

RESOLUTION NO. 2018-0462

Adopted by the Sacramento City Council

November 27, 2018

Resolution of Formation Establishing the Sacramento Services Community Facilities District No. 2018-05, City of Sacramento, County of Sacramento, State of California, and Providing for the Levy a Special Tax Therein to Fund Maintenance Services

BACKGROUND

- A. On Tuesday, October 23, 2018, the City Council (the “**Council**”) of the City of Sacramento (the “**City**”) duly adopted Resolution No. 2018-0412 (the “**Resolution of Intention**”) declaring its intention (1) to establish a community facilities district within the City’s jurisdictional boundaries under the Mello-Roos Community Facilities Act of 1982, set forth at Government Code sections 53311 through 53368.3 (the “**Act**”), to be known and designated as “Sacramento Services Community Facilities District No. 2018-05, City of Sacramento, County of Sacramento, State of California” (the “**CFD**”); and (2) to levy a special tax therein to fund the maintenance of certain public facilities.
- B. As required by Streets and Highways Code section 3110, in the Resolution of Intention the City Council approved the boundary map for the CFD, titled “Boundary Map Sacramento Services Community Facilities District No. 2018-05, City of Sacramento, County of Sacramento, State of California” (the “**Boundary Map**”) as set forth in Exhibit A to the Resolution of Intention. The Boundary Map was recorded on October 31, 2018, in Book 127 at Page 11 of the Book of Maps of Assessment and Community Facilities Districts maintained by the Sacramento County Clerk/Recorder, and a copy of it is attached to this resolution as Exhibit A.
- C. In the Resolution of Intention, the Council fixed Tuesday, November 27, 2018, at 5:00 p.m., in the Council Chambers in New City Hall, 915 I Street, Sacramento, California, as the time and place for a public hearing (the “**Public Hearing**”) to be held by the Council to consider the establishment of the CFD; the authorization of a special tax to be levied and collected within the CFD (the “**Special Tax**”); the proposed rate, method of apportionment, and manner of collection of the Special Tax (the “**RMA**”); the services proposed to be funded; the establishment of an appropriations limit for the CFD; and all other matters set forth in the Resolution of Intention.
- D. In accordance with the Resolution of Intention, the Manager of the Public Improvement Financing Division of the City Finance Department submitted a report (the “**Hearing Report**”) to the Council on the need for, and the estimated cost of, the proposed services to be funded and certain other matters. The Council has reviewed the Hearing

Report, which is attached as Exhibit D and made a part of the record of the Public Hearing.

- E. On November 27, 2018, at or shortly after the time of the Public Hearing, the Council opened the Public Hearing to consider the establishment of the CFD; the authorization of the Special Tax; the RMA; the services proposed to be funded; the establishment of the appropriations limit; and all other matters set forth in the Resolution of Intention.
- F. At the Public Hearing, any persons interested, including all taxpayers, property owners, and registered voters within the CFD, were given an opportunity to appear and be heard, and the Council heard and considered the testimony of all interested persons for or against the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the maintenance services; the establishment of the appropriations limit for the CFD; and any other matters set forth in the Resolution of Intention.
- G. All registered voters residing within the boundaries of the proposed CFD and all owners of land within the boundaries of the proposed CFD that would not be exempt from the proposed levy of the Special Tax were allowed to submit written protests to any aspect of the proposals contained in the Resolution of Intention and were permitted to withdraw their protests before the close of the Public Hearing.
- H. Notice of the Public Hearing was published in the Sacramento Bulletin, and a proof of publication is on file with the City Clerk.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The Council finds that the background statements A through H are true and correct.
- Section 2. Except to the extent inconsistent with this resolution, the Resolution of Intention is reaffirmed, and its provisions and findings are, to that same extent, incorporated herein by this reference.
- Section 3. The Council accepts the proof of publication of the Notice of Public Hearing and finds, based thereon, that proper notice of the Public Hearing has been given in accordance with the Act and that the Public Hearing was conducted with proper and legal notice in all respects.
- Section 4. The Council finds and determines that at the close of the Public Hearing written protests, if any, to the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the services described in the Resolution of Intention; the establishment of the appropriations limit for the CFD; or any other matters

contained in the Resolution of Intention were submitted by fewer than 50% of the registered voters residing within the CFD, by fewer than six of the registered voters residing within the CFD or by fewer than the owners of one-half or more of the area of land proposed to be within the CFD not exempt from the special tax, whichever is more. The City Council also finds that, at the close of the Public Hearing, the written protests, if any, were submitted by the owners of less than one-half of the area of land in the territory proposed to be included in the CFD and not exempt from the Special Tax. Thus, finding that it is not precluded by the Act from proceeding further in this matter, the City Council hereby orders and determines that it has considered, and that it overrules, all protests to the following: the establishment of the CFD; the levy of the Special Tax; the extent of the CFD; the services described in the Resolution of Intention; the establishment of the appropriations limit for the CFD; and any other matters contained in the Resolution of Intention that may have been submitted.

