

ORCUTT COMMUNITY FACILITIES DISTRICT

HISTORY, ALTERNATIVES AND RATES

August 1, 2006

DEFINITION OF A CFD

- A special financing entity through which local government levies a special tax and/or issues bonds authorized by a 2/3 vote of the qualified electors of such a district
- Finance infrastructure/public facilities and/or services
- Often used in DEVELOPING areas or areas undergoing rehabilitation
- Mello-Roos Community Facilities Act of 1982

THE CHALLENGE

- Little Hoover Commission *Growth Within Bounds: Planning California Governance for the 21st Century*
 - Governments face unprecedented challenges in their ability to finance service delivery since voters cut property taxes in 1978 and legislature shifted property taxes from local government to schools in 1993 (plus state/federal mandates and funding issues)
 - Population will double, open spaces will disappear, job-housing disconnect/longer commutes/new freeways required

WHY A CFD FOR ORCUTT?

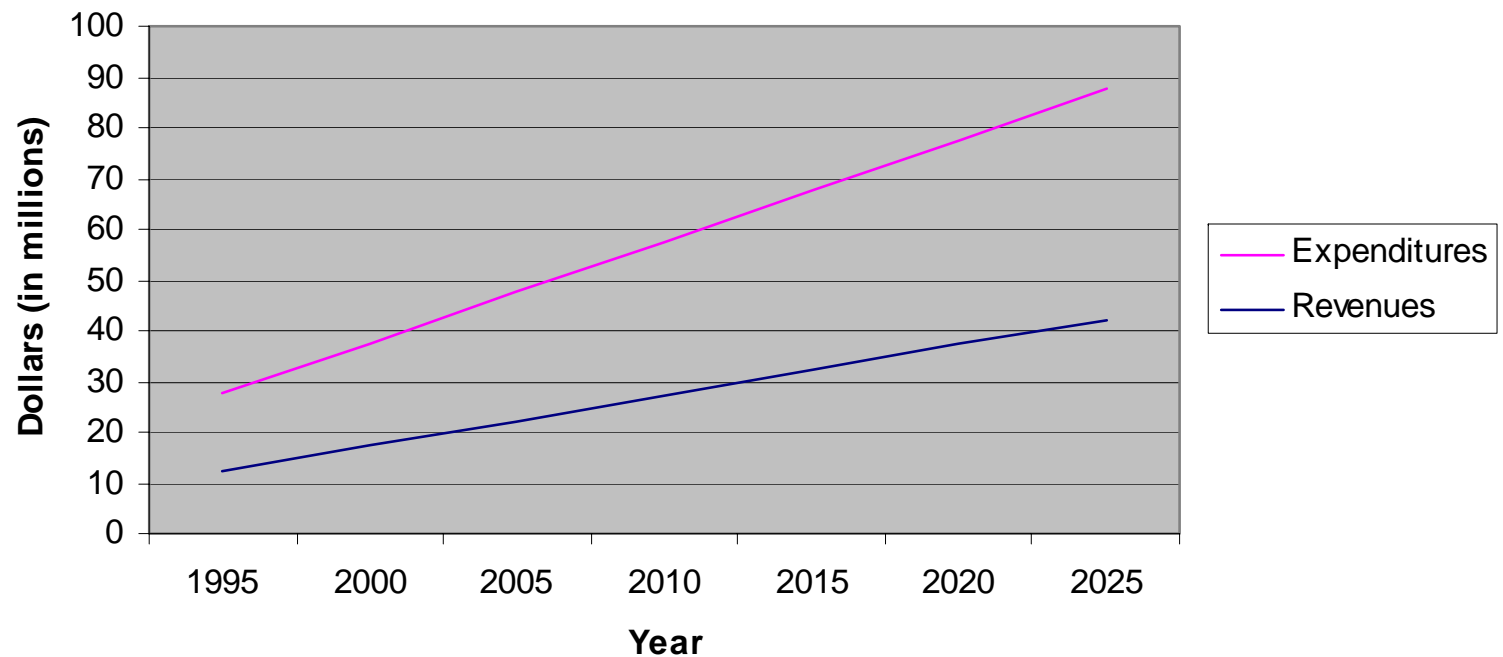
- County's Debt Advisory Committee determined CFD the best way to fund the net additional operations & maintenance costs associated with new development in Orcutt (formed in October 2002)
- Ties to Orcutt Community Plan
- Funds fire, police, parks/open space/parkways maintenance, flood and storm protection services (i.e. regional basins)

