

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: July 18, 2019

Item description/summary:

Approve (by Resolution) the annual tax levy for OPUD CFD 2002-1. The recitals and the exhibits for OPUD Resolution No. 2345 effectively convey, among other things, the description, justification and fiscal analysis associated with the annual levy of Mello Roos taxes for CFD 2002-1. The tax levy is \$272.04 per developed parcel. OPUD must take this action in time for the taxes to be levied by Yuba County for the fiscal year 2019/2020, i.e. OPUD must send all county required documentation no later than August 12th.

Fiscal Analysis:

The fiscal analysis associated with the annual levy is contained in the Resolution, and further detailed in the *Plumas Lake CFD 2002-1 Tax Report* from Economic and Planning Systems.

Employee Feedback

Sample Motion:

Move to approve OPUD Resolution No. 2345, and further authorize execution and submittal of all documents associated with Resolution No. 2345.

Prepared by:

Karin Helvey, Financial Manager

OLIVEHURST PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2345

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
OLIVEHURST PUBLIC UTILITY DISTRICT APPROVING THE
PLUMAS LAKE COMMUNITY FACILITIES DISTRICT NO. 2002-1
TAX REPORT FOR FISCAL YEAR 2019-20 AND LEVYING
AND APPORTIONING THE SPECIAL TAX FOR FISCAL YEAR
2019-20 AS PROVIDED THEREIN**

WHEREAS, the Board of Directors (the "Board") of the Olivehurst Public Utility District (the "District") has previously established the Plumas Lake Community Facilities District No. 2002-1 (the "CFD No. 2002-1") pursuant to Resolution No. 2037 (the "Resolution"), duly adopted by the Board on November 21, 2002, for the purpose of providing for the financing of certain Facilities in and for the District; and

WHEREAS, on November 21, 2002, the qualified electors of the CFD No. 2002-1 approved the levy of a special tax; and

WHEREAS, November 21, 2002, this Board authorized the issuance of \$27,000,000; and

WHEREAS, the bonds and interest therein will be payable from a special tax levied and collected in accordance with the Resolution; and

WHEREAS, the Plumas Lake Community Facilities District No. 2002-1 Tax Report Fiscal Year 2019-20 (the "2019-20 Tax Report") has been submitted to the Board and the Board has determined to approve the 2019-20 Tax Report, and

WHEREAS, pursuant to Section 53340 of the Government Code of the State of California, the Board is authorized to levy the special tax at the rates specified in the 2019-20 Tax Report, subject to final verification of the taxable parcel data, provided that a certified copy of this Resolution and a list of all parcels subject to the special tax with the 2019-20 Tax Report to be levied on each parcel is filed with the Yuba County Auditor on or before *August 12, 2019*.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE OLIVEHURST PUBLIC UTILITY DISTRICT, AS FOLLOWS:

Section 1. The 2019-20 Tax Report, in the form submitted to this meeting and on file with the Board is hereby approved and adopted. The General Manger of the District, or his designees, are hereby authorized to make changes to the 2019-20 Tax Report before it is filed with the Yuba County Auditor

as provided in Section 3 and to make changes in response to appeals from taxpayers in order to correct errors in the application of the special tax to particular parcels.

Section 2. Pursuant to Section 53340 of the Government Code of the State of California, a special tax is hereby levied at the rates specified in the 2019-20 Tax Report, as adjusted based upon the final verification of the taxable parcel data, and is hereby apportioned in the manner specified in the Resolution (and as more particularly described in the 2019-20 Tax Report).

Section 3. The Clerk of the District shall deliver a certified copy of this resolution together with a list of all parcels subject to the special tax levy with the 2019-20 Tax Report to the Yuba County Auditor not later than *August 12, 2019*

Section 4. The Clerk of this Board of Directors is hereby directed to enter this resolution on the minutes of this Board of Directors, which shall constitute the official action of this Board of Director

PASSED AND ADOPTED this 18th day of July 2019.

