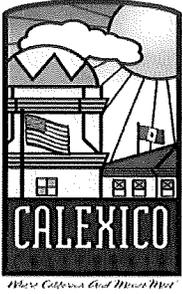


**AGENDA  
ITEM**

**12**



# AGENDA STAFF REPORT

**DATE:** June 19, 2019

**TO:** Mayor and City Council

**APPROVED BY:** David B. Dale, City Manager *DBD*

**PREPARED BY:** Karla E. Lobatos, Finance Director *KL*

**SUBJECT:** Approval of a Resolution of the City Council of the City of Calexico, California, Determining and Levying the Special Tax in Community Facilities District No. 2005-1 (Hearthstone)

=====

## Recommendation:

That the City Council of the City of Calexico acting in its capacity as the legislative body for the City of Calexico Community Facilities District No. 2005-1 (Hearthstone) Adopt Resolution authorizing the levy of special taxes within Improvement Area No. 1 of such district for Fiscal Year 2019-20.

## Background:

Community Facilities District (CFD No. 2005-1 Hearthstone) was formed in 2005 as a legally constituted government entity established under the Mello-Roos Community Facilities Act of 1982. The Act provides an alternative method for the financing of certain facilities and services. Specifically, this CFD is authorized to levy an annual special tax to pay, in whole or in part, the approved costs of the following:

- The administrative costs and other incidental expenses of the District;
- The interest scheduled for collection on the outstanding bonded indebtedness related to the District;
- The principal scheduled for collection on the outstanding term bonds related to the applicable Improvement Area;
- The sinking payments scheduled for collection on the outstanding term bonds relating to the applicable Improvement Area;
- Amounts, if any, needed to replenish the applicable Reserve Account of the Bond fund to the level of the Reserve Requirement;
- Amounts, if any, required to bring the amount on deposit in the Rebate Fund to the required level;
- Payments of Authorized Services.

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*12*

The authorized services are funded through the annual levy and collection of special taxes from all the property subject to the tax and located within the Improvement Area No. 1 of the district.

Exhibit "A" in the attached report shows that nearly all parcels will be liable for an annual payment of at least \$1,849 per dwelling unit. The only reason that levy would be different would be due to size of dwelling unit, delinquencies, or a pro-rata share of the levy because of a transfer.

**Discussion & Analysis:**

The special levy recommended in the report is the maximum allowed under the current ordinance.

**Fiscal Impact:**

Anticipated Special Tax for Fiscal Year 2019-20 – \$1,035,803.00.

**Coordinated with:**

Koppel & Grubber Public Finance.

**Attachment:**

1. Resolution No. 2019-\_\_\_\_\_ of the City Council of the City of Calexico, California, Determining and Levying the Special Tax in Community Facilities District No. 2005-1 (Hearthstone).
2. Exhibit "A" – Community Facilities District No. 2005-1 (Hearthstone), Special Tax Rates.
3. City of Calexico – Community Facilities District No. 2005-1 (Hearthstone), FY 2019-20 Special Tax Requirement.
4. City of Calexico – Community Facilities District No. 2005-1 (Hearthstone) FY 2019-20 Projected Levy.

**RESOLUTION 2019-\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALEXICO,  
CALIFORNIA, DETERMINING AND LEVYING THE SPECIAL TAX  
IN COMMUNITY FACILITIES DISTRICT NO. 2005-1**

WHEREAS, The City Council (the "City Council") of the City of Calexico is the legislative body of Community Facilities District No. 2005-1 (Hearthstone) (the "District"), which District was established pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the government code of the State of California (the "Act");

WHEREAS, this City Council, by Ordinance No. 1024 as authorized by Section 53340 of the Government Code of the State of California (the "Ordinance"), has authorized the levy of a special tax to pay for costs and expenses related to said District, and this City Council is desirous to establish the specific rate of the special tax for the District to be collected for the next fiscal year.

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Calexico as follows:

**Section 1:** the preceding recitals are true and correct.

**Section 2:** that the City Council does, by the passage of this resolution authorize the levy of special taxes at the rates set forth in Exhibit "A" attached hereto, referenced and so incorporated.

**Section 3:** The rate determined and as set forth above does not exceed the amount as previously authorized by the Ordinance and is not in excess of that amount previously approved by the qualified electors of the District, and is exempt from Proposition 218, Section XIID of the California State Constitution. After adoption of this Resolution, the City Manager or his/her designee, may make any necessary modification to these special taxes to correct errors, omissions or inconsistencies in the listing or categorization of parcels to be taxed or in the amount to be charged to any category of parcels; provided, however, that any such modification shall not result in an increase in the tax applicable to any category of parcels.

