

To: Erik Lawson, WestPark Neighborhood Association

From: Dominick Casey, Acting City Manager

Cc: Jay Panzica, Chief Financial Officer
Dennis Kauffman, Director of Finance

Date: May 21, 2018

Subject: Follow up from February 13, 2018 WestPark Neighborhood Association Meeting

1. There must be records of where our money from CFDs go; can we receive an accounting of where our CFD go?

WP Secretary Answer: The distributions of funds are maintained by Finance Analysts Jeannine Thrash and Vanessa Lieberman. The bond record binder for CFD # 1 was available for review at the meeting. Anyone that wishes to review any of the CFD # 1 bond issuance are welcome to review them at the City of Roseville's offices.

To make an appointment to review the binders please contact:

City Response: [Jeannine Thrash in the City Finance Department at jthrash@roseville.ca.us](mailto:jthrash@roseville.ca.us), or by phone at 916-774-5473.

Follow up question? Can the city provide details to where residents can go to find details on how funds are collected and distributed for CFD #2 and #3 associated with FF and WP.

City Response: [Community Facilities District \(CFDs\) are financing tools created through legislation which empowers local agencies to create finance districts for the funding of community services \(services CFDs\) or capital infrastructure improvements \(infrastructure CFDs\). Services CFDs may only finance services authorized by statute and only to the extent those services are in addition to the services already provided in the territory of the district before the district was created. In green field areas of the City before development occurs, only minimal City services are provided. Accordingly, new development increases the need for City services in the district and hence special taxes are used to fund the difference between the current level of City services provided in the district and the anticipated level of City services provided in the district, which the amount is off-set by the sales and property taxes to be generated from the district. As](#)

part of the WestPark entitlement process it was determined that the then proposed annexation area would not provide sufficient sales and property tax revenues to meet its public/municipal service needs. Accordingly, CFDs were formed to make up the shortfall. Without the CFDs the WestPark project and its annexation into the City of Roseville would not have been financially feasible.

As outlined at the meeting, special taxes collected for CFD#2 are used to pay for maintenance of infrastructure in that CFD. Special taxes collected for CFD#3 are transferred to the General Fund to pay for that district's portion of citywide services not otherwise covered by sales and property taxes generated in that district, including police, fire, and other municipal services. Once the special taxes are transferred into the General Fund, they are not separately accounted for by geographic areas.

The City has contracted with Willdan Financial Services (Willdan) for district administration services. Every year Willdan prepares an annual levy report for each district that includes the annual budget. Willdan can be contacted for a copy of these reports at 1-800-755-6864. Residents can also email Jeannine Thrash in the City Finance Department at jthrash@roseville.ca.us.

2. **Question:** When will Mello Roos assessments expire?

WP Secretary Answer:

- FF CFD #1—Sept. 2036;
- WP CFD #1—Sept. 2037;
- FF CFD #5—Sept. 2047
- CFD's 2 & 3—permanent.

City Response: CFD#2 and CFD#3 special taxes will be levied in perpetuity because the services will be provided in perpetuity.

Fiddymment Ranch CFD#1 – The outstanding bonds mature on September 1, 2036. There are no additional obligations other than the current bonds issued at this time. Refer to the Official Statement for Fiddymment Ranch CFD 1 (Page 12-13) for the last year that the district may be levied if there were additional obligations (that extend past the bond maturity date):

Termination of the Special Tax. The Special Tax will be levied and collected (up to maximum allowable amount) for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct and acquire the authorized District-funded facilities and to pay the Special Tax Requirement. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2050-51. When all Special Tax Requirement incurred by the District have been paid, the Special Tax will cease to be levied.'

Westpark CFD#1 – The outstanding bonds mature on September 1, 2037. The Official Statement for the Westpark CFD#1 (Page 14) bond issue provides the last year that the special tax may be levied (after bonds mature):

‘Termination of the Special Tax. The Special Tax will be levied and collected (up to the maximum allowable amount) for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct and acquire the authorized District-funded Improvements and to pay the Special Tax Requirement. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal Year 2050-51. When all Special Tax Requirement incurred by the District have been paid, the Special Tax will cease to be levied.’

