

COUNTY OF SAN BERNARDINO  
COMMUNITY FACILITIES DISTRICT  
No. 2002-2  
(CENTRAL VALLEY FPD—  
FIRE PROTECTION SERVICES)

July 27, 2017

*Public Finance*  
*Public Private Partnerships*  
*Urban Economics*

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*Newport Beach*  
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San Jose  
Dallas

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**ADMINISTRATION REPORT  
FISCAL YEAR 2017-2018**

**COUNTY OF SAN BERNARDINO  
COMMUNITY FACILITIES DISTRICT No. 2002-2  
(CENTRAL VALLEY FPD–FIRE PROTECTION SERVICES)**

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**PREPARED FOR**

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**PREPARED BY**

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**July 27, 2017**

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### **EXHIBITS**

- Exhibit A:** Boundary Map  
**Exhibit B:** Rate and Method of Apportionment  
**Exhibit C:** Special Tax Roll Fiscal Year 2017-2018

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## **I. INTRODUCTION**

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This report presents the findings of the research and financial analysis performed by David Taussig & Associates, Inc. to determine the special tax requirement for Community Facilities District No. 2002-2 (Central Valley FPD–Fire Protection Services) (“CFD No. 2002-2”) of the County of San Bernardino (“the County”) for fiscal year 2017-2018.

CFD No. 2002-2 is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982, (the "Act") as amended. The Act provides an alternative method for the financing of certain public facilities and services. Specifically, CFD No. 2002-2 is authorized to levy an annual special tax to finance fire protection and suppression services. Pursuant to the Rate and Method of Apportionment (“RMA”), the special tax shall be levied for a period not to exceed fifty years commencing with fiscal year 2002-2003. The RMA is included in Exhibit B.

The authorized services are funded through the annual levy and collection of special taxes from all property subject to the tax within CFD No. 2002-2. In calculating the special tax liability for fiscal year 2017-2018, this report examines the financial obligations of the current fiscal year and analyzes the level of development within CFD No. 2002-2. A map showing the property in CFD No. 2002-2 is included in Exhibit A.

This report is organized into the following sections:

### **Section II**

Section II provides an update of the development activity occurring within CFD No. 2002-2.

### **Section III**

Section III analyzes the previous year's special tax levy.

### **Section IV**

Section IV determines the financial obligations of CFD No. 2002-2 for fiscal year 2017-2018.

### **Section V**

Section V reviews the methodology used to apportion the special tax requirement to Developed Property. A table of the 2017-2018 special tax rates for Developed Property is included.

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**II. SPECIAL TAX CLASSIFICATIONS AND DEVELOPMENT UPDATE**

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**Special Tax Classifications**

The methodology employed to calculate and apportion the special tax is contained in a document entitled the Rate and Method of Apportionment. The Rate and Method of Apportionment defines two primary categories of property, namely “Developed Property” and “Undeveloped Property.” Only Developed Property shall have the special tax levied against it.

Developed Property is distinguished from Undeveloped Property by the issuance of a building permit. Specifically, property for which a building permit was issued after January 1, 2001 and prior to March 1 of the previous fiscal year will be classified as Developed Property in the following fiscal year. For example, all property in CFD No. 2002-2 for which a building permit was issued after January 1, 2001 and prior to March 1, 2017, will be classified as Developed Property in fiscal year 2017-2018.

**Development Update**

Review of the County of San Bernardino’s building permit records indicated that no new building permits were issued for non-residential property within CFD No. 2002-2 between March 1, 2016 and February 28, 2017. Prior to March 1, 2017, the County of San Bernardino had issued building permits for 431.63 acres of non-residential property within CFD No. 2002-2. In addition, there have been three annexations, totaling approximately 77 acres, into CFD No. 2002-2 since the time of formation. A total of 160.56 acres in CFD No. 2002-2 are considered Undeveloped Property. The table below indicates the current amount of Developed Property and Undeveloped Property within CFD No. 2002-2.

