

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.1

SECTION: NEW BUSINESS

Meeting Date:	April 12, 2016
Subject:	A Resolution of the City Council of the City of Riverbank, California, to Adopt Local Goals and Policies for Community Facilities Districts
From:	Jill Anderson, City Manager
Submitted by:	Marisela Garcia, Director of Finance Kathleen Cleek, Development Services Administration Manager John B. Anderson, Contract Planner

RECOMMENDATION

It is recommended that the City Council adopt a Resolution outlining the City of Riverbank’s Local Goals and Policies for Community Facilities Districts.

INTRODUCTION

In order to maintain the current level of municipal services, including Police services, in areas of new development and prevent the deterioration of services throughout the currently developed areas of the City, the City is considering the creation of a Maintenance Community Facilities District consistent with the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”) for new development in the City of Riverbank. The recommended action will allow the City Council to establish local goals and policies concerning the formation and use of the Act prior to the initiation of proceedings to establish any new community facilities district (“CFD”) under the Act.

SUMMARY

The Local Goals and Policies presented as Attachment 2 to this Staff Report (“Policies”) are required under the Mello-Roos Community Facilities District Act of 1982 (the “Act”). The Policies must be adopted prior to the initiation of proceedings to establish a Maintenance or an Improvement CFD under the Act. The Policies, if adopted, will replace previous policies that were significantly outdated; new policies must be adopted in conformance with the Act.

A CFD can be used as a mechanism to finance ongoing maintenance obligations and public safety services, similar to a Landscape and Lighting Maintenance District (“LLMD”). In recent years, public agencies are increasingly opting to use CFDs to

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finance the maintenance of roads, storm drainage systems, street lights, parks, public landscape areas and to maintain service levels for police and fire services. CFDs used in this fashion are often referred to as a “Maintenance CFD” and they are more cost-effective to administer than LLMDs. A Maintenance CFD will be proposed at this meeting for new development projects in Riverbank, if the Policies are adopted.

In addition to Maintenance CFD’s, a CFD can be used as a mechanism to finance the cost of major public improvements required by new development. Public improvements consist of new infrastructure such as water and wastewater systems, roads, storm drainage facilities, parks and recreational facilities, and government facilities. These are known as “Improvement CFD’s”. Improvement CFD’s often involve bond financing so that adequate funds can be raised to finance large capital investments.

The attached Policies are intended to be general in nature and therefore apply to the Maintenance CFD’s and Improvement CFD’s. It is important to note that the provisions in the Policies related to public improvements, bond financing, credit quality, and debt service do ***not*** apply to the Maintenance CFD that will be proposed in a separate agenda item on the April 12, 2016 City Council agenda.

The Policies incorporate standard industry practices in the formation and administration of CFDs. Nevertheless, these Policies are subject to amendment by the City Council at any time. In the event these Policies conflict with or are incompatible with any provisions of the Act, the provision of the Act shall control.

Maintenance CFD’s

For Maintenance CFD’s, The Policies allow for the financing of all services authorized under the Act, such as: police services, and maintenance of streets, storm drainage, parks, landscaping and lighting, etc. The Policies allow the City to prioritize the public services to be financed by a CFD to services that are necessary for the public health, safety and welfare, or would otherwise create an additional burden on the City’s general fund.

Consistent with the Act, maintenance services to be financed by a CFD must be related to the impacts caused by new development. A maintenance CFD cannot be imposed on new development for the purpose of funding maintenance obligations related to existing residents, or to cure past deficiencies.

Improvement CFD’s

For Improvement CFD’s, the Policies allow for the financing of a broad range of eligible facilities:

- Streets
- Street lighting
- Traffic signals and safety lighting
- Utility relocations
- Elementary and secondary school sites and facilities
- Libraries

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- Landscaping on public property or in public easements
- Sanitary sewer facilities
- Storm drain facilities
- Flood control facilities
- Potable and reclaimed water facilities
- Parks, recreational and open-space facilities
- Public utilities
- Cultural facilities
- Police and fire protection facilities
- Governmental facilities

Ultimately, the facilities to be financed by a CFD must be owned by a public agency or public utility and must have a useful life of at least five (5) years.

The Policies also cover provisions related to bond financings in connection with Improvement CFD's. For example, all CFD bond issues must have at least a three to one (3:1) property value to public lien ratio. Therefore, a CFD could raise \$10 million in bond revenue if the property to be bonded against was worth at least \$30 million. In addition, the Policies require a reserve fund, as a percentage of the bond issuance or debt service. These Policies are standard industry requirements that are intended reduce the risks associated with bond financing.

The Policies also require developers to provide disclosure of the existence of a CFD to prospective purchasers, and other disclosure requirements under the Internal Revenue Code.

The Policies further provide that the special taxes imposed on property within the City shall not exceed two percent (2.0%) of the estimated initial sales price of the property. The City may retain a special tax consultant to prepare a report which recommends a special tax for the proposed CFD, and evaluates the special tax proposed to determine its ability to adequately fund identified public facilities, city administrative costs, services and other related expenditures. Such analysis shall also address the resulting aggregate tax burden of all proposed special taxes plus existing special taxes, ad valorem taxes and assessments on the properties within the CFD.

City Proceedings

Consistent with the Act, the Policies allow for the formation of a CFD, by landowner petition, or when desired by the City and accepted by landowners as an acceptable form of financing the conditions of approval for a project. If a landowner chooses not to participate in a CFD, the landowner will be required to provide alternative financing acceptable to the City to finance the same obligations that would be provided in a CFD.

The Policies further provide that all City staff and consultant costs incurred in the formation of a CFD and the issuance of bonds (if applicable) should be paid by advance deposit by the landowners who will be subject to the proposed CFD.

Exceptions to these Policies

The City may find in limited and exceptional instances that a waiver to any of the stated policies is reasonable given identified special benefits to be derived from such waiver. Any waiver to these Policies shall only be granted by action of the City Council.

FISCAL IMPACT:

All costs associated with the formation and administration of the proposed CFD shall be paid by landowners proposed to annex into the CFD. Expenses not chargeable to the CFD shall be directly borne by the proponents of the CFD.

STRATEGIC GOAL

The consideration and possible implementation of a Maintenance CFD was included as an objective during the City's most recent Strategic Planning session on April 5, 2016 in support of the City's goal to "Achieve and Maintain Financial Stability and Sustainability. It specifically mentions the creation of a Maintenance (CFD) for police, streets, storm, parks, landscaping and lighting for new development.

ATTACHMENTS:

- 1) Resolution Outlining the City's Local Goals and Policies for Community Facilities Districts
- 2) Attachment 2 - City of Riverbank Local Goals and Policies for Community Facilities Districts

CITY OF RIVERBANK

RESOLUTION NO. 2016 - _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERBANK, CALIFORNIA, TO ADOPT LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS

WHEREAS, the CITY COUNCIL of the CITY OF RIVERBANK, CALIFORNIA (the “City Council”), may determine that it is necessary and desirable to create a community facilities district 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 of the Government Code of the State of California (the “Act”), as amended; and

WHEREAS, the Act (Gov. Code § 53312.7) requires the City Council to adopt goals and policies prior to establishing a community facilities district (“CFD”); and

WHEREAS, the existing CFD goals and policies of the City of Riverbank require revision in conformance with the Act; and

WHEREAS, the City Council finds that the adoption of a revised set of goals and policies in conformance with the Act is in the best interests of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RIVERBANK HEREBY RESOLVES to adopt the Local Goals and Policies for Community Facilities Districts attached hereto (“Policies”), which may be amended and revised from time to time by resolution of the City Council, in accordance with the Act.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the ____ day of _____, 2016; motioned by _____, seconded by _____, and upon roll call was carried by the following City Council vote of ____ - ____:

AYES: _____
NAYS: _____
ABSENT: _____
ABSTAINED: _____

ATTEST:

APPROVED:

Annabelle Aguilar, CMC
City Clerk

Richard D. O’Brien
Mayor

ATTACHMENT 2

CITY OF RIVERBANK LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS

I. General

Section 53312.7(a) of the California Government Code requires the City of Riverbank, or the applicable financing district formed by the City (the “City”) to consider and adopt local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (the “Act”) prior to the initiation of proceedings to establish a new community facilities district (“CFD”) under the Act.

These Local Goals and Policies for Community Facilities Districts (the “Policies”) provide guidance for the City in proceedings to form a CFD under the Act, and in issuing bonds secured by special taxes under the Act. The Policies are intended to be general in nature; specific details will depend on the nature of each particular financing. The Policies are applicable to financings under the Act and are intended to comply with Section 53312.7(a) of the Government Code. The Policies are subject to amendment by the City Council at any time. In the event these Policies conflict with or are incompatible with any provision of the Act, the provision of the Act shall control.

