



DATE: March 5, 2008

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **ANNUAL REPORT FOR CITY OF OCEANSIDE COMMUNITY FACILITIES DISTRICT NUMBERS 2000-1 (OCEAN RANCH CORPORATE CENTRE), 2001-1 (MORRO HILLS DEVELOPMENT), AND 2001-2 (TRENDWEST RESORTS) PURSUANT TO THE LOCAL AGENCY SPECIAL TAX AND BOND ACCOUNTABILITY ACT**

SYNOPSIS

This report is an annual requirement of the Local Agency Special Tax and Bond Accountability Act (the "Act"). As its purpose is informational in nature, no action by Council is required on the report.

BACKGROUND

The Act provides that any local special tax measure that is subject to voter approval on or after January 1, 2001, that would provide for the imposition of a special tax by a local agency shall require the chief fiscal officer of the levying local agency to file a report with its governing body no later than January 1, 2002, and at least once a year thereafter. Pursuant to California government code section 50075.3, the annual report shall contain the amount of funds collected and expended and the status of any project required or authorized to be funded by voter-approved special taxes. The last report to Council was on January 10, 2007.

ANALYSIS

Currently, the City has three districts that fall under the Act. The following is a narrative summary of the progress of those three districts:

1. City of Oceanside Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre)

On March 7, 2001, the landowners within Community Facilities District No. 2000-1 (Ocean Ranch Corporate Centre) voted to incur debt and issue bonds in the maximum amount of \$25,000,000, and for the levying of a special tax to finance infrastructure improvements in the 325-acre business park.

On November 20, 2002, the City Council adopted a resolution authorizing the issuance of up to \$13 million in bonds. On December 30, 2002, bonds were issued in the principal amount of \$12,265,000.

On September 15, 2004, the City Council adopted a resolution authorizing the issuance of the Special Tax Bonds Series 2004 to complete the public infrastructure. The Series 2004 bonds were issued in the amount of \$12,735,000 on November 10, 2004, which brought the outstanding indebtedness to the maximum authorized by Council.

The public infrastructure financed included water, sewer, storm drain and thoroughfare improvements. The infrastructure was completed in January 2006.

Special taxes for the District for fiscal year 2006/07 were levied in the amount of \$1,538,624. The special taxes for 2006/07 had a collection rate of 98 percent and a collection rate of 100 percent on delinquent special taxes. Special taxes for the District for the current fiscal year were levied in the amount of \$1,560,624.

The following table displays the Community Facilities District (CFD) financial status for fiscal year ended June 30, 2007, and through December 31, 2007, of the current fiscal year:

	FYE JUNE 07	FYE JUNE 08 (As of 12/31/07)
Revenues:		
Special Assessment	\$1,544,566	\$201,125
Investment Earnings	149,965	59,306
Total	<u>1,655,589</u>	<u>260,431</u>
Expenses:		
Consultant Fees	14,188	10,810
Debt Service	1,483,224	776,312
Fiscal Agent Fees	6,233	-
Total	<u>1,503,645</u>	<u>787,122</u>
Operating Income	190,886	(526,691)
Beginning Balance	3,426,889	3,617,775
Fund Balance	\$3,617,775	\$3,091,083

2. City of Oceanside Community Facilities District No. 2001-1 (Morro Hills Development)

On February 6, 2002, the landowners within Community Facilities District No. 2001-1 (Morro Hills Development) voted to incur debt and issue bonds in the maximum amount of \$26,000,000, and for the levying of a special tax to finance public infrastructure improvements in the master planned residential community of Morro Hills. Landowners also voted on February 6, 2002, to incur debt and issue bonds in the maximum amount of \$11,000,000, and for the levying of a special tax to finance an elementary school within Improvement Area No. 1 of Community Facilities District No. 2001.

On October 9, 2002, the Council approved a bond issue for Community Facilities District No. 2001-1 (Morro Hills Development) in an amount not to exceed \$10,000,000. On November 14, 2002, the Morro Hills CFD issued bonds in the amount of \$9,915,000. The Series A Bonds of 2002 were issued to finance the construction of a neighborhood park, various street improvements, flood control improvements, and various water and sewer capacity improvements required for the development of the property in the district.

On December 17, 2003, the Council approved a bond issue for Improvement Area No. 1 in an amount not to exceed \$11,000,000. The Special Tax bonds Series A of 2004 were issued February 4, 2004, in the amount of \$11,000,000 to finance the school facility and related improvements.

