



## Folsom City Council Staff Report

<b>MEETING DATE:</b>	5/13/2025
<b>AGENDA SECTION:</b>	New Business
<b>SUBJECT:</b>	<p>City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2):</p> <p>Resolution No. 11374 – A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2)” and to Levy Special Taxes therein</p> <p>Resolution No. 11375– A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2) and Calling for a Public Hearing thereon</p>
<b>FROM:</b>	Finance Department

### **RECOMMENDATION / CITY COUNCIL ACTION**

It is recommended that the City Council approve the following resolutions:

Resolution No. 11374– A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2)” and to Levy Special Taxes therein

Resolution No. 11375 – A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2) and Calling for a Public Hearing thereon

## **BACKGROUND / ISSUE**

Community Facilities District No. 20 (Russell Ranch) (CFD No. 20) was established by the City Council of Folsom under the Mello-Roos Act to support the construction and acquisition of public improvements for properties within the district. CFD No. 20 spans approximately 437.6 acres located in the City of Folsom, east of Placerville Road between Highway 50 and White Rock Road. The district was formally created on November 14, 2017, through Resolution No. 10035.

Planned development within CFD No. 20 includes a total of 1,025 residential units: 175 single-family units, 618 high-density single-family units, and 232 low-density multi-family units. The property development within CFD No. 20 is progressing in three main phases, with properties at various stages, including completed homes, homes under construction, finished lots, and partially improved lots. Each phase includes multiple villages. Phase 1 consists of lots owned by TNHC Northern California and Anthem United, while Phases 2 and 3 comprise lots owned by Lennar Homes of California, LLC (the Developer), AG Essential Housing CA 4, L.P., and TPG AG EHC III (LEN) CA 5, L.P. (the Landbank).

CFD No. 20 has issued two series of special tax revenue bonds. The first, Series 2018, was issued on June 5, 2018, for \$13,255,000 to fund improvements acquired from TNHC Russell Ranch, LLC, as outlined in the Acquisition and Shortfall Agreement with the City of Folsom. The second, Series 2022, issued on December 8, 2022, for \$11,225,000, supports improvements acquired from Lennar Homes of California, LLC, per the First Amendment to the Acquisition and Shortfall Agreement.

The estimated cost for constructing all required facilities for CFD No. 20 is approximately \$108,153,600, covering backbone infrastructure, soft costs, and subdivision infrastructure. Backbone infrastructure improvements include upgrades to transportation, water systems, recycled water systems, drainage, wastewater, parks, parkways, and open spaces. Subdivision infrastructure encompasses underground utilities, roadways, street lighting, sound walls, and landscaping.

The Developer has requested the City's approval for an overlay district, City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2) (CFD No. 20-1) within a portion of CFD No. 20. This overlay CFD No. 20-1 would be comprised of the parcel within Phase 2, Village 5, Assessor's Parcel Number 072-3510-005-0000. The proposed boundary map for CFD No. 20-1 is included as Attachment 4. Village 5, projected to contain 118 multi-family low-density units, had not yet seen any building permits or Certificates of Occupancy issued as of April 30, 2025. The Developer proposed including all 118 units in the overlay district.

## **POLICY / RULE**

Chapter 5 of the Folsom Plan Area Public Facilities Financing Plan authorizes the formation of CFD's to finance the construction, acquisition, and servicing of Folsom Plan Area 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, provides guidance and minimum credit criteria for the issuance of CFDs.

## **ANALYSIS**

CFD No. 20-1 would be structured as a standard-term CFD and would provide the necessary funding to help fund a portion of the CFD 20 subdivision infrastructure. These subdivision infrastructure costs will be financed using both bond proceeds and Pay-As-You-Go (PAYGO) special tax revenues. PAYGO may only be levied against developed property, and after the issuance of the first series of Bonds, PAYGO costs will no longer be levied and will not be included in determining the annual special tax requirement. The subdivision costs to be funded via CFD No. 20-1 were originally anticipated to be funded by CFD No. 20 and include items listed in the First Amendment to the Acquisition and Shortfall Agreement dated August 25, 2023 between the City and the Developer.