ORCUTT COMMUNITY PLAN (1997)

- Plan identifies growth projections
- Over 100 public workshops/hearings
- Desire for urban level of services within unincorporated area
- Revenues generated at buildout (property tax, sales tax) would not equal the costs of additional County services at buildout
- Residents decision that new development would pay its "fair share"

ORCUTT GAP CHART

Gap Between Revenues & Expenditures for Orcutt



ORCUTT COMMUNITY PLAN: POLICIES

- The County shall require that adequate resources and service capacity are available to accommodate the growth identified within this Plan
- To improve fiscal balance in both the development, and operations and maintenance of public infrastructure, the County shall pursue establishment of appropriate funding mechanism to ensure that development pays its "fair share" of public infrastructure costs
- At the time of Phase II of the OCP (redesignation of Site 22), the County will review and update the fiscal policies and consider any appropriate changes to the fees

ORCUTT COMMUNITY PLAN: STANDARDS

- FIRE: Ratio of 1 officer: 1,200 persons. Ratio would drop at buildout to unacceptable levels so 3 on duty (or 9 total) firefighters needed in ten years.
- SHERIFF: Ratio of 1 firefighter: 4,000 persons. By buildout, eight additional officers (or 31 total) will be needed.
- PARKS: Ratio of 4.7 acres: 1,000 persons for parks. At buildout, 100 additional acres of parks needed. There is also a desire by the community for open space and trails.
- FLOOD: Regional basins as option to small individual basins (difficult to maintain, unsightly and less effective). Regional basin would accommodate increased flows for both new development and existing basins.

OTHER ALTERNATIVES: FUND FACILITY COSTS

Orcutt Public Infrastructure Financing Program examined other alternatives for construction facilities:

- AB 1600 Developer Fees
- Land Secured Public Debt Financing
- Mello Roos Community Facilities Districts
- Special Assessment Districts
- Landscape and Lighting Districts
- Sewer Revenue Bonds
- Infrastructure Financing Districts
- Integrated Financing Districts

OTHER ALTERNATIVES: SERVICE DISTRICTS

- Special district (i.e. County Service Area): Provides municipal-type services; paid by property owners through tax bill
- Community Service District: Provides services which are not currently being provided or consolidate delivery of existing services; funded through non-property tax revenues
- CFD: Provides specific services or finance public improvements; paid through per-unit tax on new development
- Benefit Assessment District: Provides public improvement of direct benefit to property; paid through special assessments charges on property that receives public improvement

OTHER ALTERNATIVES

- Individuals pay costs directly or through homeowners association for basins, parks and private roads
- Use the 19% of General Fund that is discretionary to fund these services in Orcutt
- Decrease the level of services
- City of Santa Maria provide services (method of paying for services unknown)
- Once development occurs at significant levels, especially commercial development, Orcutt could incorporate

OCFD TAX RATES

- Specified four services areas (fire, sheriff, parks, flood) to be paid via tax so that other revenues generated within Orcutt could support other services
- Commercial development is not in full force yet and does not generate revenue
- To pay the incremental cost of services. Over time, there will be enough money within the OCFD to achieve Plan goals
- As more parcels come on-line, the tax rate is spread out and decreases for each individual parcel

OCFD TAX RATES

FY 2006-2007

- 182 parcels to generate about \$72,000
- Single-family unit: \$489.54 (FY 05-06: \$662.64)
- Retail commercial property: \$0.34404 per square foot (FY 05-06: \$0.45724)
- Graded lot (for flood control): \$50 per lot

CONSEQUENCES OF TERMINATING THE OCFD

- Inconsistent with vision of Orcutt Community Plan
- Devise alternative to finance services in Orcutt as specified by the Orcutt residents
- Set precedent for undoing of funding mechanisms for other special districts and future developments
- Reconcile taxes development has paid