



## Council Agenda Report

Item 6c

**Department:** Finance  
**Cost Center:** 2001  
**For Agenda of:** 8/19/2025  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Emily Jackson, Finance Director  
**Prepared By:** Brent Taylor – Financial Analyst, Infrastructure Finance

**SUBJECT:** ANNUAL SPECIAL TAX LEVY REPORT FOR THE COMMUNITY FACILITIES DISTRICT NO 2019-1 (SAN LUIS RANCH) FOR FISCAL YEAR 2025-2026.

### RECOMMENDATION

Receive and file the CFD No. 2019-1 (San Luis Ranch) Tax Report FY 2025-26.

### REPORT-IN-BRIEF

The San Luis Ranch CFD Annual Tax Report (FY 2025-2026) (Attachment A) covers all parcels of land within the boundaries of the City of San Luis Obispo Community Facilities District No. 2019-1 (San Luis Ranch). The special tax attributed to each parcel was computed pursuant to the Amended and Restated Rate, Method of Apportionment, and Manor of Collection of Special Tax ("RMA") as approved by Council in [Resolution No. 11233](#).

The San Luis Ranch CFD Annual Tax Report (FY 2024-2025) (Attachment A) is divided into four chapters: (1) An Introduction, which describes the purpose of the CFD and structure of the report, (2) The Taxable Land Uses, which describes the different types of land uses within the boundaries of the CFD, (3) Annual CFD Costs, which determines the expected annual expenditures of the CFD, and (4) Assignment of the Maximum Special Tax and Special Tax Levy for FY 2025 - 2026, which determines the maximum amount of special tax for each parcel and the amount of the levy to submit to the County for each parcel.

Each fiscal year, the District Administrator, Economic and Planning Systems, Inc. (EPS), calculates the maximum amount of special tax revenue that may be collected from all taxable parcels in the CFD. Since the district is currently in construction phases, the RMA specifies that the levy for each fiscal year is to be based on the total number of building permits issued as of May 1st each year. As of May 1, 2025, the City had issued a total of 577 building permits since the start of the project (198 for low-density, 83 for medium density, 80 townhomes, 96 condominiums, and 120 efficiency units). Tax-exempt parcels consist of 22 Workforce/ Affordable Units, therefore the total number of units taxed will be 555. All permits for the residential portion of the project have been issued and all taxable parcels will now be included in the levy going forward.

Each year the District Administrator works with City Staff to determine the Annual Costs of the CFD. Expected costs of the CFD for fiscal year 2025-2026 are \$1,368,148.96, which includes principal and interest payments on the associated Bonds, CFD Administrator Fee, Trustee Fee, City Staff Costs, and Pay-as-you-Go costs for Authorized Facilities. These amounts are estimated costs and if the actual costs are less than the actual special tax revenue, then the special tax revenue not expended will be held in the City's San Luis Ranch CFD Fund for subsequent years' obligations.

Special tax revenues collected, that are not otherwise needed to fund the administration of the CFD, debt service, and the replenishment of the bond reserve fund, are allocated to pay-as-you-go ("PAYGO") facilities as outlined in the Acquisition Agreement approved by Council on October 20, 2020, with [Resolution No. 11176](#). Half of the special tax revenue classified as PAYGO must be used to reimburse the developer for the documented shortfall between the anticipated cost of the authorized public infrastructure built and the bonds' net proceeds. The other half is disbursed to the City for reimbursement of authorized costs incurred on behalf of the district. For FY 2025-2026, the City will levy all parcels at the maximum rate to generate PAYGO revenue as specified in the RMA. Taxing all parcels for FY 2025-2026 at the allowable maximum rate will generate \$216,615.01 special tax revenue that is not required for other authorized costs of the CFD. This amount will be used to fund authorized and documented expenditures and provide reimbursement to Developer and to the City. This amount is paid out to the Developer and the City in September of the subsequent fiscal year, after all other annual costs of the CFD have been completed.

By allocating 100% of the assigned maximum special tax for all taxable parcels, the total special tax levy for FY 2025-2026 will be \$1,368,148.96. The FY 2025-2026 levy was submitted to the county on July 16, 2025, by the CFD Administrator.

## **POLICY CONTEXT**

On July 18, 2017, the City Council adopted [Resolution No. 10822](#) certifying the Final EIR and Approving the San Luis Ranch project plan which included a specific plan amendment, general plan amendment, and an annexation. On August 21, 2018, the City Council adopted [Ordinance No. 1649](#) approving a development agreement with MI San Luis Ranch. An evaluation of the project's consistency with General Plan policies is discussed at length in Section 4.9 of the certified Final EIR.

The Specific Plan required that funding mechanisms be included to ensure that public infrastructure was coordinated with future development under the plan. The formation of a Communities Facilities District (CFD) was consistent with this requirement. On April 16, 2019, the Council adopted [Resolution No. 10998](#) to form the City of San Luis Obispo Community Facilities District 2019-1 (San Luis Ranch). As enabled by the Mello-Roos Community Facilities Act of 1982, a CFD allows a local jurisdiction to levy a special tax within a specified area to pay for public services and/or infrastructure needed within that area. Over the past three decades, CFDs have become a common mechanism for cities to fund services and finance development -related infrastructure. The use of a CFD, in this case, is consistent with the City's Economic Development Strategic Plan and the General Plan.

