



Folsom City Council Staff Report

MEETING DATE:	1/11/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	<p>City of Folsom Community Facilities District No. 23 (Folsom Ranch) Amended Improvement Area No. 3 and Improvement Area No. 7</p> <p>i. Ordinance No. 1321 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 3 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)</p> <p>ii. Ordinance No. 1322 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 7 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)</p>
FROM:	Finance Department

RECOMMENDATION / CITY COUNCIL ACTION

It is recommended that the City Council conduct the second reading and move to adopt the following ordinances:

Ordinance No. 1321 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 3 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)

Ordinance No. 1322 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 7 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)

BACKGROUND / ISSUE

The Folsom Plan Area Specific Plan Public Facilities Financing Plan (“PFFP”), approved by the City Council on January 28, 2014, via Resolution 9298, is an \$877 million plan that describes the backbone infrastructure and facility requirements, presents a comprehensive financing strategy, and sets forth the estimated time horizon for the development of the Folsom Plan Area (“FPA”).

Landowners within the FPA previously requested to form the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (“CFD No. 23”), including six separate Improvement Areas, designated as Improvement Area No. 1 through Improvement Area No. 6. The City Council previously approved the Resolution of Formation (Resolution No. 10435) on May 26, 2020 to form CFD No. 23, designate Improvement Area No. 3, authorize a special tax to finance the acquisition and construction of certain public facilities and certain public services, authorize the issuance of debt to finance the public facilities, and establish the appropriations limit and maximum bonded indebtedness for Improvement Area No. 3.

The landowners within Improvement Area No. 3 have requested to amend the boundaries of Improvement Area No. 3 to exclude property expected to be developed into traditional market rate single family residences, to amend the Rate and Method of Apportionment to adjust the maximum special tax rates based on the planned development of remaining property within Improvement Area No. 3, and amend the appropriations limit and maximum bonded indebtedness for Improvement Area No. 3. Further, the landowners have requested to designate a new Improvement Area No. 7 to include the property expected to be developed into traditional market rate single family residences that is being excluded from Improvement Area No. 3.

The proposed development plan for the amended Improvement Area No. 3 includes 919 active adult units zoned as single-family/single-family high density. The proposed development plan for Improvement Area No. 7 includes 211 traditional market rate units all zoned as single-family/single-family high density.

On November 9, 2021 this City Council considered to amend the boundaries, amend the Rate and Method of Apportionment, and amend the appropriations limit and maximum bonded indebtedness within Improvement Area No. 3 by passage of Resolution No. 10747. On that same date, this City Council approved a proposed boundary map, designated Improvement Area No. 7, and authorized the City to levy special taxes within the Improvement Area No. 7 by passage of Resolution No. 10748 and this City Council declared the necessity for incurring bonded indebtedness in and for Improvement Area No. 7 by passage of Resolution No. 10749.

A Public Hearing and landowner election was conducted December 14, 2021. At that time, the following resolutions were approved by the Council:

- Resolution No. 10767 - A Resolution of the City Council of the City of Folsom Calling Special Mailed Ballot Election Related to Change Proceedings for Improvement Area No. 3 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch)
- Resolution No. 10768 – A Resolution of Change of the City Council of the City of Folsom Relating to Improvement Area No. 3 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch)
- Resolution No. 10769 - A Resolution of the City Council of the City of Folsom to Designate Improvement Area No. 7 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) and to Levy Special Taxes therein
- Resolution No. 10770 - A Resolution of the City Council of the City of Folsom Deeming it Necessary to Incur Bonded Indebtedness within Improvement Area No. 7 of City of Folsom Community Facilities District No. 23 (Folsom Ranch)
- Resolution No. 10771 - A Resolution of the City Council of the City of Folsom Calling Special Mailed Ballot Election in the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 7
- Resolution No. 10772 – A Resolution of the City Council of the City of Folsom Declaring Election Results in the City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 7

The results of the landowner elections were as follows:

