



ANNEXATION OF THE SPRING TRAILS SPECIFIC PLAN PROJECT AND THE 26- ACRE TOTALLY SURROUNDED ISLAND

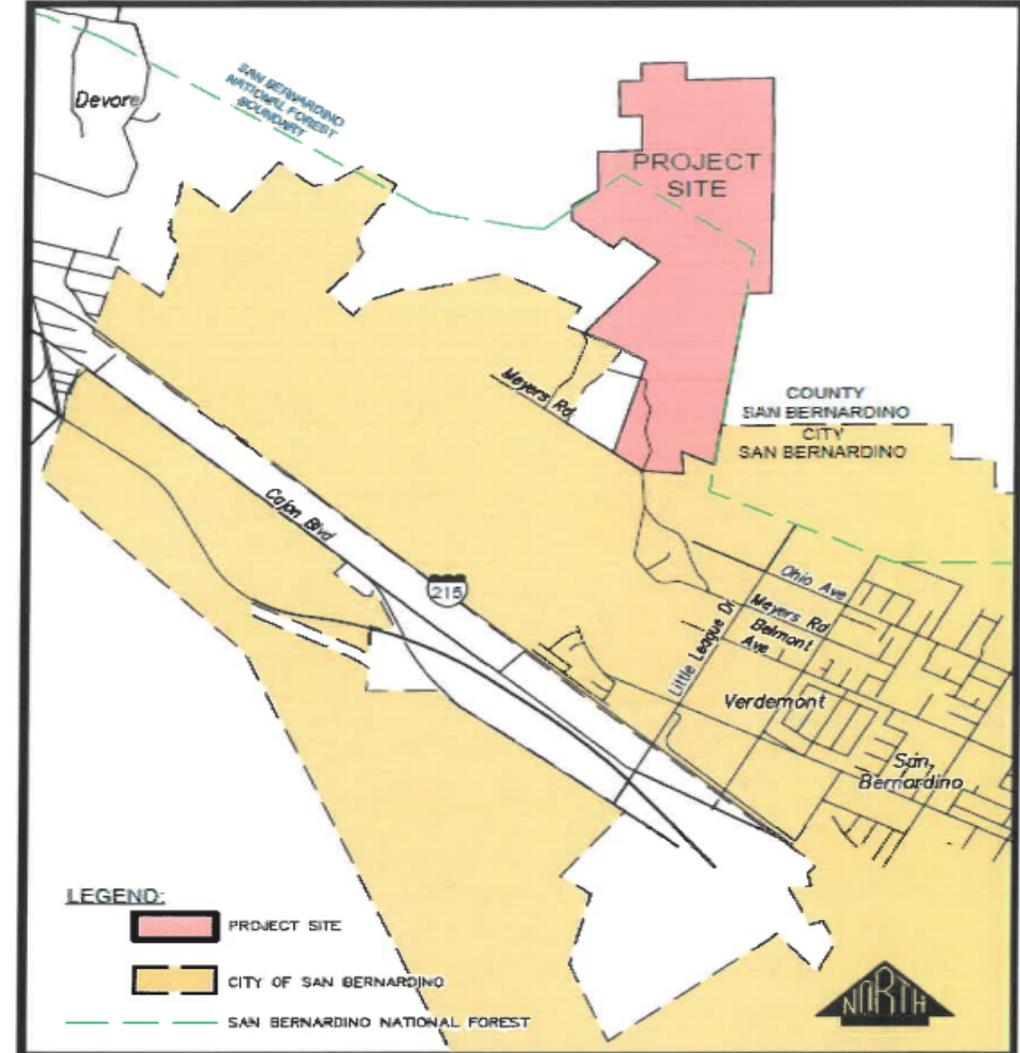
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SPRING TRAILS ANNEXATION

Project Overview

In March 2013, the City of San Bernardino approved the Spring Trails Specific Plan (SP 10-01), which included a variety of underlying entitlements. The Specific Plan approvals included the adoption of Resolution No. 2013-34 that certified the Final Environmental Impact Report, the adoption of a Mitigation Monitoring and Reporting Plan, and the adoption of a General Plan Amendment (GPA 02-09) (including the pre-annexation of the Specific Plan area); approval of Tentative Tract Map No. 15576; and approval of a Development Agreement.