OLIVEHURST PUBLIC UTILITY DISTRICT

President, Board of Directors

ATTEST:

District Clerk & ex-officio Secretary

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY

_____, Legal Counsel

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted and passed by the Board of Directors of the Olivehurst Public Utility District, Yuba County, California, at a meeting thereof held on the 18th day of July 2019, by the following vote:

AYES, AND IN FAVOR THEREOF

NOES

ABSTAIN

ABSENT

District Clerk & ex-officio Secretary

The Economics of Land Use



Draft Report

Plumas Lake CFD No. 2002-1 FY 2019-20 Tax Report

Prepared for:

Olivehurst Public Utility District

Prepared by:

Economic & Planning Systems, Inc.

July 2, 2019

*Economic & Planning Systems, Inc.
400 Capitol Mall, 28th Floor
Sacramento, CA 95814
916 649 8010 tel
916 649 2070 fax*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

EPS #192041

Table of Contents

1.	INTRODUCTION	1
	Background.....	1
	CFD Funding Program History	1
	Organization of the Report	2
2.	CFD LAND USES AND ASSIGNMENT OF THE MAXIMUM ANNUAL SPECIAL TAX.....	3
	CFD Land Uses	3
	Subdivisions Creating New Taxable Parcels for FY 2018-19	3
	Reallocation of Planned Residential Units	3
	Assignment of the Maximum Annual Special Tax to Taxable Parcels.....	3
3.	CALCULATION OF FY 2019–20 SPECIAL TAX LEVY	5
	Compute the Annual Costs of the CFD.....	5
	Compute the Special Tax Levy for FY 2019–20	9
	Amount of Special Taxes to Be Levied in FY 2019–20	9

Exhibit A: Annual Special Tax Levy – FY 2019-20

List of Tables

Table 1	CFD Parcels for FY 2019-20	4
Table 2	Estimated Annual Costs for FY 2019-20	6
Table 3	Special Tax Delinquency Rates by Fiscal Year	7
Table 4	2018 Refunding Debt Service	8
Table 5	Assignment of the Special Tax Levy – FY 2019-20.....	10
Table 6	Special Tax Levy per Unit for FY 2019-20.....	11

1. INTRODUCTION

Background

The Plumas Lake Community Facilities District No. 2002-1 (CFD) was formed by the Olivehurst Public Utilities District (District) in September of 2002. The boundaries of the CFD include the following approved subdivision maps:

- Rio Del Oro
- Riverside Meadows
- Woodside
- Creekside
- River Oaks East
- River Oaks North

The above-referenced subdivisions were originally approved for 3,184 single-family residential lots. Final maps have been recorded and tentative maps have been revised resulting in current estimated total residential units of 3,285.

The CFD is authorized to issue up to \$27.0 million in CFD bond debt to fund the acquisition or construction of water, sewer, and park facilities to be owned and operated by the District. The District issued \$7.91 million in CFD bond debt in 2005 to partially acquire approximately \$19.0 million in facilities that have been constructed by developers owning land in the CFD to date. Series 2008 bonds were issued in the par amount of \$3.235 million to fund authorized facilities of the CFD.

The Series 2005 and Series 2008 bonds were refunded in July of 2018. The new principle bond issuance of \$7,704,900 fully refunded the outstanding bonds of the CFD. Under the Fiscal Agent Agreement of the Series 2018 bonds, a requirement that all taxable parcels classified as other than Undeveloped Parcels be levied the maximum annual special tax was removed.

As of the FY 2019-20 Tax Report, all developer obligations have been fully funded with CFD bond proceeds and special tax proceeds under the Pay-As-You-Go program. Beginning with the FY 2018-19 special tax levy, the CFD will be required to fund debt service, administrative costs of the CFD, and other authorized costs of the CFD.

CFD Funding Program History

Developers within the CFD had anticipated that the District would issue approximately \$23.0 million in CFD bonds in order to acquire the approximately \$19.0 million in facilities constructed. In order to issue this many bonds, the District would have to levy a special tax against undeveloped parcels. In 2003 the District learned that levees protecting the land within the CFD provided less than 100 year protection. As a result, concerns about the flood threat made issuing debt against undeveloped parcels difficult in the market, and caused the District to limit any debt issuance to an amount that could be secured by parcels with a building permit for residential uses. Therefore, only \$11.145 million in CFD bonds were originally issued to fund CFD projects. The original CFD bonds were refunded in 2018.

