



REPORT TO COUNCIL

City of Sacramento

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

CONSENT
October 16, 2007

**Honorable Mayor and
 Members of the City Council**

Title: Natomas Meadows Community Facilities District (CFD) No. 2007-01

Location/Council District: North Natomas – Southeast of Del Paso Road and Gateway Park Boulevard, located in Council District 1 (Location Map, Page 6)

Recommendation: Adopt an **ordinance** levying a special tax on land within the Natomas Meadows Community Facilities District No. 2007-01.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788; Salina Cheung, Program Specialist, (916) 808-5236

Presenters: N/A

Department: Planning Department

Division: Public Improvement Financing

Organization No: 4915

Description/Analysis

Issue: Pardee Homes, the property owner of the Natomas Meadows development, has applied to the City to form a CFD to sell bonds. The bond proceeds will partially reimburse the owner for development fees paid and costs incurred for the construction of public infrastructure. Approval of the CFD will authorize the City to sell bonds and to levy the special tax to pay for the bonds.

Policy Considerations: The procedures under which this district is being formed are set forth in title 5, division 2, chapter 2.5 of the Government Code, sections 53311-53368.3, entitled "The Mello-Roos Community Facilities Act of 1982." Formation of the Natomas Meadows CFD is consistent with the City's

Strategic Plan to achieve sustainability and enhance livability and to expand economic development throughout the City.

Environmental Considerations: Under the California Environmental Quality Act Guidelines, the formation of community facilities districts does not constitute a project and is therefore exempt from review.

Rationale for Recommendation: The actions in the recommended Resolutions are required by the Mello-Roos Community Facilities Act of 1982 in order to form a CFD.

Financial Considerations: There will be no impact to the general fund. The owner will fund fees and improvements and be reimbursed at a later time if and when sufficient bond proceeds are available.

The bond sale for this district is anticipated to occur during 2008, depending on market conditions, and will not exceed \$27,500,000. One bond sale is planned.

Emerging Small Business Development (ESBD): City Council approval of these proceedings is not affected by City policy related to the ESBD Program.

Respectfully Submitted by: _____


Mark Griffin
Fiscal Manager

Approved by: _____


Carol Shearly
Director of Planning

Recommendation Approved:


Ray Kerridge
City Manager

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ATTACHMENT 1

BACKGROUND

The proposed Natomas Meadows CFD No. 2007-01 consists of approximately 115 gross developable acres. The project includes approximately 637 single-family lots, 120 condominiums, and 135 multifamily units. The proposed CFD encompasses all but the multifamily units on 6.9 acres. Also included in the project are a 13-acre park and a 5-acre detention basin.

The developer proposes to construct the financed improvements in one phase with one bond sale being proposed. Construction is estimated to be completed in 2008.

Purpose of the CFD

The proposed district will finance certain development fees and public improvements within the public right-of-way and adjacent public-utility easements of the major public roads intersecting and/or bordering the district boundary. A full description of the improvements is shown as Exhibits B and C to the resolution of formation establishing the district.

CFD Special Election Proceedings

The proposed district will be formed in compliance with the Mello-Roos Community Facilities District Act of 1982. As part of the formation proceedings, a special election on the special tax is required. In this case, where there are fewer than 12 registered voters, the vote is by landowners, with each landowner having one vote for each acre or portion of an acre he or she owns within the proposed CFD. There is one landowner within this proposed CFD. The City may not levy the tax unless at least two-thirds of the votes cast are in favor of it. A schedule for the CFD proceedings is provided on Attachment 3.

