



Board Agenda Item 30

DATE: July 11, 2017

TO: Board of Supervisors

SUBMITTED BY: Margaret Mims, Sheriff-Coroner

SUBJECT: Adoption and Levy of Special Tax for Mello-Roos Community Facilities District, No. 2006-01, for Enhanced Police Protection Service for FY 2017-18.

RECOMMENDED ACTION(S):

Adopt and authorize Chairman to execute Resolution approving special tax amount, and levying special tax in the total amount of \$208,763.54, on developed real properties within (Mello-Roos) Countywide Community Facilities District (CFD) No. 2006-01 (District), including its Annexation Territories, for enhanced police protection services for FY 2017-18.

The item brought before you today will approve the annual levy of the special tax for the District. Attachment A to this Agenda Item includes the proposed special tax rate, the number of developed real properties, and the total proposed amount of special tax for the District. Attachment A also includes the current special tax rate for the District and the proposed increase in the rate (dollars and percentages) for FY 2017-18.

ALTERNATIVE ACTION(S):

Your Board needs to set the special tax rate for the District for FY 2017-18. However, your Board may choose not to levy the special tax in the District, or it may choose to levy the special tax at the current FY 2016-17 rate for the District for FY 2017-18. If your Board levies the special tax below the proposed maximum amounts, the difference (that is, the amount not levied) does not carry forward for potential use in future fiscal years.

FISCAL IMPACT:

There are 302 developed lots (that is, real properties) within the District. The expected maximum special tax revenue total for these 302 lots for FY 2017-18 is \$208,763.54 (see Attachment A). There was \$170,845.84 in special tax collected for the District in FY 2016-17. The special tax revenue pays the Sheriff-Coroner's costs for providing additional or enhanced police protection services in the District 2006-01, and for related administrative costs.

DISCUSSION:

Under the 2000 update to the Fresno County General Plan, Policy PF-G.2, the County is to strive to maintain a minimum level of law enforcement services at two sworn officers serving unincorporated residents per 1,000 residents served. To provide this level of service, your Board determined that the Mello-Roos Community Facilities Act of 1982 (the "Mello-Roos Act"; Gov. Code § 53311 and following) was the most appropriate financing mechanism available that would allow for this type of service, as it would provide an uninterrupted source of funding, would require minimal administrative costs, and could maintain an equitable user-based funding for the needed service.

The County may use the Mello-Roos Act to establish CFDs for financing County facilities and certain County

services, such as police protection services.

On September 14, 2004, your Board directed the Department of Public Works and Planning to require the use of Mello-Roos CFD financing to fund additional or enhanced law enforcement services in developing unincorporated areas.

Accordingly, on February 1, 2005, your Board adopted the County's goals and policies for Mello-Roos financing of police protection services for new development-that is, the District, including the landowner voter-approved special tax, was imposed on new development as a condition of the County granting developers their requested entitlements for such new development; such financing is to be ongoing for the continual provision of such services for such new development.

The district was formed by your Board and approved by the qualified landowner-voters pursuant to your Board's policy and direction.

Your Board later revised the County's goals and polices for Mello-Roos financing of these police protection services so that there would be a single countywide CFD that would use uniform special tax rates for all such future services to new development in the unincorporated areas. To use a countywide CFD, the County would establish an initial "seed" CFD for a new development, and then annex areas of additional new development into that established "seed" CFD when the developers seek entitlements for additional new development. Although the term "countywide" is used for this CFD, its areas do not currently cover the entire unincorporated areas of the County; rather they currently are non-contiguous areas until they later happen to become contiguous as new development occurs in the unincorporated areas and is approved by the County. Your Board's revised County goals and policies also provide that the use of the countywide CFD is the preferred method of Mello-Roos financing for these police protection services, but that your Board still reserves the right in each case to decide whether to establish a separate CFD, or to annex territory to an established CFD, when approving a new development.

