

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	11/14/2023
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Ordinance No. 1339 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2023-2024 and Following Fiscal Years Solely within and Relating to Improvement Area No. 6 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)
<b>FROM:</b>	Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

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

Ordinance No. 1339 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2023-2024 and Following Fiscal Years Solely within and Relating to Improvement Area No. 6 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”).

The City Council previously approved the Resolution of Formation (Resolution No. 10435) on May 26, 2020 to form Community Facilities District No. 23 (Folsom Ranch) (“CFD No. 23”), designate Improvement Area No. 6, 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. 6.

Further, the City Council previously approved the Resolution of Change (Resolution No. 10894) on July 26, 2022, to approve an amendment to remove the maximum facilities special tax rates from the multi-family high density property land use and the non-residential property land use.

The landowners within Improvement Area No. 6 have requested to further amend the Amended Rate and Method of Apportionment to remove the maximum facilities special tax rate from the multi-family medium density property land use. This amendment would remove the maximum facilities special tax rate from all remaining taxable property within Improvement Area No. 6. There are no proposed changes to the maximum services special tax rates.

On September 12, 2023, this City Council considered the amendment to the Rate and Method of Apportionment for Improvement Area No. 6 by passage of Resolution No. 11102.

A Public Hearing and landowner election was conducted October 24, 2023. At that time, the following resolutions were approved by the Council:

- Resolution No. 11120 - A Resolution of the City Council of the City of Folsom Calling a Special Mailed-Ballot Election Related to Change Proceedings for Improvement Area No. 6 within City of Folsom Community Facilities District No. 23 (Folsom Ranch)
- Resolution No. 11121 – A Resolution of Change of the City Council of the City of Folsom Relating to Improvement Area No. 6 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch)

The results of the landowner election was 29 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 additional amendment to the Amended Rate and Method of Apportionment for Improvement Area No. 6 removes the maximum facilities special tax rate from the multi-family medium density property land use. This amendment removes the maximum facilities special tax rate from all remaining taxable property within Improvement Area No. 6. There are no proposed changes to the maximum services special tax rates. A comparison of the previously amended CFD No. 23 Improvement Area No. 6 Rate and Method of Apportionment and the changes proposed within this Amended CFD No. 23 Improvement Area No. 6 Rate and Method of Apportionment is included in Attachment 2. There is no single-family detached property planned for development within Improvement Area No. 6.

The special tax revenue generated from taxable parcels within Improvement Area No. 6 will include a special tax to fund services only. The amended Fiscal Year 2023/24 maximum facilities special tax rates and maximum services special tax rates, for each land use category, are provided in the table below:

Land Use Category	FY 2023/24 Maximum Facilities Special Tax Rate	FY 2023/24 Maximum Services Special Tax Rate	Per
Single-Family Detached Property - SF/SFHD Zoning	\$0	\$0	Unit
Single-Family Detached Property - MLD Zoning	0	0	Unit
MMD Multi-Family Attached Property	0	332	Acre
MHD Multi-Family Attached Property	0	332	Acre
Non-Residential Property	0	0	Acre

The facilities special tax will no longer be levied and collected. The services special tax can be levied and collected in perpetuity for Improvement Area No. 6. Each fiscal year, commencing with Fiscal Year 2024/25, 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 1339 authorizes the special tax to be levied on CFD No. 23 Improvement Area No. 6 for Fiscal Year 2023/24 and all subsequent years, and was introduced on October 24, 2023. 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. 6 amendment and expenses are solely the responsibility of Improvement Area No. 6. The General Fund is not impacted by the Improvement Area No. 6 Amended Rate and Method of Apportionment.

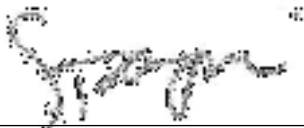
### **ENVIRONMENTAL REVIEW**

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. 1339 – An Uncodified Ordinance Levying a Special Tax for the Fiscal Year 2023-2024 and Following Fiscal Years Solely within and Relating to Improvement Area No. 6 within the City of Folsom Community Facilities District No. 23 (Folsom Ranch) (Second Reading and Adoption)

Submitted,



---

Stacey Tamagni  
Finance Director

## **ORDINANCE NO. 1339**

### **AN UNCODIFIED ORDINANCE LEVYING A SPECIAL TAX FOR THE FISCAL YEAR 2023-2024 AND FOLLOWING FISCAL YEARS SOLELY WITHIN AND RELATING TO IMPROVEMENT AREA NO. 6 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. 6 established therein was approved by an election of the qualified electors within the Community Facilities District on such date; and

4. Pursuant to Government Code section 53340 and Resolution No. 10894, adopted by the City Council on July 26, 2022 (the “2022 Resolution of Change”), an amended rate and method of apportionment of the special tax for Improvement Area No. 6 (the “2022 RMA”) was approved by an election of the qualified electors within the Community Facilities District on such date;

4. Pursuant to Resolution No. 11102, adopted by the City Council on September 12, 2023 (the “2023 Resolution of Consideration”) and Resolution No. 11121 adopted by the City Council on October 24, 2023 (the “2023 Resolution of Change” and, collectively with the Resolution of Formation and the 2023 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. 6 (the “2023 Amended Rate and Method”), which changes were approved by an election of the qualified electors within the Community Facilities District on such date; and

5. 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 2023 Amended Rate and Method) within Improvement Area No. 6 for the 2023-24 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 2023 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. 1330**

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. 1330 adopted by the City Council on August 23, 2022, shall be superseded, solely with respect to Improvement Area No. 6, 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 October 24, 2023 and the second reading occurred at the regular meeting of the City Council on November 14, 2023.

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 14<sup>th</sup> day of November, 2023 by the following vote, to wit:

**AYES:** Councilmember(s):

**NOES:** Councilmember(s):

**ABSENT:** Councilmember(s):

**ABSTAIN:** Councilmember(s):

---

Rosario Rodriguez, MAYOR

ATTEST:

---

Christa Freemantle, CITY CLERK