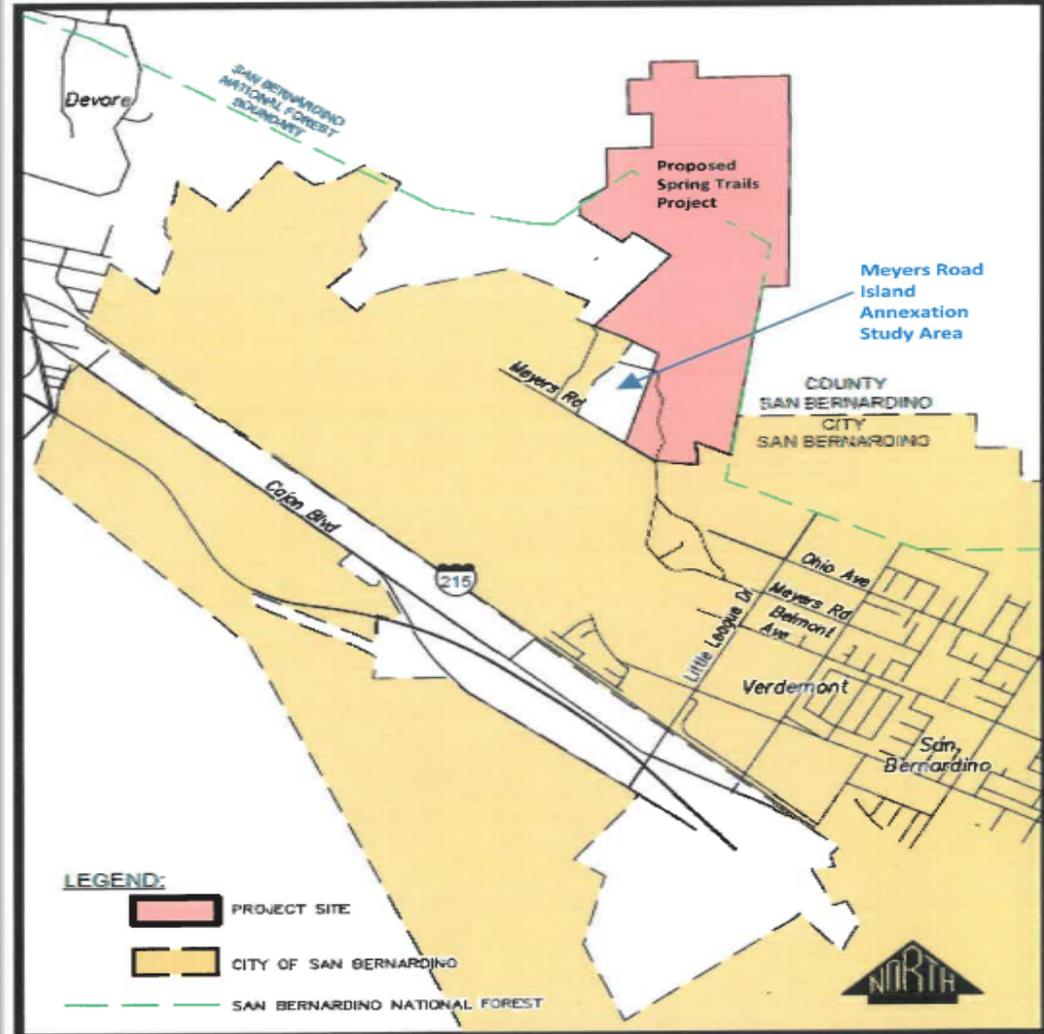


SPRING TRAILS ANNEXATION

LAFCO ACTION

On October 16, 2019, LAFCO adopted Resolution No. 3091 approving the annexation of the Spring Trails Specific Plan Project Area (LAFCO Annexation No. 3188A) into the City of San Bernardino, subject to certain conditions of approval.

During the processing of the annexation, a 26-acre area, including six parcels was removed from the annexation resulting in an unincorporated island surrounded by the City of San Bernardino.





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PLAN FOR SERVICE

After annexation, the City of San Bernardino is anticipated to provide services including general government, community development, police protection, local parks and recreation, community services and public works' services. The City of San Bernardino has annexed into the San Bernardino County Fire Protection District (SBCFPD) and its Service Zone FP-5 for fire protection and emergency medical response services. Since the Spring Trails annexation area is already within SBCFPD and Service Zone FP-5, the SBCFPD will continue to be the service provider for fire protection and emergency medical services.

