



# CITY OF SAN JUAN BAUTISTA CITY COUNCIL STAFF REPORT

**AGENDA TITLE:**                   **RESOLUTION FOR ANNUAL LEVY  
APPROVAL – CFD NO. 2018-01  
("COPPERLEAF" AND "RANCHO VISTA"  
NEIGHBORHOODS)**

**MEETING DATE:**               **July 13, 2021**

**SUBMITTED BY:**               **Don Reynolds, City Manager**

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**RECOMMENDED ACTION:**

It is recommended that the City Council:

- 1) Open public comment to accept any input from the public and consider any comments or questions. No action is required at this time.
- 2) Consider and adopt a Resolution Levying the Annual Special Tax for Community Facilities District No. 2018-01, Fiscal Year 2021/22.

**BACKGROUND INFORMATION:**

When the City approves the conditions for a new development, it requires that a service district be established to collect funds from each property owner, and use these funds to maintain those common public improvements unique and special to each new community. This includes, but is not limited to, the weekly landscape maintenance, street lighting, streets and sidewalks. The allowed uses for the funds are defined in the Formation Report provided on the City's web-site. The funds are paid to the County Tax Assessor when the property taxes are paid, and then sent to the City to use to manage the district. These funds have an accounting separate from all other funds, subject to annual review and required to submit an annual report each year.

On October 16, 2018 the City Council officially formed San Juan Bautista Community Facilities District No. 2018-01 in order to levy a special tax to fund the public services (the "Services") required to maintain certain public improvements within the boundaries of the CFD pursuant to the Mello-Roos Community Facilities Act of 1982 (Government Code Section 53311 and following) (the "Act"). Both the Copperleaf and Rancho Vista maintenance programs are part of this one district but the costs are estimated separately referred to as "Zone 1" and "Zone 2" respectively.

At the time the District was formed, a "maximum special tax" for each tax area was calculated. They are currently set at these maximum rates:

Zone 1 Copperleaf has a maximum tax of \$934.39

Zone 2 Rancho Vista has a maximum tax of \$1,193.29

Before these improvements are built, the Developer deposits a performance bond equal to the estimated cost of the improvements in the Formation Report. This bond is leveraged by the City to assure that these improvements are built to City Engineer's standards. When accepted by the City, the District and the City then assume responsibility for maintaining the improvements. "Partial Acceptance" can happen when only some of the improvements have to be completed (i.e., building a roundabout). If the developer fails to maintain the improvements before the City accepts them, the District can step in before they fall apart.

Over the past three years, the assessments have been about half of the estimated maximum tax. Last year, Zone 1 was taxed \$472.86, and Zone 2 was taxed \$678.32.

**DISCUSSION:**

Each year, the City Council will be asked to adopt a Resolution establishing the annual special tax levy for the District. The Resolution shows the special tax amount for each parcel, in each tax area (Copperleaf & Rancho Vista).

The Method of Apportionment, found in the Formation Report, allowed for an annual escalator to the maximum special tax amounts. The established annual escalator is equal to the greater of 2% or the annual Consumer Price Index-All Urban Consumers ("CPI-U") for the San Francisco-Oakland-Hayward area. For Fiscal Year 2021/22, the annual CPI-U was 1.72%. As a result, 2% was applied to the Fiscal Year 2020/21 maximum special tax for each tax area referenced above, establishing the adjusted maximum special tax for Fiscal Year 2021/22.

This is the first year the City has had a history of actual maintenance costs to consider for the District's two budgets. In Zone 1, Copperleaf, this estimate was spot-on and only a small increase of \$15 is being sought. But in Rancho Vista, the cost of landscape maintenance was higher than estimated. This is due in part to taking on additional open-space in and around the last phase of development that was not part of the initial 2018 Formation Report estimate. This budget will require an adjustment/increase of \$90.18 (13%). It is still \$400 dollars less than the maximum tax, and should be stable now for some time to come, or until a major maintenance job is required.

In summary,

The adjusted maximum CPI-U for Zone 1, the Copperleaf tax area for Fiscal Year 2021/22 is \$934.49. The actual special tax being proposed for Copperleaf parcels is increasing from \$472.86 to \$487.68.

The adjusted maximum CPI-U for Zone 2, the Rancho Vista tax area for Fiscal Year 2021/22 is \$1,193.29. The actual special tax being proposed for Rancho Vista parcels is increasing from \$687.32 to \$768.50.

**FISCAL IMPACT:**

There is no impact to the City's General Fund, so long as the special taxes for the CFD are collected and are sufficient to cover the annual costs.

**ATTACHMENTS:**

1. Resolution Approving the Levy of the 2021/22 Annual Special Tax for the CFD.
2. Annual Levy Report