



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: October 13, 2020

SUBJECT: Agenda Item 6C: Consideration of and Direction Relating to the Formation of a Community Facilities District Within District Boundaries for Fire Protection and Park Services

RECOMMENDED ACTION:

Staff recommends the following action:

That the Board of Directors discuss the proceedings necessary to establish an annexable Community Facilities District (the "CFD") for financing certain public services within the boundaries of the Groveland Community Services District and direct staff to continue with the steps necessary to facilitate formation.

BACKGROUND:

The purpose of this agenda item is to introduce the Board to the purpose and use of the Mello-Roos Community Facilities Act (Gov. Code section 53311, et. seq.), which provides local governments with a mechanism for financing the construction of public facilities or to finance specific public services, such as fire services. Due to large development projects moving quickly forward in the District boundaries, management is proposing the Board's consideration of the formation of a CFD in the District in the very near future.

Through the formation of a CFD, a local agency is authorized to levy and collect a special tax from properties within its boundaries, use the tax revenue to finance specified facilities and services, and to borrow money (through issuance of bonds or other indebtedness) to assist with financing facilities. CFD's are commonly used throughout the state by public agencies seeking a funding mechanism specifically designed to offset the financial and operational impacts of new development on the services provided. Local governments in most areas of the state have found that post proposition 218, it is almost impossible to adequately fund the cost of general government services such as fire and parks with the revenue received only from ad-valorem property taxes. This means that the more development that occurs within the boundaries of a local government, the more negative their financial condition becomes and the more stretched the resources are in providing the same level of service.

Seeing land development projects becoming more prevalent both outside and inside the district boundaries, beginning approximately one year ago, District management began investigating forming a CFD for the purpose of augmenting (primarily) Fire Department Revenues to ensure that services could be provided to new development as it occurs. This investigation increased significantly with the discussions surrounding the new proposed lodging facilities located outside the district boundaries. The result of this research was a recommendation that the County consider formation of a CFD to fund fire services and that the two new lodge projects could form the CFD initially as part of their development entitlement process through the County. It is still undetermined at this point whether or not the County will consider formation of a CFD for these or any other future development.

Management is proposing that the board consider development of a CFD for both fire and park services with its boundaries being coterminous with that of the District. For the proposed Groveland CSD CFD, we are recommending creating the CFD for a district owned parcel initially, then annexing in future development projects located within the District as they come forward through the County land planning process. Annexation to the CFD would only be required for development projects seeking discretionary approval by the county, not for standard new building permits. For example, building a home on a residential lot or a commercial building on a commercial lot would not require annexation to the CFD. A new land subdivision, Conditional Use Permit or parcel split would require annexation. In this case, annexation into the GCSD CFD would be a required condition of approval of the land development project by the County.

After the CFD is formed, a special tax would be levied annually on taxable properties that are located within the boundaries of (annexed into) the CFD. The special tax would generally consist of an amount necessary in any fiscal year to (i) pay the District's administrative expenses, (ii) establish a reserve fund, and (iii) pay amounts needed to compensate for new public services. The proposed CFD will assess new development its proportionate share of providing services and facilities to the new development.

In addition to working closely with the county for their understanding and implementation of the CFD as a condition of project approval, the formation of the CFD is accomplished in several separate actions at three (or more) separate Board Meetings. The first step in formation of a CFD is the completion of a financial impact analysis (FIA) to evaluate the impact of new growth and development on GCSD services. A consultant with solid experience in the formation of CFDs will be engaged to conduct the FIA and guide the actions of the Board including:

- (i) The adoption of a Resolution of the Board of Directors Approving the Statement of Goals and Policies Concerning Use of the Mello-Roos Community Facilities Act of 1982.
- (ii) The adoption of a Resolution of Intention (ROI) for a CFD;
- (iii) A public hearing on establishing the CFD and adoption of a Resolution of Formation (ROF);
- (iv) The introduction of an ordinance ordering the levy of special taxes within the CFD;
and
- (v) The adoption of an ordinance ordering the levy of special taxes within the CFD.

FISCAL IMPACT:

There is no direct impact of having the discussion on this item at today's meeting. However, ultimate creation of a CFD and its later implementation will have a yet to be determined cost for consulting and legal services, and a significant impact on revenue depending on the amount of the tax and number of annexations into the CFD.

ATTACHMENTS:

- [An Introduction to Community Facilities Districts \(by hyperlink only\)](#)