



CITY OF  
**HAYWARD**  
HEART OF THE BAY



# Proposed Community Facilities District to fund Police Protection Services-Cannery Place

## City Finance Team:

Scott Smith, CSG Advisors, Inc

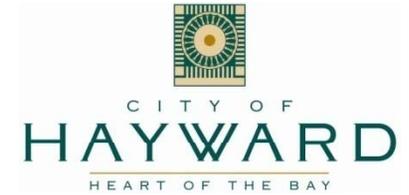
Chris Lynch, Jones Hall

Dave Freudenberger, Goodwin Consulting Group

Hayward City Council

April 21, 2009

# Why Community Facilities Districts?



## ➤ *GOAL:*

- Assure the delivery of services to areas of new development

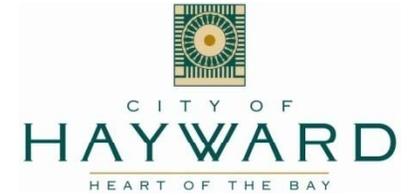
## ➤ *SOLUTION:*

- Community Facilities Districts created to finance services in new residential areas

## ➤ *ACTION:*

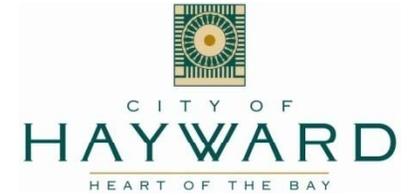
- City created a Financing Team to assist in a City-wide Program,
- The first project addresses the needs of the Cannery Place Area

# Cannery Place Area



- Residential development, including 575 units, an elementary school, park, open space, and retail
- Developers: Citation Homes and Weyerhaeuser Realty Investors have partnered with the City
- Plan to assure delivery of police protection services to the developed area using Community Facilities District financing, consistent with City Council priorities