**Section 4:** The proceeds of the Special Tax shall be used to pay, in whole or in part, the approved costs of the following:

- A. The Administrative costs and other incidental expenses of the District.
- B. The interest scheduled for collection on the outstanding bonded indebtedness related to the District;
- C. The principal scheduled for collection on the outstanding term bonds related to the District;

- D. The sinking payments scheduled for collection on the outstanding term bonds relating to the District.
- E. Amounts, if any, needed to replenish the applicable Reserve Account of the Bond Fund to the level of the Reserve Requirement; and
- F. Amounts, if any, required to bring the amount on deposit in the Rebate Fund to the required level.
- E. Payment of Authorized Services

**Section 5:** The Auditor-Controller of the County of Imperial is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land affected, the installment of the special tax. Reference is made to attached Exhibit "A" for the maximum rates and applied rates of the Special Taxes.

**Section 6:** All applicable Special Taxes collected for repayment of bonds will be paid to the trustee for deposit in the applicable Special Tax Fund upon receipt by the City of Calexico from the Auditor-Controller pursuant to the terms of the Indenture of Trust.

**Section 7:** The Auditor-Controller shall, at the close of the tax collection period, promptly render to the City Manager or his/her designee a detailed report showing the amounts of the Special Tax installments, penalties, interest, and fees collected, and from which properties collected. Any expenses to be paid to the Auditor-Controller for carrying out the forgoing responsibilities shall be in accordance with a contract, if any, entered into between the district and the Auditor-Controller, pursuant to Section 29304 of the Government Code of the State of California or as otherwise provided by law.

**Section 8:** This resolution shall take effect immediately upon its passage and adoption.

**PASSED, APPROVED AND ADOPTED** this 19<sup>th</sup> day of June, 2019, by the following vote:

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
Lewis Pacheco, Mayor of the City of Calexico

ATTEST:

\_\_\_\_\_  
Gabriel T. Garcia, City Clerk

**EXHIBIT "A"**

**COMMUNITY FACILITIES DISTRICT NO. 2005-1  
(HEARTHSTONE)**

**FISCAL YEAR 2019/20  
SPECIAL TAX RATES FOR FACILITIES**

<b>Land Use Type</b>	<b>Building Square Footage</b>	<b>Maximum Special Tax Rate for Facilities</b>	<b>Applied Special Tax Rate for Facilities</b>
Residential Property	Less than or equal to 1,750	\$1,849.00 per dwelling unit	\$1,849.00 per dwelling unit
Residential Property	1,751 – 2,000	\$2,028.00 per dwelling unit	\$2,028.00 per dwelling unit
Residential Property	2,001 – 2,250	\$2,117.00 per dwelling unit	\$2,117.00 per dwelling unit
Residential Property	2,251 – 2,500	\$2,260.00 per dwelling unit	\$2,260.00 per dwelling unit
Residential Property	2,501 – 2,750	\$2,296.00 per dwelling unit	\$2,296.00 per dwelling unit
Residential Property	2,751 – 3,000	\$2,439.00 per dwelling unit	\$2,439.00 per dwelling unit
Residential Property	3,001 – 3,250	\$2,581.00 per dwelling unit	\$2,581.00 per dwelling unit
Residential Property	Greater than 3,250	\$3,019.00 per dwelling unit	\$3,019.00 per dwelling unit
Non-Residential Property	N/A	\$15,590.00 per acre	\$15,590.00 per acre
Undeveloped Property	N/A	\$15,590.00 per acre	\$9,989.30 per acre

**FISCAL YEAR 2019/20  
SPECIAL TAX RATES FOR SERVICES**

<b>Land Use Type</b>	<b>Maximum Special Tax Rate</b>	<b>Applied Special Tax Rate</b>
Residential Property	\$548.54 per dwelling unit	\$508.86 per dwelling unit
Non- Residential Property	\$2,194.14 per acre	\$2.035.42 per acre
Undeveloped Property	\$2,194.14 per acre	\$0.00 per acre

**CITY OF CALEXICO  
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (HEARTHSTONE)  
FISCAL YEAR 2019/20 SPECIAL TAX REQUIREMENT**

<b>FY 2019/20 SPECIAL FACILITIES TAX REQUIREMENT:</b>	<b>AMOUNT</b>
Carryover from Fiscal Year 2018/19	\$0.00
Interest Amount Due March 1, 2020	\$295,647.50
Interest Amount Due September 1, 2020	\$295,647.50
Principal Amount Due September 1, 2020	\$415,000.00
Administrative Expense Budget FY 2019/20 [1]	\$29,508.00
Anticipated Delinquencies FY 2019/20	\$0.00
Anticipated Surplus Special Taxes for Facilities	\$0.00
<b>SPECIAL TAX REQUIREMENT FY 2019/20</b>	<b>\$1,035,803.00</b>

<b>FY 2019/20 SPECIAL SERVICES TAX REQUIREMENT:</b>	<b>AMOUNT</b>
Public Safety Services Costs	\$118,647.40
Administrative Expense Budget FY 2019/20 [1]	\$3,479.00
Anticipated Delinquencies FY 2019/20	\$0.00
<b>SPECIAL TAX REQUIREMENT FY 2019/20</b>	<b>\$122,126.40</b>

[1] Allocated based on proportionate levy for Facilities and Services. Total budget is equal to \$32,987.

