THE CFD
"MELLO-ROOS COMMUNITY FACILITIES ACT OF 1982"

by Senator Mello and Assemblyman Roos

Requests by IA 7A

- IA 7A Request
  - Consider extending years to lower annual payments (only by vote of residents) **A Good Request that Support the CFD as Designed!**

- This is **<u>just</u>** the start to fulfill the Residents' request and **<u>all of the following</u>** are required for a change:
  - **<u>Intention</u>** to extend beyond the 30 years on March 18
  - **<u>Public Hearing</u>** are the big meetings on May 6th and May 20th
  - **<u>Residents' Election</u>** held until August 4th
  - **<u>Municipal Bond interest</u>** rates stay under 5.6%

BEAUMONT Cares

Agenda IA 7A Rate Options

- Only what you agreed to:
  - How long and how much
  - How much increase per year (0% or 2% for Facilities)
  - Based on 4.5% interest
- Future Costs (conditions)
  - No More (or less) than original, unless 2/3rds vote in favor
  - Refunding, no higher tax or longer time (state Law)
  - How much saved
- Possible ways to remove 2% increase
  - Partial (or Full) Prepayment
  - Voter approve an extension of time
- Teeter Totter Effect
  - Change
  - Savings
  - Any added costs
- Create an “Annual Prepayment, Cost, and Change Graph”

BEAUMONT Cares

Agenda IA 7A Rate Options

- Keep the Same to 2035 with 2% annual increase
- Partial Prepayment
- Full Prepayment
- Extend 10 years to 2045 at 2014-2015 rate

CFD Also Known As…

- Community Facilities District
- Mello-Roos
- CFD

Much Like: AD (Assessment District),
LLMD (Maintenance District)

It is not a tax, It is an *assessment*!

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History!

- Prop 13 (1978)
  - No Taxation without Citizens' Vote
- Prop 218 (1996)
  - No Taxation without Property Owners' Vote
- Mello-Roos Act Community Facilities Acto (1982)
  - No Taxation without Property Owners' Permission
    - It cannot be charged at more than the maximum tax!
    - Maximum time cannot increase more than approved!

Sounds like: "No Taxation without Representation"

