

MEETING DATE: 4/11/2018

TITLE:

Citywide Community Facilities District 2006-01 Discussion

FROM:

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RECOMMENDATION:

This is an Informational Report only. Please receive and file.

BACKGROUND:

On January 22 & 23, 2005, the City Council held a Strategic Planning session. One of the strategic directions was to "Secure the Financial Resources to Provide Quality Services". As a post-proposition 13 city, the city receives a disproportionate share of property tax thus considerably less than that of a pre-proposition 13 city. As a result of analyzing and reviewing our various revenue sources, several conclusions were made to pursue future revenue streams to support the demand on city services. One such method was to establish a citywide Community Facilities District for services.

As part of the process to establish a citywide Community Facilities District, the city engaged the services of David Taussig & Associates to conduct a citywide Fiscal Impact Study/Report ("FIR"). This study was to enable the City Council to determine the corresponding fiscal impact to city services as new development progressed in the future.

The FIR consists of certain land-use assumptions based upon the City's General Plan, various Specific Plans throughout the City, the Riverside County Multiple Species Habitat Conservation Plan and zoning. In preparing the FIR, we examined the types of community services the residents receive as well as the government structure that supports these services. The purpose of the FIR was to estimate the net fiscal impact of these plans on the City's needed services.

The fiscal impacts identified include recurring municipal revenues and costs to the City's General Fund that result from new development, whether it be residential, non-retail/industrial or commercial. Costs to the City's General Fund are associated with a variety of services, such as police and fire protection, public works and parks maintenance and general government services. The methodology used to estimate the fiscal impacts focused on Per Capita Multiplier methods for numerous cost and revenue categories. Revenues are generated from a variety of sources, including several types of taxes and fees. All revenues and costs analyzed were stated in constant dollars based on the

assumption that relative impacts of inflation be applied in future years. Once the FIR was completed, it was presented and accepted by the City Council in September 2006. The fiscal impact of new, more than four unit residential development, was determined to be \$512.17 per equivalent dwelling unit per year and \$.13 per square foot of floor area for non-retail/industrial property, with a CPI of 2% per year. It was also concluded that there was no deficit due to commercial development. It was presented and approved that a requirement of a developer of 4 or more units of new residential development or the development of a non-retail/industrial property would need to annex into the 2006-01 Community Facilities District ("CFD") as its own Improvement Zone within the District. Subsequently, a formation process was completed to establish the 2006-01 CFD and the first Improvement Zone was annexed in December 2006.

DISCUSSION:

Under the Mello-Roos Community Facilities Act of 1982, Government Code Section 53313, a community facilities district may be established to finance any one or more of the following types of services within an area:

- (a) Police protection services, including, but not limited to, criminal justice services. However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.
- (b) Fire protection and suppression services, and ambulance and paramedic services.
- (c) Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of museums and cultural facilities. Bonds may not be issued pursuant to this chapter to fund any of the services specified in this subdivision. A special tax may be levied for any of the services specified in this subdivision only upon approval of the voters as specified in subdivision (b) of Section 53328. However, the requirement contained in subdivision (b) of Section 53328 that a certain number of persons have been registered to vote for each of the 90 days preceding the close of the protest hearing does not apply to an election to enact a special tax for recreation program services, library services, and the operation and maintenance of museums and cultural facilities subject to subdivision (c) of Section 53326.
- (d) Maintenance of parks, parkways, and open space.
- (e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, and sandstorm protection systems.
- (f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and

25323, respectively, of the Health and Safety Code, and the term “hazardous substance” shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services may not supplant services already available within that territory when the district was created.

As each new development is established in the City, the underlying landowner goes through a process for their development to annex, as its own Improvement Zone, into the citywide Community Facilities District 2006-1 (Law Enforcement, Fire, Paramedic, Park Maintenance and General Services).

FISCAL IMPACT:

Fiscal Year 17-18 involving new annexations are \$612.16 per equivalent dwelling unit for residential development and \$.1423 per square foot for non-retail/industrial development. The estimated annual special tax from CFD 2006-01 for the nine (9) existing Improvement Zones is \$85,000.

ATTACHMENTS:

None