



STAFF REPORT

TOWN COUNCIL MEETING OF JUNE 10, 2014

To: Town Council

From: Town Manager and Finance Director

Subject: Assessment District Consumer Price Index (CPI) Implementation Policy

Date: June 3, 2014

RECOMMENDATION:

Direct the Finance Director to implement the CPI permitted in the adopted Assessment Districts to be effective July 1, 2014 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.

Apparently, the Town Council has previously directed staff not to implement the CPI's authorized for in 9 Districts that currently provide for the CPI's. The result is that the Districts

are falling behind in accruing enough money to complete the maintenance anticipated over time. This results in a long term liability to the Town to fill the gap with General Fund monies at some point. As you can see from the attached chart, this gap can and will become significant with the potential liability exceeding 8 million dollars.

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
Maintenance Districts
CPI Analysis

		50 Year Total Cost of District			Funds Available and To Be Collected			Funds Required from General Fund			
CPI Allowed Per Resolution	Original Engineer's Estimate	CPI Adjusted Estimate to Date	CPI Adjusted to 50th Year of District	Current Balance	Projected 50th Year Balance at Current Rate	Projected Balance at 3% CPI	With no CPI Applied to Current Rates	With an Average 3% CPI Going Forward			
	200,450	417,592	863,876	237,130	411,655	499,288	(452,221)	(364,588)			
Hunter's Crossing											
Loomis Maint Dist 1	20,592	45,020	94,262	7,080	31,000	31,000	(63,262)	(63,262)			
Loomis Maint Dist 2	9,900	21,844	45,318	21,696	33,196	33,196	(12,122)	(12,122)			
Heather Heights	251,578	517,830	1,084,222	284,647	490,696	594,158	(593,525)	(490,064)			
Sunrise Loomis	204,571	421,074	881,636	207,011	363,986	442,807	(517,650)	(438,830)			
Live Oak	296,736	610,780	1,278,838	91,189	316,687	429,914	(962,151)	(848,924)			
Loomis Acres	167,778	315,138	700,013	144,299	279,213	279,213	(420,801)	(420,801)			
Hunter's Crossing 2	91,570	171,996	382,054	81,126	164,394	164,394	(217,660)	(217,660)			
King Road Village	203,072	381,431	847,269	133,678	344,330	344,330	(502,939)	(502,939)			
Saunders Ave	48,000	85,588	190,115	16,792	43,672	43,672	(146,443)	(146,443)			
Rachel Estates	309,922	533,411	1,257,018	206,572	500,792	679,104	(756,225)	(577,914)			
Sherwood Estates	157,460	242,001	661,123	85,341	296,685	454,957	(364,438)	(206,166)			
Heitage Park Estates 1	411,337	589,268	1,707,863	183,715	763,315	1,233,020	(944,548)	(474,843)			
Hunter Oaks	435,222	552,108	1,748,541	157,493	959,801	1,688,076	(788,740)	(60,465)			
Sierra de Montserrat	772,302	904,973	3,225,790	144,403	1,806,281	3,547,326	(1,419,509)	321,536			
				Total From General Fund				(8,162,235)	(4,503,483)		

This analysis assumes the majority of the reconstruction projects will be done at the end of the 50 time frame.

TOWN OF LOOMIS

RESOLUTION NO. 14 _____

**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 an increase of 2.45% will be applied to the above listed assessment districts beginning with the 2014-2015 tax year in compliance with the assessment district establishing documents.

PASSED AND ADOPTED by the Town Council of the Town of Loomis this 10th day of June, 2014 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor

ATTEST:

Town Clerk