



TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: March 8, 2022

SUBJECT: Agenda Item 5A: Adoption of a Resolution Amending the District's Local Rules and Policies Related to the Formation of Community Facilities Districts

RECOMMENDED ACTION:

I move to approve Resolution 06-2022 amending the District's Local Rules and Policies related to the formation of Community Facilities Districts.

BACKGROUND:

This item is before you today with the amended changes that were proposed by the Board of Directors at the last regular meeting dated February 8, 2022.

ATTACHMENTS:

1. Resolution 06-2022
2. Redline version of the draft amended Local Rules and Policies Related to the Formation of Community Facilities Districts

FISCAL IMPACT:

None

RESOLUTION 06-2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT AMENDING THE DISTRICT'S LOCAL RULES AND POLICIES RELATED TO THE FORMATION OF COMMUNITY FACILITIES DISTRICTS

WHEREAS, the Board of Directors (Board) of the Groveland Community Services District (District) is authorized and required to adopt and amend policies related to the services it provides and typically does so by Resolution of the Board; and

WHEREAS, the Board desires to amend and update the above policy to meet the current needs of the District.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby adopt Resolution 06-2022 amending the District's Local Rules and Policies Related to the Formation of Community Facilities Districts.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on March 8, 2022 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVE:

Spencer Edwards, President - Board of Directors

ATTEST:

Rachel Pearlman, Board Secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on March 8, 2022

DATED: _____

Local Goals and Policies for Community Facilities Districts

Purpose: Section 53312.7(a) of the California Government Code requires that a district's Board of Directors 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 on or after January 1, 1994, to establish a new community facilities district (CFD) under the Act. These goals and policies may be amended or supplemented by resolution of the Board of Directors of the Groveland Community Services District (the "District") at any time.

Goals:

- a) Services. It is the goal of the District that new large residential and large commercial development generate sufficient additional revenues to fund the District's costs of providing the public services required by that development. When considering approval of services to new large residential and large commercial development, the Board of Directors will consider the use of the Act to provide a portion of the required revenues. For the purposes of this policy the following definitions apply:
- New Residential development creating more than four new multifamily units or four new parcels is considered a subdivision (via subdivision map) by the District and is considered large residential development.
 - a) • New Commercial development of more than 7,200 square feet of floor space is considered large commercial development;
- b) Facilities. The Board of Directors will consider the use of the Act for financing public facilities and refinancing existing liens levied or bonds issued to finance public facilities, only in connection with the prospective development of new large residential or large commercial land in the District or as otherwise referenced in a development agreement to which the District is a party. Any request for a CFD which is not integral to the development of land will require amendment of these goals and policies and will be considered on a case-by-case basis; and
- c) Costs. All District and non-contingent consultant costs incurred in the evaluation and establishment of new CFDs and annexations to existing CFDs will be paid by the proponents of the formation/annexation. With respect to CFDs that finance facilities, the District shall use all reasonable efforts to reimburse all CFD formation/annexation costs from CFD bond proceeds if and when CFD bonds are issued. Expenses incurred by the District that are not chargeable to the CFD shall be borne by the proponent of the CFD. No costs associated with a CFD will be paid by properties located outside the CFD.

Eligible Public Services and Facilities:

- a) Services. The specific services to be funded shall include all services authorized under both Section 53313 of the Government Code and Section 13862 of the Health and Safety Code including, but not limited to, fire protection and suppression services, ambulance and paramedic services, park maintenance and lighting and landscaping services, 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 District or by another local agency pursuant to agreement; and
- b) Facilities. The improvements eligible 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, except that up to five percent of the proceeds of a debt issue may be used for facilities owned and operated by a

privately-owned public utility. The improvements must be consistent with any relevant specific plan approvals. A CFD shall not vest any rights to future land use on any properties, including those which are responsible for paying special taxes.

