

Orcutt Community Facility District Special Report

On July 7th, 2015 Community Services Department (CSD) received approval from the Board of Supervisors to update the special tax levy for Orcutt Community Facility District (CFD) in Fiscal Year 2015-16.

During that presentation the Board requested that CSD come back to further discuss the CFD special tax and services being provided to residents of the CFD.

This presentation seeks to provide a background on why Community Facility Districts (CFD) were formed and the background of Orcutt CFD creation and implementation.

Board of Supervisors
November 10, 2015



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California Proposition 13, also known as People's Initiative to Limit Property Taxation, was passed by California voters on June 6th, 1978.

- Under reform, property tax was rolled back and frozen to 1976 assessed value.
- Property taxes were limited to increase no more than 2% annually, as long as the property was not sold.
- If property was sold, the property was reassessed at 1% of the fair market value.

Proposition 13 restricted the amount local jurisdictions could tax.

It limited local government's ability to raise taxes to meet service demands for citizens.



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Because of Proposition 13 limitations, State Legislature passed the Mello-Roos Community Facilities Act of 1982.

Powers imposed: It allowed local government agencies to obtain community funding via a special tax on new development.

What can it finance? Facilities or Services, or both.

Services can include: Police, Jail, Fire, Ambulance, Parks, Flood, Environmental Clean up.



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Orcutt Community Facility District (CFD) creation and implementation.

- The CFD was formed on October 15, 2002 when the Board of Supervisors approved Ordinance No. 4478.
- The Debt Advisory Committee determined that the formation of the CFD was an appropriate mechanism for the County to fund basic county services and maintenance costs for the residents of the new development in Orcutt.
- Its intention was to mitigate the negative fiscal impact of development within the Orcutt Community Plan and ensure that new residents paid the full cost of basic County services that they would use.
- The County Executive Office authorized Housing and Community Development to distribute funds in July 2007.
- Funds were first distributed to Departments beginning in FY 2007/08.



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Orcutt Community Facility District (CFD) creation and implementation, continued.

- The public services authorized by the CFD are (1) fire protection services, (2) sheriff protection services, (3) maintenance of parks, parkways and open space, and (4) flood and storm protections services, including, but not limited to, the operation and maintenance of storm drainage systems.
- The intent of the CFD is to finance the above listed services with the revenue that it generates.
- The CFD is taxed below the Maximum Special Tax, currently 72%.
- CFD Special Tax levies are distributed to departments based upon annual survey by external consultant, David Taussig & Associates.



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The most recent nexus study by Taussig & Associates, Inc. was performed in 2007.

It determined the net deficit of \$2.3M to the County at full build out.

NET FISCAL IMPACT	
Total On-Going Revenues	\$6,331,288
Total On-Going Costs	\$8,626,359
Annual Ongoing Surplus / (Deficit)	(\$2,295,071)
Total Annual Revenue / Cost Ratio	0.73
Deficit Per Dwelling Unit	(\$765.79)

Current special tax assessment for a Single Family Property in FY15-16 is \$616.96.

*Taussig determined costs using the Per Capita Multiplier methodology, which involves calculating the average costs of County services per resident and/or employee and applying this cost factor to the new development at OCP buildout.



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Cost Overview by Department, Fiscal Year 2014-15, based on current buildout.

Dept.	CFD Revenue Distributed	Department Costs or Service Ratio Standard	Difference	Consultant's Cost Est.	%
Fire	\$112,380	1:4,000		\$320,794	46%
Sheriff	\$81,869	1:1,200		\$234,032	34%
Parks*	\$35,341	\$112,800	(\$77,459)	\$100,699	15%
Flood	\$12,585	\$12,630	(\$45)	\$25,975	4%
Admin	\$9,844	\$7,700	\$2,144	\$9,000	1%
Total	\$252,019		(\$75,360)	\$690,500	100%

* - Excludes Developers cost to maintain park, est. \$50,000



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Questions?

