

Tax Report

Community Facilities District No. 1 (Vintage Oaks Improvements)

The Economics of Land Use



Prepared for:
City of Novato

Prepared by:
Economic & Planning Systems, Inc. (EPS)

*Economic & Planning Systems, Inc.
455 Capitol Mall, Suite 701
Sacramento, CA 95814
916 649 8010 tel
916 649 2070 fax*

*Oakland
Sacramento
Denver
Los Angeles*

www.epsys.com

EPS #232050

June 2023

Table of Contents

1.	Introduction.....	1
	Background.....	1
	Organization of the Report	1
2.	CFD Parcels	3
3.	Calculation of FY 2023-24 Special Tax Levy	4
	Compute the Annual Fixed Special Tax.....	4
	Compute the Maximum Tax Rates for FY 2023–24	6
	Compute the Annual Building Tax Rate.....	6
	Compute the Annual Tax on Lands.....	6
	Compute the Annual Land Tax Rate	10
	Compute the Annual Parcel Special Tax for FY 2023–24	10

List of Map and Tables

Map 1	Assessor’s Parcel Map	2
Table 1	CFD Parcels FY 2023-24.....	3
Table 2	Calculation of Annual Fixed Special Tax FY 2023-24	5
Table 3	Special Tax Rates for FY 2023-24	7
Table 4	Calculation of Annual Building Tax Rate.....	8
Table 5	Calculation of Annual Tax on Lands.....	9
Table 6	Calculation of Annual Land Tax Rate	11
Table 7	Calculation of Annual Parcel Special Tax for FY 2023-24	12

1. Introduction

Background

In May 1991, the City of Novato's (City's) City Council authorized the formation of Community Facilities District No. 1 (CFD No. 1) to fund the development of the public improvements for the commercial areas of the Vintage Oaks. A total of 13 parcels are included in CFD No. 1. The Vintage Oaks development area consists of approximately 48 acres of commercial development and is located east of State Route 101 and south of Rowland Boulevard. **Map 1** is the Assessor's Parcel Map that shows the parcels included in the CFD.

This report provides a detailed description of the process used to calculate the Fiscal Year (FY) 2023-24 special tax levy for the City's Community Facilities District (CFD). This is the 31st year in which special taxes will be levied in this CFD. The special taxes are calculated according to the "Rate and Method of Apportionment of Special Tax" (Tax Formula), as adopted by the City Council in the Resolution forming the CFD in May 1991.

Organization of the Report

This report serves as the Tax Report for FY 2023-24. This Tax Report discusses parcels included in the CFD, the calculation of annual costs, and the allocation of the Special Tax to parcels.

Chapter 2 describes the CFD parcels.

Chapter 3 discusses the calculation of the FY 2023-24 tax levy.

20

NORTHWESTERN PACIFIC R.R.

ROWLAND WAY

ROWLAND

BLVD.

22

32

VINTAGE WAY

HIGHWAY

U.S.

1. R=450 97.77
2. S79°30'W 24.96
3. S59°17'W 49.78
4. N59°11'W 38.90
5. N75°48'W 42.01
6. S84°44'W 80.39
7. S62°44'W 104.71
8. S69°49'W 124.70
9. S56°06'W 139.32
10. N38°42'W 16.00
11. R=22,872.06 29.94
12. R=11,413.53 29.88
13. R=7594.02 29.82
14. R=5684.27 29.76
15. R=4538.41 29.70
16. R=3774.51 2.50
17. S57°33'W 82.00
18. N32°26'W 45.35
19. S57°33'W 60.00
20. N32°26'W 10.27
21. S32°26'E 10.27
22. S57°33'W 56.69
23. S32°26'E 60.44
24. S57°33'W 126.77
25. N32°26'W 31.50
26. S57°33'W 81.59
27. S32°26'E 36.00
28. S57°33'W 50.21
29. R=552 49.02
30. N35°28'W 17.02
31. R=35 7.76
32. S12°33'W 37.40
33. R=35 7.76
34. N38°42'W 18.85
35. N53°37'E 30.59