Special Tax Formula

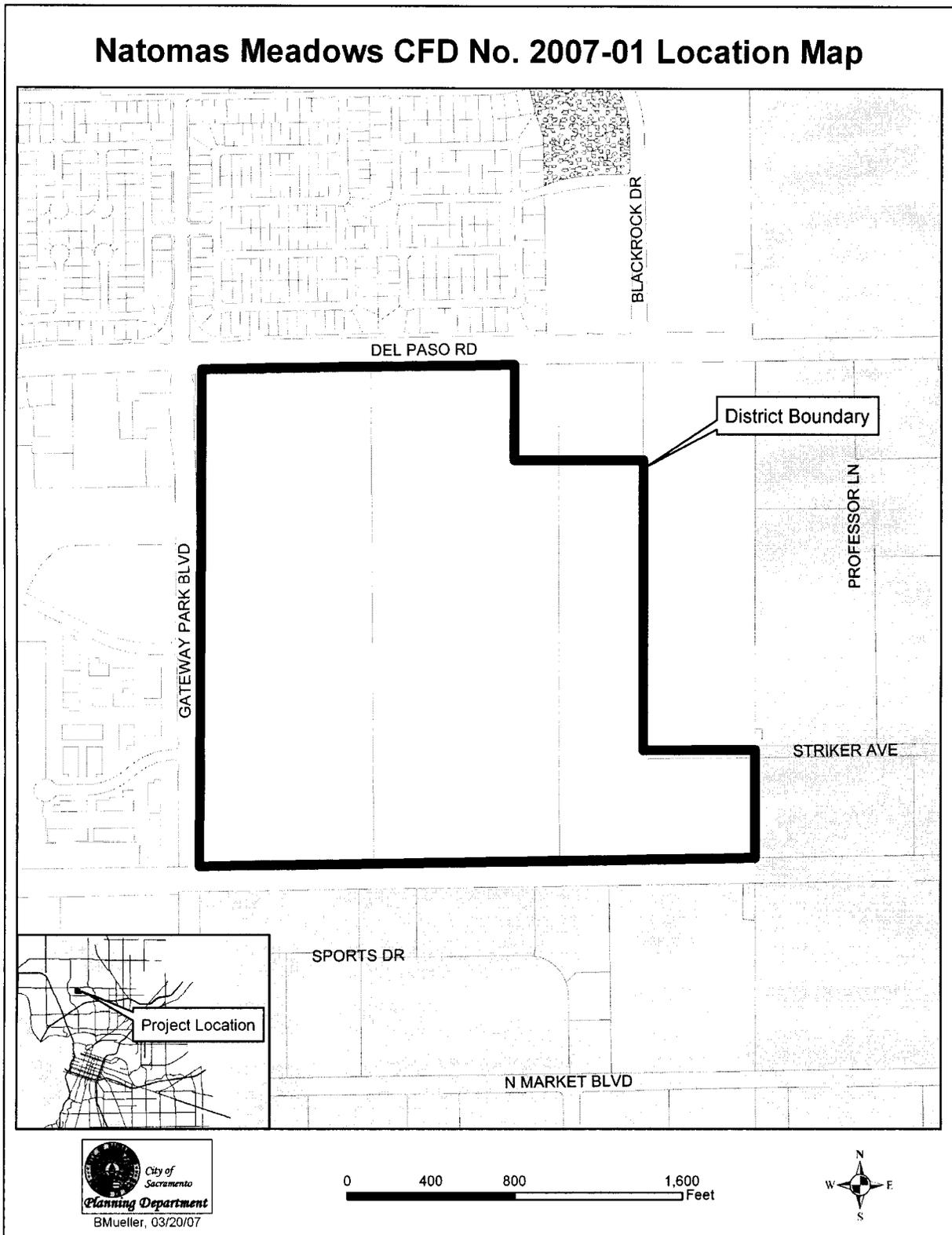
The rate and method of apportionment (RMA) of the special tax is attached as Exhibit D to the resolution establishing the district. The special tax is applied to both developed and undeveloped properties. The maximum special-tax rates for developed properties are shown in section C, table 1 of the RMA. The maximum special-tax rate for residential property ranges from \$842 to \$2,613 per residential unit, depending on tax zone and floor space. The maximum special-tax rate for undeveloped property ranges from \$26,235 to \$50,943 per acre depending on tax zone. The rates escalate 2% annually to compensate for inflation.

Council Action

On July 17, 2007, the City Council adopted Resolution No. 2007-510 that initiated the formation proceedings, declared its intention to levy a special tax, adopted the CFD boundary map, and set August 21, 2007, as the date for the public hearing. The August 21, 2007 hearing was continued to September 4, 2007. Also, on July 17, 2007, the City Council adopted Resolution No. 2007-509 that declared its intention to incur bonded indebtedness. On September 4, 2007, the City Council conducted the public hearing and adopted the following: a resolution of formation establishing the CFD and

providing for the levy of a special tax, a resolution to incur bonded indebtedness, and a resolution calling for a special mailed-ballot election due September 28, 2007 and for the City Clerk to report the returns to the Council no later than October 9, 2007. On October 9, 2007, the City Council declared that the ballot measure submitted to the qualified electors in the CFD was passed and approved by those electors. The Council also passed for publication an ordinance to levy a special tax.