# Recommended Actions & Fiscal Impact

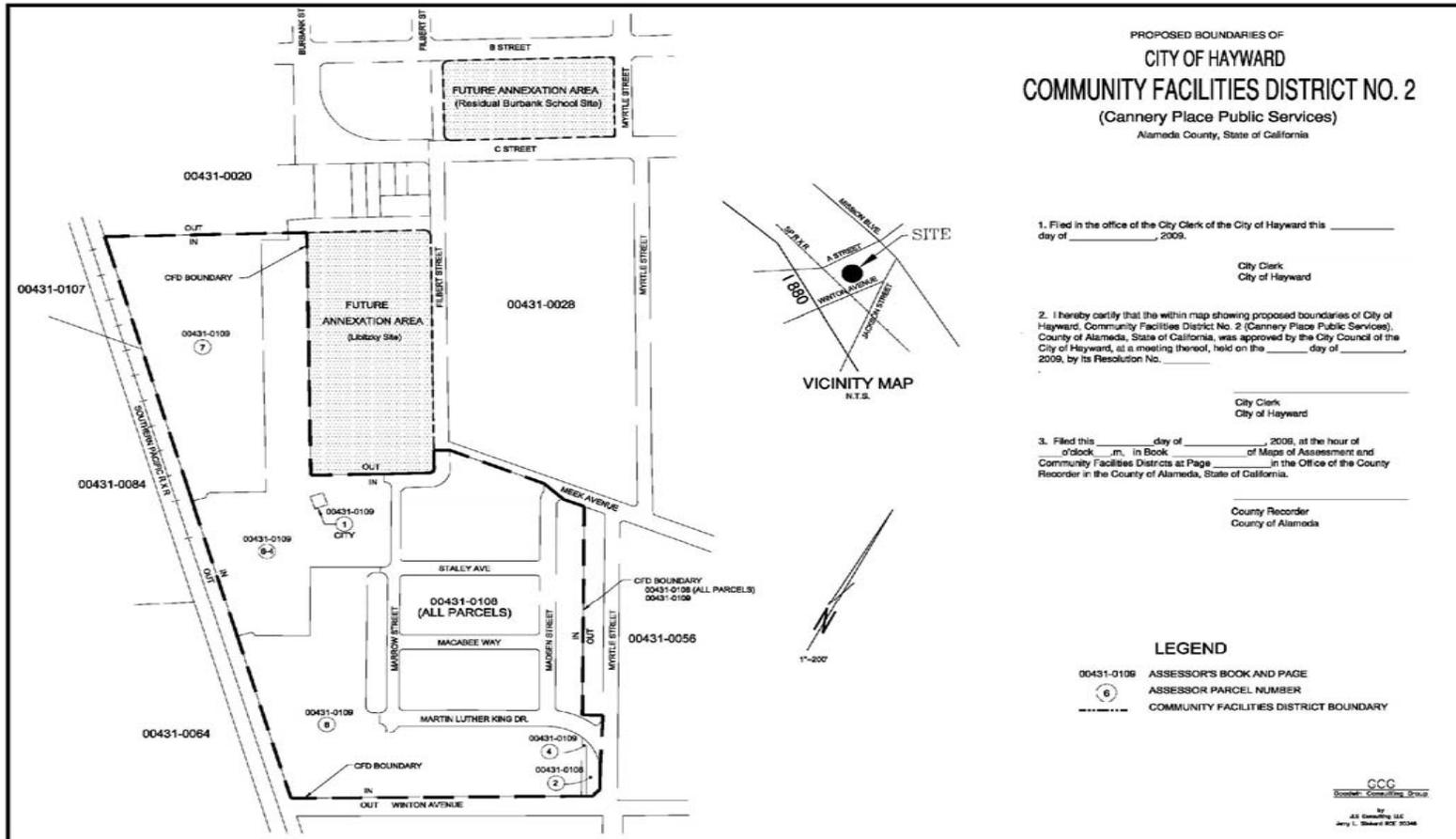


- Adopt Amended Local Goals & Policies for CFDs prior to initiating Cannery Place CFD formation process, due to recent changes to Mello-Roos Act
- Resolution of Intention to initiate process to form the Cannery Place Area CFD for police protection services
- Fiscal Impact of CFD for initial Cannery Place development:
  - \$7,744 in FY 2009-10 from 16 residential units
  - \$278,300 from 575 residential units at build-out (assuming 2009-10 special tax rates)
  - CFD will impose \$484 special tax per residential unit to fund police services (escalating by Bay Area CPI annually)

# CFD No. 2 Boundary Map



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PROPOSED BOUNDARIES OF  
CITY OF HAYWARD  
**COMMUNITY FACILITIES DISTRICT NO. 2**  
(Cannery Place Public Services)  
Alameda County, State of California

1. Filed in the office of the City Clerk of the City of Hayward this \_\_\_\_\_ day of \_\_\_\_\_, 2009.

\_\_\_\_\_  
City Clerk  
City of Hayward

2. I hereby certify that the within map showing proposed boundaries of City of Hayward, Community Facilities District No. 2 (Cannery Place Public Services), County of Alameda, State of California, was approved by the City Council of the City of Hayward, at a meeting thereof, held on the \_\_\_\_\_ day of \_\_\_\_\_, 2009, by its Resolution No. \_\_\_\_\_.

\_\_\_\_\_  
City Clerk  
City of Hayward

3. Filed this \_\_\_\_\_ day of \_\_\_\_\_, 2009, at the hour of \_\_\_\_\_ o'clock \_\_\_\_\_ m., in Book \_\_\_\_\_ of Maps of Assessment and Community Facilities Districts at Page \_\_\_\_\_ in the Office of the County Recorder in the County of Alameda, State of California.

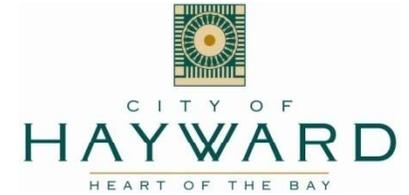
\_\_\_\_\_  
County Recorder  
County of Alameda

**LEGEND**

- 00431-0108 ASSESSOR'S BOOK AND PAGE
- ⑥ ASSESSOR PARCEL NUMBER
- COMMUNITY FACILITIES DISTRICT BOUNDARY

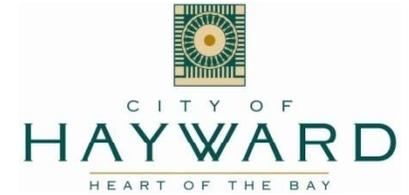
CCC  
Consulting Group  
43 Consulting LLC  
Jerry L. Shaker RCR 2048

# City Developing a Systematic Approach



- Cannery Place Police Services CFD based on agreement with project property owners
- City staff & finance team will be reviewing future development sites to develop systematic approach to pay additional public services costs imposed by new development
- As part of implementation, City will require that developers agree to join a public services CFD as a condition of development (based on a "public services plan" prepared by the City)

# Local Goals & Policies Amended & Restated

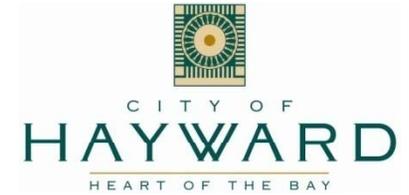


- Amends goals & policies for CFD's previously adopted in 2001
- Needed to comply with recent amendments to Mello-Roos Act
- Defines & establishes priority of services and facilities eligible to be financed
- Establishes certain parameters for bond issuance if financing facilities
- Ensures City compliance with other aspects of the Act

