



City of Rialto

Engineer's Annexation Report

Landscaping and Lighting District No. 2

Annexation of

PPD 2434 (Tamarind Warehouse)
PPD 2435 (Persimmon Warehouse)
PPD 2018-0019 (Margarita Homes)
PPD 2017-0077 (Wheeler Trucking)

FY 2019/2020

27368 Via Industria
Suite 200
Temecula, California 92590
T. 951.587.3500 | 800.755.6864
F. 951.587.3510 | 888.326.6864

www.willdan.com/financial



ENGINEER'S ANNEXATION REPORT AFFIDAVIT
Rialto Landscaping and Lighting District No. 2
Fiscal Year 2019/2020

PPD 2434 (Tamarind Warehouse)
PPD 2435 (Persimmon Warehouse)
PPD 2018-0019 (Margarita Homes)
PPD 2017-0077 (Wheeler Trucking)

City of Rialto,
County of San Bernardino, State of California

This Report and the enclosed budgets, diagrams and descriptions outline the annexation of territory to the Rialto Landscaping and Lighting District No. 2 for Fiscal Year 2019/2020 as the same existed at the time this Report was prepared and the establishment of annual assessments related thereto commencing in Fiscal Year 2019/2020. Said annexation includes all parcels of land within PPD 2434 (Tamarind Warehouse), PPD 2435 (Persimmon Warehouse), PPD 2018-0019 (Margarita Homes) and PPD 2017-0077 (Wheeler Trucking).

Reference is hereby made to the San Bernardino County Assessor's Parcel Maps for a detailed description of the lines and dimensions of each parcel within the annexation territories. The undersigned respectfully submits the enclosed Report as directed by the City Council.

Dated this 12th day of September, 2018.

Willdan Financial Services
Assessment Engineer
On Behalf of the City of Rialto

By: 
Susana Hernandez
Project Manager, District Administration Services

By: 
Richard Kopecky
R.C.E. # 16742



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INTRODUCTION

In Fiscal Year 2004/2005, the City of Rialto (hereafter referred to as "City"), County of San Bernardino (hereafter referred to as "County"), State of California, under the provisions of the *Landscape and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code* (hereafter referred to as the "1972 Act") and in compliance with the substantive and procedural requirements of the *California State Constitution, Articles XIID* (hereafter referred to as the "California Constitution") established the assessment district designated as the:

RIALTO LANDSCAPING AND LIGHTING DISTRICT NO. 2

(Hereafter referred to as the "District"). Pursuant to the provisions of the 1972 Act and in compliance with the substantive and procedural requirements of the California Constitution, the City has annually levied special benefit assessments within the Rialto Landscaping and Lighting District No. 2, has subsequently annexed new developments and territories to the District pursuant to Chapter 2, Article 2 of the 1972 Act, and for Fiscal Year 2019/2020 the City Council proposes to annex to the District certain territory within the City which includes the annexation area named below (the "Annexation Territory"):

- PPD 2434 (Tamarind Warehouse)
- PPD 2435 (Persimmon Warehouse)
- PPD 2018-0019 (Margarita Homes)
- PPD 2017-0077 (Wheeler Trucking)

Pursuant to the provisions of Article XIID, Section 4 of the California Constitution, the City will conduct a property owner protest ballot proceeding (hereafter referred to as "Ballot Proceeding") for the proposed levy of new assessments for these developments. In addition to this Ballot Proceeding, the City Council will conduct a public hearing to consider public testimonies, comments and written protests regarding the annexations, and the levy of the new assessments. Upon conclusion of the public hearing, property owner protest ballots received will be opened and tabulated to determine whether majority protest exists:

"A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property."

In this annexation proceeding, because each of the four (4) areas proposed to be annexed to this District have been conditioned as part of their development agreements to provide for a means to finance the ongoing maintenance of related public improvements either by annexation to this District or by other means, for purposes of determining majority protest the ballots for each development will be tabulated separately rather than collectively as a single annexation.

Based on the results of the ballot tabulations, the City Council may adopt and approve the Engineer's Report (hereafter referred to as "Report") as amended, order the annexation of the Annexation Territory, approve the related assessment diagrams, and confirm the assessments. Those assessments and annexations as approved shall be made part of, and incorporated as part of, the District's annual Engineer's Report for Fiscal Year 2019/2020 and together with the assessments for other properties within the District shall be finalized, approved and submitted to the County Auditor/Controller for inclusion on the property tax roll for each affected parcel as part of the annual approval process.

DISTRICT OVERVIEW

The annual assessments to be levied on properties within the Annexation Territory and the District provide the source of funding for the continued operation and maintenance of local street lighting and/or landscaping improvements installed in connection with the development of those properties. The approved development plans and specifications for the Annexation Territory along with the existing developments within the District are on file in the office of the City Public Works Department and by reference these plans and specifications are made part of this Report. Each Fiscal Year, the City establishes the District's assessments based on the estimated costs associated with the regular annual maintenance, operation, and servicing of the improvements that provide special benefit to properties therein. The cost of the improvements determined to be of special benefit and assessed against properties within the District may include the estimated expenditures for regular annual maintenance and repairs, incidental expenditures related to the operation and administration of the District, deficits or surpluses from prior years, revenues from other sources, and the collection of adequate funds for operational reserves or periodic expenditures including installments collected for long-term improvement projects. Each parcel is assessed proportionately for only those improvements, services, and expenses for which the parcel will receive special benefits.

The District was originally formed in Fiscal Year 2004/2005 to provide for the ongoing maintenance and operation of the landscaping and street lighting installed in connection with and for the special benefits of properties within the residential subdivisions. Since the original formation of the District there have been additional properties annexed into the District.

The Annexation Territory addressed in this Report shall be levied annual assessments commencing in Fiscal Year 2019/2020 to fund in whole or in part the costs and expenses required to service and maintain the improvements that provide special benefits to those parcels including, but not limited to the improvements constructed and installed in connection with the development of those properties and/or existing improvements associated with and shared by other properties within the District. This Report generally describes the Annexation Territory, the improvements, and the assessments to be imposed upon such properties for the special benefits these properties will receive from the maintenance and servicing of the improvements.

In order to establish an appropriate special benefit nexus between the improvements and services provided and the benefits to specific properties, zones of benefit (hereafter referred to as "Zones") have been established within the District. Each of the developments and properties within the District (including the Annexation Territory) are grouped into a Zone based on the various types of improvements and services to be provided by the District and the type of property development associated with those specific improvements. The net annual cost to provide the improvements for each Zone, are allocated to all the benefiting properties within that Zone using a weighted method of apportionment that establishes a calculated proportional special benefit and assessment for each parcel as compared to other properties that benefit from the Zone improvements and services. This Zone structure and proportional allocation of improvement costs ensures that each property is reasonably and proportionately assessed for the special benefits each property receives from the improvements provided through the District.

