



JONES HALL

NHA

ADVISORS

Financial & Policy Strategies.  
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# Lake County Recreation Financing Authority

Using a JPA and a County-Wide Revenue  
Measure to Finance Recreational Facilities

October 19, 2022

# Objectives for this Meeting

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- Introductions/Background
- Proposed Governance and Financing Structures
- Legal Work/Polling/Public Buy-In/Election
- Next Steps – Budget and Timeline

# Outline

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1. Forming a Joint Powers Authority (JPA)
2. Forming a Community Facilities District (CFD)
3. Hiring an Election/Financing Team
4. Establishing a Budget and Timeline
5. Conclusion/Questions

# Outline – Key Takeaway

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Must start **now** to accomplish all steps required to place a County-wide revenue measure for recreational facilities on **March or November 2024 election**

Cost to engage election/financing team **\$225,000**

Cost to be split between participating agencies

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# Forming a Joint Powers Authority (JPA)

# Forming a JPA – Generally

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**Joint Powers Authority** is formed among two or more public agencies, such as cities and counties, under Gov Code 6500

Creates single, centralized governing body facilitating needs shared by multiple municipalities. Authorized to act on behalf of its members, derives its powers from that of its members

Formed by entering into a **Joint Powers Agreement**, setting forth purpose, extent of powers, governance, term, contributions/advances to fund its activities

The Agreement can be short/high level, or as detailed as parties desire. Often detailed financing agreements and operating agreements come later

# Forming a JPA – Limited Liability

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Members are **not** liable for debts of JPA

Any cost-sharing must be **expressly** agreed

JPAs may issue bonds; “Authority Bonds” are well-received and well-known in the municipal bond marketplace

Bonds issued by JPA are secured **solely** by the pledged special revenue stream, not members’ revenues

# Forming a County-Wide JPA – Key Terms

JPA would be formed to propose a special taxing district (likely a county-wide Mello-Roos community facilities district- “CFD”), imposing a tax to be voted on County-wide (2/3 vote required) to establish a revenue stream for acquiring and maintaining recreational facilities

Agreement terms would be high-level, need only set forth terms required to establish JPA, form a special taxing district, and place special tax revenue measure on the ballot

- Membership: Cities of Clearlake and Lakeport, Lake County
- Governance: Board consisting of 2 reps. from each member, plus 1 appointed at-large
- Initial purpose: Decide on revenue measure scope and timing, hire election/financing team professionals (legal, financial, polling/messaging), contribute to initial costs
- Ultimate purpose: if election successful, oversee acquisition & operation of facilities per agreements to be drafted in the future



# Alternatives to the JPA

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Instead of forming JPA, the Cities and County could pursue alternative governance structures, such as:

- Create new Park & Rec District – downsides include LAFCO proceedings, sharing of tax revenues, new District staff
- MOU b/w Cities and County – downsides include no central governing body to coordinate activities; cities can only tax within their jurisdictional boundaries, not County-wide
- City Ownership with Joint Use Agreements – downsides include no central governing body; cities can only tax within their jurisdictional boundaries; agreements to draft now

# Alternative to the CFD – Citizens' Initiative

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One alternative to forming a JPA and having the JPA place a special tax measure on the ballot would be for citizens to undertake an initiative process for recreational facilities

If local agencies put a special tax measure on the ballot, **2/3 voter approval** is required

If citizens place an initiative measure on the ballot, recent cases have held only **majority approval** is required – however, these cases have all involved significant litigation (San Francisco, Fresno, Oakland) and would require organization by citizens / requisite signatures

# Alternative to the CFD – Sales Tax Measure

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Another alternative to forming a JPA and having the JPA place a special tax measure on the ballot would be a **sales tax measure**

Sales tax measures are typically structured as **general taxes** requiring only **majority approval** – however this means the tax would not be limited to specific recreational programs and facilities, but go into County general fund and be available for any general fund purpose

Advisory measures can be used to help show voters intended uses of the revenues, but legally any general fund purpose would be permitted and the County BOS would be in sole control

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# Forming a Community Facilities District (CFD)

# Forming a CFD – Generally

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CFDs are formed under the **Mello-Roos Act**, Gov Code 53311 et seq. – can finance facilities and services/maint.

