

City of Santa Paula

City Council

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VICE MAYOR CARLOS JUAREZ
COUNCILMEMBER JENNY CROSSWHITE
COUNCILMEMBER LESLIE CORNEJO
COUNCILMEMBER GABRIELA ORNELAS



CITY COUNCIL SPECIAL MEETING OF THE
SANTA PAULA CITY COUNCIL

WEDNESDAY, AUGUST 6, 2025

4:30 PM - City Council Special Meeting

SANTA PAULA CITY HALL
970 VENTURA STREET
SANTA PAULA, CA 93060

JULIE LATSHAW, CITY CLERK
DAN SINGER, CITY MANAGER
MONICA CASTILLO, CITY ATTORNEY

AMENDED AGENDA 8/5/2025 (ITEM 5.A)

BRINGING ITEMS BEFORE THE CITY COUNCIL

You are invited to participate in all Regular City Council meetings. Agendas are posted in the front of Santa Paula City Hall, 970 Ventura Street, Santa Paula, 72 hours in advance of the scheduled meetings. The City Council's regular meetings start at 6:30 p.m. the first and third Wednesday of each month in the City Hall Council Chambers located at 970 Ventura Street in Santa Paula. Special and Closed Sessions vary by date and time.

HOW TO PARTICIPATE IN PERSON DURING THE MEETING: If you wish to speak at a City Council meeting, please fill out a **Public Comment Form** noting your name and address and submit the form to the City Clerk. Include the Agenda item number you wish to speak on. Members of the public may address the Council on items on this agenda only. **Public Comments are limited to 3 minutes.**

HOW TO PARTICIPATE BEFORE THE MEETING: Members of the public are encouraged to submit email correspondence on any agenda item by sending an email to cityclerk@spcity.org. All public correspondence received by three hours before the meeting date will be provided to the legislative body before the meeting. Public Comments received after, will be provided to the legislative body the next day.

Your Participation in this meeting is in the public domain; meetings are cablecast; minutes of this meeting will reflect your participation in this meeting and are posted on the city's website.

PLEASE NOTE: *Be advised that if you bring a legal challenge to an action, you may be limited to raising only those issues you or someone else raised at the meeting described in this Agenda, or in written correspondence delivered to the City Council at or before the meeting. Any action is subject to the ninety-day time period set forth in Code of Civil Procedure § 1094.6.*

*In compliance with the **Americans with Disabilities Act**, if you need special assistance to participate in this meeting, please contact the City Clerk at (805) 933-4208. Notification 48 hours before the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35, 102-35.104 ADA Title II). Written materials distributed to the City Council within 72 hours of the City Council meeting are available for public inspection immediately upon distribution in the City Clerk's office.*

SPECIAL MEETING - COUNCIL CHAMBERS

1. CALL TO ORDER

REMINDER: in order to minimize distractions during public meetings, all personal communication devices should be turned off or put in a non-audible mode.

2. FLAG SALUTE

3. ROLL CALL

4. PUBLIC COMMENT

At this time, members of the public may comment on any item appearing on the agenda only. Individual Councilmembers may briefly respond to Public Comments or ask questions for clarification. **Public Comments are limited to three minutes.**

5. ORDER OF BUSINESS

5.A STUDY SESSION: HARVEST COMMUNITY FACILITIES DISTRICT (CFD) TERM SHEET

RECOMMENDATION:

Council will have an opportunity to learn about potential CFD proceeds that may be utilized for public resources and services in the future and provide input to staff on next steps. Materials in support of this study session will be distributed prior to the meeting.

6. CLOSED SESSION

The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section 54956, et seq.) for the following purpose:

6.A

CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE §54957.6 - City Representatives: City Manager Dan Singer, Finance Director Christy Ramirez, and Human Resources Administrator Lorena Alvarez; Employee Organizations: Community Services Officer Association and Unrepresented Employees: Executive Management

6.B

PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code § 54957(b)(1), Title: City Manager

6.C

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION - Significant exposure to litigation pursuant to Government Code §54956.9(d)(2) and (e)(1): 1 potential case

7. CLOSED SESSION REPORT

8. ADJOURNMENT

State of California)-

County of Ventura)- ss

City of Santa Paula)-

I declare under penalty of perjury that I posted this City Council Agenda on the bulletin board near the front door of City Hall, 970 Ventura Street, Santa Paula, California.