II. Financing Priorities

Eligible Facilities. The improvements eligible to be financed by a CFD will be owned by a public agency or public utility and will have a useful life of at least five (5) years. Development proposed within a CFD will be consistent with the City's general plan and will have received any required legislative approvals. A CFD will not vest any rights to future land use on any properties, including those which are responsible for paying special taxes.

The public facilities eligible to be financed through a CFD may include, but shall not be limited to, the following:

- Streets
- Street lighting
- Traffic signals and safety lighting
- Landscaping on public property or in public easements
- Sanitary sewer facilities
- Storm drain facilities
- Flood control facilities
- Potable and reclaimed water
- Utility relocations
- Elementary and secondary school sites and facilities
- Libraries
- Parks, recreational and open-space facilities
- Public utilities
- Cultural facilities
- Police and fire protection facilities
- Governmental facilities

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The Act authorizes a CFD, in the discretion of the City, to finance connection fees and capacity charges, impact fees, lease payments for school facilities, and other fees imposed by governmental agencies the proceeds of which are to be used to fund public capital improvements of the nature listed above. (E.g., Gov. Code § 53345.3.) The City will consider applications to finance such fee obligations on a case-by-case basis. The City's stated preference, however, is to utilize an improvement CFD to finance the construction and acquisition of eligible facilities.

The City will consider, on a case-by-case basis, the funding of public facilities to be owned and operated by public agencies other than the City. If the proposed financing is consistent with a public facilities financing plan approved by the City, or the proposed facilities are otherwise consistent with approved land use plans for the property, the City may consider entering into a joint financing agreement or joint powers authority to finance those facilities. In the event the City elects to pursue a joint financing agreement or joint powers authority, such a joint agreement with the public agency that will own and operate any such facility, will be entered into consistent with the time specified in the Act.

A CFD may also be formed for the purpose of refinancing any fixed special assessment or other governmental lien on property, to the extent permitted under the Act, as applicable.

The City, acting through the City Council, shall have the final determination as to the eligibility of any facility for financing.

Priority Facilities. Priority for CFD financing of public facilities shall be given to public facilities which: (a) benefit the development of City infrastructure; (b) are necessary for development to proceed in an orderly fashion, and (c) are coordinated to correspond to the phasing of the related private development project.

If appropriate, the City may require the preparation of a public facilities financing plan as a part of the specific plan or other land use document that identifies the public facilities and the priority of such facilities required to serve a project, and the type of financing to be utilized for each facility. The City may require preparation of the aforementioned plans as a condition of approval of a project, at the cost of the developer of the project. The City will ensure that CFD-financed facilities are constructed and acquired in a manner such that private development will not occur ahead of the installation of public infrastructure necessary to support that development.

Eligible Services; Priority Services. The services eligible to be financed by a CFD (the "Services") shall include all services authorized in the Act. (E.g., Gov. Code § 53313.) Subject to the conditions set forth in the Act, priority for public services to be financed by a CFD shall be given to services which are: (a) necessary for the public health, safety and welfare or (b) would otherwise be an additional burden to the City's general fund.

The City may finance services to be provided by another public agency if it determines the public convenience and necessity require it to do so, although the City prioritizes financing services to be provided by the City. If appropriate, the City may require the preparation of a public services financing plan as a part of the specific plan or other land use document that identifies the public services required to serve a project and the source of funding for each such service.

III. Bond Financings; Credit Quality

Value-to-Public Lien Ratio. All CFD bond issues should have at least a three to one (3:1) property value to public lien ratio after calculating the value of the financed public improvements to be installed, unless otherwise specifically approved by the City Council as provided in Section 53345.8(b) or (c) of the Act. Property value may be based on either an appraisal (as described in VI below) or on assessed values as indicated on the county secured tax roll. The public lien amount shall include the bond issue currently being sold plus any public indebtedness secured by a lien on the properties to be taxed.

Entitlement Status. The City will require all major land use approvals and governmental permits necessary for development of land in the CFD to be substantially in place before proceedings may be initiated to form the CFD and the issuance of bonds.

Reserve Fund. In most cases, a reserve fund equal to the lesser of: (i) ten percent (10%) of the original proceeds of the bond issue, (ii) the maximum annual debt service on the bonds, or (iii) one hundred twenty-five percent (125%) of the average annual debt service on the outstanding bonds will be required for all bond issues where less than fifty percent (50%) of the buildable acreage has been developed. A smaller reserve fund may be required by the City for bond issues where development thresholds identified by the City have been met (for example, more than fifty percent (50%) of the buildable acreage has been developed).

Failure to Meet Credit Criteria. Less than a three to one (3:1) property value to public lien ratio, excessive tax delinquencies, or projects of uncertain economic viability may cause the City to prohibit the sale of bonds or require credit enhancement prior to bond sale. The City may consider exceptions to the above policies for bond issues that do not represent an unusual credit risk, either due to credit enhancement or other reasons specified by the City, or which otherwise provide extraordinary public benefits, to the extent permitted by and subject to, any applicable requirements of the Act.

If the City requires letters of credit or other security, the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the City. Any security required to be provided by the applicant may be discharged by the City upon satisfaction of the applicable credit criteria specified by the City.

As an alternative to providing other security, and subject to federal tax law, the applicant may request that a portion of the bond proceeds be placed in escrow with a trustee or fiscal agent in an amount sufficient to assure the financing will meet the applicable credit criteria, including, but not limited to, meeting a value-to-lien ratio of at least three to one (3:1) on the outstanding proceeds. The escrowed proceeds shall be released at such times, and in such amounts, as may be necessary to assure the applicable credit criteria has been met.

The City will require that bond financings be structured so that bonds are purchased and owned by suitable investors. For example, the City may require placement of bonds with a limited number of sophisticated investors, large bond denominations or transfer restrictions in situations where there is an insufficient value-to-lien ratio, where a substantial amount of the property within a CFD is undeveloped, where tax delinquencies are present in parcels within the CFD, and in any other situation identified by the City.

IV. Disclosures

Disclosure Requirements for the Resale of Lots. The developer of property within a CFD that is selling lots, parcels or developed properties therein shall provide disclosure notice to prospective purchasers in compliance with the Act, including but not limited to Government Code section 53341.5.

Continuing Bond Disclosure. If any individual landowner in a CFD is responsible for ten percent (10%) or more of the annual special taxes, upon formation of the CFD the landowner must agree to provide, on an ongoing basis: (i) initial disclosures at the time of issuance of any bonds; and (ii) annual disclosure as required under Rule 15c2-12 of the Securities Exchange Commission, as amended from time to time, until the special tax obligation of the property owned by such landowner drops below ten percent (10%) of the annual special taxes.

Applicants or landowners in a CFD shall keep executed copies of each disclosure document and agree to provide a copy of all applicable executed disclosure documents to the City upon request.

V. Rate and Method of Apportionment of Special Taxes

Minimum Special Tax Levels. The rate and method of apportionment for special taxes of a CFD must be structured so as to produce special tax revenues sufficient to cover: (a) one hundred ten percent (110%) gross debt service coverage for all CFD bonded indebtedness, (b) the administrative expenses of the CFD, and (c) amounts equal to the differences between expected earnings on any escrow fund and the interest payments due on related bonds of the CFD.

In addition, the special tax formula may provide for the following to be included in the special tax levels: (a) any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the CFD, (b) the accumulation of funds reasonably required for future debt service, (c) amounts equal to projected delinquencies of special tax payments, (d) the costs of remarketing, credit enhancement and liquidity facility fees, (e) the cost of acquisition, construction, furnishing or equipping of authorized facilities, (f) lease payments for existing or future facilities, (g) costs associated with the release of funds from an escrow account, (h) the costs of services, and (i) any other costs or payments permitted by law.

Equity of Special Tax Allocation Formula. The special tax formula shall be reasonable in allocating the CFD's payment obligations to parcels within the CFD. The formula will be clear, understandable, equitable and reasonable. Exemptions from the special tax may be given to parcels which are publicly owned, are used for a public purpose, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, have insufficient value to support bonded indebtedness and any other exemptions permitted by the Act and approved within the discretion of the City.

The special tax formula may include a back-up special tax in the event of significant changes from the initial development plan, and may include procedures for prepayment, as approved within the discretion of the City.

Aggregate Tax Burden. The total projected non-residential property tax levels for any CFD (including ad valorem taxes, any maintenance, landscaping or other impositions on the land in the CFD and other similar annual government charges levied on parcels in the CFD, but excluding property owners' association annual levies) must be reasonable, and will be considered by the City Council on a case-by-case basis.

