



Legislation Text

File #: 2022-451, Version: 1

Report to Carson Reclamation Authority

Monday, August 01, 2022

Consent

SUBJECT:

CONSIDER AGREEMENT WITH DAVID TAUSSIG AND ASSOCIATES, INC. D/B/A DTA, A CALIFORNIA CORPORATION, TO RESTRUCTURE COMMUNITY FACILITIES DISTRICTS 2012-1 AND 2012-2 ON THE 157-ACRE SITE, THE FORMER CAL-COMPACT LANDFILL, IN AN AMOUNT NOT TO EXCEED \$61,000.00

I. SUMMARY

This Agreement with David Taussig and Associates, Inc. d/b/a DTA ("Consultant") is to work with the CRA and its private development partners to restructure the two community facilities districts on the project site to provide for the ongoing revenue necessary to maintain the installed remedial systems once development is complete. Significant changes have been made to the development plans from what existed when the districts were established in 2012, necessitating a restructuring to ensure they function and provide the needed revenue on a permanent basis. This Consultant was the same firm that helped the City establish the districts in 2012, when the entire site was under private ownership.

II. RECOMMENDATION

TAKE the following actions:

1. APPROVE AN AGREEMENT BETWEEN THE CARSON RECLAMATION AUTHORITY AND DAVID TAUSSIG AND ASSOCIATES, INC. D/B/A DTA, A CALIFORNIA CORPORATION TO RESTRUCTURE COMMUNITY FACILITIES DISTRICTS 2012-1 AND 2012-2 ON THE 157-ACRE SITE, THE FORMER CAL-COMPACT LANDFILL, IN AN AMOUNT NOT TO EXCEED \$61,000.00
2. AUTHORIZE the Chair to execute the Agreement in a form acceptable to the Authority Counsel.
 - 1.

III. ALTERNATIVES

Take another action deemed appropriate by the Board.

IV. BACKGROUND

The CRA is the current owner of the 157-acre parcel (the “Site”), located at 20400 South Main Street, commonly known as the former Cal Compact Landfill. The Site was previously operated as a Class 2 landfill between 1958 and 1965.

The Site is subject to two Community Facility Districts which were established by the City of Carson (“City”) in 2012 pursuant to Resolution No. 12-042 and Resolution No. 12-043, to pay for, respectively (i) the costs of operation and maintenance of certain remedial system required in connection with the Site (CFD No. 2012-1) (“Remediation CFD”), and (ii) the costs of operation and maintenance of public infrastructure within the Site (CFD No. 2012-2) (“Infrastructure CFD”; collectively with the Remediation CFD, the “Existing CFDs”).

The agreements with CAM-Carson, LLC and Carson Goose Owner, LLC, the two private developers on the site (so far) contain language as to the developers’ obligations to pay into the CFDs upon completion of their projects. Altogether, the development of the Site has proceeded differently than what was anticipated when the CFDs were established in 2012 in terms of land use and the ownership and operation of the permanent remedial systems.

As such, the CRA has a need for certain services from the Consultant to (among other things) perform document review related to the Existing CFDs and the operations and maintenance costs of the CRA with respect to the remedial systems, operations and maintenance of the Site and the public infrastructure to be installed on the Site, negotiations with the developers proposing to develop projects on the Site, special tax consulting services, prepare amendments to the Existing CFDs or amended and restated forms of the Existing CFDs, and provide recommendations for a proposed restructuring of the Existing CFDs (all as more particularly described below).

The Consultant’s Services shall generally consist of the following: provision of assistance to the CRA related to the restructuring of the Existing CFDs and providing the special tax consulting services as requested by the CRA. Any restructuring or amendments to the Existing CFDs shall require approval by the City Council and not the CRA Board. The Consultant would prepare legally effective amendments to the Existing CFDs (the “Restructured / Amended CFDs”) and would work with the City staff to complete the Services in the Agreement.

Part of the work of the Consultant will be to review available planning, engineering, development absorption, and financial information regarding the future development within the Site. Such information shall be provided by the developers and the CRA and/or its

consultants to the extent available. The Consultant would base its analysis on data received from such sources and shall not conduct any independent research to verify the accuracy of such data.

The determination of the effective tax rate after the imposition of the CFD levy is a critical portion of the scope. The Consultant will review the preliminary title report and/or property tax bills applicable to the Site (to be provided by the CRA) in order to identify the existing property tax rate, special taxes, and assessments. Consultant shall contact the related taxing entities and service providers, as appropriate, to determine projected and maximum rates and the method of assessment. The Consultant shall utilize this information to identify the base property tax rate for the purposes of modeling the projected total effective tax rate.

Ensuring that the estimated revenue of the CFD is adequate to support the projected budget is also an important task. The Consultant shall prepare separate spreads of the special taxes (the "Tax Spread") to estimate the potential CFD revenues and expenses for the Restructured/Amended CFDs. In addition, Consultant will determine supportable annual services costs, bond debt service (if any), and the special tax rates required to fund the desired public services and facilities and estimate the total effective property tax rate. The Tax Spread analysis will include the following subtasks:

- a) Effective Tax Rate: Consultant will estimate total effective tax rates for the development projects proposed upon the Site to ensure compliance with the City's approved CFD policies.
- b) Annual Remediation Service Costs: Consultant will model the remediation costs expected to occur in perpetuity, as provided by the CRA, and the projected and maximum special taxes.
- c) Annual Bonded Indebtedness: Consultant will prepare a cash flow model to estimate supportable bonded indebtedness (if any), special tax rates, and the projected and maximum special taxes.
- d) CFD Structure: Consultant will coordinate with the CRA and the City's staff regarding the structure of the special taxes to establish an optimal revenue source to alleviate cash flow constraints, including use of improvement areas or zones, required reserve funds, etc.

Consultant will prepare a separate Amended and Restated Rate and Method of Allocation (the "RMA" or Special Tax Rate) for the Restructured/Amended CFDs. Each RMA will document the special tax formula, maximum special tax rates, classification of property for the purposes of the annual levy, prepayment methodology, the apportionment methodology

for both the services special tax and facilities special tax, etc. All such components of the RMA will be structured so they are consistent with the City's approved CFD policies and/or Development Agreements entered into with developers for the Site (to the extent required). The RMA will be designed to adapt to changes in land use, densities, and absorption. Consultant will also revise each RMA, as needed, based on input from the CRA/City and other parties, as applicable.

The end product would be a separate amended Public Report prepared by the Consultant, as described in Section 53321.5 of the California Government Code, for the Restructured/Amended CFDs containing descriptions of the proposed services and facilities, their estimated costs, maximum annual special tax rates, and an explanation of the special tax apportionment methodology. The Consultant will assist the CRA / City and its finance team in the preparation and review of legal documents for the formation of the Restructured/Amended CFDs, including the required resolutions, and assist participating parties in executing such agreements, as needed. Consultant will also provide necessary data and advice to legal counsel regarding the implementation of the Restructured/Amended CFDs, including policies that address changes in land uses that occur after district formation and potential future annexations.

V. FISCAL IMPACT

The cost of this Agreement is a not-to-exceed \$61,000. Because the restructuring of the CFDs affects the property developers, a portion of this cost will be reimbursed to the CRA by Carson Goose Owner, LLC, the developers of Cells 3, 4, and 5.

VI. EXHIBITS

1. Agreement with David Taussig and Associates, Inc, d/b/a DTA (pgs.5-7)

Prepared by: John S. Raymond, Executive Director