Fiddymment Ranch CFD#5 – The outstanding bonds mature on September 1, 2047. The Official Statement for the Fiddymment Ranch CFD#5 (Page 16) bond issue provides the last year that the special tax may be levied (after bonds mature):

‘Termination of the Special Tax. The Special Tax will be levied and collected (up to maximum allowable amount) for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct and acquire the authorized District-funded facilities and to pay the Special Tax Requirement, subject to the following sentence. The Special Tax Formula provides that the Special Tax shall be levied so long as necessary to meet the Special Tax Requirement for a period not to exceed 50 fiscal years commencing with Fiscal Year 2016-17.’

- 3. Question:** Our CFDs give details of what services are provided, but agencies have told us they do not receive the funds. CFD #3 indicates “Recreation program services, library services, maintenance services for elementary and secondary school sites and structures”, but the school district superintendent said he receives no funds from the City.” Can you respond where our funds are going?

WP Secretary Answer: Mr. Jensen seemed to imply the joint use fields and facilities that are adjacent to schools is one area these funds go to. These funds can be used for numerous items as listed in Exhibit B of the CFD # 3 (Res No. 04-426). According to the City they are not required to be used in WestPark and are in place to cover the overall shortfall of tax revenue for the items listed in Exhibit B needed to support ongoing operations in general for the city when accounting for our residence additional burden on those listed services.

Follow up Question: Can the City please provide a more specific list of what Mr. Jensen was referring to for joint-use facilities?

City Response: The City has joint use agreements with all of the school districts located within the City in which the City agrees to maintain certain turf areas on school property in consideration of the community being allowed the use of specified indoor/outdoor areas located at the schools. CFD funds are not transferred to the schools.

Follow up Question: Can the city provide a resource to the residents that demonstrates that fees collected for CFD #3 go only to those approved services listed in Exhibit B of CFD # 3 (Res No. 04-426).

City Response: Jeannine Thrash in the City Finance Department at jthrash@roseville.ca.us, or by phone at 916-774-5473. CFD 3 funds levied each year are transferred into the General Fund to help pay for the district's share of police, fire and other municipal services not otherwise covered by sales and property taxes generated in that district, as well as a portion that is to be used for Transit per the original Development Agreement (section 3.21.2) applicable to that plan area. Once the special taxes are transferred into the General Fund, they are not separately accounted for by geographic areas.

In your response please consider the annual report includes the following statement "but are not limited to:" under the Financed Facilities. The bond does not appear to include this specific language and appears to only allow services listed in Exhibit B of CFD #3 or those listed under Section 53311 of the Community Facilities Act of 1982 (see below). According to that section the following are the **only** services that apply (this **does not** include the general fund). This is also consistent with the list provided in the bond. If the city feels they are allowed to use it for services outside of the list below please provide the specific portion of the bond that would allow for the "but are not limited to" language.

Section: 53313.

A community facilities district may be established under this chapter to finance any one or more of the following types of services within an area:

(a) Police protection services, including, but not limited to, criminal justice services.

However, criminal justice services shall be limited to providing services for jails, detention facilities, and juvenile halls.

(b) Fire protection and suppression services, and ambulance and paramedic services.

(c) Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of museums and cultural facilities. A special tax may be levied for any of the services specified in this subdivision only upon approval of the registered voters as specified in subdivision (b) of Section 53326. An election to enact a special tax for recreation

program services, library services, and the operation and maintenance of museums and cultural facilities may be conducted pursuant to subdivision (c) of Section 53326.

(d) Maintenance and lighting of parks, parkways, streets, roads, and open space.

(e) Flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems, plowing and removal of snow, and sandstorm protection systems.

