



Agenda Report

19-115

Agenda Date: 3/5/2019

REPORT TO COUNCIL

SUBJECT

Action on a Resolution of Intention to Establish Community Facilities District (CFD) 2019-1 (Lawrence Station) to finance certain Public Services

BACKGROUND

On November 29, 2016, the City Council adopted the Lawrence Station Area Plan (a Specific Plan) and Environmental Impact Report, along with the associated General Plan and Zoning Ordinance Amendments. The SummerHill Housing Group Lawrence Station Project was approved on the same day (November 29, 2016).

The Lawrence Station Area Plan (Plan) features a transit-oriented development and provides needed public improvements and facilities for residents. During the planning process, the developers expressed an interest in building parkland improvements and other amenities that would be high quality, but unique and non-standard. Although City staff expressed enthusiasm about the proposed design features of the proposed parks and related improvements, City staff were concerned about the potential financial burden of maintaining the nonstandard improvements. To avoid this potential impact on the City's General Fund, the Plan indicated options for funding the long term maintenance of such improvements through a CFD, a land secured financing mechanism.

DISCUSSION

The City, working with a team of consultants, has begun the process of forming a community facilities district under California law, specifically the Mello-Roos Community Facilities Act of 1982, to finance certain public services within the Lawrence Station Area (LSA) development (Attachment 1). These services primarily include maintenance of roadways, parks, parking spaces and enforcement, landscaped parkways and medians, trails, and a community clubhouse and garden to be located within the development (Attachment 2). Once the proceedings are completed, the City will be authorized to levy an annual special tax to fund these services. If approved, the CFD will be effective in FY2019/20, and as funds are collected the CFD will pay for the designated operations and maintenance of the CFD's facilities and services, and will maintain additional funds necessary for such things as replacements as facilities near end of service life (straight line depreciation of 15 years) in an operating and maintenance reserve of 20%. A summary of the public facilities and services to be funded is provided below (Attachment 3).

- **Roadways:** Maintenance, public space improvements including but not limited to signage, street trees, decorative lighting fixtures, etc. Other maintenance items include servicing, repair, replacement, and removal/replacement of roadways and sidewalks, cleaning and removal of graffiti, and associated electric, water, and other utility costs.

- Parks (Central Plaza, Linear Park, Kifer Park, Mini Park, Open Space easement, Community Garden, Community Park building, etc.): Maintenance, including servicing, repair, removal and replacement of neighborhood parks (includes park amenities such as park community centers, playground equipment, play courts, play structures, picnic tables, lighting, drinking fountains, barbecues, etc.). Maintenance also includes technological enhancements, cleaning and removal of graffiti, and associated electric, water, and other utility costs.
- Parking Spaces and Parking Enforcement: Maintenance, including servicing, repair, removal and replacement of parking spaces (includes poles, fixtures, bulbs, conduits, equipment, including guys, anchors, posts, pedestals and metering devices, etc.). Maintenance also includes technological enhancements, cleaning and removal of graffiti, and associated electric, water, and other utility costs. Additional services to be provided include the employment of a Community Services Officer (0.5 FTE), including salary and benefits, and including the maintenance costs of related equipment and vehicle effective FY2019/20.
- Landscaped Parkways and Medians: Maintenance, including servicing, repair, removal and replacement of parkways, landscape setbacks, and landscaped roadway medians (including all signage, turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, electricity, repair/replacement & inspection, and associated appurtenant facilities located within the streetscape). Maintenance includes cleaning and removal of graffiti, and associated electric, water, and other utility costs.
- Trails/Pathways: Maintenance, including servicing, repair, removal and replacement of all facilities associated with the trails (includes amenities such as trees, plant material, sod, irrigation systems, sidewalks, drainage facilities, weed control and other abatements, signs, associated appurtenant facilities, etc.).

The petition and waiver form (Attachment 4) was distributed to the owners of 100% of the land proposed to be included in the CFD and subjected to the special taxes. As of March 1, 2019, the City Clerk has received petitions and waivers signed by owners of four of the five property owners: Toll West Coast LLC (Attachment 5), SHAC LS APARTMENTS II LLC (Attachment 6), SHAC LS Apartments Venture LLC (Attachment 7), and SummerHill Lawrence Station LLC (Attachment 8). Petitions and waivers signed by owners of 100% of the land proposed to be included in the CFD and subjected to the special taxes are necessary to proceed. The petitions and waivers request this Council to initiate proceedings to form the CFD, and waive certain time frames associated with the formation process.

