



## City Council Agenda Item

**City Council Meeting Date:** July 16, 2019

**TO:** Jim Throop, City Manager

**FROM:** Dean Albro, Management Services Director  
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**SUBJECT:** Adoption of Resolution No. 6271(19) Ordering the Levy of Special Taxes for Fiscal Year 2019-20 Within Community Facilities District No. 2018-01 (Summit View Homes)

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### **Recommendation:**

Staff recommends the City Council adopt Resolution No. 6271(19) ordering the levy of special taxes for Fiscal Year (FY) 2019-20 within Community Facilities District No. 2018-01 (Summit View Homes).

### **Background:**

On December 4, 2018, the City Council adopted Ordinance No. 1656(18) (Ordinance) levying special taxes within Community Facilities District No. 2018-01 (Summit View Homes) to fund the annual operation, maintenance, servicing, and repair and replacement of streets, parkways, roads, sidewalks, curbs, gutters, street lighting, signals, street signage, and a contribution to public safety services costs. The Ordinance authorizes and directs the City Manager or designee to determine the maximum special tax rates, and the specific special tax amounts to be levied each fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Rate and Method of Apportionment (RMA).

### **Discussion:**

The RMA specifies the maximum special tax rates shall be adjusted each fiscal year by the weighted average of the annual escalation factor for maintenance costs (50%) and the annual escalation factor for non-maintenance service costs (50%). The annual escalation factor for maintenance service costs is equal to the percentage change in the Construction Cost Index as published by the Engineering News-Record (ENRCCI) for the twelve months ending in January, as published in January of the preceding year, or 4%, whichever is greater. The annual escalation factor for non-maintenance service costs is equal to the percentage increase during the preceding year in the Consumer Price Index for All Urban Consumers in the Los Angeles-Long Beach-Anaheim, CA, metropolitan area

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(CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics for the twelve months ending in January, as published in January of the preceding year, or 4%, whichever is greater. Since those two annual escalation factors were 3.013% and 3.152% respectively, the annual escalation factor is 4.000%, and the maximum authorized special tax rates for FY 2019-20 are \$806.00 per residential unit for developed residential property and \$2,724.80 per acre for undeveloped property.

The RMA specifies that for each fiscal year, the City Council will determine the special tax requirement and will levy the annual special tax on each assessor's parcel of developed residential property at up to 100% of the applicable maximum special tax to fund the special tax requirement. For purposes of the special tax, developed residential property is defined as parcels for which a building permit has been issued prior to April 1 of the preceding fiscal year for construction of a residential unit. If additional revenues are needed to provide the i) maintenance services; ii) road maintenance costs; iii) pay anticipated administrative expenses; and iv) cure any delinquencies in the payment of special taxes which have occurred in the prior fiscal year, or pay for reasonably anticipated delinquent special taxes based on the delinquency rate for special taxes levied in the previous fiscal year, the annual special tax shall be levied proportionately on each assessor's parcel of undeveloped property up to 100% of the maximum special tax for undeveloped property.

As of April 1, 2019, no building permits were issued for the construction of residential units, therefore maintenance services (\$5,058), road maintenance costs (\$13,260), and administrative expenses (\$3,656) will be charged on undeveloped property up to 100% of the maximum special tax for undeveloped property.

The total maximum annual costs for the services for FY 2019-20 are estimated to be \$21,974 annually. This translates to a special tax of \$1,988.60 per acre on the 11.05 acres of undeveloped property in the CFD.

**Fiscal Impact:**

CFD special tax revenues for FY 2019-20 will be \$21,991.

**Conclusion:**

Adopting Resolution No. 6271(19) will authorize the levy of special taxes for FY 2019-20 within Community Facilities District No. 2018-01 (Summit View Homes).

Respectfully submitted,

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Dean Albro, Management Services Director

**APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:**

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Jim Throop, City Manager

Attachment: Resolution No. 6271(19)