

Phelan Piñon Hills Community Services District

Evaluation Regarding inherited County Assessment Districts

July 17, 2019



Agenda

- Assessment District Summary
- Improvements
- Approach with Assessment Credits
- Remaining life of Assessment Credits
- Assessment Credit Schedule



Assessment District Summary

- Prior to the inception of the District
 - › County created assessment districts to locally fund necessary water improvements to serve certain developing areas
 - › Property owners assessed themselves to secure and issue municipal tax-exempt bonds as funding source
 - › Improvements varied between assessment districts
 - Primarily storage and distribution improvements



Water System Improvements

Assessment District	Improvements	Assessment District / Financing Costs	Soft Costs	Total
AD 81-1	\$824,815	\$175,412	\$172,944	\$1,173,171
AD 82-4	\$1,259,481	\$639,428	\$294,772	\$2,193,681
AD 82-6	\$2,074,230	\$782,092	\$442,433	\$3,298,755
AD 84-2	\$1,483,583	\$571,859	\$313,309	\$2,368,751
AD 84-4	\$3,469,082	\$857,387	\$554,431	\$4,880,900
AD 87-3	\$4,785,555	\$1,248,420	\$649,728	\$6,683,703

- Total assessments funded more than improvements
 - › Soft costs
 - › Assessment District and Financing Costs incurred to Issue Debt
 - › Interest on Debt
- Credits should only consider improvements dedicated to District



Approach with Assessment Credits

- System Improvements within each AD depreciate over time
 - › Most improvements are distribution, storage and production
 - › 45 year depreciation schedule inline with District's asset listing
- Credits should also follow similar depreciation schedule
 - › District will need to fully replace improvements once useful life is reached
- Created asset listing of each AD
 - › Determined total amount depreciated on a line-by-line basis
 - › Soft costs and AD associated costs were depreciated over 1 year
 - No value to District
 - › Rights-of-way also not considered as District requires dedicated land for maintenance



Depreciation and Remaining Credits

Assessment District	Original Cost	OCLD	Current Remaining Credit (OCLD/OC)
AD 84-4	\$4,880,899	\$844,594	17.3%
AD 87-3	\$6,683,704	\$1,324,019	19.8%
AD 81-1	\$1,173,171	\$115,660	9.9%
AD 82-4	\$2,193,681	\$234,166	10.7%
AD 82-6	\$3,298,754	\$398,943	12.1%
AD 84-2	\$2,368,751	\$322,468	13.6%



Remaining Life of Assessment Credits

AD	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
AD 81-1								☐						
AD 82-4										☐				
AD 82-6										☐				
AD 84-2											☐			
AD 84-4												☐		
AD 87-3														☐

- ☐ - Final year of Assessment Credit



Assessment Credit Schedule

AD	FY 19	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	FY 31	FY 32
AD 81-1	9.9%	8.6%	7.4%	6.1%	4.9%	3.6%	2.4%	1.1%						
AD 82-4	10.7%	9.6%	8.5%	7.4%	6.3%	5.3%	4.2%	3.1%	2.0%	0.9%				
AD 82-6	12.1%	10.8%	9.6%	8.3%	7.1%	5.8%	4.6%	3.3%	2.1%	0.8%				
AD 84-2	13.6%	12.4%	11.1%	9.8%	8.6%	7.3%	6.1%	4.8%	3.6%	2.3%	1.0%			
AD 84-4	17.3%	15.8%	14.4%	12.9%	11.5%	10.0%	8.5%	7.1%	5.6%	4.1%	2.7%	1.2%		
AD 87-3	19.8%	18.4%	17.0%	15.6%	14.2%	12.8%	11.4%	10.0%	8.6%	7.2%	5.7%	4.3%	2.9%	1.5%

- Remaining credits by year based on useful life of original improvements
 - › Credits reduce each year



Thank you!

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