Bk.152 15

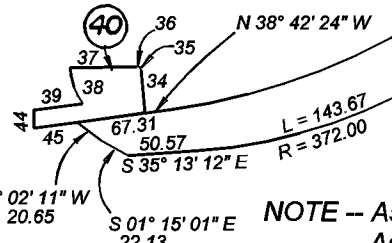
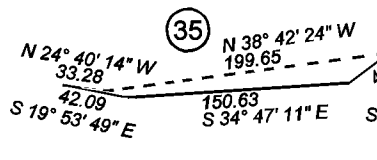
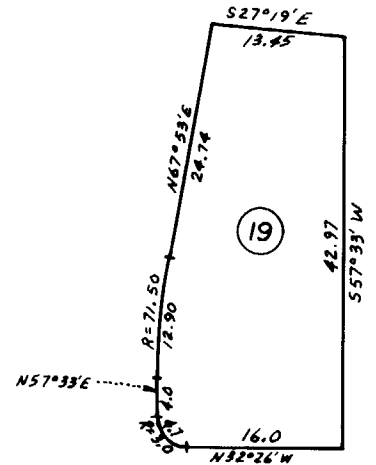
Bk.152 16

Bk.152 32

Bk.152 37

Bk.152 38

Bk.152 30



5/26/2009 MEM

BLK	PRIOR APN	NEW APN	YR	AUTH
340			06	SBE 05-012
340	From Rway	153-340-29, 30, & 31	08	115
340	153-340-15	32 & 33	08	115
340	04, 29, 30, 32	153-340-34	08	115
340	33 & 31	153-340-35	08	115
340	153-340-34	36,37,38,40	08	143
			09	SBE 09-011

Detail 2 nts

NOTE -- Assessor's Block Numbers Shown in Ellipses.
Assessor's Parcel Numbers Shown in Circles.

CITY OF NOVATO
Assessor's Map Bk.153-Pg.34
County of Marin, Calif.

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCELS MAY NOT COMPLY WITH LOCAL SUBDIVISION OR BUILDING ORDINANCES.

2. CFD Parcels

The Vintage Oaks project encompasses 13 parcels that total approximately 48 acres of land. **Table 1** identifies each parcel by its assessor's parcel number, individual acreage, and building square footage used for calculating the annual special tax levy.

Table 1 CFD Parcels FY 2023-24

Assessor's Parcel Number	Parcel Acreage	Building Square Foot
153-340-36	8.87	150,165
153-340-37	0.37	0
153-340-38	0.46	0
153-340-40	0.05	0
153-340-10	0.07	0
153-340-35	13.61	148,887
153-340-16	1.17	16,778
153-340-17	1.31	4,650
153-340-21	1.04	4,209
153-340-22	0.78	1,290
153-340-26	2.31	15,361
153-340-27	1.65	18,043
153-340-28	16.04	182,019
Totals	47.72	541,402

"parcels"

Source: City of Novato Planning Department and
 Marin County Assessor's Office.

3. Calculation of FY 2023-24 Special Tax Levy

Compute the Annual Fixed Special Tax

The Annual Fixed Special Tax for the CFD is the total dollar amount of expenditure items that must be funded in FY 2023–24. The Annual Fixed Special Tax is approximately \$1,605,632.61 and consists of the following items:

1. Debt Service on Fixed Rate Bonds
2. Fiscal Agent Services
3. Administrative Expenses
4. Special Tax Collection Charges

Debt Service



Debt service consists of the principal and interest installments due in the calendar year following the beginning of the current fiscal year. CFD bonds were previously refunded by the City in August 2004 resulting in a reduction of the annual debt service requirements in future fiscal years.

The City refunded the CFD bonds once again in 2014 through a Loan Agreement with Compass Mortgage Corporation that enabled the City to reduce annual debt service payments 14.5 percent, on average, for the remaining term of the outstanding CFD bonds. The reduced debt service payments significantly reduce the total Annual Fixed Special Tax for the CFD, directly benefitting all property owners within the CFD.

FY 2023–24 debt service consists of the principal and interest installments due during calendar year 2024. The principal payment due in February of the calendar year 2024 is \$717,825.33. The principal payment due in August of the calendar year 2024 is \$730,494.95. The interest payment due in February of calendar year 2024 is \$79,451.97. The interest payment due in August of calendar year 2024 is \$66,782.36.

