

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

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07/22/08
MVB

Date: July 22, 2008

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 2008-2009**

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**Recommendation:**

Adopt Resolution No. 08-72, authorizing and providing for the Fiscal Year 2008-2009 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 2008-2009 are sufficient to meet administrative costs and debt service requirements for 2008-2009 on CFD 89-1, 1990 Special Tax Bonds. The tax rate for undeveloped properties is increasing \$8.32 annually, or 2.59%. All other property types remain the same rate as 2007-2008.

**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 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 2008-2009 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, MuniFinancial, has completed the Special Tax Levy Report for Fiscal Year 2008-2009.

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**Attachments:**

1. Resolution No. 08-72
2. Special Tax Levy Report – On file in the City Clerk's Office
3. Exhibit A – 2008-2009 Special Tax Rates

RESOLUTION NO. 08-72

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, AUTHORIZING AND PROVIDING FOR THE FISCAL YEAR 2008-2009 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

WHEREAS, the City Council of the City of Lancaster, California, (hereinafter referred to as the "legislative body"), has initiated proceedings, held a public hearing, conducted an election and received a favorable vote from the qualified electors relating to the levy of a special tax in a community facilities district, all as authorized pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982", being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. This Community Facilities District shall hereinafter be referred to as "District"; and

WHEREAS, this legislative body, by Resolution as authorized by Section 53340 of the Government Code of the State of California, has authorized the levy of a special tax to pay for costs and expenses related to said District, and this legislative body is desirous to establish the specific rate of the special tax to be collected for the next fiscal year.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LANCASTER, CALIFORNIA, AS FOLLOWS:

SECTION 1. The above recitals are all true and correct.

SECTION 2. The specific rate and amount of the special tax to be collected to pay for the costs and expenses for the next fiscal year (2008-2009) for the referenced District is hereby determined and established as set forth in the levy report.

SECTION 3. The rate as set forth above does not exceed the amount as previously authorized by Resolution of this legislative body, and is not in excess of that as previously approved by the qualified electors of the District, and is exempt from Proposition 218, Section XIIIID of the California State Constitution.

SECTION 4. The proceeds of the special tax shall be used to pay, in whole or in part, the costs of the following:

- A. Payment of principal of and interest on any outstanding authorized bonded indebtedness;
- B. Necessary replenishment of bond reserve funds or other reserve funds;
- C. Payment of costs and expenses of authorized public services;
- D. Repayment of advances and loans, if appropriate;
- E. Payment of District administrative costs.

The proceeds of the special taxes shall be used as set forth above, and shall not be used for any other purpose.

SECTION 5. The special tax shall be collected in the same manner as ordinary ad valorem property taxes are collected, and shall be subject to the same penalties and same procedure and sale in cases of any delinquency for ad valorem taxes, and the Tax Collector is hereby authorized to deduct reasonable administrative costs incurred in collecting any said special tax.

SECTION 6. All monies above collected shall be paid into the Community Facilities District funds, including any bond fund and reserve fund.

SECTION 7. The Auditor of the County is hereby directed to enter in the next County assessment roll on which taxes will become due, opposite each lot or parcel of land effected in a space marked "public improvements, special tax" or by any other suitable designation, the installment of the special tax, and for the exact rate and amount of said tax, reference is made to the levy report.

SECTION 8. The County Auditor shall then, at the close of the tax collection period, promptly render to this Agency a detailed report showing the amount and/or amounts of such special tax installments, interest, penalties and percentages so collected and from what property collected, and also provide a statement of any percentages retained for the expense of making any such collection.

PASSED, APPROVED AND ADOPTED, this \_\_\_\_\_ day of \_\_\_\_\_ 2008, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

APPROVED:

\_\_\_\_\_  
GERI K. BRYAN, CMC  
City Clerk  
City of Lancaster

\_\_\_\_\_  
R. REX PARRIS  
Mayor  
City of Lancaster

STATE OF CALIFORNIA            }  
COUNTY OF LOS ANGELES       } ss  
CITY OF LANCASTER             }

CERTIFICATION OF RESOLUTION  
CITY COUNCIL

I, \_\_\_\_\_, \_\_\_\_\_  
City of Lancaster, California, do hereby certify that this is a true and correct copy of the original  
Resolution No. 08-72, for which the original is on file in my office.

WITNESS MY HAND AND THE SEAL OF THE CITY OF LANCASTER, on this \_\_\_\_ day  
of \_\_\_\_\_, \_\_\_\_\_.

(seal)

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