ATTACHMENT 2



ATTACHMENT 3

SCHEDULE OF FORMATION PROCEEDINGS

**PROPOSED
NATOMAS MEADOWS COMMUNITY FACILITIES DISTRICT
(CFD) NO. 2007-01**

July 17,2007	City Council – Initiate Proceedings <ul style="list-style-type: none">o Adopt Resolution Approving Agreement for Legal Serviceso Adopt Resolution of Intention To Form CFD and Levy Special Tax (sets hearing date and approves boundary map)o Adopt Resolution of Intention to Incur Bonded Indebtedness
July 18, 2007	Mail and Publish Notice of Hearing and record Boundary Map
September 4, 2007	City Council – Public Hearing and Notice for a Special Election <ul style="list-style-type: none">o Conduct Public Hearingo Adopt Resolutions approving various Joint Community Facilities Agreements (if needed)o Adopt Resolution of Formationo Adopt Resolution to Incur Debto Adopt Resolution Calling Special Election
September 5, 2007	Mail Special Election Ballots
September 28, 2007	Special Election Ballots Due
October 9, 2007	City Council <ul style="list-style-type: none">o Adopt Resolution Declaring Results of Special Electiono Pass for Publication Ordinance to Levy Tax
October 16, 2007	City Council <ul style="list-style-type: none">o Adopt Ordinance to Levy Special Tax
October 10, 2007	Record Notice of “Special Tax”

ORDINANCE NO.

Adopted by the Sacramento City Council

**ORDINANCE LEVYING A SPECIAL TAX
FOR FISCAL YEAR 2008-2009
AND FOLLOWING FISCAL YEARS
SOLELY WITHIN AND RELATING TO
NATOMAS MEADOWS COMMUNITY FACILITIES DISTRICT NO. 2007-01
CITY OF SACRAMENTO
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA**

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

SECTION 1. Pursuant to Government Code Sections 53316 and 53340, and Council Resolution No. 2007-____ (the "Resolution Declaring Election Results"), adopted October 9, 2007, and in accordance with the Rate and Method of Apportionment of Special Tax as set forth in Resolution No. 2007-655 (the "Resolution of Formation"), adopted September 4, 2007, establishing the Natomas Meadows Community Facilities District No. 2007-01, City of Sacramento, County of Sacramento, State of California (the "Community Facilities District"), a special tax is hereby levied on all taxable parcels within the Community Facilities District for the 2008-09 fiscal year and for all subsequent fiscal years in the amount of the maximum tax authorized under the Resolution of Formation until collection of the Special Tax by the Council ceases and a Notice of Cessation of Special Tax is recorded in accordance with Section 53330.5 of the Act, provided that this amount may in any fiscal year be levied at a lesser amount by resolution of the Council.

SECTION 2. The Manager of the Public Improvement Finance Division of the City (the "Manager"), 915 "I" Street, City Hall, Third Floor, Sacramento, CA 95814, telephone (916) 808-8788, is authorized and directed, with the aid of the appropriate officers and agents of the City, to determine each year, without further action of the Council, the appropriate amount of the Special Tax (pursuant to, and as that term is defined in, the Resolution of Formation) to be levied, to prepare the annual Special Tax roll in accordance with the Resolution of Formation, and to present the roll to the Council for consideration.

SECTION 3. Upon approval by the Council, whether as submitted or as modified by the Council, the Manager is authorized and directed, without further action of the Council, to provide all necessary and appropriate information to the Sacramento County Auditor in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided,

that as stated in the Resolution of Formation and in Section 53340 of the California Government Code, the Council has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City, including but not limited to, direct billing by the City to the property owners, supplemental billing and judicial foreclosure, all or any of which the Council may implement in its discretion by resolution.

SECTION 4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Taxes to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.

SECTION 5. The City agrees that, in the event the Special Tax is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.

SECTION 6. Taxpayers claiming that the amount of the Special Tax on their property is not correct are referred to Section J of the Rate and Method of Apportionment of the Special Tax contained in the Resolution of Formation for the proper claims procedure.

SECTION 7. If for any cause any portion of this Ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel by a court of competent jurisdiction, the balance of this Ordinance, and the application of the Special Tax to all other parcels, shall not be affected.

SECTION 8. This ordinance shall take effect and be in force immediately as a tax measure; and before the expiration of fifteen (15) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the area of the Community Facilities District.