



CITY OF PLACENTIA

Community Facilities District No. 2018-01 Special
Tax

For TOD Maintenance Services

Fiscal year 2022-23 and Preliminary 2023-24
Tax Report

Engineer of Work:



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Executive Summary

On April 3, 2018, the City of Placentia formed Community Facilities District No. 2018-01 (“CFD”, or “District”) in accordance with the Mello-Roos Community Facilities Act of 1982. The District was established by a majority vote of landowner electors to maintain the streets and street lighting facilities, flood and storm protection facilities, stormwater treatment facilities, landscape corridors, and open space areas within the transit-oriented development (“TOD area”) located south and west of the planned Metrolink Station commonly referred to as the Packing House area.

The TOD area will include a mixture of new high-density housing, office, retail and other amenities integrated into a walkable neighborhood and located within a half-mile of a new public train station. Once fully redeveloped, the TOD area would include up to 1,000 multifamily units, 60,000 square feet of retail / commercial area, and 15,000 square feet of office space.

This Report summarizes the purpose of the Special Tax, method of apportionment, and other related data as required by the Mello-Roos Community Facilities Act of 1982 (Government Code § 53343.1).

The Special Tax was collected for the first time in fiscal year 2022-23. In future years, the Special Tax will continue to be collected and its revenue will continue to be used to provide services within the TOD area.

Services and Facilities

The types of services and facilities to be funded by the District (“Services”) generally include the annual operation, maintenance, and servicing, including repair and replacement of street and street lighting facilities, storm drain facilities, landscape corridors, street signage, tree maintenance, utility costs, and open space areas. A portion of the special taxes proceeds will be placed in a sinking fund to be used by the City to fund future replacement costs. The Special Tax will fund Services that are in addition to those provided in or required for the territory within the CFD and will not be replacing Services already available.

Rate and Special Tax Method of Apportionment

The adoption of the Special Tax in 2018 authorized the City to levy the Special Tax at a rate of \$138.00 per single-family residential unit, \$112.00 per single-family residential attached unit, \$127.00 per multi-family residential unit, \$0.090 per square foot of retail building area, \$0.130 per square foot of office building area and \$0.060 per square foot of industrial building area for fiscal year 2018-19. The special tax allows for an inflationary adjustment equal to the greater of 3% or the Los Angeles – Riverside – Orange County Consumer Price Index (CPI). The full Rate and Method of Apportionment is included in Exhibit B.

The Special Tax rates for fiscal year 2022-23 and 2023-24 are shown in the following Figure.

Figure 1 – Special Tax Rates

Parcel Type	2022-23 Tax Rate	2023-24 Tax Rate
Single-Family*	\$ 151.52	\$ 158.95
Single-Family Attached*	\$ 122.97	\$ 129.00
Multi-Family*	\$ 139.44	\$ 146.28
Retail**	\$ 0.099	\$ 0.104
Office**	\$ 0.142	\$ 0.149
Industrial**	\$ 0.066	\$ 0.069

*The tax rates listed for residential property are per dwelling unit.

**The tax rates listed for retail, office and industrial property are per square foot of building area

Special Tax Summary

There was 1 taxable parcel in the District as of July 1, 2022. The total annual special tax collected within the District for fiscal year 2022-23 is \$29,979.60.

There was 1 taxable parcel in the District as of July 1, 2023. The total annual special tax anticipated to be collected within District for fiscal year 2023-24 is \$31,450.20.

Summary of Special Tax by Year

Special Tax Revenue

Summarized below are the tax revenues for fiscal year 2022-23, preliminary amounts for 2023-24, and historical information for years since 2022-23.

Figure 2 – Special Tax Revenues

Tax Year	Single-Family Units	Single-Family Attached Units	Multi-Family Units	Retail Building Area	Office Building Area	Industrial Building Area	Special Tax Revenue *
2022-23	0	0	215	0.00	0.00	0.00	\$ 29,979.60
2023-24**	0	0	215.00	0.00	0.00	0.00	\$ 31,450.20

* Revenue amounts are not reduced by amount of County collection charges

** FY 2023-24 figures are preliminary

Special Tax Costs and Expenditures

Revenue from fiscal year 2022-23 property tax bill collections were used to fund services and supplies expenses in order to provide Services within the District boundaries. For fiscal year 2023-24, all expenditures from the special tax proceeds are budgeted to be made for the same services.