The total projected residential property tax levels (including ad valorem taxes, any maintenance, landscaping or other impositions on the land in the CFD and other similar annual government charges levied on parcels in the CFD, but excluding property owners' association annual levies) for any CFD (or, if a CFD has multiple improvement areas, for each improvement area and not the entire CFD) shall not exceed the lesser of: (i) two percent (2.0%) of the estimated initial sales prices (from the builder to the first homeowner) of the respective homes to be constructed in the CFD (with such prices to be determined by reference to an absorption study or appraisal prepared for the CFD or such other information as the City shall reasonably determine), or (ii) any maximum amounts specified in the Act. The annual increase, if any, in the maximum special tax for any parcel shall not exceed any maximum specified in the Act. The increase in the special tax levied on any residential parcel as a consequence of delinquency or default by the owner of any other parcel shall not exceed any maximum specified in the Act.

Levy on Entire Parcels. Special taxes will only be levied on an entire county assessor's parcel, and any allocation of special tax liability of a county assessor's parcel to

leasehold or possessory interest in the fee ownership of such county assessor's parcel shall be the responsibility of the fee owner of such parcel and the City shall have no responsibility therefore and has no interest therein. Failure of the owner of any county assessor's parcel to pay or cause to be paid any special taxes in full when due, shall subject the entire parcel to foreclosure in accordance with the Act.

Feasibility Analysis. The City may retain a special tax consultant to prepare a report which: (a) recommends a special tax for the proposed CFD, and (b) evaluates the special tax proposed to determine its ability to adequately fund identified public facilities, City administrative costs, services (if applicable) and other related expenditures. Such analysis shall also address the resulting aggregate tax burden of all proposed special taxes plus existing special taxes, ad valorem taxes and assessments on the properties within the CFD.

VI. Appraisals

The definitions, standards and assumptions to be used for appraisals shall be determined by City staff on a case-by-case basis, with input from City consultants and CFD applicants, and by reference to relevant materials and information promulgated by the State of California (including, but not limited to, the California Debt Investment and Advisory Commission). The appraiser shall be selected by or otherwise acceptable to the City, and the appraisal shall be coordinated by and under the direction of, or otherwise as acceptable to, the City.

The appraisal must be dated within three months of the date the bonds are priced, unless the City Council determines a longer time is appropriate.

All costs associated with the preparation of the appraisal report shall be paid by the entity requesting the establishment of the CFD, if applicable, through the advance deposit mechanism described below.

VII. City Proceedings

Petition. Where proceedings are initiated by a landowner, a petition will be required in accordance with the Act and applicable law. The applicant is urged to obtain unanimous waivers of the election waiting period. In applying to the City for formation of a CFD, the applicant must specify any reasonably expected impediments to obtaining petitions, including from co-owners or lenders of record.

Deposits and Reimbursements. All City staff and consultant costs incurred in the evaluation of CFD applications, formation of the CFD and issuance of bonds, shall be paid by advance deposit by the landowners proposed to annex into the CFD. The City shall not incur any expenses for processing and administering a CFD that are not paid

by the applicant or from CFD bond proceeds. In general, expenses not chargeable to the CFD shall be directly borne by the proponents of the CFD.

A petition for formation of a CFD shall be accompanied by an initial deposit in the amount determined by the City to fund initial staff and consultant costs associated with CFD review and implementation. If additional funds are needed to offset costs and expenses incurred by the City, the City shall make written demand upon the applicant for such funds. If the applicant fails to make any deposit of additional funds for the proceedings, the City may suspend all proceedings until receipt of such additional deposit.

The City shall not accrue or pay any interest on any portion of the deposit refunded to any applicant or the costs and expenses reimbursed to an applicant. Neither the City nor the CFD shall be required to issue eligible reimbursements to any applicant or property owner from any funds other than bond proceeds issued by the CFD.

Representatives. The City and the applicant shall each designate a representative for each financing. The representatives shall be responsible for coordinating the activities of their respective interests and shall be the spokespersons for each such interest. The purpose of this requirement is to avoid duplication of effort and misunderstandings from failure to communicate effectively. In the case of the City, it allows the City's consultants to report to a single official who will, in turn, communicate with other staff members.

Time Schedule. The final schedule of events for any proceeding shall be determined by the City, in consultation with its financing team and the applicant. Any changes will require approval by the appropriate City official. Time schedules will (unless specific exceptions are allowed) observe established City Council meeting schedules and agenda deadlines. To the extent possible, financings will be scheduled to allow debt service to be placed on the tax rolls with a minimum of capitalized interest. Decisions to capitalize interest will be made on a case-by-case basis, with the intent that if allowed, it should improve the credit quality of the bonds and reduce borrowing costs, benefiting both current and future property owners.

VIII. Bond Financing Terms

All terms and conditions of any CFD bonds shall be established by the City. The City and its designated agents will control, manage and invest all CFD issued bond proceeds. Each bond issue shall be structured to adequately protect bond owners and to not negatively impact the bonding capacity or credit rating of the City through the special taxes, credit enhancements, foreclosure covenant, and reserve funds.

All statements and materials related to the sale of bonds shall emphasize and state that neither the faith, credit nor the taxing power of the City is pledged to security or repayment of the Bonds. The sole source of pledged revenues to repay CFD bonds are

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special taxes, bond proceeds and reserve funds held under the bond document, and the proceeds of foreclosure proceedings and additional security instruments provided at the time of bond issuance.

The City shall select all consultants necessary for the formation of the CFD and the issuance of bonds, including the underwriter, bond counsel, disclosure counsel, financial advisor, appraiser, market absorption or pricing consultant, trustee, and special tax consultant. Prior consent of the applicant shall not be required in the determination by the City of the consulting and financing team.

All costs associated with the financing shall be paid by the entity requesting the establishment of the CFD, if applicable, through an advance deposit mechanism described above.

IX. Exceptions to These Policies

The City may find in limited and exceptional instances that a waiver to any of the above stated policies is reasonable given identified special benefits to be derived from such waiver. Any waiver to these Policies shall only be granted by action of the City Council.

RIVERBANK CITY COUNCIL AGENDA ITEM NO. 6.2

SECTION 6: NEW BUSINESS

Meeting Date:	April 12, 2016
Subject:	Resolution of the City Council of the City of Riverbank, California, Declaring Its Intention to Establish City of Riverbank Community Facilities District No. 2016-1 (Public Services) and to Authorize the Levy of a Special Tax Therein to Finance Certain City Services
From:	Jill Anderson, City Manager
Submitted by:	Marisela Garcia, Director of Finance Kathleen Cleek, Development Services Administration Manager John B. Anderson, Contract Planner Robin Baral, Legal Counsel

RECOMMENDATION:

It is recommended that the City Council adopt a Resolution declaring its intention to establish a City of Riverbank Community Facilities District 2016-1 (Public Services) and to authorize the levy of a special tax therein to finance the maintenance of certain City services, including police, street maintenance, parks, storm drainage, and landscaping within the boundaries of the District.

INTRODUCTION

As discussed in a previous agenda report, in order to maintain the current level of municipal services, including Police services, in areas of new development and prevent the deterioration of services throughout the currently developed areas of the City, the City is considering the creation of a Maintenance Community Facilities District consistent with the provisions of the Mello-Roos Community Facilities Act of 1982 (the "Act") for new development in the City of Riverbank. The recommended action will declare the City Council's intent to create a Community Facilities District (CFD) 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 of the Government Code of the State of California (the "Act"), as amended, for the purpose of maintaining financing police services, street maintenance, parks, storm drainage, and landscaping.

BACKGROUND:

In 1978 Californians enacted Proposition 13, which limited many local public agencies' ability to finance new projects and maintain adequate levels of service. In 1982, the passage of the Mello-Roos Community Facilities District Act (CFD) authorized local governments to create CFDs for the purpose of collecting special-purpose taxes and selling tax-exempt bonds to fund public improvements. A CFD can be used as a mechanism to finance the cost of public improvements. Public improvements can consist of new infrastructure such as water and wastewater systems, roads, storm drainage facilities, parks and recreational facilities, and government facilities.

A CFD can also be used as a mechanism to finance ongoing maintenance obligations and public safety services, similar to a Landscape and Lighting Maintenance District ("LLMD"). In recent years, public agencies are increasingly opting to use CFDs to finance the maintenance of roads, storm drainage systems, street lights, parks, public landscape areas and to maintain service levels for police and fire services. CFDs used in this fashion are often referred to as a "Maintenance CFD" and they are more cost-effective to administer than LLMDs. This is the type of CFD being proposed in Riverbank at this time.

Proposed Maintenance CFD

In 2006 the City Council adopted Resolution No. 2006-115, requiring the Bruinville Developments to annex to and participate in a Maintenance CFD for City services such as public safety, street, storm and park maintenance, landscaping and lighting. Once formed, the Maintenance CFD would create a dedicated revenue source to fund the anticipated taxing shortfalls necessary to maintain existing City service levels in the areas of new development and prevent the deterioration of services in the currently developed areas of the City.

The City was advised by its Special District Consultant, Willdan Financial Services, that rather than form individual Special Districts for Landscape and Lighting and/or Storm Drainage Maintenance, that the City of Riverbank should focus on forming a comprehensive CFD to handle all of the service requirements. The primary reason for this has to do with the "Special Benefit" and "General Benefit" provisions of assessment law that are not required under the Mello-Roos Law. A Maintenance CFD is less costly to administer and gives the City flexibility in collecting special taxes for needed services as determined by the City Council.