On _____ at _____ Signed: _____

Julie Latshaw

City Clerk



Overview of Community Facilities Districts



The Mello-Roos Community Facilities Act of 1982

- Mello-Roos authorizes cities, counties, special districts, school districts and other public entities to finance:
(1) the construction or acquisition of public facilities, or
(2) the provision of public services, including maintenance
- A Mello-Roos Community Facilities District (“CFD”) provides funding for public facilities and/ or services related to new development, as a supplement to impact fees (AB 1600)
- A CFD may finance facilities that otherwise could not be financed through impact fees (e.g., the construction of water or sewer lines, even if they are not included in the City’s capital improvement program or nexus fee study)

Mello-Roos Bonds

- A City can issue bonds secured by the levy of special taxes
 - Bond proceeds help developers finance public infrastructure
 - Bonds are payable from and secured by special taxes, which are levied upon property located within the CFD according to the Rate and Method of Apportionment (“RMA”)
 - Special taxes are levied upon real property and are not a personal debt of the property owners
 - Special Taxes pay debt service and excess collected can provide funds to reimburse developers
 - The remedy for delinquencies is foreclosure
 - Generally, a covenant to commence foreclosure is faster than the standard process
 - The bond is not a debt of the general fund of the City
 - A bond reserve fund is permitted and required by the market



Other Options

- Taxes: Require Election-- 2/3rds passage
 - General Obligation Bond- tax amount based on property value (“*ad valorem*”).
 - Parcel Tax- tax amount typically flat or based on parcel characteristics- usually school districts.
- Assessments: Requires 50%+ approval based on assessment amount
 - Assessment must reflect cost of the special benefit of project or service, no general benefit
 - Limited projects or services that can be financed
 - Risk of legal challenge to benefit determination



Structuring a CFD: List of Facilities/Services

- Public Facilities.
 - Useful Life of at least 5 years
 - Bonds can be issued to finance Facilities
- Public Services.
 - Most City services includable- police, fire, parks, roads, open space, flood control, storm drains.
 - Can include maintenance, repair and operation of any City real property with 5+ year life.
 - “Maintenance” includes replacement and reserves for replacement.



Structuring a CFD:

Rate and Method of Apportionment

- Annual Tax Rate is established by City pursuant to RMA
- Rate Flexibility- can vary by variables- parcel, land use, size, improvements, etc., or multiple variables.
- Need not match to value of benefit financed.
- Can escalate every year (2% for facilities, 4% for services is typical).
- Amount reasonably determined by City Council.
- Obligation to pay follows the parcel upon sale.
- Annual Tax Rate is subject to voter approval.
- Can go on indefinitely (for services) and vary among areas or zones of the CFD.



CHANGES TO A CFD

- Initiate by Council Action – Resolution of Intent to Change.
- 30-60 Days Later- Council Action – Resolution Approving Change.
- Public Hearing Required.
- Landowner Election Required.
- If landowners approve: Amendment are authorized and in effect
- Modified Lien against affected parcels is recorded.

City of Santa Paula

Harvest CFD No. 1

- 2016- CFD Formed
 - Improvement Areas A, B, C
 - Authorized both Facilities and Services
 - Developer Gets Reimbursed for Facilities Costs
 - Reimbursement sources- bonds and surplus taxes
- Bonding limits increased in 2019 & 2022
 - A Limit: \$40 million; B Limit \$70 million; C Limit \$55 million
- Bonds Issued for Improvement Area A
 - \$19,380,000 in 2020
 - \$14,965,000 in 2022
 - \$5,655,000 in 2023

City of Santa Paula

Harvest CFD No. 1

“Surplus Special Taxes”