IA7A – 4 Seasons Before and After

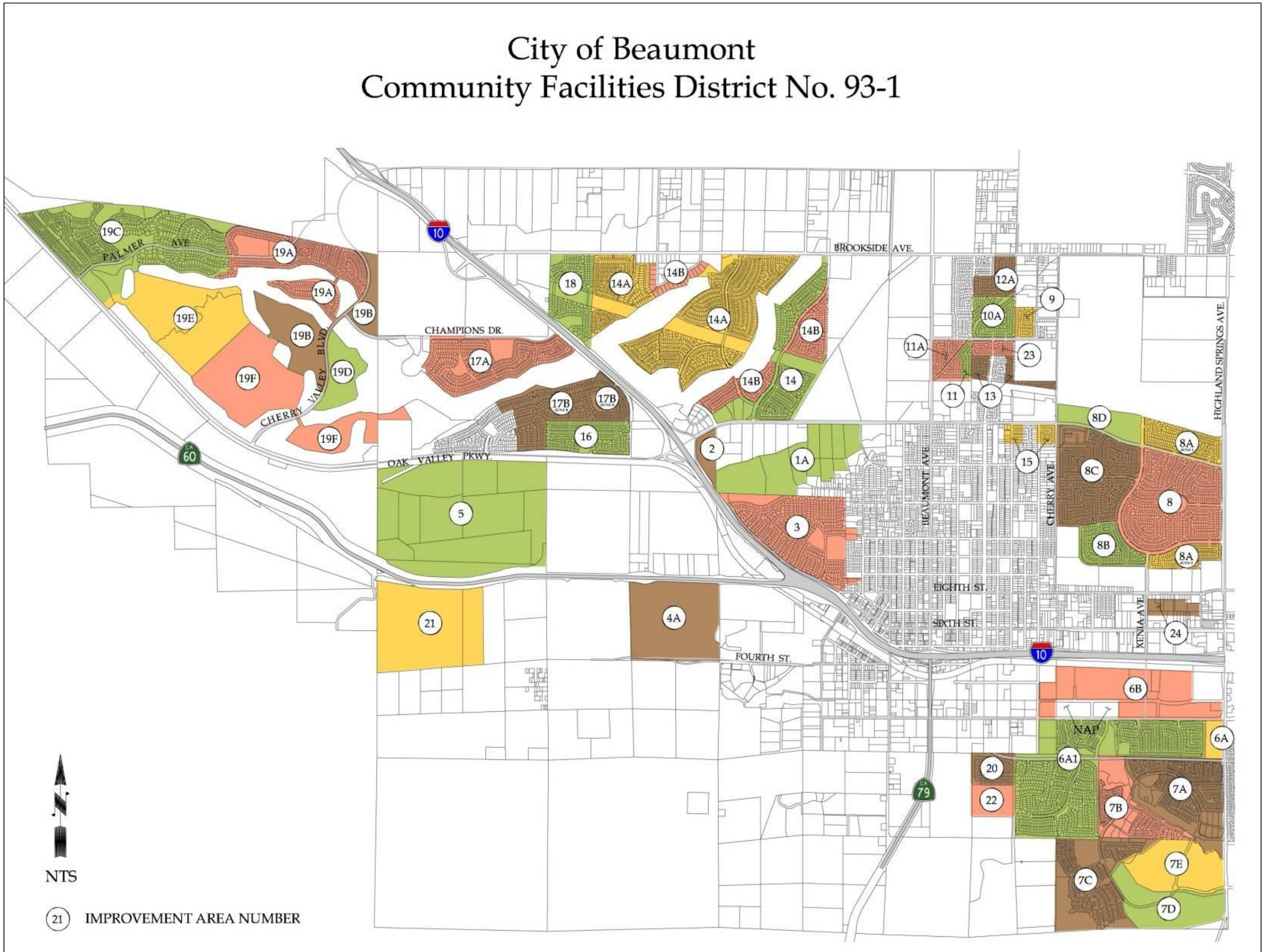
2003

2014

Where is IA7A?

- A part of 4 Seasons
- North of the wash trails

CFD 93-1 Boundaries



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What it was used for!

- It was used to build required public facilities (aka Fair Share)
  - Required for the homes to be built.
  - Taxes Equal to Impacts (plus expected interest)
- IA7A (Issue 2005B) = $12.28 Million

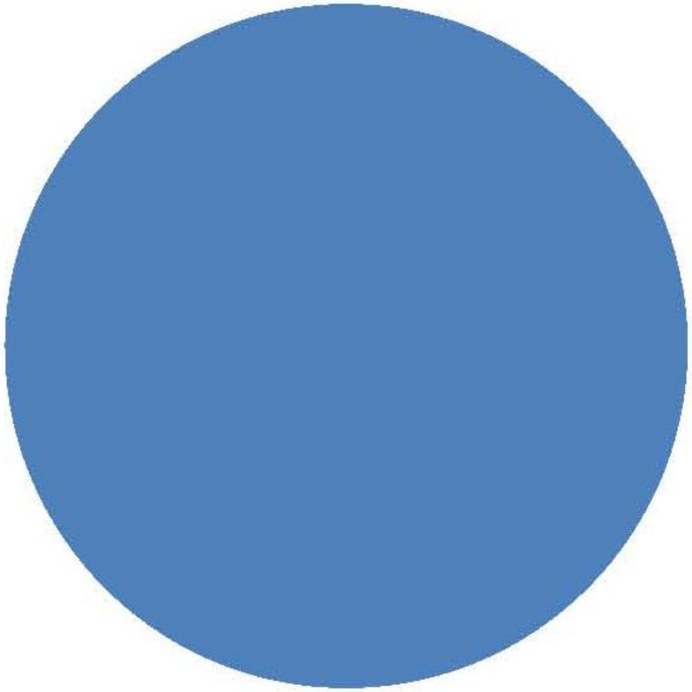
(You only paid for Your Impacts)

Facilities Improvements

Big Picture(as in Big Sewers! Big Water! Big Streets!)

