Report of Fund 7416 on August 3, 2015.

**Estimated Amounts to be Refunded
Del Paso Road Community Facilities District No. 95-02**

Assessor's Parcel Number	Street Address	Proportion of Fund 7416*	Estimated Refund Amount
225-0070-081-0000	2450 Del Paso Road 2A Sacramento, CA 95834	17.29%	\$18,950.26
225-0070-084-0000	0 Del Paso Road Sacramento, CA 95834	10.89%	\$11,933.06
225-0070-085-0000	2380 Del Paso Road Sacramento, CA 95834	6.98%	\$7,646.72
225-0070-086-0000	0 ARCO Arena Blvd. Sacramento, CA 95834	3.92%	\$4,300.09
225-0070-092-0000	4400 E. Commerce Way Sacramento, CA 95834	15.28%	\$16,747.12
225-0070-107-0000	2750 Del Paso Road Sacramento, CA 95834	2.01%	\$2,201.11
225-0070-108-0000	2700 Del Paso Road Sacramento, CA 95834	2.01%	\$2,201.11
225-0070-124-0000	4450 E. Commerce Way Sacramento, CA 95834	2.44%	\$2,672.63
225-0070-130-0000	2400 Del Paso Road Sacramento, CA 95834	10.10%	\$11,076.68
225-0070-131-0000	2414 Del Paso Road Sacramento, CA 95834	0.64%	\$705.25
225-0070-135-0000	2412 Del Paso Road Sacramento, CA 95834	1.06%	\$1,164.58
225-0070-139-0000	2410 Del Paso Road Sacramento, CA 95834	0.39%	\$422.74
225-0070-140-0000	2408 Del Paso Road Sacramento, CA 95834	0.90%	\$987.75
225-0070-141-0000	2406 Del Paso Road Sacramento, CA 95834	0.77%	\$847.52
225-0070-142-0000	2402 Del Paso Road Sacramento, CA 95834	0.92%	\$1,010.11
225-0070-143-0000	2404 Del Paso Road Sacramento, CA 95834	0.78%	\$859.71
225-0070-144-0000	2420 Del Paso Road Sacramento, CA 95834	15.56%	\$17,058.08
225-0070-145-0000	0 Del Paso Road Sacramento, CA 95834	1.05%	\$1,154.41
225-2710-002-0000	2830 Del Paso Road Sacramento, CA 95834	7.01%	\$7,682.54

* Based on proportion of max tax of parcel to the overall max tax of the CFD.