



## STAFF REPORT

**Date:** Tuesday, January 26, 2016  
**To:** Bryan H. Montgomery, City Manager  
**From:** Kevin Rohani, Public Works Director/City Engineer  
**SUBJECT:** Approve second reading of Ordinance No. 06-16 authorizing the levy of a special tax commencing in Fiscal Year 2016-17 and each ensuing fiscal year thereafter solely within and relating to City of Oakley Community Facilities District No. 2015-2 (Parks, Street Light, Landscape and Stormwater Services) ("CFD No. 2015-2")

Approved and Forwarded to City Council:

  
Bryan H. Montgomery, City Manager

### Background and Analysis

On May 26, 2015, City Council approved Subdivision Maps No. 9080 and No. 9391. These subdivision maps encompass the development known as the Prescott Parc Project. The Prescott Parc Project will consist of 40 single-family residential parcels which are located between Picasso Drive and Frank Hengel Way south of Escher Circle in the central part of the City of Oakley. As a condition of development, the property owner, Prescott Parc, LLC, was required to establish a funding mechanism to mitigate their project's fiscal impact on regional, community and neighborhood parks, street lighting, neighborhood landscaping and stormwater detention facilities.

On October 20, 2015 the City received a petition from Prescott Parc, LLC requesting the establishment of a new Community Facilities District. On October 27, 2015, the City Council adopted Resolution No. 124-15, (the "Resolution of Intention"), declaring its intention to establish CFD No. 2015-2. On December 8, 2015, the City Council adopted Resolution No. 144-15, (the "Amended and Restated Resolution of Intention"), which amended the original Resolution of Intention. The Amended and Restated Resolution of Intention to establish Community Facilities District No. 2015-2 added language that was missing from the original Resolution of Intention, regarding the formation of the Future Annexation Area in order to facilitate future annexations to the district. If formed, CFD No. 2015-2 will provide a funding mechanism to cover the annual costs associated with maintenance, operation, monitoring, and replacement of regional, community and neighborhood parks, street lighting, neighborhood landscaping, stormwater detention facilities and associated administrative costs.

On November 9, 2015, the Boundary Map was recorded with the Contra Costa County Recorder's office as required by the CFD Act. The Proposed Boundary Map also includes a "Future Annexation Area" which corresponds to the City's boundaries. This future annexation area will enable all future development projects within the City to annex into CFD No. 2015-2 with the unanimous approval of the property owner and with Council's approval. It is anticipated that future development projects may be

annexed into CFD No. 2015-2 when they are approved for development or property owners may request a separate financing mechanism to mitigate their fiscal impacts to the City. The benefit of establishing a "Future Annexation Area" is that the annexation process into CFD No. 2015-2 is significantly streamlined, which saves staff time and costs to Developers. By creating this "Future Annexation Area" for CFD No. 2015-2, staff is able to bring future CFD annexations to City Council for approval at one Council meeting, instead of the lengthy three Council meeting process.

On January 12, 2016, the City Council took the following actions:

- It adopted Resolution No. 03-16 which formed CFD No. 2015-2;
- It then adopted Resolution No. 04-16 which called for a special land owner election to authorize the levy of special taxes within the CFD for FY 2016-17 and each fiscal year thereafter;
- It then held the special land owner election and subsequently adopted Resolution No. 05-16 declaring the results of the election, which was a unanimous vote in favor of the levy of special taxes;
- Finally, the City Council then introduced Ordinance No. 06-16 authorizing the levy of a special tax commencing in Fiscal Year 2016-17 and each fiscal year thereafter solely within and relating to CFD No. 2015-2.

As required by the CFD Act, the notice of special tax lien was recorded at the Contra Costa County Recorder's office. The recording of the notice of special tax lien will put all interested parties, including title companies, lenders and future home purchasers, on notice that the property is located within CFD No. 2015-2 and is subject to a special tax.

Based on an estimate of the costs to be incurred by the City of Oakley for providing the authorized services for CFD No. 2015-2, the maximum combined annual special tax is \$1,391.95 (in FY 2015-16 dollars) per single-family residential parcel. As specified in the rate and method of apportionment of special tax, annual increases in the maximum special tax are limited to the prior year's change in the Consumer Price Index – All Urban Consumers (San Francisco-Oakland-San Jose, CA) with a minimum annual increase of 3% and a maximum annual increase of 5% over the previous year's maximum special tax.

Final adoption of Ordinance No. 06-16 is proposed to take place at the January 26, 2016 City Council meeting. Should Council adopt the ordinance, the City Clerk is required to publish the Ordinance within 15 days after its passage in a newspaper of general circulation published and circulated in the area of the CFD. Publication of the Ordinance will complete the process to authorize the levy of special taxes within CFD No. 2015-2 commencing in Fiscal Year 2016-17.

### **Fiscal Impact**

Development of the Prescott Parc Project requires a funding mechanism to mitigate the fiscal impact of the project's regional, community and neighborhood parks, street lighting, neighborhood landscaping, stormwater detention facilities and associated administrative costs. CFD No. 2015-2 will provide the financing mechanism to levy an annual Special Tax to pay for these services. Following the creation of CFD No. 2015-2, the levy of the special tax can be levied annually commencing in Fiscal Year 2016-17 if necessary.