As discussed above, new development requires municipal services that would need to be funded by the general fund of the City of Riverbank, which is currently struggling to maintain adequate services, unless an alternative revenue source is established. Therefore, it is crucial for the financial stability of the City that a funding source be created to fully pay for the City services that new development will require and that a Maintenance CFD be formed with the expectation that new development could annex into it in the future.

DISCUSSION

It has been determined that it is necessary to create a Maintenance Community Facilities District pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”) for the purpose of financing the maintenance of police, street maintenance, parks, storm drainage, landscaping and lighting services. The formation of a Maintenance CFD for new development is necessary for the City to meet the increased demands placed upon the City as a result of new development occurring within the boundaries of the proposed CFD. The Act authorizes the City Council to establish a community facilities district and levy special taxes within the community facilities district. The City of Riverbank went through an RFP process and the City Council awarded Willdan Financial Services the contract to assist the City in forming its first Maintenance CFD for new development. The process included the following:

- Reviewing the City’s existing CFD goals and policies;
- Working to identify and develop a full list of improvements, facilities, and related services to be funded by the CFD;
- Completing a preliminary tax spread sheet analysis and developing a rate and method of apportionment of special tax.
- Preparing a preliminary CFD report that includes a description of the public improvements to be maintained, along with cost estimates.
- Preparing a boundary map and City Council Resolutions to create a CFD.

The formation was driven by a comprehensive special tax analysis that took into account the types of property proposed for inclusion in the CFD and an analysis of the level of special tax burden. Data was gathered directly from the developers, as well as from the City, County and other sources to identify the level to which properties can be fairly and equitably taxed. A special tax model was constructed which accurately forecasts the aggregate budget for the proposed and future services, based on the current level of services in the City, which guided the City in determining the special tax obligation to be imposed on a per-unit basis. The final analysis was used as the foundation for the development of the special tax methodology and, ultimately, the setting of the Rate and Method of Apportionment (RMA).

RATE AND METHOD OF APPORTIONMENT:

The Rate and Method of Apportionment (RMA) is summarized in Table 1 below, which was taken directly from the proposed City of Riverbank Community Facilities District No. 2016-1 (Public Services) Rate and Method of Apportionment.

(ADDED TO AGENDA PACKET)

Table 1
Maximum Special Tax for Developed Property
Community Facilities District No. 2016-1
Fiscal Year 2016-17

Land Use Class	Description	Maximum Special Tax
1	Detached Residential	\$580.00 per Dwelling Unit
2	Attached Residential	\$348.00 per Dwelling Unit
3	Mixed-Use Property	Sum of Maximum Special Tax for each applicable Land Use Class
4	Office	\$0.369 per square foot of Building Floor Area
5	Commercial	\$0.211 per square foot of Building Floor Area
6	Industrial/Business Park/Agricultural Processing	\$0.148 per square foot of Building Floor Area

On each July 1st following the Base Year, the Maximum Special Tax rates in Table 1 may be increased by an Annual Escalation Factor using the Consumer Price Index. A different Maximum Special Tax may be added to the CFD as a result of future annexations or if future annexations involve a new Land Use Class.

DISCOUNTED RATE FOR ATTACHED RESIDENTIAL PROPERTIES

Willdan Financial Services informed Staff that some Cities apply a discounted tax rate for affordable housing projects. City Staff reviewed and analyzed this option and discovered that the same level of maintenance and public services will be needed for the affordable housing units. The proposed RMA currently recommends that “Attached Residential” (i.e., multifamily) units only pay 60% of the tax rate imposed on “Detached Residential” (i.e., single-family residential) units, therefore, in essence the tax rate is discounted. In this regard, if the City chooses to grant an additional discount for the affordable housing projects, the shortfall would be made up by the entire City population through the use of the City’s general fund, which is used to fund most services, including police. Due to the City’s ongoing fiscal constraints, there are insufficient funds to pay for the level of police and other services that are currently needed to meet the increasing level of service that the community is requesting and unfunded legal mandates established by the State are demanding.

In addition, the City’s General Plan states that the City should be staffed at 1.1 deputy police officers per 1,000 residents. The City is currently at 0.78 officers per 1,000 residents, which is the lowest in Stanislaus County. The proposed RMA will ensure that future development pays its proportional share, based in part on existing police staffing levels. Due to these minimal staffing levels, and the principle that new development should pay its fair share, staff believes that the City is not in a position to provide an additional special tax CFD discount for affordable housing unless it is willing to risk further reducing the level of service to the rest of the City.

Therefore, providing municipal services to the new areas of development without a

(ADDED TO AGENDA PACKET)

corresponding revenue source will require a reduction in the services, including police, provided in the areas of new development as well as the currently developed areas of the City.

FORMATION

The annual special tax must be approved by Council action similarly to Landscape and Lighting Assessments. Once the special tax is adopted and imposed on specific properties, it will be paid by each applicable property owner within the boundaries of the CFD as a special tax illustrated on their County property tax bills. The special tax obligation will be triggered once a building permit is requested for properties within the CFD boundary. Building permits pulled by April 1 of each year will be imposed a special tax on the following County tax bills.

Additional properties may be added to the boundary of CFD 2016-1 through annexation proceedings that may be presented to the City Council in the future. The landowner or developer must fund the processing expenses associated with CFD annexations.

The initial proceedings begin with the Riverbank City Council declaring its intention to conduct proceedings for the formation of a community facilities district pursuant to the provisions of the Act. The proposed community facilities district shall be known and designed as “City of Riverbank Community Facilities District No. 2016-1 (Public Services)” (the “CFD”). A description of the exterior boundaries of the territory proposed for inclusion in the CFD, including properties and parcels of land proposed to be subject to the levy of a special tax by the CFD, is as shown on the boundary map designated as “PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES),” which is on file in the office of the City Clerk and is attached to this staff report as **Exhibit A**.

The intent of the proposed Maintenance CFD is to finance police services, landscaping and lighting maintenance, park maintenance, drainage maintenance, and street maintenance. The proposed special tax to fund these services will be sufficient to pay for such additional services and related incidental expenses authorized by the Act. These funds will be secured by the recordation of a continuing lien against all non-exempt real property in the CFD, which will be levied annually within the boundaries of the CFD. The rate and method of apportionment of the proposed Special Tax to be levied within the CFD is referenced in the attached **Exhibit B**, City of Riverbank Community Facilities District No. 2016-1 (Public Services) Rate and Method of Apportionment. The Special Taxes will be collected in the same manner as ad valorem property taxes.

ELECTION

If the City Council following the required public hearing determines to establish the CFD and proposes to levy the Special Tax within the CFD, the City Council shall then submit the levy of the Special Taxes to the qualified electors of the CFD. The vote shall be by

(ADDED TO AGENDA PACKET)

the landowners of the CFD with each landowner or the authorized representative thereof, having one (1) vote for each acre or portion of an acre of land owned within the CFD.

The election shall be conducted by the City Clerk. If the City received consent from 100% of the property owners within the proposed boundaries of the CFD, the election shall be held on the 24th of May, 2016, which is a shortened timeframe. If the City does not receive consent from 100% of the affected property owners to reduce the time frame, the election will be held 90-180 days after the Public Hearing, rather than on May 24th. The ballots for the election shall be distributed to the qualified electors of the CFD by mail with return postage prepaid or by personal service, and the special election shall be conducted as a mail ballot election. If a written majority protest against the establishment of the CFD is filed, the proceedings shall be abandoned. If such majority protest is limited to certain services or portions of the Special Tax, those services or that tax shall be eliminated by the City Council.

PUBLIC HEARING

As noted above, if the certain conditions are met, a public hearing can take place on the **24th day of May, 2016**, at the hour of 6 o'clock p.m. (or as soon thereafter as practical), in the regular meeting place of the City Council being the City Council Chambers, located at 6707 Third Street, Riverbank, CA 95367. The public hearing would include the City Council's consideration of the proposed CFD, the extent of the CFD, the furnishing of the Services within the CFD, and the proposed Rate and Method, and all other matters as set forth in this resolution of intention. At the above-mentioned time and place for public hearing any persons interested, including taxpayers, persons registered to vote within the CFD, and property owners, may appear and be heard.

