



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM: 
Joseph T. Edmiston, FAICP, Executive Officer

DATE: September 2, 2015

SUBJECT: **Agenda Item X: Consideration of resolution declaring intention to establish Community Facilities District 2015-1 (Sterling West Hills) and authorize the levy of special taxes within said Community Facilities District, Dayton Canyon, City of Los Angeles.**

Staff Recommendation: That the Governing Board adopt the attached resolution declaring intention to establish Community Facilities District 2015-1 (Sterling West Hills), authorize the levy of special taxes within said Community Facilities District, and direct staff to proceed with the next steps towards establishing the Community Facilities District as outlined in the resolution.

Background: In 2000, the City of Los Angeles approved the Dayton Canyon Estates project, now known as the Sterling West Hills project, for 143 single-family homes in Dayton Canyon.

The Mountains Recreation and Conservation Authority (MRCA) had negotiated an agreement for mitigation measures with the previous owner, Suncal Companies. Those Open Space/Conservation conditions were incorporated verbatim into the City's conditions of approval. In addition to conditions requiring open space dedications to the MRCA, Centex Homes, the new owner, is required to provide a mechanism for the ongoing funding of maintenance, fire protection, and security of the open space to be dedicated to the MRCA. Per those conditions the MRCA was guaranteed to receive \$10,000 annually for its fee simple open space mostly outside of the tract map boundary.

The Sterling West Hills project is located in the Simi Hills southeast of MRCA-owned Sage Ranch Park and by the southwest corner of the Chatsworth Reservoir Nature Preserve. The proposed open space dedications include approximately 290 acres enveloping the development area and a conservation easement that connects Simi Hills core habitat to Valley Circle Boulevard across from the Chatsworth Reservoir Nature Preserve. A section of Dayton Creek is also part of the fee simple open space dedication. Public access to the open space area will include a trailhead and

public parking area at Valley Circle Boulevard, which will be developed by Centex Homes and managed by MRCA.

On May 7, 2014, the Governing Board adopted a resolution authorizing the MRCA to enter into an agreement with Centex Homes regarding the Sterling West Hills project, accept a minimum 250-acre open space dedication, conservation easements, and open space maintenance funding.

As the mechanism both to fund MRCA management of the large open space dedication and MRCA management of open space and facilities within the tract area itself, the formation of an MRCA Community Facilities District (CFD) is proposed. The MRCA currently has its two CFDs approved by voter election in 2012 for the Los Angeles City portion of the Santa Monica Mountains. The proposed Community Facilities District (CFD) 2015-1 (Sterling West Hills) would encompass just Centex's current 300-plus-acre ownership. It represents a new model of funding and service provision for the MRCA. The MRCA would essentially maintain open space, retention basins, trails, and even an emergency access road within the housing tract as well as for the adjoining approximately 290 acres.

Staff has been working with the applicant and SCI Consulting Group on a scope of work and budget. With a CFD the funding comes directly from the County Tax Collector to MRCA from property taxes. The parameters of the scope and budget are addressed in detail in the draft Open Space Acquisition and Maintenance Agreement addressed in agenda item IX. Staff is proposing the formation of CFD 2015-1 (Sterling West Hills) pursuant to Government Code Section 53311, et seq. to provide funding to maintain, improve, protect, and preserve open space and natural lands to be owned and maintained by the MRCA in Dayton Canyon as a result of the Sterling West Hills project.

The proposed CFD (see attached boundary map) will include maintenance funding for all open space lands to be dedicated to the MRCA as a result of the Sterling West Hills project, including the proposed approximately 290-acre open space dedication surrounding the development area. In general only lots with building permits would be assessed the tax. So the amount of funding generated would increase over time. Centex anticipates that it will have up to 50 permitted houses by the end of 2016. The MRCA would receive its first payment in January 2017.

The Rate and Method of Apportionment (as set forth in Exhibit B in the resolution) provides for a special tax (Special Tax A) to be levied annually in perpetuity unless terminated earlier by the MRCA. Upon full build out Special Tax A would generate the following estimated maximum annual revenue: \$1,408.00 per parcel for a total of \$201,331 per year.

A separate special tax (Special Tax B) will be levied annually as needed (five years) to maintain the Native Plant Establishment Area (required as part of the project) to be owned

or managed by the MRCA. Special Tax B would generate the following estimated maximum annual revenue: \$697.00 per parcel for a total of \$99,671.00 per year.

The Maximum Special Tax A and Maximum Tax B shall be increased annually, commencing July 1, 2017, based on the percentage increase in the Consumer Price Index with a maximum annual increase of three percent (3%) and a minimum annual increase of one percent (1%) of the Maximum Special Tax in effect in the previous Fiscal Year.

On June 27, 2012, the Governing Board adopted local goals and policies concerning the use of the California Government Code Section 53312.7(a) and the Mello-Roos Community Facilities Act as required. These goals and policies provide guidance and conditions for the use of the CFD for services and general improvements. Should the Board adopt the attached resolution of intent to establish the CFD, the next steps in the process of establishing the CFD are as follows:

1. Record the map of the proposed boundary for CFD 2015-1 (Sterling West Hills) with the County Recorder.
2. Advertise a notice of the public hearing for the formation of CFD 2015-1 (Sterling West Hills).
3. Hold a public hearing for CFD 2015-1 (Sterling West Hills) at the next Governing Board meeting on October 7, 2015.
4. At the public hearing, the Governing Board adopts a resolution of formation establishing CFD 2015-1 (Sterling West Hills), authorizing the levy of special taxes therein.
5. At the public hearing, the Governing Board adopts a resolution calling for a landowner CFD election to be held on October 7, 2015.
6. At the election, the Board Secretary opens the ballot and tallies the vote and announces the results of the election. The Governing Board then adopts the Resolution Declaring Results of Special Election, Determining Validity of Prior Proceedings, and Directing Recording of Notice of Special Tax Lien.