



CITY COUNCIL STAFF REPORT

ITEM NO. 6.13

DATE: October 13, 2025

TO: Honorable Mayor and City Council

FROM: Brent Smith, Community Development Director

SUBJECT: Resolution authorizing California Statewide Communities Development Authority to form a Community Facilities District for the Isabel Crossing (Tract 8659) project in accordance with Development Agreement (DA22-001).

RECOMMENDED ACTION

Staff recommends the City Council adopt a resolution:

1. Authorizing the California Statewide Communities Development Authority (CSCDA) to form a Community Facilities District (CFD) to allow for financing of impact fees and public infrastructure for the Isabel Crossing (Tract 8659) project to satisfy the CFD provisions under Development Agreement (DA22-001);
2. Determining that Section 2.68 of the Municipal Code Contracts and Purchasing does not apply to the project; and
3. Direct the City Engineer to review to review the bid(s) solicited by the Developer and to confirm that, for each facility, the amount paid to the Developer under the Acquisition Agreement does not exceed the actual cost of the facility.

DECISION TYPE

Administrative

SUMMARY

The California Statewide Communities Development Authority (CSCDA) is a joint powers agency that provides financing for development infrastructure costs and impact fees to property owners through, among other things, the formation of CFDs and the issuance of bonds. CSCDA will impose a special tax on the participating owner's property to repay bonds after conducting the necessary CFD formation proceedings. The Developer of the Isabel Crossing (Tract 8659) project has requested that the CFD for the project be formed and administered by CSCDA. To meet the terms of Development Agreement 22-001 the City is being asked to consider adopting a resolution to authorize CSCDA to form such a CFD.

DISCUSSION

CSCDA is a joint powers authority sponsored by the League of California Cities and the California State Association of Counties. 530 cities, counties, and special districts throughout California are members of CSCDA including the City of Livermore. One of the financing programs administered by CSCDA is the Statewide Community Infrastructure Program (SCIP). The City joined SCIP in 2005 for the purpose of providing a program to finance impact fees for commercial projects. In April of 2024, the City adopted an updated SCIP Resolution to expand SCIP for Livermore projects by modifying its original SCIP Resolution to allow for CFDs and the financing of impact fees for residential projects. By adding CFDs, developers can now finance a broader range of impact fees than those under traditional assessment districts. CFDs also allow the developer more flexibility in adjusting tax rates by specific product type, assist in forming separate improvement areas when projects need to be phased, and provide for more public facilities to be financed. This subject Resolution will allow CSCDA to form a CFD specifically for the Isabel Crossing project.

THE ISABEL CROSSING DEVELOPMENT PROJECT CFD

Isabel Portola Owner, LLC (Harridge Development Group) (the Developer) received approval for Tentative Tract Map 8659 in July of 2024, otherwise known as the Isabel Crossing project. The project involves developing a 45-acre vacant parcel located at the southwest corner of the Isabel Avenue and Portola Avenue intersection--implementing the core of the Isabel Neighborhood Specific Plan. Exhibit A of the attached resolution shows the project location. The project includes 1,299 residential units, with 363 affordable units, 70,000 square feet of commercial space, a 1.5-acre neighborhood park, new bike lanes, street improvements, public art, utilities and access to the future Valley Link Train Station. Total costs of the project's public infrastructure and fees are estimated at \$125 million. The developer is looking to fund approximately \$85 million with CFD bonds. The construction estimated to be financed by the CFD includes the on-site backbone infrastructure for the core of the Isabel Neighborhood Specific Plan that includes the public main streets, sewer, storm drain and water utilities.

Pursuant to Development Agreement 22-001, the Developer has requested the City to coordinate with CSCDA to form a CFD to finance fees and infrastructure for the project. The CFD will be subject to an overall tax rate of 1.8% and bonds with a duration of up to 35 years. Approval of this resolution will allow CSCDA to form a CFD in accordance with the terms of the Development Agreement. It is also expected that CSCDA will enter into agreements with other agencies such as the Livermore Area Recreation and Parks District, the Tri-Valley Transportation JPA, and Livermore Joint Unified School District, to finance their respective impact fees if they should choose to participate.

Under the Mello-Roos Act, a CFD may only finance the construction of public improvements whose construction has been completed before the formation of the CFD. For those projects completed after CFD formation, a CFD may finance the construction of the public improvements if constructed under the authority of the local agency that will own the improvements.

Because the Developer intends to bid the project in the next couple of months ahead of CFD formation, to comply with the Mello-Roos Act, the City Council must find that the construction of this project does not constitute a public works contract under Municipal Code 2.68 that is subject to the local bidding process and must direct the City Engineer to review the bid(s) solicited by the Developer and to confirm that, for each facility, the amount paid to the Developer under the Acquisition Agreement does not exceed the actual cost of the facility.

THE CSCDA CFD PROGRAM

With the formation of the CFD, selected public infrastructure and development impact fees for the project will be financed by the issuance of bonds by CSCDA. CSCDA will form the district and impose a special tax on the Developer's property to repay the bonds. With respect to impact fees, the Developer will pay the impact fees at the time of permit issuance and will be reimbursed from the CFD bond proceeds. For the public infrastructure, the Developer will be required to enter into an acquisition agreement with the City, which will outline how the Developer will be reimbursed for infrastructure improvements once they are certified complete by the City. The acquisition agreement will be presented to City Council for approval at a later date following CFD formation.

By choosing to form this CFD, the Developer benefits by having special taxes imposed on their property to fund the infrastructure and fees for the project through low-cost, long-term financing thereby freeing up capital for other purposes. For home buyers, paying for the costs of public infrastructure through a special tax is superior to having those costs "rolled" into the cost of the home. Although the tax bill is higher, the amount of the mortgage is smaller, making it easier to qualify. The City benefits from the CFD formation by CSCDA by minimizing staff costs to administer the CFD and by not having to repay the bonds issued by CSCDA or the special taxes imposed on the participating properties. CSCDA handles all district formation, administration, bond issuance, and bond administration functions as well as continuing disclosure requirements. After approval of the resolution, the City administrative duties that remain will be to execute a closing certificate, execute and administer an acquisition agreement, review the chosen bid by the Developer, monitor the payment of impact fees, and monitor construction of the project infrastructure for completion.

Providing financing helps participating cities and counties cushion the impact of rising public capital improvements costs and development impact fees on new development. The availability of financing encourages developers to pull permits and pay fees in larger blocks, giving the participating city, county or special district immediate access to revenues for public infrastructure, rather than receiving a trickle of revenues stretched out over time.

The proposed resolution authorizes CSCDA to form a CFD within the City's boundaries for the Isabel Crossing project, conduct special tax proceedings and levy special taxes against the property of the Developer. The resolution also authorizes miscellaneous related actions and makes certain findings and determinations required by law.

FISCAL AND ADMINISTRATIVE IMPACTS

The costs to the City associated with this action are administrative and minimal. The costs are comprised of staff time to process an acquisition agreement, to review the chosen construction bid by the Developer, to monitor the completion of project infrastructure, and to report construction progress to CSCDA so they can provide reimbursement to the Developer from CFD bond proceeds. The City will receive payment of impact fees for the project as usual. The Developer will pay the cost of constructing the public infrastructure and reimburse the City for the administrative costs associated with the CFD.

COMMUNITY PILLAR

2: Economy That Prospers

GOAL

4: Implement the Isabel Neighborhood Specific Plan

ATTACHMENTS

1. Resolution
2. Exhibit A - District Boundary
3. Exhibit B - Authorized Improvements and Fees

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Approved by:



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Fiscal Review by:



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