



Council Agenda Report

From: John Falkenstien, City Engineer

Subject: Blue Oaks Apartments, 802 Experimental Station Road – Community Facilities District (CFD) Election. Approval of (a) Resolution Annexing Territory to CFD No. 2005-1, Authorizing Levy of a Special Tax and Submitting Tax to Qualified Electors (b) Resolution Declaring Results of Special Annexation Election, Determining Validity of Prior Proceedings and Directing Recording of Amended Notice of Special Tax Lien and (c) Resolution of Change Relating to and Making Certain Amendments to CFD No. 2005-1

Date: December 6, 2016

Facts

1. Paso Robles Multifamily LLC, has taken ownership of PD 12-005, formerly known as the Arjun Apartments project located at 802 Experimental Station Road.
2. Pursuant to the project's conditions of approval and City Council policy of fiscal neutrality, PD 12-005 is subject to annexation to Community Facilities District (CFD) 2005-1 to pay for new public services.
3. At its meeting of November 1, 2015, the City Council adopted Resolution No. 16-138 of consideration to make changes to the rate and method of apportionment of the special tax established for Community Facilities District (CFD) 2005-1 as it applies to attached residential units.
4. At its meeting of November 1, 2015, the City Council adopted Resolution No. 16-139 declaring its intention to modify the rate and method of apportionment of special tax and annex the Blue Oaks Apartments project site into CFD 2005-1.
5. Draft Resolution A annex the property to be developed as the Blue Oak Apartments into CFD No. 2005-1 and authorize the levy of a special tax upon completion of its development.
6. Draft Resolution B declares the results of the special annexation election and determine the validity of prior proceedings with regard to a special tax lien on the property to be developed as the Blue Oak Apartments.
7. Draft Resolution C amends the rate and method of apportionment of special tax to add a category for attached residential units in CFD No. 2005-1.

Options

1. Take no action.
2. Include the Blue Oak Apartments into the City's CFD by taking the following actions:
 - a. Approve Resolution A annexing territory, authorizing levy of a special tax and submitting levy of tax to qualified electors

- b. Approve Resolution B declaring results of special proceedings and directing recording of amended notice of special tax lien
 - c. Approve Resolution C of change relating to and making certain amendments to (CFD) No. 2005-1
3. Refer back to staff to analyze rate and apportionment options for multi-family units.

Analysis & Conclusion

Paso Robles Multifamily LLC has purchased PD 12-005, originally known as the Arjun Apartments (now called Blue Oaks Apartments) located at 802 Experimental Station Road. The project involves the development of 142 apartment rental units. Construction of rental apartment housing units is identified in the General Plan Housing Element as a community need to provide local workforce housing to support a balanced community with commerce and industry.

PD 12-005 is subject to inclusion in the Community Facilities District (CFD) under its conditions of approval, consistent with the City Council's 2003 General Plan policy of fiscal neutrality. To date, all annexations to CFD 2005-1 have been single-family residences. A careful review of the formation documents of the CFD reveals that the original assessment amount was built upon data driven by the revenue and service costs of single-family homes.

The proposed amendments to the rate and method of apportionment are necessary to refine and clarify the amount of special tax that would apply to single-family homes and attached dwelling units, such as duplexes, triplexes and apartments.

At the City Council meeting of November 1, 2016, NHA Advisors of San Rafael provided a technical memo outlining a more appropriate assessment for multi-family units based upon their revenue generation and service costs. Staff has worked closely with Paso Robles Multifamily LLC on the revised rate and method of apportionment modeling.

Approval of Option 2 will require the following City Council actions:

- a. Approve Draft Resolution A annexing of territory to a Community Facilities District, authorizing the levy of a special tax and submitting levy of tax to qualified electors for CFD 2005-1;
- b. Approve Draft Resolution B declaring results of a special annexation election, determining validity of prior proceedings, and directing recording of amended notice of special tax lien for CFD 2005-1; and
- c. Approve Draft Resolution C of change relating to and making certain amendments to CFD No. 2005-1.

Option 1 would result in the single-family residential apportionment rate being applied to a rental multi-family residential project, thereby making the project financially infeasible. Option 3 or 4 would create a significant timeline delay for the project that would jeopardize the applicant's ability to move forward with the project. Consequently, staff is recommending the City Council not approve Options 1, 3 or 4.

