

**REPORT TO THE
CITY COUNCIL**
City of Salinas, California

DATE: November 29, 2016

FROM: Matt N. Pressey, CPA, Finance Director

SUBJECT: **MONTE BELLA COMMUNITY FACILITIES DISTRICT (CFD) FORMATION
PUBLIC HEARING**

RECOMMENDATIONS:

It is recommended that the City Council:

1. Approve a resolution establishing Community Facilities District No. 2016-1 (Monte Bella) and Improvement Area Nos. 1, 2 and 3 therein, authorizing the levy of special taxes and calling an election therein; and
2. Approve a resolution determining the necessity to incur bonded indebtedness within the Community Facilities District and Improvement Area Nos. 1, 2, and 3 therein and calling Elections therein; and
3. Approve a resolution certifying the results of the November 29, 2016 Special Tax and Bond election, and
4. Adopt an ordinance authorizing the levy of a special tax within the Community Facilities District and Improvement Area Nos. 1, 2, and 3 therein.

DISCUSSION:

The City has received a petition from the landowners of the Monte Bella development requesting the City form a Community Facilities District (CFD) to finance certain public improvements. On October 18, 2016, the City Council approved the resolution of intention to form the Monte Bella Community Facilities District and set the public hearing date for November 29, 2016.

The Monte Bella development is located east of the Salinas Municipal Airport off of Monte Bella Boulevard as shown in the map on the next page. The CFD will encompass the final 2 phases of the Monte Bella development (Phase 5 and 6). Phase 5 is divided up into two improvement areas (1 and 2). Improvement area 1 includes 85 lots and improvement area 2 includes 71 lots. Phase 6, or improvement area 3, includes 78 lots. The average home price is estimated at \$502,994 and the average square feet home size is 2,328.

SALINAS

FREEDOM PARKWAY

WILLIAMS ROAD

MONTE BELLA BLVD.

PROJECT SITE

BARDIN ROAD

ALISAL STREET

TO HWY 101

GARNER AVE

DEL MONTE AVE

N. SANBORN ROAD

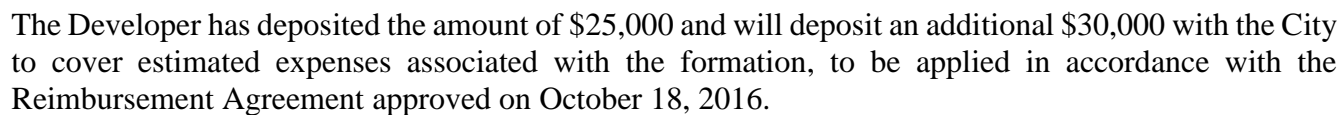
TOWT STREET

E. LAUREL DRIVE

SKYWAY BLVD.

AIRPORT BLVD.

AIRPORT



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Proposed Special Tax Rates for Improvement Area Nos. 1 and 2

Land Use Type	Building Square Footage	Improvement Area Nos. 1 and 2 Rate per Unit
Single Family Property	Up to 1,800 SF	\$2,337
Single Family Property	1,801 SF to 2,000 SF	\$2,427
Single Family Property	2,001 SF to 2,200 SF	\$2,524
Single Family Property	2,201 SF to 2,400 SF	\$2,623
Single Family Property	Greater than 2,400 SF	\$2,720

Proposed Special Tax Rates for Improvement Area No. 3

Land Use Type	Building Square Footage	Improvement Area No. 3 Rate per Unit
Single Family Property	Up to 2,250 SF	\$2,492
Single Family Property	2,251 SF to 2,500 SF	\$2,654
Single Family Property	2,501 SF to 2,750 SF	\$2,785
Single Family Property	Greater than 2,750 SF	\$2,882

The tax rate, including all other taxes is an average of 1.94% and is within the 2% cap recommended for this financing. The special taxes will be fixed annual amounts and will not escalate.

The special taxes shall cease not later than the 2046-47 Fiscal Year, provided however that the special taxes will cease to be levied in an earlier Fiscal Year if the CFD Administrator has determined (i) that all required interest and principal payments on the CFD Bonds have been paid; (ii) all authorized facilities for the CFD have been acquired and all reimbursements for eligible facilities have been paid, (iii) no delinquent special taxes remain uncollected and (iv) all other obligations of the CFD have been satisfied.

The maximum bond authorization amount for each Improvement Area is as follows:

Improvement Area No.	Maximum Bond Authorization
1	\$3,575,000
2	\$3,025,000
3	\$4,400,000

As part of this agenda item, a special election will be called, ballots cast by the property owner and the City Clerk will open the ballots and announce and certify the results of the special election.

ISSUE:

Shall the City Council:

1. Approve a resolution establishing Community Facilities District No. 2016-1 (Monte Bella) and Improvement Area Nos. 1, 2 and 3 therein, authorizing the levy of special taxes and calling an election therein; and
2. Approve a resolution determining the necessity to incur bonded indebtedness within the Community Facilities District and Improvement Area Nos. 1, 2, and 3 therein and calling Elections therein; and
3. Approve a resolution certifying the results of the November 29, 2016 Special Tax and Bond election, and
4. Adopt an ordinance authorizing the levy of a special tax within the Community Facilities District and Improvement Area Nos. 1, 2, and 3 therein?

FISCAL IMPACT:

There is no direct fiscal impact of this CFD formation to the City. The developer has placed a deposit with the City to cover the cost of district formation pursuant to the Reimbursement Agreement. Additional deposits will be required from the developer to cover the cost of bond issuance at that time. If formed, the CFD will cover all costs related to the CFD.

COUNCIL COMMISSIONS AND COMMITTEES:

On September 15, 2015, the developer, special tax consultant for the developer, bond counsel, and the special tax consultant for the City met with the Finance Committee and reviewed the development and CFD proposal was presented. The CFD policies were also discussed and the recommended changes were presented.

ALTERNATIVES:

1. Modify terms of the CFD
2. Not move forward with the CFD formation

CITY COUNCIL GOALS:

This financing accomplishes all five City Council goals of Economic Diversity and Prosperity, Safe, Livable Community, Effective, Sustainable Government, Excellent Infrastructure, and Quality of Life.

CONCLUSION:

This is the first development of new homes for over ten years and is the beginning of many more as the future growth area begins to come on-line. The financing of public infrastructure will help development move forward.

Back Up Pages:

Acquisition Agreement

Resolution Establishing CFD for Salinas (Monte Bella)

Resolution Authorizing Bonded Indebtedness for Salinas (Monte Bella)

Resolution Certifying Election Results for Salinas (Monte Bella)

Ordinance Authorizing Special Taxes for Salinas (Monte Bella)