

**COUNTY OF SAN BERNARDINO  
IMPROVEMENT AREA NO. 3 OF  
COMMUNITY FACILITIES DISTRICT  
No. 2006-1  
(LYTLE CREEK NORTH)**

**May 6, 2013**

*Public Finance  
Facilities Planning  
Urban Economics*

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**ADMINISTRATION REPORT  
FISCAL YEAR 2013-2014**

**COUNTY OF SAN BERNARDINO  
IMPROVEMENT AREA NO. 3 OF  
COMMUNITY FACILITIES DISTRICT NO. 2006-1  
(LYTLE CREEK NORTH)**

**Prepared for**

**COUNTY OF SAN BERNARDINO**  
157 W. Fifth Street  
San Bernardino, California 92371

**Prepared by**

**DAVID TAUSSIG & ASSOCIATES, INC.**  
5000 Birch Street, Suite 6000  
Newport Beach, California 92660  
(949) 955-1500

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### **EXHIBITS**

- Exhibit A: Boundary Map***  
***Exhibit B: Special Tax Roll Fiscal Year 2013-2014***

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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 Improvement Area No. 3 ("IA No. 3") of Community Facilities District No. 2006-1 (Lytle Creek North) ("CFD No. 2006-1") of the County of San Bernardino ("the County") for fiscal year 2013-2014.

CFD No. 2006-1 is a legally constituted governmental entity established under the Mello-Roos Community Facilities Act of 1982, (the "Act") as amended. At the time of formation, CFD No. 2006-1 included two improvement areas: Improvement Area No. 1 ("IA No. 1") and Improvement Area M ("IA M"). Within IA M, future improvement areas are expected to be designated as property is ready for development. In 2012, certain property within IA M was designated as IA No. 3. A map showing the property in IA No. 3 is included in Exhibit A.

The Act provides an alternative method for the financing of certain public facilities and services. Specifically, IA No. 3 of CFD No. 2006-1 is authorized to issue up to \$8,500,000 in bonds. In calculating the special tax liability for fiscal year 2013-2014, this report examines the financial obligations of the current fiscal year and analyzes the level of development within IA No. 3.

This report is organized into the following sections:

## Section II

Section II provides an update of the development activity occurring within IA No. 3.

## Section III

Section III determines the financial obligations of IA No. 3 for fiscal year 2013-2014.

## Section IV

Section IV reviews the methodology used to apportion the special tax requirement to Developed Property and Undeveloped Property. A table of the 2013-2014 special tax rates for Developed Property and Undeveloped 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”. For both Zone A and Zone B of IA No. 3, the category of Developed Property is in turn divided into 14 separate special tax classifications for Zone A and 12 separate special tax classifications for Zone B which vary with dwelling unit size for residential development and acreage for non-residential development.

Developed Property is distinguished from Undeveloped Property by the issuance of a building permit. Specifically, property for which a building permit was issued prior to March 1 of the prior Fiscal Year and that is within a final map that was recorded as of January 1 of the prior Fiscal Year will be classified as Developed Property in the following fiscal year. For example, all property in IA No. 3 for which a building permit was issued prior to March 1, 2013 and that is within a final map that was recorded as of January 1, 2013, will be classified as Developed Property in fiscal year 2013-2014.

### **Development Update**

Review of the County of San Bernardino’s building permit records indicate that prior to March 1, 2013 building permits for 14 units of residential property in Zone A had been issued within IA No. 3. A total of 31.68 acres in IA No. 3 are considered Undeveloped Property. The table below indicates the current amount of Developed Property and Undeveloped Property within IA No. 3.

