



Memorandum

To: James Hamill, CSCDA
From: DPF
Date: May 9, 2024
Subject: Owl Ranch Subdivision (City of Hercules) – SCIP Financing Plan for 2024C

James,

Per the request of D.R. Horton (“Developer”), we have prepared this memo to provide background information and discuss a proposal for the formation of an Community Facility District through the California Statewide Communities Development Authority (“CSCDA”) and the Statewide Community Infrastructure Program (“SCIP”) for the Owl Ranch Subdivision (“Project”) within the City of Hercules (“City”).

The City is currently a participating member of SCIP with authorizations to form assessment districts only. In 2017, the City updated their SCIP resolution to require City Council approval for any future SCIP applications. Once a SCIP application has been formally approved by City Council, the balance of remaining actions related to the District formation and subsequent bond issuance would remain delegated to the City Manager.

The Developer would also like to seek the West Contra Costa Transportation Advisory Committee’s cooperation with CSCDA and SCIP in order to potentially finance the West County Sub-Regional Transportation Mitigation Fee.

The Developer would like to submit a SCIP application for the Project to participate in the 2024C SCIP Series which begins in August 2024 and closes bonds in December 2024. The anticipated 2024C SCIP Series application and bond issuance schedule is shown below:

SCIP Series	2024C Series
Applications Due	August 1, 2024
Prepare Preliminary Engineer's Report	August - September 2024
Resolution of Intention to Form AD	September 19, 2024
Hold Public Hearing to Form AD	November 7, 2024
Sell Bonds	November 26, 2024
Close Bonds	December 18, 2024

Project Details:

The Project is planned for the development of 40 single-family residential lots on the approximately 7.3 acre site at 215 Skelly Road. A preliminary site plan is attached to this memo for reference. Lot 19 and Lot 29 will be excluded from the SCIP financing district as they have been designated as deed restricted

affordable housing. For the purposes of the SCIP financing proposal, only 38 residential units will be considered in the remainder of this memo.

The Project’s final map was approved by the City on November 14, 2023. Land development is currently underway with underground storm and sewer improvements completed. Water improvements are anticipated to begin in May 2024 and paving to begin in September 2024.

The Developer anticipates that the building permits for model homes will be issued in August 2024. Sales for homes will begin in December 2024 with the first anticipated home closing expected in February 2025.

The Developer plans to offer three different house plans between 1,582 to 2,311 square feet. The average overall average sales price is estimated to be \$826,184. See table below for anticipated house plan, unit counts, and anticipated sales pricing assumptions.

Plan	Sq. Ft.	Units	Est. Sales Price
Plan 1583	1,582	13	\$ 765,000
Plan 1874	1,856	15	\$ 830,000
Plan 2311	2,311	10	\$ 900,000
Total/Avg.	1,867	38	\$ 826,184

DPFG has prepared a preliminary total tax rate analysis for the Project based on the Developer’s anticipated sales price information for the 2023/24 fiscal year. The Project’s baseline total rate burden as a percentage of anticipated sales pricing is currently **1.47%** before the addition of a potential SCIP CFD. The Developer would propose a SCIP Special Tax of approximately **\$1,475 per residential unit** which would bring the Project’s average tax burden up to a **1.65%**. Please see **Exhibit A** for a summary of the Project’s anticipated ad-valorem, special taxes, and assessments.

Summary of SCIP Community Facilities District Formation Deal Points:

1. In order to facilitate the financing and construction of public improvements necessary to serve the Project, we would propose the formation of a SCIP CFD to finance City and local jurisdiction development impact fees as well as certain offsite improvements. A list of potentially eligible impact fees and infrastructure amounts may be reviewed in the table below:

Potential Impact Fees for SCIP Financing	Agency	Fee per Unit	Total Fee
Park and Recreation Facilities	City	\$ 1,705	\$ 64,790
Transportation Facilities	City	\$ 5,977	\$ 227,126
Sewer Facilities	City	\$ 4,679	\$ 177,802
West County Sub-Regional Transportation Mitigation Fee	WCCTAC	\$ 6,916	\$ 262,808
Total Potential Fees for SCIP Financing		\$ 19,277	\$ 732,526
Potential Improvements for SCIP Financing	Agency	Cost per Unit	Total Cost
Skelly Road - Bulb Out	City	\$ 1,336	\$ 50,750
Total Potential Improvements for SCIP Financing		\$ 1,336	\$ 50,750
Total Potential SCIP Financing		\$ 20,613	\$ 783,276

*The West County Sub-Regional Transportation Mitigation Fee is collected on behalf of the West Contra Costa Transportation Advisory Committee (WCCTAC) and may require additional agency approval for SCIP financing.