(f) Services with respect to removal or remedial action for the cleanup of any hazardous substance released or threatened to be released into the environment. As used in this subdivision, the terms "remedial action" and "removal" shall have the meanings set forth in Sections 25322 and 25323, respectively, of the Health and Safety Code, and the term "hazardous substance" shall have the meaning set forth in Section 25281 of the Health and Safety Code. Community facilities districts shall provide the State Department of Health Care Services and local health and building departments with notification of any cleanup activity pursuant to this subdivision at least 30 days prior to commencement of the activity.

(g) Maintenance and operation of any real property or other tangible property with an estimated useful life of five or more years that is owned by the local agency or by another local agency pursuant to an agreement entered into under Section 53316.2. A community facilities district tax approved by vote of the landowners of the district may only finance the services authorized in this section to the extent that they are in addition to those provided in the territory of the district before the district was created. The additional services shall not supplant services already available within that territory when the district was created.

Bonds shall not be issued pursuant to this chapter to fund any of the services specified in this section, although bonds may be issued to fund capital facilities to be used in providing these services

(Source:http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=2.5.&article=1.)

City Response: CFD#3 special taxes aren't used to pay debt service on any bonds since there are no bonds issued for CFD#3. CFD#3 is used for police, fire and other municipal services provided for in the Community Facilities Act of 1982 and the formation documents. CFD#3 special taxes are transferred to the General Fund to pay for General Fund services not otherwise covered by sales and property taxes generated in that district. Once the special taxes are transferred into the General Fund, they are not separately accounted for by geographic areas.

4. **Question:** Some amenities/services are mentioned in several bonds, such as parks, open spaces/water system improvements which are mentioned in all 3 CFDs. Please provide a few specific examples of what is different in each.

WP Secretary Answer:

- CFD #1 is in place to cover the financing of the initial building of the infrastructure of WestPark,
- CFD#2 provides funds directly for ongoing maintenance of neighborhood parks, open space and corridors **within** WestPark specifically. This seems consistent with the comment regarding the special protection our area should receive against budget cuts as referenced during the presentation by Mr. Jensen.
- CFD#3 funds shortfall of the extra demand our area puts on city wide services listed in Exhibit B of CFD #3.

Follow up Question: Can the city explain the overlap of CFD# 3, Section D of Exhibit B in greater detail and how that differs from the services listed in CFD #2.

City Response: CFD#2 is maintenance of infrastructure within the district. CFD#3 is for police, fire, and other General Fund municipal services. CFD 2 funds can only be used within the boundaries of the District for the authorized services listed. CFD 3 is used to supplement the General fund for any of the authorized services mentioned for CFD 3 not otherwise covered by sales and property taxes generated in that district. Once the special taxes are transferred into the General Fund, they are not separately accounted for by geographic areas.

5. **Question:** Through our CFDs, we already pay for all our parks except the Regional Parks, which are supposed to be funded through the General Fund. Recent hints infer that we will be asked to self-assess to get our Regional Park completed. Is this correct?

City Response: The City has no current plans to ask constituents to approve an assessment or special tax to complete a regional park. The budgetary issue the City faces is limited General Fund resources to pay for the ongoing maintenance of regional parks after they are completed. As such, the construction of all regional/citywide parks have been placed on hold until a funding mechanism is identified to ensure the City's ability to provide ongoing maintenance.

Follow up Question: Please provide a formal response to the question above and as to if our regional park is protected by our CFD #2 or #3 and the impact fees assessed or if it will be directly affected by the current budget concerns. Will we be asked for additional taxes in order to received the schedule regional park that is required in order to meet the City's master plan requirements for regional park allotments per household? Section C of Exhibit B for CFD #3 includes service that would be expected at a regional park and Section D of Exhibit B for maintenance of those parks and our impact fees specifically call out City Wide fees ([page 35](#) of the Residential Fee Booklet) so would our regional parks not be protected by the same argument the city uses regarding

maintaining the same level of service. Are WestPark residents not due the same services offered in other parts of the City through the Regional Parks, especially considering we specifically pay for our portion of the services through CFD #2, #3, and impact fees.

