

City of Hesperia

STAFF REPORT



DATE: August 1, 2017

TO: Chair and Board Members, Hesperia Fire Protection District

FROM: Nils Bentsen, City Manager

BY: Ron Walls, Fire Chief
Brian D. Johnson, Assistant City Manager/Management Services
Anne M. Duke, Deputy Finance Director
George Pirsko, Senior Financial Analyst

SUBJECT: Annual Community Facilities District No. 94-01 Special Tax Levy

RECOMMENDED ACTION

It is recommended that the Hesperia Fire Protection District Board of Directors adopt Resolution No. HFPD 2017-13, authorizing the levy of a special tax for Community Facilities District (CFD) No. 94-01 and requesting that San Bernardino County place the levy on the tax rolls for FY 2017-18.

BACKGROUND

CFD 94-01 was established by the Board of Directors of the Hesperia Fire Protection District in 1994 to pay for expenses associated with providing fire suppression and emergency medical services. It was created pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California. In order to levy the special tax for CFD No. 94-01, the County of San Bernardino must be authorized by the Board of Directors of the Hesperia Fire Protection District to place a special tax on the tax rolls for FY 2017-18.

ISSUES/ANALYSIS

The Hesperia Fire Protection District Board of Directors, as administrator for the CFD 94-01, annually places a levy on the property within the community facilities district and requests the County of San Bernardino to collect the levy. This Resolution allows for the levy and collection of the FY 2017-18 special tax in the same manner as the collection of ordinary ad valorem property taxes. The County charges the property owner an administrative fee of 30 cents per parcel.

The Rate and Method of Apportionment (RMA) for the CFD indicates that the annual levy shall increase each fiscal year by an amount calculated based upon the Consumer Price Index (CPI) increase during the preceding fiscal year. As the RMA does not specify a calculation period, the City's special assessment consultant, NBS, has used the May to May CPI change since inception.

For FY 2017-18 that change is 2.404%, resulting in an increase to the FY 2016-17 rate of \$2.86 from \$118.89 to \$121.75 (plus the \$0.30 per parcel County fee), which equates to a total per parcel assessment of \$122.05 for residential parcels and from \$0.1698 to \$0.1739 per square foot for commercial parcels.

FISCAL IMPACT

As previously stated, the annual assessment is increased by the change in the May to May CPI, as published by the Bureau of Labor Statistics in the third week of the following month. Therefore, NBS cannot provide the new fiscal year assessment amount before the new fiscal year Budget is adopted, which leaves staff to estimate this revenue based on receipts received and collection trends as of early May.

This special tax was estimated to generate approximately \$592,190 of revenue in FY 2016-17. However, actual revenue collected last fiscal year is \$595,932. The components that make up the collection revenue include current assessments, prior assessments, and prior penalties/interest. For FY 2017-18, it is estimated that \$621,896 will be collected. This is approximately 6% more than the FY 2016-17 actual levy of \$588,555 and 5% more than the FY 2016-17 Budget estimate of \$592,190. The \$602,704 FY 2017-18 Assessment Levy, shown below, reflects the CPI increase over the FY 2016-17 levy before adding in the FY 2016-17 permits issued within the CFD.

The following table shows the collections by the County of San Bernardino over the prior five fiscal years. The table also shows the levy amount of each year and the percent of that year's levy amount collected. Finally, the table includes the Budget amount for each year. During the five years, the Current Assessment collections have averaged 99% of the annual levy.

A major variable in determining the final Total Collected has been the Prior Assessments which are levy assessments collected after the end of the fiscal year in which they were levied. To illustrate, the FY 2013-14 Prior Assessments and Penalties & Interest collection of \$20,307 was nearly double the five year average of \$11,899. The FY 2016-17 collection was \$12,774.

Hesperia Fire Protection District Community Facilities District (CFD) 94-01

	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>
Budget Estimate	544,232	544,800	555,963	563,191	592,190	621,896
Assessment Levy	544,757	550,458	559,683	569,706	588,555	602,704
County Collections:						
Current Assessments	526,626	545,505	558,368	565,713	583,158	-
Prior Assessments	6,801	16,978	6,444	5,948	7,804	-
Prior Penalties & Interest	1,857	3,329	2,282	3,080	4,970	-
Total Collected	535,284	565,812	567,094	574,741	595,932	-
 % of Levy Collected in Current Year	 96.7%	 99.1%	 99.8%	 99.3%	 99.1%	

ALTERNATIVE(S)

Provide alternative direction to staff.

ATTACHMENT(S)

1. Resolution HFPD 2017-13