**Table II-1**  
**Community Facility District No. 2002-2**  
**(Central Valley FPD–Fire Protection Services)**  
**Developed Property and Undeveloped Property**

Land Use	Number of Units/Acres
Developed Property	431.63 acres
Undeveloped Property	160.56 acres

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**III. FISCAL YEAR 2016-2017 SPECIAL TAX LEVY**

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The total special tax levy for fiscal year 2016-2017 equaled \$285,739. As of May 16, 2017, all \$285,739 in special taxes due for fiscal year 2016-2017 had been collected by the County.

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**IV. FISCAL YEAR 2017-2018 SPECIAL TAX REQUIREMENT**

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Pursuant to the Rate and Method of Apportionment, the special tax may be levied in CFD No. 2002-2 to: (i) pay for the costs of extended fire protection services; (ii) pay administrative expenses; (iii) pay for reasonably anticipated special tax delinquencies; less (iv) a credit for funds available to reduce the annual special tax levy, as determined by the CFD administrator.

According to the County, for fiscal year 2017-2018, the funds required from the special tax are equal to \$285,739.

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**V. METHOD OF APPORTIONMENT**

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**Maximum Special Tax Rates**

The amount of special taxes that CFD No. 2002-2 may levy is strictly limited by the maximum rates set forth in Section C of the Rate and Method of Apportionment.

The fiscal year 2017-2018 maximum special tax rates for Developed Property are shown in the table below. Each July 1, commencing July 1, 2003, the maximum special tax rates shall be increased by an amount equal to 2.00% of the amount in effect for the previous fiscal year. No special tax shall be levied on Undeveloped Property within CFD No. 2002-2.

**Apportionment of Special Taxes**

The special tax that is apportioned to each parcel is determined through the application of Section D of the Rate and Method of Apportionment.

The maximum special tax shall be levied against each parcel of Developed Property at up to 100.00% of the applicable maximum special tax until the amount of the special taxes equals the special tax requirement.

Application of the maximum special tax generates special tax revenues of \$328,220 from Developed Property, which is greater than the total fiscal year 2017-2018 special tax requirement. To raise revenues sufficient to meet the fiscal year 2017-2018 special tax requirement, special taxes will be levied at 87.06% of the maximum special taxes on Developed Property. The fiscal year 2017-2018 maximum and actual special tax rates are shown for Developed Property in the following table. The Special Tax Roll, which lists the actual special tax levied against each parcel, is shown in Exhibit C.

**Table V-1  
Community Facilities District 2002-2  
(Central Valley FDP-Fire Protection Services)  
Fiscal Year 2017-2018 Maximum and Actual Special Taxes  
Developed Property**

Land Use	FY 2017-2018 Maximum Special Tax	FY 2017-2018 Actual Special Tax	Percentage of Maximum Special Tax
Developed Property	\$760.42/acre	\$662.00/acre	87.06%