# What is a CFD?

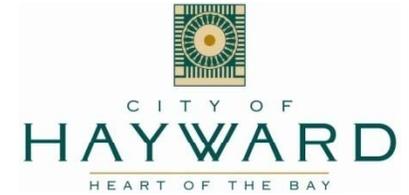
- Mello-Roos Community Facilities Act of 1982 (“the Act”)
- Provides an alternative method of financing public capital facilities and services eligible under the Act (public safety, roads, etc.)
- Permits the levy of a special tax (typically at the same time and manner as ad valorem tax) to pay for eligible facilities and services
- Special tax must be apportioned on a “reasonable basis” (e.g., benefit, cost) other than ad valorem

# Key Elements of CFD Financing



- Formation requires two-thirds' voter approval by "Qualified Electors"
  - Registered voters: If 12 or more registered voters residing in CFD
  - Land-owner voters: If less than 12 registered voters (1 vote per acre/portion of an acre)
- Special taxes levied according to "Rate and Method of Apportionment"
- Recordation of CFD Boundary Map
- Notice of Special Tax Lien recorded against property subject to special tax
- Legislative body may foreclose on properties due to non-payment of special taxes

# Recommended Council Action



## ➤ April 21, 2009

- Adopt Amended Local Goals & Policies for CFDs prior to initiating Cannery Place CFD formation process
- Adopt Resolution of Intention to initiate process to form the Cannery Place Area CFD for police protection services

## ➤ May 26, 2009 – Public Hearing

- Adopt Resolution of Formation, Call the Special Land Owner Election, Confirm Results of Election, Approve Recording Notice of Special Tax Lien, and Introduction of Ordinance



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# QUESTIONS?

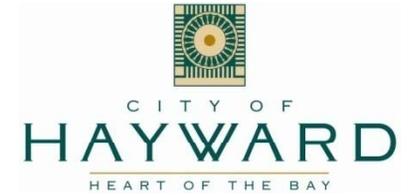
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# What services are eligible to be financed?

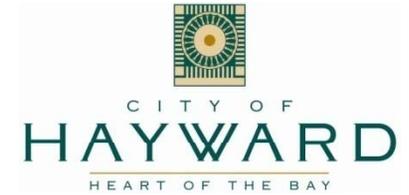


➤ General rule: Landowner vote may only authorize special tax to finance services in addition to services provided when CFD is formed. Authorized services\* are:

- Police protection services
- Fire protection / suppression services; ambulance & paramedic services
- Maintenance / lighting of streets & roads
- Recreation program services, school maintenance, library services, operation and maintenance of museums and cultural facilities (but only with registered voter approval)
- Maintenance / lighting of parks, parkways & open space
- Flood / storm protection services, including operation & maintenance of storm drainage systems
- Removal / remedial action services for the cleanup of any hazardous substance released or threatened to be released into the environment

*\* Charter cities may create ordinance to supplement eligible services*

# Special Tax for Services – Key Characteristics

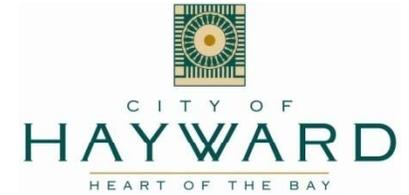


- Must have established maximum tax rate in the “Special Tax Formula”
- Term of Tax – Term not required and is typically not specified
- Escalation Rate – Not limited under the Act
- Cannot be used to pay debt service on bonds or other debt
- City decides on timeframe to foreclose on delinquent property owners

# What facilities are eligible to be financed?

- General rule: Any real or tangible property with 5+ years' useful life. Examples include:
  - Park, recreation, parkway, and open-space facilities
  - Elementary and secondary school sites
  - Libraries and child care facilities
  - Roads and road-related infrastructure
  - Water and sewer treatment and distribution facilities, gas facilities, telephone lines, energy lines, cable lines
  - Flood and storm protection facilities
  - Public buildings
  - Seismic retrofitting for private and public property
  - Repairs of private or public property within earthquake disaster area
  - Abatement of damage to private buildings and structures caused by "soil deterioration"
  - Payment of fixed special tax or assessment liens or indebtedness secured by any tax, fee, charge, or assessment

# Special Tax for Facilities – Key Characteristics



- Must have established maximum tax rate
- Term of Tax - Must be specified for residential property (typically 40-50 years)
- Escalation Rate - No more than 2% per year for residential property
- Limits for residential property typically set on initial tax based on Effective Tax Rate calculation
- Typically used to pay debt service on bonds/debt
- Foreclose timeframe typically determined through covenant with bondholders