



City of Chula Vista

Staff Report

File#: 15-0342, Item#: 8.

A. RESOLUTION NO. 2015-159 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE LEVY OF MAXIMUM SPECIAL TAXES FOR FISCAL YEAR 2015/2016 WITHIN COMMUNITY FACILITIES DISTRICTS 97-1, 97-2, 97-3, 98-1, 98-2, 98-3, 99-1, 99-2, 2000-1, 2001-1, 2001-2, 07-I, 08-I, 08-M, 09-M, 11-M, 12-I, 12-M, 13-I AND 13-M; AND DELEGATING TO THE CITY MANAGER, OR DESIGNEE, THE AUTHORITY TO PREPARE AND SUBMIT A CERTIFIED LIST OF ALL PARCELS SUBJECT TO THE SPECIAL TAX, INCLUDING THE AMOUNT OF THE TAX, TO THE COUNTY AUDITOR

B. RESOLUTION NO. 2015-160 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AUTHORIZING THE LEVY OF MAXIMUM SPECIAL TAXES FOR FISCAL YEAR 2015/2016 WITHIN COMMUNITY FACILITIES DISTRICTS 06-I AND 07-M; AND DELEGATING TO THE CITY MANAGER, OR HIS DESIGNEE, THE AUTHORITY TO PREPARE AND SUBMIT A CERTIFIED LIST OF ALL PARCELS SUBJECT TO THE SPECIAL TAX, INCLUDING THE AMOUNT OF THE TAX, TO THE COUNTY AUDITOR

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

Twenty-two (22) Community Facilities Districts (CFDs) were formed during Fiscal Years 1998-2007. Each year, a special tax must be levied in each of the districts to pay for the maintenance of open space preserve areas and maintenance of other public facilities, or to repay bondholders. The present item will authorize the levy of maximum special taxes for CFDs 97-1, 97-2, 97-3, 98-1, 98-2, 98-3, 99-1, 99-2, 2000-1, 2001-1, 2001-2, 06-I, 07-I, 07-M, 08-M, 08-I, 09-M, 11-M, 12-M, 12-I, 13-M and 13-I.

ENVIRONMENTAL REVIEW

The Director of Development Services has reviewed the proposed activity, authorizing the levy of maximum special taxes for fiscal year 2015/2016 within community facilities districts, for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378(b)(4) of the State CEQA Guidelines because it consists of a governmental fiscal activity that will not result in direct or indirect adverse physical changes to the environment. Therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

BOARD/COMMISSION RECOMMENDATION

Not Applicable.

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DISCUSSION

In January 1998, City Council adopted the *City of Chula Vista Statement of Goals and Policies Regarding the Establishment of Community Facilities Districts*. This document allowed the use of CFDs as a public financing mechanism for:

- Acquisition and/or construction of public improvements and facilities
- Financing of authorized public services; and
- To repay bonded indebtedness or other related expenses.

During Fiscal Years 1998/1999 through 2006/2007, the following CFDs were formed in the Otay Ranch, Sunbow II, San Miguel Ranch, Eastlake, and Rolling Hills Ranch areas:

Table 1. Community Facilities Districts within the City of Chula Vista

CFD	Location	Purpose
97-1	Otay Ranch SPA 1, Villages 1 and 5	Open Space maintenance
97-2	Otay Ranch Preserve	Open Space maintenance
97-3	Otay Ranch McMillin, SPA 1	Bond Issue for acquisition of public facilities
98-1	Otay Ranch Villages 1W, 2, 2W, 6, 7, 12	Interim Open Space maintenance
98-2	Otay Ranch McMillin SPA 2, Villages 6, 7	Interim Open Space maintenance
98-3	Sunbow II	Open Space maintenance
99-1	Otay Ranch SPA 1, Villages 1, 5, 1W	Bond Issue for acquisition of public facilities
99-2	Otay Ranch SPA 1, Village 1W	Open Space maintenance
2000-1	Sunbow II, Villages 5-10	Bond Issue for acquisition of public facilities
2001-1	San Miguel Ranch, Areas A and B	Bond Issue for acquisition of public facilities
2001-2	McMillin Otay Ranch, Village 6	Bond Issue for acquisition of public facilities
06-I	Eastlake Woods, Vistas and Land Swap	Bond Issue for acquisition of public facilities
07-I	Otay Ranch Village 11	Bond Issue for acquisition of public facilities
07-M	Eastlake Woods, Vistas and Land Swap (Areas 1, 2)	Maintenance District
08-I	Otay Ranch, Village 6	Bond Issue for acquisition of public facilities
08-M	McMillin & Otay Ranch Village 6 (Areas 1, 2)	Maintenance District
09-M	Otay Ranch Village 11	Maintenance District
11-M	Rolling Hills Ranch	Maintenance District
12-I	McMillin Otay Ranch, Village 7	Bond Issue for acquisition of public facilities
12-M	McMillin & Otay Ranch, Village 7	Maintenance District
13-I	Otay Ranch, Village 7	Bond Issue for acquisition of public facilities
13-M	Otay Ranch Village 2	Maintenance District

Maximum Rate & Actual Rate

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The City of Chula Vista makes the distinction between the maximum special tax rate and the amount that the City may collect against the special tax rate (i.e., the actual rate). The maximum special taxes for Fiscal Year 2015/2016 are proposed at the Fiscal Year 2014/2015 maximum special tax rates and adjusted by an inflation factor as defined in each district's special tax report.

The actual rate, on the other hand, is the amount actually collected from the property owner and is equal to, or lower than, the proposed maximum special tax rate. The actual rate is based on the budget, the reserve requirement, fund balances, earned interest, and prior years' savings. Each year, the Council authorizes the levy of special taxes on the maximum authorized special tax rates, and delegates to the City Manager, or designee the authority to establish the specific special tax rate applicable to each parcel.

