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MELLO ROOS BONDS & CFD's

The Orange County Register released an article titled, "Property tax bills to drop by thousands for some homeowners", dated August 19, 2013, which discussed the expiration of Mello-Roos bonds in some areas of the District, namely Dove Canyon, Robinson Ranch, and Trabuco Highlands. Many of the District's customers will be pleasantly surprised to know that a special tax levy will not appear in their upcoming property tax bill, or as you read below, will soon be gone.

You may have thought that these special taxes never go away. Or you may ask, "Why is my tax bill lower this year, is something wrong?" This year many of these special tax levies will be gone because for the past 25 years or so, the District's customers have been meeting their obligations (paying their tax bill), and the District's Board of Directors and staff have been good stewards of the special levies, which have resulted in the payment of the bonds as promised.

In the mid-1980s, the District experienced a large amount of rapid growth from new developments located within the District's service area, and at the time, in unincorporated areas of Orange County. The new developments required a substantial amount of water and sewer infrastructure that was very costly. In accordance with the Mello-Roos Community Facilities Act of 1982, the District formed Community Facilities Districts (CFDs) at the developer's requests and for these new developments.

The CFDs were formed to finance water and wastewater infrastructure and road and highway improvements to benefit these new developments. The District was selected as the lead agency, even though the infrastructure included roads and highway improvements.

Each year, the District works in conjunction with a financial firm which specializes in setting levies. The District establishes the amount necessary to meet the principal, interest, and administrative costs of each CFD. The financial firm researches the County tax roll to determine the owner of record for the tax year. After the collection of taxes, the County forwards payments to the District, and the District then pays the debt services semi-annually. It is important to note that the fluctuating real estate market and value assessed by the County of Orange does not affect the special tax levies.

Below are a list of the remaining CFDs, as well as the remaining bond obligations referenced in the Orange County Register article, their corresponding developments, a brief explanation of the facilities financed, how the issues appear on tax bills, and the maturity date. The method of apportioning the levies is based either on the lot size or the square footage of a residence.

Community Facilities District No. 2 Portola Hills Community, City of Lake Forest

This CFD was formed to finance the construction and acquisition of wastewater treatment, collection, and pumping facilities to serve properties located in Portola Hills. This appears as Q1 on the tax bill with fiscal year 2014/2015 being the last year for assessment.

Community Facilities District No. 5 Robinson Ranch/Trabuco Highlands Communities City of Rancho Santa Margarita

Development of Trabuco Highlands and Robinson Ranch through this CFD included sewers, sewage treatment capacity, recycled water facilities, and road and highway improvements. Some of the bond proceeds were applied for roads and highways that were designed, constructed and improved under the County's Foothill

Circulation Phase Plan (FCPP) program. The District served as the lead agency in an effort to save taxpayers the “soft costs” of a separate bond that would have been issued by the County. The last year special taxes were levied by CFD No. 5 was 2012.

Community Facilities District No. 7

Dove Canyon Community, City of Rancho Santa Margarita

Formed for the Dove Canyon Community, CFD 7 financed road improvements as explained for CFD No. 5, as well as the construction of sewers, sewage treatment plant expansion, recycled water facilities, and water facilities. The last year special taxes were levied by CFD No. 7 was 2012.

Community Facilities District No. 8

Rancho Cielo Community, City of Rancho Santa Margarita

This CFD was formed for the Rancho Cielo Community and provided for the construction of sewers, sewage treatment plant capacity and water facilities. This appears as Q8 on the tax bill with fiscal year 2013/2014 being the last year for assessment.

In summary, many of the CFDs have met or will soon meet their obligations for payment and defeasement of the bonds. What lies ahead is the District’s continued maintenance and operation of the system, and in many cases, the replacement of some of the costly infrastructure that was originally financed and constructed by the CFDs and the issuance of the bonds. District staff continues to efficiently operate and maintain this system which provides you with high quality water and sewer service. We express great gratitude for meeting your obligations for these past 25 years. Enjoy your lower tax bill!

WATER USE EFFICIENCY PROGRAMS

Water Use Efficiency programs are designed to provide customers an opportunity to conserve water, help protect our natural resources, and decrease local demand on purchased water. Through partnerships with both Municipal Water District of Orange County (MWDOC) and Metropolitan Water District of Southern California (MET), TCWD has offered the SmarTimer Giveaway Program and the Turf Removal Program to customers in our service area.

There has been a great response from District customers to these programs and the water conservation opportunities they offer. For example, residents countywide have removed more than **One Million Square Feet** – and counting – of non-functional turf grass through the Turf Removal Program. Currently, the Turf Removal Program

provides an incentive of **\$0.30** per square foot for removing large areas of turf grass that do not serve a functional purpose, and replacing them with low water using plants and other permeable materials. The removal of one million square feet of turf grass saves approximately **120,000 gallons** of water each day, which is enough water to serve 268 Orange County households for a year. If you are interested in participating in these water use efficiency programs, please visit MWDOC’s website at www.mwdoc.com for a list of participating areas, rebate levels, before and after photos, and program details.

BOARD OF DIRECTORS MEETING

The Board of Directors Regular Meeting is scheduled to be held on the third Wednesday of each month at 7:00 p.m. at the District’s office located at 32003 Dove Canyon Drive, Trabuco Canyon. The public is encouraged to attend.

REGULAR BOARD MEETING HIGHLIGHTS

The Regular Board Meeting for August was held on August 21, 2013, and the following items are highlights from the meeting:

- Status update on District Website Upgrade Project.
- Approval of CalPERS Tax Deferred Deduction Plan for Employee Service Credit Purchases.
- Approval of Resolution Nos. 2013-1193 and 2013-1194, Resolution of the Board of Directors of Trabuco Canyon Water District Fixing the Employer’s Contribution Under the Public Employees’ Medical and Hospital Care Act.
- Status update on Baker Regional Water Treatment Facility Project.
- Status update on Shadow Rock Detention Basin Facility Project.
- Status update on Alternate Raw Water Transmission Line Project
- Adoption of 2013 South Orange County Integrated Regional Watershed Management Plan.

ON TAP is published and distributed by DISTRICT.
We welcome your comments, suggestions and questions. Please call or write Michael Perea at
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