**CITY OF CALEXICO  
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (HEARTHSTONE)  
FISCAL YEAR 2019/20 PROJECTED LEVY**

**I. FISCAL YEAR 2019/20 SPECIAL TAX LEVY BY LAND USE CLASS**

<b>TOTAL FACILITIES LEVY FISCAL YEAR 2019/20</b>	
<b>DESCRIPTION</b>	<b>SPECIAL TAX REVENUES</b>
DEVELOPED RESIDENTIAL PROPERTY	\$532,502.10
DEVELOPED NON-RESIDENTIAL PROPERTY	\$0.00
UNDEVELOPED PROPERTY	\$503,300.89
<b>TOTAL FACILITIES LEVY FISCAL YEAR 2019/20</b>	<b>\$1,035,802.99</b>

<b>TOTAL SERVICES LEVY FISCAL YEAR 2019/20</b>	
<b>DESCRIPTION</b>	<b>SPECIAL TAX REVENUES</b>
DEVELOPED RESIDENTIAL PROPERTY	\$122,126.40
DEVELOPED NON-RESIDENTIAL PROPERTY	\$0.00
UNDEVELOPED PROPERTY	\$0.00
<b>TOTAL SERVICES LEVY FISCAL YEAR 2019/20</b>	<b>\$122,126.40</b>

**II. MAXIMUM PROPERTY TAX FOR FACILITIES**

<b>DEVELOPED PROPERTY ASSIGNED SPECIAL TAX FOR FACILITIES</b>				
<b>LAND USE</b>	<b>RESIDENTIAL FLOOR AREA</b>	<b>NO. OF UNITS/ACREAGE</b>	<b>FY 2019/20 ASSIGNED SPECIAL TAX</b>	<b>SPECIAL TAX REVENUES*</b>
<b>RESIDENTIAL PROPERTY</b>				
RESIDENTIAL	< 1,751	79	\$1,849.00	\$146,071.00
RESIDENTIAL	1,751 - 2,000	19	\$2,028.00	\$38,532.00
RESIDENTIAL	2,001 - 2,250	18	\$2,117.00	\$38,106.00
RESIDENTIAL	2,251 - 2,500	35	\$2,260.00	\$79,100.00
RESIDENTIAL	2,501 - 2,750	21	\$2,296.00	\$48,216.00
RESIDENTIAL	2,751 - 3,000	0	\$2,439.00	\$0.00
RESIDENTIAL	3,001 - 3,250	32	\$2,581.00	\$82,592.00
RESIDENTIAL	> 3,250	33	\$3,019.00	\$99,627.00
PARTIALLY PREPAID RESIDENTIAL	NA	1	\$258.10	\$258.10
<b>TOTAL RESIDENTIAL PROPERTY</b>	<b>NA</b>	<b>238</b>	<b>NA</b>	<b>\$532,502.10</b>
<b>NON-RESIDENTIAL PROPERTY</b>				
NON-RESIDENTIAL	NA	0.000	\$15,590.00	\$0.00
<b>TOTAL NON-RESIDENTIAL PROPERTY</b>	<b>NA</b>	<b>0.000</b>	<b>NA</b>	<b>\$0.00</b>
<b>TOTAL DEVELOPED PROPERTY</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>\$532,502.10</b>

\* The Assigned Special Tax shown for partially prepaid parcels is the average amount of all partially prepaid parcels; therefore, Special Tax Revenues for partially prepaid parcels are not necessarily a product of the Number of Units multiplied by the Assigned Special Tax.

