

# Olivehurst Public Utility District



## Agenda Item Staff Report

Meeting Date: February 18, 2021

### Item description/summary:

**Discussion of minor increase to current taxed parcels and beginning tax on untaxed annexed parcels.** This item has been discussed at numerous Board and committee meetings. CFD 2005-2 was created for filling a gap in park maintenance funding between what we receive from CSA 66 and what the actual cost to maintain the parks is. As the name implies the CFD 2005-2 was formed in 2005 and currently there are 1034 parcels paying the annual tax out of the 1721 parcels annexed to the CFD. The parcels currently paying pay either \$25 or \$75 per year and that amount has not been increased for inflation at all. The other 687 parcels do not pay anything at this time. All annexed parcels have an OPUD maintained park within close proximity and justifiably should be paying the CFD tax. To keep up with our current per acre cost to maintain the parks I would recommend an increase of \$15 per parcel per year to those parcels being taxed currently bringing their tax amounts to \$40 and \$90 per year and taxing the current 687 untaxed parcels at \$40 per year. After looking at what the maximum amount we are allowed to tax at for this CFD of \$279 per year per parcel we are well below that amount and only taxing for the amount we need. Our financial manager's review of CSA parks revenue, expenditures and depreciation over the last decade (attached) shows a consistent decline in our surplus we use for depreciation and capital replacement costs. This increase will suffice for now but a small increase every year will likely be needed to keep up with inflation at the least.

### Fiscal Analysis:

As stated above

### Employee Feedback

None

### Sample Motion:

Prepared by:

John Tillotson, P.E., General Manager

| CSA PARKS                                     |                  |                   |                   |                    |                    |                    |                   |                    |                    |                    | Budget              |
|---|------------------|-------------------|-------------------|--------------------|--------------------|--------------------|-------------------|--------------------|--------------------|--------------------|---------------------|
|   | 2011             | 2012              | 2013              | 2014               | 2015               | 2016               | 2017              | 2018               | 2019               | 2020               | 2021                |
| MISC. REVENUES                                |                  |                   | 1,425             | 6,965              | 1,275              | 1,700              | 75,155            | 3,202              | 1,600              | 1,300              |                     |
| CSA 66 TAX REVENUE - PARKS                    |                  | 476,247           | 579,738           | 524,770            | 551,800            | 567,836            | 577,714           | 586,185            | 611,004            | 641,011            | 640,000             |
| <b>TOTAL REVENUES</b>                         | <b>\$</b>        | <b>476,247</b>    | <b>\$ 581,163</b> | <b>\$ 531,735</b>  | <b>\$ 553,075</b>  | <b>\$ 569,536</b>  | <b>\$ 652,868</b> | <b>\$ 589,387</b>  | <b>\$ 612,604</b>  | <b>\$ 642,311</b>  | <b>\$ 640,000</b>   |
| WAGES AND BENEFITS                            | 25,457           | 161,857           | 128,413           | 94,479             | 94,125             | 100,204            | 97,664            | 112,162            | 113,226            | 150,706            | 205,143             |
| ADMIN EXPENSE ALLLOCATION                     | 0                | 36,828            | 33,909            | 25,603             | 26,900             | 24,428             | 34,524            | 20,039             | 40,074             | 36,747             | 46,458              |
| IRRIGATION EXPENSE - CSA 66 PARKS             | 2,522            | 64,604            | 53,177            | 49,189             | 33,611             | 28,395             | 37,894            | 32,381             | 37,505             | 35,362             | 80,000              |
| OPERATING EXPENSES                            | 31,213           | 53,647            | 106,618           | 159,789            | 156,979            | 153,733            | 206,252           | 212,012            | 176,253            | 201,089            | 210,800             |
| MISC. EXPENSES                                | 4,536            | 28,746            | 17,223            | 17,874             | 18,396             | 42,577             | 18,838            | 14,952             | 16,828             | 23,133             | 28,607              |
| CAPITAL OUTLAY - CSA 66 PARKS                 |                  |                   | 19,531            | 16,378             | 46,185             | 28,499             | 20,632            |                    | 30,832             | 17,854             | 38,360              |
| <b>TOTAL EXPENSES</b>                         | <b>\$ 63,728</b> | <b>\$ 345,682</b> | <b>\$ 358,871</b> | <b>\$ 363,313</b>  | <b>\$ 376,196</b>  | <b>\$ 377,836</b>  | <b>\$ 415,805</b> | <b>\$ 391,546</b>  | <b>\$ 414,717</b>  | <b>\$ 464,891</b>  | <b>\$ 609,368</b>   |
| <b>SURPLUS/(DEFICIT) before depreciation</b>  | <b>(63,728)</b>  | <b>130,565</b>    | <b>222,292</b>    | <b>168,422</b>     | <b>176,878</b>     | <b>191,700</b>     | <b>237,063</b>    | <b>197,842</b>     | <b>197,887</b>     | <b>177,420</b>     | <b>30,632</b>       |
| DEPRECIATION EXPENSE (GAAP NON-CASH)          |                  | 343,332           | 228,880           | 237,146            | 245,925            | 222,183            | 222,983           | 226,124            | 222,917            | 225,874            | 225,874             |
| Operating Expense and depreciation            |                  | 689,014.25        | 587,751.04        | 600,458.53         | 622,121.62         | 600,019.29         | 638,787.97        | 617,669.58         | 637,633.75         | 690,765.15         | 835,242.05          |
| Annual % increase in expenses/no depreciation |                  |                   | 4%                | 1%                 | 4%                 | 0%                 | 10%               | -6%                | 6%                 | 12%                | 31%                 |
| <b>SURPLUS/(DEFICIT) after depreciation</b>   | <b>\$</b>        | <b>(212,767)</b>  | <b>\$ (6,588)</b> | <b>\$ (68,724)</b> | <b>\$ (69,047)</b> | <b>\$ (30,483)</b> | <b>\$ 14,080</b>  | <b>\$ (28,282)</b> | <b>\$ (25,030)</b> | <b>\$ (48,454)</b> | <b>\$ (195,242)</b> |
| <b>CFD 2005-2</b>                             |                  |                   |                   |                    |                    |                    |                   |                    |                    |                    |                     |
| ASSESSMENTS                                   |                  |                   | 27,935            | 49,413             | 57,187             | 57,172             | 58,232            | 57,852             | 57,266             | 59,722             | 60,075              |

1 Operating Expenses are increasing due to Wages/ Benefits, operating expenses and irrigation

3 Annual % increase in operating expenses without depreciation

2 CSA Park revenues have never covered both operating expenses and book depreciation - line 4

5 CFD assessments have covered the deficit in 4 until 2019-20. \$ line5 > \$ on line 4

4 There will be a shortage of approximately \$130,000 in 2020-21 (if projections hold)

5 Annual 2005-2 CFD assessment amount