The adoption of the Resolution of Intention (Attachment 9) with its Exhibit A and Exhibit B of CFD 2019-1 formally starts the CFD formation process. The resolution sets forth the authorized services that may be funded by the special taxes, proposes a special tax formula that will govern the special tax levy, and sets a public hearing for the City Council meeting on Tuesday, April 9, 2019, so that public testimony can be taken on the question of establishing the community facilities district.

Implementation Schedule

Following adoption of the Resolution of Intention, the City Clerk will take the following actions: (a) record the boundary map of the CFD with the County Recorder; and (b) publish a notice of the April 9, 2019 public hearing in the *Santa Clara Weekly* at least seven days prior to the date of the hearing.

CFD Administration

On or about July 1 of each Fiscal Year, the Administrator (Director of Finance or City Manager designee) for the CFD will identify the current Assessor's Parcel Numbers (APN) for all Parcels of Taxable Property within the CFD. The Administrator shall also determine: (i) within which Tax Zone each Parcel is located; (ii) whether each Parcel of Taxable Property is Developed Property, Taxable Owners Association Property, or Taxable Public Property; (iii) for Developed Property, the number of Residential Units and the amount of Ground Floor Retail Square Footage and Other Non-Residential Square Footage on each Parcel; (iv) for Ground Floor Retail Square Footage, the amount of Exempt Retail Square Footage and Taxable Retail Square Footage; and (v) the Special Tax Requirement for the Fiscal Year. New parcels and developed properties subject to the CFD will be incorporated and the Special Tax will be calculated and assessed the appropriate rates according to the Rate and Method of Apportionment of the Special Tax (See Exhibit B of CFD 2019-1).

Table 1 Base Special Tax

Land Use Category	Base Special Tax Tax Zone 1 FY2018/19	Base Special Tax Tax Zone 2 FY2018/19
Residential Units	\$302.80 per Residential Unit	\$132.29 per Residential Unit
Taxable Retail Square Footage	\$1.79 per Taxable Retail Square Foot	\$2.42 per Taxable Retail Square Foot
Other Non-Residential Square Footage	\$1.79 per Other Non-Residential Square Foot	\$2.42 per Other Non-Residential Square Foot

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve commitment to a specific project which may result in potential significant impact on the environment. For the underlying project, the Lawrence Station Area Plan, the City Council approved and certified an Environmental Impact Report (EIR) on November 29, 2016, and the EIR contemplated the formation of this CFD.

FISCAL IMPACT

The special taxes are intended to mitigate the impact of the new development and will offset maintenance costs that otherwise would have been borne by the General Fund. The CFD will collect an initial estimated total of \$353,622 per year (see Attachment 10): roadways \$3,068, parks \$85,779, parking space maintenance \$3,293, landscaped parkways/medians \$27,598, facilities \$74,861, parking enforcement \$86,458, reserves and administration \$72,566). If approved, the revenues and expenditures for this CFD will be included in the FY2019/20 and 2020/21 Biennial Operating Budget, and thereafter in subsequent City budgets as updated.

COORDINATION

This agreement has been coordinated among the City Attorney's Office, City Clerk's Office, Parks & Recreation Department, Public Works Department, Police Department, and Finance Department.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

ALTERNATIVES

1. Adopt the Resolution of Intention to Establish the Community Facilities District 2019-1 (Lawrence Station) to finance certain Public Services, and set a public hearing on the matter for April 9, 2019.
2. Do not Adopt the Resolution of Intention to Establish the Community Facilities District 2019-1 (Lawrence Station) to finance certain Public Services, and set a public hearing on the matter for April 9, 2019.

RECOMMENDATION

Alternative 1.:

Adopt the Resolution of Intention to Establish the Community Facilities District 2019-1 (Lawrence Station) to finance certain Public Services, and set a public hearing on the matter for April 9, 2019.

Prepared by: James Teixeira, Director of Parks & Recreation

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. CFD 2019-1 Lawrence Station Boundary Map
2. CFD 2019-1 Lawrence Station Petition Form Exhibit A - Description of Proposed Services
3. CFD 2019-1 Lawrence Station Petition Form Exhibit B - Rate and Method of Apportionment of Special Tax
4. CFD 2019-1 Lawrence Station Petition Form
5. CFD 2019-1 Lawrence Station Petition Form - Toll West Coast LLC
6. CFD 2019-1 Lawrence Station Petition Form - SHAC LS APARTMENTS II LLC
7. CFD 2019-1 Lawrence Station Petition Form - SHAC LS Apartments Venture LLC
8. CFD 2019-1 Lawrence Station Petition Form - SummerHill Lawrence Station LLC
9. Resolution of Intention to Establish Community Facilities District 2019-1 Lawrence Station (Public Services)
10. CFD Cost Estimate Detail