



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Public Works

**Prepared by: Bill Guerin,
Director of Public Works**

City Manager Approval: 

TOPIC: SPECIAL TAX ON PROPERTIES AT LOCH LOMOND 10 - MELLO-ROOS DISTRICT NO. 1992-1

SUBJECT: RESOLUTION SETTING THE SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT NO. 1992-1 (LOCH LOMOND #10) FOR FISCAL YEAR 2020-21

RECOMMENDATION:

Adopt a resolution setting the special tax rates for Fiscal Year 2020-21 for Community Facilities District No. 1992-1 (Loch Lomond 10).

BACKGROUND: Loch Lomond 10 is a community facilities district (commonly referred to as a "Mello-Roos") located on the Pt. San Pedro Peninsula, north of Point San Pedro Road. The community facilities district comprises 28 home parcels, and one open space parcel which borders China Camp State Park open space.



The community facilities district was formed in the early 1990s when the area was developed. The District was formed, in part, to provide funding to mitigate the drainage impacts and concerns of the development on the surrounding Loch Lomond community. This was extensively documented in the EIR documents, comments, and subsequent approvals for the original subdivision. The final conditional approval of Loch Lomond 10 required the District to be formed. The District was created to have three funds of money with which to maintain and operate the storm drain system and insure against damage from potential landslides. These functions were defined in the formation of Community Facilities District No. 1992-1 and passed by resolution #8839 by the City Council on March 1,

1993. The three funds and purposes are as follows:

FOR CITY CLERK ONLY

File No.

Council Meeting

Disposition:

1. **Self-Insurance Fund:** Provides a fund balance of \$500,000 plus accumulated interest to cover the deductible amount of the City’s insurance should a landslide occur in the watershed above the District
2. **Sinking Fund:** Provides for long term capital replacement of drainage infrastructure and facilities as the original may fall into disrepair
3. **Maintenance Fund:** Provides for maintaining drainage facilities within the Loch Lomond 10 boundary to include annual cleaning of drainage structures, monitoring structures during storm events, and cleaning facilities as required during storm events

Since the early 1990s, the Finance Department has brought forward the levying of this annual special tax to City Council in the spring. The annual special tax collected is divided in the three distinct tranches; a portion of the special tax went to the Self-Insurance Fund, the Sinking Fund, and the Maintenance Fund. The Self-Insurance fund portion of the special tax was \$1,852 per parcel annually until the \$500,000 balance was achieved in FY 2004-05, and thereafter, the annual special tax for the Self-Insurance fund was \$0.

A four-year history of Assessments are as follows:

	FY 2016-17*		FY 2017-18*		FY 2018-19**		FY 2019-20	
	Assessment Levied	Total Revenue	Assessment Levied	Total Revenue	Assessment Levied	Total Revenue	Assessment Levied	Total Revenue
Self-Insurance Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sinking Fund	\$143	\$3,861	\$143	\$3,861	\$0	\$0	\$170.69	\$3,538.38
Maintenance Fund	\$435	\$11,745	\$435	\$11,745	\$0	\$0	\$621.88	\$16,790.79
Total	\$578	\$15,606	\$578	\$15,606	\$0	\$0	\$792.57	\$20,329.17 ***

**It is important to note that while the Sinking Fund and Maintenance Fund have an allowable annual inflationary factor (increase), the rates of \$143 and \$435 were held flat from FY 2011-12 to FY 2017-18.*

***In late 2017, the Homeowners Association Board of Loch Lomond Highlands requested the City review historical expenditures and provide an accounting of the finances of the Loch Lomond 10 community facilities district, as well as conduct a thorough review of the purpose and allowable expenditures of the three district funds. Due to the ongoing nature of the research at the time FY 2018-19 assessments would have been levied, it was decided that there would be no special tax levied in spring 2018 for FY 2018-19.*

****The total revenues collected in FY 2019-20 was slightly less than the \$21,399.42 anticipated due to \$1,070.25 in uncollected assessments.*

Applying the allowable 2% inflationary factor to the Sinking Fund Assessment brings the FY 2020-21 Assessment from \$170.69 to \$174.10. The Maintenance Fund Assessment would be increased from \$621.88 to \$661.38, after applying the allowable increase of the greater of the CPI for the San Francisco Bay Area or personal income growth in the State of California. See Attachment 2 for Sinking Fund and Maintenance Fund calculations.