The General Plan provides specific policies related to the funding of infrastructure:

1.13.6. Required Plans: The City shall not allow the development of any newly annexed private land until the City has adopted a specific or development plan for land uses, open space protection, roads, utilities, the overall pattern of subdivision, and financing of public facilities for the area.

1.13.9. Costs of Growth: The City shall require the costs of public facilities and services needed for new development be borne by the new development unless the community chooses to help pay the costs for a certain development to obtain community-wide benefits. The City shall consider a range of options for financing measures so that new development pays its fair share of costs of new services and facilities which are required to serve the project, and which are reasonably related to the new growth attributable to the development.

This report and the levying of the special tax are consistent with these General Plan policies and with the City's local goals and policies for Community Facilities Districts.

## **DISCUSSION**

### **Background**

The San Luis Ranch Development Agreement was approved with [Ordinance No. 1649](#) on August 21, 2018, and provided the basis for the formation of the San Luis Ranch CFD. On April 2, 2019, the City Council adopted [Resolution No. 10998](#) establishing the San Luis Ranch Community Facilities District (2019-1). On April 16, 2019, the City Council adopted [Ordinance No. 1661](#), approving the levy of a special tax on an annual basis and solely within the boundaries of the San Luis Ranch CFD.

Subsequently, on April 20, 2021, the City Council adopted [Resolution No. 11239](#) which approved [Resolution No. 11233](#) authorizing a change to the RMA to incur bonded indebtedness in the aggregate principal amount of not to exceed \$25,000,000 secured by the levy of the special tax on parcels within the district. As one of the required steps for the approval of bond issuance, on May 5, 2021, the City Council adopted [Ordinance No. 1697](#) which replaced and superseded [Ordinance No. 1661](#) and authorizes the levy of a special tax for the fiscal year 2021-22 and all subsequent fiscal years and is solely applicable within the boundaries of the San Luis Ranch CFD.

The CFD for San Luis Ranch is authorized to levy a special tax within the district to fund a variety of administrative costs and costs of facilities which benefit the project. The special tax revenue generated by the annual levies is to be used on Debt Service, Administration, and Trustee which are identified in the Amended and Restated Rate, Method of Apportionment, and Manner of Collection of Special Tax (RMA). In addition, the special tax revenue may be used for Authorized Facilities listed in Exhibit A of the Acquisition Agreement. These authorized facilities include transportation improvements, potable and non-potable water system improvements, drainage system improvements, wastewater system improvements, solid waste improvements, park and landscape corridor improvements, open space improvements, and utilities which were required as a condition of the City's approval of the development.

The City has already established the necessary accounts with the County of San Luis Obispo Tax Collector to administer the special tax within the San Luis Ranch CFD. All necessary documentation and information were provided to the County of San Luis Obispo Tax Collector in proper form and required timelines to bill and collect the special tax on the secured property tax roll of the County beginning in FY 2021-22. The City is currently on a teeter plan with the County of San Luis Obispo, which ensures 100% of the Special Tax Revenue levied will be provided to City regardless of if the County can collect the full amount or not. Collection of delinquent special taxes is pursued only by the County and since City is entitled to the full levy amount through the teeter plan, there is no concern regarding a lack of revenue from delinquent parcels to fund the annual costs identified each year. This does not exclude the City's right to utilize any other lawful means of billing, collecting, and enforcing the special tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the special tax levy.

The City of San Luis Obispo has established the San Luis Ranch CFD Fund which is managed and controlled by the Community Services Group and Finance Department. This fund was established to receive revenue from Special Taxes and for paying expenditures of the CFD. This fund is budgeted annually through the City's Financial Plan cycle and generally follows the budget identified in the San Luis Ranch CFD Annual Tax Report (FY 2025-2026) Attachment A) being presented to Council with this item. All related unspent bond proceeds are accounted for in the CFD Fund but are held in a Trust Account and managed by a Trustee per the terms of the Bond Indenture.

Since the first year of special tax collection, the CFD Administrator prepares the Annual Tax Report which is the basis for the CFD annual budget and annual tax levy. The Annual Tax Report is presented to the City Council as a Consent Agenda item for purposes of transparency and accountability to the public. Historically, the City Council has Received and Filed this report each year since the first year in which special taxes were levied.

**Previous Council or Advisory Body Action**

On July 18, 2017, Council adopted [Resolution No. 10822](#) certifying the final EIR, approving the San Luis Ranch Project

On May 1, 2018, Council adopted [Resolution No. 10885](#) accepting a negotiated exchange of tax revenue and annual tax increment between the County of San Luis Obispo and City of San Luis Obispo.

On July 17, 2018, Council adopted [Resolution No. 10927](#) approving the addendum to the final EIR and certifying the final supplemental EIR approving the revised San Luis Ranch Project.