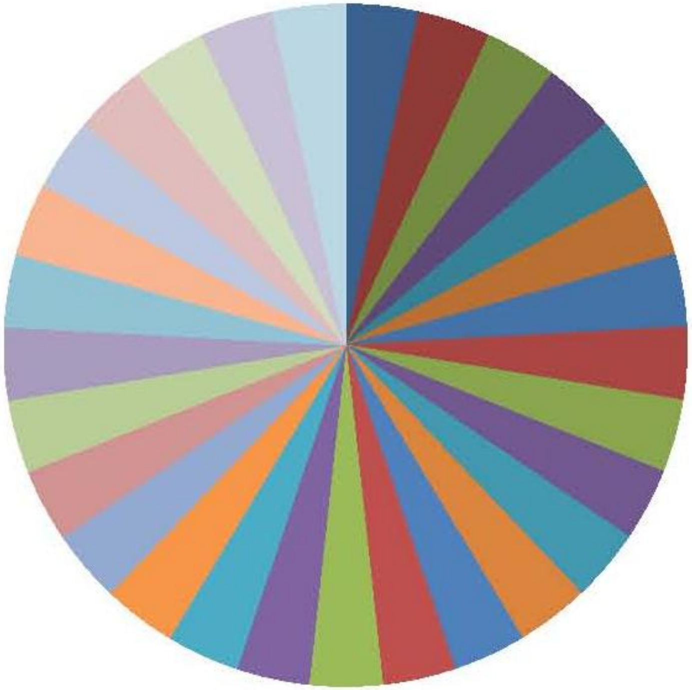
- Sewer & Water
  - Taylor Tank, water and sewer lines, reclaim ponds & lines, sewer plant expansion, storm drains
- Streets, Landscapes & Bridges
  - Oak Valley, 1st, 2nd, 4th, 6th, 8th Streets, Potrero, Viele, Penn, Beaumont, Elm, Wellwood, California, Palm, Starlight, Highland Springs, Brookside, …
- Parks & Recreation Facilities
  - Sports, CRC, Oak Valley, De Forge, Trevino, Stewart, Band Shell, Olympic Swimming Pool, community pool, …

Public Infrastructure Needs



One Time

When Paid in Full



In (up to) 30 pieces

+time-value-of-money @ 4.5% interest

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How determined:

$$\frac{\text{Public Infrastructure (Removed from house price)}}{\text{30 Years}} = \text{Annual Payment}$$

Just the way it was designed in 1993!

BEAUMONT Cares

How Changed:

Minus $ (Numerator)

―――――――――――――――――― **= Lower Annual Payment**

+ Years (Denominator)

Pre-Payments (change numerator)

- When would I (normally):
  - Pre-pay – Part or 100% (lower numerator)
    - After mortgage burning party …
    - When CD interest rates are lower than 5% …
    - …
    - …
  - IA7A Request to Extend Years (raise denominator)
    - To halt escalator
    - …
    - …

Eliminate 2% Escalator (change denominator) (Teeter-Tooter Effect!)

- Discount 1st 15 Years (reduces each year until)

  Example: 2% Sloped (teeter-tooter down-to-up!)

  first year: 2005 = $1,009 (-26% of Average)

  last year: 2036 = $1,792 (+32% of Average)

  \- OR -

  Example: 30 Year Fixed (teeter-tooter always the same!)

  Average = $1,358 (Same for 30 Years)

