



**Hiddenbrooke Property Owners Association, Inc.**  
**c/o Valley Management Services**  
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April 28, 2011

Deborah Lauchner, Finance Director  
City of Vallejo  
555 Santa Clara Street  
Vallejo, California 94590

**Re: Hiddenbrooke Improvement District Bond Fund Levy**

Dear Ms. Laucher;

The purpose of this letter is to request a reduction in a tax levy, mirroring action taken last year by the Council, and to suggest some potential expenditure in next year's budget from a special tax district operated by the City. The two issues are independent but relate to the same district and thus are addressed together here.

**Reduction in levy**

In 1998 the City of Vallejo issued its Hiddenbrooke Improvement District No. 1998-1 Series A and Series B Bonds. (This was a refinancing of bonds issued in 1988 and 1992, respectively.) In 2004 the bonds were refinanced at more favorable interest rates. As a result, the cost of annual payments on the bonds went down, although the levy collected on property owners stayed on the original schedule. By the beginning of FY 2010-2011, the District accumulated a surplus of over \$4 million, over an above a \$1 million Delinquency Maintenance Fund called for in the governing documents to protect against defaults by taxpayers, and the amount necessary to pay for the annual installment payment.

As a result, the City Finance Department met with representatives of homeowners and with their concurrence, recommended to the Council that \$1 million of the bonds be called early, and the annual levy lowered by \$500,000. Even with the lower levy, the scheduled collections for the year were sufficient to cover the annual installment payment to bondholders, and all administrative and overhead costs, for the year.

Attached for your reference is a copy of a July 13, 2010 Agenda item for the City of Vallejo Financing Authority providing Background and Discussion and the Resolution that the Council adopted. Also attached is a copy of the Improvement Levy Administration Report for 2010-2011 (the most recent report) that your department graciously provided to us.

By way of background, when Hiddenbrooke was built out (mostly in 2000-2005, during the housing boom), some individual developers paid off the HID indebtedness in full; other developers paid off part of the indebtedness so that homeowners would pay about \$1500-\$1800 per year; others made no such payments and for those homes, the homeowners pay about \$3600 per year in HID levy. (See page 15 of the Administration Report for the totals collected and reduced by this process.) This is on top of regular property taxes, a half-dozen Mello-Roos assessments (the largest is for the high school), and Hiddenbrooke Maintenance District assessments of about \$600 per year. The overall burden is quite heavy.

The \$500,000 reduction in the HID levy represents about a 25% reduction in the HID portion of individual owners' property taxes.

At the time (Spring 2010), the Finance Department considered proposals to spend some of the funds in the surplus on switching the streetlights in Hiddenbrooke to more energy efficient LED lights, and improving drainage along St. John's Mine Road, which is the emergency access route into the valley. These two proposals were shelved by City staff, however, as they needed more study as to cost, desirability, etc. They were penciled in at an expected cost of \$500,000 each but it should be emphasized that these were very preliminary, rough estimates. City staff indicated that it would meet with homeowner representatives to discuss these potential expenditures but that has not occurred yet, presumably because more urgent projects exist. (The use of HID funds is limited to specified purposes indicated in the governing documents, and the uses are summarized at page 11 of the Administration Report.)

The Hiddenbrooke Property Owners Association (HPOA) would like to again thank the City for last year's action to lower the HID bond levy, which provided a significant reduction in each homeowner's property tax bill for the last fiscal year. Your decision was well received by Hiddenbrooke residents and especially so because of the tough economic conditions we are facing. The levy reduction was well justified because the HID bond fund would otherwise continue to accumulate unnecessary surplus.

In our June 24, 2010 letter to Robert Stout and Susan Mayer we recommended that the reduction in the Hiddenbrooke Improvement District Bond Fund levy be automatically continued, subject to review in future years if the financial condition of the bond fund suffers a significant deterioration. They opted for a more conservative year-by-year analysis, and we have no quarrel with that, however the conditions this year are similar; a \$500,000 reduction would leave the HID fully able to cover installment payments and expenses without touching the \$3 million-plus surplus over and above the \$1 million Delinquency Maintenance Fund.