The list of public facilities eligible to be financed by a CFD include, but are not limited to, the following:

- Fire stations
- Training facilities
- Firefighting apparatuses
- Administrative facilities
- Emergency response equipment
- Local park, recreation, parkway, and open-space facilities

The funding of public facilities to be owned and operated by public agencies other than the District shall be considered on a case-by-case basis. If the proposed facilities are appropriate for financing by a CFD and are consistent with approved land use plans or other governmental approvals for the property, the District may consider entering into a joint community facilities agreement in order to finance these facilities. A joint agreement with the public agency that will own and operate any such facility must be entered into prior to the adoption of the resolution of formation, a resolution of change altering the CFD, or a resolution authorizing the issuance of bonds, except as otherwise permitted under the Act.

Priorities for CFD Financing: Priority for CFD financing shall be given to public facilities and services which are necessary for development, or otherwise required to satisfy any conditions of development.

Credit Quality Requirements for CFD Bond Issues: All CFD bond issues should have at least a three-to-one property value-to-public lien ratio after calculating the value of the financed public improvements to be installed and any private improvements for which financing is reasonably assured, unless the Board of Directors finds and determines that the proposed bonds do not present any unusual credit risk or, by a four-fifths vote, that the proposed bond issue should proceed for specified public policy reasons. Property value may be based on either an appraisal or assessed values as indicated on the county assessor's tax roll. Any appraiser shall be selected by the District, and the appraisal shall be based on the definitions, standards and assumptions as described in "Appraisal Standards for Land Secured Financings," published by the California Debt and Investment Advisory Commission, dated May 1994, as revised and as may be amended from time to time. The appraisal must be dated within three months of the date the bonds are issued. The public lien amount shall include the bond issue currently being sold plus any public indebtedness secured by a fixed lien on real property currently existing against the properties to be taxed.

A reserve fund equal to the lesser of (i) ten percent of the original proceeds of the bond issue, (ii) the maximum annual debt service on the bonds, or (iii) one hundred twenty-five percent of the average annual debt service on the bonds is considered as appropriate for any bond issue where less than seventy-five percent of the buildable acreage has been developed. A smaller reserve fund may be appropriate for bond issues in CFDs where over a significant percentage of the buildable acreage has been developed. The reserve fund may be maintained by or on behalf of a public financing authority, if such an authority purchases the CFD bonds, and need not be held under the fiscal agent agreement pursuant to which the CFD bonds are issued. Less than a three-to-one property value-to-public lien ratio, excessive tax delinquencies, or projects of poor economic viability may cause the District to disallow the sale of bonds or require credit enhancement prior to bond sale.

If the District requires letters of credit or other security in connection with the issuance of bonds for a CFD, the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the District. Any security required to be provided may be discharged by the District upon the opinion of a qualified appraiser, retained by the District (at the expense of the CFD or the applicable landowner), that a value-to-lien ratio of three to one has been attained. As an alternative to providing other security, a portion of the bond proceeds may be placed in escrow with a corporate agent in an amount sufficient to assure a value-to-lien ratio of at least three to one on the outstanding proceeds, or other appropriate release requirements.

Disclosure Requirements for Prospective Property Purchasers Located within a CFD:

- a) Disclosure Requirements for Developers. Developers who are selling lots or parcels that are within a CFD shall provide disclosure notice to prospective purchasers that complies with all of the requirements of Section 53341.5 of the Government Code. The disclosure notice must be provided to prospective purchasers of property at or prior to the time the contract or deposit receipt for the purchase of property is executed. Developers shall keep an executed copy of each disclosure document as evidence that disclosure has been provided to all purchasers of property within a CFD, and shall provide the District with a copy of each such disclosure document; and
- b) Disclosure Requirements for the Resale of Lots within a CFD. The District's Business Administrative Services Manager or designee shall provide a notice of special taxes to sellers of property (other than developers) located within an established CFD which will enable them to comply with their notice requirements under Section 1102.6 of the Civil Code et seq. This notice shall be provided by the Business-Administrative Services Manager or designee within five working days of receiving a written request for the notice, unless otherwise permitted under the Act. A reasonable fee may be charged for providing the notice, not to exceed any maximum fee specified in the Act.

