



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Katy Allen
Larry D. Lisenbee

SUBJECT: SEE BELOW

DATE: 03-09-05

Approved

Katy Allen

Date

3/15/05

Council District: 7

SUBJECT: AUTHORIZATION OF FEASIBILITY STUDY FOR FORMATION OF COMMUNITY FACILITIES DISTRICT NO. 11 (ADELINE - MARY HELEN) AND ADOPTION OF APPROPRIATION ORDINANCE AND FUNDING SOURCES RESOLUTION AMENDMENTS IN THE CONSTRUCTION EXCISE TAX FUND FOR THE CFD NO. 11 FEASIBILITY STUDY PROJECT

RECOMMENDATION

- a) Approval of an agreement with KB Home South Bay, Inc., to fund and perform a community facilities district feasibility study and formation analysis for the maintenance of improvements for an area within the Communications Hill Specific Planned Development.
- b) Adoption of Appropriation Ordinance and Funding Sources Resolution amendments in the Construction Excise Tax Fund:
 1. Establish an appropriation to the Department of Public Works for the CFD No. 11 Feasibility Study project in the amount of \$20,000.
 2. Increase the estimate for Earned Revenue by \$20,000.

CEQA: Exempt, PP05-021.

BACKGROUND

The Communications Hill Specific Plan, adopted on April 7, 1992, calls for a high-density residential area comprised of up to 5,000 dwelling units to be built on the hilly terrain bounded by Curtner Avenue to the north, Hillsdale Avenue and Capitol Expressway to the south, Monterey Road to the east, and State Route 87 to the west. Development has begun on the southern portion of the hill just north of Hillsdale Avenue, opposite the terminus of Vista Park Drive. Tract No. 9354 is currently in the development process with the challenge that many of

the lots are unable to connect to existing gravity feed storm and sanitary systems. A condition of approval of the project requires the installation of pump stations and the formation of a community facilities district for the maintenance of those stations. The Feasibility Study will determine the extent of the District's responsibilities.

ANALYSIS

In cooperation with KB Home South Bay, Inc., the land owner and developer of Tract No. 9354 ("Developer"), the proposed agreement would provide funding for City staff to assess the feasibility of forming Community Facilities District No. 11 (Adeline - Mary Helen) ("CFD No. 11") to fund maintenance services for certain improvements, and if feasible, to initiate formation proceedings. The study area under consideration in CFD No. 11 is indicated on Attachment A, Vicinity Map. The agreement requires the developer to deposit \$20,000 with the City to fund staff costs to perform a feasibility study for the formation of the district, and to perform the preliminary steps required for formation. If the City's costs exceed the initial deposit, the agreement includes provisions for additional funding by the Developer. In the event that the City does not wholly expend the deposit amount, the agreement requires a refund of unspent funds to the Developer.

CFD No. 11 would fund the maintenance of pump stations required to provide sanitary and storm services to specific lots not currently serviced by gravity feed systems. As further development occurs and gravity feed systems are brought within reach of these lots, the pump stations will be removed, gravity connections made, and special maintenance discontinued. These pump stations have been constructed on an adjacent parcel owned by MTA Properties LP, which according to the Communications Hill Specific Plan is planned for future development. When development of the parcel is initiated, the developer will be required to remove the pump stations and connect the properties serviced by the stations to the gravity feed system constructed to service all development on the northern portion of the hill.

PUBLIC OUTREACH

The Department of Public Works has been in contact with the Developer throughout the development review process. In addition, full disclosure of any future assessments to buyers of these homes will occur when the developer begins marketing.

COORDINATION

This memorandum and related documents were prepared in cooperation with the Department of Transportation, the Planning, Building and Code Enforcement Department, and the City Attorney's Office.

Subject: Authorization of Feasibility Study for Formation of Community Facilities District No. 11 (Adeline-Mary Helen) and Adoption of Appropriation Ordinance and Funding Sources Resolution Amendments in the Construction Excise Tax Fund for the CFD No. 11 Feasibility Study Project
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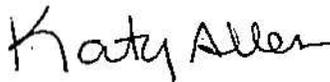
COST IMPLICATIONS

KB Home South Bay, Inc. has submitted a deposit totaling \$20,000 to pay for the Feasibility Study and initial district formation costs. Any unused funds will be returned to the Developer. If costs exceed the initial estimate, the developer will be responsible for funding those excess costs.

These actions are in compliance with the Mayor's Budget strategy in that the developer funds staff costs for the feasibility study. If district formation is feasible and approved by the qualified voters, the costs of services provided through the district will be funded through annual special taxes on the properties within the district.

CEQA

Exempt, PP05-021.