“Provide and maintain services and infrastructure that satisfy City standards, integrate with existing and planned facilities and connections, consider potential development in the remainder of the City-County MOU area, and do not diminish services to existing residents of the City.” [– page 3-7, bullet 11](#)

City Response: Impact fees can only be used to construct City facilities; they cannot be used for maintenance of facilities. CFD#2 is maintenance of infrastructure within the district, but does not include maintenance of regional parks. CFD#3 is for police, fire, and other General Fund municipal services including maintenance of existing citywide parks that all City residents benefit from. The shortfall in the General Fund is due to costs for citywide General Fund services growing faster than projected revenue. As noted in the response above, the construction of all regional/citywide parks have been placed on hold until a funding mechanism is identified to ensure the City’s ability to provide ongoing maintenance.

6. **Question:** Parks are being paid through CFDs, what is delaying the Orchard Ranch Elementary School park? Why does the school fencing remain locked during non-school hours denying access to the play-yard?

WP Secretary Answer: This item was not addressed in the presentation. Information on park development can be found [here](#). As of 4/15/18 the current status for this park, Sierra Crossing Park (W-50A), is “Projected start of construction is spring 2018”

Follow up Question: I would assume question for the gate operation of the elementary school should be posed to the Elementary School Board and not the City. Please confirm and provide a contact if available.

City Response: The Orchard Ranch Elementary School park, named Sierra Crossing Park, is currently out to bid and expected to begin construction in Spring/Summer 2018. As for locked gates/fences, we recently entered into a new Joint Use Agreement with the Roseville City School District which balances security concerns with park use. Park/playground areas at elementary schools can be unlocked during non-school days/times by the City. The facilities are unlocked based on programming needs, scheduled activities in the park, community demand and available resources.

7. **Question:** Parks and Trails—are these what our fees are used for? What else? Where are parks and trails planned?

WP Secretary Answer: A review of the fees distributed was offered at the meeting and for review at the City's office by contacting..... Additional information can be found in the annual reports which are included on our website [here](#). Park planning information can be found [here](#). A summary of CFD's can be found on the WestPark website [here](#). An example tax bill showing the current taxes as of 2018 can be found [here](#). Information on the WestPark site are pulled for the City of Roseville, Placer County, and online database repositories.

City Response: For additional information, contact [Development Services at \(916\) 774-5276](#).

8. **Question:** Downtown Benefit Fee—what was the justification for the \$5000 per home fee (\$8.3 Million) imposed for the additional 1661 homes added with SPA-3's approval?

WP Secretary Answer: One of the requirements the council must include with any new development is benefit to the city. Across the city there are many different types of fees like the one referenced. This fee in particular was negotiated with the property owner to allow the development of the land in question. To add benefit to the city the land developer agreed to additional impact fees that would be used to benefit downtown revitalization. The impact fees collected are being used as intended for the downtown benefit and in accordance with city council procedures as a means for the new development to add value to the city as a whole. The Downtown Benefit Fee impact fee was approved as part of [Amendment 7](#) of the WRSP and applies to parcels with F6A-C,F8A-B,F10A-C, F13B-95 Units. This Amendment also includes the Placer County Traffic Mitigation Fee.

9. **Question:** Blue Oaks Blvd. extension—the City has been looking at a tentative proposal to pave a small portion between Westbrook Blvd. and Phillip Road, but doesn't really address the problem. Apparently, the City released the WRSP developers from responsibility of completing the road and has stated developers for the Creekview project will now be responsible. We asked for the City's assurance that the road will be completed. [See Petition to Extend Blue Oaks Blvd. on [fiddymentfarm.org](#) website for further details.]

WP Secretary Answer: This item was not addressed during the presentation.

