

Cotati City Council

Agenda Staff Report

Item type: PUBLIC HEARINGS (ACTION)
To: City Council
Subject: Establishing a Community Facilities District for Public Services
Date: September 12, 2017
Written by: Craig Scott, Director of Public Works/City Engineer

Recommendation

It is recommended that the City Council of the City of Cotati take the following actions:

1. Adopt resolutions a) for the formation of a Community Facilities District; Conditional Authorization to Levy a Special Tax; and Conditional Establishment of an Initial Appropriations Limit for CFD No. 2017-01, b) Calling Special Mailed-Ballot Election and Submitting to the Voters of CFD No. 2017-01 to Finance Public Services, and c) Declaring Election Results for Community Facilities District No. 2017-01, and
2. Introduce, waive the reading and schedule second reading and adoption of the Ordinance Levying a Special Tax Within and Relating to the City of Cotati Community Facilities District No. 2017-01 (Public Services).

Background

This item is to form the Community Facilities District (CFD) No. 2017-01, hold the election of the single eligible voter, and introduce an ordinance levying a special tax within and relating to the CFD. On July 25, 2017, City Council conducted the proceedings initiating the CFD and setting today as the day to form the CFD.

The CFD boundary map has been filed with the County Recorder's Office and defines the CFD boundary as the jurisdictional boundary of the City. The first area to annex into the CFD area coincides with the development referred to as "Cotati Station" located on Santero Way. The Cotati Station development, consisting of three parcels with the same owner, would be the only parcels subject to the special tax until such time as other areas are annexed into the CFD. Annexation to the CDF requires an election of eligible voters within the areas annexed into the CFD. For the initial Cotati Station annexation, the eligible voter is comprised of the owner of the properties.

Analysis/Discussion

The Mello-Roos Community Facilities Act of 1982, beginning with Government Code Section 53311 (the “Act”), is the statutory framework that provides the authority and describes the methodology that local agencies may use to form Community Facilities Districts (CFDs) and levy special taxes within the boundaries of those CFDs. Under the Act, CFDs may be used to fund certain authorized public services and related incidental administrative and incidental expenses.

The public services for which the City Council intends to provide funding with proceeds of the Special Tax of CFD No. 2017-01 (the “Authorized CFD Public Services”) are set forth in Exhibit A, attached to the Resolution of Formation, and generally include 1) the cost of contracting services, 2) the maintenance or upkeep of related facilities, equipment, vehicles, apparatus, and supplies, 3) police protection services, 4) maintenance and lighting of parks, parkways, streets, roads, and open space, 5) flood and storm protection services, including the operation and maintenance of storm drain systems, 6) the salaries and benefits of staff that directly provide public services, and 7) overhead costs associated with providing such services within the CFD.

The formation of a CFD and subsequently annexing into it is a condition of approval of the Cotati Station development. Because the property proposed for inclusion in the CFD includes less than twelve (12) resident registered voters (in fact it contains no resident registered voters), the property owner is also the voter in the CFD election. The property owner, as the sole qualified elector of the proposed district, can consent to waive CFD election waiting periods, so the City may conduct and certify the CFD election immediately after the Public Hearing provided that a majority protest is not received. Following the July 25, 2017, Council meeting, staff has published a notice of this hearing two times and has mailed the notice to the sole property owner.

The process to establish the CFD on September 12, 2017 is as follows:

1. **Resolution of Formation.** First hold the Public Hearing on the formation of the CFD. The Public Hearing provides the public an opportunity to provide testimony related to the formation of the CFD. While any member of the public may provide testimony, it is the testimony of the property owners within the CFD that is material to the City Council’s decision. Following the Public Hearing, City Council is to consider approval of a resolution to form the CFD.
2. **Resolution Calling for the Election.** If the resolution to form the CFD is approved, the City Council will next consider approving a resolution calling for a Mailed-Ballot Election (to be conducted by the Deputy City Clerk).
3. **Resolution Declaring the Election Results.** Following approval of a resolution calling for an election, if it has been determined that a majority protest was not made, the City Council will next consider approval of a resolution declaring the election results.

Attached to the Resolution of Formation of the CFD is the Rate and Method of Apportionment of the Special Tax (the “RMA”). The Special Tax would be annually levied on all nonexempt taxable parcels within the CFD in accordance with the RMA. The RMA specifies an initial maximum Special Tax assessment per dwelling unit for Fiscal Year 2017-2018 of \$644.86 for single family residential property and \$429.91 for multi-family property. These amounts were determined and presented in the attached Fiscal Analysis report using costs of service derived specifically for the City of Cotati. The assessment is to be increased each July 1 by the greater of the change in the San Francisco Urban Consumer Price Index or two percent (2.0%), with a maximum annual increase of four percent (4%) for any given year.

In addition to establishing the initial boundaries of CFD No. 2017-01, the Boundary Map designates the remaining property within the corporate boundary of the City as future annexation area (the “Future Annexation Area”), and the City Council intends to authorize the future annexation of portions of the land in the Future Annexation Area in accordance with an expedited annexation procedure authorized by the Act.

The Public Hearing provides the public an opportunity to provide testimony related to the formation of the CFD. While any member of the public may provide testimony, it is the testimony of the property owners within the CFD that is material to the City Council’s decision. Formation of the CFD will satisfy one of the Conditions of Approval that are required before the Improvement Plans and consequently, the building permits can be issued.

Financial Considerations

The City and the Developer have shared the costs of processing the formation of the CFD. The Developer paid for the cost of the CFD consultant (\$17,500) and publication costs (\$500) and the City paid for staff time including City legal council for an estimated cost of \$14,000. The costs of providing services and administering the CFD, once established, will be covered by the special taxes levied within the CFD.

Environmental Issues

The formation of the proposed CFD does not result in any actions that cause environmental impacts because it does not authorize, approve or fund the installation of infrastructure. The environmental analysis of the construction and installation of infrastructure was included in the environmental analysis conducted for the Cotati Station Project and approved by City Council on October 25, 2016 by Resolution 2016-72.

Attachments:

Fiscal and Economic Impact Study (1.16.2015) Cotati (PDF)