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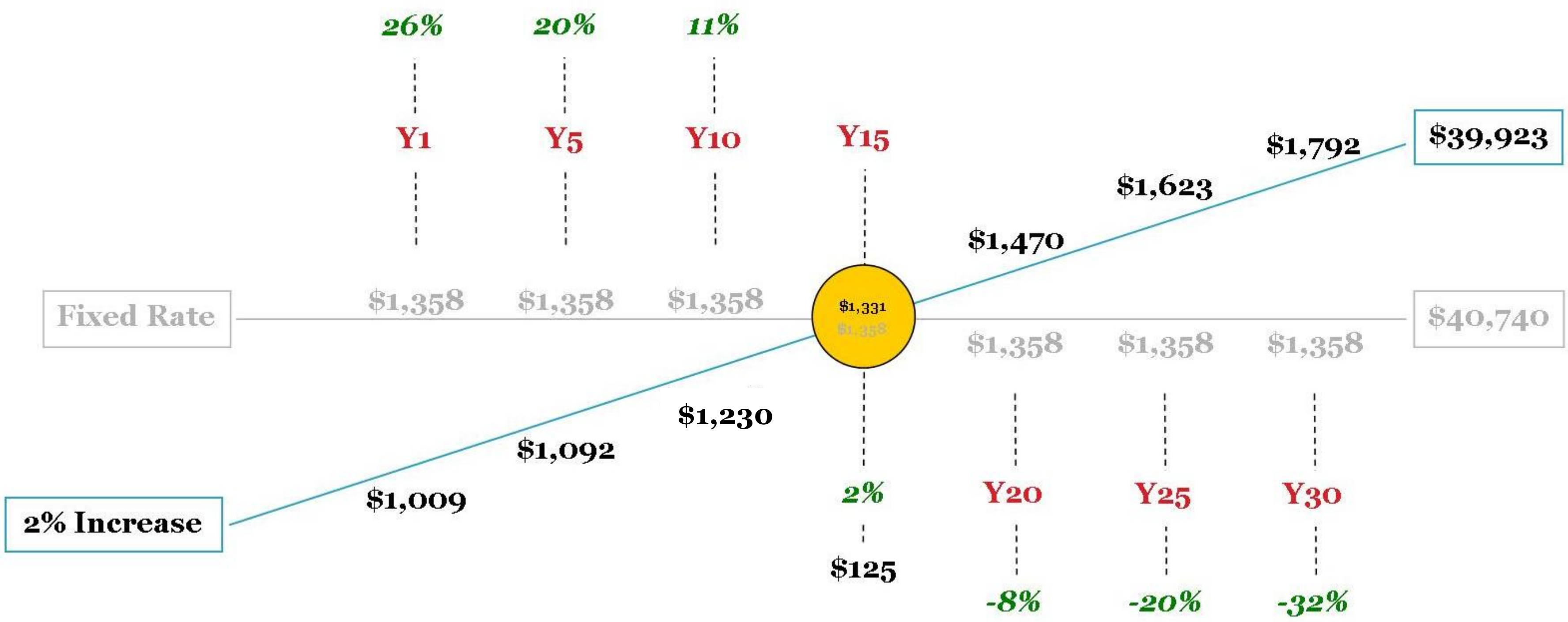
2% Escalator Model



Remove 2% Escalator?

