

June 10, 2003

TO: Mayor and City Council

FROM: Steven J. Pinkerton, Housing and Redevelopment Director

SUBJECT: **RESOLUTION: COMMUNITY FACILITIES DISTRICT NO. 2001-1 (DOWNTOWN PARKING): ADOPT A RESOLUTION DECLARING RESULTS OF SPECIAL LANDOWNER ELECTION, DETERMINING VALIDITY OF PRIOR PROCEEDINGS, AND DIRECTING RECORDING OF AMENDED NOTICE OF SPECIAL TAX LIEN**

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### **RECOMMENDATION**

Following the announcement of a positive landowner vote, it is recommended that the City Council adopt a resolution: Declaring Results of Special Landowner Election, Determining Validity of Prior Proceedings, and Directing Recording of Amended Notice of Special Tax Lien.

### **DISCUSSION**

#### **Background**

On December 11, 2001, the City Council established Community Facilities District No. 2001-1 (Downtown Parking) ("CFD 2001-1") for funding parking facilities and services within the Amended West End (Central Stockton) Redevelopment Area. CFD 2001-1 is to be used to finance the acquisition, construction, administration, operation, repair and improvement of parking lots, structures and appurtenant facilities on property within the downtown redevelopment area. It is proposed that CFD 2001-1 be used to eventually phase out and replace the existing assessment district.

Council established CFD 2001-1 with one parcel, as shown on Exhibit 'A', with the intention of adding additional territory to the District as properties developed and/or redeveloped within the downtown.

On April 8, 2003, Council adopted a Resolution of Consideration to Alter Special Taxes for and to Annex Territory to a Community Facilities District and Authorizing Related Actions. That resolution began the process of revising the special tax formula, adding territory to CFD 2001-1, called for the required public hearing on the subjects and appointed consultants for the proceedings (Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel; Stone & Youngberg, LLC, San Francisco,

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California, as underwriter and Goodwin Consulting Group, Sacramento, California, as special tax consultant).

On May 6, 2003, Council adopted a Resolution Altering Special Taxes, Authorizing the Levy of Special Taxes, Submitting Matters to Qualified Electors and Directing Related Actions. This action was followed by the distribution of ballots to the property owners within the district. The property owners were also notified in writing of the May 6<sup>th</sup> public hearing and public meetings were held on May 2, May 15 and May 21, 2003 to explain changes in the district and give them the opportunity to ask questions regarding the new tax formula.

□ Schedule of Proceedings

- 1) The Amended Map of Proposed Boundaries of CFD (Annexation No. 1) is attached as 'Exhibit B.' This map has been filed with the City Clerk.
- 2) At the first City Council Meeting, Council adopted first resolutions starting process, setting hearings and appointing consultants (4/8/03).
- 3) The City Clerk published notices of hearings and mailed notices of hearing to property owners (following 4/8/03 City Council Meeting).
- 4) The amended Boundary Map has been recorded with the County Recorder.
- 5) At the second City Council Meeting, Council held a public hearing on the annexations and changes to the CFD and authorized a special election among property owners in CFD 2001-1 to approve the changes (5/6/03).
- 6) The City Clerk mailed ballot materials to property owners (5/9/03).
- 7) At the third City Council Meeting, Council receives the ballots, announces and confirms results, and adopts an ordinance levying the special tax (6/10/03).

Present Situation

□ Central Parking District Assessment District

The Central Parking District ('CPD' or 'District') is charged with the task of providing adequate, safe and convenient parking in Downtown Stockton. Currently, the District manages several surface parking lots and structured facilities within downtown. These

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parking lots and structures are located within the boundary of an assessment district in which property owners are assessed an annual tax based on a formula which combines a portion of assessed property value and a parking deficiency.

The District was formed in 1967, and has successfully been used for acquiring, constructing, administering, operating, repairing and improving parking lots and structures within the District. The current assessment formula yields a fixed amount of revenue sufficient to help retire debt on parking lots and structures already built. The existing assessment formula does not provide for growth in revenue to finance future facilities. Further, the boundaries of the existing assessment district cover only a portion of downtown, and do not include areas that are likely to develop in the near-term. Expanding the existing assessment district boundary is constrained by the provisions of Proposition 218 (now Article XIII D of the California Constitution).

