

Formation of Community Facilities District 2021-1 May 18, 2021



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Background



- City growth policies require new development to pay for its share of increased costs of operations and/or maintenance for police, fire, parks, drainage, and ongoing street maintenance costs
- The Mello-Roos Community Facilities Act of 1982 (Mello-Roos Act) provides a mechanism for cities to form districts in order to finance the provision of these municipal services

Background



- On September 5, 2017, Council adopted Resolution 17-065 authorizing the formation of Community Facilities District 2017-1 (CFD 2017-1)
- Recently, several residential developments have annexed into CFD 2017-1 and the process has been unnecessarily complex and burdensome on staff and Council resources
- Staff is recommending that the City create a new CFD to clarify the procedural requirements for joining the CFD so that future property owners can join easily by unanimous written consent

<u>Analysis</u>



- The Mello-Roos Act governs the formation of community facilities districts.
- Requires that prior to forming a district, the City Council adopt policies related to the types of items it will finance and whether it will use bonded indebtedness
- Staff has prepared policies complying with the Mello-Roos Act and recommends that Council adopt a Resolution adopting these policies

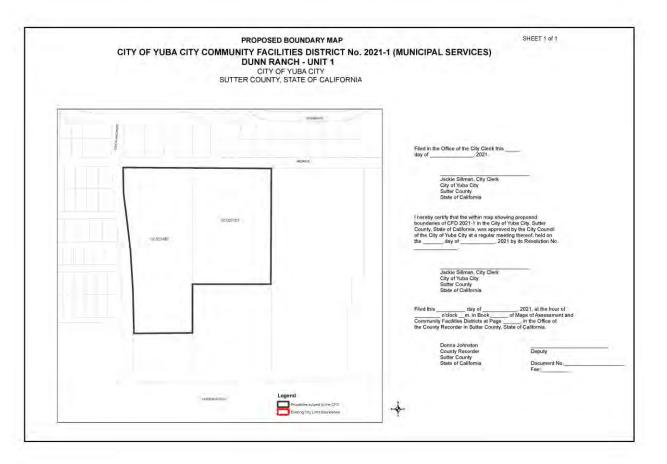
<u>Analysis</u>



- Staff also recommends Council adopt a Resolution of Intention to form CFD 2021-1, to authorize a levy of a special tax therein, and to authorize the annexation of future territories that desire to annex by unanimous written approval
- The proposed boundary of CFD 2021-1 will encompass the proposed Dunn Ranch Estates – Unit 1 Subdivision at the southeast corner of Royo Ranchero Drive and Monroe Road

Analysis





<u>Analysis</u>



- Future annexation areas include numerous undeveloped residential parcels within the City's Sphere of Influence
- Amendments will be made to the future annexation areas periodically as development progresses
- To finalize the formation of CFD 2021-1, staff will return to Council on July 6th, 2021, to hold a public hearing, call the election for Dunn Ranch Estates – Unit 1, open the ballots, declare the results, and adopt an ordinance
- Future residential projects will then be able to annex into CFD 2021-1 at a single Council meeting by submitting a unanimous written consent, if desired.

Fiscal Impact



- The Hearing Report for CFD 2021-1 follows the same methodology used in the formation of CFD 2017-1
- The current levy is \$467.10 annually per single family residential unit, \$340.70 for multi-family residential units
- Levy contains an escalation factor equal to the percentage escalation of the City's combined Police and Fire Department budgets, up to a maximum of 4 percent
- A total of 56 residential parcels are contained in Dunn Ranch Estates – Unit 1 resulting in a total current annual levy of \$26,157.60

Alternatives



- Do not authorize the formation of CFD 2021-1 and direct staff on other acceptable means of assuring development contributes it fair share of impacts to services
- Require staff to develop an alternative method of rate and apportionment for CFD 2021-1

Recommendations



- Adopt a Resolution adopting policies related to Community Facilities Districts for services
- Adopt a Resolution declaring the intention to establish City of Yuba City Community Facilities District 2021-1 (Municipal Services), authorizing the levy of a special tax therein to finance certain services, and authorizing the annexation of future territory in the future annexation area to the district by unanimous written approval



Questions