taussig-client/San Bernardino County/Admin/17\_18/CFD 2002-2/CFD20022\_ADM



**EXHIBIT A**

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


*County of San Bernardino  
Community Facilities District No. 2002-2*

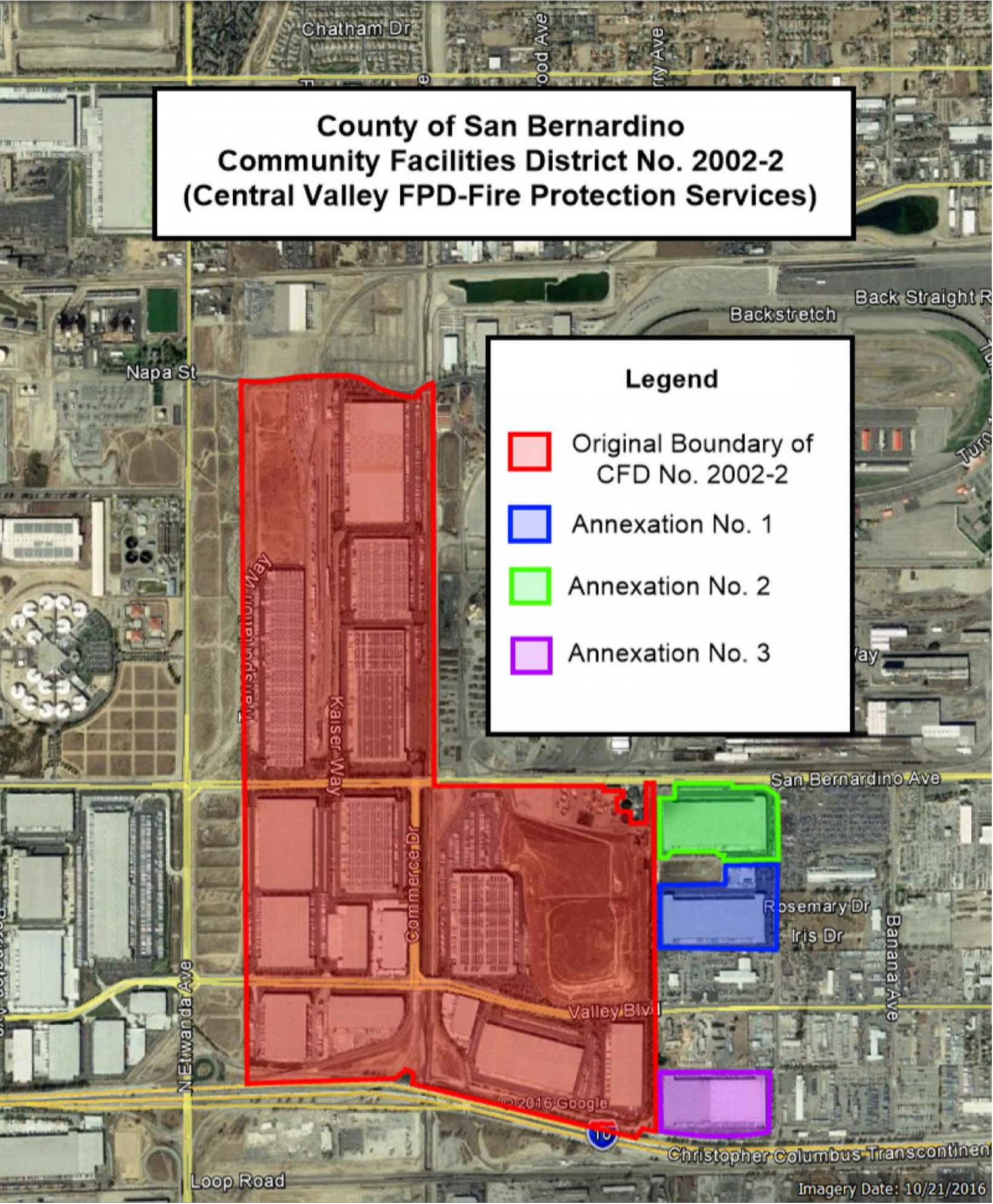
*Boundary Map*

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**County of San Bernardino  
Community Facilities District No. 2002-2  
(Central Valley FPD-Fire Protection Services)**

**Legend**

-  Original Boundary of CFD No. 2002-2
-  Annexation No. 1
-  Annexation No. 2
-  Annexation No. 3



**EXHIBIT B**

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*County of San Bernardino  
Community Facilities District No. 2002-2  
Rate and Method of Apportionment*

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**RATE AND METHOD OF APPORTIONMENT FOR  
COUNTY OF SAN BERNARDINO  
COMMUNITY FACILITIES DISTRICT NO. 2002-2  
(CENTRAL VALLEY FPD--FIRE PROTECTION SERVICES)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in the County of San Bernardino Community Facilities District No. 2002-2 (Central Valley FPD--Fire Protection Services) ("CFD No. 2002-2") and collected each Fiscal Year commencing in Fiscal Year 2002-03, in an amount determined by the Board, through the application of the Rate and Method of Apportionment as described below. All of the real property in CFD No. 2002-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**A. DEFINITIONS**