Fiscal Impact

None. The purpose of Community Facilities District (CFD) 2005-1 is to off-set the cost of new public services needed by new residential development. The CFD was created in 2005 consistent with General Plan and City Council policy of fiscal neutrality for new development.

Recommendation

1. Approve Draft Resolution A annexing territory to Community Facilities District 2005-1, authorizing the levy of a special tax and submitting levy of tax to qualified electors for Community Facilities District 2005-1.
2. Approve Draft Resolution B declaring results of a special annexation election, determining validity of prior proceedings, and directing recording of amended notice of special tax lien for CFD No. 2005-1.
3. Approve Draft Resolution C making certain amendments to CFD No. 2005-1.

Attachments

1. Location Map
2. Draft Resolution A annexing territory to a CFD, authorizing the levy of a special tax and submitting levy to qualified electors
3. Draft Resolution B declaring results of a special annexation election, determining validity of prior proceedings, and directing recording of amended notice of special tax lien
4. Draft Resolution C of change relating to and making certain amendments to CFD

Attachment 1

Location Map



Arjun Apartments
(Blue Oaks Apartments)
Location

CITY OF EL PASO DE ROBLES

RESOLUTION NO. 2016 - _____

**RESOLUTION OF THE CITY COUNCIL ANNEXING OF TERRITORY TO A
COMMUNITY FACILITIES DISTRICT, AUTHORIZING THE LEVY OF A SPECIAL
TAX AND SUBMITTING LEVY OF TAX TO QUALIFIED ELECTORS, CITY OF EL
PASO DE ROBLES COMMUNITY FACILITIES DISTRICT NO. 200-1 (PUBLIC
SERVICES DISTRICT) ANNEXATION NO. 05-051**

WHEREAS, this Council, on November 1, 2016, adopted Resolution No. 2016-138 (the "Resolution of Consideration") stating its intention to make certain amendments to the Rate and Method of Apportionment of Special Tax of the City's Community Facilities District No. 2005-1 (Public Services District) (the "CFD"); and

WHEREAS, this Council, on November 1, 2016, adopted Resolution No. 2016-139 (the "Resolution of Intention") stating its intention to annex territory to the CFD, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"); and

WHEREAS, a copy of the Resolution of Intention, incorporating a description and map of the proposed boundaries of the territory to be annexed to the CFD and stating the facilities to be provided and the Amended and Restated Rate and Method of Apportionment of the Special Tax to be levied within the CFD to pay for the services of the CFD, is on file with the City Clerk and the provisions thereof are fully incorporated herein by this reference as if fully set forth herein; and

WHEREAS, the Resolution of Consideration and the Resolution of Intention set December 6, 2016 as the date of the public hearing; and

WHEREAS, notices of the public hearing regarding the proposed Annexation No. 05-051 and the proposed Amended and Restated Rate and Method of Apportionment were published in accordance with Government Code section 6061; and

WHEREAS, on the 6th of December, 2016, this Council held a public hearing as required by the Act, the Resolution of Consideration, and the Resolution of Intention relative to the proposed amendments to the rate and method of apportionment of the special tax and the annexation of territory to the CFD; and

WHEREAS, at said hearing interested persons desiring to be heard on all matters pertaining to the proposed amendments to the rate and method of apportionment of the special tax, the annexation of territory to the CFD, and the levy of said special taxes within the area proposed to be annexed were heard and a full and fair hearing was held; and

WHEREAS, prior to the time fixed for said hearing, written protests had not been filed against the proposed annexation of territory to the CFD by (i) 50% or more of the registered voters, or six registered voters, whichever is more, residing in the existing CFD, or (ii) 50% or more of the registered voters, or six registered, whichever is more, residing in the territory proposed to be annexed to the CFD, or (iii) owners of one-half or more of the area of land in the existing CFD, or (iv) owners of one-half or more of the area of land in the territory proposed to be annexed to the CFD; and

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WHEREAS, Annexation Map No. 05-051 to the CFD has been filed with the County Recorder of the County of SAN LUIS OBISPO, which map shows the territory to be annexed in these proceedings, and a copy thereof is on file with the City Clerk.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF EL PASO DE ROBLES HEREBY RESOLVES:

Section 1. All of the recitals above are true and correct and are hereby incorporated by reference herein.