- Section 5. The Council finds and determines that the services funded by the CFD are necessary to meet increased demands placed upon the City as the result of development and rehabilitation occurring in and around the CFD. The services authorized to be funded by and through the CFD are those shown in Exhibit B attached to this resolution (the “**Authorized Services**”).
- Section 6. The RMA, including the maximum annual Special Tax, is set forth in Exhibit C attached to this resolution. The RMA provides sufficient detail to allow each landowner or resident within the CFD to estimate the maximum amount the landowner or resident will have to pay. The Council finds that the RMA does not in any way exceed the proposed rate and method of apportionment of the Special Tax described in the Resolution of Intention.
- Section 7. If the election referred to in Section 12 results in the approval of the authorizations of this resolution, then upon recordation of a Notice of Special Tax Lien as required by Streets and Highways Code section 3114.5, a continuing lien to secure each levy of the Special Tax will attach to all nonexempt real property in the CFD, which lien will continue in force and effect until such lien is cancelled in accordance with law or until collection of the Special Tax ceases and a Notice of Cessation of Special Tax is recorded in accordance with section 53330.5 of the Act.
- Section 8. Except where funds are otherwise available, and subject to the limits described in the RMA, a Special Tax will be levied annually within the CFD in an amount sufficient to pay for the operation and maintenance and related services to be provided with the CFD under the Act.

- Section 9. The Special Tax will be collected through the regular County of Sacramento secured property-tax bills and will be subject to the same enforcement mechanism and the same penalties and interest for late payment as regular ad valorem property taxes; however, the Council reserves the right to use any other lawful means of billing, collecting, and enforcing the Special Tax, including direct billing, supplemental billing, and, when lawfully available, judicial foreclosure of the Special Tax lien.
- Section 10. Under Government Code section 53340.1, the Special Tax will be levied on leasehold or possessory interests in property owned by a public agency (which property is otherwise exempt from the Special Tax), to be payable by the owner of the leasehold or possessory interests in the property.
- Section 11. Under Government Code section 53325.7, and subject to the voter approval requirement in that section, the appropriations limit, as defined by subdivision (h) of section 8 of article XIII B of the California Constitution, for fiscal year 2018/19 for the CFD, subject to adjustment as provided therein, is established in the amount of \$4 million.
- Section 12. The Council will submit the authorizations of this resolution to the qualified electors of the CFD in a special mailed-ballot election. Based on findings to be formally made by the Council in a resolution to be adopted on this date calling the special mailed-ballot election, to which reference is made for further particulars, the qualified electors of the CFD are the property owners or their authorized representatives, with each voter having one vote, in accordance with section 53326(b) of the Act.
- Section 13. The Council finds that the public interest will not be served by allowing the owners of property in the CFD to enter into a contract under Government Code section 53329.5(a) to do the work to be funded under the Act.
- Section 14. The Manager of the Public Improvement Finance Division of the City Finance Department, 915 I Street, City Hall, Third Floor, Sacramento, CA 95814, will be responsible for annually preparing, or causing to be prepared, the roll of Special Tax levies on the parcels within the CFD (identified by Sacramento County Assessor's parcel numbers) and will be responsible for estimating future Special Tax levies as required by Government Code section 53340.2.
- Section 15. The Council finds and determines that all proceedings conducted and approved by the Council with respect to the establishment of the CFD, up to and including the adoption of this resolution and the other resolutions adopted this date in connection with the CFD, are valid and in conformity with the requirements of the Act. This determination is final and conclusive for all purposes and is binding

upon all persons. Accordingly, the Council finds, determines, and orders that the CFD is hereby established with all of the authorities described and set forth in this resolution, the exercise of which is subject only to the election.

Section 16. This resolution takes effect when adopted.