The existing CPD assessment formula is a constraint to the expansion of parking facilities within the downtown. Replacing the existing district by annexing additional properties into CFD 2001-1 will provide a flexible means of financing that can be used to fund future parking facilities and services. Much of the waterfront and Central Business District that is currently not in the Central Parking District is also proposed to be annexed into CFD 2001-1 (see Exhibit 'B').

Expansion of CFD 2001-1 for downtown parking is consistent with Council goals and objectives for downtown development and is consistent with actions recommended in the Downtown Stockton Strategic Action Plan, as adopted by the Council in October 2001 by Resolution No. 01-0523.

□ Special Tax Formula

The existing District properties are assessed using a formula based on each individual property's parking deficiency (as defined by the Stockton Municipal Code) and the property's assessed value (from the current County tax roll). Since the adoption of Proposition 218, special assessments must be based on special benefits to properties assessed and cannot use assessed value as a measure of special assessment. Proposition 218 applies to all new and increased assessments after November 6, 1996; so it is not possible to expand the boundaries of the existing District using the assessment method containing land value. Thus, it is proposed that CFD 2001-1 be revised to permit annexation of other properties and establish a more flexible and equitable special tax formula.

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The special tax formula for CFD 2001-1 (adopted by Council on May 6, 2003 and attached as 'Exhibit C') is based on the following elements:

1) Parking Deficiency: Parking deficiency is determined by the number of parking spaces required for each property as defined by usage and number of employees in the Stockton Municipal Code. The number of actual parking spaces provided is subtracted from the number of deficient spaces for the total parking deficiency. The proposed formula will charge \$30.00 for each deficient parking space per year. It is estimated that it would cost a business owner \$1300.00 each year to build and maintain a parking space.

2) Square Footage: The proposed formula would charge \$0.05 per square foot of building on each parcel within CFD 2001-1. For buildings between 80,000 and 150,000 square feet, the per square foot charge would be \$0.35 and for buildings over 150,000 square feet, the per square foot charge would be \$0.45. These are yearly charges.

3) Proximity to Parking: The proposed formula would charge a set fee based on a parcel's proximity to either a parking structure or a surface parking lot. The charges are \$1,000 per year for properties on the same block as a parking structure, \$500 per year for properties within one block of a parking structure, \$250 per year for properties on the same block as a surface parking lot and \$100 per year for properties within one block of a surface parking lot. There is no charge for properties further than one block from a surface lot or garage.

4) Acreage: The proposed formula would charge \$2,000 per acre per year based on the size of the parcel.

An example would be a 68,000 square foot bank building on a 0.77 acre parcel within one block of a parking structure. The parking requirement for a bank over 25,000 square feet is 125 spaces plus one space for each 500 square feet over 25,000 square feet. This calculates to  $125 + 86 = 211$ . If the bank already has 200 parking spaces, the deficiency is  $11 \times \$30 = \$330$  Deficiency Charge. The Square Footage Charge is  $68,000 \times \$0.05 = \$3,400$ . The Acreage Charge is  $0.77 \times \$2,000 = \$1,540$ . The Proximity Charge is \$500 (within one block of a structure).

Total Assessment for the bank:

\$ 330 deficiency charge  
3,400 square footage charge  
1,540 acreage charge

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500 vicinity charge

\$ 5,770 TOTAL ASSESSMENT

It is recommended that non-profit property owners within the district be charged a flat \$100 per year. Public agencies are to be charged a \$40.00 per year for each deficient parking space.

The ballots for the special election were due in the City Clerk's Office at 5 p.m. this evening, June 10, 2003. The ballots will be opened and counted and results announced at the Council meeting on June 10, 2003.

**RECOMMENDATION**

Following the announcement of the vote, if there is 2/3rds approval by property owners voting based on acres owned in the District: Adopt a Resolution Declaring Results of Special Landowner Election, Determining Validity of Prior Proceedings, and Directing Recording of Amended Notice of Special Tax Lien.

Respectfully submitted,

STEVEN J. PINKERTON, DIRECTOR  
HOUSING AND REDEVELOPMENT DEPARTMENT

SJP:SMB

Attachments

APPROVED BY THE CITY MANAGER

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MARK LEWIS, CITY MANAGER