City of Beaumont CFD 93-1		IA7A	*All 7* Services	*Springdale* Facilities Tax			*Monarch* Facilities Tax			*Arbors* Facilities Tax			*Heritage* Facilities Tax			*Laurel* Facilities Tax			*Landmark* Facilities Tax		
Year	If added Years	Tax Year	Yearly Tax	Yearly Tax Now	*+ or - each year*	If Fixed	Yearly Tax Now	*+ or - each year*	If Fixed	Yearly Tax Now	*+ or - each year*	If Fixed	Yearly Tax Now	*+ or - each year*	If Fixed	Yearly Tax Now	*+ or - each year*	If Fixed	Yearly Tax Now	*+ or - each year*	If Fixed
		2004 - 2005	$240	$1,009			$1,200			$1,293			$1,555			$1,736			$2,011		
1		2005 - 2006	$248	$1,029			$1,224			$1,319			$1,586			$1,771			$2,051		
2		2006 - 2007	$259	$1,050			$1,248			$1,345			$1,618			$1,806			$2,092		
3		2007 - 2008	$270	$1,071			$1,273			$1,372			$1,650			$1,842			$2,134		
4		2008 - 2009	$279	$1,092			$1,299			$1,400			$1,683			$1,879			$2,177		
5		2009 - 2010	$289	$1,114			$1,325			$1,428			$1,717			$1,917			$2,220		
6		2010 - 2011	$289	$1,136			$1,351			$1,456			$1,751			$1,955			$2,265		
7		2011 - 2012	$291	$1,159			$1,378			$1,485			$1,786			$1,994			$2,310		
8		2012 - 2013	$298	$1,182			$1,406			$1,515			$1,822			$2,034			$2,356		
9		2013 - 2014	$304	$1,206			$1,434			$1,545			$1,858			$2,075			$2,403		
10	**1**	**2014 - 2015**	**$307**	**$1,230**	***$0***	**$1,230**	**$1,463**	***$0***	**$1,463**	**$1,576**	***$0***	**$1,576**	**$1,896**	***$0***	**$1,896**	**$2,116**	***$0***	**$2,116**	**$2,451**	***$0***	**$2,451**
11	2	2015 - 2016	+CPI	$1,255	*-$25*	$1,230	$1,492	*-$29*	$1,463	$1,608	*-$32*	$1,576	$1,933	*-$38*	$1,896	$2,158	*-$42*	$2,116	$2,500	*-$49*	$2,451
12	3	2016 - 2017	+CPI	$1,280	*-$50*	$1,230	$1,522	*-$59*	$1,463	$1,640	*-$64*	$1,576	$1,972	*-$77*	$1,896	$2,202	*-$85*	$2,116	$2,550	*-$99*	$2,451
13	4	2017 - 2018	+CPI	$1,305	*-$75*	$1,230	$1,552	*-$90*	$1,463	$1,673	*-$96*	$1,576	$2,012	*-$116*	$1,896	$2,246	*-$130*	$2,116	$2,601	*-$150*	$2,451
14	5	2018 - 2019	+CPI	$1,331	*-$101*	$1,230	$1,583	*-$121*	$1,463	$1,706	*-$130*	$1,576	$2,052	*-$156*	$1,896	$2,291	*-$174*	$2,116	$2,653	*-$202*	$2,451
15	6	2019 - 2020	+CPI	$1,358	*-$128*	$1,230	$1,615	*-$152*	$1,463	$1,740	*-$164*	$1,576	$2,093	*-$197*	$1,896	$2,336	*-$220*	$2,116	$2,707	*-$255*	$2,451
16	7	2020 - 2021	+CPI	$1,385	*-$155*	$1,230	$1,647	*-$185*	$1,463	$1,775	*-$199*	$1,576	$2,135	*-$239*	$1,896	$2,383	*-$267*	$2,116	$2,761	*-$309*	$2,451
17	8	2021 - 2022	+CPI	$1,413	*-$183*	$1,230	$1,680	*-$217*	$1,463	$1,811	*-$234*	$1,576	$2,177	*-$282*	$1,896	$2,431	*-$315*	$2,116	$2,816	*-$364*	$2,451
18	9	2022 - 2023	+CPI	$1,441	*-$211*	$1,230	$1,714	*-$251*	$1,463	$1,847	*-$271*	$1,576	$2,221	*-$325*	$1,896	$2,479	*-$363*	$2,116	$2,872	*-$421*	$2,451