On October 6, 2004, the Council approved the issuance of the Special Tax Bonds Series A of 2004, which were issued December 22, 2004, in the amount of \$16,085,000 to finance various public improvements needed to complete the infrastructure in order to develop the property located within the District.

The following public infrastructure components for the District were completed as of September 2007: public park, major thoroughfare improvements, water line relocation and installation, flood control detention basin improvements and utilities undergrounding. Related water and sewer capacity improvements have been completed for five of the 11 residential villages. Three of the remaining five villages are currently under construction with two villages remaining that have yet to begin construction. The school and related infrastructure associated with Improvement Area No. 1 was completed in August 2005, with the school opening September 2005.

Special taxes for the Morro Hills CFD were levied in the amount of \$1,821,643 for fiscal year 2006/07 and \$732,972 for the same time period for Improvement Area No. 1. The special taxes for 2006/07 had a collection rate of 97 percent and a collection rate of 100 percent on delinquent special taxes for both the District and Improvement Area No. 1. Special taxes for the District for the current fiscal year were levied in the amount of \$1,861,498 for Morro Hills CFD and \$800,434 for Morro Hills Improvement Area No 1. In addition to the levied special taxes, there were prepayments of special taxes on two parcels in fiscal year 2006/07 in the amount of \$86,214. Through December 31, 2007, of the current fiscal year, there have been prepayments in the amount of \$280,833 on eight parcels in the District.

The following table furnishes financial information for fiscal year 2006/07 and the current fiscal year through December 31, 2007:

	FYE JUNE 07	FYE JUNE 08 (As of 12/31/07)
Revenues:		
Special Taxes	\$2,587,561	\$488,920
Investment Earnings	582,742	179,458
Total	<u>3,321,729</u>	<u>668,378</u>
Expenses:		
Consultant Fees	37,621	19,181
Debt Service	2,684,190	1,596,859
Fiscal Agent Fees	9,869	3,254
Capital Outlays	3,425,052	3,942,435
Total	<u>6,156,732</u>	<u>5,561,729</u>
Operating Income	(2,986,429)	(5,561,729)
Beginning Balance	14,870,662	11,884,223
Fund Balance	\$11,884,233	\$6,990,881

3. City of Oceanside Community Facilities District No. 2001-2 (Trendwest Resorts)

On June 19, 2002, the Trendwest CFD issued private placement bonds in the amount of \$1,500,000. The bonds were issued to finance the construction of a parking lot, various street improvements including a traffic signal, and the relocation of a waterline required for the development of the property in the district. The development of the property includes a 140-unit timeshare resort. The infrastructure was complete prior to the issuance of bonds, therefore activity in this District consists only of debt service payments.

The District entered into an owner participation agreement with the Community Development Commission of the City of Oceanside which allows for the collection of Transient Occupancy Tax (TOT) at the resort. The TOT collected is used to reimburse the special tax payments and redeem bonds if any excess TOT is collected. The agreement is in force until the bonds are paid in full.

The fiscal year 2006/07 special tax levy totaled \$122,500. The levy was collected in full. Excess TOT collected during 2005/06 resulted in redemption of bonds in the amount of \$45,000 on September 1, 2006, reducing the outstanding principal to \$805,000 as of June 30, 2007. The special tax levy for the current fiscal year is \$117,250. Bonds in the amount of \$200,000 were redeemed on September 1, 2007 due to excess TOT collected in 2006/07 and accounting corrections to the TOT revenue from 2005/06. Outstanding bond principal as of December 31, 2007, is \$545,000.

The following table furnishes financial information for fiscal year 2006/07 and the current fiscal year through December 31, 2007:

	FYE JUNE 07	FYE JUNE 08 (As of 12/31/07)
	<u> </u>	<u> </u>
Revenues:		
Special Assessment	\$122,500	-
Transient Occupancy Tax	258,748	67,581
Investment Earnings	12,122	5,471
	<u> </u>	<u> </u>
Total	<u>393,370</u>	<u>67,105</u>
Expenses:		
Fiscal Agent Fees	2,703	2,703
Consultant Fees	2,175	1,739
Special Tax Reimbursement	117,621	-
Debt Service	142,750	280,125
	<u> </u>	<u> </u>
Total	<u>265,249</u>	<u>284,567</u>
Operating Income	128,121	(211,515)
Beginning Balance	155,826	436,778
Prior Period Adjustments	152,831	-
Fund Balance	\$436,778	\$225,263

FISCAL IMPACT

None.

COMMISSION OR COMMITTEE REPORT

Does not apply.

CITY ATTORNEY'S ANALYSIS

Does not apply.

RECOMMENDATION

Information only, no action required.

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