**Improvement Area No. 3  
Cumulative Developed Property and Undeveloped Property**

**Zone A**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Number of Units/Acres</b>
1	Residential Property	> 3,500 s.f.	0 units
2	Residential Property	3,301 – 3,500 s.f.	0 units
3	Residential Property	3,101 – 3,300 s.f.	0 units
4	Residential Property	2,901 – 3,100 s.f.	0 units
5	Residential Property	2,701 – 2,900 s.f.	0 units
6	Residential Property	2,501 – 2,700 s.f.	0 units
7	Residential Property	2,301 – 3,500 s.f.	4 units
8	Residential Property	2,101 – 2,300 s.f.	2 units
9	Residential Property	1,901 – 2,100 s.f.	0 units
10	Residential Property	1,701 – 1,900 s.f.	5 units
11	Residential Property	1,501 – 1,700 s.f.	3 units
12	Residential Property	1,301 – 1,500 s.f.	0 units
13	Residential Property	< 1,301 s.f.	0 units
14	Non-Residential Property	NA	0 acres
NA	Undeveloped Property	NA	9.69 acres

**Zone B**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Number of Units/Acres</b>
1	Residential Property	> 4,300 s.f.	0 units
2	Residential Property	4,101 – 4,300 s.f.	0 units
3	Residential Property	3,901 – 4,100 s.f.	0 units
4	Residential Property	3,701 – 3,900 s.f.	0 units
5	Residential Property	3,501 – 3,700 s.f.	0 units
6	Residential Property	3,301 – 3,500 s.f.	0 units
7	Residential Property	3,101 – 3,300 s.f.	0 units
8	Residential Property	2,901 – 3,100 s.f.	0 units
9	Residential Property	2,701 – 2,900 s.f.	0 units
10	Residential Property	2,501 – 2,700 s.f.	0 units
11	Residential Property	< 2,501 s.f.	0 units
12	Non-Residential Property	NA	0 acres
NA	Undeveloped Property	NA	21.99 acres

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### ***III. Fiscal Year 2013-2014 Special Tax Requirement***

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Since bonds have not yet been issued for IA No. 3, the Assigned Special Tax can be levied on Developed Property to pay for the direct construction or acquisition of facilities eligible to be financed by IA No. 3 and annual administrative expenses as provided for by the RMA for IA No. 3.

Therefore, the total amount of special taxes from Developed Property for fiscal year 2013-2014 is equal to \$21,469, all of which is budgeted for annual administrative expenses.



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## ***IV. Method of Apportionment***

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### **Maximum Special Tax Rates**

The amount of special taxes that IA No. 3 may levy is strictly limited by the maximum rates set forth in Section C of the Rate and Method of Apportionment.<sup>1</sup>

The fiscal year 2013-2014 maximum special tax rates for Developed Property are shown in the tables on the following page. The maximum special tax rates do not escalate.

### **Apportionment of Special Taxes**

The special tax that is apportioned to each parcel is determined through the application of Section E of the Rate and Method of Apportionment. The Board of Supervisors shall first determine the Special Tax Requirement. Section E apportions the special tax requirement in four steps that prioritize the order in which Developed Property and Undeveloped Property are taxed.

The first step states that the special tax shall be levied against each parcel of Developed Property at up to 100% of the applicable Assigned Special Tax until the amount of the Special Taxes equals the Special Tax Requirement. If the special taxes raised pursuant to the first step are less than the special tax requirement, then the second step is applied. The second step states that the special tax shall be levied against each parcel of Undeveloped Property at up to 100 percent of the maximum special tax for Undeveloped Property.

The third and fourth steps are designed to accommodate changes in land use and are intended to be used only as a last resort. Since actual land uses have not substantially deviated from the original projections, these steps are not necessary.

Application of the first step generates special tax revenues of \$21,469 from Developed Property.

The fiscal year 2013-2014 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 B.

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1. Technically, Section C states that the maximum special tax for a parcel of Developed Property is equal to the greater of (i) the "Backup Special Tax" or (ii) the Assigned Special Tax. The Backup Special Tax was established for the contingency of a shortfall in revenues resulting from significant changes in development densities. The contingency for which the Backup Special Tax was established does not exist and hence, all discussion of maximum tax rates for Developed Property focuses on the Assigned Special Tax.