Equity of Special Tax Formulas and Maximum Special Taxes:

- a) Special tax formulas for CFDs shall provide for minimum special tax levels which satisfy the following expenses of a CFD:
 1. 10 percent gross debt service coverage for all CFD bonded indebtedness.
 2. The cost of providing the authorized service.
 3. The projected administrative expenses of the CFD.
- b) Additionally, the special tax formula may provide for the following:
 1. Any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the CFD.
 2. The accumulation of funds reasonably required for future debt service.
 3. Amounts equal to projected delinquencies of special tax payments.
 4. The costs of remarketing, credit enhancement and liquidity facility fees. The cost of acquisition, construction, furnishing or equipping of facilities.
 5. Lease payments for existing or future facilities.
 6. Costs associated with the release of funds from an escrow account.
 7. Any other costs or payments permitted by the Act and applicable law.
- c) The special tax formula shall be reasonable and equitable in allocating the costs of the services and the public facilities financed by the CFD to parcels within the CFD, unless

otherwise agreed to by at least the owners of two-thirds of the property to be subject to the special tax.

- d) Exemptions from the special tax may be given to parcels which are publicly owned, are held by a property owners' association, are used for a public purpose such as open space or wetlands, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, or have insufficient value to support bonded indebtedness.
- e) The total projected property tax levels for any CFD shall not exceed any maximum 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 parcel as a consequence of delinquency or default by the owner of any other parcel shall not exceed any maximum specified in the Act.
- f) The District shall retain a special tax consultant to prepare a report which:
 - 1. Recommends a special tax for the proposed CFD.
 - 2. Evaluates the special tax proposed to determine its ability to adequately fund the identified services and /or public facilities, CFD administrative costs, 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.

Appraisals: The definitions, standards and assumptions to be used for appraisals shall be determined by District staff on a case-by-case basis, with input from District consultants and CFD proponents, and by reference to relevant materials and information promulgated by the State of California. In any event, the value-to-lien ratio shall be determined based upon an appraisal by an independent MAI appraiser of the proposed CFD. The appraisal shall be coordinated by and under the direction of the District. All costs associated with the preparation of the appraisal report shall be paid by the proponents of the CFD through an advance deposit mechanism. The District shall have discretion to retain a consultant to prepare a report to verify market absorption assumptions and projected sales prices of the properties which may be subject to the maximum special tax in the CFD.

Terms and Conditions of Bonds: All terms and conditions of any CFD bonded indebtedness shall be established by the District, after consultation with the District's consultants, District staff and the proponents of the CFD. The District will control, manage and invest, or cause to be controlled, managed and invested, all CFD bond proceeds. Each bond issue shall be structured so as to eliminate any adverse impact on the bonding capacity or credit rating of the District. The Board of Directors shall at all times retain the discretion as to if and when any bonds shall be issued for a CFD.

All statements and material related to the sale of bonds shall emphasize and state that neither the faith, nor general credit of the District is pledged to security or repayment of the bonds. The sole source of pledged revenues to repay CFD bonds shall be the 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, unless otherwise specifically agreed to in writing by the District.

CFD Initial Costs: All District and consultant costs incurred in the evaluation of CFD applications and the establishment of CFDs or annexation into an existing CFD will be paid by the proponents of the CFD by

advance deposit increments. The District shall use reasonable efforts not to incur any non-reimbursable expenses for processing and administering CFDs. In general, expenses not chargeable to the CFD shall be directly borne by the proponents of the CFD.

Use of Consultants: The District shall select all consultants necessary for the formation of (or annexation to) and administration of a CFD and the issuance of bonds, including the underwriter(s), bond counsel, financial advisors, appraiser, any market absorption consultant and the special tax consultant. Prior consent of any proponent of a CFD shall not be required in the determination by the District of the consulting and financing team.

Continuing Disclosure: By being allowed to participate in a Mello-Roos proceeding, each owner of land therein must be willing to provide information deemed by the District and its financing team to be needed in order for the District and the underwriter to comply with applicable Federal and state securities laws, including continuing disclosure requirements imposed by SEC Rule 15c2-12.

Exceptions to These Policies: The District may find that a waiver of any of the above stated policies is reasonable given identified District benefits to be derived from such waiver. Such waivers only will be granted by action of the Board of Directors.