The special tax was first levied in FY 2004-05 in anticipation that CFD bonds would be issued during that fiscal year. The special tax has been levied in each fiscal year since FY 2004-05.

Organization of the Report

This report serves as the Annual Tax Report required by the Mello-Roos Act. This report discusses parcels included in the CFD, the calculation of annual costs, and the allocation of the special tax to parcels. **Chapter 2** discusses land uses in the CFD. **Chapter 3** discusses the assignment of the maximum annual special tax. **Chapter 4** discusses the calculation of the FY 2019–20 tax levy.

There is one exhibit attached to the report. **Exhibit A** contains the list of all CFD parcels and the amount of Special Tax levy for FY 2019–20.

2. *CFD LAND USES AND ASSIGNMENT OF THE MAXIMUM ANNUAL SPECIAL TAX*

CFD Land Uses

The CFD was formed originally with planned residential units numbering 3,184. The Special Tax Formula allows the number of planned residential units to be increased as a result of revised tentative maps or additional residential units being created at the recordation of a final map. Current tentative maps and recorded final maps identify 3,285 planned residential units. Residential units are first allocated to tentative map parcels by identifying the estimated number of planned residential units that would be located on the Assessor's Parcel Number classified as a tentative map parcel. When a large lot parcels is created identifying specific land uses within a subdivision, planned residential units are further allocated to new Assessor's Parcel Numbers. Once a final map is recorded, each final map lot is assigned a residential unit, and any remaining planned residential units are assigned to remaining large lot parcels that have yet to be subdivided.

Table 1 shows that of the 3,285 planned residential units, 2,229 are classified as "developed" parcels, or parcels with a final map for single family residential uses. Each of these parcels is assigned a residential unit, with the exception of two parcels comprising the River Oaks East Phase 2, for which a 94-unit final map has been approved. There is a total of 2,321 "developed" parcels. The remaining 964 Planned Residential Units are assigned to 12 Large Lot Parcels.

Subdivisions Creating New Taxable Parcels for FY 2018-19

A final map was approved for River Oaks East Phase 2 creating 94 new taxable parcels which are designated as "developed" parcels.

Reallocation of Planned Residential Units

No Planned Residential Units were reallocated to taxable parcels for FY 2019-20.

Assignment of the Maximum Annual Special Tax to Taxable Parcels

Under the Special Tax Formula Planned Residential Units are assigned to Taxable Parcels, and then a Maximum Annual Special Tax per Unit is assigned to each Planned Residential Unit. The Maximum Annual Special Tax per Planned Residential Unit is \$600, and is not increased by an escalation factor annually.

Table 1
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
CFD Parcels for FY 2019-20

Tax Category	Taxable Parcels	Assigned Units
Developed Parcels	2,229	2,321
Large Lot Parcels	12	964
Tentative Map Parcels	0	0
Undeveloped Parcels	0	0
Totals	2,241	3,285

"units"

Source: Yuba County Assessor's Office and
EPS.

3. CALCULATION OF FY 2019–20 SPECIAL TAX LEVY

Compute the Annual Costs of the CFD

The Annual Costs for the CFD are the total dollar amount of expenditure items that must be funded in FY 2019–20. The Annual Costs for FY 2019–20 are \$631,411.77, as shown in **Table 2**. Annual Costs consist of the following items:

1. Annual debt service requirement;
2. Administrative expenses;
3. The amount needed to replenish the reserve fund for the bonds to the level required under the Bond Indenture;
4. Any amounts needed to cure actual or projected delinquencies in collecting the special tax; and
5. Pay-As-You-Go Expenditures (if any).

Annual Debt Service Requirement

The amount of principal and interest payments to be paid in March and September of 2020 are the amounts required to be funded from the special tax levy for FY 2019–20. **Table 4** shows the annual debt service requirement in all fiscal years in which bonds are outstanding. The Series 2018 Refunding Bonds have estimated interest payments in the amount of \$149,184 due in March and September of 2020. Principal payment in the amounts of \$283,400 for Series 2018 Refunding Bonds is due in September of 2020.