Improvement Area No. 3: 241 votes in favor of the ballot measure and zero opposed
Improvement Area No. 7: 61 votes in favor of the ballot measure and zero opposed

POLICY / RULE

Chapter 5 of the Folsom Plan Area Public Facilities Financing Plan authorizes the formation of CFDs to finance the construction, acquisition, and servicing of FPA backbone infrastructure and public facilities

Section 2.5.3 of the First Amended and Restated Tier 1 Development Agreement authorizes the formation of infrastructure CFDs

Resolution No. 9282 – A Resolution of the City Council of the City of Folsom Approving Goals and Policies for Community Facilities Districts

Mello-Roos Community Facilities Act of 1982

ANALYSIS

CFD No. 23 is structured as an extended-term CFD and will provide the necessary funding to help fund all or a portion of the project's share of PFFP backbone infrastructure and facilities,

including related environmental mitigation obligations. The PFFP backbone infrastructure and facilities will be financed using both bond proceeds and PAYGO special tax revenues. The extended-term CFD structure is proposed to help to meet the challenge of high-cost infrastructure and facilities while also aligning the timing of future funding availability with the need for such funding.

The approved amendment to Improvement Area No. 3 will exclude property expected to be developed into traditional market rate single family residences, leaving only property that is expected to be developed into active-adult single-family residences. Further, amendments to the Rate and Method of Apportionment for Improvement Area No. 3 will adjust the maximum special tax rates based on the active-adult planned development within the amended Improvement Area No. 3. The special tax revenue generated from taxable parcels within the amended Improvement Area No. 3 will be comprised of a special tax to fund facilities and a special tax to fund services. The amended 2021/22 maximum facilities special tax rates and maximum services special tax rates, for each developed land use category, are provided in the table below:

Land Use Category	Residential Floor Area (square footage)	2021/22 Maximum Facilities Special Tax Rate	2021/22 Maximum Services Special Tax Rate	Per
Single-Family Detached Property - SF/SFHD Zoning	≥ 2,200	\$890	\$100	Unit
Single-Family Detached Property - SF/SFHD Zoning	2,000 – 2,199	790	100	Unit
Single-Family Detached Property - SF/SFHD Zoning	1,800 – 1,999	690	100	Unit
Single-Family Detached Property - SF/SFHD Zoning	≤ 1,799	590	100	Unit
Single-Family Detached Property - MLD Zoning	N/A	490	100	Unit
MMD Multi-Family Attached Property	N/A	30,000	500	Acre
MHD Multi-Family Attached Property	N/A	11,700	1,000	Acre
Non-Residential Property	N/A	11,700	1,000	Acre

The approved Improvement Area No. 7 will include the property excluded from the amended Improvement Area No. 3 and is expected to be developed into traditional market rate single-family residences. The special tax revenue generated from taxable parcels within Improvement Area No. 7 will be comprised of a special tax to fund facilities and a special tax to fund services.

The 2021/22 maximum facilities special tax rates and maximum services special tax rates, for each developed land use category, are provided in the table below:

Land Use Category	Residential Floor Area (square footage)	2021/22 Maximum Facilities Special Tax Rate	2021/22 Maximum Services Special Tax Rate	Per
Zone 1: Single-Family Detached Property – SF/SFHD Zoning	≥ 2,900	\$2,450	\$177	Unit
Zone 1: Single-Family Detached Property – SF/SFHD Zoning	2,700 – 2,899	2,390	177	Unit
Zone 1: Single-Family Detached Property – SF/SFHD Zoning	≤ 2,699	2,350	177	Unit
Zone 2: Single-Family Detached Property – SF/SFHD Zoning	≥ 3,325	3,075	177	Unit
Zone 2: Single-Family Detached Property – SF/SFHD Zoning	3,000 – 3,324	2,950	177	Unit
Zone 2: Single-Family Detached Property – SF/SFHD Zoning	≤ 2,999	2,845	177	Unit
Single-Family Detached Property - MLD Zoning	N/A	2,350	177	Unit
MMD Multi-Family Attached Property	N/A	30,000	500	Acre
MHD Multi-Family Attached Property	N/A	11,700	1,000	Acre
Non-Residential Property	N/A	11,700	1,000	Acre

