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July 11, 2022

Hon. Michael T. Smyth, Presiding Judge
San Diego Superior Court
1100 Union Street, 10th Floor
San Diego, CA 92101

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SAN DIEGO
COUNTY GRAND JURY

Re: Grand Jury Report: "Grand Jury Report: Community Facilities Districts-The Misunderstood and Sometimes Hidden Use of Mello-Roos Taxes Across San Diego County"

Honorable Judge Smyth,

The 2021-2022 San Diego County Grand Jury ("Grand Jury") recently completed the above-referenced Grand Jury Report, to which the City of San Marcos ("City") is required to respond pursuant to California Penal Code §933.

The City hereby notes that it partially disagrees with the Grand Jury Findings contained in the above-referenced Report that refer and/or are applicable to it, to wit, Findings 1, 2, and 3 of the above-referenced Report, as more fully discussed below.

Finding 01: Transparency in the CFD process for the homeowner is available but not in a meaningful or helpful way.

Response to Finding 01: The City disagrees only with that portion of the finding which states, "but not in a meaningful or helpful way." The City provides the following resources and communication:

- CFD administrator & staff contact information is available on our website and made available on the County tax bill (phone number only) for all CFD inquiries by any member of the public;
- A CFD Annexation Information Sheet summarizing the process available on our website;
- A simplified list of Frequently Asked Questions (FAQs) available on our website;
- A simple description and summary of each active CFD available on our website; and
- Comprehensive explanation of CFD process is undertaken with homeowners undergoing a permitting process with the City.

Finding 02: Education for the buyer or homeowner does exist but only if they seek out information.

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Response to Finding O2: The City disagrees only with that portion of the finding which states, “but only if they seek out information.” As a practical matter, because each individual parcel may be subject to different special taxes, a homeowner would need to initiate contact with the City’s CFD Administrator if they need assistance. To ensure transparency and Information for homeowners, the City makes the following resources and communication available:

- CFD administrator contact information is available on our CFD Annexation Information Sheet handout and made available on the County tax bill (phone number only) for CFD inquiries by any member of the public;
- A CFD Annexation Information Sheet summarizing the CFD process for customers of City permits and is also available on our website;
- A simplified list of Frequently Asked Questions (FAQs) available on our website;
- A simple description and summary of each active CFD available on our website; and
- Comprehensive explanation of CFD process is undertaken with homeowners undergoing a permitting process with the City.

Finding O3: Oversight of the CFD process is the critical missing ingredient to a comprehensive understanding of individual CFDs. Annual reports that are available are not meaningful to the average homeowner.

Response to Finding O3: The City only disagrees with that portion of the finding which states, “[a]nnual reports that are available are not meaningful to the average homeowner.” The City provides the following information:

- Report to resident or owner of property in the CFD pursuant to GC 53343.1 contains the following:
 - the amount of special taxes collected for the year;
 - the amount of other moneys collected for the year and their source, including interest earned;
 - the amount of moneys expended for the year;
 - a summary of the amount of moneys expended;
 - for moneys expended for facilities, including property, an identification of the categories of each type of facility funded with amounts expended in each category;
 - for moneys expended for services, an identification of the categories of each type of service funded with amounts expended in each category, and
 - for moneys expended for other administrative costs, an identification of each of these costs.
- Report to the State Controller pursuant to GC 12463.2 contains the following:
 - type and rate of tax imposed;
 - number of parcels subject to the tax;
 - number of parcels exempt from the tax;
 - sunset date of the tax, in any;
 - amount of revenue received from the tax; and
 - manner in which the revenue from the tax is being used.
- Report to CDIAC for bonded CFDs pursuant to GC 53359.5 contains the following:
 - name of the issuer of the bonds;



- CFD district number or name;
- name, title, and series of the bond issue;
- credit rating and name of the rating agency;
- date of the bond issue and the original principal amount;
- reserve fund minimum balance required;
- principal amount of bonds outstanding;
- balance in the bond reserve fund;
- balance in the capitalized interest fund, if any;
- number of parcels that are delinquent with respect to their special tax payments, the amount that each parcel is delinquent, the total amount of special taxes due on the delinquent parcels, the length of time that each has been delinquent, when foreclosure was commenced for each delinquent parcel, the total number of foreclosure parcels for each date specified, and the total amount of tax due on the foreclosure parcels for each date specified.
- balance in any construction funds;
- assessed value of all parcels subject to special tax to repay the bonds as shown on the most recent equalized roll, the date of assessed value reported, and the source of information;
- total amount of special taxes due, the total amount of unpaid special taxes, and whether or not the special taxes are paid under the county's Teeter Plan;
- reason and the date, if applicable, that the issue was retired; and
- contact information for the party providing the information.

Recommendation 22-24:

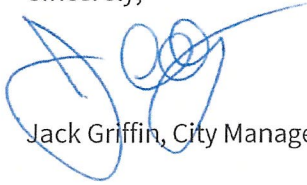
With respect to Recommendation 22-24, which is the only recommendation applicable to the City, the Grand Jury was previously advised that the recommended information is currently provided on the City's website, to individuals undergoing the City's permitting process, and/or upon request. This information remains accurate; therefore, the City advises that the recommendation has already been implemented given the fact that information, as described below, has been and is in fact provided:

- CFD administrator & staff contact information is available on our website, the CFD Annexation Information Sheet handout, and made available on the County tax bill (phone number only) ;
- Communicating with our constituencies and answering questions occurs via phone and email promptly upon receipt;
- Comprehensive explanation of CFD process by CFD administrator for homeowners undergoing a permitting process with the City;
- Provides a CFD Annexation Information Sheet summarizing the process that is also available on our website;
- Provides a simplified list of Frequently Asked Questions (FAQs) available on our website;
- Provides copies of notices or annual reports, as requested, through direct action;
- Provides reports, as listed in the City's response to Finding 03, on our website;
- Provides a simple description and summary of each active CFD on our website;
- Provides District agenda packages and an Ordinance table on our website; and

- Provides “Foundational” (formation) documents and Current tax levy analysis, upon request.

The City appreciates the review by the Grand Jury, and the opportunity to respond. Should you have questions or require additional information, please contact the undersigned at ext. 3115.

Sincerely,



Jack Griffin, City Manager

cc: City Council
Helen Holmes Peak, City Attorney
Michelle Bender, Assistant City Manager