Impose a **special tax**, paid in addition to property tax and secured by taxed parcels in the County

Authorize issuance of **special tax bonds**, secured by the special tax

Requires **2/3 vote** of submitted registered voters, in favor of the special tax and bonding

# Forming a CFD – Establishing a Tax Rate

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Key document is the **Rate and Method of Apportionment (RMA)** – this is how the tax will be levied

RMA also sets forth **duration** of tax – may be **perpetual** to pay for maintenance

Tax may be levied on any **reasonable** basis (except assessed value)

# Forming a CFD – Requirements

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**Boundary Map** setting forth boundary of CFD

List of **Authorized Facilities and Services** setting forth list of items that can be financed

Maximum **Bond Authorization** setting forth maximum amount of bonds to be issued to acquire/improve facilities

Vote is **not required** to form the CFD- but voting **is required** for authority to tax and bond

# Forming a CFD – County-wide Levy Key

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## Special Tax Levy Examples

- **Flat per Parcel (all Taxable Parcels)**
- **Residential Parcels Only**
- **Flat Residential + Improved Sq. Ft. on Non-Residential**
- **Land Sq. Ft. (not building sq. ft.)**
- **Zones based on proximity to Facilities**



# Forming a CFD – Registered Voter Examples

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**City of Calistoga (ongoing)** – financing facilities and services related to acquisition of Napa County Fairgrounds

**Kelseyville Fire Protection District (2021)** – unsuccessful tax for increased fire protection services and facilities

**City of Novato (2013)** – successful acquisition of “Pacheco Valle” open space in City of Novato

**Casitas Municipal Water District (2013)** – successful acquisition of private water company in Ojai

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# Estimated Financing Requirements

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Capital Costs	\$20 M	\$40 M	\$60 M	\$80 M
Debt Service	\$1,330,000	\$2,650,000	\$3,960,000	\$5,275,000
Operating	\$1,000,000	\$1,500,000	\$2,000,000	\$2,500,000
Total	\$2,330,000	\$4,150,000	\$5,960,000	\$7,775,000
Per Parcel*	\$38.00	\$67.00	\$96.00	\$125.00

\* Assumes 62,470 Countywide parcels (residential, commercial, industrial, and undeveloped)

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# Hiring an Election/Financing Team

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Bond Counsel (legal): **Jones Hall**, special legal counsel  
100% focused on CA bond financings – to draft JPA  
Agreement, CFD resolutions and tax matters

Municipal Advisor (financial): **NHA Advisors**, municipal  
advisor, 100% focused on CA local agencies – to model  
tax rates, bond assumptions, financial projections

Special Tax Consultant: **TBD**, to prepare RMA

Polling/Messaging: **TBD**, to handle voter outreach

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# Establishing a Budget and Timeline

# Establishing a Budget

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City of Lakeport would engage all consultants, pay consultants with an upfront budget contribution from the proposed JPA members; **split evenly** among 3 agencies

Budget consists of the following **not-to-exceed** amounts:

- Jones Hall (legal): \$25,000 (JPA formation) + \$50,000 (CFD formation)
- NHA Advisors (financial): \$50,000 (thru CFD formation/election)
- TBD (polling/messaging): \$50,000
- TBD (special tax consultant): \$50,000

# Establishing a Timeline

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Election can be held as a special mailed ballot election on non-regular State election dates – turnout and cost can be affected by date of election. If initial steps completed quickly, Mar. 2024 possible.

## Estimate of Timing-Assuming November 2024 Election:

- 1) Hire Election/Financing Team and Fund (90 days) – by Jan. 2023
- 2) Form JPA – negotiating JPA Agreement (180 days) – by July 2023
- 3) Undertake Polling/Messaging (180 days) – by Jan. 2024
- 4) Form CFD and Call Election (180 days) – by July 2024 [Nov. Elec]



# Establishing a Timeline (cont'd)

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## 1) Hire Election/Financing Team and Fund (90 days)

- Assume Cities and County quickly agree on JPA/CFD plan and authorize funding
- Budgeted funds deposited with City of Lakeport

## 2) Form JPA – negotiating JPA Agreement (180 days)

- Assume 90–120 days to negotiate
- Assume 60 days for each governing body to agendaize and approve