The word "parcel," for the purposes of this Report, refers to an individual property assigned its own Assessor's Parcel Number ("APN") by the County Assessor's Office. The County Auditor/Controller uses Assessor's Parcel Numbers and specific Fund Numbers to identify properties to be assessed on the tax roll for the special benefit assessments.

This Report has been prepared in connection with the annexation of parcels within the Annexation Territory to the District for Fiscal Year 2019/2020, pursuant to a resolution of the City Council and consists of five (5) parts:

PART I

Plans and Specifications: Provides an overall description of the District, the Zones therein and the improvements to be provided including those improvements associated with the Annexation Territory being addressed by this Report. The Zones previously established for this District or established herein as part of this annexation proceedings are based on the type of improvements and services provide to properties within each development and the type of property development (residential versus non-residential).

PART II

Method of Apportionment: A discussion of benefits the improvements and services provide to properties within the District and the method of calculating each property's proportional special benefit and annual assessment. This section also identifies and outlines an Assessment Range Formula that provides for an annual adjustment to the maximum assessment rate initially established by this Report. This Assessment Range Formula limits increases on future assessments, but also provides for reasonable cost adjustments due to inflation without the added expense of additional property owner protest ballot proceedings.

PART III

Annexation Budgets: An estimate of the annual expenditures and revenues budgeted for the maintenance and servicing of the landscaping and lighting improvements installed and constructed in connection with the development of properties within the Annexation Territory and/or shared with other properties in the District that benefit from similar improvements. The budget(s) include an estimate of anticipated direct maintenance costs and incidental expenses associated with the improvements, including but not limited to administration expenses and the collection of appropriate fund balances. The maximum assessment rates established for the Zones are based on similarities in property developments, improvements, services and expenses. The maximum allowable assessment rate (Rate per Benefit Unit) for each Zone of the District, as approved by a vote of the property owners in a protest ballot proceeding, includes an assessment range formula that provides for an annual Consumer Price Index adjust to the maximum rate.

PART IV

Diagram: This Report provides an Assessment Diagram of the Annexation Territory. Collectively, the map for the Annexation Territory along with the assessment roll contained herein, constitute the Assessment Diagram for the Annexation Territory. Parcel identification, the lines and dimensions of each lot, parcel and subdivision of land within the Annexation Territory are inclusive of all parcels as shown on the San Bernardino County Assessor's Parcel Map depicted by the diagram and referenced by the Assessment Roll of this Report, including all subsequent subdivisions, lot-line adjustments or parcel changes therein. Reference is hereby made to the San Bernardino County Assessor's Parcel Map for a detailed description of the lines and dimensions of each parcel within the Annexation Territory.

PART V

Annexation Assessment Roll: A listing of the maximum assessment amount to be levied on each parcel being annexed to the District for Fiscal Year 2019/2020, based on the method of apportionment and budgets described herein. This amount represents each parcel's proportional assessment obligation and proportional weighted assessment amount being balloted for each parcel. The actual amount levied for Fiscal Year 2019/2020 may be less than this balloted amount (adjusted in accordance with the approved assessment range formula) and shall be approved and adopted along with all other assessments for the District.

PART I — PLANS AND SPECIFICATIONS

ZONES OF BENEFIT

For Fiscal Year 2019/2020, all parcels, lots, subdivisions and developments within the District (existing and annexed) shall be identified and grouped into one of six zones of benefit referred to as Zones. These Zones identify specific parcels and developments that receive special benefits from the maintenance, operation and servicing of various District improvements. Each Zone reflects the improvements (street lighting and/or landscaping) associated with the development of properties in that Zone in order to fairly and equitably apportion the net cost of providing those improvements to the properties that receive special benefits from the maintenance and operation of such improvements. By establishing and utilizing a Zone structure, similar properties with similar types of improvements will be assessed a proportional amount for the total annual expenses related to the maintenance, operation and servicing of the improvements provided by the District and for which the properties receive special benefits. The following is a brief description of the District Zones:

Zone 01: This Zone includes parcels within residential subdivisions that the District provides for the maintenance, operation and servicing of:

- Local Street Lighting within, adjacent to and/or in close proximity to the residential subdivision;
- Standard Residential Parkway landscaping located on the perimeter or entryway of a residential subdivision that was installed as part of developing the properties within that particular residential subdivision; and/or
- Standard Residential Parkway landscaping installed as part of an existing (previous) established residential development that is directly associated with or adjacent to the residential subdivision included in this Zone, because the existing landscaping is located on a street or streets leading into the residential development.

Note: "Standard Residential Parkway" is considered landscaped areas (easement, right-of-way or public property) that are located on the perimeter or entryway to a residential development that has a property set-back (face of curb to property line) that is less than or equal to fifteen feet and may include areas of turf, ground cover, shrubs, trees, fencing, sidewalks, monument signs and various hardscape amenities that meet the City's landscape standards.

Zone 02: This Zone includes developments and parcels that are generally considered non-residential properties (commercial, industrial, institutional facilities, office buildings, etc.) that the District provides for the maintenance, operation and servicing of:

- Local Street Lighting adjacent to and/or in close proximity to the development or property;
- Parkway landscaping on the perimeter of the development within the public right-of-way or easement (face of curb to property line), that was installed as part of developing the associated properties or was previously installed, but necessary for the development of such property; and/or
- Median-island landscaping near or adjacent to the development that was installed as part of developing the properties within that particular development or was previously installed, but necessary for the development of such property.

Note: Although Zone 02 improvements may include the maintenance and operation of only those landscaping and/or lighting improvements directly installed in connection with the development of the properties within those developments, the public improvements that provide special benefits to these properties and for which they may be assessed as part of this Zone, may also include existing landscaping and/or lighting improvements near or adjacent to the development that would otherwise have been necessary for the development of such properties or directly serve that property. These exiting improvements may in part be funded by other revenue sources including other assessments that are not part of this Zone's assessments.

Zone 03: This Zone currently includes only the parcels within the Rialto Heights residential subdivision (Tract 16708) and the District provides for the maintenance, operation and servicing of:

- Local Street Lighting within and adjacent to the residential subdivision and
- Non-Streetscape Slope landscaping located with the public right-of-way or easement on the perimeter of the subdivision (but not within a street right-of-way or easement) that was installed as part of developing the properties within the residential subdivision and will be maintained by the District.

