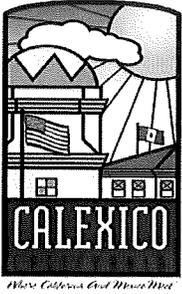


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AGENDA STAFF REPORT

DATE: August 1, 2018

TO: Mayor and City Council

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

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

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 2018-19.

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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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 2018-19 – \$ 1,154,644.10.

Coordinated with:

Koppel & Grubber Public Finance.

Attachment:

1. 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).
2. Exhibit "A" – Community Facilities District No. 2005-1 (Hearthstone), Special Tax Rates.
3. City of Calexico – Community Facilities District No. 2005-1 (Hearthstone), Fiscal Year 1018/19 Special Tax Requirement.

RESOLUTION 2018-__

**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 18th day of July 2018, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Lewis Pacheco, Mayor

ATTEST:

Gabriela T. Garcia, City Clerk

APPROVED AS TO FORM

Carlos Campos, City Attorney

State of California)
City of Calexico) ss.
County of Imperial)

I, Gabriela T. Garcia, City Clerk of the City of Calexico do hereby certify that the foregoing Resolution No. 2018-_____ was duly adopted by the Calexico City Council at a regular meeting thereof held on the 18th day of July 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Gabriela T. Garcia, City Clerk

**CITY OF CALEXICO
COMMUNITY FACILITIES DISTRICT NO. 2005-1 (HEARTHSTONE)
FISCAL YEAR 2018/19 SPECIAL TAX REQUIREMENT**

FY 2018/19 SPECIAL FACILITIES TAX REQUIREMENT:	AMOUNT
Carryover from Fiscal Year 2017/18	\$0.00
Interest Amount Due March 1, 2019	\$305,876.25
Interest Amount Due September 1, 2019	\$305,876.25
Principal Amount Due September 1, 2019	\$395,000.00
Administrative Expense Budget FY 2018/19 [1]	\$29,010.00
Anticipated Delinquencies FY 2018/19	\$0.00
Anticipated Surplus Special Taxes for Facilities	\$0.00
SPECIAL TAX REQUIREMENT FY 2018/19	\$1,035,762.50

FY 2018/19 SPECIAL SERVICES TAX REQUIREMENT:	AMOUNT
Public Safety Services Costs	\$115,551.60
Administrative Expense Budget FY 2018/19 [1]	\$3,330.00
Anticipated Delinquencies FY 2018/19	\$0.00
SPECIAL TAX REQUIREMENT FY 2018/19	\$118,881.60

[1] Allocated based on proportionate levy for Facilities and Services. Total budget is equal to \$32,340.

EXHIBIT "A"

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

**FISCAL YEAR 2018/19
SPECIAL TAX RATES FOR FACILITIES**

Land Use Type	Building Square Footage	Maximum Special Tax Rate for Facilities	Applied Special Tax Rate for Facilities
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	\$9,988.28 per acre

**FISCAL YEAR 2018/19
SPECIAL TAX RATES FOR SERVICES**

Land Use Type	Maximum Special Tax Rate	Applied Special Tax Rate
Residential Property	\$533.94 per dwelling unit	\$495.34 per dwelling unit
Non- Residential Property	\$2,135.80 per acre	\$1,981.38 per acre
Undeveloped Property	\$2,135.80 per acre	\$0.00 per acre