The terms hereinafter set forth have the following meanings:

**"Acre or Acreage"** means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map. Notwithstanding the foregoing, the Acreage of an Assessor's Parcel that is coterminous with parcel 10 or parcel 12 of Parcel Map No. 15118 shall be the amount shown in the table below under the heading Taxable Acreage. If the Assessor's Parcel for parcel 10 and/or 12 is not coterminous with such parcel, the CFD Administrator shall allocate the Acreage indicated in the table to all applicable Assessor's Parcels, with the intent of excluding from taxation that portion of such parcels that are not buildable.

PARCEL	MAP NO.	PARCEL SIZE	NON-BUILDABLE AREA	TAXABLE ACREAGE
10	15118	9.77 acres	4.65 acres	5.12 Acres
12	15118	18.93 acres	0.33 acres	18.60 Acres

**"Act"** means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Division 2 of Title 5 of the Government Code of the State of California.

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2002-2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs to the County, CFD No. 2002-2 or any designee thereof of complying with County, CFD No. 2002-2 or obligated persons disclosure requirements associated with the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2002-2 or any designee thereof related to an appeal of the Special Tax; and the County's

annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2002-2 for any other administrative purposes of CFD No. 2002-2, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure, or otherwise addressing the disposition of delinquent Special Taxes.

**"Assessor's Parcel"** means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's parcel number.

**"Assessor's Parcel Map"** means an official map of the County Assessor of the County designating parcels by Assessor's parcel number.

**"Board"** means the Board of Supervisors of the County.

**"CFD Administrator"** means the Director of the Special Districts Department, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

**"CFD No. 2002-2"** means the County of San Bernardino Community Facilities District No. 2001-2 (Central Valley FPD--Fire Protection Services).

**"County"** means the County of San Bernardino.

**"Developed Property"** means, for each Fiscal Year, all Taxable Property, for which a building permit for new construction was issued after January 1, 2001 and prior to March 1 of the prior Fiscal Year.

**"Fiscal Year"** means the period starting July 1 and ending on the following June 30.

**"Maximum Special Tax"** means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel within CFD No. 2002-2.

**"Proportionately"** means, for Developed Property, that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property.

**"Property Owner Association Property"** means, for each Fiscal Year, any property within the boundaries of CFD No. 2002-2 that was owned by a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

**"Public Property"** means, for each Fiscal Year, any property within CFD No. 2002-2 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, or any other public agency as of June 30 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use. To ensure that property is classified as Public Property in the first Fiscal Year after it is acquired by, irrevocably offered for dedication to, or dedicated to a public agency, the property owner

shall notify the CFD Administrator in writing of such acquisition, offer, or dedication not later than June 30 of the Fiscal Year in which the acquisition, offer, or dedication occurred.

**"Special Tax"** means the Special Tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property within CFD No. 2002-2 to fund the Special Tax Requirement.

**"Special Tax Requirement"** means that amount required in any Fiscal Year for CFD No. 2002-2 to: (i) pay for the costs of extended fire protection services, including staffing, training, equipment, and facilities maintenance and operation, primarily to serve the area within and annexable to CFD 2002-2; (ii) pay Administrative Expenses; (iii) pay for reasonably anticipated Special Tax delinquencies based on the historical delinquency rate for CFD No. 2002-2 as determined by the CFD Administrator; less (iv) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator.

**"State"** means the State of California.

**"Taxable Property"** means all of the Assessor's Parcels within the boundaries of CFD No. 2002-2 which are not exempt from the Special Tax pursuant to law or Section E below.

**"Undeveloped Property"** means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

**B. ASSIGNMENT TO LAND USE CATEGORIES**

Each Fiscal Year, all Taxable Property within CFD No. 2002-2 shall be classified as Developed Property or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

**C. MAXIMUM SPECIAL TAX**

**1. DEVELOPED PROPERTY**

The Fiscal Year 2002-03 Maximum Special Tax shall equal \$565 per Acre. On each July 1, commencing July 1, 2003 the Maximum Special Tax shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

**2. UNDEVELOPED PROPERTY**

The Special Tax shall not be levied on Undeveloped Property.