Zone 04: This Zone includes developments and parcels that are generally considered non-residential properties (commercial, industrial, institutional facilities, office buildings, etc.) that the District provides for the maintenance, operation and servicing of only:

- Local Street Lighting adjacent to and/or in close proximity to the development or property.

Note: Although Zone 04 improvements may include the maintenance and operation of local street lighting improvements directly installed in connection with the development of the properties within those developments, the improvements that provide special benefits to these properties and for which they may be assessed as part of this Zone may also include existing street lights near or adjacent to the development that would otherwise have been necessary for the development of such properties or directly serve that property. These exiting improvements may in part be funded by other revenue sources including other assessments that are not part of this Zone's assessments.

Zone 05: This Zone includes parcels within multi-family residential developments (where individual parcels have two or more residential units) and/or residential condominium/ townhome subdivisions (where each residential unit is assigned its own Assessor's Parcel Number) for which the District provides for the maintenance, operation and servicing of:

- Local Street Lighting adjacent to and/or in close proximity to the development or property, but not within the residential development;
- Parkway landscaping on the perimeter of the development/subdivision within the public right-of-way or easement (face of curb to property line), that was installed as part of developing the associated properties or was previously installed, but necessary for the development of such property; and/or
- Median-island landscaping near or adjacent to the development that was installed as part of developing the properties within that particular development or was previously installed, but necessary for the development of such property.

Note: Although Zone 05 improvements may include the maintenance and operation of only those landscaping and/or lighting improvements directly installed in connection with the development of the properties within those developments, the public improvements that provide special benefits to these properties and for which they may be assessed as part of this Zone, may also include existing landscaping and/or lighting improvements near or adjacent to the development that would otherwise have been necessary for the development of such properties or directly serve that property. These exiting improvements may in part be funded by other revenue sources including other assessments that are not part of this District's assessments.

Zone 06: This Zone includes parcels within residential subdivisions that the District provides for the maintenance, operation and servicing of:

- Local Street Lighting adjacent to and/or in close proximity to the development or property, but not within the residential development.

Note: Zone 6 was created for residential parcels within the District that receive special benefit from and are being assessed for local street lighting only.

ANNEXATION TERRITORIES FOR FISCAL YEAR 2019/2020

As directed by the City Council, this Report addresses the proposed annexation of additional territory to the District for Fiscal Year 2019/2020, consisting of the following development(s) including all the lots, parcels and subdivisions of land therein and generally described as:

Residential Annexations

PPD 2018-0019 (Margarita Homes): This residential development consists of twenty-nine (29) single-family residences and associated paving, lighting, fencing, landscaping, and amenities on 4.59 net acres of land located on the east side of Cactus Avenue approximately 280 feet north of Baseline Road within the Multi-Family Residential (R-3) zone. This tract is being annexed into Zone 1 for Fiscal Year 2019/2020 to provide funding for street lighting and landscaping associated with the development.

Non-Residential Annexations

PPD 2434 (Tamarind Warehouse): This development consists of a 384,893 square foot warehouse on 16.93 acres of land located on the east side of Tamarind Avenue, approximately 250 feet south of Walnut Avenue within the Planned Industrial Development (I-PID) Zone of the Rialto Airport Specific Plan. This development is being annexed to the District as part of Zone 2 for Fiscal Year 2019/2020 to provide funding for street lighting and landscaping associated with the development.

PPD 2435 (Persimmon Warehouse): This development consists of a 473,455 square foot warehouse on 21.61 acres of land located on the west side of Locust Avenue, approximately 520 feet south of Persimmon Street within the General Manufacturing (I-GM) Zone of the Rialto Airport Specific Plan. This development is being annexed to the District as part of Zone 2 for Fiscal Year 2019/2020 to provide funding for street lighting and landscaping associated with the development.

PPD 2017-0077 (Wheeler Trucking): This development consists of a 13,400 square foot industrial building, a 19,200 square foot canopy, and associated paving, lighting, fencing, and landscaping at an existing truck and trailer storage yard located at 2353 S. Cactus Avenue within the Light Industrial (M-1) zone. This development is being annexed to the District as part of Zone 2 for Fiscal Year 2019/2020 to provide funding for street lighting and landscaping associated with the development.

IMPROVEMENTS AND SERVICES

LANDSCAPE IMPROVEMENTS

The landscape improvements for the District may include, but are not limited to various streetscape landscaping including parkways and medians as well as public landscaped areas within or adjacent to the properties within a particular development such as landscaped slopes, irrigated and non-irrigated open space areas, landscaped detention or retention basins, and neighborhood greenbelts, trails or parks. These landscape improvements may include turf, ground cover, plants and shrubs, trees, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, entryway monuments, and associated appurtenant facilities located within the various dedicate easements, right-of-ways or public properties associated with the landscaped areas. The following outlines the location and extent of the landscape improvements associated with the properties and developments of the various Zones within the District. The detailed plans and specifications of the District Improvements are on file in the office of the City Public Works Department and by reference are made part of this Report.

Zone 01 Landscaping Improvements - Annexation Territory

PPD 2018-0019 (Margarita Homes) – approximately 4,403 square feet of landscaping on the west side of the development along the east side of North Cactus Avenue.

Zone 02 Landscaping Improvements - Annexation Territory:

PPD 2434 (Tamarind Warehouse) – approximately 6,813 square feet of landscaping on the west side of the development along the east side of Tamarind Avenue.

PPD 2435 (Persimmon Warehouse) – approximately 2,774 square feet of landscaping on the east side of the development along the west side of North Locust Avenue

PPD 2017-0077 (Wheeler Trucking) – approximately 2,359 square feet of landscaping on the west side of the development along the east side of Cactus Avenue.

PUBLIC STREET LIGHTING IMPROVEMENTS

The street lighting improvements for the District may include, but are not limited to electrical energy and the maintenance, repair or replacement of the lighting fixtures, poles, meters, conduits, electrical cable and associated appurtenant facilities associated with the public street lighting within the residential subdivisions of Zones 01, 03 and 06, the non-residential developments of Zone 02 and 04 and the multi-family residential developments and/or residential condominium/townhome subdivisions of Zone 05.

The parcels and developments included in the District (Zones 01, 02, 03, 04, 05 and 06) were originally subject to the City's Street Light Maintenance District No. 1 assessments, but upon the successful inclusion (annexation) of these developments and properties to this District, the City shall concurrently detach these parcels from Street Light Maintenance District No. 1 for the upcoming Fiscal Year's assessments.

