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DATE: August 5, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jeff Stutsman, PE, TE, Deputy Director of Operations—Public Works & Utilities (PW&U)  
Gina Benedetti-Petnic, PE, Interim Director—PW&U

SUBJECT: Resolution Adopting the Levying of the Annual Special Tax for The Riverfront Community Facilities District, Fiscal Year 2024/25

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### **RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution Levying the Annual Special Tax for Riverfront Community Facilities District, Fiscal Year 2024/25.

### **BACKGROUND**

The Petaluma Riverfront Mixed-Use Project ("Project") is an approved mixed-use development within the Central Petaluma Specific Plan of the City of Petaluma ("City") situated north of the Petaluma River and west of Highway 101 near the Lakeville Highway interchange. Resolution 2014-127 N.C.S., approving a tentative subdivision map for the Riverfront mixed-use development, was adopted by the City Council on July 21, 2014. On January 9, 2017, the City Council adopted a resolution declaring the intention to establish Community Facilities District No. 2016-01 (Petaluma Riverfront) and authorize the levy of a special tax to fund certain public services for the Riverfront Mixed-Use Project.

On February 27, 2017, the City Council officially formed the Petaluma Riverfront Community Facilities District (CFD) to levy a special tax to fund the public services (the "Services") required to maintain certain public improvements within the boundaries of the CFD under the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 and following) (the "Act"). The public improvements the City will own and maintain include the parks, street, street lighting facilities, landscape corridors, stormwater basins, and open space areas within the project.

On September 12, 2022, the City Council unanimously (7-0) approved the second reading of an Ordinance Authorizing the Levy of the Annual Special Tax for the Community Facilities District No. 2016-01 (Petaluma Riverfront Community) for the Fiscal Year 2022/23, authorizing the Levy of a Special Tax Within that District" (the "Ordinance"), which authorizes the levy of the special

tax within the District at the maximum rate and in accordance with the rate and method of apportionment of special tax (the “Rate and Method of apportionment”) set forth in Exhibit A of the Ordinance.

On July 17, 2023, the City Council unanimously (7-0) approved Resolution No. 2023-108 N.C.S. Adopting the Levying of the Annual Special Tax for the Riverfront Community Facilities District, Fiscal Year 2023/24 establishing the annual special tax levy for fiscal year 2023/24.

## **DISCUSSION**

Each year, the City Council will be asked to adopt a Resolution establishing the annual special tax levy for the District. The Resolution includes a special tax roll, showing the special tax amount for each parcel in the CFD for the current year.

When the District was formed, a “maximum special tax” for each tax area was calculated. The Method of Apportionment in the formation Report allowed for an annual escalator to the maximum special tax amounts. The established annual escalator equals the annual Consumer Price Index – All Urban Consumers (“CPI-U”) for the San Francisco-Oakland-Hayward area. For Fiscal Year 2024/25, the annual CPI-U was 3.67%. As a result, 3.67% was applied to the fiscal year 2023/24 maximum special tax for each tax area, establishing the adjusted maximum special tax for the fiscal year 2024/25, as shown below.

The adjusted maximum CPI-U for each parcel type is shown in the table below:

<b>Land Use Classification</b>	<b>Fiscal Year 2024/25 Maximum Special Tax</b>
Developed Single-Family Detached	\$1,165.42 per Residential Unit
Developed Single-Family Attached	\$857.11 per Residential Unit
Developed Multi-Family	\$582.09 per Residential Unit
Developed Retail/Commercial	\$913.84/1,000 SF of building area or portion
Developed Office	\$1,079.09/1,000 SF of building area or portion
Developed Hotel/Motel	\$913.84/1,000 SF of building area or portion
Undeveloped	\$9,557.69 per Acre of portion
Tax Exempt	\$0.00

## **PUBLIC OUTREACH**

- July 21, 2014 – City Council approval of the Riverfront tentative map
- January 9, 2017 – The City Council declared the intention to establish a CFD
- February 27, 2017 – The City Council officially formed the Riverfront CFD
- On August 1, 2022 – the City Council unanimously (7-0) approved the first reading of the ordinance
- On September 12, 2022 – the City Council unanimously (7-0) approved the second reading of the ordinance

- On July 17, 2023 – the City Council unanimously (7-0) approved the resolution establishing the annual special tax levy for fiscal year 2023/24
- This item was placed on the July 15, 2024, tentative agenda, which is a publicly noticed meeting in compliance with the California Brown Act.

### **COUNCIL GOAL ALIGNMENT**

The proposed action supports the following City Council Goals and Priorities as described in the following work plan items:

- Workplan Item 15: Identify funds and develop a plan to improve Petaluma’s Streets and Roads.
- Workplan Item 18: Establish and improve paths as useful transportation options and make walking and biking easy, fun, and safe.
- Workplan Item 120: Robust focus on the riverfront and river-oriented development.

### **CLIMATE ACTION/SUSTAINABILITY EFFORTS**

The Riverfront Subdivision was designed and laid out with active transportation in mind, encouraging citizens to choose walking and biking. Reducing single-occupancy vehicle use and associated greenhouse gas (GHG) emissions in favor of active transportation options will help the City achieve its goal of carbon neutrality by 2030. The CFD provides a funding mechanism to maintain these improvements in good working order and to encourage citizens to choose active transportation for many years ahead.

### **ENVIRONMENTAL REVIEW**

Compliance with the California Environmental Quality Act (CEQA), including the annual assessment, was completed when the CFD was formed in February 2017, and the statute of limitations to challenge the City’s CEQA determination has lapsed. Additionally, the CFD’s annual assessment is not a “project” within the CEQA Guidelines Section 15378 definition as this is a government fiscal activity. Moreover, the assessment will be used to repair and maintain existing improvements, which are statutorily exempt pursuant to CEQA Guidelines Section 15301.

### **FINANCIAL IMPACTS**

There is no financial impact on the City. The Riverfront CFD, formed in 2017, provided the funding source to maintain these improvements and the cost of a consultant to manage the district.

### **ALTERNATIVES**

If the City Council does not approve this Resolution, the City will miss the 2024 County of Sonoma deadline for inclusion in the 2024/25 tax roll. Consequently, the City would not be able to collect fees this year.

## **ATTACHMENTS**

1. Resolution with Exhibit A – 2024/25 Special Tax Roll
2. Riverfront CFD 2016-1 Annual Report FY 23/24