City of Culver City, California

Agenda Item Report

Meeting Date: January 23, 2012	Item Number: C-7
CITY COUNCIL AGENDA ITEM: Approval of a Professional Services Agreement with NBS for Special Tax Consulting Services Related to the Development of a Community Facilities District for the Washington/National Transit Oriented District.	
Contact Person/Dept.: Elaine Warner	Phone Number: 310.253.5777
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: []	Attachments: [X]
Commission Action Required: Yes [] No [X]	Date: ________________
Public Notification: Agenda and Meetings – City Council (01/19/12), Property Owners in the Transit Oriented Development District (1/12/12)	
Department Approval: Sol Blumenfeld: (1/18/12)	City Attorney Approval: Carol Schwab (by H. Baker) (01/18/12)
Chief Financial Officer Approval: Jeff Muir (01/18/12)	City Manager Approval: John M. Nachbar (01/19/12)

RECOMMENDATION:

Staff recommends the City Council approve a professional services agreement with NBS for special tax consulting services related to the development of a Community Facilities District (CFD) for the Washington/National Transit Oriented District in an amount not-to- exceed $48,750.

BACKGROUND:

Over the last four years, staff has prepared detailed land use studies of the Washington/National transit oriented development site at the Phase I terminus of the Exposition Light Rail Line connecting downtown Los Angeles with the Westside and Culver City. A large part of this analysis focused on developing a placemaking project that will improve mobility, connect neighborhoods, and provide streetscape and open space amenities for the area.

To this end, a CFD can be established to fund public capital improvements/infrastructure and the ongoing maintenance of such improvements for the Washington/National area. Currently, the area surrounding the new station at Washington/National is designated as a Transit Oriented Development District and a Community Benefit District. It is comprised of primarily businesses as well as three future transit oriented mixed-use developments including Washington/National, Legado and The Platform.

DISCUSSION:

A CFD is a tool available to counties, cities, school districts, and special districts to fund public improvements and services when no other source of money is available. CFD's can amortize financing for improvements such as streets, sewer systems, and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museum, and other cultural facilities. CFD's are created by a sponsoring local government agency, and the district generally includes all properties that will benefit from the improvements to be constructed or the services to be provided. If there are fewer than 12 residents in a particular district, the vote is conducted of current commercial landowners. Similar to an assessment district, the CFD, once approved, would levy a special tax on each parcel within the District based on mathematical formulas that consider property characteristics such as use, structure and lot size. If project costs are high, bonds may be sold by the CFD to provide the capital needed to build or fund the services. By California State Law, the CFD is also entitled to recover expenses incurred to form the CFD and administer the annual special taxes and bonded debt. [i]

Creating a CFD is complex and typically requires specialized guidance. Thus, staff recommends that the City Council approve a professional services agreement with NBS to analyze the creation of a CFD in the Washington/National Transit District area that will fund public improvements, infrastructure, and maintenance relative to the City and community's place-making and streetscape goals. NBS has consistently provided outstanding service and valuable advice to staff relative to other assessment district formations throughout the City. Per their three phase proposal (Attachment No. 1), NBS will analyze the inclusion of a CFD process within the Culver City Municipal Code, potential rates and methodologies based on property characteristics and tax base factors to fund capital improvements and ongoing maintenance, and also assist with community outreach, data collection and bond documentation (should the City Council determine to move forward with a CFD. NBS will also draft the special tax report (similar to an Engineer's Report) and file all the related CFD documents with the County Assessor's Office upon completion.

Staff has studied potential streetscape improvements and related utility and infrastructure costs. Though the specific public improvements have not yet been finalized, they are anticipated to be significant and will likely require the sale of a bond. The term and interest rates of the bond will depend on the market at the time of sale. Currently, similar types of bonds are termed for 25-30 years at a blended interest rate of 5%-6%.

FISCAL ANALYSIS:

Staff recommends that a not-to exceed contract in the amount of $48,750 with NBS be approved to assist in forming the Washington/National Transit Oriented Development CFD. This CFD will be critical in implementing the public improvements necessary to create an attractive and connected district relative to the Exposition Light Rail. Funds have been allocated for this cost in program 48592620.619800 (former Agency Funds). The costs for this special tax consulting service as well as other services required to form the CFD (legal counsel, disclosure counsel, underwriter and other issuance costs) may be recovered by the City once the CFD is formed.

ATTACHMENTS:

Attachment 1 – Proposal from NBS
Attachment 2 – Letter from William Feldman
Attachment 3 – Letter from Walter N. Marks

MOTION:

That the City Council:

1. Approve a professional services agreement with NBS for special tax consulting services related to the development of a Community Facilities District for the Washington/National Transit Oriented District in an amount not to exceed $48,750; and,

2. Authorize the City Attorney to review/prepare the necessary documents; and,

3. Authorize the City Manager to execute such documents on behalf of the City.

[i] Information derived from www.califoniataxdata.com