The special tax revenue generated from taxable parcels within CFD No. 20-1 will be comprised solely of a special tax to fund facilities. The CFD No. 20-1 special tax will not provide funding for Russell Ranch specific services. The 2025/26 maximum special tax rates, set forth in the Rate and Method of Apportionment of Special Taxes for each residential floor plan, are provided in the table below:

<b>Land Use Category</b>	<b>Residential Floor Area</b>	<b>2025-2026 Maximum Special Tax Rate</b>	<b>Taxed Per</b>
<b>Developed Property:</b>			
Multi Family Low Density Property	≥ 2,000	\$1,534	Residential Unit
Multi Family Low Density Property	1,800 – 1,999	1,336	Residential Unit
Multi Family Low Density Property	< 1,800	1,280	Residential Unit
Other Taxable Property	Not Applicable	13,400	Acre
<b>Small Lot Final Map Property:</b>			
Multi Family Low Density Property	Not Applicable	\$1,280	Residential Lot
<b>Large Lot Property:</b>	Not Applicable	\$13,400	Acre

The CFD No. 20-1 special tax can be levied and collected through Fiscal Year 2064/65. Each fiscal year, commencing with 2026/27, the maximum special tax rate will be increased by 2% annually.

Excluding the overlay CFD No. 20-1, the estimated effective tax rate for developed residential property within Village 5 is approximately 1.60%. Upon inclusion of CFD No. 20-1, the total projected effective tax rate for developed residential property within CFD 20-1 is 1.80% and shall not exceed 2.0% of the estimated sales price of the respective homes to be constructed in CFD 20-1.

Approving the resolutions attached also approves the boundary map for CFD No. 20-1, and approves the following consultants to assist with CFD No. 20-1:

Bond Counsel:	Orrick, Herrington & Sutcliffe LLP
Disclosure Counsel:	Orrick, Herrington & Sutcliffe LLP
Tax Consultant:	NBS
Financial Advisor:	Fieldman, Rolapp & Associates
Market Absorption Consultant:	The Gregory Group

Upon passage of these resolutions, a Public Hearing, concerning the formation of CFD No. 20-1, will be scheduled, along with an election of owners of property within CFD No. 20-1, for June 24, 2025.

### **FINANCIAL IMPACT**

The CFD No. 20-1 formation, bonded indebtedness, and expenses are solely the responsibility of CFD No. 20-1. There is no direct General Fund impact on the City of Folsom.

### **ENVIRONMENTAL REVIEW**

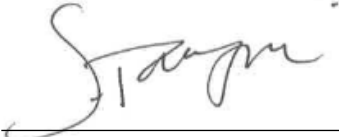
An Environmental Impact Report (SCH No. 2014062018) was previously certified for the Russell Ranch project on May 15, 2015 by the City Council in accordance with the requirements of the California Environmental Quality Act (CEQA) and the CEQA Guidelines. Staff has determined that no new impacts will result from this proposal that were not already considered with the previous approval. No further environmental review is required.

### **ATTACHMENTS**

1. Resolution No. 11374– A Resolution of the City Council of the City of Folsom Appointing Consultants, Approving a Proposed Boundary Map and Declaring Intention to Form a Community Facilities District to be Named “City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2)” and to Levy Special Taxes therein

2. Resolution No. 11375– A Resolution of the City Council of the City of Folsom Declaring the Necessity for Incurring Bonded Indebtedness in and for the City of Folsom Community Facilities District No. 20-1 (Russell Ranch 2) and Calling for a Public Hearing thereon
3. Landowner Petition and Waiver
4. Boundary Map of Proposed CFD No. 20-1 (Russell Ranch 2)

Submitted,

A handwritten signature in cursive script, appearing to read "Stacey Tamagni".

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Stacey Tamagni  
Finance Director