Section 2. All prior proceedings taken by this Council with respect to the CFD and the proposed annexation of territory thereto have been duly considered and are hereby determined to be valid and in conformity with the Act, and the CFD has been validly established pursuant to the Act.

Section 3. The description and map of the boundaries of the territory to be annexed to the CFD, as described in said Annexation No. 05-051 to the CFD on file with the City Clerk are hereby finally approved, are incorporated herein by reference, and shall be included within the boundaries of the CFD, and said territory is hereby ordered annexed to the CFD, subject to voter approval of the levy of the special taxes therein as hereinafter provided.

Section 4. The provisions of the Resolution of Consideration and the Resolution of Intention, has heretofore been adopted by this Council and are by this reference incorporated herein, as if fully set forth herein.

Section 5. Pursuant to the provisions of the Act, the proposition of the levy of the special tax within the territory to be annexed to the CFD shall be submitted to the voters of the area to be annexed to the CFD at an election called therefore as hereinafter provided.

Section 6. This Council hereby finds that fewer than 12 persons have been registered to vote within the territory proposed to be annexed to the CFD for each of the 90 days preceding the close of the public hearing heretofore conducted and concluded by this Council for the purposes of these annexation proceedings. Accordingly, and pursuant to Section 53326 of the Act, this Council finds that for purposes of these proceedings the qualified electors are the landowners within the territory proposed to be annexed to the CFD and that the vote shall be by said landowners, each having one vote for each acre or each acre or portion thereof such landowner owns in the territory proposed to be annexed to the CFD.

Section 7. Pursuant to Section 53326 of the Act, the election shall be conducted by mail ballot, in accordance with the applicable provisions of the California Elections Code governing mail ballot elections of cities, and in particular the provisions of Division 4 (commencing with Section 4000), of that Code, insofar as they have not been waived by the unanimous consent of all landowners of the territory to be annexed to the CFD.

Section 8. The Council calls a special election to consider the measure described in the ballot referred to in paragraph 8 below, which election will be held on December 6, 2016 ("Election Day") in the office of the City Clerk, at City Hall, 1000 Spring Street, Paso Robles, California.

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Section 9. The City Clerk will be the election official to conduct the election and cause to be provided to each landowner in the territory to be annexed to the CFD, a ballot in the form of Exhibit A hereto, which is hereby approved.

Section 10. The City Clerk has accepted the ballots of the qualified electors received prior to 6:30 p.m. on Election Day, whether received by mail or by personal delivery.

Section 11. This Council hereby further finds that the provisions of Section 53326 of the Act requiring a minimum of 90 days to elapse before said election is for the protection of voters, that the voters have waived such requirement and the date for the election hereinabove specified is established accordingly.

PASSED AND ADOPTED this 6th day of December 2016.

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss.
CITY OF EL PASO DE ROBLES)

I, _____, City Clerk of the City of El Paso De Robles, County of SAN LUIS OBISPO, State of California do hereby certify that the foregoing Resolution No. 2016-__ was regularly adopted by the City Council of said City of El Paso De Robles at a regular meeting of said council held on the 6th day of December 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT A

City of El Paso De Robles
Community Facilities District No. 2005-1
(Public Services District)
Annexation No. 05-051

OFFICIAL BALLOT

SPECIAL TAX ANNEXATION ELECTION

This ballot is for the special landowner election. You must return this ballot in the enclosed envelope to the office of the City Clerk of the City of El Paso De Robles no later than 6:30 p.m. on December 6, 2016 either by mail or in person. The City Clerk's office is located at City Hall, 1000 Spring Street, Paso Robles, California, 93446.

To vote, mark in the voting square after the word "YES" or after the word "NO". For a list of acceptable marks, please refer to the back of this ballot.

If you wrongly mark, tear, or deface this ballot, return to the City Clerk of the City of El Paso De Robles and obtain another.

