

## **SPRING LAKE FEES & ASSESSMENTS FREQUENTLY ASKED QUESTIONS**

Properties within Spring Lake pay various supplemental taxes or assessments that are used to assist with the cost of construction and maintenance of certain improvements necessary to serve the Spring Lake Specific Plan Area. These fees and assessments are reflected on the property tax bills for each property and include the following:

Spring Lake CFD (Mello Roos)  
Spring Lake Landscaping and Lighting Assessment District  
Sports Park Maintenance CFD

The following information has been prepared to help answer questions and clarify details regarding these fees and assessments.

### **1. What is Mello Roos?**

**A:** Mello Roos is the common term used to refer to a law enacted by the California State Legislature in 1982 that enabled Community Facilities Districts (CFDs) to be established by local government agencies as a means of obtaining funding for public improvements for areas of new development. A Mello-Roos District is an area where a special property tax on real estate, in addition to the normal ad valorem property tax, is imposed on properties within the CFD. These districts seek public financing through the sale of bonds for the purpose of financing construction of public improvements. The Mello Roos tax paid by homeowners is used to pay the principal and interest on the bonds. While property tax is assessed as a percentage of the value of the home, Mello Roos is independent and is not subject to Proposition 13 limitations or changes in assessed value.

### **2: What is the Spring Lake Mello Roos Assessment (CFD) and what is it paying for?**

**A:** In 2004 a CFD was formed for the Spring Lake Specific Plan area to help finance the cost of certain backbone infrastructure costs such as roads, water, sewer, and storm drain facilities needed to serve the Plan Area. The CFD was established with a maximum amount of bond debt authorized to be issued of \$112,500,000. The bonding limit was calculated based on an approved capital improvement plan for Spring Lake, which detailed planned projects and their total costs (at build-out) needed to accommodate development in Spring Lake. Bonds were not expected to cover the entire cost for all projects in Spring Lake, and they do not cover any of the funding for park projects. Projects financed by the bonds are paid for through fees paid by the developers.

The Mello Roos assessments necessary to repay the bonds were limited and cannot be assessed to property owners beyond the year 2050.

To date \$81,340,000 in bond debt has been issued with an additional \$22 million planned to be issued in late summer/early fall of 2021. The bonds issued to date have been 30 year bonds. The City times the issuance of bonds to meet the financial obligations of the planned infrastructure projects. This phased timing allows the City to ensure excess debt is not issued and to minimize overall interest costs on the debt. The City has

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refinanced older bond debt to achieve lower interest rates and overall savings. The following is a breakdown of the bonds that have been issued and what projects have been/will be funded with the proceeds.

<b><u>Bonds Issued</u></b>	<b><u>Amount</u></b>
Series 2004 (Refinanced in 2013)	\$ 33,050,000
Series 2016 (Refinanced private placement bonds, plus \$15,685,000 new money)	\$ 26,800,000
Series 2018	\$ 21,490,000
<b>Total Issued</b>	<b><u>\$ 81,340,000</u></b>

**Authorized Bonds**

Series 2021 - proceeds to be used for construction of the following:	\$ 22,000,000
Parkland Ave	
Marston Dr	
Gibson Road	
County Road 25A**	
Pioneer Avenue	
Gibson Road/SR113 off ramp improvements	

Total Issued and Authorized	\$ 103,340,000
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Maximum Allowable Debt	\$ 112,500,000
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**Allocation of Bond Proceeds**

<b>Roadway Infrastructure*</b>	\$ 47,228,464
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\*includes the related water, sewer and drainage facilities below or adjacent to the road, as well as landscaping, sound wall, traffic signals and street lights.

Pioneer Avenue	
County Road 102	
Farmer's Central Road	
Heritage Parkway	
Parkland Ave	
Marston Dr	
Gibson Road	
County Road 25A**	
<b>Drainage ponds, channels and pump stations</b>	\$ 24,522,009
<b>Sewer pump station and force main</b>	\$ 5,608,454
Farmer's Central Road to CR102 to Gibson)	
<b>Well construction</b>	\$ 278,686
<b>Land acquisition and greenbelt construction</b>	\$ 1,417,399
<b>Specific plan preparation, planning, finance and administration</b>	\$ 7,955,796
<b>Habitat mitigation/conservation</b>	\$ 1,032,331
<b>Total</b>	<b><u>\$ 88,043,139</u></b>

\*\*County Road 25A does not include construction between Meikle and Parkland; that will be built by the Woodland Research Tech Park development.

Note: The difference between bond proceeds and total project is paid for by developers.

**3. If the City issues more bond debt, will my Mello Roos assessment increase?**

**A:** When a building permit is issued for a home in Spring Lake, the maximum annual assessment for the Mello Roos begins and does not increase when additional bond debt is issued. The assessment will increase by up to 2% per year, each year, until the bonds are paid off. As established when the Spring Lake Mello Roos District was formed, the assessment can continue no later than 2050. The maximum assessment was based on the assumption that the majority of the \$112,500,000 in total allowed debt in the Spring Lake CFD would be issued, and that these bonds would be issued over time and the years when they would be paid off can vary. Except for the annual inflation described above, any adjustments beyond the maximum requires a vote of the property owners. The annual assessment is identical for each house, based on its zoning designation (R-3, R-8, etc.) regardless of when the house was built.