**D. APPORTIONMENT OF THE ANNUAL SPECIAL TAX**

Commencing with Fiscal Year 2002-03 and for each following Fiscal Year, the Board shall determine the Special Tax Requirement and shall levy the Special Tax Proportionately on

each Assessor's Parcel of Developed Property at up to 100% of the Maximum Special Tax as needed to satisfy the Special Tax Requirement.

**E. EXEMPTIONS**

No Special Tax shall be levied on Public Property or Property Owner Association Property.

**F. APPEALS AND INTERPRETATIONS**

Any taxpayer may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the clerk of the Board, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for its disagreement with the CFD Administrator's determination.

**G. MANNER OF COLLECTION**

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2002-2 may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

**H. PREPAYMENT OF SPECIAL TAX**

The obligation of an Assessor's Parcel to pay the Special Tax may be prepaid and permanently satisfied as described herein; provided that a prepayment may be made only for Assessor's Parcels of Developed Property or Undeveloped Property for which a building permit has been issued, and only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the prepayment amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this service.

The Special Tax Prepayment Amount is defined as follows:

$$P = PVT + F$$

The variables are defined as follows:

P = Special Tax Prepayment Amount  
PVT = Present Value of Special Tax  
F = Administrative Fees and Expenses

**"Present Value of Special Tax"** means the sum of the present values of the Special Tax applicable to the subject Assessor's Parcel in the current Fiscal Year not yet received by the County plus the Maximum Special Tax applicable to the subject Assessor's Parcel in each remaining Fiscal Year subsequent to the Fiscal Year in which the prepayment is made through the term of the Special Tax, using a discount rate equivalent to the current interest rate being paid to public agencies by LAIF. In the event that this fund no longer exists, then the CFD Administration shall determine a reasonably comparable discount rate.

**"LAIF"** means the State of California's Local Agency Investment Fund.

**"Administrative Fees and Expenses"** means the costs of computing the Special Tax Prepayment Amount, the costs of investing the prepayment proceeds, and the costs of recording any notices to evidence the prepayment and the redemption, as calculated by the CFD Administrator.

The Special Tax Prepayment Amount less the Administrative Fees and Expenses shall be deposited into the appropriate fund as determined by the CFD Administrator.

With respect to any Assessor's Parcel that is prepaid in accordance with this Section, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of the Special Tax and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

**J. TERM OF SPECIAL TAX**

The Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2002-03.



**EXHIBIT C**

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***County of San Bernardino  
Community Facilities District No. 2002-2***

***Special Tax Roll  
Fiscal Year 2017-2018***

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**Exhibit C**

**County of San Bernardino  
Community Facilities District 2002-2  
(Central Valley FPD--Fire Protection Services)  
FY 2017-2018 Special Tax Roll**

<u>Assessor's Parcel Number</u>	<u>FY 2017-2018 Special Tax</u>
0229-371-14	\$25,983.50
0229-371-20	\$25,281.78
0229-371-23	\$15,411.36
0229-381-05	\$25,798.14
0234-011-12	\$17,059.74
0234-011-16	\$17,212.00
0234-161-11	\$16,463.94
0238-031-18	\$6,620.00
0238-031-19	\$5,991.10
0238-031-26	\$17,337.78
0238-031-27	\$17,344.40
0238-031-28	\$13,643.82
0238-031-31	\$23,871.72
0238-031-41	\$12,915.62
0238-031-42	\$9,400.40
0238-063-06	\$3,051.82
0238-063-10	\$10,883.28
0238-063-11	\$21,468.66
<b>Total Number of Parcels Taxed</b>	<b>18</b>
<b>Total FY 2017-2018 Special Tax</b>	<b>\$285,739.06</b>