BALLOT MEASURE: Shall the City of El Paso De Robles, by and for its Community Facilities District No. 2005-1 (Public Services District) (the "CFD"), be authorized to levy special taxes within the territory annexed to the CFD pursuant to and as described in the Resolution of Intention of the City of El Paso De Robles adopted by its Council on November 1, 2016?

YES: ☐

NO: ☐

By executing in the space provided below, you also confirm your waiver of the time limit pertaining to the conduct of the election and any requirement for notice of election and analysis and arguments with respect to the ballot measure, as such waivers are described and permitted by Section 53326 (a) and 53327 (b) of the California Government Code.

Acres Owned Within Territory Annexed: 12.5

Number of Votes: 13

Property Owner: Paso Robles Multifamily, LLC

Property Owner/Authorized Representative Signature: _____

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CITY OF EL PASO DE ROBLES

RESOLUTION NO. 2016 - _____

**RESOLUTION OF THE CITY COUNCIL DECLARING RESULTS OF A SPECIAL
ANNEXATION ELECTION, DETERMINING VALIDITY OF PRIOR
PROCEEDINGS, AND DIRECTING RECORDING OF AMENDED NOTICE OF
SPECIAL TAX LIEN, CITY OF EL PASO DE ROBLES COMMUNITY FACILITIES
DISTRICT NO. 2005-1 (PUBLIC SERVICES DISTRICT) ANNEXATION NO. 05-051**

WHEREAS, in proceedings heretofore conducted by the City Council pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), this City Council has heretofore adopted a resolution calling a special election of the qualified landowner electors in the territory of land proposed to be annexed to Community Facilities District No. 2005-1 (Public Services District) (the "CFD"); and

WHEREAS, pursuant to the terms of the resolution, which is hereby incorporated herein by this reference, the special election has been held and the City Clerk has filed a Certificate of Election Results (the "Canvass") a copy of which is attached hereto as Exhibit A; and

WHEREAS, this City Council has reviewed the Canvass and hereby approves it.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF EL PASO DE ROBLES
HEREBY RESOLVES:**

Section 1. The issues presented at the special election were the proposed amendments to the rate and method of apportionment of the special tax for the CFD and the levy of a special tax within the territory to be annexed to the CFD in accordance with the formula heretofore approved by this City Council as described in Resolution No. 2016-_____, a Resolution of the City Council Annexing of Territory to a Community Facilities District, Authorizing the Levy of a Special Tax and Submitting Levy of Tax to Qualified Electors, City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District) Annexation No. 05-051, adopted December 6, 2016.

Section 2. Pursuant to the Canvass on file with the City Clerk, the issue presented at the special election was approved by more than two-thirds of the landowners voting at the special election.

Section 3. Pursuant to the voter approval, said proposed amendments to the rate and method of apportionment of the special tax and said annexation of territory to the CFD are hereby declared to be fully approved and part of the CFD and this Council may levy special taxes therein as heretofore provided in these proceedings in accordance to the approved Amended and Restated Rate and Method of Apportionment of the Special Tax.

Section 4. It is hereby found that all prior proceedings and actions, taken by this Council pursuant to the CFD and the territory annexed thereto were valid and in conformity with the Act.

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Section 5. Within 15 days of the date hereof, the City Clerk shall execute and cause to be recorded in the office of the County Recorder of the County of SAN LUIS OBISPO, an amendment to the Notice of Special Tax Lien as required by Section 3117.5 of the California Streets and Highway Code.

PASSED AND ADOPTED this 6th day of December 2016.

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss.
CITY OF EL PASO DE ROBLES)

I, _____, City Clerk of the City of El Paso De Robles, County of SAN LUIS OBISPO, State of California do hereby certify that the foregoing Resolution No. 2016-_____ was regularly adopted by the City Council of said City of El Paso De Robles at a regular meeting of said council held on the 6th day of December 2016 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

Exhibit A

Certificate of Election Results

City of El Paso De Robles
Community Facilities District No. 2005-1
(Public Services District)
Annexation No. 05-051

I hereby certify that on this date, I canvassed the returns of the election held on December 6, 2016, in the territory annexed to Community Facilities District No. 2005-1 (Public Services District) of the City of El Paso De Robles which election is designed as the Special Tax Annexation Election, and the cast for and against the measure are as follows and the total as shown for and against the measure are full, true and correct:

City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District)	Qualified Landowner Votes	Votes Cast	YES	NO
Annexation No. 05-051 Special Tax Annexation Election, December 6, 2016	13			

BALLOT MEASURE: Shall the City of El Paso De Robles, by and for its Community Facilities District No. 2005-1 (Public Services District) (the "CFD") be authorized to levy special taxes within the territory annexed to the CFD pursuant to and as described in the Resolution of Intention of the City of El Paso De Robles adopted by its Council on November 1, 2016?