The County of San Bernardino will continue to provide other services such as regional parks and recreation, regional flood control and drainage and health and welfare.

Table 1
Summary of Projected General Fund Recurring Fiscal Impacts
Spring Trails Annexation Plan for Service and Fiscal Analysis
City of San Bernardino
(In Constant 2023 Dollars)

| General Fund | Year 1 - 2026 | Year 2 - 2027 | Year 3 - 2028 | Year 4 - 2029 | Year 5 - 2030 |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------------------|
| | Existing Unit (Grading) | New Units (Phase 1) | New Units (Phase 2) | New Units (Phase 3) | Buildout of New Units (Phase 4) |
| Estimated Annual Recurring Revenues | \$2,719 | \$66,413 | \$178,387 | \$311,172 | \$493,179 |
| Estimated Annual Recurring Costs | <u>\$1,892</u> | <u>\$63,085</u> | <u>\$168,438</u> | <u>\$290,822</u> | <u>\$455,474</u> |
| Estimated Annual Recurring Surplus | \$827 | \$3,328 | \$9,949 | \$20,351 | \$37,705 |
| <u>Estimated Annual Revenue/Cost Ratio</u> | 1.44 | 1.05 | 1.06 | 1.07 | 1.08 |

Sources: Stanley R. Hoffman Associates, Inc.
J. P. Weber Group, September 2023

Table 2
Summary of Projected Other Funds Recurring Revenues
Spring Trails Annexation Plan for Service and Fiscal Analysis
City of San Bernardino
(In Constant 2023 Dollars)

| Other Funds | Year 1 - 2026 | Year 2 - 2027 | Year 3 - 2028 | Year 4 - 2029 | Year 5 - 2030 |
|---|-------------------------|---------------------|---------------------|---------------------|---------------------------------|
| | Existing Unit (Grading) | New Units (Phase 1) | New Units (Phase 2) | New Units (Phase 3) | Buildout of New Units (Phase 4) |
| A. Fund 126 - Gas Tax ¹ | | | | | |
| Annual Recurring Gasoline Tax | \$67 | \$2,233 | \$5,962 | \$10,294 | \$16,122 |
| B. Fund 129 - Measure I ¹ | | | | | |
| 1/2 cent sales and road tax | \$88 | \$860 | \$2,207 | \$3,791 | \$5,949 |



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SALES AND USER TAX

As shown in Table 2-5, estimated annual offsite retail sales and use tax from taxable purchases made by future Spring Trails Specific Plan residents are projected at \$62,332 after buildout. This estimate is based on total household income projected at about \$48.97 million after buildout (28 percent of residential valuation of about \$167.75 million). At 33 percent of household income, the projected retail taxable purchases made by Spring Trails' residents are projected at about \$15.5 million after buildout. The fiscal analysis assumes that 35 percent of the retail taxable purchases, or about \$5.42 million, will be made annually in the City at buildout.

Table 2-5
Estimated Offsite Sales and Use Tax by Project Residents
Spring Trails Annexation Plan for Service and Fiscal Analysis
City of San Bernardino
(In Constant 2023 Dollars)

| Category | Year 1 - 2026 | Year 2 - 2027 | Year 3 - 2028 | Year 4 - 2029 | Year 5 - 2030 | Total |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------------------|-----------------|
| | Existing Unit (Grading) | New Units (Phase 1) | New Units (Phase 2) | New Units (Phase 3) | Buildout of New Units (Phase 4) | |
| A. ANNUAL PROJECTIONS | | | | | | |
| <u>Annual New Residential Valuation</u> | \$2,496,189 | \$23,750,000 | \$38,000,000 | \$46,600,000 | \$60,840,000 | \$167,746,189 |
| <u>Annual Household Income (@ 28% of household valuation)¹</u> | \$698,933 | \$6,090,000 | \$10,640,000 | \$12,904,800 | \$17,035,200 | \$46,968,933 |
| <u>Annual Taxable Retail Spending (@ 33% of household income)</u> | \$230,648 | \$2,009,700 | \$3,511,200 | \$4,126,584 | \$5,621,616 | \$15,499,748 |
| <u>Annual Projected Off-Site Retail Taxable Sales Captured in City (@ 35% capture)</u> | \$80,727 | \$703,395 | \$1,228,920 | \$1,444,304 | \$1,967,566 | \$5,424,912 |
| <u>Annual Projected Sales and Use Tax to City</u> | | | | | | |
| Sales Tax (@ 1% of taxable sales) | \$807 | \$7,034 | \$12,289 | \$14,443 | \$19,676 | \$54,249 |
| Use Tax (@ 14.9% of sales tax) | 120 | 1,048 | 1,831 | 2,152 | 2,932 | 8,083 |
| Total Projected Sales and Use Tax | \$927 | \$8,082 | \$14,120 | \$16,595 | \$22,608 | \$62,332 |
| B. CUMULATIVE PROJECTIONS | | | | | | |
| <u>Cumulative Sales and Use Tax</u> | \$927 | \$9,009 | \$23,129 | \$39,724 | \$62,332 | |