FY 2020-21	Assessment (Proposed)	Total Annual Revenue Generated
Self-Insurance Fund	\$0	\$0
Sinking Fund	\$174.10	\$4,700.80
Maintenance Fund	\$661.38	\$17,857.20
Total	\$835.48	\$22,558.00

In late 2017, the Homeowners Association Board of Loch Lomond Highlands requested that the City review historical expenditures and provide an accounting of the finances of the Loch Lomond 10 community facilities district, as well as conduct a thorough review of the purpose and allowable expenditures of the three district funds. The homeowners had concerns over the maintenance activities that the Public Works Department was performing, the condition of the current drainage infrastructure, and the City’s historical usage of the District funds. Since that time, the City and homeowners have worked together on finalizing a Maintenance Manual and annual maintenance plan for the district. After a fall 2019 meeting with homeowners, the City, and the City’s Assessment District consultant CSW/Stuber-Stroeh, the manual was finalized in December 2019 with full approval and support from the representatives of the district.

ANALYSIS: In FY 2019-20, the district generated \$16,791 in funds to be utilized for allowable maintenance purposes within the Loch Lomond #10 Maintenance District, as follows:

FY 2019-20 Maintenance Activity	Amount
County Admin Fee	\$54.00
<u>FY 2019-20 Engineer’s Report - CSW/Stuber-Stroeh</u>	\$5,089.75
Clamming and drainage basin clearing – <i>Ad-Lite</i>	\$9,375.00
Vegetation management/ Clearing of V-ditches – <i>Forster & Kroeger</i>	\$1,424.00
DPW Staff Time (<i>remaining avail. maintenance budget</i>)	\$848.01
Total	\$16,790.76

The \$848 in DPW Salary costs represents only a fraction of the actual cost of Public Works Streets Maintenance staff maintaining the district during FY 2019-20. In addition to the typical pre-storm inspection and clearing of catch basins, staff spent several days in August with Ad-Lite Craning Services clearing debris from the upper and lower Las Casas drainage basins within the district, removing nearly 50 tons of debris. Throughout the storm season DPW staff patrolled, inspected and cleared drainage basins within the district to ensure the system continued to flow properly to the downhill drainage infrastructure. It is important to note the City is only seeking \$848.01 in reimbursement for staff time (estimated at one day of a Streets Maintenance Worker II) because the City cannot charge the district for more than is available in funding, and the Maintenance Fund for Loch Lomond #10 is currently projected to end FY 2019-20 with a \$0 fund balance. The City’s General Fund is subsidizing the additional DPW Staff Time beyond the available Loch Lomond #10 maintenance funding.

For FY 2020-21, the City plans to utilize 100% of available maintenance funds (\$17,857.26). The Maintenance Activities for FY 2020-21 are anticipated as follows:

FY 2020-21 Maintenance Activity	Amount
County Admin Fee	\$54.00
Clamming and drainage basin clearing	\$9,375.00
Vegetation management/ Clearing of V-ditches – <i>Forster & Kroeger</i>	\$1,500.00
DPW Staff Time (<i>remaining avail. maintenance budget</i>)	\$6,928.20
Total	\$17,857.20

It is important to note that an Engineer’s Report is not required on an annual basis to levy the assessment. Since the district homeowners and Public Works are in agreement about the annual maintenance guidance for the district, and funds for maintenance activities are limited, the City will not be contracted with a firm to develop an Engineer’s Report annually. However,

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the assessment roll and corresponding staff report detailing annual activities will continue to be brought to City Council at the close of the fiscal year.

Since there will be no Engineer's report for FY 2020-21, the City will be able to recoup more, but still far below the actual cost of staff time spent maintaining the district. Last year's Engineer's report reported the actual cost of Public Works staff time spent maintaining the district was \$15,974 (252.5 hours of DPW Staff Time). The FY 2020-21 budget projects the City will recoup only \$6,928. As stated earlier, the Maintenance Fund balance cannot go negative.

FISCAL IMPACT: All district financial activities are within Fund #236. Public Works intends to utilize the full amount of Maintenance funds available each year to reimburse DPW staff time and contracted maintenance activities as is within the allowable and intended use of District funds. For FY 2020-21 this amount for maintenance activities will be \$17,857.20.

