



# City of Woodland

## REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: October 16, 2007

SUBJECT: STATEWIDE COMMUNITY INFRASTRUCTURE  
PROGRAM ("SCIP")

### **Report in Brief**

The proposed resolution authorizes the City of Woodland to participate in the Statewide Community Infrastructure Program (SCIP), which is sponsored by the California Statewide Communities Development Authority (CSCDA). It authorizes the CSCDA to accept applications from owners of property within the City limits to apply for tax-exempt financing of public capital facilities and development impact fees through the SCIP, to form an assessment district covering the applicable jurisdiction and to conduct assessment proceedings and levy assessments against the property of participating owners. Lastly, this proposed resolution approves the form of an Acquisition Agreement to be entered into between the City and the participating property owner/developer to provide the terms and conditions under which financing for public capital facilities will be provided and to establish the procedure for disbursement of bond proceeds to pay for completed facilities.

Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ authorizing the City of Woodland to participate in the Statewide Community Infrastructure Program (SCIP); authorizing the CSCDA to accept applications from owners of property within the City limits for tax-exempt financing of public capital facilities and development impact fees through the SCIP; to form an assessment district covering the applicable jurisdiction and to conduct assessment proceedings and levy assessments against the property of participating owners; approving the form of an Acquisition Agreement to be entered into between the City and the participating property owner/developer to provide the terms and conditions under which financing for public capital facilities will be provided and to establish the procedure for disbursement of bond proceeds to pay for completed facilities.

### **Background**

CSCDA is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. The member agencies of CSCDA include approximately 325 cities and 57 counties throughout California, including the City of Woodland.

SCIP was instituted by CSCDA in 2002 to allow owners of property in participating cities and counties to finance the development impact fees that would be payable by property owners upon receiving development entitlements or building permits. The program has since been expanded to authorize financing of public capital facilities directly. If a property owner chooses to participate, the selected public capital facilities and the development impact fees owed to the City will be financed by the issuance of tax-exempt bonds by CSCDA. CSCDA will impose a special assessment on the owner’s property to repay the portion of the bonds issued to finance the fees paid with respect to the property. With respect to impact fees, the property owner will either pay the impact fees at the time of permit issuance, and will be reimbursed from the SCIP bond proceeds when the SCIP bonds are issued, or the fees will be prepaid to the City from the proceeds of the SCIP bonds. In this way, the City is never at risk for the receipt of the impact fees.

A total of 26 California cities participate in SCIP. Several Northern California cities are among the participants, including Roseville, Elk Grove and Rocklin. SCIP was extensively promoted at the 2007 League of California Cities conference last month. In addition, SCIP has been embraced by members of the development community, including a development partner who recently met with staff to discuss the application of the program in Woodland. If the City Council approves the attached resolution, Woodland will be the first Yolo County city to enroll in SCIP.

### **Discussion**

The benefits to the City include:

- As with conventional assessment financing, the City is not liable to repay the bonds issued by CSCDA or the assessments imposed on the participating properties.
- CSCDA handles all district formation, district administration, bond issuance and bond administration functions. Virtually no staff time will be required to administer the program.
- Providing tax-exempt financing will help the City cushion the impact of rising public capital facilities costs and development impact fees on property owners.
- The availability of financing will encourage developers to pull permits and pay fees in larger blocks, giving the City immediate access to revenues for public infrastructure, rather than receiving small blocks of revenue over time. As part of the entitlement negotiation process, the possibility of tax-exempt financing of fees can be used to encourage a developer to pay fees up front.
- In some cases, the special assessments on successful projects can be refinanced through refunding bonds. Savings achieved as a result of refinancing will be directed back to the City for use on public infrastructure, subject to applicable federal tax limitations.

The benefits to the property owner include:

- Only property owners who choose to participate in the program will have assessments imposed on their property.
- Instead of paying cash for public capital facilities and/or development impact fees, the property owner receives low-cost, long-term, tax-exempt finance of those fees.
- The property owner can choose to pay off the special assessments at any time.
- For home buyers, paying for the costs of public infrastructure through a special assessment is superior to having those costs rolled into the cost of the home. Although the tax bill is higher, the amount of the mortgage is lower, making it easier to qualify. Additionally, because the special assessment financing is at tax-exempt rates, it typically comes at lower cost than mortgage rates.
- Owners of smaller projects, both residential and commercial, can have access to tax-exempt financing of infrastructure. Before the inception of SCIP, only projects large enough to justify the formation of an assessment or Community Facilities District (CFD) had access to tax-exempt financing.

It is important to note that the approval of this program will not obligate developers to participate in SCIP. However, the availability of SCIP will provide another tool for the City and the development community to use in order to fund the cost of public infrastructure improvements necessary to support current and future residential and commercial development projects.

### **Fiscal Impact**

By offering this program to developers, it is possible that additional development will be encouraged and/or development fees will be received in a timelier manner. In any case, there is no adverse fiscal impact to the City and a potentially beneficial fiscal impact to the developers through the availability of this program.

### **Public Contact**

A “Notice of Public Hearing” regarding this item was advertised on October 5, 2007. The City Council agenda was posted.

### **Council Committee Recommendation**

The Infrastructure Subcommittee favorably reviewed the proposed staff recommendation to join the SCIP and to authorize the CSCDA to accept applications from property owners to participate in this program.

**Recommendation for Action**

Staff recommends that the City Council approve Resolution No. \_\_\_\_\_ authorizing the City of Woodland to participate in the Statewide Community Infrastructure Program (SCIP); authorizing the CSCDA to accept applications from owners of property within the City limits for tax-exempt financing of public capital facilities and development impact fees through the SCIP; to form an assessment district covering the applicable jurisdiction and to conduct assessment proceedings and levy assessments against the property of participating owners; approving the form of an Acquisition Agreement to be entered into between the City and the participating property owner/developer to provide the terms and conditions under which financing for public capital facilities will be provided and to establish the procedure for disbursement of bond proceeds to pay for completed facilities.

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Attachments