Table of Contents:

- Exhibit A – Boundary Map
- Exhibit B – List of Authorized Services
- Exhibit C – Rate and Method of Apportionment
- Exhibit D – Hearing Report

Adopted by the City of Sacramento City Council on November 27, 2018, by the following vote:

Ayes: Members Ashby, Carr, Hansen, Harris, Jennings, Schenirer, Warren and Mayor Steinberg

Noes: None

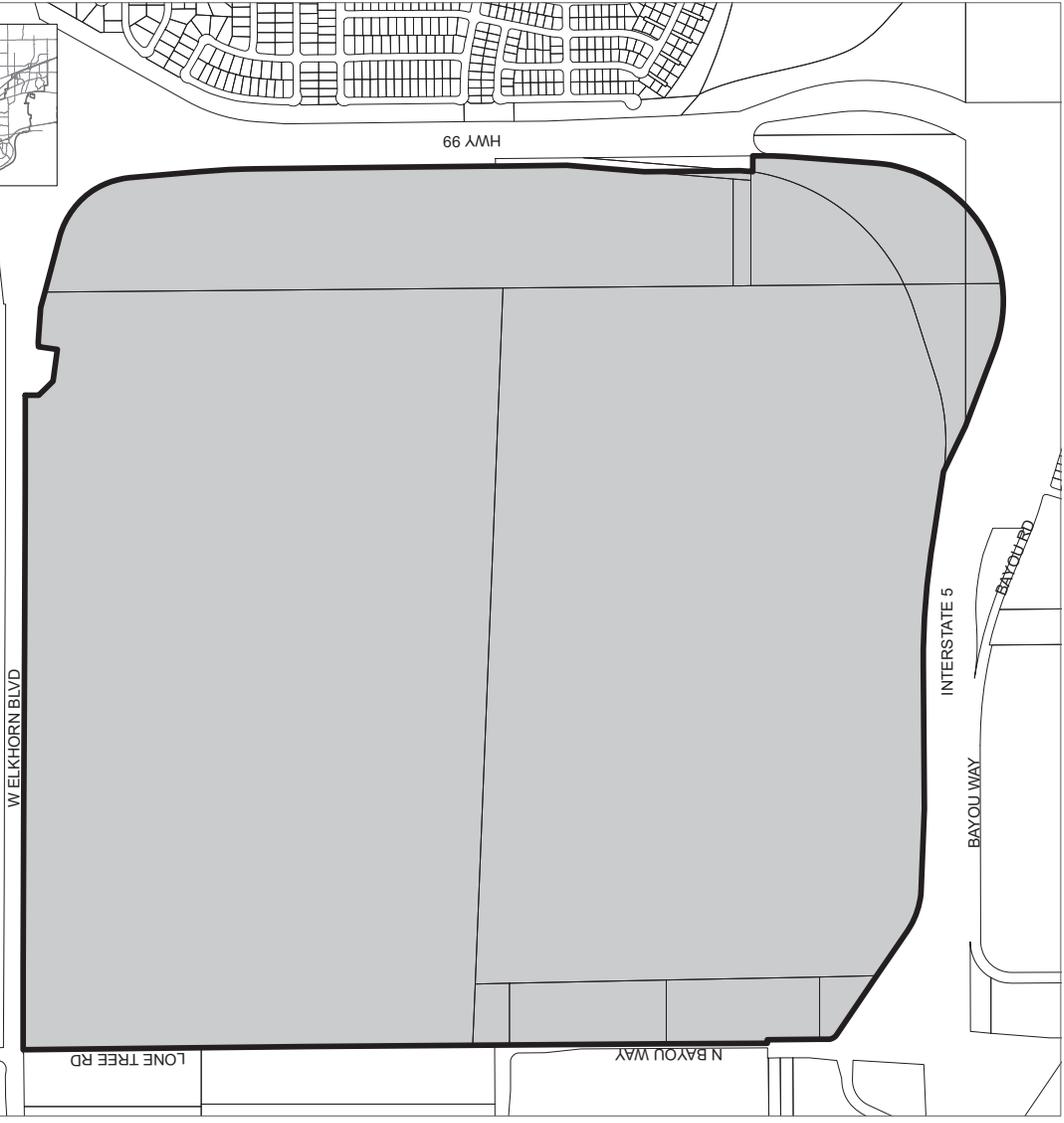
Abstain: None

Absent: Member Guerra

Attest: **Mindy Cuppy** Digitally signed by Mindy Cuppy
Date: 2018.12.20 09:44:25
-08'00'
Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

BOUNDARY MAP
SACRAMENTO SERVICES
COMMUNITY FACILITIES DISTRICT NO. 2018-05,
CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA
SHEET 1 OF 1



CLERK'S MAP FILING STATEMENT:
FILED IN THE OFFICE OF THE CLERK OF CITY OF
SACRAMENTO, COUNTY OF SACRAMENTO, STATE
OF CALIFORNIA, THIS _____ DAY OF _____, 2018.

