



City of Chula Vista

Staff Report

File#: 15-0411, **Item#:** 7.

RESOLUTION NO. 2015-189 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 DISTRICT 14-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

RECOMMENDED ACTION

Council adopt the resolution.

SUMMARY

Twenty-three (23) Community Facilities Districts (CFDs) were formed during Fiscal Years 1998-2014. 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 CFD 14-M.

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.

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.

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During Fiscal Year 2013/2014, CFD 14-M, Eastern Urban Center / Millenia was formed.

Maximum Rate & Actual Rate

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 this new open space maintenance CFD is detailed in Exhibit A, and is accompanied by a district map.

Fiscal Year 2015/2016 Rates

Maximum Special Tax Rate

According to the Rate and Method of Apportionment for open space maintenance CFD 14-M, the Maximum Special Tax shall be levied beginning in Fiscal Year 2014-2015 and increased each fiscal year thereafter by a factor equal to the greater of the positive percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) from the base date of June 1, 2013 through June 1 of the prior Fiscal Year, or 0%. The factor that will be used for this CFD will be 1.85%, which is greater than 0%.

The maximum authorized and projected annual Special Tax rates for District 14-M are given in Exhibit A.

Actual Special Tax Rate

The Special Tax Levy Report for the maintenance CFD 14-M, requires the establishment of a fund reserve for the 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 by including an additional 50% of the Fiscal Year 2015/2016 budget. 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 for District 14-M have not been finalized at this time. California Government Code Section 53340 ("Government Code") permits the City Council to

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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 City Council has passed this resolution, the final Special Tax Levy Report will be completed, which will include a list of all parcel numbers and charges applicable to each parcel. The final report 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 members and has found no property holdings within 500 feet of the boundaries of the property which is the subject of this action. Consequently, this item does not present a disqualifying real property-related financial conflict of interest under California Code of Regulations Title 2, section 18705.2(a)(11), for purposes of the Political Reform Act (Cal. Gov't Code §87100, et seq.).

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

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

The full cost of providing maintenance services in this district totals \$138,405. This entire amount will be recovered through the CFD's 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 CFD's special tax levies and reserves. By carefully monitoring expenses, adjusting the budget annually as needed and sustaining a healthy reserve, this CFD will continue to be able to fund the required maintenance.

ATTACHMENTS

1. District Map

Staff Contact: Robert Beamon