The detailed plans and specifications of the District Improvements are on file in the office of the City Public Works Department and by reference are made part of this Report.

PART II — METHOD OF APPORTIONMENT

Based on the provisions of the 1972 Act and the California Constitution, this section of the Report summarize an analysis of the benefits the improvements and services to be provided by the District (both general and special), the formulas used to calculate each parcel's proportional special benefit and assessment obligation based on the entirety of the cost to provide the improvements (method of assessment), and the establishment of an inflationary formula for such assessments to address anticipated cost increases due to inflation (assessment range formula).

BENEFIT ANALYSIS

The 1972 Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include but are not limited to the construction, maintenance, operation, and servicing of street lighting and landscaping improvements and appurtenant facilities within public easements or right-of-ways.

The 1972 Act further requires that the cost of these improvements be levied according to benefit rather than assessed value:

"The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements."

In conjunction with the provisions of the 1972 Act, the California Constitution Article XIID addresses several key criteria for the levy of assessments, notably:

Article XIID Section 2(d) defines District as

"District means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service";

Article XIID Section 2(i) defines Special Benefit as

"Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit"; and

Article XIID Section 4(a) defines proportional special benefit assessments as

"An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel."

The method of apportionment (method of assessment) established herein is based on the premise that each assessed property receives special benefits from local lighting and landscaping improvements and services that are funded by such assessments, and the assessment obligation for

each parcel reflects that parcel's proportional special benefits as compared to other properties that receive special benefits as outlined in the preceding definitions established in the 1972 Act and the California Constitution.

To identify and determine the proportional special benefit to each parcel within the District, it is necessary to consider the scope of the improvements and services provided as well as the properties that benefit from those improvements. The improvements and the associated costs described in this Report, have been carefully reviewed and have been identified and allocated based on a benefit rationale and calculations that proportionally distributes the net cost of only those improvements determined to be of special benefit to properties within the District.

SPECIAL AND GENERAL BENEFITS

In reviewing the improvements associated with the Annexation Territory as well as those improvements associated with the existing developments within the District, the proximity of those improvements to properties within each development as well as adjacent properties outside of the boundaries of the Annexation Territory and District, it is evident that these District improvements are localized improvements installed for and in connection with the collective development of the properties within the District. All of the District improvements (both landscaping and street lighting) were clearly designed and installed to serve as an extension and shared responsibility of the individual private properties, resulting from and/or required for the development of those properties. These improvements are a direct and collectively representation of those individual private properties, similar to any other privately funded and maintained common areas, private streets, or parking lots that are often times associated with many residential and non-residential developments. Like many other developments related improvements and infrastructure, the landscaping and lighting improvements to be maintained by the District and funded through special benefit assessments, collectively serve as a direct physical extension of the individual private properties and would otherwise not be necessary or provided by the City, if not for the development of those properties.

The fact that these improvements are located within public right-of-ways or easements and are maintained by the City through an assessment district rather than privately through a homeowner's or business association does not make these improvements less of a direct and special benefit to those properties nor does it suggest that because these improvements are considered "public improvements" such improvements must have a direct benefit to the City or to the public at large.

While these improvements may certainly be visible to the general public or other properties in the area, the fact that these improvements were only necessary for the development of the properties within the District and were neither required nor necessarily desired by any other properties or developments, the visibility such improvements may afford to other properties or to the public at large is incidental and certainly not quantifiable. Furthermore, similar improvements and services associated with other developments within the City of Rialto are provided and funded by similar assessment districts or are maintained privately by the individual property owners or associations. Therefore, it has been determined that because these localized improvements were facilitated by the development of only properties within the District, they provide no measurable or tangible benefits (general or special) to properties outside the District or to the public at large.

It is therefore apparent that the improvements and certainly the need to provide ongoing maintain these improvements are exclusively for the special benefit of properties in the District and the level of service associated with such improvements directly affects only the properties within those developments.

ASSESSMENT METHODOLOGY

The method of apportionment for this District and the Annexation Territory calculates the receipt of special benefit from the respective improvements based on the land use of the parcels. The special benefit received by each lot or parcel is equated to the overall land use of the parcels benefiting from the improvements provided based on each parcel's actual land use or proposed planned development as compared to other properties. This comparison is reliant upon the special benefit received from the specific type of improvements and services provided or planned within each respective Zone of the District.

The method of apportionment (method of assessment) developed for this District and the Annexation Territory is based on the premise that each of the property to be assessed receives a direct and special benefit from the improvements, services and facilities to be financed by the District assessments.

EQUIVALENT BENEFIT UNITS

To proportionally and equitably assess the special benefits to each parcel, it is necessary to correlate each property's proportional benefit to other properties that benefit from the improvements and services being funded. The Equivalent Benefit Unit method of apportionment uses a basic unit (base value) of assessment that is common to all properties benefiting from the improvements and services provided and assigns a weighted value to each parcel based on an assessment formula that equates the property's specific development status, type of development (land use), and size of the property, as compared to the base value.

For this District, Zones 01, 03, 05 and 06 are comprised entirely of residential developments and the single-family residential home site is used as the base value of benefit and assessment. Zone 02 and 04 however, are comprised entirely of properties that are non-residential developments or proposed non-residential developments and the base unit of comparison is a factor that is based on the total acreage of the development and the total square footage of the landscaped area associated with that development. The following provides a description of the various land use designations and apportionment associated with the improvements provided in the District's six Zones, including the Annexation Territory, which will be annexed into Zones 01, 02, and 05 as described above.

EBU Application for Properties in Zones 01, Zone 03 and Zone 06:

Single Family Residential – This land use is defined as a fully subdivided residential home site with or without a structure and the improvements and services associated with the parcel has been accepted or will be accepted by the City for maintenance in the Fiscal Year. This land use is assessed 1.0 EBU per lot or parcel.

Multi-Family Residential – This land use is defined as a fully subdivided residential parcel that has more than one residential unit developed on the property and the improvements and services associated with the parcel have been accepted or will be accepted by the City for maintenance in the Fiscal Year. This land use is assessed 0.75 EBU per unit.

Approved Residential Development – This land use is defined as any property that is not fully subdivided, but the specific number of single-family residential lots or multi-family residential units has been approved for development, and the improvements and services associated with the development and/or parcel have been accepted or will be accepted by the City for maintenance in the Fiscal Year.

This land use type is assigned an EBU that reflects the total EBU's associated with that parcel at build-out (1.0 EBU per single-family residential lot and 0.75 per multi-family residential unit).