**County of San Bernardino  
Fiscal Year 2013-2014  
Maximum Special Taxes  
Improvement Area No. 3**

**Zone A**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Maximum Special Tax</b>	<b>FY 2013-2014 Actual Special Tax</b>
1	Residential Property	> 3,500 s.f.	\$2,150.00 per unit	\$0.00 per unit
2	Residential Property	3,301 – 3,500 s.f.	\$2,070.00 per unit	\$0.00 per unit
3	Residential Property	3,101 – 3,300 s.f.	\$1,931.00 per unit	\$0.00 per unit
4	Residential Property	2,901 – 3,100 s.f.	\$1,885.00 per unit	\$0.00 per unit
5	Residential Property	2,701 – 2,900 s.f.	\$1,871.00 per unit	\$0.00 per unit
6	Residential Property	2,501 – 2,700 s.f.	\$1,825.00 per unit	\$0.00 per unit
7	Residential Property	2,301 – 3,500 s.f.	\$1,751.00 per unit	\$1,751.00 per unit
8	Residential Property	2,101 – 2,300 s.f.	\$1,626.00 per unit	\$1,626.00 per unit
9	Residential Property	1,901 – 2,100 s.f.	\$1,506.00 per unit	\$0.00 per unit
10	Residential Property	1,701 – 1,900 s.f.	\$1,429.00 per unit	\$1,429.00 per unit
11	Residential Property	1,501 – 1,700 s.f.	\$1,356.00 per unit	\$1,356.00 per unit
12	Residential Property	1,301 – 1,500 s.f.	\$1,269.00 per unit	\$0.00 per unit
13	Residential Property	< 1,300 s.f.	\$1,184.00 per unit	\$0.00 per unit
14	Non-Residential Property	NA	\$12,767.00 per Acre	\$0.00 per acre