The facilities special tax can be levied and collected through Fiscal Year 2079/80 for each Improvement Area. Each fiscal year, commencing with 2022/23, the maximum facilities special tax rate will be increased by 2% annually. The services special tax can be levied and collected in perpetuity for each Improvement Area. Each fiscal year, commencing with 2022/23, the maximum services special tax rate will be increased by the June annualized percentage change of the Consumer Price Index for all Urban Consumers, for the San Francisco-Oakland-San Jose area, not to exceed 4%.

Ordinance No. 1321 authorizes the special tax to be levied on CFD No. 23 Improvement Area No. 3 for the FY2021-22 and all subsequent years. Ordinance No. 1322 authorizes the special tax to be levied on CFD No. 23 Improvement Area No. 7 for the FY2021-22 and all subsequent years. These ordinances were introduced for first reading December 14, 2021. No changes have been made to the ordinance since the first reading.

FINANCIAL IMPACT

There is no direct General Fund impact on the City of Folsom. The Improvement Area No. 3 amendment, designation of a new Improvement Area No. 7 and expenses are solely the responsibility of Improvement Area No. 3 and Improvement Area No. 7. The General Fund is not impacted by the Improvement Area No. 3 Amended Rate and Method of Apportionment and Improvement Area No. 7 Rate and Method of Apportionment.

ENVIRONMENTAL REVIEW

An Initial Study and Mitigated Negative Declaration prepared for the Folsom Plan Area Backbone Infrastructure Project were previously prepared for, and adopted by the City Council on February 24, 2015, in accordance with the requirements of the California Environmental Quality Act. Pursuant to CEQA Guidelines section 15378(c), the term “project” does not mean each separate governmental approval for an approved activity which may be subject to several discretionary approvals by governmental agencies. Additionally, the creation of government funding mechanisms which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment is not defined as a “project” under CEQA. CEQA Guidelines Section 15378(b)(4) and 15061(b)(3).

ATTACHMENTS

1. Ordinance No. 1321 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 3 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)
2. Ordinance No. 1322 – An Uncodified Ordinance Levying Special Taxes for the Fiscal Year 2021-22 and Following Fiscal Years Solely within and Relating to Improvement Area No. 7 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)

Submitted,



Stacey Tamagni
Finance Director

ATTACHMENT 1

ORDINANCE NO. 1321

AN UNCODIFIED ORDINANCE LEVYING A SPECIAL TAX FOR THE FISCAL YEAR 2021-2022 AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO IMPROVEMENT AREA NO. 3 WITHIN THE CITY OF FOLSOM COMMUNITY FACILITIES DISTRICT NO. 23 (FOLSOM RANCH)

The City Council of the City of Folsom, State of California ordains as follows:

SECTION 1 PURPOSE

The City Council of the City of Folsom hereby finds, determines and declares based on the record before it that:

1. The City is authorized to establish a community facilities district pursuant to the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the “Act”); and
2. Pursuant to Section 53350 of the Act, the City is authorized to designate improvement areas within the community facilities district; and
3. Pursuant to Government Code section 53340 and Resolution No. 10435, adopted by the City Council (the “City Council”) of the City of Folsom (the “City”) on May 26, 2020 (the “Resolution of Formation”), the City Council formed its Community Facilities District No. 23 (Folsom Ranch) (the “Community Facilities District”) and a rate and method of apportionment of the special tax (as amended, the “Special Tax”) for Improvement Area No. 3 established therein was approved by an election of the qualified electors within the Community Facilities District on such date; and
4. Pursuant to Resolution No. 10747, adopted by the City Council on November 9, 2021 (the “Resolution of Consideration”) and Resolution No. 10768 adopted by the City Council on December 14, 2021 (the “Resolution of Change and, collectively with the Resolution of Formation and the Resolution of Consideration, the “Resolutions”), the City Council approved an Amended Rate and Method of Apportionment for City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 3 (the “Amended Rate and Method”), which changes were approved by an by an election of the qualified electors within the Community Facilities District on such date; and
5. The Resolutions proposed the establishment of an appropriations limit for the Improvement Area (each an “Appropriations Limit”); and
6. The City Council desires to levy and impose the Special Tax and to take other related actions.