The maximum special tax rate and actual special tax rate for these existing infrastructure and open space maintenance CFDs are detailed in Exhibits A through U, and are accompanied by district maps.

Fiscal Year 2015/2016 Rates

Maximum Special Tax Rate

According to the Rate and Method of Apportionment for open space maintenance CFDs 97-1, 97-2, 98-1, 98-2, 98-3, and 99-2, the Maximum Special Tax Rates (see exhibits) for each fiscal year after the initial year shall be increased or decreased by the lesser of the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (CPI) or the annual percentage change in the estimated California Fourth Quarter Per Capita Personal Income as contained in the Governor's budget published in January of each year. The annual percentage change in the CPI was approximately (1.85%), while the estimated California Fourth Quarter Per Capita Personal Income increase was (2.91%). Staff therefore used the (1.85%), which is the lower of the two annual percentage changes.

According to the Rate and Method of Apportionment for open space maintenance CFDs 07-M, 08-M, 09-M, 11-M, and 12-M the Maximum Special Tax shall be increased each fiscal year after the initial year and by a factor equal to the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index. The annual percentage change in the CPI was approximately (1.85%).

According to the Rate and Method of Apportionment for open space maintenance CFD 13-M, the Maximum Special Tax shall be levied beginning in Fiscal Year 2007-2008 and increased each fiscal year thereafter by a factor equal to the greater of the annual percentage increase, if any, in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) as reported by the State of California Department of Finance, or 4%. The factor that will be used for this CFD will be 4%, which is greater than the San Diego Metropolitan Area All Urban Consumer Price Index (1.85%).

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The maximum authorized and projected annual Special Tax rates for all Community Facilities Districts are given in Exhibits A through U. Square footage (SF) refers to building floor area, and acreage refers to the total lot size. For CFD 98-3, a single-family dwelling unit is equivalent to one EDU. Costs are spread to multi-family units on the basis of 0.8 EDU per unit for street medians and parkways, and 1.0 EDU per unit for all other facilities in the CFD.

Actual Special Tax Rate

The Special Tax Levy Reports for the maintenance CFDs 97-1, 97-2, 98-1, 98-3, 99-2, 07-M, 08-M, 09-M, 11-M, 12-M and 13-M require the establishment of a fund reserve for each district of up to 100% of the total annual operating budget in order to provide revenue for the first half of the fiscal year before any income is received and to provide for cost overruns and delinquencies. A 50% reserve has been provided in some of these CFDs by including an additional 50% of the Fiscal Year 2015/2016 budgets. The reserves should provide sufficient funding through December 31, 2015. Additional reserves may be realized depending on the schedule for accepting new landscaping improvements during the fiscal year and/or cost savings throughout the year.

The Fiscal Year 2015/2016 actual special tax rates have not been finalized at this time. California Government Code Section 53340 ("Government Code") permits the City Council to set the maximum rate for the levy of the special taxes and to authorize the City Manager or his designee to fix the amount of the levy at this maximum rate or lower based on the Certified List of all Parcels subject to the special tax levy, which list is provided to the City by the County Auditor. In accordance with the Government Code, staff proposes that the City Council establish the maximum rate of the levies and authorize the City Manager, or designee, to set the special tax at the maximum rate or lower based on the Certified List of all Parcels subject to the special tax levy.

Once the Council has passed this resolution, final Special Tax Levy Reports will be completed, which will include a list of all parcel numbers and charges applicable to each parcel. The final reports will then be submitted to the County Auditor by the required date in accordance with the deadline set by San Diego County.

DECISION-MAKER CONFLICT

Staff has reviewed the property holdings of the City Council and has found that, Councilmember McCann has real property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, pursuant to California Code of Regulations Title 2, sections 18700 and 18705.2(a)(11), this item presents a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.) for the above-identified member.

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

LINK TO STRATEGIC GOALS

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The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. Well maintained open space preserve areas and other public facilities enrich a community's quality of life and encourage residents to engage in healthy lifestyle activities that support and promote wellness and Healthy Communities.

CURRENT YEAR FISCAL IMPACT

Infrastructure Districts

The scheduled debt service for bonded infrastructure districts in Fiscal Year 2015/2016 totals \$14,820,687.50 and is detailed in the table below. Projected special tax revenues will be sufficient to cover these amounts with no impact to the General Fund.

District	Debt Service
CFD 97-3	\$818,131.00
CFD 99-1	\$2,925,814.00
CFD 2000-1	\$503,489.00
CFD 2001-1 (IA A)	\$994,759.00
CFD 2001-1 (IA B)	\$828,880.00
CFD 2001-2	\$893,020.00
CFD 06-I	\$2,351,988.00
CFD 07-I	\$2,474,627.50
CFD 08-I	\$1,334,113.00
CFD 12-I	\$1,007,318.00
CFD 13-I	\$688,548.00
Total	\$14,820,687.50

Maintenance Districts

The full cost of providing maintenance services in these districts totals \$8,661,417.00. This entire amount is recovered through the CFDs' special tax levies and reserves, resulting in no net impact to the General Fund.

ONGOING FISCAL IMPACT

The ongoing costs of providing maintenance services will be offset through the CFDs' special tax levies and reserves of each CFD. By carefully monitoring expenses, adjusting budgets annually as needed and sustaining healthy reserves, the CFDs will continue to be able to fund the required maintenance.

ATTACHMENTS

1. District Maps

EXHIBITS

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A thru U - Fiscal Year 2015/2016 CFD Tables

Staff Contact: Robert Beamon