



Date: June 14, 2022

Honorable Mayor and Council Members:

Author and title: Nola Mitchell, Associate Engineer

Title: Adoption of Resolutions Levying Special Taxes for Town of Truckee Community Facilities Districts and Landscaping and Lighting Districts—Resolution 2022-22 for CFD 2013-1 Brickelltown Maintenance District, Resolution 2022-23 for CFD 2017-2 Railyard Transit and Maintenance District, Resolution 2022-24 for LLD 1 Envision DPR Landscaping and Lighting Assessment District, Resolution 2022-25 for CFD 2015-1 Joerger Ranch Trail Maintenance and Transit District, and Resolution 2022-26 for CFD 2019-1 Coldstream Transit and Trail Maintenance District.

Approved By:

Jen Callaway, Town Manager

**Recommended Action:** Council to:

1. Increase the Maximum Special Tax and maximum parcel assessments by the Engineering News Record Construction Cost Index or Consumer Price Index for the Town of Truckee Community Facilities Districts;
2. Adopt Resolution 2022-22 to set the Special Tax assessments for the Brickelltown Maintenance District (Community Facilities District 2013-1);
3. Adopt Resolution 2022-23 to set the Special Tax assessments for the Railyard Transit and Maintenance District (Community Facilities District 2017-2);
4. Adopt Resolution 2022-24 to set the special assessments for the Envision DPR Landscaping and Lighting Assessment District No. 1 (Envision DPR District No. 1);
5. Adopt Resolution 2022-25 to set the Special Tax assessments for the Joerger Ranch Trail Maintenance and Transit District (Community Facilities District 2015-1); and
6. Adopt Resolution 2022-26 to set the Special Tax assessments for Coldstream Transit and Trail Maintenance District (Community Facilities District 2019-1).

**Discussion:** The Town of Truckee has formed four (4) Community Facilities Districts (CFDs) and one (1) Landscaping and Lighting District (LLD) since 2014. The established CFDs and LLDs are as follows:

1. Brickelltown Maintenance District (CFD 2013-1) (Resolution 2014-04)
2. Railyard Transit and Maintenance District (CFD 2017-2) (Resolution 2018-06)
3. Envision DPR Landscaping and Lighting Assessment District No. 1 (LLD 1) (Resolution 2017-45)
4. Joerger Ranch Trail Maintenance and Transit District (CFD 2015-1) (Resolution 2018-70)
5. Coldstream Transit and Trail Maintenance District (CFD 2019-1) (Resolution 2019-62)

Each CFD and LLD is formed through a public process to impose Special Taxes on parcels that receive additional or special benefit from improvements or services. The Engineers Report or CFD Report created for each LLD or CFD details the base Special Tax rates for each parcel and the eligible expenses the taxes can be used for, such as maintenance of sidewalks, landscaping, lighting, trails, or transit. The Engineers Reports may be found in the formation resolutions and also provide the ability to adjust the base Special Tax rate by the Engineering News Record (ENR) Construction Cost Index (CCI) or U.S. Bureau of Labor Statistics Consumer Price Index (CPI), "All Urban Consumers – San Francisco," annually.

The Special Tax rates for each CFD and LLD and the amounts levied on each parcel are presented to Council annually for adoption prior to submittal to the Nevada County Assessor. At the May 9, 2017 Council meeting, Council directed staff to combine the Special Taxes for Town assessment districts into a single annual report. To streamline the annual process, this annual report focuses on the CCI or CPI and annually adjusted Special Tax rates, along with a Resolution for each assessment district and the recommended Fiscal Year (FY) 2022/23 Parcel Charges, attached to this staff report as **Exhibits A, B, C, D, and E**.

The CFDs and LLDs provide the ability to adjust the base Special Tax rate by the Engineering News Record (ENR) Construction Cost Index (CCI) or the Consumer Price Index (CPI) annually. The Brickelltown CFD and Joerger Ranch CFD use the CCI (20 city average from January to January), which increased 8.0% between 2021 and 2022. The Railyard CFD, Coldstream CFD, and Envision DPR LLD utilize the “Annual” CPI for the San Francisco-Oakland-Hayward area for all urban consumers (CPI-U) for all items, not seasonally adjusted, from the calendar year prior to the fiscal year assessment, which increased 3.2% from 2021 to 2022.