1. Based on current mortgage-based estimates obtained from Zillow, and with housing expenditures at 30% of household income.

Sources: Stanley R. Hoffman Associates, Inc.



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CITY GENERAL FUND IMPACT

A recurring surplus of \$37,705 is projected to the City General Fund for the Spring Trails Annexation after buildout, as shown in Table 5-1. The projected surplus after buildout is based on recurring revenues of about \$493,179 and recurring costs of about \$455,474. This projection includes assumed revenues from the recently adopted CFD 2018-1 tax for safety services. The revenue-to-cost ratio is estimated at about 1.08 after buildout. A small surplus of \$827 is projected for Year 1, which is planned for onsite grading and offsite infrastructure capital improvements. With completion of new housing units in Year 2 (Phase 1), a surplus of \$3,328 is projected. The projected surplus increases to \$9,949 for Phase 2 (Year 3) and by Phase 3 (Year 4) a surplus of \$20,351 is projected. When the final units are developed in Phase 4 (Year 5), the projected surplus to the General Fund is \$37,705.

Table 5-1
Summary of Projected General Fund Recurring Fiscal Impacts
Spring Trails Annexation Plan for Service and Fiscal Analysis
City of San Bernardino
(In Constant 2023 Dollars)

| General Fund | Year 1 - 2026 | Year 2 - 2027 | Year 3 - 2028 | Year 4 - 2029 | Year 5 - 2030 |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------------------|
| | Existing Unit (Grading) | New Units (Phase 1) | New Units (Phase 2) | New Units (Phase 3) | Buildout of New Units (Phase 4) |
| Estimated Annual Recurring Revenues | \$2,719 | \$66,413 | \$178,387 | \$311,172 | \$493,179 |
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| Estimated Annual Recurring Surplus | \$827 | \$3,328 | \$9,949 | \$20,351 | \$37,705 |
| <u>Estimated Annual Revenue/Cost Ratio</u> | 1.44 | 1.05 | 1.06 | 1.07 | 1.08 |

Sources: Stanley R. Hoffman Associates, Inc.



SPRING TRAILS ANNEXATION

CITY COST ASSUMPTIONS

The General Fund cost factors that are used in preparing the fiscal analysis for the Spring Trails Annexation are presented in Table 6-3. These factors are based on the City's Fiscal Year (FY) 2022-23 Adopted Budget net expenditures shown in Table 6-3 and the City's population and service population estimates that are presented in Table 6-1. City General Fund expenditures are projected for general government, or overhead functions; community development; police; parks, recreation and community services; public works; and transfers from the General Fund to the Animal Control Fund and to Library services. Water and sewer operations are assumed to not impact the General Fund because they are enterprise functions and maintenance costs are assumed to be covered through the payment of user fees and charges. Fire protection to the City is provided by the San Bernardino County Fire Protection District, and these costs are not included in this analysis.

Table 6-3
General Fund Recurring Cost Factors
Spring Trails Annexation Plan for Service and Fiscal Analysis
City of San Bernardino
(In Constant 2023 Dollars)

| Cost Category | FY 2022-23 Adopted Budget | | Projection Basis ¹ | Cost Factor ² |
|--|------------------------------|---------------|-------------------------------|----------------------------------|
| | Total | Net | | |
| <u>General Government - Overhead</u> | \$19,345,530 | \$19,345,530 | Share of Line Costs | 11.7% of direct department costs |
| <u>General Government - Operations and Maintenance (O&M)/Contracts</u> | \$9,846,601 | \$9,846,601 | Service Population = 279,469 | \$35.23 per service population |
| <u>Community and Economic Development ²</u> | \$11,698,803 | \$1,719,303 | Service Population = 279,469 | \$6.15 per service population |
| <u>Police Protection</u> | \$106,395,588 | \$106,395,588 | Service Population = 279,469 | \$380.71 per service population |
| <u>Parks, Recreation and Community Services</u> | \$4,596,710 | \$4,596,710 | Population = 223,230 | \$20.59 per capita |
| <u>Public Works Services</u> | \$26,567,943 | \$26,567,943 | Service Population = 279,469 | \$95.07 per service population |
| <u>Transfer to Animal Control Fund</u> | \$3,378,783 | \$3,378,783 | Population = 223,230 | \$15.14 per capita |
| <u>Library</u> | \$2,633,501 | \$2,633,501 | Population = 223,230 | \$11.80 per capita |

