



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: DECEMBER 10, 2024**
FROM: FINANCE DEPARTMENT **WARDS: ALL**
SUBJECT: ANNUAL LOCAL AGENCY SPECIAL TAX AND BOND ACCOUNTABILITY
REPORT FOR FISCAL YEAR 2023-2024

ISSUE:

Receive the Annual Local Agency Special Tax and Bond Accountability Report for Fiscal Year 2023-2024 to fulfill the annual reporting requirements of Senate Bill 165.

RECOMMENDATION:

That the City Council receive the Annual Local Agency Special Tax and Bond Accountability Report for Fiscal Year 2023-2024 to fulfill the annual reporting requirements of Senate Bill 165.

BACKGROUND:

The Local Agency Special Tax and Bond Accountability Act (the “Act”) established by California Senate Bill 165, includes Government Code sections 50075.1 and 53410. These provisions require local agencies with voter-approved special tax bond measures to prepare and publish an annual report. This report must outline the use of Special Tax revenues within Special Districts and provide details on the use of proceeds from locally approved bond measures.

The City has appointed Webb Municipal Finance, LLC, as its Special Tax Advisor. In managing the Special Districts, Webb Municipal Finance, LLC provides the following support to the City:

- Preparation of the annual Engineer’s Report, LMDs and SLAD
- Preparation of Special Tax and Assessment apportionments for SLAD, CSA, CFDs, LMDs, and ADs
- Submission of levy data, maps and reports to the County Assessor’s Office for recording
- Collaboration with City staff to collect data and prepare reports mandated by legislative¹ and SEC guidelines
- Preparation of tax tables, rate and method of apportionments, boundary maps and sizing analysis for new district formations
- Serving as a liaison between City, developers, property owners, and the County Recorder’s Office

¹ One legislative report required under Senate Bill 165 is the *Annual Local Agency Special Tax and Bond Accountability Report*.

On June 11, 2024, the City Council approved a five-year Professional Consultant Services Agreement with Webb Municipal Finance LLC.

The table below illustrates the anticipated costs associated with managing the Special Districts for Fiscal Year 2024-2025. Most of these fees are passed on annually to property owners within the Special Districts through the levy process, which includes a detailed budgetary process. Approximately \$12,000 is paid from the General Fund via the Debt and Treasury professional services budget.

| FY 2024-2025 | Number of Special Districts | Cost |
|---------------------|-----------------------------|------------------------|
| Approved by Council | 18 | \$124,730 ² |

DISCUSSION:

In compliance with Senate Bill 165, the annual report includes:

- a) funds collected and expended through special tax measures;
- b) project status for initiatives funded through special tax measures;
- c) funds collected and expended from voter approved bond issuances; and
- d) project status for initiatives funded through voter approved bond issuances.

The report fulfils Act’s requirements for each of the City’s Community Facility Districts and the Election of 2003 Fire Facilities General Obligation Bonds.

The annual report, as required by Senate Bill 165, includes the tax receipts for Fiscal Year 2023-2024 and the applicable bond principal, interest, and administrative expenses paid during this timeframe. Additionally, it includes the cumulative bond proceeds expended as of June 30, 2024, and the status of each project.

STRATEGIC PLAN ALIGNMENT:

This item contributes to Strategic Priority No. 5 High Performing Government Goal No. 5.3 – Enhance communication and collaboration with community members, to improve transparency, build public trust, and encourage shared decision-making.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The preparation and approval of this annual report complies with Senate Bill 165, Local Agency Special Tax and Bond Accountability Act. This report provides transparency for community members to whom the special taxes are administered.
2. **Equity** – The Community Facilities Districts and GO Bonds detailed in this report share the cost of infrastructure and maintenance services among each property owner within that district. The bonds associated with the funding in each district is spread long-term across the generations of property owners that benefit from it.

² Calculation assumes tax levies on all districts. Currently there are two districts that have not yet issued bonds.

3. **Fiscal Responsibility** – Special Taxes are collected annually to pay the costs associated with bonds that were issued within each district. These amounts are administered to property owners within each district, ensuring the cost of the service is borne by those that benefit directly from it.
4. **Innovation** – Utilizing Community Facilities Districts is an innovative way to plan and direct revenue to directly support each new development.
5. **Sustainability & Resiliency** – The formation of a Community Facilities District provides a transparent and equitable way to manage, administer, and report on specific infrastructure related to development within the City. The Annual Special Tax and Bond Accountability Report provides transparent reporting to members in the community who are part of the districts that were formed.

FISCAL IMPACT:

There is no fiscal impact associated with the review and approval of this report.

Prepared by: Meline Carranza, Debt & Treasury Manager
Approved by: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Edward Enriquez, Assistant City Manager/Chief Financial Officer/Treasurer
Approved as to form: Jack Liu, Interim City Attorney

Attachments: Special Tax and Bond Accountability Report for Fiscal Year 2023-2024