2. The Developer would like to use SCIP to finance the public improvements and fees listed in the table above at approximately **\$13,158 per unit or \$500,00 in total**.
3. The SCIP Special Tax necessary to finance the amounts noted above, is estimated to be **\$1,475 per residential unit**. See **Exhibit B** for an analysis of the Project's SCIP financing potential.
4. The bonding capacity for the Project is estimated to yield **\$500,000 in net proceeds**. The preliminary bond sizing analysis is described in further detail in **Exhibit B**.
5. The proposed annual special tax, when combined with all other property taxes, has been estimated at an average of **1.65%**.
6. **Lot 19 and Lot 29** will be excluded from the boundaries of the proposed SCIP Community Facility District.
7. For modeling purposes, it was assumed that the annual special tax levied on developer property will escalate at 2% per year, the interest rate on the bonds was assumed at **5.50%**, and net of estimates for priority admin, underwriter discount, reserve funds, capitalized interest, and incidental expenses.
8. The actual amount of the SCIP bonds to be issued is expected to be a function of the project's special tax revenue and appraised value. The bonds would be anticipated to be issued when the value-to-lien ratio is met for the Project, consistent with goals and policies and timing the sale of bonds to occur in the next pooled issuance.
9. Developer and DPFPG are prepared to work with the SCIP consultant team and the City as expeditiously as practicable in order for the Project's SCIP application to be approved by City Council.

Exhibit A
D.R. Horton
Total Tax Rate Analysis
Owl Ranch (City of Hercules)
Annual Special Taxes and Assessments for Final Map (Developed) Property
2023/24 Fiscal Year

Land Use Information		Plan 1583	Plan 1874	Plan 2311	Total/Average
Plan [1]		13	15	10	38
Number of Units [1]		1,582	1,856	2,311	1,882
Unit Square Footage [1]		400	400	400	400
Garage Square Footage [1]					
Estimated Sales Price [1]		\$ 765,000	\$ 830,000	\$ 900,000	826,184
Ad-Valorem Property Taxes (2023/24) [2]		Rate			
1% COUNTYWIDE TAX	1.0000%	\$ 7,650	\$ 8,300	\$ 9,000	\$ 8,262
BART	0.0048%	\$ 37	\$ 40	\$ 43	40
BART BOND 2016	0.0086%	\$ 66	\$ 71	\$ 77	71
EAST BAY REG PK BD	0.0057%	\$ 44	\$ 47	\$ 51	47
WEST CC UNIF BD 98	0.0000%	\$ -	\$ -	\$ -	-
WCC UNIF BOND 2000	0.0118%	\$ 90	\$ 98	\$ 106	97
WCCUSD 2002 BOND	0.0548%	\$ 419	\$ 455	\$ 493	453
WCC UNIF BOND 2005	0.0636%	\$ 487	\$ 528	\$ 572	525
WCCUSD 2010 BOND	0.0348%	\$ 266	\$ 289	\$ 313	288
WCCUSD 2012 BOND	0.0284%	\$ 217	\$ 236	\$ 256	235
WCCUSD 2020 BOND	0.0530%	\$ 405	\$ 440	\$ 477	438
COMM COLL 2002 BND	0.0027%	\$ 21	\$ 22	\$ 24	22
COMM COLL 2006 BND	0.0043%	\$ 33	\$ 36	\$ 39	36
COMM COLL 2014 BND	0.0076%	\$ 58	\$ 63	\$ 68	63
Total Ad-Valorem Property Taxes	1.2801%	\$ 9,793	\$ 10,625	\$ 11,521	\$ 10,576
Special Taxes and Assessments (2023/24)					
West Contra Costa Unified School District Assessment (Measure T) [3]		\$ 114	\$ 134	\$ 166	\$ 136
Contra Costa County Mosquito Abatement District [4]		\$ 3	\$ 3	\$ 3	\$ 3
Contra Costa County Emergency Medical Services - Parcel Tax (Zone B) [5]		\$ 10	\$ 10	\$ 10	\$ 10
City of Hercules - Sewer Service Charge [6]		\$ 626	\$ 626	\$ 626	\$ 626
Contra Costa County Flood Control and Water Conservation District – Stormwater No. 6 [7]		\$ 35	\$ 35	\$ 35	\$ 35
West Contra Costa Unified School District Assessment (Measure E) [8]		\$ 72	\$ 72	\$ 72	\$ 72
East Bay Regional Park District - Landscape & Lighting District [9]		\$ 5	\$ 5	\$ 5	\$ 5
West Contra Costa Health Care District - Parcel Tax [10]		\$ 52	\$ 52	\$ 52	\$ 52
San Francisco Bay Restoration Authority – Measure AA [11]		\$ 12	\$ 12	\$ 12	\$ 12
City of Hercules Landscape & Lighting Assessment District No. 83-2 (Neighborhood Zone 1) [12]		\$ 143	\$ 143	\$ 143	\$ 143
City of Hercules Landscape & Lighting Assessment District No. 83-2 (District-Wide Parks - Zone 10) [13]		\$ 150	\$ 150	\$ 150	\$ 150
Rodeo – Hercules Fire Protection District – Parcel Tax (Measure O) [14]		\$ 245	\$ 245	\$ 245	\$ 245
Rodeo – Hercules Fire Protection District - Fire Suppression Assessment [15]		\$ 111	\$ 111	\$ 111	\$ 111
Total Special Taxes and Assessments		\$ 1,577	\$ 1,597	\$ 1,630	\$ 1,599
Baseline Tax Burden Before the Addition of SCIP Assessment					
Baseline Total Tax Burden (Excluding SCIP)		\$ 11,370	\$ 12,222	\$ 13,151	\$ 12,175
Baseline Tax Burden as % of Assessed Value		1.49%	1.47%	1.46%	1.47%
Potential SCIP Special Tax (See Attached SCIP Financing Analysis)					
		\$ 1,475	\$ 1,475	\$ 1,475	\$ 1,475
Total Tax Burden (Including SCIP Special Tax)		\$ 12,845	\$ 13,697	\$ 14,626	\$ 13,650
Tax Burden as % of Assessed Value (Including SCIP Special Tax)		1.68%	1.65%	1.63%	1.65%