The Sinking Fund shall be used to cover larger, capital costs, though with a current fund balance of \$32,547, it will take many more years to build up the fund to a significant amount to cover the rebuilding of any capital infrastructure in the District.

The Loch Lomond 10 Self-Insurance Fund shall remain reserved for its intended purpose of use for a claim within the District that would otherwise be covered by the City's excess liability insurance to pay the City-required self-insured retention under this coverage. The FY 2019-20 beginning year fund balance for the Self-Insurance Fund was \$674,208 and represents the \$500,000 balance, plus all accumulated interest over time.

OPTIONS:

The City Council has the following options to consider relating to this matter:

1. Adopt the resolution as presented, levying the full special tax for Loch Lomond 10 – Mello-Roos District No. 1992-1 for FY 2020-21.
2. Do not adopt the resolution as presented. Provide direction to staff to make changes on recommended future actions.

RECOMENDED ACTION: Adopt a resolution setting the special tax rates for FY 2020-21.

ATTACHMENTS:

1. Resolution setting the District Tax for FY 2020-21 at \$835.48 per parcel
2. Loch Lomond #10 Assessment Roll and Calculations (based on prior year's Engineer's Report)

RESOLUTION NO. _____

**A RESOLUTION OF THE SAN RAFAEL CITY COUNCIL
SETTING THE SPECIAL TAX FOR COMMUNITY FACILITIES DISTRICT
NO. 1992-1 (LOCH LOMOND #10) FOR FISCAL YEAR 2020-21**

WHEREAS, the City Council of the City of San Rafael by Resolution No. 8839 formed “Community Facilities District No. 1992-1, (Loch Lomond #10), City of San Rafael, County of Marin, State of California,” (hereafter “CFD 1992-1”); and

WHEREAS, the landowners of CFD 1992-1 voted in a mail ballot election called by the City Council by Resolution No. 8840, and unanimously approved the imposition of a special district tax, as declared in Resolution No. 8841; and

WHEREAS, on March 9, 1993, the City of San Rafael prepared and caused to be recorded a “Notice of Special Tax Lien” for all of the parcels within CFD 1992-1, which included the facilities and services to be funded by the tax, and method for establishing a rate and calculating the apportionment of the tax; and

WHEREAS, on July 17, 1995 the City Council adopted Ordinance No. 1683 levying special taxes within CFD 1992-1; and

WHEREAS, Ordinance No. 1683 provides that the special tax rate will be set annually by resolution subject to the maximum authorized by Resolution No. 8839; and

WHEREAS, the Department of Public Works is recommending the amount of the special taxes to be assessed in FY 2020-21 as \$174.10 for the Sinking Fund and \$661.38 in the Maintenance Fund – totaling \$835.48; and

WHEREAS, the City Council wishes to set the specific tax rate to be imposed on the parcels within CFD 1992-1 in fiscal year 2020-21;

NOW THEREFORE BE IT RESOLVED that the City Council of San Rafael hereby sets the special tax for Community Facilities District No. 1992-1 (Loch Lomond #10) at \$835.48 per parcel for FY 2020-21 (\$174.10 towards the Sinking Fund and \$661.38 towards the Maintenance Fund), excepting exempt Assessor Parcel Nos. 16-330-12,13,14, as provided in the Assessment Roll for fiscal year 2020-21 on file with the City Clerk and incorporated herein by reference.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City held on Monday the 1st day of June, 2020, by the following vote, to wit:

AYES: COUNCILMEMBERS:

NOES: COUNCILMEMBERS:

ABSENT: COUNCILMEMBERS:

LINDSAY LARA, City Clerk

ASSESSMENT ROLL
(Please Refer to Part A – Method of Apportionment of Assessment
for a Summary of Changes to Assessment Roll)