FISCAL IMPACT:

The full fiscal impact will not be seen by the City until the subject properties are developed with Building Permits issued on the respective parcels affected. Probable income projections are detailed below by development:

<u>Developer</u>	<u>Detached Units</u>	<u>Attached Units</u>	<u>Total Annual CFD Revenue</u>
Diamond Bar West	58		\$ 33,614
Riverbank Central Apts.		72	\$ 25,037
Monterosso	10		\$ 5,795
Diamond Bar East	96		\$ 55,637
Ward Villas		28	\$ 9,736
Hayes 4 Phase I	41		\$ 23,762
Hayes 4 Phase II	47		\$ 27,239
Total Units	252	100	\$180,819

STRATEGIC GOAL

The consideration and possible implementation of a Maintenance CFD was included as an objective during the City's most recent Strategic Planning session on April 5, 2016 in support of the City's goal to "Achieve and Maintain Financial Stability and Sustainability. It specifically mentions the creation of a Maintenance (CFD) for police, streets, storm, parks, landscaping and lighting for new development.

ATTACHMENTS:

- 1) Resolution of Intention
- 2) Exhibit A - Proposed Boundaries of Community Facilities District No. 2016-1 (Public Services).
- 3) Exhibit B - City of Riverbank Community Facilities District No. 2016-1 (Public Services) Rate and Method of Apportionment
- 4) CFD Processing Milestones

CITY OF RIVERBANK

RESOLUTION NO. 2016 - _____

**A RESOLUTION OF THE CITY COUNCIL OF RIVERBANK, CALIFORNIA,
DECLARING ITS INTENTION TO ESTABLISH CITY OF RIVERBANK COMMUNITY
FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES) AND TO AUTHORIZE THE
LEVY OF A SPECIAL TAX THEREIN TO FINANCE CERTAIN SERVICES**

WHEREAS, the CITY COUNCIL of the CITY OF RIVERBANK, CALIFORNIA (the “City Council”), has determined that it is necessary and desirable to create a community facilities district 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 of the Government Code of the State of California (the “Act”), as amended, for the purpose of financing police services, landscaping maintenance, park maintenance, drainage maintenance, and street maintenance; and

WHEREAS, the Act authorizes the City Council to establish a community facilities district and to levy special taxes within the community facilities district; and

NOW, THEREFORE, THE COUNCIL OF THE CITY OF RIVERBANK HEREBY RESOLVES:

SECTION 1. Recitals. The above recitals are all true and correct.

SECTION 2. Initiation of Proceedings. The City Council hereby declares its intention to conduct proceedings for the formation of a community facilities district pursuant to the provisions of the Act.

SECTION 3. Name of CFD. The proposed community facilities district shall be known and designated as “City of Riverbank Community Facilities District No. 2016-1 (Public Services)” (the “CFD”)

SECTION 4. Boundaries of CFD. A description of the exterior boundaries of the territory proposed for inclusion in the CFD, including properties and parcels of land proposed to be subject to the levy of a special tax by the CFD, is as shown on the boundary map designated as “PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES),” which is on file in the office of the City Clerk and is attached hereto as **Exhibit A** and hereby incorporated by reference.

SECTION 5. Description of Services. It is the intention of this City Council to finance certain services described below (the “Services”). The City Council hereby finds that the Services are in addition to those provided in the territory within the CFD prior to the establishment of the CFD and that such Services will not supplant services already

available within that territory. A general description of the services to be provided is as follows:

POLICE SERVICES

Police Services includes the estimated and reasonable costs of providing police services, including but not limited to (i) the costs of contracting for police, (ii) the salaries and benefits of City staff, if the City directly provides police services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, and (iv) City overhead costs associated with providing such services within the CFD.

LANDSCAPING MAINTENANCE

Landscaping Maintenance includes the labor, material, administration, personnel, equipment and utilities (i.e., water and power) necessary to maintain landscaping improvements within the CFD, including trees, turf, ground cover, shrubs, weed removal, irrigation systems, sidewalk, drainage facilities, lighting, signs, monuments, graffiti removal, walkways, and associated appurtenant facilities located within, or associated with, the CFD.

PARK MAINTENANCE

Park maintenance includes the estimated and reasonable costs of providing park maintenance, including but not limited to (i) the costs of contracting for park maintenance services, including trees, plant material, restrooms, irrigation systems, sidewalks, drainage facilities, weed control, lighting, and parking lot maintenance, (ii) the salaries and benefits of City staff, including maintenance staff, that directly provide park maintenance services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, (iv) utility costs such as water, sewer, lighting and power and (v) City overhead costs associated with providing such services within the CFD.

DRAINAGE MAINTENANCE

Drainage Maintenance includes the labor, material, testing, reporting, remediation, permitting, general administration, personnel, equipment and utilities necessary to maintain drainage improvements for the CFD, including drain inlets, filters, detention basin, storm drain pipeline, and associated appurtenant facilities located within, or associated with, the CFD.

STREET MAINTENANCE

Street Maintenance includes the labor, material, administration, personnel, equipment and utilities necessary to maintain streets, streetlights and associated appurtenant facilities within, and associated with, the CFD, including City overhead costs associated with providing such services within the CFD.

SECTION 6. Special Tax. It is hereby further proposed that, except where funds are otherwise available to pay for the Services, a special tax sufficient to pay for such Services and related incidental expenses authorized by the Act (the "Special Tax" or "Special Taxes"), secured by recordation of a continuing lien against all non-exempt real property in the CFD, will be levied annually within the boundaries of the CFD. Under no circumstances will the Special Tax authorized to be levied within the CFD be increased as a consequence of delinquency or default by the owner of any other parcel or parcels used for private residential purposes and located within the CFD by more than 10 percent. For further particulars as to the rate and method of apportionment of the Special Tax proposed to be levied within the CFD, reference is made to the attached and incorporated Exhibit B, which sets forth in sufficient detail the rate and method of apportionment of the Special Tax among parcels of real property in the CFD (the "Rate and Method") to allow each landowner or resident within the CFD to clearly estimate the maximum amount that such person will have to pay for such Services. The City Council hereby determines the Rate and Method set forth in **Exhibit B** to be reasonable.

The Special Taxes herein authorized, to the extent possible, shall be collected in the same manner as ad valorem property taxes and shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes, or shall be collected in such other manner as may be provided by the City Council. Any Special Taxes that may not be collected on the County tax roll shall be collected through a direct billing procedure by the City Treasurer or duly appointed officer or agent of the City of Riverbank, as appointed by the City Council.

SECTION 7. Public Hearing. Notice is given that on the 24th day of May, 2016, at the hour of 6 o'clock p.m. (or as soon thereafter as practical), in the regular meeting place of the City Council being the City Council Chambers, located at 6707 3rd Street, Riverbank, California 95367, a public hearing will be held where this City Council will consider the establishment of the proposed CFD, the extent of the CFD, the furnishing of the Services within the CFD, and the proposed Rate and Method, and all other matters as set forth in this resolution of intention. At the above-mentioned time and place for public hearing any persons interested, including taxpayers, persons registered to vote within the CFD, and property owners, may appear and be heard. The testimony of all interested persons for or against the establishment of the CFD, the extent of the CFD, or the furnishing of the Services will be heard and considered. Any protests may be made orally or in writing. However, any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and clearly set forth the irregularities and defects to which the objection is made. All written protests shall be filed with the City Clerk of the City Council on or before the time fixed for the public hearing. Written protests may be withdrawn in writing at any time before the conclusion of the public hearing.

If a written majority protest against the establishment of the CFD is filed (as determined in accordance with Section 53324 of the Act), the proceedings shall be abandoned. If such majority protest is limited to certain services or portions of the Special Tax, those services or that tax shall be eliminated by the City Council.

SECTION 8. Election. If, following the public hearing described in Section 7 above, the City Council determines to establish the CFD and proposes to levy the Special Tax within the CFD, the City Council shall then submit the levy of the Special Taxes to the qualified electors of the CFD. The vote shall be by the landowners of the CFD with each landowner or the authorized representative thereof, having one (1) vote for each acre or portion of an acre of land owned within the CFD.

The election shall be conducted by the City Clerk, and shall be held on a date selected by the City Council in conformance with the provisions of Section 53326 of the California Government Code and pursuant to the provisions of the California Elections Code, insofar as they may be applicable. Pursuant to said Section 53326 the ballots for the election shall be distributed to the qualified electors of the CFD by mail with return postage prepaid or by personal service, and the special election shall be conducted as a mail ballot election.

A successful election relating to the Special Tax authorization shall, as applicable, establish the appropriations limit as authorized by Article XIII B of the California Constitution as it is applicable to the CFD.

SECTION 9. Notice. Notice of the time and place of the public hearing shall be given by the City Clerk by causing a Notice of Public Hearing to be published in the legally designated newspaper of general circulation, such publication pursuant to Section 6061 of the Government Code, with such publication to be completed at least seven (7) days prior to the date set for the public hearing. In addition, notice of the time and place of said hearing shall also be given by first-class mail to each registered voter and to each landowner within the proposed CFD as prescribed by Section 53322.4 of said Act. Said notice shall be published at least seven (7) days and may be mailed at least fifteen (15) days before the date of the hearing, and shall contain the information required by said Section 53322 of the Act.