**Table 1--Annual Increases for Indexes**

Assessment District	Index	2021 to 2022 Increase
Brickelltown CFD	Jan-Jan CCI	8.0%
Railyard CFD	Annual CPI	3.2%
Envision DPR LLD	Annual CPI	3.2%
Joerger Ranch CFD	Jan-Jan CCI	8.0%
Coldstream CFD	Annual CPI	3.2%

Council has the authority to set the Maximum Special Tax according to the CFD laws and the rate adjustment mechanisms the property owners approved as part of the formation of the districts. Council also sets the amount assessed for each parcel (at any amount up to the maximum rates). These amounts cannot exceed the Maximum Special Tax. The CFD laws define the Maximum Special Tax for each parcel to be equal to the sum of:

- 1) The current base Special Tax rate. This may be increased each year up to the ENR CCI or CPI.
- 2) The Special Taxes from prior Fiscal Years that have not been paid; and
- 3) Penalties and interest that have accrued on any delinquent Special Taxes.

Staff is recommending that the Maximum Special Tax rates for FY 2022/23 be increased by the CCI and CPI for each assessment district. This allows the Town to keep up with labor and construction costs. The recommended increase in the assessments on the properties is shown in Table 1.

Eligible parcel Special Taxes will be added to the Nevada County Assessor’s tax roll for FY 2022/23. Properties that cannot be placed on the tax roll will be direct billed by the Town. Nevada County does not have the ability at this time to include Special Taxes on the unsecured tax roll, which includes properties located on Union Pacific Railroad land.

**Brickelltown Maintenance District**

The Brickelltown Maintenance District includes a Special Tax for maintenance of the sidewalks and streetscape. As stated above, staff is recommending that the current Maximum Special Tax rate be increased by the ENR CCI (8%) for this fiscal year. These revenues also provide for the Town’s savings goals for the district. There is a \$50,000 contingency designation that is expected to be fully funded in FY 2021/22 at \$50,000, equivalent to the Town’s self-insured retention requirement per incident. It also provides for a fleet replacement designation for the Brickelltown CFD’s portion of the replacement of a compact snowblower and a capital projects designation to cover large capital replacement costs not covered by the normal maintenance costs.

### **Railyard Transit and Maintenance District**

The Railyard CFD includes two Special Tax rates; one for transit services and maintenance (Tax A) and one for streetscape maintenance (Tax B). Staff is recommending that the current Maximum Special Tax rate be increased by the CPI (3.2%) as discussed above.

Special Tax A (transit) is applicable when the Assessor's Parcel is issued a final Certificate of Occupancy. Aside from the Artist Lofts (which is exempt from Tax A as affordable housing), no Certificates of Occupancy have been issued. Therefore, staff is recommending that Council set the Special Tax A rate on each parcel to \$0 for FY 2022/23.

Special Tax B (streetscape maintenance) cannot be levied on the parcels unless the final map is recorded or there is a building permit issued by May 1<sup>st</sup> of the prior year. The Railyard Phase 1 final map was recorded on April 1, 2019 and the Railyard Phase 2 final map was recorded on June 5, 2020, thereby allowing taxes to be levied. The majority of the sidewalks and public parking lots in both Phase 1 and 2 are complete and open to the public and the Town has been maintaining them. However, applying the Max Special Tax B to the parcels would generate over \$570,000 in revenue for streetscape maintenance, which is significantly more than staff believes is necessary.

When the CFD was created, the Maximum Special Tax B was set at a rate that would allow Phase 1 to generate adequate revenue to fund streetscape maintenance in the entire Railyard prior to the Railyard Phase 2 and 3 map recordations. Now that the Phase 2 map has recorded, and more properties are included in the assessment, the Maximum Special Tax B generates more revenue than required to fund the maintenance. That said, the revenue generated by Special Tax B is required to not only fund annual maintenance but also generate a reserve fund to eventually replace large capital investment items that are not maintained/replaced as a part of the annual maintenance (primarily the concrete sidewalks). Based upon projected expenses, staff is recommending that 25% of the Maximum Special Tax for streetscape maintenance (Tax B) be levied for a total of \$104,569.84. Note that staff is recommending that the parcel that is north of Church Street within the balloon track not be assessed as the parcel is currently encumbered by a snow storage easement and will need to be further subdivided before it can be developed.

### **Envision DPR Landscaping and Lighting District**

The Envision DPR Landscaping and Lighting Assessment District No. 1 includes a special assessment for maintenance of the sidewalks and landscaping.

Staff is recommending that the current base special assessment rate of \$1.146/SF be increased to \$1.183/SF reflecting the change in the CPI from the calendar year prior to the fiscal year assessment (3.2%, as detailed in Table 1). The project is complete and Town staff continue to perform winter snow removal, landscaping maintenance, paver repairs (if and when needed), sweeping, and other duties.

### **Joerger Ranch Trail Maintenance and Transit District**

The Joerger Ranch CFD includes a tax for transit services and maintenance (Tax A, added in 2018) and a tax for trail maintenance (Tax B, established in 2016). Staff is recommending that the current Maximum Special Tax rate be increased by the CCI (8%) for this fiscal year as discussed above.