On August 21, 2018, Council adopted [Ordinance No. 1649](#) approving the Development Agreement for the San Luis Ranch project.

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On November 27, 2018, Council adopted [Resolution No. 10961](#) approving the final map for tract 3096 of the San Luis Ranch Project.

On February 19, 2019, Council adopted [Resolution No. 10986](#) approving the intention of the City to establish a CFD and authorize the levy of special taxes.

On February 19, 2019, Council adopted [Resolution No. 10987](#) approving to incur bonded indebtedness for the San Luis Ranch CFD.

On April 2, 2019, Council adopted [Resolution No. 10997](#) modifying the resolution of intention and approving the amended and restated rate and method of apportionment.

On April 2, 2019, Council adopted [Resolution No. 10998](#) forming the San Luis Ranch CFD, authorizing the levy of a special tax, and establishing an appropriation limit for the district.

On April 2, 2019, Council adopted [Resolution No. 10999](#) deeming it necessary to incur bonded indebtedness for the San Luis Ranch CFD.

On April 2, 2019, Council adopted [Resolution No. 11000](#) calling a special election for the San Luis Ranch CFD.

On April 2, 2019, Council adopted [Resolution No. 11001](#) declaring results of special election and directing recording of notice of special tax lien.

On April 16, 2019, Council adopted [Ordinance No. 1661](#) approving the levy of special taxes within the boundaries of the San Luis Ranch CFD.

On April 7, 2020, Council adopted [Resolution No. 11110](#) approving a vesting tentative tract map 3150 of the San Luis Ranch project.

On August 18, 2020, Council adopted [Resolution No. 11157](#) modifying mitigation measures and mitigation monitoring and reporting plan and approving an addendum to the final supplemental EIR.

On October 6, 2020 Council adopted [Resolution No. 11167](#) approving final map for tract 3150 of the San Luis Ranch project.

On October 20, 2020, Council adopted [Resolution No. 11176](#) approving the funding, construction and acquisition agreement for the San Luis Ranch CFD.

On November 17, 2020, Council adopted [Resolution No. 11192](#) approving a specific plan amendment and to update the specific plan, approval of vesting tentative tract map 3142, and a determination that the project is consistent with the final EIR and final supplemental EIR.

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On March 16, 2021, Council adopted [Resolution No. 11233](#) for consideration to amend the rate and method of apportionment for San Luis Ranch CFD.

On April 20, 2021, Council adopted [Resolution No. 11238](#) Calling a special mailed ballot election related to change proceedings within the San Luis Ranch CFD.

On April 20, 2021, Council adopted [Resolution No. 11239](#) approving the changes presented to the RMA in [Resolution No. 11233](#).

On April 20, 2021, Council adopted [Resolution No. 11240](#) authorizing the issuance of special tax bonds, series 2021, in an amount of \$20,500,000.

On May 4, 2021, Council adopted [Ordinance No. 1697](#) levying a special tax for the fiscal year 2021-2022 and for all subsequent years.

### **Public Engagement**

The annual special tax report requires a "notify" level of public engagement that was accomplished through the publication of the agenda, associated report, and the consideration of the report during a public session of the City Council. Public comment can be provided to the City Council through written correspondence prior to the meeting and through public testimony at the meeting.

### **CONCURRENCE**

The Community Development Department, the Finance Department, the Community Services Group, and the City Attorney Office concur with the information contained in this report as presented.

### **ENVIRONMENTAL REVIEW**

Annual special tax reporting for the City of San Luis Obispo Community Facilities District No. 2019-1 ( San Luis Ranch) is categorically exempt from California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15306 (Information Collection) and the action otherwise qualifies for a "general rule" exemption according to Section 15061(b)(3), which covers activities "where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment." Annual reporting does not change any aspect of the approved San Luis Ranch project, nor does it introduce the potential for any new environmental impacts.

Under Section 15306, the Secretary for the California Natural Resources Agency has concluded that "basic data collection, research, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource" are exempt from CEQA. Therefore, the proposed action is categorically exempt from further analysis under CEQA.



**FISCAL IMPACT**

Budgeted: Yes  
Funding Identified: Yes

Budget Year: 2025-2026

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

There are no funding requests associated with this item. The annual report was prepared by the CFD Administrator and cost for preparation of the report was paid by San Luis Ranch CFD Fund which budgets for this expense each year through the Annual Tax Report and the City's Financial Plan cycles. The FY 2025-26 budget for the CFD was approved by City Council with adoption of the 2025-27 Financial Plan on June 17, 2025, and generally follows the budget identified in the Annual Tax Report being presented to City Council with this item.

**ALTERNATIVES**

***Council could decide not to receive and file the Special Tax Annual Report for San Luis Ranch.*** The Annual Tax Report is provided to the public at request by the Council for transparency purposes since the first year's special taxes were levied. This annual report is not a requirement of the CFD under the Mello-Roos Act and is not required by any Ordinance or Resolution.

**ATTACHMENTS**

A - CFD No. 2019-1 (San Luis Ranch) Tax Report FY 2025-26