# Establishing a Timeline (cont'd)

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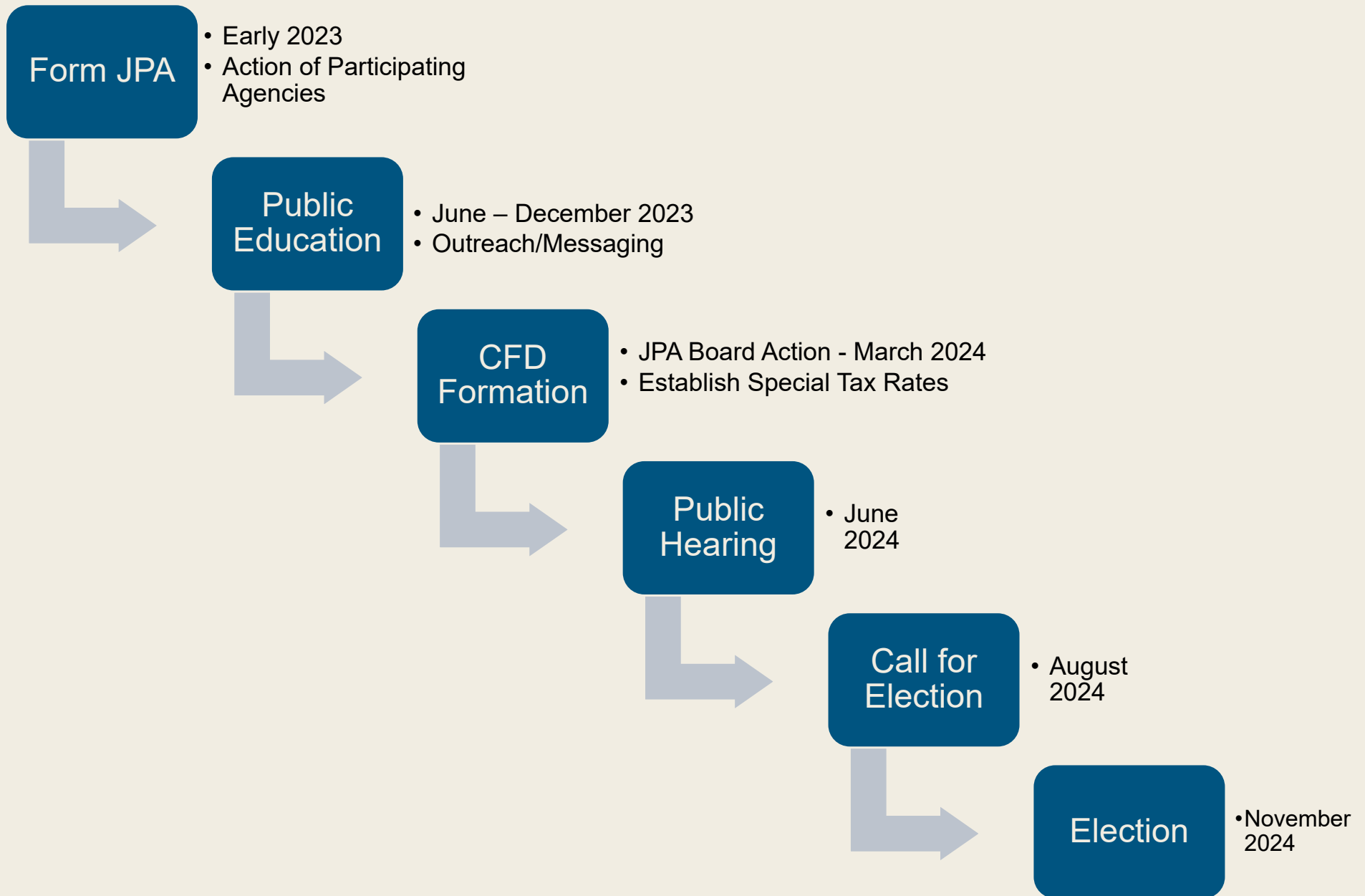
## 3) Undertake Polling (180 days from approval of JPA)

- Assume 90–120 days to undertake polling within communities
- Assume 60 days to present results of polling and obtain input from JPA

## 4) Form CFD – JPA establishes CFD and calls election (180 days from conclusion of polling)

- Assume 90-120 days to negotiate and agree upon special tax rates and facilities/services
- Mello-Roos Act requires two meetings (30-60 days apart) and election (90-180 days after)
- Community outreach / town hall meetings can be feathered-in, as desired
- Target November 5, 2024 – presidential/general election

# Establishing a Timeline (cont'd)



# Establishing a Timeline (cont'd)

Project  
Funding  
Research

- September – November 2021

Public  
Outreach/  
Survey

- November 2021 – February 2022

Funding  
Plan  
Refinement

- March – May 2022

Call for  
Election

- 88 Days Prior
- August 2024

Election

- November 2024

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# Conclusion/Questions

# Conclusion

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Establishing a JPA and a CFD special taxing district would allow County-wide coordination and access to tax-base

JPA to consist of cities and County; 7-member board

Facilities/services and timeline to be finalized by JPA board

Budget of \$225,000 anticipated to be sufficient to place measure on March or November 2024 County-wide election

If successful, additional operational details finalized

# Questions?

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## Legal (Jones Hall)

Dave Fama

James Wawrzyniak



JONES HALL

## Financial (NHA Advisors)

Eric Scriven

Craig Hill

Rob Schmidt