KATY ALLEN
Director, Public Works Department



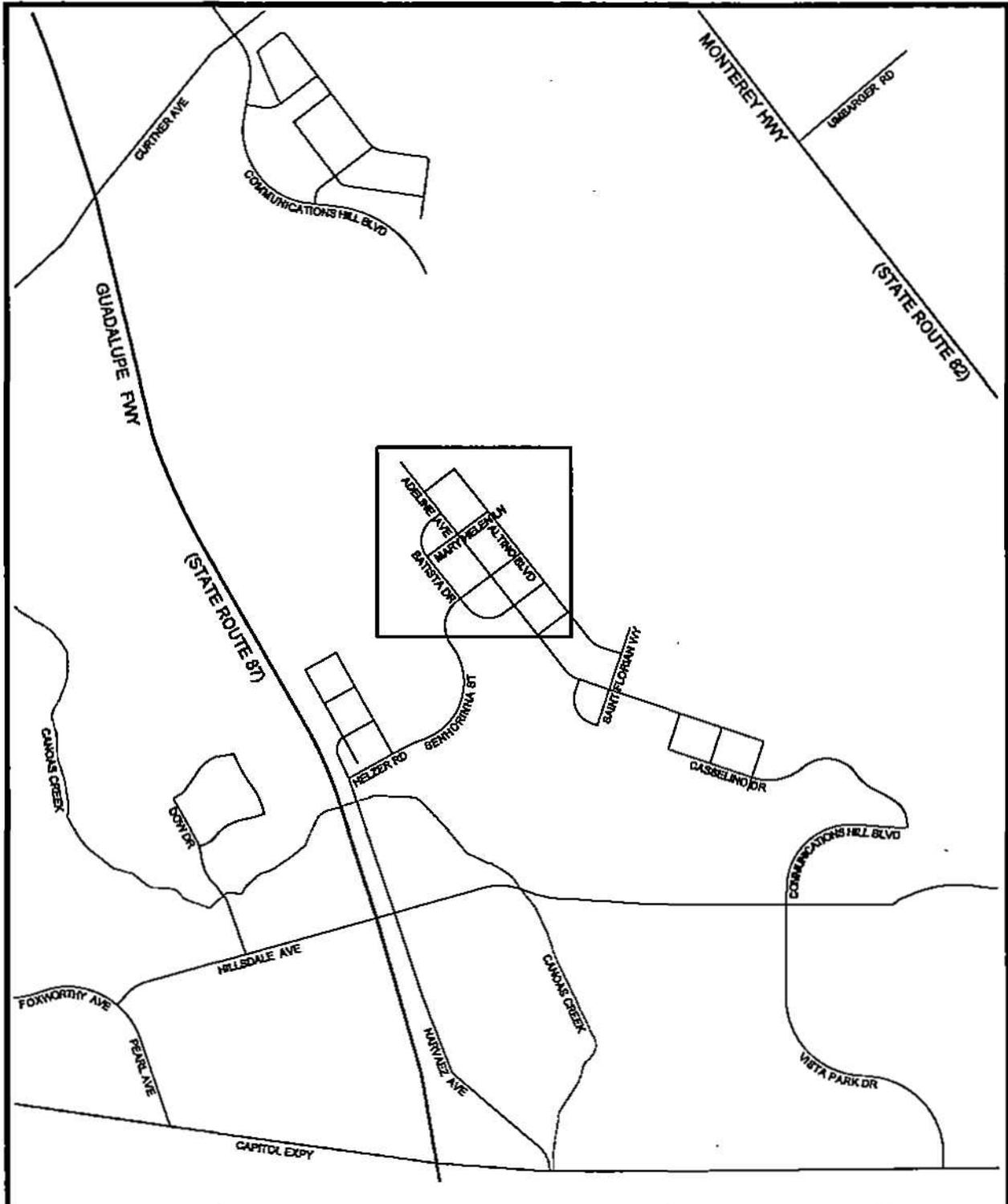
LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the Construction Excise Tax Fund in the Fiscal Year 2004-2005 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$20,000.



LARRY D. LISENBEE
Budget Director

ATTACHMENT A



PUBLIC WORKS DEPARTMENT
TRANSFORMATION AND DEVELOPMENT SERVICES DIVISION
BY: SPECIAL DISTRICTS

VICINITY MAP



NOT TO SCALE

CITY OF SAN JOSE, COUNTY OF SANTA CLARA
 STATE OF CALIFORNIA
PROPOSED
COMMUNITY FACILITIES DISTRICT NO. 11
(ADELINE - MARY HELEN)
 FISCAL YEAR 2004-05