[1] Average unit square footage and estimated sales pricing based on information provided by Developer.
[2] Tax rates are based on information provided by Contra Costa County's Treasurer-Tax Collector for FY 2023/24.
[3] Represents the projected Fiscal Year 2023-2024 annual tax of the West Contra Costa Unified School District Parcel Tax (Measure T) to pay for various school programs and services in the district. The tax is currently calculated at \$0.072 per livable square foot of building area.
[4] Represents the projected Fiscal Year 2023-2024 annual assessment of \$3.12 of the County of Contra Costa Mosquito Abatement District to pay for mosquito abatement and control
[5] Represents the projected Fiscal Year 2023-2024 annual assessment of \$10.00 of the Contra Costa Emergency Medical Services Parcel Tax (Zone B) to pay for increased paramedic service, medical training, equipment, supplies for fire service, and upgrades to the County radio system.
[6] Represents the projected Fiscal Year 2023-2024 annual assessment of \$625.80 of the City of Hercules - Service Charge to pay for sewer service charges.
[7] Represents the projected Fiscal Year 2023-2024 annual assessment of \$35.00 of the City of Hercules Storm Drain Charge to pay the costs administering, monitoring, operating, maintaining and improving the storm sewer system throughout the City of Hercules.
[8] Represents the projected Fiscal Year 2023-2024 annual assessment of \$72.00 of the West Contra Costa Unified School District Assessment (Measure E) to pay for various school programs and services in the district.
[9] Represents the projected Fiscal Year 2023-2024 annual assessment of \$5.44 of the East Bay Regional Park District - Landscape & Lighting District to pay for pay for the operation, maintenance, and servicing of trails in the district.
[10] Represents the projected Fiscal Year 2023-2024 annual assessment of \$52.00 of the West Contra Costa Health Care District - Parcel Tax to pay for emergency room medical services in West Contra Costa County.
[11] Represents the projected Fiscal Year 2023-24 annual assessment of \$12.00 of San Francisco Bay Restoration Authority to pay for clean water, pollution prevention and habitat restoration
[12] Represents the projected Fiscal Year 2023-2024 annual assessment of \$142.52 of the City of Hercules Landscape & Lighting Assessment District No. 83-2 (Neighborhood Zone 1) to pay for Street lighting maintenance, landscape maintenance, Railroad Park and Beechnut Park maintenance, weed control and planted median and slope maintenance, backflow prevention system inspection, irrigation water expenses, unscheduled landscape work, graffiti abatement, weed abatement, and miscellaneous open space cleanup Neighborhood Zone 1 pro-rata share of Citywide Arterial Roadway landscape and lighting maintenance. This amount is subject to increase annually by the CPI for the San Francisco Bay Region All Urban Consumers Index.
[13] Represents the projected Fiscal Year 2023-2024 annual assessment of \$149.50 of the City of Hercules Landscape & Lighting Assessment District No. 83-2 (District-Wide Parks - Zone 10) to pay for park maintenance services. This amount is subject to increase annually by the CPI for the San Francisco Bay Region All Urban Consumers Index.
[14] Represents the projected Fiscal Year 2023-24 annual assessment of \$245.00 of the Rodeo – Hercules Fire Protection District – Parcel Tax (Measure O) to pay for fire protection and emergency services. This amount is subject to increase annually by the lesser of 3% or the annual change in the CPI for All Consumers for the San Francisco-Oakland-San Jose area as published by the U.S. Department of Labor.
[15] Represents the projected Fiscal Year 2022-2023 annual assessment of \$111.00 of the Rodeo – Hercules Fire Protection District – Fire Suppression Assessment to pay for fire protection and emergency response services, including, but not limited to, obtaining, furnishing, operating, and maintaining fire suppression, protection and emergency services equipment and apparatus; paying salaries, benefits and other compensation for firefighting and fire prevention personnel; training and administration of personnel performing said fire suppression, protection and emergency services; community fire prevention education and fire inspection.