SECTION 10. Exempt Properties. Except as provided in Section 53340.1 of the Act and except for properties that a local agency is a landowner of within the meaning of subdivision (f) of Section 53317 of the Act, pursuant to Section 53340 of the California Government Code, properties of entities of the state, federal, and local governments shall be exempt from the levy of Special Taxes for the financing of the Services of the proposed CFD. Furthermore, reference is hereby made to the Rate and Method for a description of other properties or entities that are expressly exempted from the levy of the Special Taxes.

SECTION 11. Necessity. The City Council finds that the proposed Services described in Section 5 hereof are necessary to meet increased demands placed upon the City as a result of new development occurring within the boundaries of the proposed CFD.

SECTION 12. Annexation of Territory. Other property may be annexed into the CFD pursuant to the provisions of the Act.

SECTION 13. Public Interest. Pursuant to Section 53329.5(c) of the Act, the City Council finds, in its opinion, the public interest will not be served by allowing property owners in the CFD to enter into a contract pursuant to Section 53329.5(a) of the Act.

SECTION 14. Advances. The City or CFD may accept advances of funds or work-in-kind from any source, including, but not limited to, private persons or private entities, and is authorized and directed to use such funds or that work-in-kind for any authorized purpose, including, but not limited to, paying any cost incurred by the City in creating the CFD. The City or CFD may enter into an agreement with the person or entity advancing the funds or work-in-kind, to repay all or a portion of the funds advanced, or to reimburse the person or entity for the value, or cost, whichever is less, of the work-in-kind, as determined by the City Council, with or without interest.

Section 15. Reports. Each City officer who is or will be responsible for providing one or more of the proposed types of services to be financed by the CFD, if it is established, is hereby directed to study the proposed CFD and, at or before the time of the public hearing, file a report with the City Council, which is to be part of the record of the public hearing, containing the following: (i) a brief description of the services by type that will in the City officer's opinion be required to adequately meet the needs of the CFD and (ii) an estimate of the cost of providing those services.

PASSED AND ADOPTED by the City Council of the City of Riverbank at a regular meeting held on the ___ day of _____, 2016; motioned by _____, seconded by _____, and upon roll call was carried by the following City Council vote of ___-___:

AYES: _____
NAYS: _____
ABSENT: _____
ABSTAINED: _____

ATTEST:

APPROVED:

Annabelle Aguilar, CMC
City Clerk

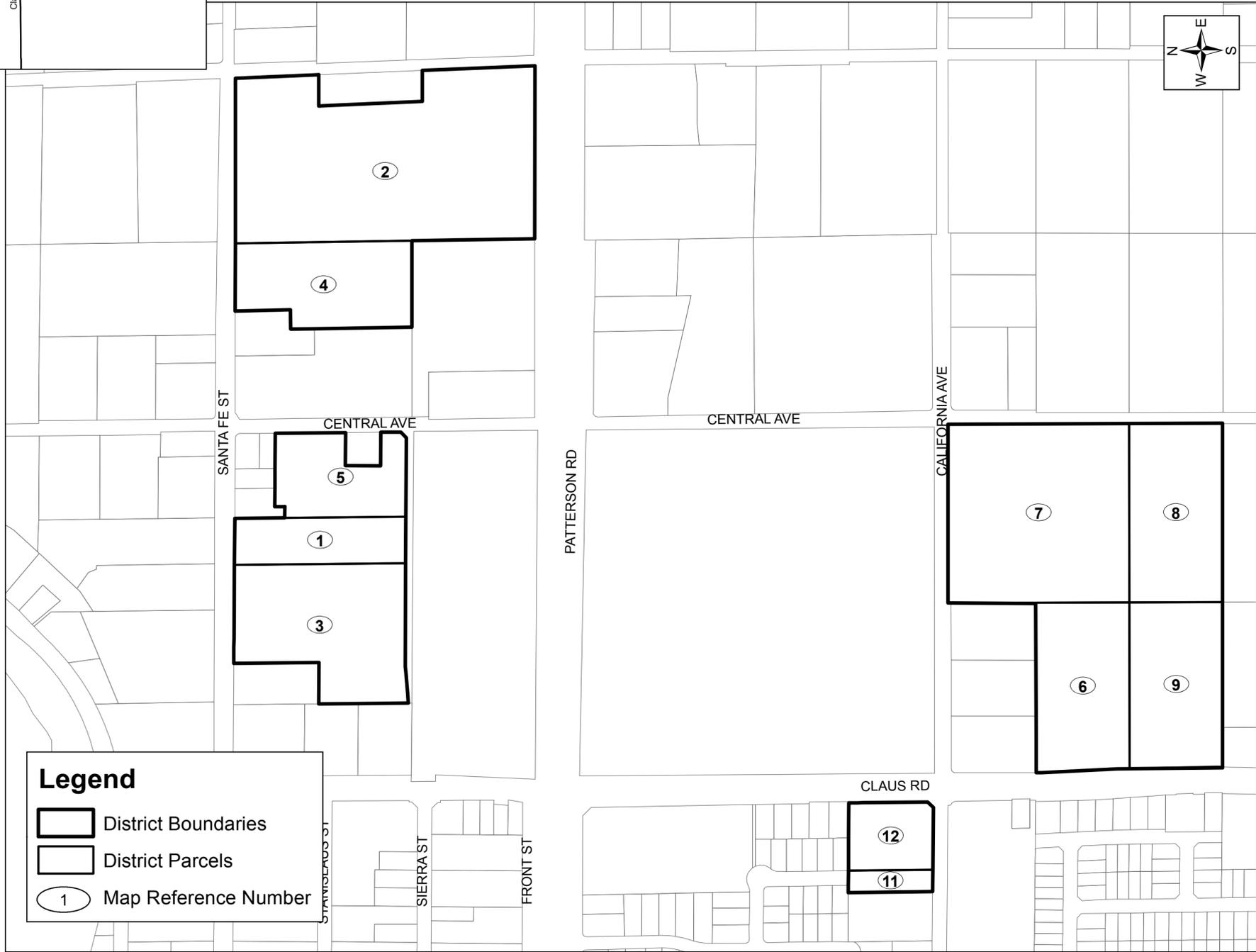
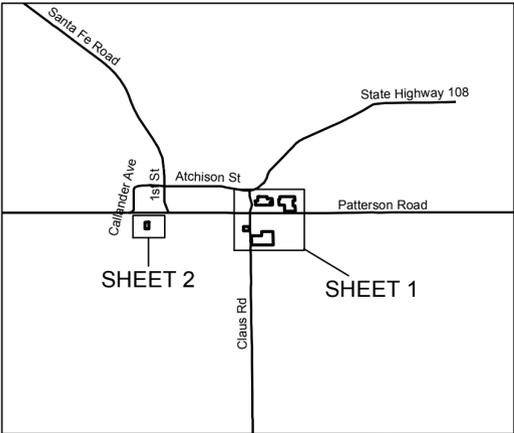
Richard D. O'Brien
Mayer

EXHIBIT A

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES) CITY OF RIVERBANK

COUNTY OF STANISLAUS
STATE OF CALIFORNIA

VICINITY MAP



Legend

- District Boundaries
- District Parcels
- Map Reference Number

FILED IN THE OFFICE OF THE CITY CLERK THIS _____
DAY OF _____, 20__.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES) OF THE CITY OF RIVERBANK, COUNTY OF STANISLAUS, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RIVERBANK AT A REGULAR MEETING THEREOF, HELD ON THE _____, DAY OF _____, 20__, BY ITS RESOLUTION NO. _____.

CITY CLERK
CITY OF RIVERBANK

FILED THIS _____ DAY OF _____, 20__, AT THE HOUR OF _____ O'CLOCK ____ M. IN BOOK _____ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS AT PAGE(S) _____, IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF STANISLAUS, STATE OF CALIFORNIA.