On May 2, 2006, the District was first formed by the Board of Supervisors and approved by the qualified landowner-voters pursuant to your Board's policy and direction. Subsequent annexations to the District have occurred since then. The list of the areas covered by the District is as follows:

- Initial Countywide CFD: Timber Ridge (Tract No. 5485), and Countryside Estates (Tract No. 5504).
- Annexation Area No. 1A: Indian Rock (Tract No. 5050), Quartz Mountain (Tract No. 5276), Red Hawk (Tract No. 5126), and Country Meadows (Tract No. 5397).
- Annexation Area No. 2A: Wildflower Village VII and adjacent territory (Tract No. 5737), and Granite Crest and adjacent territory (Tract No. 4870).
- Annexation Area No. 1B: Gold Leaf Ranch (Tract No. 5401).
- Annexation Area No. 3A: East of City of Fresno near North Greenwood/East Shields (Tract No. 5334).
- Annexation Area No. 7A Tract No. 5305, Tract No. 5990, Tract No. 5991
- Annexation Area No. 8A Tract No. 5955
- Annexation Area No. 8B Tract No. 5688

Your Board's latest update to its goals and policies for Mello-Roos financing was made on January 11, 2011.

The Board Item presented to you today sets the special tax rate for the District. The proposed annual maximum special tax rate for developed properties in the District for FY 2017-18 is calculated pursuant to the County's

special tax levying ordinances identified in Attachment A.

As authorized under the Mello-Roos Act, each of the special tax levying ordinances includes a detailed special tax formula known as the "Special Tax Rate and Method of Apportionment." Under the County's goals and policies for Mello-Roos financing of these services, the special tax formula also limits administrative costs in the special taxes to 10% of the amount of Special Taxes that may be levied for any CFDs that are created, or for any territories that are annexed to those CFDs, after March 21, 2006-that is, this 10% limitation essentially applies only to the District, including its annexed territories.

Each of the special tax levying ordinances authorizes your Board to increase the maximum Special Tax rate for the District using its annual escalation factor adjustment for inflation, which is based on a designated consumer price index (namely, the annual April update using the CPI for Urban Wage Earners and Clerical Workers in San Francisco-Oakland-San Jose Consolidated Metropolitan Statistical Area; however the District inflation factor includes an additional 3%). The special tax rate and special tax formula, including the respective annual escalation factor adjustment, was approved by the original qualified electors of the District (that is, the landowners at the time of formation or annexation).

Under the Special Tax formula, the Special Tax rate is also to be adjusted to actual service and administrative costs every three years if those actual costs for the three years are less than the same three-year totals of the annual escalation factors used for this Special Tax formula. As required by the respective Special Tax formula, the Sheriff-Coroner's Office conducted that analysis for the District for FY 2017-18 and determined that a downward adjustment of 4.299% was necessary because the actual service and administrative costs were less than the annual escalation factors for the relevant three-year period (FY 2014-15, FY 2015-16, and FY 2016-17). Prior to this adjustment, the Annual Escalation Factor was 6.666%. However, after the downward adjustment of 4.299%, the Annual Escalation Factor changed to 2.367%.

The special tax levying ordinances for the District authorizes the annual levy and collection of the respective special tax, as noted above, and allows for the annual determination of the maximum amount that may be levied up to the maximum rate authorized by your Board, in perpetuity or until your Board terminates the special tax. The respective special tax levying ordinances also provide that the special tax (if levied by your Board) shall be collected in the same manner as ordinary "*ad valorem*" taxes, which is the 1% general property tax (unless otherwise determined by the CFD Administrator, which is the Sheriff-Coroner).

The special tax rate setting and levy procedures have met all of the requirements of the California Constitution and the California Government Code sections governing the Mello-Roos Community Facilities Act of 1982.

Deadline for Board action: In order for the County to timely levy the special tax for FY 2017-18, your Board would need to approve the recommended special tax levy resolution, and cause the adopted special tax levy resolution to be filed with the County Auditor-Controller/Treasurer-Tax Collector not later than August 10, 2017.

REFERENCE MATERIAL:

BAI # 18, June 20, 2017
BAI # 27-30, July 22, 2008

ATTACHMENTS INCLUDED AND/OR ON FILE:

Attachment A
On file with Clerk - Resolution (CFD 2006-01, including Associated Annexations) and Exhibits A through E
On file with Clerk - Public Works Certification

CAO ANALYST:

Jeannie Z. Figueroa