CITY CLERK
CITY OF SACRAMENTO, CALIFORNIA

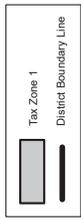
CLERK'S CERTIFICATE:
I HEREBY CERTIFY THAT THE MAP SHOWING BOUNDARY
MAP, SACRAMENTO SERVICES COMMUNITY FACILITIES
DISTRICT NO. 2018-05, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA, WAS APPROVED
BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO AT
A MEETING THEREOF, HELD ON THE _____ DAY
OF _____, 2018, BY ITS RESOLUTION NO. _____.

CITY CLERK,
CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDERS FILING STATEMENT:
FILED THIS _____ DAY OF _____, 2018 AT THE
HOUR OF _____ O'CLOCK _____ M., IN BOOK _____ OF MAPS
OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS
AT PAGE _____ IN THE OFFICE OF THE COUNTY RECORDER
OF THE COUNTY OF SACRAMENTO, STATE OF CALIFORNIA.

COUNTY CLERK RECORDER
OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: _____ DEPUTY _____ DOCUMENT NO. _____



City of SACRAMENTO
Finance Department

...SPECIAL DISTRICT GIS: Services C:\2018-05\TaxZone 1 - General\Map.mxd, Blaster 10/27/18

EXHIBIT B

CITY OF SACRAMENTO SACRAMENTO SERVICES COMMUNITY FACILITIES DISTRICT NO. 2018-05

LIST OF AUTHORIZED SERVICES

The authorized services to be financed with the Special Tax are set forth below. The Special Tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of the Sacramento Services CFD No. 2018-05 is to fund any of the services authorized under the Mello-Roos Community Facilities Act of 1982 and authorized under the charter of the City of Sacramento. Such services may include, but are not limited to, the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas. Funds may be used within the territory of the Sacramento Services CFD No. 2018-05.

The authorized services for the Sacramento Services CFD No. 2018-05 consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, parks, and landscaped areas, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, sound walls, ornamental and chain link fences, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, water-quality facilities, storm-water drainage facilities, water fountains and other water features, and other appurtenances within and along public rights-of-way.
2. Scheduled inspection of maintenance of roadway facilities, water-quality facilities, storm-water drainage facilities, transit facilities, bikeway and pedestrian paths, parks, and landscaped areas
3. Paying utility bills associated with maintenance of roadway facilities, transit facilities, water-quality facilities, storm-water drainage facilities, parks, bikeway and pedestrian paths, and landscaped areas.
4. Costs of levying and collecting the Special Tax and annually administering the Sacramento Services CFD No. 2018-05.
5. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, legal services, and administration.
6. Any other services authorized under the Mello-Roos Community Facilities Act of 1982 and authorized under the charter of the City of Sacramento.

**CITY OF SACRAMENTO
SACRAMENTO SERVICES
COMMUNITY FACILITIES DISTRICT NO. 2018-05**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 and applicable to each Assessor’s Parcel in the Sacramento Services Community Facilities District No. 2018-05 of the City of Sacramento will be levied and collected according to the tax liability the City determines through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by Section G below, will be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate rate and method of apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

“**Acre**” means 43,560 square feet of land area of an Assessor’s Parcel as shown on an Assessor’s Parcel Map or, if the land area is not shown on an Assessor’s Parcel Map, the land area shown on the applicable Final Map or other map recorded at the County Recorder’s Office.

“**Act**” means the Mello-Roos Community Facilities Act of 1982, as amended, set forth at California Government Code § 53311 through 53368.3.