SPECIAL ASSESSMENT NUMBER	AMOUNT OF ASSESSMENT (Fiscal Year 2020-2021)	PROPERTY DESCRIPTION Loch Lomond #10 Assessment District	ASSESSOR'S PARCEL NUMBER
1	\$835.48	1	016-330-01
2	\$835.48	2	016-330-02
3	\$835.48	3	016-330-03
4	\$835.48	4	016-330-04
5	\$835.48	5	016-330-05
6	\$835.48	6	016-330-06
7	\$835.48	7	016-330-07
8	\$835.48	8	016-330-08
9-1	\$0.00	Portion of 9	016-330-12
9-2	\$0.00	Portion of 9	016-330-13
9-3	\$0.00	Portion of 9	016-330-14
10	\$835.48	10	016-330-10
11	\$835.48	11	016-330-11
12	\$835.48	12	016-321-04
13	\$835.48	13	016-321-03
14	\$835.48	14	016-321-05
15	\$835.48	15	016-321-01
16	\$835.48	16	016-321-02
17	\$835.48	17	016-321-06
18	\$835.48	18	016-321-07
19	\$835.48	19	016-321-08
20-1	\$835.48	20	016-321-09
21	\$835.48	21	016-321-10
22	\$835.48	22	016-322-01
23	\$835.48	23	016-322-02
24	\$835.48	24	016-322-03

ASSESSMENT ROLL
 (Please Refer to Part A – Method of Apportionment of Assessment
 for a Summary of Changes to Assessment Roll)

SPECIAL ASSESSMENT NUMBER	AMOUNT OF ASSESSMENT (Fiscal Year 2020-2021)	PROPERTY DESCRIPTION Loch Lomond #10 Assessment District	ASSESSOR'S PARCEL NUMBER
25	\$835.48	25	016-322-04
26	\$835.48	26	016-322-05
27	\$835.48	27	016-322-06
28	\$835.48	28	016-322-07
29	\$0.00	Parcel A	186-520-19
30	\$0.00	Parcel B	186-520-20
TOTAL ASSESSMENT	\$22,557.96	(For Twenty-Eighth Year)	

Each parcel is as shown on the maps of the County Assessor of the County of Marin at Book 16, Pages 32 and 33 and Book 186, Page 52.

Property descriptions are lot or parcel numbers as shown on the recorded final maps of Loch Lomond #10, recorded in Book 21 of Maps at Page 21, Marin County Records.

PART A
METHOD OF APPORTIONMENT OF ASSESSMENT
AND ALLOWABLE INCREASES

ORIGINAL APPORTIONMENT

There are 27 single family dwelling units and 3 below market rate units that were a further tax division of lot 9 in the original subdivision existing within the Community Facilities District boundary.

Each of the single family dwelling unit lots are assessed for equal portions of the total assessment. And Lot 9 is assessed zero.

This assessment is exempt from the procedures and requirements of the (recently enacted Proposition 218) California Constitution, Article 13D, Section 4 pursuant to the exemption contained in Article 13D, Section 5(d) [*previously majority voter approval or*] Section 5(b) [*petition signed by persons owning all the property*]. The benefits are entirely special benefits and there are no general benefits. Additionally, the proposed assessment is within the limits of that allowed by the annual increases.

Assessment Parcels 1 through 8, 10 through 28, are each assessed 1/27 of the total assessment.

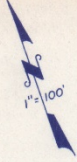
Assessment Parcel 9-1, 9-2, 9-3, 29, and 30 each have zero (\$0.00) assessment.

The following changes were made to the Assessment Rolls and Assessment Diagram in 1993, although do not appear to have been noted in the Annual Engineer's Reports. Mapping Changes at the Marin County Assessor's Office are noted as follows:

Our office contacted the Marin County Assessor's Office due to obvious changes to the Assessor's Parcel Maps for the Loch Lomond #10 development. According to information received from Mapping Department staff, in calendar year 1993 a change was made to Parcel 9 splitting it into 3 APNs to accommodate the special status of the ownership of that lot. (see map below)