Planned Residential Development – This land use is defined as any property that specific number of proposed single-family residential lots or multi-family residential units has been approved for development (fully subdivided or not), but the City does not anticipate acceptance of the improvements associated with the development and/or parcel in the upcoming Fiscal Year. This land use type shall be assigned 0.0 EBU for the upcoming Fiscal Year. However, for purposes of determining the property's maximum assessment and proportional special benefit for balloting purposes, the parcel shall be assigned an EBU that reflects the total EBU's associated with that parcel at build-out (1.0 EBU per single-family residential lot and 0.75 per multi-family residential unit).

Vacant Residential – This land use is defined as property currently zoned for residential development, but a tentative or final tract map has not been submitted and/or approved for the property; however, the improvements and services associated with the parcel have been accepted or will be accepted by the City for maintenance in the Fiscal Year. This land use is assessed at 1 EBU per acre. Parcels less than 1 acre are assigned a minimum of 1.0 EBU. Parcels over 50 acres are assigned a maximum of 50 EBU.

EBU Application for Properties in Zones 02 and Zone 04:

Approved Non-Residential Development – This land use is defined as any property or properties that have been developed or will be developed (vacant land) for non-residential use including but not limited to commercial properties, office buildings (public or private), industrial properties, churches or other non-profit organizations, and the improvements and services associated with the parcel have been accepted or will be accepted by the City for maintenance in the Fiscal Year. The EBU calculated for each parcel is based on the parcel's proportional benefit from the specific improvements identified herein and directly associated with the property as compared to other properties that benefit from the same improvements.

This land use type is assigned an EBU that is calculated by dividing the total square footage of the landscaped area or number of street lights associated with that development by the total acreage of all properties within the development to establish a base value of benefit (landscape square footage per acre or proportional street lights per acre). The resulting base value of benefit is then multiplied by each parcel's specific acreage resulting in the parcel's proportionate EBU. (If the improvements include both landscaping and lighting improvements, the EBU assigned to each parcel will be based on the landscape square footage per acre only and the lighting costs shall be proportionately allocated based on that EBU as well).

Planned Non-Residential Development – This land use is defined as any property or properties that have been partially developed or will be developed (vacant land) for non-residential use including but not limited to commercial properties, office buildings, industrial properties, churches or other non-profit organizations, but the City does not anticipate acceptance of the improvements associated with the development and/or parcel in the upcoming Fiscal Year.

This land use type shall be assigned 0.0 EBU for the upcoming Fiscal Year. However, for purposes of determining the property's maximum assessment and proportional special benefit for balloting purposes, this land use type is assigned an EBU that is calculated by dividing the total square footage of the landscaped area or number of street lights associated with that development by the total acreage of all properties within the development to establish a base value of benefit (landscape square footage per acre or proportional street lights per acre). The resulting base value of benefit is then multiplied by

each parcel's specific acreage resulting in the parcel's proportionate EBU. (If the improvements include both landscaping and lighting improvements, the EBU assigned to each parcel will be based on the landscape square footage per acre only and the lighting costs shall be proportionately allocated based on that EBU as well).

EBU Application for Properties in Zones 05:

Approved Residential Condominium Development— This land use is defined as any property or properties that have been developed or will be developed as a fully subdivided residential condominium or townhome subdivisions or other residential developments for which the County Assessor has established individual Assessor's Parcel Numbers for each residential unit and may include parcels for common area facilities or common area properties. In addition, the improvements and services associated with the development are all located on the perimeter of the development and have been accepted or will be accepted by the City for maintenance in the Fiscal Year. The EBU calculated for each parcel is based on the parcel's proportional benefit from the specific improvements identified herein and directly associated the property as compared to other properties that benefit from the same improvements.

This land use type is assigned an EBU that is calculated by dividing the total square footage of the landscaped area or number of street lights associated with that development by the total number of benefiting residential units (generally each parcel has one unit) to establish a base value of benefit (landscape square footage per unit/parcel or proportional street lights per unit/parcel). In addition to the residential units, in some cases common area parcels that incorporate pools, community buildings or other recreational facilities may be included in the unit count as one unit per parcel, but this is typically not the case. The resulting base value of benefit is then multiplied by each parcel's specific unit/parcel assignment to establish each parcel's proportionate EBU. (If the improvements include both landscaping and lighting improvements, the EBU assigned to each parcel will be based on the landscape square footage per unit/parcel only and the lighting costs shall be proportionately allocated based on that EBU as well).

Approved Multi-Family Residential — This land use is defined as any property or properties that have been developed or will be developed as a fully subdivided residential parcels with more than one residential unit developed on the property (multiple residential units on one Assessor's Parcel Number) and the improvements and services associated with the parcel have been accepted or will be accepted by the City for maintenance in the Fiscal Year. The EBU calculated for each parcel is based on the parcel's proportional benefit from the specific improvements identified herein and directly associated the property as compared to other properties that benefit from the same improvements.

This land use type is assigned an EBU that is calculated by dividing the total square footage of the landscaped area or number of street lights associated with that development; by the total acreage of all properties within the development to establish a base value of benefit (landscape square footage per acre or proportional street lights per acre). If the overall development includes parcels with no residential units such as parcels comprised entirely of parking facilities or landscaping, those parcels may be excluded from the acreage used to establish the base value of benefit. The resulting base value of benefit is then multiplied by each parcel's specific acreage resulting in the parcel's proportionate EBU. (If the improvements include both landscaping and lighting improvements, the EBU assigned to each parcel will be based on the landscape square footage per acre only and the lighting costs shall be proportionately allocated based on that EBU as well).

Planned Multi-Family Residential — This land use is defined as any property or properties that have been partially developed or will be developed (vacant land) as either a Residential Condominium Development or Multi-Family Residential development as described above; but the City does not anticipate acceptance of the improvements associated with the development and/or parcels in the upcoming Fiscal Year.

This land use type shall be assigned 0.0 EBU for the upcoming Fiscal Year. However, for purposes of determining the property's maximum assessment and proportional special benefit for balloting purposes, this land use type is assigned an EBU calculation that reflects the type of property development planned for the property, either as a Residential Condominium Development or as a Multi-Family Residential development as described above.

Calculation of Assessments

The benefit formula applied to parcels within the District is based on the preceding Equivalent Benefit Unit (EBU) discussion. Each parcel's EBU correlates to the parcel's special benefit received as compared to all other parcels benefiting from the improvements. The following formula is used to calculate each parcel's EBU (proportional benefit).

$$\text{Parcel Type EBU}^* \times \text{Acres or Units} = \text{Parcel EBU}$$

Parcel Type EBU value is based on the assigned values outlined in the preceding "EBU Application for Properties".

