



STAFF REPORT

May 12, 2015

To: Town Council
From: Roger Carroll, Treasurer/Finance Officer
Subject: Assessment District Consumer Price Index (CPI) Implementation Policy
Date: May 4, 2015

RECOMMENDATION:

Direct the Finance Director to implement the CPI permitted in the adopted Assessment Districts to be effective July 1, 2015 and adopt the attached resolution.

DISCUSSION:

Since incorporation, the Town has required that Assessment Districts be formed as new development was approved. An Assessment District is a financing mechanism which allows these Districts to collect special assessments to finance the long term maintenance of improvements constructed or acquired by the District. Assessment Districts help each property owner pay a fair share of the costs of such improvements over a period of years at reasonable interest rates and insures that the cost will be spread to all properties that receive direct and special benefit by the improvements maintained.

With an Assessment District, a lien is placed against the property. This lien is amortized over the life of the assessment and is collected with the regular property taxes. The assessment is set in the Engineer's Report through determination of anticipated maintenance costs.

The Town of Loomis currently has 15 Assessment Districts (see attached). Of the 15, 9 of the Districts allow for a CPI adjustment to be made each year. The CPI is intended to ensure that there is enough money collected over time, taking inflation into account, to pay for the maintenance costs anticipated by the Engineer's estimate.

Until last year, Staff has been instructed to not apply the CPI adjust to the Districts. The result is that the Districts have fallen behind in accruing enough money to complete the maintenance anticipated over time. Last year, Council directed staff to apply the CPI to the appropriate Districts.

Staff recommends that the Council adopt the attached resolution, which would make the application of the index automatic each July 1.

CEQA :

There are no CEQA issues with the implementation of previously approved CPI increases.

FINANCIAL IMPLICATIONS:

This would result in less liability to the Town's General Fund over time.

TOWN OF LOOMIS

RESOLUTION NO. 15-

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOOMIS
AUTHORIZING APPLICATION OF CONSUMER PRICE INDEX FACTORS ON THE FOLLOWING
DISTRICTS IN THE TOWN OF LOOMIS:**

**HEATHER HEIGHTS COMMUNITY FACILITIES DISTRICT NO. 3
COMMUNITY FACILITIES DISTRICT NO. 1 (HUNTERS CROSSING)
SUNRISE-LOOMIS COMMUNITY FACILITIES DISTRICT NO. 2
COMMUNITY FACILITIES DISTRICT NO. 4 (LIVE OAK)
RACHEL ESTATES MAINTENANCE DISTRICT
SHERWOOD ESTATES MAINTENANCE DISTRICT
HERITAGE PARK ESTATES PHASE 1 MAINTENANCE DISTRICT
HUNTER OAKS MAINTENANCE DISTRICT
SIERRA DE MONTSERRAT SUBDIVISION MAINTENANCE DISTRICT**

WHEREAS, assessment districts have been established in the Town for the purpose of financing the long term maintenance of their respective areas; and

WHEREAS, such assessments valuations were based on estimated costs established at the time of district creation without allowance for cost of inflation; and

WHEREAS, because of inflation over time, such estimated costs have become unrealistically low compared to current projected costs; and

WHEREAS, nine of the assessment districts' establishing documents include the allowance of annual rate increases based on the Consumer Price Index (CPI); and

WHEREAS, failure to apply such factors and increase assessments will cause the revenues to fall further behind the projected costs and the districts to be a burden on the General Fund in the future.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Town Council of the Town of Loomis, that the annual CPI index will be applied to the above listed assessment districts beginning with the 2015-2016 tax year, and thereafter each July 1st, in compliance with the assessment district establishing documents.

PASSED AND ADOPTED by the Town Council of the Town of Loomis this 12th day of May, 2015 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Town Clerk