There is one issue of concern you may note in that there was a spike in delinquencies indicated in the Assessment Report, at page 17. However, the City participates in the County of Solano's Teeter Plan under which the County makes payment of the delinquent amounts and pursues collection of the HID levy along with all other delinquent property taxes. A large portion of the spike was due to Triad's default on property taxes on un-built lots (see the description of delinquencies by "Sky Valley Partners San Francisco LLP" in Appendix D to the Assessment Report), which are likely to be recovered. The other back taxes should be recovered, by the County, as individual homes go through foreclosures or short sales, or the current owners bring payments current. Should the delinquency continue to be an issue going forward, the reduction in levy could be lowered in future years; but in the meantime, again, there is more than adequate surplus available.

The economic challenges for Hiddenbrooke residents are virtually the same as last year and there is no need to increase the level of reserves in the HID fund. A reduction will certainly help people avoid falling into foreclosures as has happened to many Hiddenbrooke residents. Keeping people in their homes and avoiding further downward pressure on home values is a very positive outcome.

### **Expenditures**

In addition, the HPOA would like the City to consider using the ample reserves in the HID bond fund for several small projects that we believe qualify for HID funding and will greatly benefit Hiddenbrooke residents:

1. Provide funding for four (4) solar powered radar speed signs. Speeding within Hiddenbrooke continues to be a large concern for our residents. There is very little Vallejo Police Department enforcement of speeding issues in our community. These signs, which will soon be installed in other parts of Vallejo, would be an excellent means to get drivers to slow down and drive safely. Estimated cost: around \$40,000 (based on a recent grant approved by the City for 10 cameras around schools).
2. Upgraded Cameras for the Welcome Center with a tie into the Vallejo Police Department's (VPD)

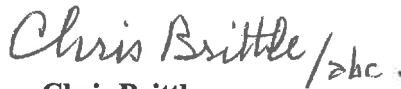
Plate Scan System. Again, Hiddenbrooke receives very little in the way of routine police patrols to prevent burglaries and other crimes. The VPD currently uses the PlateScan system for real time detection of stolen vehicles by taking pictures of vehicle license plates and then comparing the information to a statewide database of stolen vehicles. By upgrading our cameras at the Welcome Center, we could feed license plate information into the VPD system and quickly identify cars that are suspicious and may be involved in a burglary or other type of crime in Hiddenbrooke. This system would also act as a deterrent for those who might otherwise target Hiddenbrooke for a crime. Estimated cost: under \$20,000 for new digital cameras and associated equipment and hookup.

3. Finally, the condition of Hiddenbrooke's street pavement will continue to need attention in the future. We would like to conduct a study of the pavement conditions on all of Hiddenbrooke streets for the purpose of providing information to the City on our long-term pavement rehabilitation needs and their long-term costs. This information can then be used to determine appropriate funding strategies to address these needs. Estimated cost: unknown, but likely less than \$20,000.

We recognize that HID is intended as a capital improvement fund and its use is limited, but we believe these uses fall within the descriptions set forth in the Administration Report, page 11, as street and public access improvements.

If you have any questions or would like to discuss our recommendations further, please contact the HID Advisory Committee Chair: Byrne Conley (925) 932-3600 (work)/ (925) 437-3903 (cell) or HPOA's President, Chris Brittle (707) 731-0056.

Sincerely yours,



**Chris Brittle**  
**President**

C: via email

HPOA Board: [HPOA@HiddenbrookeOnline.org](mailto:HPOA@HiddenbrookeOnline.org)

HIDAC Committee: Byrne Conley-Chair, Chris Brittle, Joyce Estes, Ginger Bryant, Nancy Berke, Paul Norberg