Figure 3 – Summary of Special Tax Expenditures for Fiscal Year 2022-23

Element	Expense
Services & Supplies	\$ 29,889.66
Administration	-
County Collection Fees	\$ 89.94
Total Expense	<u>\$ 29,979.60</u>

Bonded Debt

No bonded debt has been issued by the City for this District.

Administration of Special Taxes

General Administrative Requirements

The Mello-Roos Community Facilities District Act of 1982 (the Act) requires that a Special Tax Report, or Annual Report, must be prepared annually to identify the Special Tax Rate for all parcels, the proceeds received, and the moneys expended for services, facilities, bonded indebtedness, and other administrative services.

The Special Tax levies are calculated for all parcels on the new fiscal year's assessor roll. This roll includes all parcels that are in existence prior to January 1 of the previous fiscal year. After the Special Tax levies have been computed, the levy data must be filed with the County Auditor prior to August 10 of each year for inclusion on property tax bills.

After submission of the Special Tax levies, the final levies should be confirmed with the County Auditor prior to the preparation of tax bills, which typically occurs in October. The Special Tax is collected in two installments on the tax bills that are due on December 10 and April 10.

Use of Proceeds

All proceeds of the Special Tax levied and imposed shall be accounted for and paid into a special account designated for use of operations and maintenance of the District, pursuant to Government Code Section 50075.1(b) and (c).

Notices of Special Tax Lien

The Act states “For purposes of enabling sellers of real property subject to the levy of special taxes to satisfy the notice requirements of subdivision (b) of Section 1102.6 of the Civil Code, the designated office, department, or bureau shall furnish a Notice of Special Tax to any individual requesting the notice or any owner of property subject to a special tax levied by the local agency within five working days so receiving a request for such notice. The local agency may charge a reasonable fee for this service not to exceed ten dollars.”

In addition, any developer, subdivider or his or her agent or representative shall not sell or lease any property subject to the Special Tax until the prospective purchaser or lessee has been furnished with and signed a written notice of special tax lien.

Public Information

Property owners and other interested persons can obtain information regarding special tax levies and other information by contacting the City or SCI Consulting Group at telephone number (707) 430-4300 or (800) 273-5167. SCI Consulting Group telephone number is also included with property tax bills.

Assessor and Auditor Filing and Reporting

Special tax levies for the upcoming fiscal year must be filed with the Orange County Auditor on August 10.

Delinquencies

The City participates in the “Teeter Plan” with the County of Orange whereby the County pays all delinquent special taxes to the City and in return the County institutes collection proceedings and, when collected, keeps all delinquent payments with interest and penalties. This plan allows the City to maintain reliable special tax revenues and reduces the cost of collection.

Prepayment of Special Tax

Prepayment of the Special Tax is not authorized.

Appeals

Any property owner who feels that the portion of the Special Tax levied on the subject property is in error, may file a written appeal no later than April 10 of the Fiscal Year in which the levy occurred, with the Public Works Director or his or her designee, appealing the levy of the Special Tax on the subject property. Public Works Director or his or her designee will promptly review the appeal, and, if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the Public Works Director or his or her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years shall be corrected, and a credit against future Special Taxes shall be arranged, if applicable. Any overcharges shall be corrected solely by means of adjustments to future Special Tax levies; no cash refunds shall be made. Any dispute over the decision of the Public Works Director or his or her designee shall be referred to the Public Works Director, and the Council and the decision of the Council shall be final and binding on all parties.

Interpretation may be made by resolution of the Council for purposes of clarifying any vagueness or uncertainty as it relates to the application of the Special Tax rate, or application of the method of apportionment, or classification of properties or any definition applicable to the CFD.