- For fiscal factors that are based on population and employment, an estimated service population factor is applied, which represents the total population plus 50% of the total employment estimate.
- Net community and economic development services costs are calculated from budgeted costs minus projected one-time charges for services revenues, license revenues and permit revenues that offset the budgeted costs, as shown in Table B-6.

Sources: Stanley R. Hoffman Associates, Inc.
City of San Bernardino, Fiscal Year 2022-23 Adopted Budget
City of San Bernardino, Finance Director
State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State - January 1, 2021-2023, Sacramento, California, May 2023
Southern California Association of Governments (SCAG), 2024 Regional Transportation Plan (RTP), Preliminary Data.



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LAFCO Action

- As part of the annexation, LAFCO imposed Condition of Approval No. 4, requiring the City to initiate annexation of the totally surrounded island within one year of the Commission's approval of the Spring Trails Annexation (LAFCO 3188A).

City Actions Since LAFCO's Approved Action

- January 15, 2020 – City considered the annexation of the remaining unincorporated island abutting the Spring Trails Specific Plan Project.
- March 18, 2020 – Council discussed the item in closed session because of threat of litigation.
- May 6, 2020 – Item considered by the City Council and tabled.





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2021 – 2025 Strategic Targets and Goals

- Annexation is consistent with Key Target No.1 – Secure a long-term revenue source. The area is within the City's Sphere of Influence and anticipated for development as identified in the General Plan.
- Key Target No. 4(b) – Update the General Plan and Development Code as it ensures this property meets the General Plan uses and will be included in a future City annexation.

The Spring Hills Specific Plan Project, approved in March 2023, requires annexation into the City limits. LAFCO requires the City to initiate the annexation of both the Spring Trails Specific Plan Area and an abutting 26-acres of totally surrounded area.



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Recommendations

- That the Mayor and City Council adopt Resolution making application to the LAFCO Commission for San Bernardino County for reorganization to include Annexation to the City of San Bernardino and Detachment from County Service Area 70, generally known as the Spring Trails Specific Plan.
- That the Mayor and City Council adopt Resolution making application to the LAFCO Commission of San Bernardino County for reorganization to include Annexation to the City of San Bernardino and Detachment from County Service Area 70, known as the 26-acre totally surrounded island.
- Direct City Manager to transmit the Resolution to the Director of LAFCO.

RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF SAN BERNARDINO, CALIFORNIA, MAKING APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY FOR REORGANIZATION TO INCLUDE ANNEXATION TO THE CITY OF SAN BERNARDINO AND DETACHMENT FROM COUNTY SERVICE AREA 70, GENERALLY NORTHERLY OF MEYERS ROAD AND EASTERLY OF MARTIN RANCH ROAD (KNOWN AS THE SPRING TRAILS SPECIFIC PLAN PROJECT)



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CEQA

➤ As the decision-making body for the project, the City Council has reviewed and considered the information contained in the administrative record for the proposed project. Based upon the facts and information contained in the administrative record, including all written and oral evidence presented to the City Council.

(1) The administrative record has been completed in compliance with CEQA, the State CEQA Guidelines, and the City's Local CEQA Guidelines.

(2) The application for annexation is covered by the certified Environmental Impact Report (State Clearinghouse #2009111086) for the Spring Trails Specific Plan Project (Specific Plan No. SP10-01; General Plan Amendment No. GPA 02-09, including pre-annexation of the Spring Trails site; Tentative Tract Map No. 15576 (Subdivision No. 02-09); and Development Agreement No. 11-01) approved February 19, 2013. No further environmental review is required for the project pursuant to Public Resources Code section 21166 and State CEQA Guidelines section 15162.

(3) The determination of CEQA exemption reflects the independent judgment of the City Council.



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Thank you.

Questions?