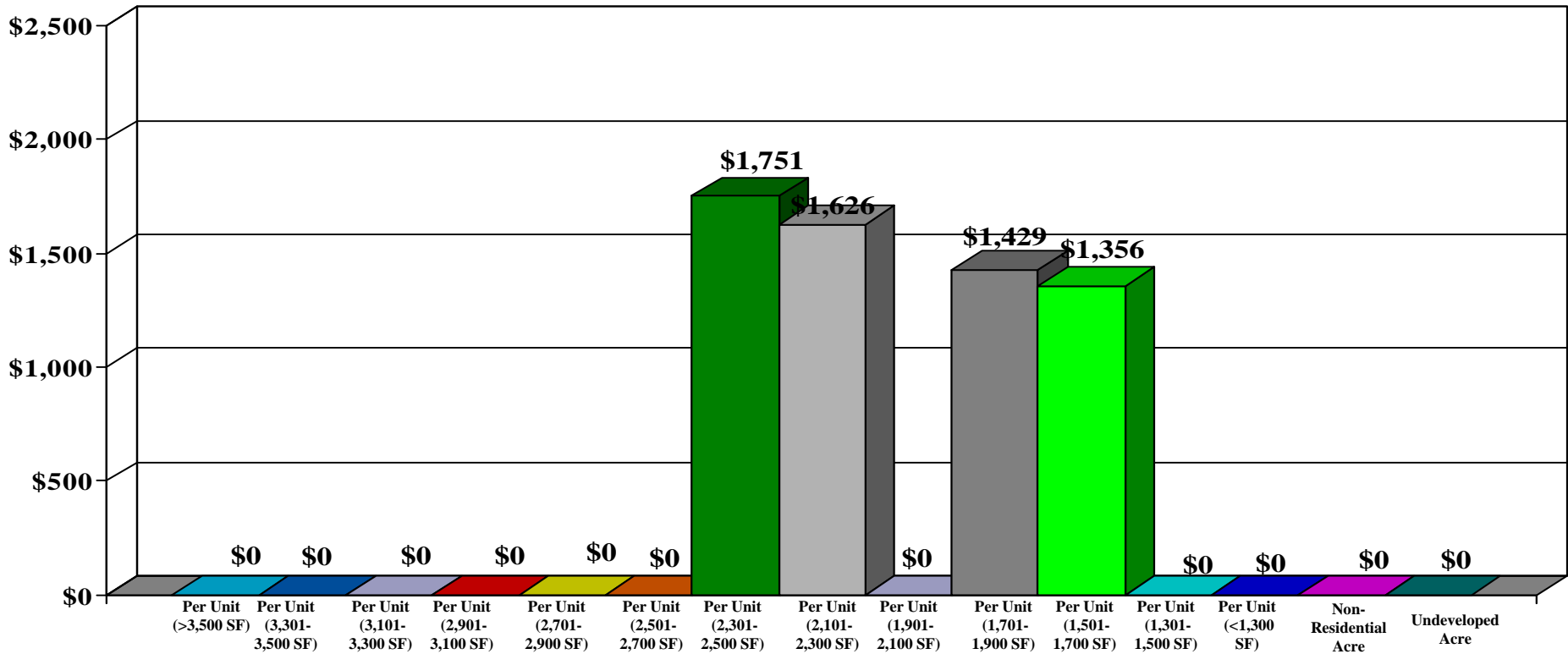
**Zone B**

<b>Land Use Class</b>	<b>Description</b>	<b>Residential Floor Area</b>	<b>Maximum Special Tax</b>	<b>FY 2013-2014 Actual Special Tax</b>
1	Residential Property	> 4,300 s.f.	\$2,363.00 per unit	\$0.00 per unit
2	Residential Property	4,101 – 4,300 s.f.	\$2,237.00 per unit	\$0.00 per unit
3	Residential Property	3,901 – 4,100 s.f.	\$2,208.00 per unit	\$0.00 per unit
4	Residential Property	3,701 – 3,900 s.f.	\$2,131.00 per unit	\$0.00 per unit
5	Residential Property	3,501 – 3,700 s.f.	\$2,054.00 per unit	\$0.00 per unit
6	Residential Property	3,301 – 3,500 s.f.	\$2,006.00 per unit	\$0.00 per unit
7	Residential Property	3,101 – 3,300 s.f.	\$1,942.00 per unit	\$0.00 per unit
8	Residential Property	2,901 – 3,100 s.f.	\$1,822.00 per unit	\$0.00 per unit
9	Residential Property	2,701 – 2,900 s.f.	\$1,744.00 per unit	\$0.00 per unit
10	Residential Property	2,501 – 2,700 s.f.	\$1,667.00 per unit	\$0.00 per unit
11	Residential Property	< 2,501 s.f.	\$1,590.00 per unit	\$0.00 per unit
12	Non-Residential Property	NA	\$11,669.00 per Acre	\$0.00 per acre

