

**City of Culver City, California
Agenda Item Report**

Meeting Date: 08/06/12		Item Number: <u>A-1</u>	
CITY COUNCIL AGENDA ITEM: Introduction of an Ordinance Adding a New Chapter 15.12, Community Facilities District Financing, to the Culver City Municipal Code.			
Contact Person/Dept.: Elaine Gerety-Warner, CDD		Phone Number: (310) 253-5777	
Fiscal Impact: Yes ☐ No ☒		General Fund: Yes ☐ No ☒	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Commission Action Required: Yes ☐ No ☒		Date: _____	
Public Notification: (Email) Agenda and Meetings – City Council (08/01/12)			
Department Approval: Sol Blumenfeld (08/01/12)		City Attorney Approval: Carol Schwab (by H. Baker) (08/01/12)	
Chief Financial Officer Approval: Jeff Muir (08/01/12)		City Manager Approval: John M. Nachbar (08/01/12)	

RECOMMENDATION:

Staff recommends the City Council introduce an Ordinance adding a new Chapter 15.12, Community Facilities District Financing, to the Culver City Municipal Code (Attachment 1).

BACKGROUND:

With the State's recent actions terminating redevelopment, the City has been examining alternative methods to fund necessary economic development activities and public improvements. A Community Facilities District (CFD) provides a useful method for such funding. State law authorizes the creation of CFDs, which are an important financing tool available to counties, cities, school districts, and special districts to fund public improvements and services such as streets, sewer systems, public parking and other basic infrastructure, police protection, fire protection, ambulance services, schools, parks, libraries, museums and other cultural facilities.

The Culver City Municipal Code (CCMC) provisions related to benefit assessment districts have recently been updated to be consistent with current State Law. While benefit assessment districts are extremely useful for certain types of projects, a number of projects and programs have been identified as better served by a community facilities district.

CFDs are created by a sponsoring local government agency. The CFD generally includes all properties that will benefit from the improvements to be constructed or

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the services to be provided. Similar to a benefit assessment district, a CFD will levy a special tax on each property in the district based on mathematical formulas that consider property characteristics such as use, structure and lot size. When project costs justify their use, municipal bonds may be sold by the CFD to provide the capital needed to build the capital improvements or fund the services. Under State law, the CFD is also entitled to recover expenses incurred to form the CFD and administer the annual special taxes and bonded debt (if issued).

DISCUSSION:

The proposed Ordinance incorporates the State law for the formation of a CFD (the Mello-Roos Community Facilities Act of 1982) (Attachment 2), which includes a noticing and balloting process and the exemption for governmental property. However, the City (as a charter city) has the authority to supplement the State law requirements regarding the CFD process. The proposed Ordinance includes the following supplemental provisions to State law:

- Expands the services eligible to be financed through a CFD to include “operation, maintenance and servicing related to provision of transportation services.” This would specifically allow for a CFD to finance shuttle bus services, which is currently being contemplated near the Culver City Expo Station.
- Specifically allows for a CFD to be established for the financing of the purchase, construction, expansion, improvement or rehabilitation of public parking facilities on both public and private property and the operation and maintenance of such facilities.
- Provides for an alternative balloting option whereby property owners’ votes are weighted based on the amount of special tax to be levied, rather than the acreage of the property owners’ parcels. This option allows greater flexibility in determining the best methodology for property owners’ votes and is similar to the ballot process for benefit assessment districts.
- Provides that an election may be held as early as 45 days (rather than 90) following the adoption of a resolution of formation by the City Council to establish the CFD. This alternate schedule would only be permitted if the election is to be by the property owners of the proposed district and the district is funding authorized services with no debt to be issued. The end date for the timing of the election (no more than 180 days following the formation resolution) remains the same. The shortened 45-day period is consistent with the election timing for benefit assessment districts.

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- Provides that the adoption of local goals and policies are permissive, rather than mandatory, and that the goals and policies may be adopted at any time prior to or during the proceedings to establish a CFD.

It should be noted that the action requested of the City Council this evening does NOT authorize or otherwise form any CFD. The proposed Ordinance tailors the CFD formation process to be more consistent with the benefit assessment district processes used to finance other projects (such as the West Washington Boulevard Area Improvement Plans). Formation and levy of associated taxes requires full compliance with the noticing and property owner balloting procedures outlined in State law (as supplemented by the proposed Ordinance).

FISCAL ANALYSIS:

Staff does not anticipate that the introduction or eventual adoption of the Ordinance will have a direct fiscal impact. However, by enhancing the State law for the formation of CFDs through the adoption of the proposed Ordinance, it will provide a more consistent process for creation of CFDs in the future, which could help finance infrastructure, streetscape, and other public benefit projects for the various areas in which CFDs are formed.

ATTACHMENTS:

1. Proposed Ordinance
2. Mello-Roos Community Facilities Act of 1982

MOTIONS:

That the City Council:

Introduce an Ordinance adding a new Chapter 15.12, Community Facilities District Financing, to the Culver City Municipal Code.