Table 2 shows the calculation of the Annual Fixed Special Tax for the CFD.

Administrative Expenses

The City may levy special taxes to cover administrative expenses associated with the costs of administering the CFD. Annual costs that may be included in each annual special tax levy are listed below.

Table 2
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Calculation of Annual Fixed Special Tax FY 2023-24

Item	Amount
Debt Service	
Fixed Rate Bonds	
Principal	
February 2024	\$717,825.33
August 2024	\$730,494.95
Interest	
February 2024	\$79,451.97
August 2024	\$66,782.36
Total Debt Service FY 2023-24	\$1,594,554.61
Interest Earnings on Reserve Fund [1]	(\$15,000.00)
Fiscal Agent Services	\$0.00
Tax Levy, Annual Reports	\$6,000.00
CFD Administrative Costs	\$20,000.00
Arbitrage Calculation	\$0.00
Previous Year Delinquency Coverage	\$0.00
Special Tax Collection Charges [2]	\$78.00
Less Special Tax Account Cash Balance	\$0.00
Total Annual Fixed Special Tax	\$1,605,632.61

"costs"

[1] Provided by City of Novato.

[2] County charges \$6 per parcel to levy and collect the special tax for FY 2023-24.

Administrative costs for the City are estimated to be \$20,000 for FY 2023–24. Other flat cost items include a fee of \$6,000 for the tax levy and annual reports, \$0 for arbitrage calculation, and a fee for Special Tax collection that is approximately \$78. **Table 2** displays these components of the Annual Fixed Special Tax.

Interest Earnings of Reserve Fund

The City estimates that the CFD bond reserve fund will earn approximately \$15,000 in interest during FY 2023-24. This amount is used to reduce the total annual fixed special tax requirement.

Compute the Maximum Tax Rates for FY 2023–24

The Maximum Annual Special Tax Rates for FY 2023–24 are computed on a per-building-square-footage basis and a per-land-acreage basis. **Table 3** shows this calculation. To calculate the Maximum Building Tax per Square Foot, the Special Tax per square foot, which is set forth as \$4.58 in the Special Tax Formula, is multiplied by the total building square feet in the CFD. The Maximum Land Tax per acre is similarly calculated by multiplying the Tax per acre (\$75,891) by the total acres in the CFD.

Compute the Annual Building Tax Rate

The Annual Building Tax Rate is equal to the Annual Tax on Buildings divided by the Total Building Floor Area. The Annual Tax on Buildings is the lesser of either 80 percent of the Annual Fixed Special Tax (from **Table 2**) or the Maximum Building Tax, as calculated in **Table 3**. Dividing the Annual Tax on Buildings by the Total Building Floor Area (from **Table 1**) yields an Annual Building Tax Rate of \$2.37 for CFD No. 1. This calculation is shown in **Table 4**.

Compute the Annual Tax on Lands

The Annual Tax on Lands is equal to the Annual Fixed Special Tax minus the Annual Tax on Buildings. **Table 5** presents this calculation and shows that the Annual Tax on Lands for CFD No. 1 is \$321,127.

Table 3
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Special Tax Rates for FY 2023-24

Tax Category	Tax per Sq. Ft./Acre	Total Area [1]	Maximum Tax
Maximum Building Tax Per Square Foot	\$4.58	541,402.00	\$2,479,621.16
Maximum Land Tax Per Acre	\$75,891	47.72	\$3,621,290.85

"base_tax"

[1] From **Table 1**.

