

**COUNTY OF SAN DIEGO
FLOOD CONTROL DISTRICT
WEDNESDAY, OCTOBER 09, 2024**

MINUTE ORDER NO. 1

SUBJECT: RESOLUTION AUTHORIZING A SERVICE TAX JOINT AGREEMENT WITH THE CSCDA TO CONDUCT MAINTENANCE ONLY CFD FORMATIONS ON BEHALF OF THE COUNTY OF SAN DIEGO AND ASSOCIATED CEQA FINDINGS (DISTRICTS: ALL)

OVERVIEW

The County of San Diego (County) has the authority to issue tax-exempt bonds to fund public and private infrastructure projects by establishing Assessment Districts (AD) or Community Facility Districts (CFD). Private developers typically use such bonds to finance the construction of new infrastructure, and the districts to fund ongoing maintenance of public facilities such as parks, roads, and stormwater improvements. Future property owners in the district repay the bonds issued over time and/or continue to pay a special tax to fund ongoing infrastructure maintenance by the County. Today's proposal would authorize the County of San Diego to participate in an innovative new program that establishes maintenance only CFDs, which can be used voluntarily to enhance housing development feasibility and guarantee the inclusion of amenities that improve residents' quality of life.

The Mello-Roos Community Facilities Act of 1982 guides the creation of a CFD in California. This act requires a two-thirds vote from residents or landowners to form a CFD. Developers typically pay the County to manage this process, ensuring full cost recovery for staff and administrative expenses as outlined in Board Policies I-136 and B-29. While the County does have its own processes in place to establish ADs and CFDs, there are other alternatives offered through the California Statewide Communities Development Authority (CSCDA), which reduce administrative time and costs for the County; realize shorter times frames for the formation and management of ADs and CFDs; and often is preferred by developers because it allows for projects to satisfy conditions of approval and begin construction more quickly. Forming CFDs with CSCDA can decrease development costs and the time it takes to complete subdivision processes, ultimately helping the County achieve its housing goals.

The County has been a member of CSCDA since August 13, 1991, which offers local governments alternative tools for financing public benefit projects. The County has further enhanced its membership with CSCDA by participating in its Statewide Community Infrastructure Program (SCIP) that was launched in 2020, which allows developers to finance public improvements and pay impact fees through tax-exempt bonds issued in an AD or CFD.

Maintenance Only CFDs allow for the levy of a special tax to fund ongoing maintenance of public infrastructure and services, independent of the pooled bond financing (debt issuance) offered by the SCIP program. Since Maintenance Only CFDs do not involve debt issuance, they fall outside the SCIP scope, requiring developers to fund County staff to facilitate the formation process. To mitigate this, County staff engaged with CSCDA to consider a new Joint Agreement (JA) that would authorize CSCDA to manage the formation of Maintenance Only CFDs on behalf of the County, streamlining the process and reducing costs.

Today's request seeks to adopt a new resolution authorizing CSCDA to form Maintenance Only CFDs on behalf of the County and the County Flood Control District. This new resolution would extend the County's collaboration with CSCDA beyond the SCIP program, which will reduce administrative cost for the County and allow subdivision developers to satisfy conditions of approval and begin construction more quickly. If approved, the County would become the second and largest jurisdiction in the state to implement this innovative and mutually beneficial arrangement, ensuring continued funding for public infrastructure maintenance.

Today's request is 1) for the Board of Supervisors to adopt a resolution, make CEQA findings and authorize steps necessary for a Joint Agreement (JA) with CSCDA allowing the formation of Maintenance Only CFDs, and 2) for the Board, acting as the Flood Control District Board of Directors, adopt a resolution, make CEQA findings and authorize steps necessary for a JA with CSCDA allowing the formation of Maintenance Only CFDs.

RECOMMENDATION(S)

CHIEF ADMINISTRATIVE OFFICER

Acting as the Flood Control District Board of Directors:

1. Find, pursuant to Section 15061 (b)(3) of the California Environmental Quality Act Guidelines (CEQA), that actions to adopt a new resolution authorizing the California Statewide Communities Development Authority to form Maintenance Only CFDs on behalf of the County Flood Control District are exempt from CEQA since it can be seen with certainty there is no possibility that it will have a significant effect on the environment.
2. Adopt a Resolution entitled A RESOLUTION OF THE SAN DIEGO COUNTY FLOOD CONTROL DISTRICT BOARD OF DIRECTORS AUTHORIZING AND EMBODYING A JOINT AGREEMENT TO FUND SERVICES WITH THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AND AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT PROCEEDINGS TO FORM COMMUNITY FACILITIES DISTRICTS FROM TIME TO TIME TO FUND PUBLIC SERVICES NECESSARY TO SERVE NEW DEVELOPMENT; AND AUTHORIZING RELATED ACTIONS.

