



BOARD OF SUPERVISORS  
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors  
105 E. Anapamu Street, Suite 407  
Santa Barbara, CA 93101  
(805) 568-2240

Department Name: CEO  
Department No.: 012  
For Agenda Of: 7/10/07, 7/17/07  
Placement: Set Hearing  
Estimated Tme:  
Continued Item: No  
If Yes, date from:  
Vote Required: Majority

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**TO:** Board of Supervisors

**FROM:** Department Michael F. Brown, County Executive Officer  
Director(s)  
Contact Info: Terri Maus Nisich, Assistant County Executive Officer, 568.3400

**SUBJECT: Levy Special Tax for Orcutt Community Facilities District**

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**County Counsel Concurrence**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Other Concurrence:** N/A

**Recommended Actions:**

- That the Board of Supervisors set a hearing for July 17, 2007 (estimated 25 minutes) to:
- (A) Receive Summary of Proposed Fiscal Year 2007-2008 Tax Levy for Orcutt Community Facilities District No. 2002-1; and,
  - (B) Adopt Resolution Levying Special Taxes within County of Santa Barbara Community Facilities District No. 2002-1.
  - (C) Authorize Housing and Community Development to distribute funds to affected departments.

**Summary Text:**

A community facilities district (CFD) is a financing entity commonly used by cities and counties to finance new community facilities and services associated with new development by placing an additional special tax on each newly created parcel. The Orcutt Community Facilities District No. 2002-1 ("OCFD") was approved by the Board of Supervisors on October 8, 2002 specifically to fund (1) police/sheriff protection services, (2) fire protection services, (3) maintenance of parks, parkways and open space, and (4) flood and storm protection services within the Orcutt Planning Area via a special tax on residential and commercial properties. The Orcutt Planning Area is located immediately south of the City of Santa Maria (a map depicting the current boundaries of the OCFD is attached for reference).

The OCFD was created as the financing mechanism to accompany the Orcutt Community Plan. The Orcutt Community Plan, revised in July 2002, updated the County's 1980 Comprehensive Plan for the unincorporated area of Orcutt to identify growth protections and provide for orderly development to meet the housing, commercial and industrial space needs, roads, public facilities and amenities for the

community for future development in Orcutt over the next 10-15 years ('buildout'). The Orcutt Community Plan (page 253) states that the County shall strive to ensure that funding is available for the operations and maintenance of public facilities in the community of Orcutt and that all development should be required to pay its fair share of the cost of operation and maintenance of public facilities. The County's Debt Advisory Committee determined that the formation of a CFD was an appropriate mechanism to fund the net additional operations and maintenance costs associated with new development and initiated the procedures to create Orcutt Community Facilities District No. 2002-1.

An annual special tax rate is calculated using the Rate and Method of Apportionment ("RMA"), which documents the methodology and process for setting and collecting the special tax. The OCFD rate is prepared by an independent firm and levied on three types of development: (1) developed property, (2) graded property and (3) undeveloped property. Developed property is further classified as (1) single family, (2) multi-family, (3) non-retail/commercial industrial and (4) retail commercial property. The proposed rates to be levied, upon approval by the Board of Supervisors on July 17<sup>th</sup>, 2007, are depicted in the chart below and labeled FY 20072-008 Special Tax Rate.

Parcel Type	FY 2006-2007 Special Tax	FY 2007-2008 Special Tax	FY 2007-2008 Maximum Special Tax
Single Family Property	\$498.54	\$514.92	\$714.92
Multi-Family Property		N/A	\$486.15
Non-Retail Commercial/Industrial Property		N/A	\$0.69347 sq./ft
Retail Commercial Property	\$0.34404 sq./ft	\$0.35534 sq./ft	\$0.49331 sq./ft
Graded Property	\$50	\$50	\$50

The special tax will be used to offset the operational and maintenance costs for the additional services provided to residents at buildout. These services are included within the Orcutt Community Plan, many of which are based on service ratio standards. For instance, in order to maintain the ratio of one firefighter per 4,000 residents, the Fire Department would need three additional firefighters at buildout in Orcutt. Similarly, the Sheriff would need eight additional patrol officers to maintain the ratio of one officer per 1,400 residents. In addition to fire and police protection services, the OCFD also includes funding for the maintenance of parks and open space and flood and storm protection services via regional basins. It should be noted that the \$50 special tax on graded property is to offset the potential runoff and contribution to flooding conditions.

The proposed special tax rate to be levied for the 2007-2008 Fiscal Year includes a 3.29% increase over last year's rate, which reflects an escalation based on the Consumer Price Index, consistent with the RMA. However, the Actual Special Tax is only 72% of the Maximum Special Tax legally allowed to be levied by the OCFD. Levying the entire Maximum Special Tax would result in an increase of 43% over last year's rate. Without levying the Maximum Special Tax rate, the gap between revenues generated via the OCFD and the costs of services within the OCFD boundary will continue to grow over time.

After the special tax rate is determined, the Board of Supervisors must annually adopt a resolution levying the amounts of the special tax prior to **August 10**. Section 53340 of the Mello-Roos Community Facilities Act of 1982 requires that a resolution to levy a special tax on a community

facilities district must be filed with the County Auditor on or before the 10th day of August for that tax year.

**Background:** This item is before the Board to adopt a resolution to levy the annual special tax for the OCFD. Furthermore, the Board is being requested to authorize Housing and Community Development to disperse the funds that have been collected thus far to the Fire Department, Parks Department, Public Works Department (Flood) and Sheriff's Department upon receiving invoices from these respective departments that document incremental costs associated with providing services to the Orcutt area contained with the OCFD boundary map.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

Narrative: Some 332 parcels will be levied to generate \$96,834 for the costs of services provided within the OCFD. This rate reflects an increase of 3.92% adjusted for the Consumer Price Index. However, the maximum special tax rate that may legally be levied would generate \$146,595.56.

During the setting of the rate last year, the Board of Supervisors inquired about whether home owners were paying their "fair share" due to the increase in property taxes resulting from increased home valuations. The County requested that Taussig and Associates update the Fiscal Impact Report originally prepared in 1997. This report identifies the ongoing or recurring fiscal impacts from the development of the Orcutt Community Plan on the County. Taussig analyzed the recurring revenues and compared the revenues to the updated costs of providing the services identified within the OCFD (fire, police, parks and flood). The updated Fiscal Impact Report illustrated that the net recurring fiscal impact of new development to the General Fund is \$2,295,071 annually or \$765.79 per unit annually (this amount is greater than the Maximum Special Tax that is legally allowed to be charged via the OCFD).

The OCFD is a financing mechanism that levies the special tax on both residential and non-residential structures. It is assumed that both types of structures and their respective inhabitants would utilize the various services of police/sheriff, fire, parks and open space and flood and storm services and should contribute to the special tax accordingly. If non-residential structures are not included within the OCFD boundary (i.e. annexed to another entity prior to or after inclusion within the OCFD or detached from the OCFD), the special tax rate is no longer applicable. However, there is no realistic method operationally to prevent these non-residential structures from utilizing the services provided via the OCFD. It is feasible under this scenario that non-residential structures would utilize services without paying toward the cost of these services via the OCFD special tax.

**Staffing Impacts:**

**Legal Positions:**

N/A

**FTEs:**

N/A

**Attachments:**

1. Orcutt Community Facilities District Amended Map
2. Administration Report Fiscal Year 2007-2008, County of Santa Barbara CFD No. 2002-1
3. Resolution Levying Special Taxes within the County of Santa Barbara Community Facilities District 2002-1

#### 4. Orcutt Community Plan Fiscal Impact Analysis

**Authored by:**

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