<b>UNDEVELOPED PROPERTY ASSIGNED SPECIAL TAX FOR FACILITIES</b>			
<b>LAND USE</b>	<b>TOTAL ACREAGE</b>	<b>FY 2019/20 ASSIGNED SPECIAL TAX</b>	<b>SPECIAL TAX REVENUES*</b>
UNDEVELOPED	50.384	\$15,590.00	\$785,486.56
<b>TOTAL</b>	<b>50.384</b>	<b>NA</b>	<b>\$785,486.56</b>

**CITY OF CALEXICO  
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (HEARTHSTONE)  
FISCAL YEAR 2019/20 PROJECTED LEVY**

**III. MAXIMUM PROPERTY TAX FOR SERVICES**

<b>MAXIMUM SPECIAL TAX FOR SERVICES</b>			
<b>LAND USE</b>	<b>NO. OF UNITS/ ACREAGE</b>	<b>FY 2019/20 ASSIGNED SPECIAL TAX</b>	<b>SPECIAL TAX REVENUES</b>
RESIDENTIAL	240	\$548.54	\$131,649.60
NON-RESIDENTIAL	0.000	\$2,194.14	\$0.00
UNDEVELOPED	50.384	\$2,194.14	\$110,549.55
<b>TOTAL</b>	<b>NA</b>	<b>NA</b>	<b>\$242,199.15</b>

**IV. PROPOSED PROPERTY TAX FOR FACILITIES**

<b>DEVELOPED PROPOSED SPECIAL TAX FOR FACILITIES</b>					
<b>LAND USE</b>	<b>RESIDENTIAL FLOOR AREA</b>	<b>NO. OF UNITS/ ACREAGE</b>	<b>FY 2019/20 PROPOSED SPECIAL TAX*</b>	<b>SPECIAL TAX REVENUES</b>	<b>PERCENTAGE OF MAXIMUM SPECIAL TAX</b>
<b>RESIDENTIAL PROPERTY</b>					
RESIDENTIAL	< 1,751	79	\$1,849.00	\$146,071.00	100.00%
RESIDENTIAL	1,751 - 2,000	19	\$2,028.00	\$38,532.00	100.00%
RESIDENTIAL	2,001 - 2,250	18	\$2,117.00	\$38,106.00	100.00%
RESIDENTIAL	2,251 - 2,500	35	\$2,260.00	\$79,100.00	100.00%
RESIDENTIAL	2,501 - 2,750	21	\$2,296.00	\$48,216.00	100.00%
RESIDENTIAL	2,751 - 3,000	0	\$2,439.00	\$0.00	100.00%
RESIDENTIAL	3,001 - 3,250	32	\$2,581.00	\$82,592.00	100.00%
RESIDENTIAL	> 3,250	33	\$3,019.00	\$99,627.00	100.00%
RESIDENTIAL	NA	1	\$258.10	\$258.10	100.00%
<b>TOTAL RESIDENTIAL PROPERTY</b>		<b>238</b>	<b>NA</b>	<b>\$532,502.10</b>	<b>NA</b>
<b>NON-RESIDENTIAL PROPERTY</b>					
NON-RESIDENTIAL	N/A	0.000	\$15,590.00	\$0.00	100.00%
<b>TOTAL NON-RESIDENTIAL PROPERTY</b>		<b>0.000</b>	<b>NA</b>	<b>\$0.00</b>	<b>NA</b>
<b>TOTAL DEVELOPED PROPERTY</b>		<b>NA</b>	<b>NA</b>	<b>\$532,502.10</b>	<b>NA</b>

\* The Proposed Special Tax shown for partially prepaid parcels is the average amount of all partially prepaid parcels; therefore, Special Tax Revenues for partially prepaid parcels are not necessarily a product of the Number of Units multiplied by the Proposed Special Tax.

<b>UNDEVELOPED PROPOSED SPECIAL TAX FOR FACILITIES</b>				
<b>LAND USE</b>	<b>NO. OF UNITS/ ACREAGE</b>	<b>FY 2019/20 PROPOSED SPECIAL TAX*</b>	<b>SPECIAL TAX REVENUES</b>	<b>PERCENTAGE OF MAXIMUM SPECIAL TAX</b>
UNDEVELOPED	50.384	\$9,989.30	\$503,300.89	64.08%
<b>TOTAL</b>	<b>50.384</b>	<b>NA</b>	<b>\$503,300.89</b>	<b>NA</b>

**CITY OF CALEXICO  
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (HEARTHSTONE)  
FISCAL YEAR 2019/20 PROJECTED LEVY**

**V. PROPOSED PROPERTY TAX FOR SERVICES**

<b>PROPOSED SPECIAL TAX FOR SERVICES</b>				
<b>LAND USE</b>	<b>NO. OF UNITS/ ACREAGE</b>	<b>FY 2019/20 PROPOSED SPECIAL TAX</b>	<b>SPECIAL TAX REVENUES</b>	<b>PERCENTAGE OF MAXIMUM SPECIAL TAX</b>
RESIDENTIAL	240	\$508.86	\$122,126.40	92.77%
NON-RESIDENTIAL	0.000	\$2,035.42	\$0.00	92.77%
UNDEVELOPED	50.384	\$0.00	\$0.00	0.00%
<b>TOTAL</b>	<b>NA</b>	<b>NA</b>	<b>\$122,126.40</b>	<b>NA</b>