For each Zone of the District, the total number of calculated Equivalent Benefit Units (EBU's) for the Fiscal Year equals the sum of all individual EBU's applied to parcels in that Zone. An assessment amount per EBU (Rate) for the improvements is established by taking the total cost of the improvements (amount budgeted) and dividing that amount by the total number of EBU's of all parcels to be assessed. This Rate is then applied back to each parcel's individual EBU to determine the parcel's proportionate benefit and assessment obligation for the improvements.

$$\text{Total Balance to Levy (for the Zone) / Total EBU (to be assessed)} = \text{Levy per EBU}$$

$$\text{Levy per EBU} \times \text{Parcel EBU} = \text{Parcel Levy Amount}$$

Exempt Properties:

Properties classified as Exempt Properties (exempt from assessment) may include but is not limited to lots or parcels identified as public streets and other roadways (typically not assigned an APN by the County); dedicated public easements, rights-of-way, public greenbelts and parkways; utility rights-of-ways; common areas, sliver parcels and bifurcated lots; or any other property the City has determined that the parcel cannot be developed or is a publicly owned property that is part of the District improvements or that has little or no improvement value. These types of parcels are considered to receive little or no benefit from the improvements and are therefore exempted from assessment and are assigned 0.00 EBU.

Special Cases:

As with any assessment district, there may be a specific property or properties that the typical land use classifications and method of apportionment does not completely reflect the proportional special benefits received as compared to other parcels. Usually, this type of issue arises from property specific development issues in which either the use of that property is significantly restricted or limited

compared to other properties, or the timing of the City accepting the specific improvements associated with that property as compared to other properties and developments. In these cases, the assessment engineer may determine that an appropriate calculation of proportional benefit would be better reflected by applying a reduced weighting factor that accounts for the property's reduced benefit. Because a district's method of apportionment ultimately establishes not only the assessment for each parcel, but the proportional benefit between parcels, identifying any parcel as a "Special Case" and deviating from the standard method of apportionment applied to other properties in the district ultimately effects the proportional assessment of those other properties.

ASSESSMENT RANGE FORMULA

Any new or increased assessment requires certain noticing and meeting requirements by law. Prior to the passage of Proposition 218 (California Constitution Articles XIIC and XIID), legislative changes in the Brown Act defined a "new or increased assessment" to exclude certain conditions. These conditions included "any assessment that does not exceed an assessment formula or range of assessments previously adopted by the agency or approved by the voters in the area where the assessment is imposed." This definition and conditions were later confirmed through Senate Bill 919 (the Proposition 218 implementing legislation).

The purpose of establishing an assessment range formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring costly noticing and mailing procedures, which could add to the District costs and assessments. As part of the District formation, balloting of property owners is required pursuant to the Article XIID Section 4. The property owner ballots include an Assessment to be approved, as well as the approval of an assessment range formula.

For this District, the Maximum Assessment is equal to the initial Assessment Rate approved by property owners adjusted annually by the percentage increase of the Local Consumer Price Index ("CPI") for the Los Angeles-Long Beach-Anaheim Area for All Urban Consumers from January to January. Each Fiscal Year, the Maximum Assessment will be recalculated, and a new Maximum Assessment established.

The Maximum Assessment is adjusted annually and is calculated independent of the annual budgets and proposed assessments established for each Zone of the District. Any proposed annual assessment (rate per EBU) less than or equal to this Maximum Assessment (for each Zone) is not considered an increased assessment, even if the proposed assessment is much greater than the assessment applied in the prior Fiscal Year.