19	10	2023 - 2024	+CPI	$1,470	*-$240*	$1,230	$1,748	*-$285*	$1,463	$1,884	*-$307*	$1,576	$2,265	*-$370*	$1,896	$2,529	*-$413*	$2,116	$2,930	*-$478*	$2,451
20	11	2024 - 2025	+CPI	$1,499	*-$269*	$1,230	$1,783	*-$320*	$1,463	$1,921	*-$345*	$1,576	$2,311	*-$415*	$1,896	$2,580	*-$463*	$2,116	$2,988	*-$537*	$2,451
21	12	2025 - 2026	+CPI	$1,529	*-$299*	$1,230	$1,819	*-$356*	$1,463	$1,960	*-$384*	$1,576	$2,357	*-$461*	$1,896	$2,631	*-$515*	$2,116	$3,048	*-$597*	$2,451
22	13	2026 - 2027	+CPI	$1,560	*-$330*	$1,230	$1,855	*-$392*	$1,463	$1,999	*-$423*	$1,576	$2,404	*-$508*	$1,896	$2,684	*-$568*	$2,116	$3,109	*-$658*	$2,451
23	14	2027 - 2028	+CPI	$1,591	*-$361*	$1,230	$1,892	*-$429*	$1,463	$2,039	*-$463*	$1,576	$2,452	*-$557*	$1,896	$2,737	*-$621*	$2,116	$3,171	*-$720*	$2,451
24	15	2028 - 2029	+CPI	$1,623	*-$393*	$1,230	$1,930	*-$467*	$1,463	$2,080	*-$504*	$1,576	$2,501	*-$606*	$1,896	$2,792	*-$676*	$2,116	$3,235	*-$783*	$2,451
25	16	2029 - 2030	+CPI	$1,655	*-$425*	$1,230	$1,969	*-$506*	$1,463	$2,121	*-$545*	$1,576	$2,551	*-$656*	$1,896	$2,848	*-$732*	$2,116	$3,299	*-$848*	$2,451
26	17	2030 - 2031	+CPI	$1,688	*-$459*	$1,230	$2,008	*-$545*	$1,463	$2,164	*-$588*	$1,576	$2,602	*-$707*	$1,896	$2,905	*-$789*	$2,116	$3,365	*-$914*	$2,451
27	18	2031 - 2032	+CPI	$1,722	*-$492*	$1,230	$2,048	*-$585*	$1,463	$2,207	*-$631*	$1,576	$2,654	*-$759*	$1,896	$2,963	*-$847*	$2,116	$3,433	*-$981*	$2,451
28	19	2032 - 2033	+CPI	$1,757	*-$527*	$1,230	$2,089	*-$626*	$1,463	$2,251	*-$675*	$1,576	$2,707	*-$812*	$1,896	$3,022	*-$906*	$2,116	$3,501	*-$1,050*	$2,451
29	20	2033 - 2034	+CPI	$1,792	*-$562*	$1,230	$2,131	*-$668*	$1,463	$2,296	*-$720*	$1,576	$2,761	*-$866*	$1,896	$3,083	*-$967*	$2,116	$3,571	*-$1,120*	$2,451
30	21	2034 - 2035	+CPI	$1,828	*-$598*	$1,230	$2,174	*-$711*	$1,463	$2,342	*-$766*	$1,576	$2,817	*-$921*	$1,896	$3,145	*-$1,028*	$2,116	$3,643	*-$1,191*	$2,451
	22	2035 - 2036			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	23	2036 - 2037			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	24	2037 - 2038			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	25	2038 - 2039			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	26	2039 - 2040			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	27	2040 - 2041			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	28	2041 - 2042			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	29	2042 - 2043			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
	30	2043 - 2044			*$1,230*	$1,230		*$1,463*	$1,463		*$1,576*	$1,576		*$1,896*	$1,896		*$2,116*	$2,116		*$2,451*	$2,451
		Remaining Balance		$31,713	$5,186	$36,899	$37,716	$6,168	$43,884	$40,639	$6,646	$47,285	$48,873	$7,993	$56,866	$54,562	$8,923	$63,485	$63,205	$10,337	$73,542
		2013-2014 Prepayment		$16,830			$19,920			$21,420			$25,660			$28,590			$33,040		