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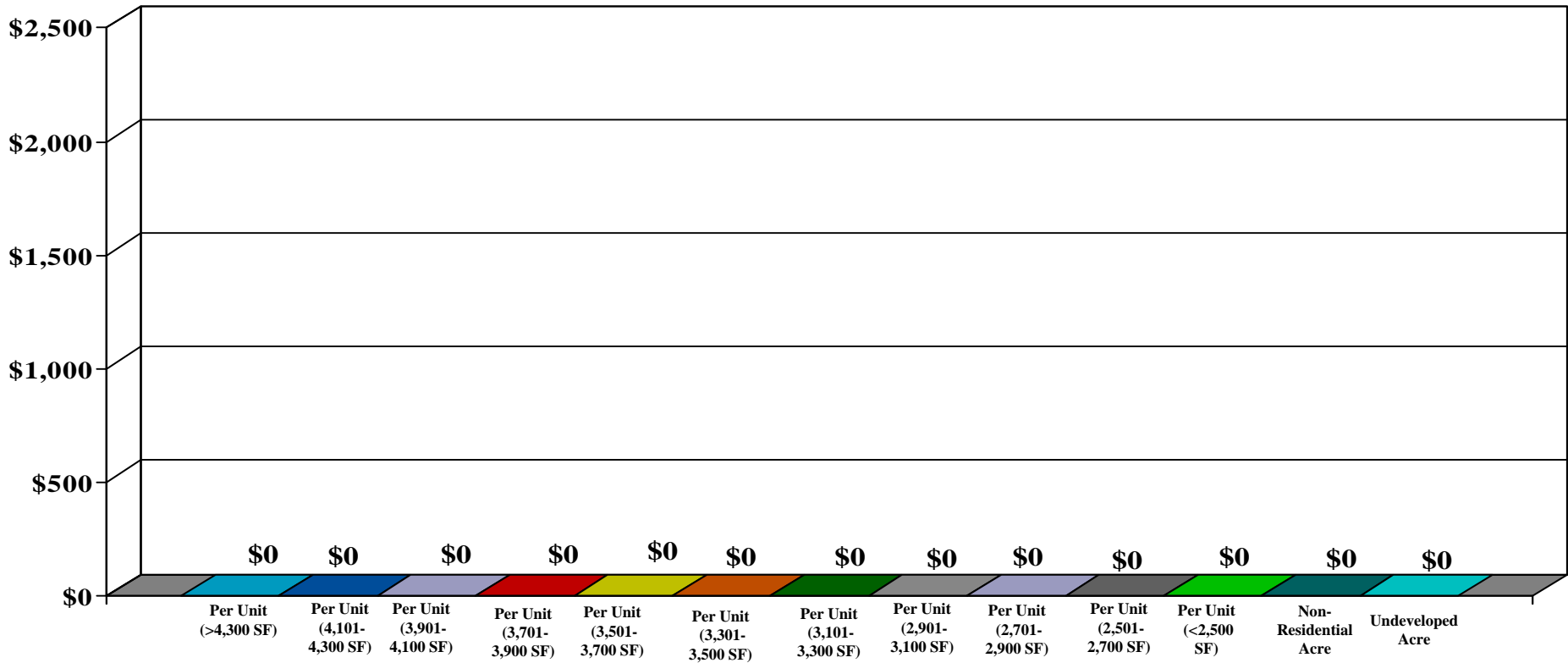
**County of San Bernardino  
 IA No. 3 of Community Facilities District No. 2006-1  
 (Lytle Creek North)**