PART III – ANNEXATION BUDGETS

**Rialto Landscaping and Lighting District No. 2
 Fiscal Year 2019/2020 Estimated Annexation Budget**

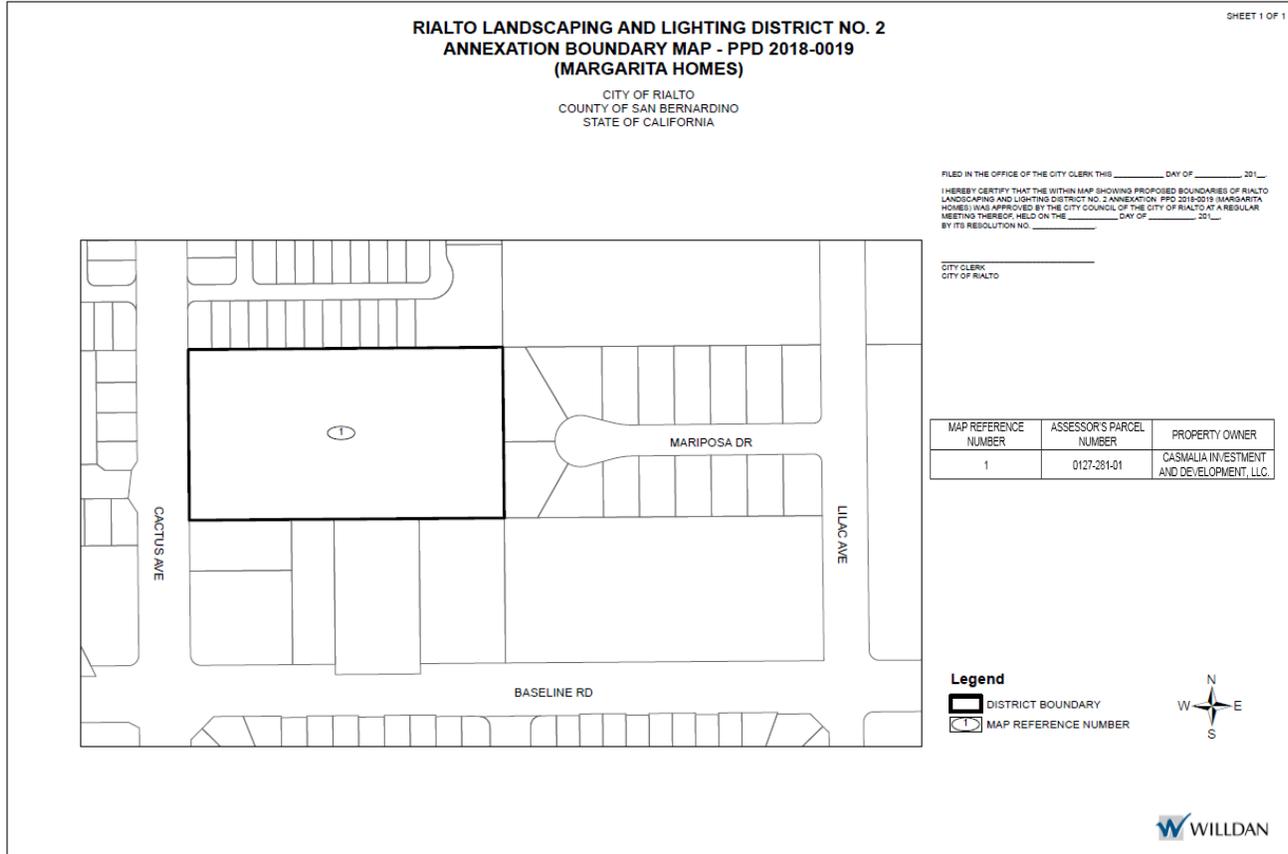
BUDGET ITEM	PPD 2018-0019	PPD 2434	PPD 2435	PPD 2017-0077
	Margarita Homes Zone 1	Tamarind Warehouse Zone 2	Persimmon Warehouse Zone 2	Wheeler Trucking Zone 2
ANNUAL MAINTENANCE (DIRECT COSTS)				
Landscape/Streetlight Maintenance and Energy	\$4,794	\$1,848	\$752	\$640
Other Services and Supply Expenses	1,511	582	237	202
Personnel Services	1,510	582	237	202
Total Landscaping and Lighting Maintenance	\$7,815	\$3,012	\$1,226	\$1,043
ADMINISTRATION				
District Administration	\$192	\$74	\$30	\$26
County Administration Fee	8	0	0	0
Miscellaneous Administration Expenses	1,681	648	264	224
Total Administration	\$1,881	\$722	\$294	\$250
Other Expenses				
Principal	\$394	\$152	\$62	\$53
Interest	\$219	\$84	\$34	\$29
Total Other Expenses	\$613	\$236	\$96	\$82
TOTAL COSTS & EXPENSES	\$10,309	\$3,971	\$1,617	\$1,375
LEVY ADJUSTMENTS				
Reserve Fund Collection/(Contribution)	\$1,015	\$394	\$160	\$136
Total Levy Adjustments	\$1,015	\$394	\$160	\$136
BALANCE TO LEVY	\$11,323.63	\$4,364.25	\$1,776.96	\$1,511.12
Total Parcels	1	7	1	1
Total EBUs Fiscal Year 2018/2019	29.00	6,813.00	2,774.00	2,359.00
Fiscal Year 2018/2019 Rate per EBU	\$369.4200	\$0.6000	\$0.6000	\$0.6000
Fiscal Year 2018/2019 Maximum Rate per EBU	\$390.4700	\$0.6406	\$0.6406	\$0.6406
Maximum Assessable Amount	\$11,323.63	\$4,364.25	\$1,776.96	\$1,511.12

Note: Budget and maximum amounts are based on Fiscal Year 2018/2019 budgeted costs and are subject to increase for Fiscal Year 2019/2020 in accordance with the Assessment Range Formula.

PART IV — DIAGRAM

The original District Diagram for the Rialto Landscaping and Lighting District No. 2 and each of the previous and subsequent annexations are on file in the office of the City Public Works Department and the City Clerk and by reference herein is made part of this Report. The following page shows a copy of the Assessment Diagram for the Annexation Territory. The parcels within the Annexation Territory for the Rialto Landscaping and Lighting District No. 2 addressed in this Report consist of all lots, parcels and subdivisions of land that comprise PPD 2434 (Tamarind Warehouse), PPD 2435 (Persimmon Warehouse), PPD 2018-0019 (Margarita Homes) and PPD 2017-0077 (Wheeler Trucking) as described in the diagrams shown below and depicted on the San Bernardino County Assessor's parcel maps. All lots, parcels and subdivisions of land within the boundaries of the Annexation Territory as depicted by these diagrams shall consist and be dictated by the lines and dimensions as those lots, parcels and subdivisions of land are shown on the San Bernardino County Assessor's parcel maps for the current year and by reference the maps is incorporated herein and made part of this Report including all subsequent lot-line adjusts and/or parcel changes made thereto by the San Bernardino County Assessor.

Annexation Diagrams

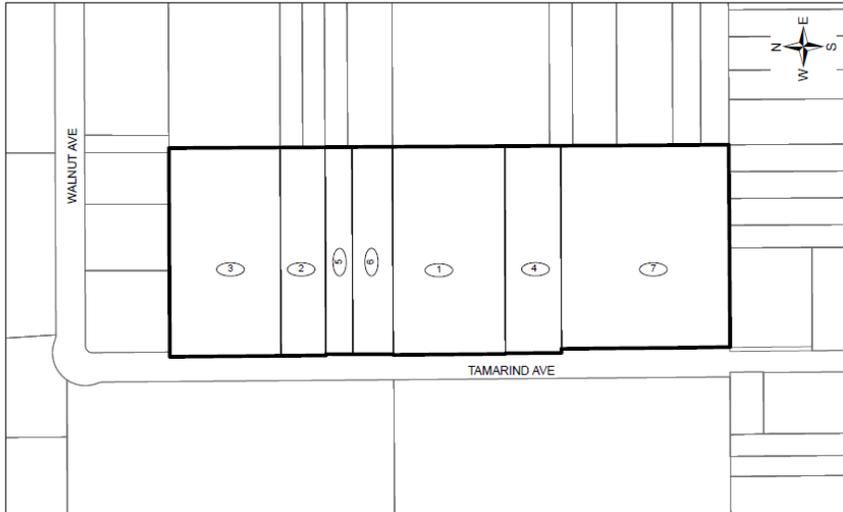


**RIALTO LANDSCAPING AND LIGHTING DISTRICT NO. 2
 ANNEXATION BOUNDARY MAP - PPD 2434 (TAMARIND WAREHOUSE)**

CITY OF RIALTO
 COUNTY OF SAN BERNARDINO
 STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 201____.
 I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF RIALTO
 LANDSCAPING AND LIGHTING DISTRICT NO. 2 ANNEXATION PPD 2434 (TAMARIND
 WAREHOUSE) WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RIALTO AT A REGULAR
 MEETING THEREOF, HELD ON THE _____ DAY OF _____, 201____,
 BY ITS RESOLUTION NO. _____.