City of Beaumont

as of: March 17, 2014

Community Facilities District (CFD)

Reforming Procedure

Step	Timeline – Proposed	Timeline – Actual
CFD IA7A1 Reformation (by Request of current Property Owners)	January 25, 2014	January 25, 2014 March 4, 2014
Approve Resolution of Intention	March 18, 2014	
(30 days minimum) Dispense Information to Property Owners	April 2, 2014	
Advertise (10+ days before Public Hearing)		
Hold Public Hearing / Property Owners Input	**May 6, 2014** ***Continued up to:*** November 2, 2014	
Ordinance of Formation (by Council Vote)	1st **May 6, 2014** 2nd **May 20, 2014** ***Continued up to:*** 11/2/2014	
Election (2/3 yes vote to pass)	***Until:*** **August 4, 2014**	
Certification Of Election Results	August 5, 2014	
Update Lien	August 20, 2014	
Approve Bond Documents	August 19, 2014	
Investigate Reissue Bonds	***No sooner than:*** September 25, 2014	
Issue Bonds	***No sooner than:*** December 1, 2014	

Pioneering Our Way To The Future!

A Comprehensive Approach

A quick glance at a map shows more than two dozen Community Facilities Districts spread across the city. It's a comprehensive way of planning, financing, and building public improvements with the future in mind. Builders pay their fair share of public improvements based on how their projects impact the city as a whole.

Here's how the program works:

- Projects are studied for their overall impact on the city.
- City determines needed public improvements.
- The City Council decides which improvements should be built first and authorizes the sale of bonds to pay for the work.
- Homeowners pay for their fair share of public improvements and maintenance through a special tax on property tax bills.

Charting a New Course

Beaumont finances these projects differently than most cities, which typically rely on developer fees to pay for public improvements. When that happens, builders have often borrowed money at high interest rates and tack that cost on to the price of new homes. Needed improvements are not built until after the homes!

Beaumont has a better approach, making public improvements possible by selling bonds at low interest rates. And homeowners repay the bonds sold for improvements on their property tax bill. Needed improvements are built much sooner!

What does the money pay for?

Precious Water: plentiful, affordable and flowing

- Transmission lines: $24.4 million
- Reservoirs: $23 million
- Spreading ponds and water conservation projects: $16.8 million
- Well upgrades (Palm Avenue): $12.5 million
- Monitoring wells/water recycling projects: $2.5 million

Total: $79.2 million

Getting Around: smooth, quick and easy

- Street widening/ extension and traffic signals: $35.1 million
- Bridges: $14.9 million
- Interchange projects: $1.2 million

Total: $51.1 million

Treating Wastewater: "Away go troubles down the drain"

- Treatment plant expansion and upgrading, water recycling and storm drains

Total: $21.2 million

Keeping Us Safe: round-the-clock, cutting edge and community oriented

- Civic Center expansion for a new police station: $1 million
- Upgrade emergency dispatch center to better connect communications: $4 million
- New fire station: $5 million (future project)
- Noble Creek Park Fire Base Camp: $500,000

Total: $10.5 million

Good Times: fun, fun, fun and splish splash

- Albert A. Chatigny Sr. Community Recreation Center: $7.8 million
- Beaumont High School Swimming Pool: $2.1 million

Total: $9.9 million

Picnic In The Park: fun, relaxing and adventurous

- Beaumont Sports Park: $3.9 million
- Noble Creek Park (upgrade): $3 million
- Stewart Park (upgrade): $1.6 million
- De Forge Regional Park: $1.2 million
- Beaumont Woman's Club restoration: $119,000
- Beaumont Library Restoration: $112,000

Total: $9.9 million

Grand Total: $ 227.8 million

**Total Costs = rounded numbers*

***For a complete list of CFD projects and more information, see "CFD Projects: Community Facilities District No.93-1" on a separate form.*

Serving the Community

Whether it's grooming our city parks, offering childcare at the Recreation Center or keeping public landscaping lush and well-manicured along our streets, the CFD program is working for you. These are the things that keep your home values high and your quality of life second to none.

In addition to CFD service fees, some communities have HOA Fees. HOA fees keep up landscaping at the entrances to our master planned communities and in greenbelt areas. CFD fees pay for maintaining community parks, tree trimming and other important amenities.

The Bright Future Ahead

Beaumont, with its well-known charm, affordable homes, and growing array of shopping, plans many new improvements in the future that will bring jobs, keep traffic flowing smoothly and meet the needs of a growing city. Residents, business owners, visitors and commuters will see a host of new projects—ranging from new interchanges and street widening to synchronizing traffic signals along major thoroughfares. It's part of a constantly expanding initiative on behalf of Beaumont residents.

For more information onCFD 93-1, visit www.ci.beaumont.ca.us

The best part…

Mello-Roos

(ALWAYS)

your choice!

More Questions?

(With hopefully good answers!)

BEAUMONT Cares