

**CITY OF LOS ANGELES  
COMMUNITY FACILITIES DISTRICT  
No. 9  
(DOWNTOWN STREETCAR)**

**July 26, 2012**

*Public Finance  
Facilities Planning  
Urban Economics*

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**COMMUNITY FACILITIES DISTRICT REPORT  
MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982**

**CITY OF LOS ANGELES  
COMMUNITY FACILITIES DISTRICT NO. 9**

**Prepared for**

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## **I. INTRODUCTION**

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WHEREAS, the Council of the City of Los Angeles did, pursuant to the provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (hereinafter referred to as the "Act"), and specifically Section 53321.5 thereof, expressly order the filing of a written "Report" with the legislative body of the proposed community facilities district. This community facilities district being Community Facilities District No. 9 (Downtown Streetcar) shall hereinafter be referred to as:

"CFD No. 9"; and,

WHEREAS, the Resolution of the Council of the City of Los Angeles of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes did direct that said Report generally contain the following:

1. A brief description of the public facilities by type which are required to adequately meet the needs of CFD No. 9 and an estimate of the cost of providing such facilities;
3. An estimate of the fair and reasonable cost of the facilities proposed to be purchased as completed public facilities; and
4. An estimate of the fair and reasonable cost of the incidental expenses related thereto.

This Community Facilities District Report has been prepared to comply with the above mentioned provision of the Resolution of Intention.

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## **II. PROJECT DESCRIPTION**

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CFD No. 9 is intended to finance certain facilities comprising a streetcar system in downtown Los Angeles that will provide a fixed rail transit service within the boundaries of CFD No. 9.

The streetcar system is proposed to be approximately four miles long and will serve the Civic Center, Grand Avenue, Music Center, Disney Hall, Historic Broadway, Historic Core, South Park, LA Live, and the LA Convention Center, seven days a week. Public facilities that may be financed by CFD No. 9 are described in Section III below.

CFD No. 9 encompasses approximately 397 acres of land subject to the special tax located in three zones surrounding the proposed streetcar system.

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### **III. DESCRIPTION AND ESTIMATED COST OF PROPOSED FACILITIES**

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#### **A. Description of Proposed Public Improvements**

A community facilities district may provide for the purchase, construction, expansion or rehabilitation of any real or tangible property, including public facilities and infrastructure improvements, with an estimated useful life of five (5) years or longer.

The facilities described in this Report are all facilities which the legislative body creating CFD No. 9 is authorized to own, construct, or finance. The facilities described herein are those currently expected to be required to adequately meet, in part, the needs of the development within CFD No. 9. CFD No. 9 reserves the right to modify the actual facilities proposed herein to the extent CFD No. 9 deems necessary, in its sole discretion, to meet those needs.

The types of facilities to be financed by CFD No. 9 include tracks, streetcar vehicles, streetcar stations and platforms, related sidewalk infrastructure, structural and streetscape improvements, relocation and/or installation of above and below ground utilities, utility access points, street paving, drainage, curb and gutter modifications and improvements, maintenance facilities, facilities for providing electricity to the system, including overhead wires and utility substations, and related infrastructure, traffic signalization and related systems, signage, wayfinding, lighting and landscaping related thereto, electronic and mechanical systems and programming therefor, and land, rights-of-way and easements necessary for any of such facilities.

The special taxes required to pay for the construction, acquisition, or financing of said facilities will be apportioned as described in Section D.1 of the Rate and Method of Apportionment for CFD No. 9.

#### **B. Estimated Costs of Proposed Bond Financed Public Improvements**

The amounts shown in Table 1 below are estimates of the fair and reasonable cost of the facilities that may be financed by CFD No. 9, based upon current construction estimates, and actual costs may differ from those estimates herein. The facility cost estimates shown in Table 1 below include incidental expenses, including but not limited to (i) the costs of planning and designing such facilities, including the costs of environmental evaluations of those facilities, and (ii) other expenses incidental to the construction, completion, and inspection of the authorized work. It is not anticipated that any of the proposed improvements will be purchased as completed facilities.

Based on current financing plans, it is anticipated that CFD No. 9 will fund approximately \$62.5 million of the amount shown in Table 1.

**TABLE 1**

<b>Facilities Improvements</b>	<b>Projected Cost [1]</b>
1. Guideway and Track Elements	\$12,143,000
2. Stops	\$2,520,000
3. Support Facilities	\$11,193,000
4. Sitework and Special Conditions	\$10,417,000
5. Systems	\$12,267,000
6. Right-of-Way	\$1,775,000
7. Vehicles	\$30,240,000
8. Professional Services	\$16,501,000
9. Project Reserve (10%)	\$9,706,000
10. Contingency	\$18,239,000
<b>Total</b>	<b>\$125,000,000</b>

[1] Based on the report dated June 22, 2012 for the Office of the City Administrative Officer authorizing resolutions and other actions necessary to establish CFD No. 9.

**C. Substitution Facilities**

The descriptions of the public facilities, as set forth herein, are general in their nature. The final nature, location, and costs of improvements and facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes, in lieu or modifications to the proposed work in order to accomplish the work of improvement, and any such substitution shall not be a change or modification in the proceedings as long as the facilities provide a service substantially similar to that as set forth in this report.

**D. Incidental Expenses to be Included in Proposed Bonded Indebtedness**

Pursuant to Section 53345.3 of the Act, bonded indebtedness may include all costs and estimated costs incidental to, or connected with, the accomplishment of the purpose for which the proposed debt is to be incurred, including, but not limited to, the costs of administrative, legal, fiscal, and financial consultant fees; bond and other reserve funds; discount fees; interest on any bonds of the district due and payable within two years of the issuance of the bonds; election costs; and all costs of issuance of the bonds, including, but not limited to, fees for bond and disclosure counsel, costs of obtaining credit ratings, bond insurance premiums, fees for letters of credit, and other credit enhancement costs, and printing costs.

For purposes of determining the special tax rates for CFD No. 9, bond issue estimates included capitalized interest at approximately 13.83 percent, a reserve fund equal to 8.24 percent, and other incidental bond issuance expenses equal to 3.00 percent of the principal amount of the bonds. Actual bond issue characteristics will vary from the above estimates based on market conditions and other factors.

**E. Incidental Expenses to be Included in the Annual Levy of Special Taxes**

Pursuant to Section 53340 of the Act, the proceeds of any special tax may only be used to pay, in whole or part, the cost of providing public facilities, services and incidental expenses. As defined in Section 53317, annual incidental expenses include, but are not limited to, the costs associated with the determination of the amount of taxes, payment of taxes, or costs otherwise incurred in order to carry out the authorized purposes of CFD No. 9.

While the actual cost of administering CFD No. 9 may vary, it is anticipated that the amount of special taxes which can be collected will be sufficient to fund at least \$75,000 in annual administrative expenses.

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