Administrative Expenses

The District may levy special taxes to cover administrative expenses associated with the costs of administering the CFD. Administrative costs consist of, but are not limited to, District staff costs, tax administrator costs, fiscal agent fees, and County special tax collection fees. Total administrative expenses of the CFD are estimated to be \$45,000 for FY 2019–20.

Replenishment of Reserve Fund and Special Tax Delinquencies

The reserve fund was not depleted to fund annual debt service costs in FY 2018-19. Special delinquencies as of the date of this report were 0.74-percent of the FY 2018-19 levy of \$638,300. As a result, a contingency amount of 0.74-percent for uncollected special taxes is reserved in the **Table 2** to fund current delinquencies. **Table 3** shows the current fiscal year delinquency rate and historical delinquency rates.

Table 2
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
Estimated Annual Cost for FY 2019-20

Item	Amount
Refunding Debt Service [1]	
Interest Due March 1, 2020	\$149,184
Interest Due September 1, 2020	\$149,184
Principal Due September 1, 2020	\$283,400
Total Debt Service FY 2019-20	\$581,768.00
CFD Administration Expense	\$45,000.00
Allowance for Special Tax Delinquencies [2]	0.74% \$4,643.77
Total Estimated Annual Costs for FY 2019-20	\$631,411.77

"costs"

[1] From **Table 4**.

[2] Annual costs include anticipated special tax delinquencies from the previous and current fiscal year may be included in calculation of annual costs. The delinquency rate as of **May 13, 2019** is 0.74%. Therefore, 0.74% of the annual levy is budgeted to cover prior year special tax delinquencies.

Table 3
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
Special Tax Delinquency Rates by Fiscal Year

Fiscal Year	Special Tax Levy	Collections	Unpaid Special Taxes	Delinquency Rate	Total Amount Still Outstanding [14]
2005-06 [1]	\$1,971,000	\$1,960,200	\$10,800	0.55%	\$0
2006-07 [2]	\$1,971,000	\$1,916,700	\$54,300	2.75%	\$0
2007-08 [3]	\$1,971,000	\$1,866,600	\$104,400	5.30%	\$0
2008-09 [4]	\$1,971,000	\$1,885,200	\$85,800	4.35%	\$0
2009-10 [5]	\$1,971,000	\$1,889,400	\$81,600	4.14%	\$0
2010-11 [6]	\$1,971,000	\$1,886,400	\$84,600	4.29%	\$0
2011-12 [7]	\$1,971,000	\$1,897,500	\$73,500	3.73%	\$0
2012-13 [8]	\$1,971,000	\$1,959,900	\$11,100	0.56%	\$0
2013-14 [9]	\$1,971,000	\$1,965,300	\$5,700	0.29%	\$300
2014-15 [10]	\$1,971,000	\$1,963,200	\$7,800	0.40%	\$900
2015-16 [11]	\$1,971,000	\$1,953,900	\$17,100	0.87%	\$1,200
2016-17 [12]	\$1,971,000	\$1,960,500	\$10,500	0.53%	\$1,200
2017-18 [13]	\$1,971,000	\$1,967,700	\$3,300	0.17%	\$2,100
2018-19 [14]	\$638,303	\$633,574	\$4,729	0.74%	\$4,729

"del_rate"

- [1] As of March 13, 2006
- [2] As of March 27, 2007.
- [3] As of July 23, 2008.
- [4] As of August 4, 2009.
- [5] As of September 10, 2010.
- [6] As of May 10, 2011.
- [7] As of May 15, 2012.
- [8] As of May 10, 2013.
- [9] As of August 15, 2014.
- [10] As of May 29, 2015.
- [11] As of June 2, 2016.
- [12] As of June 8, 2017.
- [13] As of June 19, 2018.
- [14] As of May 13, 2019.