Exhibit A – Special Tax Roll, Fiscal year 2022-23

Reference is hereby made to the tax roll listing for the fiscal year 2022-23 Special Tax for all Assessors' Parcels of land within the boundaries of the City of Placentia Community Facilities District No. 2018-01. The tax attributed to each parcel was computed in accordance with the approved special tax methodology as summarized in Exhibit B.

<u>Parcel Number</u>	<u>Tax Amount</u>
339-091-29	\$29,979.60

Exhibit B – Rate and Method of Apportionment

The Rate and Method of Apportionment adopted in 2018 is included on the following pages.

CITY OF PLACENTIA
Community Facilities District No. 2018-01
(TOD Area Maintenance)

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 applicable to the land in the Community Facilities District No. 2018-01 (the “CFD”) of the City of Placentia (the “City”) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate described herein.

A. DEFINITIONS

“**Acre**” means each acre of the land area making up an Assessor’s Parcel as shown on an Assessor’s Parcel Map, or if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map or other recorded County parcel map.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

“**Administrative Expenses**” means the actual or estimated costs incurred by the City to determine, levy and collect the Special Taxes, including the proportionate amount of the salaries and benefits of City employees whose duties are directly related to administration of the CFD and the fees of Special Tax levy administrator, other consultants, legal counsel, the costs of collecting installments of the Special Taxes upon the County tax rolls and any other incidental costs authorized by the Act.

“**Annexation Parcel**” means any Parcel that is annexed to the CFD after it is formed.

“**Annual Escalation Factor**” means an amount equal to the percentage increase during the preceding year in the Consumer Price Index for All Urban Consumers in the Los Angeles-Riverside-Orange County metropolitan area (CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics, (or if this index ceases publication, an equivalent index), or 3 percent, whichever is greater.

“**Assessor’s Parcel**” or “**Parcel**” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s Parcel number.

“**Assessor’s Parcel Number**” means, with respect to an Assessor’s Parcel, that number assigned to such Assessor’s Parcel by the County for purposes of identification.

“**Annual Special Tax**” means the annual Special Tax, determined in accordance with Section D below to be levied in the CFD in any Fiscal Year on any Assessor’s Parcel.

“**Base Year**” means the Fiscal Year ending June 30, 2019.

"Certificate of Occupancy" means a permit issued by the City authorizing the occupancy of a new Residential Unit or new Nonresidential Building Area.

"CFD Administrator" means an official of the City, or designee thereof, responsible for determining and providing for the levy and collection of the Special Tax.

"CFD" or "CFD No. 2018-01" means Community Facilities District No. 2018-01 (TOD Area Maintenance) of the City of Placentia.

"City" means the City of Placentia.

"Council" means the City Council of the City of Placentia, acting as the legislative body of the City and the CFD.

"County" means the County of Orange, California.

"County Assessor" means the Orange County Assessor.

"Developed Property" means, in any Fiscal Year, all Taxable Property for which a Certificate of Occupancy has been issued after December 31, 2017 and prior to May 1 of the preceding Fiscal Year. These Assessor's Parcels can be classified into one of following groups: Single Family Detached, Single Family Attached, Multi-Family Residential, Retail/Other, Office, and Industrial.

"Existing Developed Property" means Residential Units and Nonresidential Building Area for which a building permit has been issued prior to January 1, 2018.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Future Annexation Area" means the territory designated for potential future annexation to the CFD as shown in the "Map of Proposed Boundaries of the Community Facilities District No. 2018-01."

"Industrial Property" means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued after December 31, 2017 and prior to May 1 of the preceding Fiscal Year for manufacturing construction.

"Land Use Classification" means any of the classes listed in Section B(1).

"Maximum Special Tax" means the greatest amount of Special Tax, determined in accordance with Sections B and C below that can be levied in the CFD in any Fiscal Year on any Assessor's Parcel.

"Multi-Family Residential Property" means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued for construction of a

structure with more than one Residential Unit after December 31, 2017 and prior to May 1 of the preceding Fiscal Year. This category includes but is not limited to apartment buildings, duplexes, triplexes, fourplexes, and condominiums.

