

City of Sacramento

Legislation Text

File #: 2018-01510, **Version:** 1

Title:

Authorization to Return Overpaid Special Taxes to Certain Property Owners in the City of Sacramento North Natomas Drainage Community Facilities District No. 97-01

File ID: 2018-01510

Location: District 1

Recommendation:

Pass a Motion authorizing staff to return collected special taxes to certain property owners who have overpaid due to an error in property classification.

Contact: Brian Wong, Debt Manager, (916) 808-5811; Colin Bettis, Senior Debt Analyst, (916) 808-8292, Office of the City Treasurer

Presenter: None

Attachments:

1-Description/Analysis

Description/Analysis

Issue Detail: In 2010, the Office of the City Treasurer changed special tax administrators responsible for the administration of land-secured districts including Mello-Roos community facilities districts (CFDs) and assessment districts. Administration of CFDs involves among other things, the accurate collection of special tax levies in accordance with the Rate and Method of Apportionment (RMA) for each CFD based on the then current land use categories of taxable parcels. The City recently became aware that the prior special tax administrator had incorrectly classified certain properties within the City of Sacramento North Natomas Drainage CFD No. 97-01 (the CFD) as developed properties even though those parcels should have been classified as undeveloped per the RMA. When the land use category data was transferred to the current special tax administrator in FY2009/10 the data was taken and assumed to be accurate. As such, the current special tax administrator did not perform reconciliation, validation, or sampling of the accuracy of the data received from the prior special tax administrator.

In June 2018, a property owner called requesting a review of the special taxes levied on his properties within the CFD. Upon review by City staff and the City's current special tax administrator of all properties within the CFD, it was confirmed that certain properties within the CFD have been incorrectly classified between FY2010/11 and FY2017/18. Specifically, City staff determined that 20 parcels were incorrectly levied based on the wrong land use category, out of approximately 19,000 parcels in the CFD.

The total amount of special taxes over collected is \$348,395.87. In addition to returning the special taxes over collected, there will be an additional component of the refund to affected property owners associated with interest earnings that were achieved in Pool A based on the simple rates of return. The total amount to be refunded is estimated not to exceed \$390,000. The City Treasurer's Office will recalculate the interest earnings through the month in which sufficient special tax funds are on hand to first meet the debt service requirement due on March 1 and September 1, 2018, and will repay the affected property owners in mid calendar-year 2019 after the receipt of the second installment of FY2018/19 special taxes.

Policy Considerations: Not applicable.

Economic Impacts: Not applicable.

Environmental Considerations: Approval of the recommendation is not a "project" subject to CEQA because it (a) has no potential to cause a significant effect on the environment and (b) concerns governmental fiscal activities that do not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment (14 Cal. Code Regs. §§ 15061(b)(3) and 15378(b)(4)).

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The refund to property owners will correct prior errors in the calculation of the special taxes in this CFD.

Financial Considerations: It is estimated that the CFD Special Tax Fund (Fund 7431) will have enough funds upon receipt of the second installment of the CFD's FY2018/19 special taxes in the first half of calendar-year 2019 to process the refund after first making the necessary debt service payment of the CFD bonds due on March 1, 2019 and setting aside the necessary debt service payment of the CFD bonds due on September 1, 2019. Upon receipt of the collection the City Treasurer's Office will work to refund the identified property owners for the overpayment amounts listed below plus interest for the time that the overpayments were in the City's possession, in an

amount not to exceed \$390,000. It is also anticipated that Fund 7431 will also have sufficient funds available to cover administrative costs as well.

APN	2010/	2011/	2012/	2013/	2014/	2015/	2016/	2017/	TOTAL
225-0140-050-000	22,390.60	22,390.60	22,390.60	22,390.60	22,390.60	22,390.60	22,390.60	22,390.60	22,390.60
225-0140-057-000	761,184.91	761,184.91	761,184.91	761,184.91	761,184.91	761,184.91	761,184.91	761,184.91	761,184.91
225-0140-063-000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
225-0140-067-000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
225-0140-073-000	203,521.48	203,521.48	203,521.48	203,521.48	203,521.48	203,521.48	203,521.48	203,521.48	203,521.48
225-0140-074-000	23,128.58	23,128.58	23,128.58	23,128.58	23,128.58	23,128.58	23,128.58	23,128.58	23,128.58
225-0140-072-000	582,612.00	582,612.00	582,612.00	582,612.00	582,612.00	582,612.00	582,612.00	582,612.00	582,612.00
225-0140-070-000	92,320.98	92,320.98	92,320.98	92,320.98	92,320.98	92,320.98	92,320.98	92,320.98	92,320.98
225-0140-072-000	92,561.08	92,561.08	92,561.08	92,561.08	92,561.08	92,561.08	92,561.08	92,561.08	92,561.08
225-0140-078-000	66,228.08	66,228.08	66,228.08	66,228.08	66,228.08	66,228.08	66,228.08	66,228.08	66,228.08
225-0150-054-000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
225-1870-018-000	121,263.60	121,263.60	121,263.60	121,263.60	121,263.60	121,263.60	121,263.60	121,263.60	121,263.60
225-1870-019-000	12,604.72	12,604.72	12,604.72	12,604.72	12,604.72	12,604.72	12,604.72	12,604.72	12,604.72
225-1870-020-000	721,928.08	721,928.08	721,928.08	721,928.08	721,928.08	721,928.08	721,928.08	721,928.08	721,928.08
225-1870-021-000	382,677.48	382,677.48	382,677.48	382,677.48	382,677.48	382,677.48	382,677.48	382,677.48	382,677.48
225-1870-022-000	382,037.22	382,037.22	382,037.22	382,037.22	382,037.22	382,037.22	382,037.22	382,037.22	382,037.22
225-1870-024-000	321,171.40	321,171.40	321,171.40	321,171.40	321,171.40	321,171.40	321,171.40	321,171.40	321,171.40
225-1870-027-000	521,862.60	521,862.60	521,862.60	521,862.60	521,862.60	521,862.60	521,862.60	521,862.60	521,862.60
225-2170-164-000	281,855.32	281,855.32	281,855.32	281,855.32	281,855.32	281,855.32	281,855.32	281,855.32	281,855.32
225-2300-013-000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35,294.60	35,294.60
Total	49,663								

Local Business Enterprise (LBE): Not applicable.