



Council Agenda Report

From: Ryan Cornell, Administrative Services Director

Subject: Approval of Resolutions Determining that the Public Convenience and Necessity Require the Special Tax for Improvement Areas No. 1, No. 3, and No. 5 of the City of Paso Robles Community Facilities District No. 2022-1N (Olsen Ranch/South Chandler Facilities)

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: April 1, 2025

Facts

1. The Mello-Roos Community Facilities Act of 1982, as amended, commencing with Government Code Section 53311 (the "Act") permits public agencies, including cities, to establish a Community Facilities District (CFD) which allows for financing the construction of public infrastructure and certain services.
2. CFDs impose a special tax on property owners within the CFD boundary through an annual special tax levy collected on the property tax bill. This financing mechanism allows new development to pay for significant public infrastructure and augmented public service needs over time. But because the CFD special tax is added to the existing standard ad valorem property tax bill, it also creates potentially significant tax bills when compared to properties not located in CFD boundaries.
3. Pursuant to the Act, in 2022, the City previously formed City of Paso Robles Community Facilities District No. 2022-1N (Olsen Ranch/South Chandler – Facilities) (the "District") and designated improvement areas therein.
4. The owners of the property within Improvement Areas 1, 3 and 5, as applicable, of the District have now each requested changes to the Rate and Method of Apportionment of Special Tax for Improvement Area No. 1, 3, and 5 (together, the "RMAs"), as applicable, to modify special taxes, and to increase the bonded indebtedness of Improvement Area No. 1 from \$20 million to \$21 million, and Improvement Area No. 3 from \$8 million to \$9 million.

Options

1. Take no action;
2. Approve the Resolution of Consideration and the Resolution of Declaring Necessity;
3. Provide alternative direction to staff.

Analysis and Conclusions

The Act was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in the developing areas of the State of California. Once duly established by a city, county, or other local agency, a CFD is a separate legal entity with defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the qualified electors in compliance with the provisions of the Act, a

legislative body of a local agency may issue bonds for a CFD and may levy and collect a special tax within a CFD to repay such indebtedness.

The owners are now requesting a change to the applicable RMA in order to modify the special taxes levied by the District within Improvement Areas No. 1, No. 3, and No. 5, as applicable, and to increase the bonded indebtedness of Improvement Area No.1 and No. 3 (together, the “Change Proceedings”). In order to initiate the Change Proceedings, the City Council is now being asked to consider approval of a resolution of consideration (the “Resolution of Consideration”) and a resolution determining the necessity to incur bonded indebtedness (the “Resolution Determining Necessity”).

The Resolution of Consideration commences the Change Proceedings, and enables the City Council to consider modifications to incorporate the requested changes, including the revision of the Rate and Method of Apportionment of Special Taxes for Improvement Areas No. 1, No. 3 and No. 5 of the District, and calls for a public hearing to be held on the resolution on May 6, 2025. The Resolution Determining Necessity, among other things, determines the necessity to incur bonded indebtedness for Improvement Area No. 1 in the amount of \$21 million and for Improvement Area No. 3 in the amount of \$9 million, and calls for a public hearing on the resolution to be held on May 6, 2025. If the resolutions are adopted, the City must publish public notices pertaining to the public hearing.

The increase in bonded indebtedness of Improvement Area No. 1 and No. 3 is subject to approval of the qualified electors at special elections, which will be held on the same day as the public hearing upon landowner consent. As mentioned above, adoption of the resolutions sets the date, time and place for a public hearing on the matters set forth in the resolutions, including the proposed changes to the RMAs and increased bonded indebtedness. At the public hearing, testimony of all interested persons will be heard. Protests will be considered at the hearing. The proposed date of the public hearing is May 6, 2025, at 6:00 p.m. in the City Council Chambers.

Fiscal Impact

None. Properties within the Improvement Area No. 1, 3 and 5 will be subject to an annual special tax collected by the County in the same manner as ad valorem property taxes, pursuant to the RMAs.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation

It is recommended that the City Council approve the following:

1. Approve Resolution 25-XXX(A), determining that the public convenience and necessity require the rate and method of apportionment of special tax for Improvement Areas No. 1, 3 and 5 of Paso Robles Community Facilities District No. 2022-1N (Olsen Ranch/ South Chandler – Facilities) be revised;
2. Approve Resolution 25-XXX(B), declaring necessity for City of Paso Robles Community Facilities District No. 2022-1N (Olsen Ranch/ South Chandler – Facilities) to incur bonded indebtedness in an increased amount for Improvement Areas No. 1 and 3 of the Community Facilities District.

Attachments

1. Resolution 25-XXX(A), Resolution of Consideration (amended RMAs attached there to)
2. Resolution 25-XXX(B), Resolution of Declaring Necessity