EQUITY IMPACT STATEMENT

The opportunity for developers to use the California Statewide Communities Development Authority (CSCDA) can result in establishing new Community Facilities Districts (CFD) which can allow developers' projects to satisfy conditions of approval and begin construction more quickly. This would provide more housing projects in San Diego County's unincorporated areas, helping to meet the region's housing goals. Residential Maintenance Only CFDs project developed through a Joint Agreement with CSCDA will promote new communities with desirable and well-maintained amenities such as parks, trails, and open space, making them more appealing and attainable for homebuyers. Having another avenue to establish Maintenance Only CFDs available through the CSCDA helps the County achieve its housing goals and makes purchasing homes in new, high-amenity communities more accessible for new homeowners.

SUSTAINABILITY IMPACT STATEMENT

Expanding the County's agreement with the California Statewide Communities Development Authority (CSCDA) through a Joint Agreement (JA) will allow for the formation of Maintenance Only Community Facilities Districts (CFDs) and can enhance sustainable land use planning by reducing environmental impacts and promoting individual wellbeing. The County's ability to offer the full suite of CSCDA's Statewide Community Infrastructure Program (SCIP) and this JA for the formation of Maintenance Only CFDs will encourage the development of new residential communities with nearby public services such as parks, trail/trail heads, schools, libraries, transit centers, and police/fire stations. This proximity to essential services will reduce the need for vehicle travel, thereby reducing greenhouse gas (GHG) emissions. Furthermore, assessment districts and CFDs developed by CSCDA will support the inclusion of recreational areas, such as parks, trails, and open spaces, providing easy access to outdoor recreation and nature, thereby enhancing the health and wellbeing of residents.

FISCAL IMPACT

There is no fiscal impact associated with today's recommendation. It is anticipated that costs and time associated with processing Assessment District (AD) and Community Facility Districts (CFD) through the California Statewide Communities Development Authority (CSCDA) Statewide Community Infrastructure Program (SCIP) and Joint Agreement will be negligible as the CSCDA will have primary responsibility for the formation, administration, and issuance of bonds, subject to approval of affected property owners. Developers/applicants will be responsible for all County of San Diego staff costs through developer deposit accounts established pursuant to County of San Diego ordinances and as a condition of project approval. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

Collaboration with the CSCDA through a new Joint Agreement to form Maintenance Only Community Facilities Districts (CFD) may reduce costs for individual developers and future residents as costs associated with the formation and administration of Maintenance Only CFDs are reduced. The formation of Maintenance Only CFDs assists in providing for well-maintained community amenities and infrastructure improvements, such as recreational centers, parks, schools, roads, trails, and sanitation systems.

(RELATES TO BOARD OF SUPERVISORS AGENDA ITEM 03)

ACTION:

ON MOTION of Director Montgomery Steppe, seconded by Director Vargas, the Board of Directors of the San Diego County Flood Control District took action as recommended, on Consent, and adopted Resolution No. 24-124 entitled: A RESOLUTION OF THE SAN DIEGO COUNTY FLOOD CONTROL DISTRICT BOARD OF DIRECTORS AUTHORIZING AND EMBODYING A JOINT AGREEMENT TO FUND SERVICES WITH THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY AND AUTHORIZING THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO ACCEPT APPLICATIONS FROM PROPERTY OWNERS, CONDUCT PROCEEDINGS TO FORM COMMUNITY FACILITIES DISTRICTS FROM TIME TO TIME TO FUND PUBLIC SERVICES NECESSARY TO SERVE NEW DEVELOPMENT; AND AUTHORIZING RELATED ACTIONS.

AYES: Vargas, Anderson, Lawson-Remer, Montgomery Steppe, Desmond

State of California)
County of San Diego)

I hereby certify that the foregoing is a full, true and correct copy of the Original entered in the Minutes of the Flood Control District.

ANDREW POTTER
Clerk of the Board of Directors



Signed
by Andrew Potter