

**STAFF REPORT**  
**City of Lancaster**

CC 9
07/22/14
MVB

Date: July 22, 2014

To: Mayor Parris and City Council Members

From: Barbara Boswell, Finance Director

Subject: **Approval of Special Tax Levy within Community Facilities District No. 89-1 For Fiscal Year 2014-2015**

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**Recommendation:**

Adopt **Resolution No. 14-48**, authorizing and providing for the Fiscal Year 2014-2015 levy of a special tax within Community Facilities District No. 89-1, a District established to finance the acquisition and construction of regional water system improvements in various locations in the City.

**Fiscal Impact:**

No expenditure of City funds is involved since the special tax levy on land within CFD 89-1 proposed for 2014-2015 are sufficient to meet administrative costs and debt service requirements for 2014-2015 on CFD 89-1, 1990 Special Tax Bonds. The maximum tax levy will remain the same as the prior year.

**Background:**

CFD 89-1, otherwise known as Hillside Residential, was established to finance the construction of regional water system improvements primarily on the east side of Lancaster. Four million, eight hundred and ninety-five thousand (\$4,895,000) in Special Tax Bonds were issued.

On October 16, 1989, City Council adopted Ordinance No. 518, authorizing the levy of the special tax for CFD 89-1.

The levy of the special tax on an annual basis is required since the rate and method for special tax apportionment differentiates between developed property and undeveloped property. As homes are completed and sold by the developer, the property changes from undeveloped to developed status which carries a different tax rate for the homebuyer.

On November 16, 1992, the City Council adopted Resolution No. 92-271, ordering judicial foreclosure of delinquent Special Taxes within CFD 89-1.

On February 1, 1993, the City Council adopted Resolution No. 93-14 (amended by Resolution No. 93-38, on March 15, 1993), requiring cash payment for certain properties within CFD 89-1 who have excess Water Capacity Units (WCUs) in accordance with the Rate and Method.

On December 9, 1997, the City Council adopted Resolution No. 97-129, restructuring the district, resulting in an A Series (for performing properties) and a B Series (for non-performing properties). Bonds were issued in the amount of \$3,740,000.00 and \$2,643,889.71 respectively. The rate and method was modified at that time. This revised rate and method was used to calculate the 2014-2015 levy.

As required by Ordinance No. 518, authorizing the levy of a special tax for CFD 89-1, the City Council is required to adopt by Resolution, the special tax levy in accordance with previously adopted "Rate and Method of Special Tax Apportionment". The City's Mello-Roos administrator, Willdan has completed the Special Tax Levy Report for Fiscal Year 2014-2015.

BB:NR

**Attachments:**

Resolution No. 14-48

Special Tax Levy Report – On file in the City Clerk's Office

Exhibit A – 2014-2015 Special Tax Rates