Table 4
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Calculation of Annual Building Tax Rate

Item	Reference	Amount
A. Annual Fixed Special Tax	<i>80% of Table 2 result</i>	\$1,284,506
B. Maximum Building Tax Per Square Foot	<i>from Table 3</i>	\$2,479,621
C. Annual Tax on Buildings	<i>Lesser of A or B</i>	\$1,284,506
D. Total Building Floor Area	<i>From Table 1</i>	541,402
E. Annual Building Tax Rate	=C/D	\$2.37

"building_tax"

Table 5
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Calculation of Annual Tax on Lands

Item	Reference	Amount
A. Annual Fixed Special Tax	<i>From Table 2</i>	\$1,605,633
B. Annual Tax on Buildings	<i>From Table 4</i>	\$1,284,506
C. Annual Tax on Lands	=A-B	\$321,127

"land_tax"

Compute the Annual Land Tax Rate

The Annual Land Tax Rate is equal to the lesser of either the Annual Tax on Lands divided by the total of all acres in the CFD or the Maximum Land Tax per Acre. **Table 6** compares these two values and shows that the Annual Tax Rate for CFD No. 1 is based on the Annual Tax on Land divided by the total of all acres in the CFD and is approximately \$6,729.81.

Compute the Annual Parcel Special Tax for FY 2023–24

The Annual Parcel Special Tax for FY 2023–24 is computed for each of the 13 parcels in the CFD. The sum of the Land Tax and Building Tax for each parcel makes up the Annual Parcel Special Tax. To derive the Land Tax for each parcel, the Annual Land Tax Rate is multiplied by the acreage of each parcel. Similarly, the Building Tax is calculated by multiplying the Annual Building Tax Rate for each parcel by its building square footage. **Table 7** shows this calculation and sums the Annual Parcel Special Tax for all the 13 parcels in the CFD to show that the Maximum Annual Revenue generated in FY 2023-24 is \$1,605,632.61.

Table 6
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Calculation of Annual Land Tax Rate

Item	Reference	Acres	Tax Per Acre
A. Annual Tax on Land	<i>From Table 5</i>	\$321,127 / 47.72 =	\$6,729.81
B.. Maximum Land Tax Per Acre	<i>From Table 3</i>		\$75,891.00
C. Annual Land Tax Rate	<i>Lesser of A or B</i>		\$6,729.81

"land_tax2"

Table 7
City of Novato
CFD No. 1 (Vintage Oaks Public Improvements)
Calculation of Annual Parcel Special Tax for FY 2023-24

Assessor's Parcel Number	Parcel Acreage	Building Square Foot	Annual Land Tax Rate	Annual Building Tax Rate	Land Tax	Building Tax	Annual Parcel Special Tax	As a Percent of Total
	A	B	C	D	E=A*C	F=B*D	E+F	
153-340-36	8.87	150,165	\$6,729.81	\$2.37	\$59,679.99	\$356,274.74	\$415,954.73	25.91%
153-340-37	0.37	0	\$6,729.81	\$2.37	\$2,456.38	\$0.00	\$2,456.38	0.15%
153-340-38	0.46	0	\$6,729.81	\$2.37	\$3,095.71	\$0.00	\$3,095.71	0.19%
153-340-40	0.05	0	\$6,729.81	\$2.37	\$329.76	\$0.00	\$329.76	0.02%
153-340-10	0.07	0	\$6,729.81	\$2.37	\$471.09	\$0.00	\$471.09	0.03%
153-340-35	13.61	148,887	\$6,729.81	\$2.37	\$91,559.12	\$353,242.61	\$444,801.73	27.70%
153-340-16	1.17	16,778	\$6,729.81	\$2.37	\$7,873.88	\$39,806.73	\$47,680.61	2.97%
153-340-17	1.31	4,650	\$6,729.81	\$2.37	\$8,816.06	\$11,032.38	\$19,848.44	1.24%
153-340-21	1.04	4,209	\$6,729.81	\$2.37	\$6,999.01	\$9,986.08	\$16,985.09	1.06%
153-340-22	0.78	1,290	\$6,729.81	\$2.37	\$5,249.25	\$3,060.60	\$8,309.85	0.52%
153-340-26	2.31	15,361	\$6,729.81	\$2.37	\$15,545.87	\$36,444.82	\$51,990.69	3.24%
153-340-27	1.65	18,043	\$6,729.81	\$2.37	\$11,104.19	\$42,808.01	\$53,912.20	3.36%
153-340-28	16.04	182,019	\$6,729.81	\$2.37	\$107,946.21	\$431,850.11	\$539,796.32	33.62%
Totals	47.72	541,402			\$321,126.52	\$1,284,506.09	\$1,605,632.61	100.00%

"parcel_tax"