“Nonresidential Building Area” means the “chargeable covered and enclosed space” as defined by California Government Code section 65995(b)(2) to be constructed on Retail/Other Property, Office Property and Industrial Property.

“Office Property” means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued after December 31, 2017 and prior to May 1 of the preceding Fiscal Year for general, professional and medical office construction.

“Public Property” means any property within the boundaries of the CFD that is either (i) owned by the federal government, the State of California, the County, another public agency, or a private nonprofit organization that owns and is responsible for conservation of open space areas or (ii) encumbered by an easement owned by any such public agency or private organization which easement makes the development of such property impractical. Notwithstanding the foregoing, a leasehold or other possessory interest in any such property which is subject to taxation pursuant to Section 53340.1 of the Act shall not constitute “Public Property.”

“Residential Unit” means each separate residential dwelling unit on an Assessor's Parcel that comprises an independent facility capable of conveyance or rental as distinct from adjacent residential dwelling units. An accessory residential dwelling unit that shares a Parcel with a Single Family Detached Residential Unit shall not be considered as a Residential Unit for the purposes of this RMA.

“Retail/Other Property” means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued for the retail, commercial, or other nonresidential construction after December 31, 2017 and prior to May 1 of the preceding Fiscal Year and is not Industrial Property or Office Property.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“Services” means the services authorized to be funded by the CFD as described in the Resolution of Intention for the CFD.

“Single-Family Attached Property” means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued after December 31, 2017 and prior to May 1 of the preceding Fiscal Year for construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex Residential Unit which may share an Assessor's Parcel Number with another duplex Residential Unit).

“Single-Family Detached Property” means all Assessor Parcels of Developed Property for which a Certificate of Occupancy has been issued after December 31, 2017 and prior to May 1 of the preceding Fiscal Year for construction of a single-family Residential Unit that does not share a common wall with another Residential Unit.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Special Tax Requirement.

“Special Tax Requirement” means the amount required in any Fiscal Year for the CFD to 1) provide the Services; 2) pay for reasonable Administrative Expenses; 3) pay any amounts required to establish or replenish any reserve funds, and 4) cure any delinquencies in the payment of Special Taxes which have occurred in the prior Fiscal Year or pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.

“State” means the State of California.

“Taxable Property” means any Assessor's Parcel that is not Tax-Exempt Property.

“Tax-Exempt Property” means any Parcel within the CFD which is not Developed Property or Undeveloped Property, and includes Public Property and Existing Developed Property.

“Undeveloped Property” means any Assessor's Parcel which is not Tax-Exempt Property, and for which no Certificate of Occupancy has been approved and issued by June 30 of the previous Fiscal Year.

B. DETERMINATION OF MAXIMUM SPECIAL TAX

The Maximum Special Tax shall be calculated as follows:

1. **Classification of Parcels.** Each Fiscal Year, using the Definitions above and the Parcel records of the County Assessor's Secured Tax Roll of July 1, the City shall cause each Parcel of land in the CFD to be classified as Developed Property, Undeveloped Property, or Tax-Exempt Property. The City shall cause all Developed Property to be further classified as Single Family Detached Property, Single Family Attached Property, Multi-Family Property, Retail/Other Property, Office Property and Industrial Property.
2. **Assignment of Maximum Special Tax.** Each Fiscal Year, the Base Year Maximum Tax shown below shall be escalated as specified in Section C, Annual Adjustment of Maximum Special Tax, to determine the Maximum Special Tax for the upcoming Fiscal Year for each Land Use Classification.

