



# Manteca Unified School District

## *STUDY SESSION: CFD No. 2005-4 Special Tax Level*

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# Manteca Unified School District

CFD No. 2005-4 Special Tax Level

## *What Makes CFD No. 2005-4 Different?*

### **CFD No. 2005-4**

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- ✓ Formed in 2005
- ✓ City of Lathrop
- ✓ Approx. 400 Units
- ✓ Fiscal Year 2015/2016  
Approx. Maximum Tax  
Rate is \$1,800

### **CFD No. 2000-3**

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- ✓ Formed in 2000
- ✓ City of Manteca
- ✓ Approx. 3,000 Units
- ✓ Fiscal Year 2015/2016  
Approx. Maximum Tax  
Rate is \$1,300

# Manteca Unified School District

CFD No. 2005-4 Special Tax Level

## *Why Might Maximum Special Tax Levels Vary?*

**When establishing an initial Maximum Special Tax level it is based on an analysis of the projected impact of the future development:**

- ✓ ***Site Costs*** – The cost of purchasing and developing school sites is the most unpredictable component of evaluating the impact of future development;
- ✓ ***Construction Cost*** – Because of the unique qualifications required, the labor pool for the construction of school facilities is smaller and more volatile than construction in general;
- ✓ ***Availability of State Funds*** – The availability and sufficiency relative to “true” impact of the State School Facilities Program changes over time; and
- ✓ ***Economies of Scale*** – Many of the “soft” costs associate with the administration of a CFD and the issuance of bonds are fixed.

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CFD No. 2005-4 Special Tax Level

## *What Decision Must Be Made Before Issuing Bonds?*

**Before issuing bonds for CFD No. 2005-4 the Board must determine how much of the Maximum Special Tax rate will be used to size the issuance:**

- ✓ *Each year the Board has the discretion to set the Special Tax rates within certain parameters:*
  - ✓ *Maximum Special Tax Levy* – The Special Tax cannot exceed the Maximum Special Tax rates.
  - ✓ *Minimum Special Tax Levy* – The Special Tax must be levied at a level sufficient to i) pay the costs associated with the administration of the CFD and ii) pay all debt service payments.
- ✓ **By issuing less debt the Board can retain the flexibility to levy the Special Tax at a lower level in the future.**
- ✓ **The issuing of less debt at this time does not preclude the Board from levying up to the Maximum Special Tax rate in subsequent years to support additional debt or fund pay-as-you-go projects.**

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## *What are the Options?*

There are countless different ways of setting the minimum special tax levy; however, for simplicity we have summarized two:

### **Option 1** **Maximum Special Tax**

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- ✓ **Total Bond Amount = \$8,730,000**
- ✓ **Construction Funds = \$8,216,151**
- ✓ **Fiscal Year 2015/2016  
Approx. Maximum Tax  
Rate = \$1,800**

### **Option 2** **Comparable to CFD No. 2000-3**

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- ✓ **Total Bond Amount = \$5,760,000**
- ✓ **Construction Funds = \$5,020,000**
- ✓ **Fiscal Year 2015/2016  
Approx. Maximum Tax  
Rate = \$1,300**

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## *What Does the Board Need to Do?*

The Board will not be taking “direct” action to change the Maximum Special Tax rates in CFD No. 2005-4:

- ✓ *Give direction to staff and Financial Advisor on which revenue assumption to utilize when sizing the bond issuance and preparing the credit analysis; and*
- ✓ *Annually approve the levy for CFD No. 2005-4 constant with the chosen option.*
- ✓ **It is important to remember that if Option 2 is chosen it does not preclude the Board from levying up to the Maximum Special Tax rate in subsequent years to support additional debt or fund pay-as-you-go projects.**