LEE LUNDRIGAN
COUNTY CLERK-RECORDER

BY DEPUTY
COUNTY RECORDER
COUNTY OF STANISLAUS
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE STANISLAUS COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE STANISLAUS COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	SHEET
1	062-020-005-000	1
2	062-020-010-000	1
3	062-020-019-000	1
4	062-020-025-000	1
5	062-020-027-000	1
6	062-022-001-000	1
7	062-022-003-000	1
8	062-022-019-000	1
9	062-022-022-000	1
10	132-036-003-000	2
11	132-046-078-000	1
12	132-046-079-000	1

PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2016-1 (PUBLIC SERVICES) CITY OF RIVERBANK

COUNTY OF STANISLAUS
STATE OF CALIFORNIA

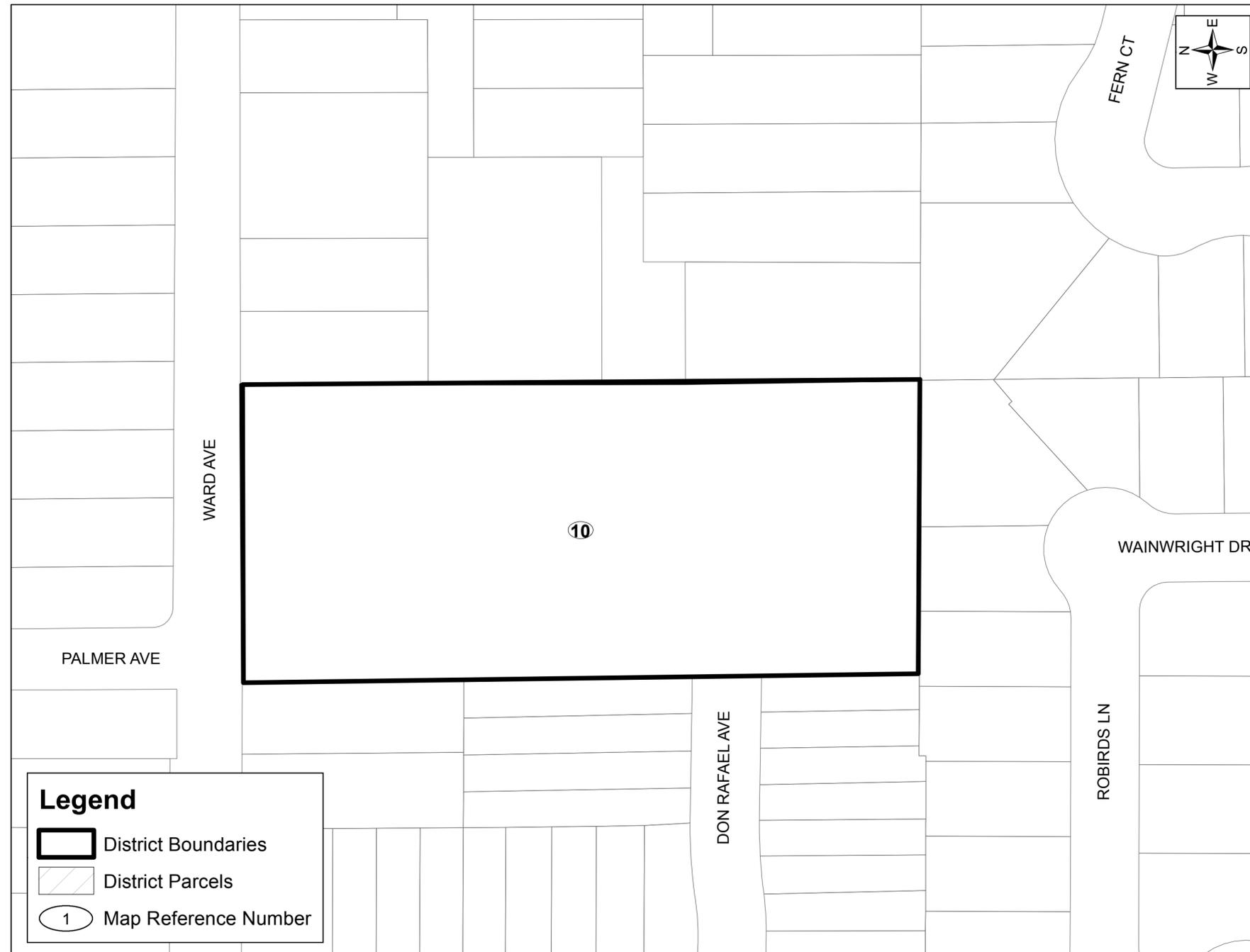


EXHIBIT B

City of Riverbank Community Facilities District No. 2016-1 (Public Services) Rate and Method of Apportionment

A Special Tax of City of Riverbank Community Facilities District No. 2016-1 (Public Services) ("CFD") shall be levied on all Assessor's Parcels within the CFD and collected each Fiscal Year commencing in Fiscal Year 2016-17 in an amount determined by the Special Tax Administrator through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Act" means the Mello-Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California, as amended.

"Administrative Expenses" means the following actual or reasonably estimated costs incurred by the City as administrator of the CFD, provided that such costs are directly related to administration of the CFD: costs to determine, levy and collect the Special Taxes, including an allocable share of the salaries and benefits of City employees, the fees of consultants, and legal counsel; the costs of collecting installments of the Special Taxes upon the general tax rolls, including any charges levied by County departments; and the preparation of required reports and any other costs required to administer the CFD in accordance with the Act, as determined by the City.

"Annual Escalation Factor" means the greater of (i) two percent (2%) or (ii) the annual percentage increase in the Consumer Price Index for All Urban Consumers for the San Francisco-Oakland-San Jose area as determined by the Bureau of Labor Statistics for the twelve months ending the previous December.

"Assessor's Parcel" means a parcel of land shown on an Assessor's Parcel Map with a parcel number assigned by the Assessor of the County that corresponds to a number shown on the County Assessor's roll.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

“Attached Residential” means an Assessor’s Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure or structures sharing common walls consisting of two or more Dwelling Units, including, but not limited to duplexes, triplexes, and apartment units, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Base Year” means Fiscal Year ending June 30, 2017.

“Building Floor Area” means the sum of the gross horizontal areas of several floors of the building, excluding areas used for accessory garage purposes, and such basement and cellar areas as are devoted exclusively to uses accessory to the operations of the building. All horizontal dimensions shall be taken from the exterior faces of walls including walls or other enclosures or enclosed porches, as obtained from the applicable Building Permit.

“Building Permit” means a permit issued for new construction of a residential or non-residential structure. For purposes of this definition, “Building Permit” shall not include permits issued solely for grading, utility improvements, or other such improvements that are constructed and installed and are not intended for human occupancy.

“CFD” means City of Riverbank Community Facilities District No. 2016-1 (Public Services).

“City” means the City of Riverbank.

“City Clerk” means the City Clerk for the City or his or her designee.

“City Engineer” means the City Engineer for the City or his or her designee.

“Commercial Property” means an Assessor's Parcel of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for any non-residential use located in a commercial zoning district and all other property considered commercial, including hotels, motels, and private schools, as coded by the County’s assessor or as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Council” means the City Council of the City, acting as the legislative body of the CFD.

“County” means the County of Stanislaus, California.

“Detached Residential” means an Assessors’ Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure consisting of one single-family detached Dwelling Unit, including Mobile

Homes, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Developed Property” means an Assessor’s Parcel within the CFD for which a Building Permit was issued on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied, based on the number of Dwelling Units or the amount of Office, Commercial, or Industrial/Agricultural Building Floor Area in each Building Permit for that Assessor’s Parcel.

“Drainage Maintenance” means the labor, material, testing, reporting, remediation, permitting, general administration, personnel, equipment and utilities necessary to maintain drainage improvements for the CFD, including drain inlets, filters, detention basin, storm drain pipeline, and associated appurtenant facilities located within, or associated with, the CFD.

“Drainage Maintenance Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Drainage Maintenance applicable to the CFD for such Fiscal Year.

“Dwelling Unit” means each separate residential unit that comprises an independent facility capable of conveyance or rental separate from adjacent residential units, in which a person or persons may live, which comprises an independent facility and is not considered to be for non-residential use only, and as defined in the City of Riverbank’s Municipal Code.

“Exempt Property” means for each Fiscal Year, an Assessor’s Parcel within the CFD not subject to the Special Tax. Exempt Property includes: (i) Public Property, (ii) Property Owner Association Property, (iii) Assessor’s Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement, such as railroad parcels, roads and landscape lots, (iv) Undeveloped Property, and (v) property reasonably designated by the City or Special Tax Administrator as Exempt Property due to deed restrictions, conservation easement, or similar factors that may make development of such property impractical for human occupancy.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Industrial/Business Park/Agricultural Processing Property” means an Assessor’s Parcel of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for any allowable use in an industrial or agricultural zoning district, which is not an office or financial institution, and all other property considered industrial or agricultural as coded by the County’s assessor or as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Landscaping Maintenance” means the labor, material, administration, personnel, equipment and utilities (i.e., water and power) necessary to maintain landscaping improvements within the CFD, including trees, turf, ground cover, shrubs, weed removal, irrigation systems, sidewalk, drainage facilities, lighting, signs, monuments, graffiti removal, walkways, and associated appurtenant facilities located within, or associated with, the CFD.

“Landscaping Maintenance Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscaping Maintenance applicable to the CFD for such Fiscal Year.

“Land Use Class” means any of the classes listed in Table 1 and defined herein.

“Maximum Special Tax” means the maximum Special Tax, determined in accordance with Section C below, that can be levied by the CFD in any Fiscal Year on any Assessor’s Parcel.

“Mixed-Use Property” means an Assessor’s Parcel of Developed Property containing or planned for containing a structure or structures that consists of one or more Dwelling Units, but also has dedicated space for Non-Residential use.

“Mobile Home” means a vehicle designed and equipped for human habitation as defined by the California Health & Safety Code § 18008.

