



Mello-Roos Financing and the East Garrison CFD

November 8, 2023



Terminology

- Community Facilities District (“CFD”)
- Special Tax
- Tax-exempt, land-secured bonds
- Rate and Method of Apportionment (“RMA”)



What is Mello-Roos?

- Mechanism to fund public infrastructure and services
 - Approved by Legislature in 1982 to fill Prop. 13 funding gaps
 - Sponsored by Senator Henry Mello and Assemblyman Mike Roos
 - Thousands of CFDs formed in California to fund billions in public infrastructure
- Mechanism to fund services that public agency budgets can no longer sustain



Why is Mello-Roos Used?

- Tax-exempt interest rates result in lower infrastructure financing costs
- Virtually no federal, state or local funding available for public infrastructure
- Agencies can secure funding for improvements in a more timely manner than “pay-as-you-go” funding
- Cost of financing is disclosed and can be taken into account in home-buying decision



East Garrison CFD: Authorized Facilities & Services

- Facilities: Public improvements with a useful life of 5 years or longer
 - Public road improvements
 - Wastewater, water, and drainage system improvements
 - Parks and open space improvements
- Services: To the extent the service funded is provided at a level greater than provided before the CFD was formed:
 - Maintenance of drainage and storm sewer facilities
 - Maintenance and operation of public parks and open space
 - Services provided by the Monterey County Sheriff's Department



East Garrison CFD: Special Tax Formula (RMA)

Facilities Special Tax

- Maximum Facilities Tax escalates by 2% each fiscal year
- Facilities Special Tax Requirement
 - Determined by County staff each fiscal year
 - Generally includes debt service on bonds and administrative expenses
- Levied at 66% of the Maximum Facilities Tax
- Sunset date in RMA is fiscal year 2055-56



East Garrison CFD: Special Tax Formula (RMA)

Services Special Tax

- Maximum Services Tax escalates by the lesser of: (i) change in CPI or (ii) 4%
- Services Special Tax Requirement
 - Services Budget determined by County staff each fiscal year
- Revised tax bills are levied at 70% of the Maximum Services Tax
- Services Tax levied in perpetuity



East Garrison CFD: Services Special Tax Requirements

Services Special Tax Requirement	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
Services Budget	\$2,506,885	\$1,999,139	\$1,997,520
County Fee	\$4,170	\$3,571	\$3,714
Less: Surplus Funds Available	<u>(\$843,253)</u>	<u>(\$574,286)</u>	<u>(\$515,678)</u>
Total Services Special Tax Levy	\$1,667,801	\$1,428,424	\$1,485,556

East Garrison CFD: Fiscal Year 2023-24 Special Tax Rates

Product Type	FY 2023-24 Maximum Services Special Tax	FY 2023-24 Actual Services Special Tax	FY 2023-24 Maximum Facilities Special Tax	FY 2023-24 Actual Facilities Special Tax
Single Family Detached Property		<i>(per Residential Unit)</i>		
Less than 1,400 Sq. Ft.	\$1,737.62	\$1,216.34	\$1,543.02	\$1,023.62
1,400 - 1,550 Sq. Ft.	\$1,887.42	\$1,321.20	\$1,673.58	\$1,110.24
1,551 - 1,700 Sq. Ft.	\$2,010.64	\$1,407.44	\$1,784.24	\$1,183.64
1,701 - 1,850 Sq. Ft.	\$2,182.86	\$1,528.00	\$1,938.42	\$1,285.92
1,851 - 2,000 Sq. Ft.	\$2,356.48	\$1,649.54	\$2,092.60	\$1,388.20
2,001 - 2,150 Sq. Ft.	\$2,482.50	\$1,737.76	\$2,203.26	\$1,461.62
2,151 - 2,300 Sq. Ft.	\$2,681.32	\$1,876.92	\$2,379.82	\$1,578.74
2,301 - 2,450 Sq. Ft.	\$2,754.14	\$1,927.90	\$2,445.72	\$1,622.46
2,451 - 2,600 Sq. Ft.	\$2,854.94	\$1,998.46	\$2,532.76	\$1,680.20
2,601 - 2,750 Sq. Ft.	\$3,028.56	\$2,120.00	\$2,686.94	\$1,782.48
2,751 - 2,900 Sq. Ft.	\$3,151.78	\$2,206.24	\$2,797.60	\$1,855.90
Greater than 2,900 Sq. Ft.	\$3,276.40	\$2,293.48	\$2,908.26	\$1,929.30
Single Family Attached Property				
Less than 800 Sq. Ft.	\$1,092.14	\$764.50	\$969.84	\$643.38
800 - 1,000 Sq. Ft.	\$1,265.76	\$886.04	\$1,124.02	\$745.66
1,001 - 1,450 Sq. Ft.	\$1,341.36	\$938.96	\$1,188.66	\$788.54
1,451 - 1,650 Sq. Ft.	\$1,636.80	\$1,145.76	\$1,454.74	\$965.06
1,651 - 1,800 Sq. Ft.	\$1,811.82	\$1,268.28	\$1,607.68	\$1,066.52
1,801 - 1,975 Sq. Ft.	\$1,961.64	\$1,373.14	\$1,739.48	\$1,153.96
1,976 - 2,150 Sq. Ft.	\$2,061.06	\$1,442.74	\$1,829.00	\$1,213.34
Greater than 2,150 Sq. Ft.	\$2,182.86	\$1,528.00	\$1,938.42	\$1,285.92



Questions?