Adopted: June 8, 2021

Board Secretary

Board President



TO: GCSB Board of Directors

FROM: Peter Kampa, General Manager

DATE: March 8, 2022

SUBJECT: Agenda Item 5B: Adoption of a Resolution Amending the District's Land Development Policies Clarify the District's Requirement that all New Land Subdivisions and Large Commercial Developments Must Fund their Actual Cost of Fire and Park Services as Detailed in the Fiscal Impact Analysis, as Amended

RECOMMENDED ACTION:

I move to approve Resolution 07-2022 amending the District's Land Development Policies clarify the District's requirement that all New Land Subdivisions and Large Commercial Developments must fund their actual cost of Fire and Park Services as detailed in the Fiscal Impact Analysis, as amended.

BACKGROUND:

This item is before you today with the amended changes that were proposed by the Board of Directors at the last regular meeting dated February 8, 2022.

ATTACHMENTS:

1. Resolution 07-2022
2. Draft amended development policy

FISCAL IMPACT:

None

RESOLUTION 07-2022

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT AMENDING THE DISTRICT'S LAND DEVELOPMENT POLICIES TO CLARIFY THE DISTRICT'S REQUIREMENT THAT ALL NEW LAND SUBDIVISIONS AND LARGE COMMERCIAL DEVELOPMENTS MUST FUND THEIR ACTUAL COST OF FIRE AND PARK SERVICES AS DETAILED IN THE FISCAL IMPACT ANALYSIS, AS AMENDED

WHEREAS, the Board of Directors (Board) of the Groveland Community Services District (District) is authorized and required to adopt and amend policies related to the services it provides and typically does so by Resolution of the Board; and

WHEREAS, the Board desires to amend and update the above policy to meet the current needs of the District.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby adopt Resolution 06-2022 amending the District's Land Development Policies Related to the District's Requirement that all New Land Subdivisions and Large Commercial Developments Must Fund their Actual Cost of Fire and Park Services as Detailed in the Fiscal Impact Analysis, as Amended.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on March 8, 2022 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

APPROVE:

Spencer Edwards, President - Board of Directors

ATTEST:

Rachel Pearlman, Board Secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on March 8, 2022

DATED: _____

Section 600 FACILITIES DEVELOPMENT

601 DISTRICT'S INTENT OF DEVELOPMENT POLICY

601.1 Introduction

Residential and commercial development is an on-going process in the District. The intent of this section is to establish the policies that the Board of Directors deems appropriate to assure that development proceeds in a consistent manner under rules that are both fair to the developer and protective of the District's existing customers, both in the short term and long term. The following are the intents of the District Board of Directors ("Board") when considering developments:

1. Developers shall maintain money on account with the District that will be used to pay District staff time and expenses during the review and inspection of the proposed development.
2. When the District is weighing the short-term cost of infrastructure against the long-term cost of operating and maintaining that infrastructure, reducing the long-term infrastructure costs will be deemed more important than saving up-front capital costs by the developer. Important long-term costs to be considered during development planning shall include labor intensity of operating and maintaining the infrastructure and the energy cost of operating the infrastructure.
3. All improvements to the District's existing infrastructure required by the development shall be compatible with the District's existing infrastructure or that which the District knows will be required by regulatory agencies in the future.
4. All infrastructures shall meet existing District standards, design criteria, codes and regulations at the time of construction.
5. The capacities of water, wastewater, and reclaimed water systems recommended for the proposed development shall be validated by the District in relation to the capacities and reliabilities of existing and planned District water and wastewater systems. The validation shall be done for the expected build-out of Pine Mountain Lake and other expected developments previously approved by Tuolumne County, in combination with the flows expected from the proposed development.
6. The developer shall mitigate any negative impacts on District infrastructure or services caused by the addition of the proposed project into the existing infrastructure, and pay all then current connection, capacity and development impact fees.
7. For commercial and residential developments, an instrument of insurance shall be provided to the District to assure that once the development is under construction, any improvements or connections to the existing District infrastructure associated with the project will be completed as planned detailed in plans approved by the District.
8. For large commercial and residential developments, the developer shall demonstrate his-its ability to properly complete the project by showing ~~he has~~ past experience successfully completing projects similar to that proposed and has the financial depth to complete the project.
9. For large commercial and residential developments, the proposed development shall be connected to the District's wastewater collections and treatment systems or a District-approved alternative.
10. For large commercial and residential developments, if fire flows do not currently meet the requirements of the proposed development, then the developer will be required to expand the capacities of the existing system to meet his development's fire flow requirements as

established by the District.