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND THIS ____ DAY OF DECEMBER 2016.

CITY OF EL PASO DE ROBLES

By: _____
 Kristen L. Buxkemper, Deputy City Clerk

CITY OF EL PASO DE ROBLES

RESOLUTION NO. 2016-_____

**A RESOLUTION OF CHANGE RELATING TO AND MAKING
CERTAIN AMENDMENTS TO THE CITY OF EL PASO DE ROBLES
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC SERVICES
DISTRICT), CITY OF EL PASO DE ROBLES, STATE OF CALIFORNIA**

WHEREAS, the City Council (the "City Council") of the City of El Paso De Robles (the "City") conducted proceedings under and pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 (beginning with Section 53311) of the Government Code of the State of California (the "Act"), to form a community facilities district within the City of El Paso De Robles, designated and known as "Community Facilities District No. 2005-1, City of El Paso De Robles, State of California" (the "Community Facilities District"), set forth in the City Council's Resolution No. 05-063 (the "Resolution of Formation"), adopted on February 15, 2005;

WHEREAS, the City Council makes reference to Resolution No. 05-138, adopted on November 1, 2016 (the "Resolution of Consideration"), Resolution No. 05-139, adopted on November 1, 2016 (the "Resolution of Intention"), Resolution No. _____, adopted on December 6, 2016 (the "Resolution Calling Election"), and Resolution No. _____, adopted on December 6, 2016 (the "Resolution Declaring Election Results"), (together, the "Resolutions"), to determine if the Proposed Amendments, as those terms are defined in the Resolutions, should be adopted; and

WHEREAS, pursuant to the Resolutions the City Council has conducted the special mailed-ballot election; and

WHEREAS, the Clerk has filed with the City Council a Certificate of Election Results for Community Facilities District No. 2005-1 as shown on Exhibit A in the Resolution Declaring Election Results dated this date and indicating that all votes cast in the special, mailed-ballot, election were cast in favor of approving the annexation of property and the levy of the special tax as indicated in the Proposed Amendments to the rate and method of apportionment of the special tax set forth in the Resolution of Intention; and

WHEREAS, the City Council is fully advised in this matter;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of El Paso De Robles, as follows:

Section 1. The above recitals are true and correct, and the City Council so finds and determines.

Section 2. The City Council hereby accepts the Certificate of Election Results.

Section 3. The City Council hereby finds and determines and declares that the ballot measure submitted to the qualified electors in the Community Facilities District on the question of approving

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Attachment 4

Draft Resolution C

the levy of the Special Tax in accordance with the Amended and Restated Rate and Method of Apportionment of Special Tax as indicated in the Resolution of Intention has been passed and approved by those qualified electors in accordance with Section 53338 of the Government Code.

Section 4. The City Council hereby finds, determines and declares that the Proposed Amendments are now authorized by the special elections called by the Resolutions.

Section 5. The City Council hereby authorizes and directs the City Clerk to cause an Amended Notice of Special Tax Lien for Community Facilities District 2005-1 (Public Services District) to be prepared and to be recorded with the County Recorder of the County of San Luis Obispo in accordance with the provisions of Section 3117.5 of the Streets and Highways Code and Section 53338(c) of the Government Code. The Amended Notice of Special Tax Lien shall have the Amended and Restated Rate and Method of Apportionment of Special Tax attached to it and shall be recorded in the County Recorder's office within fifteen days of today's date.

Section 6. This resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of El Paso De Robles at a regular meeting of said Council held on December 6, 2016.

AYES:
NOES:
ABSTAIN:
ABSENT:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

Resolution No. _____
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