**Fiscal Year 2013-2014 Actual Special Tax Levy  
 Zone A**



**County of San Bernardino  
 IA No. 3 of Community Facilities District No. 2006-1  
 (Lytle Creek North)**

**Fiscal Year 2013-2014 Actual Special Tax Levy  
 Zone B**



# **EXHIBIT A**

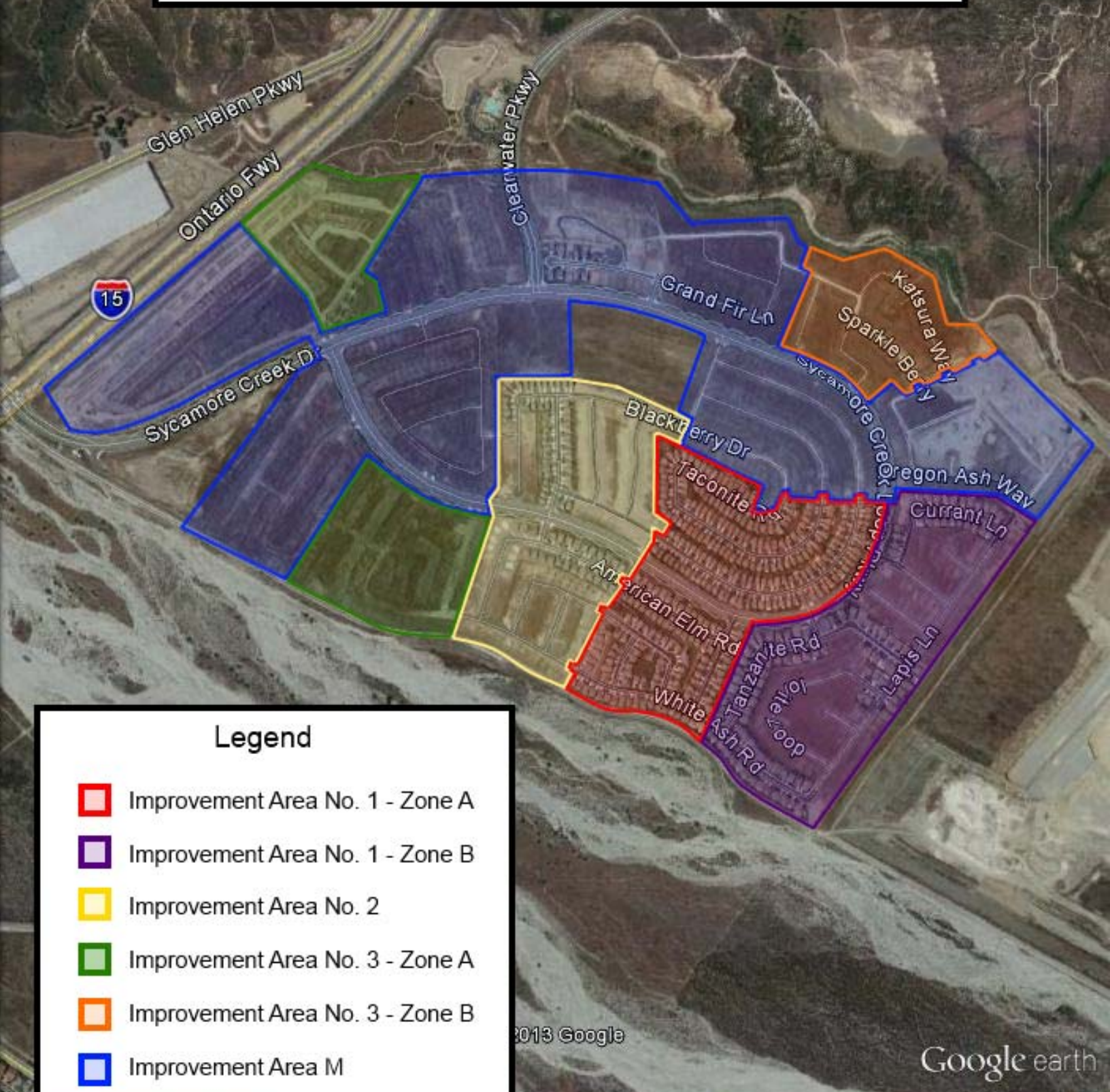
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*County of San Bernardino  
Improvement Area No. 3 of  
Community Facilities District No. 2006-1*

*Boundary Map*

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County of San Bernardino  
 Community Facilities District No. 2006-1  
 (Lytle Creek North)  
 Improvement Area M  
 and Improvement Area Nos. 1, 2, 3



**Legend**

- Improvement Area No. 1 - Zone A
- Improvement Area No. 1 - Zone B
- Improvement Area No. 2
- Improvement Area No. 3 - Zone A
- Improvement Area No. 3 - Zone B
- Improvement Area M

# **EXHIBIT B**

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*County of San Bernardino  
Improvement Area No. 3 of  
Community Facilities District No. 2006-1*

*Special Tax Roll  
Fiscal Year 2013-2014*

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**Exhibit B**

**County of San Bernardino IA No. 3 of CFD No. 2006-1  
FY 2013-2014 Special Tax Levy**

<u>Assessor's Parcel Number</u>	<u>FY 2013-14 Special Tax</u>
0239-275-21	\$1,429.00
0239-275-22	\$1,751.00
0239-275-23	\$1,751.00
0239-275-24	\$1,626.00
0239-275-25	\$1,429.00
0239-275-26	\$1,751.00
0239-275-27	\$1,356.00
0239-275-28	\$1,751.00
0239-275-29	\$1,429.00
0239-275-30	\$1,356.00
0239-275-31	\$1,429.00
0239-275-52	\$1,356.00
0239-275-53	\$1,626.00
0239-275-54	\$1,429.00
<b>Total FY 2013-14 Special Tax Levy</b>	<b>\$21,469.00</b>
<b>Total Number of Parcels Taxed</b>	<b>14</b>