11. Open area and green belts in the proposed development that may be irrigated shall be plumbed to receive recycled water. The District reserves the right to deliver recycled water and/or apply other water conservation measures to conserve potable water to the development at the developer's expense.
12. The proposed development shall conform with all aspects of the Tuolumne County General Plan and any applicable Area Plan Amendments to the General Plan. The District will entertain incentive programs proposed by the developer to assist the developer to conform to these plans.
13. If the proposed project must be annexed into the service area of the District, and LAFCO requires the developer to modify his project in a way that changes the design of District-related infrastructure, then the District will require the developer to suspend the annexation proceedings until the District infrastructure issues have been resolved to the District's satisfaction.
14. If a proposed development is to be annexed into the service area of the District, the capacities in the District's existing infrastructures that are reserved for existing parcels within the service area shall not be used by the proposed development. In addition, it is the District's policy to allocate water supply availability and wastewater treatment capacity to undeveloped parcels within its existing service area before identifying additional water supply capacity or wastewater treatment capacity to serve development which is outside the District's existing boundaries but which may be annexed into the District. The developer will be obligated to expand existing capacities in ways that do not induce additional long-term operation and maintenance expenses on existing customers beyond that which might have been expected had the development not been served by the District. In addition, the developer of a project that requires annexation may be required to expand the infrastructure capacity beyond the needs for his proposed development if the additional capacity is required for the long-term infrastructure needs of the District. The District uses Reimbursement Agreements (see Appendix 600-A—Standard Reimbursement Agreement) to reimburse developers for the additional costs associated with the extensions beyond their development needs.
15. If on-going costs of operating and maintaining the infrastructure within a development are higher than the costs associated with the existing infrastructure, then the District shall cover these additional costs by implementing a cost mitigation plan, such as forming an improvement district for the new development so that the existing District customers do not subsidize services provided to the new development.
16. The District shall require the developer of large residential and large commercial projects, as those are further defined in this policy, to prepare a detailed financial impact analysis as part of the Sub-Area Master Plan. The analysis shall evaluate long-term financial impacts on existing District equipment, facilities and services by customers for providing water, wastewater, parks and fire services to the proposed development. The analysis shall also disclose any anticipated additional costs (including the re-allocation of government fund taxes) or reduction in service to existing customers and future customers moving into the new development caused by the development of the proposed project. The District will require the Developer to form a Community Facilities District, created in accordance with District policies to offset the fiscal impacts identified in the impact analysis.
17. The developer shall cover the operation and maintenance costs of the project associated with water, wastewater, parks and fire service between the time of the District's acceptance of the project and full build-out of the project, less that portion of the operation and maintenance costs paid by customers who have moved into the new project.

18. If the District Board of Directors is to consider a reduction in service for existing customers to accommodate a new development, then the Board shall hold public hearing(s) to disclose to the public the nature of the reduction in service and to receive input from the public regarding the reduction in service.

601.2 Development Types and Their Associated Processes

For purposes of this policy, the District considers several types of developments and they may be treated differently. The least restrictive development type is the construction of a single residential unit. Development of multifamily residential buildings containing up to four living units, and single family residential of up to four ~~units~~ parcels created (via parcel map) is treated by the District as a single residential unit development. Residential development of multifamily residential buildings containing more than four living units, and single family residential creating more than four ~~units~~ parcels is considered a subdivision (via subdivision map) by the District and has special requirements by the District. Commercial development of less than or equal to 7,200 square feet in floor space and having a normal demand for District services is evaluated by the District as though it was a small residential unit development. Commercial development of more than 7,200 square feet of floor space is evaluated by the District as though it was a large subdivision development.

601.3 Variance to Development Policies

Any policy stated in Section 600 may be appealed to the District Board of Directors as a variance.