- Annual tax levy exceeds amount needed to pay for debt service and administration
 - Excess is “Surplus”
 - 2017 Agreement with Limoneira provides all surplus goes to developer reimbursement for infrastructure
 - Obligation terminates when fully reimbursed
- Reimbursement total uncertain at this time
- After full reimbursement until FY 2073-74 surplus is available to the City for CFD authorized facilities
- Proposed change would allow surplus to go to the City in perpetuity to pay for services related to the development

City of Santa Paula

Harvest CFD No. 2

- CFD No. 2 Formed in 2019
 - Authorized to pay for City services for Harvest project
 - Targeted for maintenance, operation and replacement costs of a Santa Paula Creek channel
- Tax set at \$231/unit in 2019, annual CPI increases



QUESTIONS?

TERM SHEET
CITY OF SANTA PAULA AND LIMONEIRA LEWIS BUILDERS LLC
CFD SURPLUS SPECIAL TAXES

This Term Sheet represents the key terms for the processing of an amendment to the Community Facilities District No. 1 (CFD No. 1) Funding, Construction, and Acquisition Agreement and a concurrent Amendment No. 4 to the First Amended and Restated Development Agreement (Development Agreement) between the City of Santa Paula (City) and Limoneira Lewis Community Builders, LLC (Developer). This Term Sheet is intended to outline the general terms, is non-binding, and are for discussion purposes. Binding obligations will arise only upon execution of mutually approved final documents.

The primary goals are to:

- (1) Enhance the City's long-term ability to fund maintenance cost for the Sports Park and other ongoing expenses
- (2) Clarify and adjust certain traffic related Developer requirements to better coincide with the anticipated completion of the Santa Paula Street Bridge
- (3) Improve the efficiency of plan check and permitting to facilitate project buildout
- (4) Facilitate enhanced cost recovery for public facilities constructed by Developer

Proposed Terms:

1. Amend CFD No. 1 to increase long-term revenue to City for ongoing expenses:
 - Beginning in 2028 through 2032, \$250,000 annually in surplus special taxes from Improvement Areas B and C will be reallocated to the City to fund maintenance costs of the Sports Park and other parkways in the EA1 area.
 - Once Developer has been reimbursed for all public facilities costs, all surplus special taxes from Improvement Areas B and C will be reallocated to ongoing City services costs.
 - Upon repayment of CFD bonds for Improvement Areas B and C, a portion of the special tax revenues will be converted to a perpetual tax to fund ongoing City services costs, including Sports Park maintenance, in excess of \$1,000,000 annually.

- Lennar will be made a party to the Amendment as landowner of Improvement Area B.
2. City to release Developer's fiscal deposit of \$2 million at issuance of 1,000th certificate of occupancy.
 3. Developer to complete required improvements at intersection of Santa Paula St. and 12th Street and intersection of Santa Paula St. and Palm Ave. Developer's obligations for improvements to remaining Santa Paula St. intersections and roadway improvements will be satisfied with fair share payment to be made prior to Santa Paula St. Bridge completion, or such later date as directed by City Manager.
 4. Parties to enter into a reimbursement agreement for certain public facilities costs incurred by Developer in excess of its fair share (Santa Paula St. Bridge, Hallock/Telegraph Rd., Hallock/SR 126, Santa Paula St., offsite water line), with reimbursement coming from DIF or other fair share payments from other benefitted developments. Reimbursement could include credit against \$1,000/unit traffic DIF to be paid by final 550 units in Harvest.
 5. City to take title to land under public storm drain basins 1, 2, 3, 4, and Orcutt Channel (approx. 24 acres); Harvest HOA to maintain storm drain facilities (see attached exhibit).
 6. Parties to cooperate in expediting plan check, permitting and inspection process, including agreed turn around times and number of review limits, which City Staff will endeavor to incorporate into contracts with City's third-party consultants.
 7. Parties to cooperate in expediting City acceptance of completed public facilities.
 8. City to maintain Sports Park landscaping in accordance with agreed upon Sports Park Maintenance Program.