Transit Tax A is applicable when the Taxable Parcel is issued a final Certificate of Occupancy. Certificates of Occupancy have been issued for the Raley's, Mountain Hardware, the Raley's accessory buildings, and Lumber Yard buildings. Therefore, Special Tax A is recommended to be assessed on these properties only for FY 2022/23, generating \$33,861.28 for FY 2022/23.

Levying Special Taxes for the trail maintenance (Tax B) is contingent on completion of trail segments that will require maintenance by the Town. The Soaring Ranch project has completed 1.13 miles of trail

and so Special Tax B has been set on each parcel according to the Rate and Method of Apportionment, generating \$33,692.22 for FY 2022/23. The revenue generated by the Special Tax B is required to not only fund annual maintenance but also generate a reserve fund to eventually replace large capital investment items that are not maintained/replaced as a part of the annual maintenance (primarily the trails).

### **Coldstream Transit and Trail Maintenance District**

The Coldstream CFD includes a tax for transit services and maintenance (Tax A) and a tax for trail maintenance (Tax B). Staff is recommending that the current Maximum Special Tax rate be increased by the CPI (3.2%) for this fiscal year.

Transit Tax A is applied to "Residential Parcels," defined as being issued a building permit prior to May 1. Affordable Housing is exempt from Tax A. Sixteen (16) building permits were issued prior to May 1, 2022 and staff is recommending that Council set the Special Tax A rate on each of these parcels, generating \$2,409.28 for FY 2022/23.

Levying Special Taxes for the trail maintenance is contingent on completion of trail segments that will require maintenance by the Town. The Coldstream development has completed 0.48 miles of trail and so Special Tax B has been set on each parcel according to the Rate and Method of Apportionment, generating \$19,116.42 for FY 2022/23. The revenue generated by the Special Tax B is required to not only fund annual maintenance but also generate a reserve fund to eventually replace large capital investment items that are not maintained/replaced as a part of the annual maintenance (primarily the trails).

Staff is recommending that the full CCI and CPI rates be added to the Maximum Special Tax rates for all the CFDs to keep pace with construction and labor costs. A summary for each CFD and LLD is provide in Table 2 below.

**Table 2: CFD and LLD Summary Table**

Brickelltown Maintenance CFD			
	CCI Increase	Estimated Taxes Generated	Estimated Reserve Fund Balance (End of FY 21/22)
Sidewalks and Streetscape Tax	8.0%	\$87,103	Contingency \$50,000 Fleet Replacement \$11,000 Capital Projects \$57,531
Railyard Transit and Maintenance District			
	CPI Increase	Estimated Taxes Generated	Estimated Reserve Fund Balance (End of FY 21/22)
Tax A - Transit	3.2%	\$0	--
Tax B - Streetscape Maintenance	3.2%	\$104,570	\$211,884
Envision DPR Landscaping and Lighting District			
	CPI Increase	Estimated Taxes Generated	Estimated Reserve Fund Balance (End of FY 21/22)
Maintenance and Sidewalk	3.2%	\$79,082	\$157,874
Joerger Ranch Trail Maintenance and Transit District			
	CCI Increase	Estimated Taxes Generated	Estimated Reserve Fund Balance (End of FY 21/22)
Tax A - Transit	8.0%	\$33,861	--
Tax B - Trail Maintenance	8.0%	\$33,692	\$51,058
Coldstream Transit and Trail Maintenance District			
	CPI Increase	Estimated Taxes Generated	Estimated Reserve Fund Balance (End of FY 21/22)
Tax A - Transit	3.2%	\$2,409	--
Tax B - Trail Maintenance	3.2%	\$19,116	\$13,449

**Priority:**

- |   |  |  |
|---|--|--|
| <input checked="" type="checkbox"/> Enhanced Communication    | <input checked="" type="checkbox"/> Climate and Greenhouse Gas Reduction | <input type="checkbox"/> Housing                 |
| <input checked="" type="checkbox"/> Infrastructure Investment | <input type="checkbox"/> Emergency and Wildfire Preparedness             | <input checked="" type="checkbox"/> Core Service |

**Fiscal Impact:** Establishing 2022/23 assessments as recommended in this staff report will provide the amounts summarized in Table 1 above.

**Public Communication:** The Special Taxes are presented to Town Council annually prior to submittal to the Nevada County Assessor. None beyond this staff report.

**Attachments:**

- Exhibit A Resolution 2022-22 Confirming Special Tax for Community Facilities District 2013-1
- Exhibit B Resolution 2022-23 Confirming Special Tax for Community Facilities District 2017-2
- Exhibit C Resolution 2022-24 Confirming Special Tax for Envision DPR District No. 1
- Exhibit D Resolution 2022-25 Confirming Special Tax for Community Facilities District 2015-1
- Exhibit E Resolution 2022-26 Confirming Special Tax for Community Facilities District 2019-1