### **Recommendation**

Staff recommends that the City Council adopt the following Ordinance:

1. Ordinance No. 06-16 which is an Ordinance Levying the Special Tax.

### **Attachments**

- 1) Ordinance Levying Special Tax

**ORDINANCE NO. 06-16****ORDINANCE LEVYING SPECIAL TAX****CITY OF OAKLEY****Community Facilities District No. 2015-2****(Parks, Street Light, Landscape and Stormwater Services)****SECTION 1. FINDINGS**

A. The City Council (this "Council") of the City of Oakley (the "City") has adopted a resolution entitled "Amended and Restated Resolution of Intention to Establish Community Facilities District" (the "Resolution of Intention"), and has conducted proceedings (the "Proceedings") to establish (i) the "City of Oakley Community Facilities District No. 2015-2 (Parks, Street Light, Landscape and Stormwater Services)" (the "CFD") and (ii) the "City of Oakley Community Facilities District No. 2015-2 (Parks, Street Light, Landscape and Stormwater Services) (Future Annexation Area)" (the "Future Annexation Area") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act") to fund certain municipal services (the "Services") as provided in the Act.

B. Pursuant to notice as specified in the Act, and as part of the Proceedings, the Council has held a public hearing under the Act relative to the determination to proceed with the formation of the CFD and the Future Annexation Area and the rate and method of apportionment of the special tax ("Special Tax") to be levied within the CFD to finance the Services, and at such hearing all persons desiring to be heard on all matters pertaining to the formation of the CFD and the Future Annexation Area and the levy of the Special Tax were heard, substantial evidence was presented and considered by this Council and a full and fair hearing was held.

C. Upon the conclusion of the hearing, this Council adopted a resolution entitled "A Resolution of Formation of Community Facilities District" (the "Resolution of Formation"), pursuant to which it completed the Proceedings for the establishment of the CFD and the Future Annexation Area, the authorization of the levy of the Special Tax within the CFD and the calling of an election within the CFD on the propositions of levying the Special Tax and establishing an appropriations limit within the CFD, respectively.

D. On January 12, 2016, a special election was held among the landowner voters within the CFD at which such voters approved such propositions by the two-thirds vote required by the Act, which has been confirmed by resolution of this Council.

**SECTION 2.** By the passage of this Ordinance, the Council hereby authorizes and levies the Special Tax within the CFD (including any parcel or parcels in the Future Annexation Area that annex into the CFD) pursuant to the Act, at the rate and in accordance with the rate and method of apportionment of Special Tax set forth in the Resolution of Formation which rate and method is by this reference incorporated herein. The Special Tax is hereby levied commencing in fiscal year 2016-17 and in each fiscal year thereafter to pay for the Services for the CFD, as contemplated by the Resolution of Formation and the Proceedings and all costs of administering the CFD.

SECTION 3. The Finance Director or designee, or an employee or consultant of the City, is hereby authorized and directed each fiscal year to determine the specific Special Tax to be levied for the next ensuing fiscal year for each parcel of real property within the CFD (including any parcel or parcels in the Future Annexation Area that annex into the CFD), in the manner and as provided in the Resolution of Formation.

SECTION 4. Exemptions from the levy of the Special Tax shall be as provided in the Resolution of Formation and the applicable provisions of the Act. In no event shall the Special Tax be levied on any parcel within the CFD in excess of the maximum Special Tax specified in the Resolution of Formation.

SECTION 5. All of the collections of the Special Tax shall be used as provided in the Act and in the Resolution of Formation, including, but not limited to, the payment of costs of the Services, the payment of the costs of the City in administering the CFD, and the costs of collecting and administering the Special Tax.

SECTION 6. The Special Tax shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that the Council may provide for other appropriate methods of collection by resolution(s) of the Council. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent Special Tax payments. The Finance Director of the City is hereby authorized and directed to provide all necessary information to the auditor/tax collector of the County of Contra Costa in order to effect proper billing and collection of the Special Tax, so that the Special Tax shall be included on the secured property tax roll of the County of Contra Costa for fiscal year 2016-17 and for each fiscal year thereafter until no longer required to pay for the Services or until otherwise terminated by the City.

SECTION 7. If for any reason any portion of this ordinance is found to be invalid, or if the Special Tax is found inapplicable to any particular parcel within the CFD, by a court of competent jurisdiction, the balance of this ordinance and the application of the Special Tax to the remaining parcels within the CFD shall not be affected.

SECTION 8. The Mayor shall sign this Ordinance and the City Clerk shall cause the same to be published immediately after its passage at least once in a newspaper of general circulation circulated in the City.

SECTION 9. This Ordinance shall take effect 30 days from the date of final passage.

The foregoing Ordinance was adopted at a regular meeting of the City Council of the City of Oakley held on the 26th day of January, 2016, by Councilmember \_\_\_\_\_ who moved its adoption and passage, which motion being duly seconded by Councilmember \_\_\_\_\_ was upon voice vote carried and ordered posted by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

**APPROVED:**

\_\_\_\_\_  
Kevin Romick, Mayor

**ATTEST:**

\_\_\_\_\_  
Libby Vreonis, City Clerk