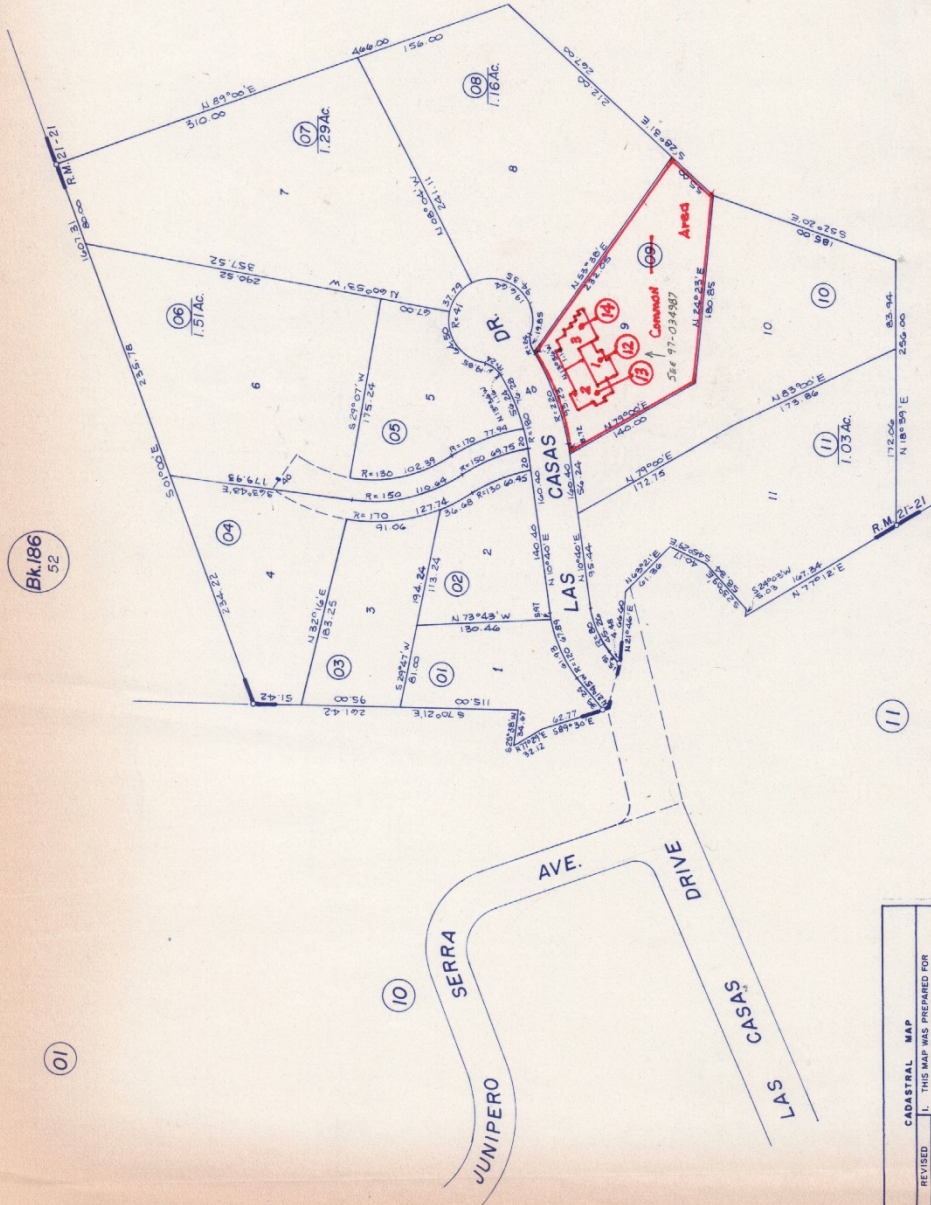
PART A METHOD OF APPORTIONMENT OF ASSESSMENT AND ALLOWABLE INCREASES

Tax Rate Area
8-000
16-33



Bk.186
52

CITY OF SAN RAFAEL
Assessor's Map Bk.16-Pg.33
County of Marin, Calif.



Loch Lomond Unit 10, R.M. Bk. 21 - Pg. 21

CADASTRAL MAP	
REVISED	10-1-93 DP
1. THIS MAP IS FOR INFORMATION ONLY. 2. NO LIABILITY IS ASSUMED FOR ASSESSMENT PURPOSES ONLY. 3. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.	

PART A
METHOD OF APPORTIONMENT OF ASSESSMENT
AND ALLOWABLE INCREASES

2020-2021 ASSESSMENT CALCULATIONS

Applying the method outlined the following increases are allowed:

Maintenance:

Original Assessment \$225/unit

Personal Income Index 1992 (January) \$22,678

Personal Income Index 2019 (January) \$66,661

Factor $\$66,661 / \$22,678 = 2.9395^*$

CPI: San Francisco-Oakland-Hayward 1992 (July) 143.600

CPI: San Francisco-Oakland-Hayward 2019 (July) 296.859

Factor $296.859 / 143.600 = 2.0673$

**Greater of the two factors*

2020-2021 Maintenance Assessment (2.9395) x \$225 = \$661.38

Sinking Fund:

Original Assessment \$100/unit

28 years at 2%, current assessment \$174.10

TOTAL PROPOSED ASSESSMENT 2020-2021 \$835.48 per unit

Total Available Funds (27 units) \$22,558.00

ASSESSMENT ROLL

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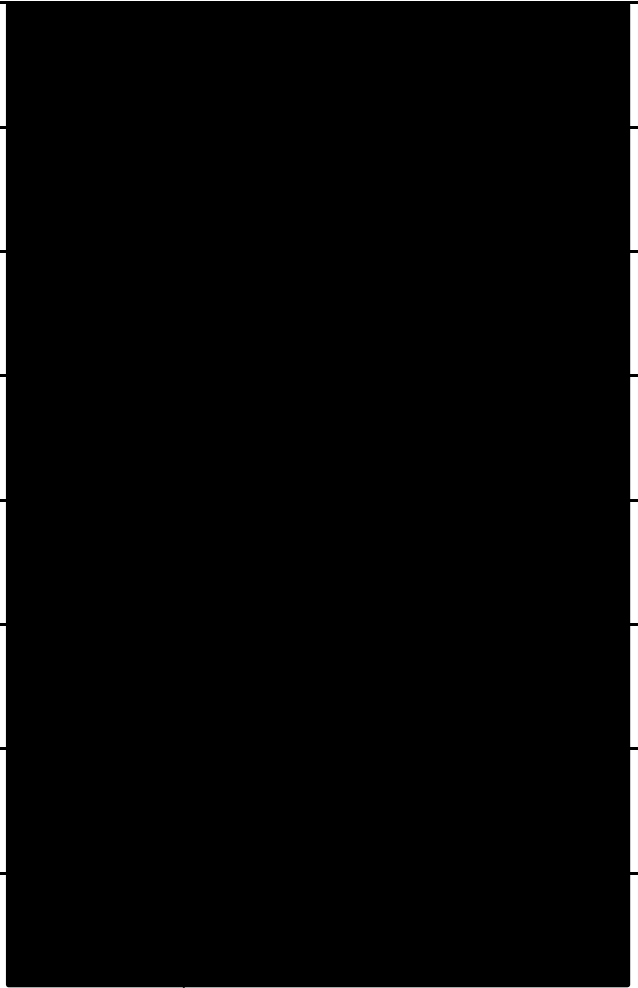
ASSESSMENT NUMBER	ASSESSOR'S PARCEL NUMBER	NAME AND ADDRESS
1	016-330-01	
2	016-330-02	
3	016-330-03	
4	016-330-04	
5	016-330-05	
6	016-330-06	
7	016-330-07	
8	016-330-08	
9-1	016-330-12	
9-2	016-330-13	
9-3	016-330-14	
10	016-330-10	

ASSESSMENT ROLL
(Please Refer to Part A – Method of Apportionment of Assessment
for a Summary of Changes to Assessment Roll)

ASSESSMENT NUMBER	ASSESSOR'S PARCEL NUMBER	NAME AND ADDRESS
11	016-330-11	
12	016-321-04	
13	016-321-03	
14	016-321-05	
15	016-321-01	
16	016-321-02	
17	016-321-06	
18	016-321-07	
19	016-321-08	
20	016-321-09	
21	016-321-10	
22	016-322-01	

ASSESSMENT ROLL

(Please Refer to Part A – Method of Apportionment of Assessment
for a Summary of Changes to Assessment Roll)

ASSESSMENT NUMBER	ASSESSOR'S PARCEL NUMBER	NAME AND ADDRESS
23	016-322-02	
24	016-322-03	
25	016-322-04	
26	016-322-05	
27	016-322-06	
28	016-322-07	
29	186-520-19	
30	186-520-20	

PART B ASSESSMENT DIAGRAM

The original Assessment Diagram is no longer available in the City's files. The following represents the current District Engineer's best re-creation of the Assessment Diagram likely used to form the District. It is based on the Record Map of Loch Lomond #10 prepared by Oberkamper & Associates Map Recorded May 27, 1993, in Book 21 of Maps, at Page 21 and the Assessment Diagram used for the Pt. San Pedro Road Median Landscaping Assessment District.