Follow up Question: Can the city explain the continued delay despite the funding mechanism of impact fees found in the Residential Fee Booklet?

City Response: The statement that the City released the landowners from their obligation to construct the extension of Blue Oaks Boulevard is not accurate. The timing of the construction for the extension of Blue Oaks Boulevard is identified in the Development Agreements for the West Roseville Specific Plan and the Creekview Specific Plan and is tied to the pace of development. At this time, both the City and the landowners are in compliance with those agreements. The funding for this extension is a combination of developer funding and City impact fees. The timing of the funding by developers is dependent upon when the developer builds the housing.

Follow up Question: Can the City please provide a timetable to provide the services that are being paid for?

City Response: The timing for the construction of the extension of Blue Oaks Boulevard is identified within the above noted Development Agreements and are a landowner obligation based on their development schedule. The City has initiated conversations with the landowners to develop strategies that could advance these improvements earlier than identified in the approved agreements.

Follow up Question: Where are the impact fees being held that are collected and who can neighbors contact if they would like to review the accounting for these fees?

Blue Oaks Blvd Fee Westpark Ph 3 or Ph 4 \$899.99 or \$2,103.93

Blue Oaks Blvd Fee Fiddymment Ph 3 LDR/MDR or HDR \$583.04 or \$361.29

City Response: Each City impact fee program is accounted for in a separate City fund or account. Neighbors can contact Jeannine Thrash in the City Finance Department at jthrash@roseville.ca.us, or by phone at 916-774-5473, for more information.

Additional Question based on the presentation that we request a formal response to:

10. Question: Apparently related to the original WRSP agreement of 2004, there was an agreement for the developers to receive reimbursement from improvements which exceeded the developer's obligation (including entitlement and infrastructure costs). 7/23/2015, after the refinance of the original bond, the City agreed to collect these costs in a separate account (and retain collected interest on) these funds. To previous inquiries about these costs, the response was to explain that these costs were for "oversize improvements to allow construction beyond the WRSP." However, we are

obviously paying for the bonds, and we've asked again why any funds collected for bonds would not be going towards the bond?

WP Secretary Answer: This item was brought up during the meeting but the City either misunderstood or denied the above was correct information. The WP secretary understanding of the questions seems to infer that the City was responsible for paying the contractor for infrastructure that was above the scope of WRSP and for future buildout (i.e. building roads or sewers larger than needed specifically for WRSP but required for other specific plan build outs planned in the future). It would follow then that the City would reimburse the contractor through other funds outside of the CFD #1 or any other CFD's related to WRSP.

Follow up Question: Can the City please provide a written response and confirm that any additional cost to infrastructure that were required for future build outs of other specific plans were not paid for by CFD's associated with the WRSP?

City Response: [The City can confirm that special taxes collected via WRSP CFDs are only used for authorized facilities necessary for development of the project area.](#)

Question: During the presentation Mr. Jensen pointed to CFD#2 several times stating that "since we have a special tax to pay for our parks that they will be protected from the current budget discussions and would not be affected if the City decided to cut park services to help address the budget". Will the City confirm this statement in writing?

City Response: [The City will use the CFD#2 special taxes to cover the costs of maintaining the parks that are identified as authorized within the CFD. The CFD#2 special taxes cannot be used to maintain regional parks. As long as maintenance costs stay in line with the CFD's inflator \(4%/yr. on the max tax\) then the City can continue to maintain these parks at the current service level.](#)

11. **Question:** Does the statement in question 11 also imply that if a city-wide tax is considered to save parks (or any item reference in CFD #2) in those areas not covered by our CFD#2 that our residents would be **exempt** from those additional taxes that are being considered to help maintain these services in parts of the city that are heavily dependent on sales tax as their tax base?