Exhibit B

D.R. Horton
 Owl Ranch (City of Hercules)
 SCIP CFD Capacity Analysis
 5.50% Bond Interest Rates
 May 9, 2024

LAND USE INFORMATION				TOTAL TAX RATE ANALYSIS						CFD FINANCING ANALYSIS	
Plan	Units (1)	Est. Home Size (1)	Estimated Base Price (1)	Ad Valorem Tax Rate	Other Fixed Charges, Assessment and Special Taxes	Proposed Tax per Unit	Total Tax per Unit	Total Tax Rate	Total Proposed Revenues		
				1.2801%							
Plan 1583	13	1,582	\$ 765,000	\$ 9,793	\$ 1,577	\$ 1,475	\$ 12,845	1.68%	\$ 19,175	Total Proposed Annual Revenue	\$ 56,050
Plan 1874	15	1,856	\$ 830,000	\$ 10,625	\$ 1,597	\$ 1,475	\$ 13,697	1.65%	\$ 22,125	<i>Less Priority Admin</i>	46,050
Plan 2311	10	2,311	\$ 900,000	\$ 11,521	\$ 1,630	\$ 1,475	\$ 14,626	1.63%	\$ 14,750	Gross Bond Amount	
										(30 Year Term, 29 Year Amortization)	715,000
										Reserve Fund (125% of Avg. Annual Debt Service)	(67,482)
										Capitalized Interest (9 months)	(29,477)
										Underwriter Discount @ 2.25%:	(17,875)
										Legal Services and Issuer Costs (3.00%)	(21,450)
										Additional Cost of Issuance (Estimate)	(78,717)
										Net Construction Proceeds	\$ 500,000
										Net Construction Proceeds (Per Unit)	\$ 13,158
Total	38	1,882	\$ 826,184	\$ 10,576	\$ 1,599	\$ 1,475	\$ 13,650	1.65%	\$ 56,050		

Footnotes:

[1] Provided by Developer



SUBDIVISION 5378
273 M 28
(4,000 SF LOTS)
EBMUD

PARCEL G
SUBDIVISION 5338
271 M 36
(16,000 SF LOTS)
LOT M (SUB 5338)

CONTRA COSTA COUNTY FCD & WCD

LLA AREA 1
(SEE SHEET C1.0)

LLA AREA 2
(SEE SHEET C1.0)

LOT 112
(SUB 5378)

LOT 111
(SUB 5378)

LOT C
(SUB 5338)

CONNECTION
TO BAY TRAIL

EX 25' WIRE
(EBMUD)

EX 40' GAS
ESMT (PG&E)

EX 10' CELL TOWER
ACCESS ESMT

16' WIDE DRIVEWAY
(ALL PRIVATE LOTS)

42' WIDE
MAINTENANCE
DRIVEWAY

20' WIDE EVA
DRIVEWAY

PAVON
ROSTI
EMERGENCY VEHICLE TURNING
PER DETAIL ON THIS SHEET

PEARCE ROAD

SKELLY