CITY CLERK
 CITY OF RIALTO



MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	PROPERTY OWNER
1	0240-201-26	PROLOGIS
2	0240-201-28	PROLOGIS
3	0240-201-29	PROLOGIS
4	0240-201-36	PROLOGIS
5	0240-201-48	PROLOGIS
6	0240-201-49	PROLOGIS
7	0240-201-61	PROLOGIS

Legend
 DISTRICT BOUNDARY
 MAP REFERENCE NUMBER



**RIALTO LANDSCAPING AND LIGHTING DISTRICT NO. 2
 ANNEXATION BOUNDARY MAP - PPD 2435 (PERSIMMON WAREHOUSE)**

CITY OF RIALTO
 COUNTY OF SAN BERNARDINO
 STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 201__.
 I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF RIALTO
 LANDSCAPING AND LIGHTING DISTRICT NO. 2 ANNEXATION PPD 2435 (PERSIMMON
 WAREHOUSE) WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RIALTO AT A REGULAR
 MEETING THEREOF, HELD ON THE _____ DAY OF _____, 201__.
 BY ITS RESOLUTION NO. _____

 CITY CLERK
 CITY OF RIALTO



MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	PROPERTY OWNER
1	1133-041-03	PROLOGIS L.P.

Legend

-  DISTRICT BOUNDARY
-  MAP REFERENCE NUMBER

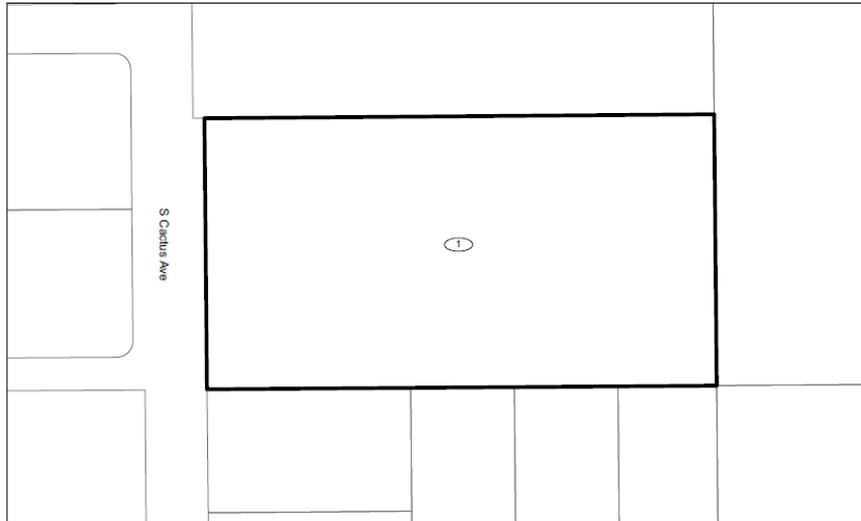


**RIALTO LANDSCAPING AND LIGHTING DISTRICT NO. 2
 ANNEXATION BOUNDARY MAP - PPD 2017-0077
 (WHEELER TRUCKING)**

CITY OF RIALTO
 COUNTY OF SAN BERNARDINO
 STATE OF CALIFORNIA

FILED IN THE OFFICE OF THE CITY CLERK THIS _____ DAY OF _____, 201__.
 I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF RIALTO
 LANDSCAPING AND LIGHTING DISTRICT NO. 2 ANNEXATION PPD 2017-0077 (WHEELER
 TRUCKING) WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF RIALTO AT A REGULAR
 MEETING THEREOF HELD ON THE _____ DAY OF _____, 201__.
 BY ITS RESOLUTION NO. _____

CITY CLERK
 CITY OF RIALTO



MAP REFERENCE NUMBER	ASSESSOR'S PARCEL NUMBER	PROPERTY OWNER
1	0258-011-05	REX2353 LLC

Legend

-  DISTRICT BOUNDARY
-  MAP REFERENCE NUMBER



PART V — ANNEXATION ASSESSMENT ROLL

Parcel identification for each lot or parcel within the Annexation Territory shall be the parcels as shown on the San Bernardino County Secured Roll for the year in which this Report is prepared and reflective of the Assessor's Parcel Maps. A listing of the lots and parcels to be assessed within this Annexation Territory along with the maximum assessment amount calculated for each parcel is provided below.

APN	Project ID	Landowner	Zone	Acres	EBU	Max Rate	Max Charge
0127-281-01	PPD 2018-0019	Casmalia Investment & Development, LLC	01	4.66	29.00	\$390.4700	\$11,323.63
Subtotal	PPD 2018-0019	Casmalia Investment & Development, LLC	01	4.66	29.00	\$390.4700	\$11,323.63
0240-201-26	PPD 2434	Prologis L.P.	02	5.00	1,419.97	\$0.6406	\$909.60
0240-201-28	PPD 2434	Prologis	02	1.90	540.16	\$0.6406	346.01
0240-201-29	PPD 2434	Prologis	02	4.69	1,332.21	\$0.6406	853.39
0240-201-36	PPD 2434	Prologis	02	2.49	705.72	\$0.6406	452.07
0240-201-48	PPD 2434	Prologis	02	1.14	324.60	\$0.6406	207.93
0240-201-49	PPD 2434	Prologis	02	1.65	469.44	\$0.6406	300.71
0240-201-61	PPD 2434	Prologis	02	7.12	2,020.90	\$0.6406	1,294.54
Subtotal	PPD 2434	Prologis Various	02	23.99	6,813.00	\$0.6406	\$4,364.25
1133-041-03	PPD 2435	Prologis L.P.	02	21.61	2,774.00	\$0.6406	\$1,776.96
Subtotal	PPD 2435	Prologis L.P.	02	21.61	2,774.00	\$0.6406	\$1,776.96
0258-011-05	PPD 2017-0077	Rex 2353 LLC	02	4.69	2,359.00	\$0.6406	\$1,511.12
Subtotal	PPD 2017-0077	Rex 2353 LLC	02	4.69	2,359.00	\$0.6406	\$1,511.12

The Max Rate and Max Charge shown on based on Fiscal Year 2018/2019 maximum costs. These amounts may increase for Fiscal Year 2019/2020 in accordance with the Assessment Range Formula.

PART VI — BALLOT TABULATION

Upon the close of the Public Hearing held on _____, 2018, the ballots returned by the landowners of record within the Annexation Territory were opened and tabulated, the results of which are illustrated below:

Zone 01
PPD 2018-0019
(Margarita Homes)

Yes: _____
No: _____

Zone 02
PPD 2435
(Persimmon Warehouse)

Yes: _____
No: _____

Zone 02
PPD 2434
(Tamarind Warehouse)

Yes: _____
No: _____

Zone 02
PPD 2017-0077
(Wheeler Trucking)

Yes: _____
No: _____