Land Use Classification	Base Year Maximum Tax
Developed Single Family Detached Property	\$138 per Residential Unit
Developed Single Family Attached Property	\$112 per Residential Unit
Developed Multi-Family Property	\$127 per Residential Unit
Developed Retail/Other Property	\$0.09 per square foot of Nonresidential Building Area
Developed Office Property	\$0.13 per square foot of Nonresidential Building Area
Developed Industrial Property	\$0.06 per square foot of Nonresidential Building Area
Undeveloped Property	\$0
Tax-Exempt Property	\$0

3. **Conversion of a Tax-Exempt Property to a Taxable Property.** If a Tax-Exempt Property is not needed for public use and is converted to private use, it shall become subject to the Special Tax.
4. **Multiple Land Use Classifications.** In some instances, an Assessor's Parcel may contain more than one Land Use Classification. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. The CFD Administrator shall determine the allocation to each Land Use Classification.
5. **Existing Developed Property.** Residential Units and Nonresidential Building Area for which a building permit has been issued prior to January 1, 2018 is exempt from the Special Tax.

6. Annexed Property. Each Assessor's Parcel of Developed Property that is annexed into the CFD shall be subject to the Special Tax in effect during the current Fiscal Year.

C. ANNUAL ADJUSTMENT OF MAXIMUM SPECIAL TAX

Beginning in January 2019 and each January thereafter, the Maximum Special Tax shall be adjusted each fiscal year in an amount equal to the percentage increase during the preceding year in the Consumer Price Index for All Urban Consumers in the Los Angeles-Riverside-Orange County metropolitan area (CPI-U), as published by the U.S. Department of Labor, Bureau of Labor Statistics, (or if this index ceases publication, an equivalent index), or three (3) percent, whichever is greater. Each annual adjustment of the Maximum Special Tax shall become effective for the following Fiscal Year.

D. DETERMINATION OF THE ANNUAL SPECIAL TAX

Commencing with the Base Year, and for each subsequent Fiscal Year, the Council shall determine the Special Tax Requirement and shall levy the Annual Special Tax on each Assessor's Parcel of Developed Property at up to one hundred percent of the applicable Maximum Special Tax to fund the Special Tax Requirement.

Under no circumstances will the Annual Special tax levied against any Assessor's Parcel of Developed Property increase by more than ten (10) percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within the CFD.

Subject to the preceding, the amount of Annual Special Tax levied upon any Developed Property and Undeveloped Property in any Fiscal Year shall not exceed the Maximum Special Tax for such Fiscal Year as computed herein.

E. DURATION OF THE SPECIAL TAX

Assessor's Parcels in the CFD shall remain subject to the Special Tax in perpetuity. If the Special Tax ceases to be levied, the City or its designee shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

F. PREPAYMENT OF SPECIAL TAX

Prepayment of the Special Tax is not authorized.

G. APPEALS AND INTERPRETATION PROCEDURE

Any property owner who feels that the portion of the Special Tax levied on the subject property is in error, may file a written appeal no later than April 10 of the Fiscal Year in which the levy occurred, with the Public Works Director or his or her designee, appealing the levy of the Special Tax on the subject property. Public Works Director or his or her designee will promptly review the appeal, and, if necessary, meet with the applicant, and decide the merits of the appeal. If the findings of the Public Works Director or his or her designee verify that the Special Tax levied should be modified, the Special Tax levy for future Fiscal Years shall be corrected, and a credit against future Special Taxes shall be arranged, if applicable. Any overcharges shall be corrected solely by means of adjustments to future Special Tax levies; no cash refunds shall be made. Any dispute over the decision of the Public Works Director or his or her designee shall be referred to the Public Works Director, and the Council and the decision of the Council shall be final and binding on all parties.

Interpretation may be made by resolution of the Council for purposes of clarifying any vagueness or uncertainty as it relates to the application of the Special Tax rate, or application of the method of apportionment, or classification of properties or any definition applicable to the CFD.

H. COLLECTION OF THE SPECIAL TAX

The Special Tax shall be collected each year in the same manner and at the same time as ad valorem property taxes are collected and shall be subject to the same penalties and lien priorities in the case of delinquency as is provided for ad valorem taxes. The City shall cause the actions required above to be done for each Fiscal Year in a timely manner to assure that the schedule of the Special Taxes to be collected are received by the County Auditor for inclusion with billings for such ad valorem taxes for the applicable Fiscal Year. However, the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of the City or as otherwise determined appropriate by the CFD Administrator.