SECTION 2

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOLSOM RESOLVES:

1. The recitals set forth in Section 1 are true and correct.
2. A special tax is hereby levied on all Taxable Property (as defined in the Amended Rate and Method) within Improvement Area No. 3 for the 2021-22 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax, provided that this amount may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of the City Council.
3. The Finance Director of the City of Folsom or designee thereof (the "CFD Administrator") is authorized and directed, to determine each year, without further action of the City Council, the Special Tax, to prepare the annual Special Tax roll in the amount of the Special Tax in accordance with the related exhibit and, without further action of the City Council, to provide all necessary and appropriate information to the Sacramento County Auditor-Controller's Office (the "County") in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as provided in the Resolutions and Section 53340 of the California Government Code, the City has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City of Folsom (the "City"), including but not limited to, direct billing by the City to the property owners and supplemental billing.
4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.
5. The City agrees that, in the event the Special Tax for the Improvement Area is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.
6. Taxpayers who have requested changes or corrections of the Special Tax pursuant to Section I of the Amended Rate and Method and who are not satisfied with the decision of the CFD Administrator (whether the CFD Administrator disagrees with the taxpayer or concludes that the City is not authorized to consider the change requested), may appeal to the City Council. The appeal must be in writing, fully explain the grounds of appeal and must be based solely on the correction of mistakes in the levy based upon the status of the property, and no other appeals will be allowed. The CFD Administrator shall schedule the appeal for consideration within a reasonable time at a City Council meeting.

SECTION 3 SEVERABILITY

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

SECTION 4 EFFECTIVE DATE; EFFECT ON ORDINANCE NO. 1305

This ordinance shall take effect and be in force as a tax measure thirty (30) days following its second reading and adoption at a meeting of the City Council; and before the expiration of twenty (20) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the District.

Ordinance No. 1305 adopted by the City Council on June 9, 2020, shall be superseded, solely with respect to Improvement Area No. 3, to the extent it is inconsistent with this ordinance, upon the date that this ordinance takes effect, as described in the immediately preceding paragraph.

* * *

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on December 14, 2021 and the second reading occurred at the regular meeting of the City Council on January 11, 2022.

On a motion by _____, second by _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 11th day of January, 2022 by the following vote, to wit:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

ATTACHMENT 2

ORDINANCE NO. 1322

**AN UNCODIFIED ORDINANCE LEVYING SPECIAL TAXES
FOR THE FISCAL YEAR 2021-22 AND FOLLOWING FISCAL YEARS
SOLELY WITHIN AND RELATING TO IMPROVEMENT AREA NO. 7 WITHIN
THE CITY OF FOLSOM
COMMUNITY FACILITIES DISTRICT NO. 23
(FOLSOM RANCH)**

The City Council of the City of Folsom hereby ordains as follows:

SECTION 1 PURPOSE

The City Council of the City of Folsom hereby finds, determines and declares based on the record before it that:

1. The City is authorized to establish a community facilities district pursuant to the terms of the Mello-Roos Community Facilities Act of 1982, Chapter 2.5 of Division 2 of Title 5 of the California Government Code, commencing with Section 53311 (the “Act”); and
2. Pursuant to Section 53350 of the Act, the City is authorized to designate improvement areas within the community facilities district; and
3. On December 14, 2021, the City Council adopted its Resolution No. 10769 (the “Resolution of Designation”) designating Improvement Area No. 7 (the “Improvement Area”) within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (the “District”) pursuant to the Act; and
4. In accordance with the Rate and Method of Apportionment for City of Folsom Community Facilities District No. 23 (Folsom Ranch) Improvement Area No. 7, the Resolution of Designation approved the annual levy, subject to voter approval, of a special tax in connection with the Improvement Area (the “Special Tax”); and
5. The Resolution of Designation proposed the establishment of an appropriations limit for the Improvement Area (the “Appropriations Limit”); and
6. On December 14, 2021, the City Clerk, as elections official, conducted an election of the landowners of the Improvement Area (the “Election”); and
7. On December 14, 2021, the City Council adopted its Resolution No. 10772 certifying that, at the Election, the landowners of the Improvement Area approved the Special Tax and the Appropriations Limit relating to the Improvement Area; and
8. The City Council desires to levy and impose the Special Tax and to take other related actions.

SECTION 2

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF FOLSOM RESOLVES:

1. The recitals set forth in Section 1 are true and correct.
2. A special tax is hereby levied on all Taxable Property (as defined in the rate and method of apportionment of special tax for the Improvement Area) within Improvement Area No. 7 for the 2021-22 fiscal year and for all subsequent fiscal years in the amount of the maximum authorized tax, provided that this amount may be adjusted annually, subject to the maximum authorized special tax limit, by resolution of the City Council.
3. The Finance Director of the City of Folsom or designee thereof (the "CFD Administrator") is authorized and directed, to determine each year, without further action of the City Council, the Special Tax, to prepare the annual Special Tax roll in the amount of the Special Tax in accordance with the related exhibit and, without further action of the City Council, to provide all necessary and appropriate information to the Sacramento County Auditor-Controller's Office (the "County") in proper form, and in proper time, necessary to effect the correct and timely billing and collection of the Special Tax on the secured property tax roll of the County; provided, that as provided in the Resolution of Designation and Section 53340 of the California Government Code, the City has reserved the right to utilize any method of collecting the Special Tax which it shall, from time to time, determine to be in the best interests of the City of Folsom (the "City"), including but not limited to, direct billing by the City to the property owners and supplemental billing.
4. The appropriate officers and agents of the City are authorized to make adjustments to the Special Tax roll prior to the final posting of the Special Tax to the County tax roll each fiscal year, as may be necessary to achieve a correct match of the Special Tax levy with the assessor's parcel numbers finally utilized by the County in sending out property tax bills.
5. The City agrees that, in the event the Special Tax for the Improvement Area is collected on the secured tax roll of the County, the County may deduct its reasonable and agreed charges for collecting the Special Tax from the amounts collected, prior to remitting the Special Tax collections to the City.
6. Taxpayers who have requested changes or corrections of the Special Tax pursuant to Section I of the Rate and Method of Apportionment for the Improvement Area and who are not satisfied with the decision of the CFD Administrator (whether the CFD Administrator disagrees with the taxpayer or concludes that the City is not authorized to consider the change requested), may appeal to the City Council. The appeal must be in writing, fully explain the grounds of appeal and must be based solely on the correction of mistakes in the levy based upon the status of the property, and no other appeals will be allowed. The CFD Administrator shall schedule the appeal for consideration within a reasonable time at a City Council meeting.

SECTION 3 SEVERABILITY

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

SECTION 4 EFFECTIVE DATE

This ordinance shall take effect and be in force as a tax measure thirty (30) days following its second reading and adoption at a meeting of the City Council; and before the expiration of twenty (20) days after its passage the same shall be published, with the names of the members voting for and against the same, at least once in a newspaper of general circulation published and circulated in the District.

This ordinance was introduced and the title thereof read at the regular meeting of the City Council on December 14, 2021, and the second reading is to occur at the regular meeting of the City Council on January 11, 2022.

On a motion by Council Member _____ seconded by Council Member _____, the foregoing ordinance was passed and adopted by the City Council of the City of Folsom, State of California, this 11th day of January, 2022 by the following roll-call vote:

- AYES:** Councilmember(s):
- NOES:** Councilmember(s):
- ABSENT:** Councilmember(s):
- ABSTAIN:** Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK

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