



Staff Report

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**File #:** 22-0638

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**REQUEST FOR CITY COUNCIL ACTION**

**DATE:** 08/03/2022

**TO:** Honorable Mayor and City Council Members

**FROM:** Finance Department

**SUBJECT:**

Resolution levying special taxes to be collected during Fiscal Year 2023 for the City's Community Facilities District No. 2016-3 (Maintenance Services), Zone 31.

**EXECUTIVE SUMMARY:**

The City Council will consider adopting the recommended resolution which will allow the City to levy and collect Fiscal Year 2023 special taxes for the City's Community Facilities District No. 2016-3 (Maintenance Services), Zone 31.

**RECOMMENDED ACTION:**

**That the City Council** adopt Resolution No. 2022-105, levying special taxes to be collected during Fiscal Year 2023 for the payment of the annual cost of maintenance services within Community Facilities District No. 2016-3 (Maintenance Services), Zone 31.

**BACKGROUND & HISTORY:**

Pursuant to the Mello-Roos Community Facilities Act of 1982, the Community Facilities District (the "District") listed under the Recommended Action section was formed to levy special taxes for the payment of the annual cost of, but not limited to, maintenance and lighting of parks, parkways, streets, roads, and open space, maintenance and operation of water quality improvements, maintenance and operation of traffic signals, public street sweeping (the "Services"), and reserve funds for replacement of improvements within the District and the surrounding areas, and for the payment of administrative expenses incurred in connection with the levy and collection of said special taxes.

**ANALYSIS:**

It is necessary that the City Council levy special taxes for the payment of the annual costs of the Services within the District, pursuant to Section 53340 of the Government Code. Special taxes within the District are levied in an amount necessary to satisfy the Operation and Maintenance Special Tax

Requirement, as defined in the District's Rate and Method of Apportionment (the "RMA"). Any necessary replenishment or expenditure of the reserve funds and an amount estimated for administrative expenses during the year are included in the levy. The special taxes levied will not exceed the authorized amounts provided in the RMA.

On July 6, 2022, the City Council approved the Fiscal Year 2023 levy resolutions for multiple zones in Community Facilities District 2016-3. The special tax consultant's audit process determined that Zone 31 needs to be included for levy in Fiscal Year 2023 via Resolution No. 2022-105. The development of the Latitude Business Park, Tract PM 37608 (the "Project"), was annexed into the Community Facilities District 2016-3 (Maintenance Services) on December 15, 2021, as Zone 31. The Project will incur maintenance costs for facilities to be turned over to the City during Fiscal Year 2023.

**FINANCIAL IMPACT:**

The budgeted operating costs are determined by the prior year's actual costs for service and projected costs for the same services and any capital improvement projects needed for the next fiscal year. Additionally, the projected revenues are estimated based on the RMA allowable special tax rates and the properties within the District boundaries, including anticipated development for the newer District.

Below is a summary of Fiscal Year 2023 estimated levy and operating cost for the District:

<b>Estimated Costs *</b>	<b>Estimated Assessment Revenue</b>	<b>Percentage of Maximum Tax</b>	<b>Actual Assessment YOY % Change</b>
\$ -	\$ 21,601	100.00%	N/A

\* The estimated costs for the District will be updated during the first quarter budget adjustment for Fiscal Year 2023.

As a newly established zone, the District will be included in the Fiscal Year 2023 tax roll and was not levied in Fiscal Year 2022. Therefore, the comparison between the two years is not applicable.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action merely sets the special taxes to be levied and collected within the District for Fiscal Year 2023, and there is no possibility that adopting the resolution will have a significant effect on the environment. Therefore, no environment analysis is required.

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**PREPARED BY:** LIEN-CHI CANTUBA, ACCOUNTING SUPERVISOR

**REVIEWED BY:** KIM SITTON, FINANCE DIRECTOR

**Attachments:**

1. Exhibit 1 - Boundary Map for Resolution No. 2022-105
2. Exhibit 2 - Resolution No. 2022-105