City Response: [A citywide tax initiative, if placed on the ballot, would require approval by a majority of residents in Roseville and would be applied citywide. General sales taxes cannot be apportioned by sub-areas of the City since all areas of the City will receive some benefit.](#)

12. **Question:** The following statement was made numerous times that contradicts the statement made in question 11. A general statement was made that “the City provide the same quality of services across the city”. If the current budget shortfalls result in reduced services for parks across the City but our local CFD#2 protects our local parks, would that not fail the requirement that the city maintain services equally across the city. How will this be addressed?

City Response: The parks that are covered by CFDs have a separate budget funded by the CFD special tax (other than the General Fund) to pay for their maintenance. Maintenance of parks not covered by CFDs are funded by the General Fund.

13. Will areas of the City that are heavily dependent on sales tax revenue be reassessed at any point to address the short fall due to the decrease in sale tax generated revenue? The City claims that a large portion of the current budget shortfall is related to this decrease in tax revenue. If that is the case shouldn't these areas be reassessed to account for this dramatic change since the initial planning approval for those areas or shouldn't those areas see equivalent reduction in services as it relates to their burden on the City as a result of their decreased tax revenues since original planning approval? Basically, if they got benefit for sales tax at the time of development shouldn't they have to pay their fair share now since that tax revenue has significantly decreased.

City Response: Fiscal impact studies are done at the time of development. Obligations to build and maintain infrastructure and City services are determined at the time of development when land use rights are granted. Homeowners purchase homes with these obligations disclosed to them. Citywide sales tax growth is slowing and is not keeping up with the growth rate of the City's citywide General Fund expenditures. The projected General Fund shortfall relates to General Fund services that benefit the entire city.

14. **Question:** The starting tax value listed in CFD 1 for a Phase II, W-10, LDR was listed at \$1,300, with an annual 2% increase that would result in a current tax of 1,715 for FY17-18. The tax for a property that meets this location was actually \$1,791 for FY17-18. This would have required a starting rate of approximately \$1,357.74 in FY04/05. Can you explain the increase over the expected value and confirm what the maximum tax will be during the final year based on the \$1,357.74 example (Phase II, W-10, LDR) it is assumed at \$2,609.89. It is assumed the difference is the actual versus the planned number of units built within Phase II, W-10 area but please confirm.

City Response: The max tax rate for W-10 parcels started at \$1,384.90 per unit since the final large lot map had 245 lots rather than the originally planned 261 units. Escalated out 13 years at 2%/year brings the max tax to \$1,791.51 for FY17/18. In the year the Westpark CFD #1 bonds mature (FY36-37), the max tax will be \$2,609.89.

15. **Question:** The [Hearing Report](#) for WP CFD # 1 available on the City's website appears to be a draft document. The most recent hearing report available for WP CFD #1 includes a Draft Table II-2 which has out of date values. In addition, the following note is found after Table II-4, "Reader's Note: This table will be replaced in an Amended Hearing Report." Can you please make the Amended Hearing Report available and provide a Final Table II-2 that includes the updated CFD value of 52.2 Million (or the final actual values) that is referenced in Table II-3.

City Response: While the language regarding the replacement of the hearing report was noted, an amended Hearing Report was never taken back to Council. In general the Hearing Report is provided once at the public hearing and it is not common practice to take it back each time the values change. The charts referenced are the estimated costs and do not limit the developers to that number as long as they are constructing improvements that are consistent with the list of authorized facilities. The CFD does have a pay-as-you-go component to cover expenditures above and beyond bond proceeds. In order to be reimbursed for either bond proceeds, or pay-as-you-go (if bonds have been depleted) the developer has to submit a reimbursement binder to the City which includes itemized details and receipts. Those completed improvements would then need to be signed off by a City official as well as the improvements been verified by City staff to be part of the CFD's authorized facilities. If there was a cost included that was not part of the authorized facilities, then it would be deducted from the reimbursement. If anyone would like to see the binders that were submitted they are welcome to contact Jeannine Thrash at 916-774-5473 to set up an appointment to review them.