Table 4
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
2018 Refunding Debt Service

Period Ending	Principal	Interest	Debt Service
9/1/2019	\$245,700	\$334,735	\$580,435
9/1/2020	\$283,400	\$298,368	\$581,768
9/1/2021	\$292,100	\$287,032	\$579,132
9/1/2022	\$303,400	\$275,348	\$578,748
9/1/2023	\$317,600	\$263,212	\$580,812
9/1/2024	\$329,300	\$250,508	\$579,808
9/1/2025	\$340,900	\$237,336	\$578,236
9/1/2026	\$355,400	\$223,700	\$579,100
9/1/2027	\$369,400	\$209,484	\$578,884
9/1/2028	\$383,100	\$194,708	\$577,808
9/1/2029	\$399,700	\$179,384	\$579,084
9/1/2030	\$416,600	\$163,396	\$579,996
9/1/2031	\$432,300	\$146,732	\$579,032
9/1/2032	\$448,500	\$129,440	\$577,940
9/1/2033	\$467,300	\$111,500	\$578,800
9/1/2034	\$485,600	\$92,808	\$578,408
9/1/2035	\$504,100	\$73,384	\$577,484
9/1/2036	\$427,500	\$53,220	\$480,720
9/1/2037	\$443,000	\$36,120	\$479,120
9/1/2038	\$460,000	\$18,400	\$478,400
Totals	\$7,704,900	\$3,578,815	\$11,283,715

"refunding_ds"

Source: Fieldman, Rolapp & Associates

Compute the Special Tax Levy for FY 2019–20

The special tax formula stipulates that the administrator shall levy the special tax proportionally on Developed Parcels up to an amount equal to annual costs shown in **Table 2**, or up to the maximum annual special tax for such parcels first. If there are insufficient special tax revenues derived by levying the special tax on Developed Parcels at the maximum amount, Large Lot Parcels, and then Tentative Map Parcels shall be levied.

Annual costs are \$631,411.77. The maximum annual special tax revenue for all Developed Parcels is \$1,392,600 (as shown in **Table 5**) for FY 2019-20. Annual costs are approximately 45-percent of the maximum annual special tax revenue for all Developed Parcels. Therefore, the special tax for Developed Parcels shall be levied at 45.34-percent of the maximum annual special tax for all Developed Parcels for FY 2019-20.

There shall be no special tax levy for Large Lot Parcel, Tentative Map Parcels, or Undeveloped Parcels for FY 2019-20.

Amount of Special Taxes to Be Levied in FY 2019–20

Exhibit A shows the amount of special tax to be levied for each taxable parcel in FY 2019–20. The amount to be levied on each Developed Parcel is equal to 45.34-percent of the maximum annual special tax that may be levied for a parcel in this tax category. **Table 6** shows the maximum annual special tax per planned unit of \$272.04 for each Developed Parcel.

Table 5
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
Assignment of the Special Tax Levy - FY 2019-20

Tax Category	Taxable Parcels	Taxable Units	Maximum Annual Special Tax Per Unit	Maximum Annual Special Tax Revenue	Special Tax Levy Requirement FY 2019-20	Special Tax Levy Amount FY 2019-20	% of Total
			[1]		[2]		
Annual CFD Costs [3]	\$631,411.77						
Developed Parcels	2,229	2,321	\$600	\$1,392,600	45.34%	\$631,412	100%
Large Lot Parcels	12	964	\$600	\$578,400	0.00%	\$0	0%
Tentative Map Parcels	0	0	\$600	\$0.00	0.00%	\$0	0%
Undeveloped Parcels	0	0	\$600	\$0.00	0.00%	\$0	0%
Totals	2,241	3,285		\$1,971,000		\$631,412	

"1920_levy"

[1] The Maximum Annuals Special Tax per Unit was established as \$600 and does not increase by a tax escalation factor annually.

[2] The RMA stipulates that Developed Parcels are levied up to 100-percent of the Maximum Annual Special Tax until the levy is equal to annual costs, prior to levying a special tax on Large Lot Parcels, and Tentative Map Parcels. Annual Costs are approximately 45-percent of the Maximum Annual Special Tax for Developed Parcels for FY 2019-20.

[3] From **Table 2**.

Table 6
Olivehurst Public Utilities District
Plumas Lake CFD No. 2002-1
Special Tax Levy per Unit for FY 2019-20

Tax Category	Maximum Annual Special Tax per Unit	Special Tax Assignment	Special Tax Levy per Unit
Developed Parcels	\$600	45.34%	\$272.04
Large Lot Parcels	\$600	0.00%	\$0.00
Tentative Map Parcels	\$600	0.00%	\$0.00
Undeveloped Parcels	\$600	0.00%	\$0.00

"levy"