



Legislation Details (With Text)

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Title: Report regarding a resolution approving the City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services) levy of special taxes for Fiscal Year 2023-24 (Jason Wong, Deputy Finance Director)

Sponsors:

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Attachments: 1. SSF CFD No. 2021-01 (Oyster Point) FY 23-24 Special Tax Requirement

Table with 5 columns: Date, Ver., Action By, Action, Result

Report regarding a resolution approving the City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services) levy of special taxes for Fiscal Year 2023-24 (Jason Wong, Deputy Finance Director)

RECOMMENDATION

It is recommended that the City Council acting in its capacity as the legislative body of the Community Facilities District No. 2021-01 (Public Facilities and Services) within the City of South San Francisco adopt a resolution approving the levy of special taxes for Fiscal Year 2023-24.

BACKGROUND/DISCUSSION

Kilroy Realty Corporation and its affiliates (collectively "Kilroy") own approximately 44 acres of land within the City located at Oyster Point. Kilroy is in the process of developing the property as a life sciences campus consisting of research and development and office buildings. At completion, the development is planned to include approximately 2.5 million square feet of rentable area, planned to be completed within four phases. Construction of the three buildings for Phase 1 is complete and has been fully leased to two tenants.

Kilroy is the assignee of Oyster Point Ventures, LLC under a Development Agreement entered into as of March 23, 2011 (the "Development Agreement"), with the City. Pursuant to the Development Agreement, the City agreed to cooperate with Kilroy to form a Community Facilities District (CFD) pursuant to the Mello-Roos Community Facilities Act of 1982 (Mello-Roos Act) to finance certain public capital facilities and services benefiting the territory within the CFD. A CFD is a defined geographic area in which the City is authorized to levy annual special taxes to be used to either finance directly the costs of specified public improvements and/or public services, or to pay debt service on bonds issued to finance the public improvements, as well as to pay costs of administering the CFD. The CFD for this development was formed in March 2021. Special tax levy pursuant to Section 53340 of the Government Code and Ordinance No. 16202021 was adopted on March 10, 2021.

In April 2022, the City of South San Francisco Community Facilities District No. 2021-01 (Public Facilities and Services) (“CFD No. 2021-01”) issued \$19.7 million of Special Tax Bonds to finance the acquisition of certain public improvements supporting the development of property within CFD No. 2021-01. There are various annual reporting requirements with different reporting dates related to CFD No. 2021-01. The requirements include, among other things, the presentation of the “Annual Special Tax roll” for CFD No. 2021-01 to the Council for consideration.

The annual levy is necessary to pay debt service on the outstanding bonds and to pay for certain public services. The public services that will be financed by the CFD levy include, without limitation, police services, maintenance and lighting of parks, parkways, streets, roads, and open space, and the operation and maintenance of storm drainage systems.

Council consideration and approval is due each year prior to the County of San Mateo’s July 31<sup>st</sup> deadline for the inclusion of such special taxes on the consolidated property tax bills pursuant to Government Code Section 53340 of the Mello-Roos Community Facilities Act of 1982 (the “Act”), or in the case of direct billing, at a different time or in a different manner if necessary to meet its financial obligations.

#### FISCAL IMPACT

The special taxes being levied hereunder are at the same rate or at a lower rate than provided within each applicable Ordinance. The Fiscal Year 2023-24 special tax levy for CFD No. 2021-01 is \$1,235,231.34.

#### RELATIONSHIP TO STRATEGIC PLAN

Adoption of the resolution meets the City’s strategic planning goals of improving our residents, employees, and community’s quality of life by ensuring maintenance and availability of open space at Kilroy Oyster Point.

#### CONCLUSION

CFD No. 2021-01 was needed to finance the cost of new public facilities that are being constructed at Oyster Point and to pay for certain public services. The levying of special taxes is consistent with prior actions taken by the City.

#### Attachments:

Special Tax Worksheets for CFD No. 2021-01.