**4. Why do new homeowners pay the same Mello Roos assessment with the same ending date as homeowners who bought in prior years?**

**A:** The annual Mello Roos assessment is based on mathematical formulas that take into account property characteristics such as the use of property, square footage, and lot size. Once a building permit has been issued by the City to a developer, the maximum annual assessment begins on that property as these properties then begin receiving benefit of these improvements. Each property within the District benefits from the infrastructure paid for by the Mello Roos, their benefit is proportional to how long they have resided in and used that infrastructure.

**5. Does the Mello Roos payment increase as the housing prices increase?**

**A:** Housing prices and changes in value have no impact on Mello Roos. The Mello Roos assessment is based on a parcel's zoning, and the amount was determined at the time the District was formed in 2004.

**6. Why weren't Spring Lake residents given advance notice before bonds were issued?**

**A:** When the CFD bond district was formed in 2004, issuance of debt up to the maximum allowable limit of \$112,500,000 was authorized, but no money was actually borrowed at that time. As improvements are constructed, the City determines the amount necessary to pay for those improvements, and City Council will authorize issuance of bonds periodically, as necessary. All bonds issued since formation of the CFD have been within the original authority, and none of the bond issuances have any impact on the Mello Roos assessments beyond what is disclosed to property owners upon purchase of their home.

Each bond issuance is required to be approved at a regularly scheduled public City Council meeting. Notification of the City Council Meeting is required to be included in the City Council meeting agenda, and posted no later than 72 hours prior to the meeting schedule date and time. The City has met the legal requirements for noticing for each bond issuance completed to date.

**7. Can homeowners prepay the Mello Roos payment and how are they notified of this option?**

**A:** Each homeowner has the option to make a one-time prepayment of the Mello Roos assessment obligation of their property. Homeowners may request a calculation of the remaining Mello Roos obligation for their property by contacting the City finance department at (530)661-5835 or Goodwin Consulting Group at (916)561-0890. The cost for prepayment of the Mello Roos obligation may be less than the sum of the total remaining annual Mello Roos payments. The difference between the two costs can vary depending on when the

prepayment is considered versus the length of time left for the assessment. Information regarding Mello Roos obligation and all annual assessments is required to be disclosed to property owners when they purchase their homes. This disclosure is required to be made by the seller, and is generally included in the various legal documents signed upon close of escrow of a property.

**8. How are the Spring Lake Parks Funded?**

**A:** The construction of the 30 acres of neighborhood parks in Spring Lake and 29 acres of the 40 acre Sports Park are fully funded by fees collected from housing developers at the time permits are issued to construct the new units. Mello Roos bonds are not used to construct parks in Spring Lake. As neighborhood parks are completed, the Spring Lake Lighting and Landscaping (L&L) assessment is adjusted to include the maintenance of these new improvements. Adjustments to the annual L&L assessment go through a two part public process, including a public hearing at a City Council meeting. Similarly, the Sports Park CFD funds the maintenance of a portion of the Sports Park facility.

**9. What infrastructure projects are paid for by the Spring Lake Developers?**

**A:** Developers within Spring Lake, in addition to paying citywide development impact fees, also pay fees specific to Spring Lake called SLIF (Spring Lake Infrastructure Fees). These fees pay for infrastructure improvements not funded by the Spring Lake Mello Roos Bonds, including certain roadway, water, sewer, drainage, greenbelts, and parks. The following is a list of improvements previously completed and planned to be constructed by Spring Lake SLIF funds. The SLIF is paid solely by developers; homeowners do not pay SLIF.

Sports Park	\$ 3,628,766
Neighborhood Parks	9,963,702
Administration and Financing	1,416,794
Infrastructure in excess of bond proceeds	6,703,139
Completed Projects	<u><u>\$ 21,712,401</u></u>
Remaining Park Improvements	10,200,000
Total Developer Funded Projects	31,912,401

**10. Why does Spring Lake have to pay for the Sports Park?**

**A:** The City’s General Plan provides a ratio of park acreage that must be contributed as a result of new development; Spring Lake’s park land obligation was met with ~29 acres of the 40 acre Sports Park. The costs incurred to purchase and improve the Sports Park are NOT part of the Mello Roos payments made by residents; these costs were covered with fees paid by Spring Lake developers.

The General Plan also includes language that requires new development to provide a funding source to pay for ongoing operation and maintenance costs of public facilities built as a result of the development. The requirement was satisfied through formation of a maintenance Community Facilities District (CFD). Had the 29 acres been included as additional neighborhood parks instead of the Sports Park, the cost of maintenance would have been included in the L&L rather than in the maintenance CFD. As new development continues in the City, other projects and properties will also be required to participate in the Sports Park CFD, and will be

assessed in the same way the Spring Lake residents are currently assessed. Existing residents in the City cannot be required to participate in the Sports Park CFD, per State law they would have to vote to join the CFD through a ballot process.

**11. Are schools funded by the Spring Lake Mello Roos?**

**A:** The school facilities are not included in the Spring Lake Mello Roos and therefore not funded by the assessments Woodland Joint Unified School District is responsible for the planning, construction, and maintenance of schools and collects fees from new development to help cover the cost of school facilities. Spring Lake developers currently pay \$6.13 per square foot (with a \$17,571 cap) for each new single-family home built in Spring Lake to WJUSD at the time building permits are issued. School financing is regulated entirely by State government and subject to Proposition 1A/Senate Bill 50 (Chapter 407, Statutes of 1998), a school construction measure that was approved by the voters on the November 1998 ballot. Prop 1A establishes a statutory base amount of allowable developer fees for residential and commercial construction and prohibits school districts, cities, and counties from imposing any additional school impact mitigation fees or other requirements (e.g. mandatory participation in Mello-Roos financing districts; CEQA mitigation through EIRs; etc.).