“Non-Residential” means an Assessors’ Parcel of Taxable Property within the CFD for which a Building Permit has been issued for a non-residential use, including Office Property, Commercial Property, and Industrial/Business Park/Agricultural Processing Property.

“Office Property” means an Assessor's Parcel of Developed Property for which a building permit(s) has been issued for purposes of constructing non-residential property for any non-residential use located in an industrial, office, or commercial zoning district and all other property considered office property, including hospitals and convalescent homes, savings and loans property, medical and dental property, and other office buildings, as determined by the City, as of April 1st preceding the Fiscal Year in which the Special Tax is being levied.

“Park” means a public park, open space, trail, dog park dedicated to and/or managed by the City of Riverbank.

“Park Maintenance” means the estimated and reasonable costs of providing park maintenance, including but not limited to (i) the costs of contracting for park maintenance services, including trees, plant material, restrooms, irrigation systems, sidewalks, drainage facilities, weed control, lighting, and parking lot maintenance, (ii) the salaries and benefits of City staff, including maintenance

staff, that directly provide park maintenance services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, (iv) utility costs such as water, sewer, lighting and power and (v) City overhead costs associated with providing such services within the CFD.

“Park Maintenance Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Park Maintenance applicable to the CFD for such Fiscal Year.

“Police Services” means the estimated and reasonable costs of providing police services, including but not limited to (i) the costs of contracting for police, (ii) the salaries and benefits of City staff, if the City directly provides police services, (iii) the expense related to equipment, apparatus, and supplies related to these services and authorized by the Act, and (iv) City overhead costs associated with providing such services within the CFD.

“Police Services Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Police Services applicable to the CFD for such Fiscal Year.

“Property Owner Association Property” means for each Fiscal Year any property within the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder, to a property owner association, including any master or sub-association, which consists of property owned in common by owners of surrounding properties and intended for use for community purposes.

“Proportionately” means, for Taxable Property, that the ratio of the actual Special Tax levied per Assessor's Parcel of Taxable Property to the Maximum Special Tax per Assessor's Parcel of Taxable Property is equal for all Assessor's Parcels of Taxable Property.

“Public Property” means for each Fiscal Year any property within the CFD that is, or is expected to be, used for rights-of-way, parks, public schools or any other public purpose determined by the Special Tax Administrator or is owned by or irrevocably offered for dedication to the federal government, the State, the County, the City or any other public agency.

“Reserve Fund” means a fund that shall be created and maintained for the CFD for each Fiscal Year to provide necessary cash flow to cover maintenance and repair cost overruns, and delinquencies in the payment of Special Taxes.

“Special Tax” means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement, and shall include Special Taxes levied or to be levied under Sections C and D, below.

“Special Tax Administrator” means an official of the City, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

“Special Tax Requirement” means that amount required in any Fiscal Year for the CFD to pay for: (i) the Police Services Requirement; (ii) the Drainage Maintenance Requirement; (iii) the Landscaping Maintenance Requirement, (iv) the Park Maintenance Requirement; (v) the Street Maintenance Requirement, (vi) reasonable Administrative Expenses; and (vii) and any amounts required to establish or replenish a reserve fund for that Fiscal Year; less any surplus of funds available from the previous Fiscal Year’s Special Tax levy.

“State” means the State of California.

“Street Maintenance” means the labor, material, administration, personnel, equipment and utilities necessary to maintain streets, streetlights and associated appurtenant facilities within, and associated with, the CFD, including City overhead costs associated with providing such services within the CFD.

“Street Maintenance Requirement” means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Street Maintenance applicable to the CFD for such Fiscal Year.

“Taxable Property” means all Assessor’s Parcels of Developed Property within the CFD that are not Exempt from the Special Tax pursuant to law or as defined herein.

“Undeveloped Property” means, for each Fiscal Year, an Assessor’s Parcel within the CFD for which a Building Permit has not been issued on or prior to April 1st preceding the Fiscal Year in which the Special Tax is being levied and is not classified as Property Owner Association Property or Public Property, including an Assessor’s Parcel that is designated as a remainder parcel by any final documents and/or maps available to the Special Tax Administrator.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2016-17, using the definitions above, each Assessor’s Parcel within the CFD shall be classified as Taxable Property or Exempt Property. In addition, each Fiscal Year, beginning with Fiscal Year 2016-17, Taxable Property shall be further classified as Attached Residential, Detached Residential, Mixed-Use Property, Office Property, Commercial Property, or Industrial/Business Park/Agricultural Processing Property.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

Table 1
Maximum Special Tax for Developed Property
Community Facilities District No. 2016-1
Fiscal Year 2016-17

Land Use Class	Description	Maximum Special Tax
1	Detached Residential	\$580.00 per Dwelling Unit
2	Attached Residential	\$348.00 per Dwelling Unit
3	Mixed-Use Property	Sum of Maximum Special Tax for each applicable Land Use Class
4	Office	\$0.369 per square foot of Building Floor Area
5	Commercial	\$0.211 per square foot of Building Floor Area
6	Industrial/Business Park/Agricultural Processing	\$0.148 per square foot of Building Floor Area

On each July 1st following the Base Year, the Maximum Special Tax rates in Table 1 shall be increased by the Annual Escalation Factor. A different Maximum Special Tax may be added to the CFD as a result of future annexations or if future annexations involve a new Land Use Class.

2. Exempt Property

No Special Tax shall be levied on Exempt Property as defined in Section A.

For each Fiscal Year, if the use or ownership of an Assessor's Parcel of Exempt Property changes so that such Assessor's Parcel is no longer classified as one of the uses set forth in Section A, therefore making such Assessor's Parcel no longer eligible to be classified as Exempt Property, such Assessor's Parcel shall be deemed to be Taxable Property and shall be taxed pursuant to the provisions of Section C.1.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2016-17, and for each subsequent Fiscal Year, the Special Tax Administrator shall calculate the Special Tax Requirement based on the definitions in Section A and levy the Special Tax as follows until the amount of the Special Tax levied equals the Special Tax Requirement:

The Special Tax shall be Proportionately levied each Fiscal Year on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum

Special Tax. The applicable Maximum Special Tax shall be based on the Developed Property's classification as Detached Residential, Attached Residential, Mixed-Use Property, Office, Commercial, or Industrial/Business Park/Agricultural Processing Property.

E. APPEALS

Any landowner who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the Special Tax Administrator regarding such error. If following such consultation, the Special Tax Administrator determines that an error has occurred, the Special Tax Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any, the landowner believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such written notice, the City Clerk shall forward a copy of such notice to the City Engineer, who shall either (1) refer the matter to the City's existing hearing board for administrative appeals; or (2) establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The hearing board or Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner appeals, as herein specified. The decision of the hearing board or Review/Appeal Committee shall be final and binding as to all persons.

F. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided however that (i) the CFD may directly bill the Special Tax, and (ii) the CFD may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the CFD or as otherwise determined appropriate by the City Council.

G. TERM OF SPECIAL TAX

Taxable Property in the CFD shall remain subject to the Special Tax in perpetuity or until the City Council takes appropriate actions to terminate the Special Tax pursuant to the Act.



COMMUNITY FACILITIES DISTRICT 2016-1 FORMATION TIMELINE

DAY	DATE	ACTION OR TASK TO PERFORM
Tuesday	4/12	INTENT MEETING <ul style="list-style-type: none"> • Adopt Amended Goals and Policies • Adopt Resolution of Intention to Establish CFD • Set time and place of Public Hearing
Thursday	4/14	Notice and Ballot Mailed to Property Owner (If 100% Consent and Waivers Received)
Friday	5/13	City publishes Notice of Public Hearing
Thursday	5/19	Start to tabulate ballots (If 100% Consent and Waivers Received)
Tuesday	5/24	PUBLIC HEARING and ELECTION COUNCIL MEETING (If 100% Consent and Waivers Received) <ul style="list-style-type: none"> • City adopts Resolution of Formation • City adopts Resolution calling for Special Tax Election • Election is held (If 100% Consent and Waivers Received) • City adopt Resolution Declaring Special Tax Election Results (If 100% Consent & Waivers Received) • First reading of Ordinance Authorizing the Levy of Special Taxes (If 100% Consent & Waivers Received)
Tuesday	6/14	Second Reading of Ordinance Authorizing the Levy of Special Taxes (If 100% Consent & Waivers Received)

IF 100% CONSENT AND WAIVERS ARE NOT RECEIVED BY PUBLIC HEARING DATE OF MAY 24, THEN THE FOLLOWING IS REQUIRED

Tuesday	8/23	SPECIAL TAX ELECTION COUNCIL MEETING
		• Election is held
		• Adopt Resolution Declaring Special Tax Election Results
Tuesday	9/6	Second Reading of Ordinance Authorizing the Levy of Special Taxes

Regular City Council meetings are scheduled on the 2nd and 4th Tuesday of each month at 6:00 p.m.