“**Administrative Expenses**” means the actual or reasonably estimated costs related to administration of the CFD, including but not limited to the following:

- Costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or its designee or both).
- Costs of collecting, auditing, dispersing, and accounting for the Special Tax (whether by the County, the City, or otherwise).
- Costs incurred in responding to public inquiries regarding the Special Tax.
- Costs to the City or its designee related to any appeal of the Special Tax.
- Amounts estimated to be advanced for any other administrative purposes, including but not limited to attorney’s fees and other costs related to collection of the Special Tax.
- Costs associated with annexations into the CFD.
- All other costs and expenses of the City and County in any way related to the administration of the CFD

“Administrator” means the City’s Special Districts Manager, his/her designee, or such other person or department as the City may designate to serve as Administrator of the CFD.

“Affordable Unit” means a Residential Unit that is subject to deed restrictions, resale restrictions, or regulatory agreements recorded on the property that provide housing for persons that meet Low-, Very Low-, or Extremely Low-Income levels pursuant to the California Health and Safety Code Sections 50079.5, 50105, or 50106. The Residential Unit shall no longer be considered an Affordable Unit following termination of the agreement containing covenants or similar instruments.

“Airspace Parcel” means a parcel with an assigned Assessor’s Parcel Number that constitutes vertical space of the underlying land.

“Assessor’s Parcel” means a lot or parcel (including an Airspace Parcel) that is shown on an Assessor’s Parcel Map and has an assigned Assessor’s Parcel Number.

“Assessor’s Parcel Map” means an official map of the County Assessor designating lots or parcels by Assessor’s Parcel Number.

“Assessor’s Parcel Number” means the number assigned to an Assessor’s Parcel by the County Assessor for purposes of identification.

“Authorized Services” means the public services authorized to be funded through the CFD.

“Building Permit” means a single permit or set of permits required to construct a residential or non-residential structure. If a permit is issued for a foundation, parking, landscaping, or other similar facility or amenity but a building permit has not yet been issued for the structure to be served by the facility or amenity, then the permit for the facility or amenity will not be considered a “Building Permit” for purposes of levying the Special Tax.

“CFD” means the Sacramento Services Community Facilities District No. 2018-05 of the City of Sacramento.

“CFD Formation” means the date on which the Resolution of Formation to form the CFD was adopted by the City Council.

“City” means the City of Sacramento, California.

“City Council” means the Sacramento City Council.

“Condominium Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure that meets the statutory definition of a condominium contained in Civil Code Section 1351, as determined by the City.

“County” means the County of Sacramento, California.

“Developed Property” means, in any Fiscal Year, all Taxable Property for which a Building Permit was issued before June 1 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Final Map Property, and Undeveloped Property.

“Escalation Factor” means, in any Fiscal Year, the lesser of: (i) the percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) (prior calendar year annual average) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index no longer is published, a similar escalator that is determined by the City to be appropriate, and (ii) 4%.

“Exempt Property” means any of the following:

- Public Property.
- Owners Association Property.
- Assessor’s Parcels that are owned by a public utility and developed with an unoccupied facility.
- Assessor’s Parcels that are subject to a conservation, open space, recreation, or similar easement that precludes any use other than the use set forth in the easement, as determined by the City.
- Affordable Units.

“Final Map” means a final map or portion of a final map, approved by the City under the Subdivision Map Act (California Government Code § 66410 *et seq.*), that creates lots that do not need to be further subdivided prior to issuance of a Building Permit for a residential structure, as determined by the City. “Final Map” does not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map, or any portion of such a map, that does not create lots that are in their final configuration.

“Final Map Property” means, in any Fiscal Year, all Assessor’s Parcels of Taxable Property for which a Final Map has recorded and which have not yet become Developed Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Land Use Category” means, individually, Single Family Detached Property, Single Family Attached Property, Condominium Property, Multi-Family Residential Property, and Non-Residential Property.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“Multi-Family Residential Property” means all parcels of Developed Property for which Building Permits were issued for construction of a residential structure with three or more residential units that are offered for rent to the general public and cannot be purchased by individual homebuyers.

“Non-Residential Property” means all parcels of Developed Property for which Building Permits were issued for construction of an office, commercial, retail, industrial or mixed-use building, as determined by the City.

“Non-Residential Square Foot” means an individual square foot unit of the Non-Residential Square Footage of a structure.

“Non-Residential Square Footage” means the following:

- For buildings that do not include Residential Units, the gross square footage of the building as reflected on the Building Permit or, if the gross square footage is not specified on the Building Permit, as otherwise determined by the City.
- For buildings that include both Residential Units and non-residential land uses, the net saleable or net leasable square footage that is used or expected to be used for commercial, industrial, office, or other non-residential land uses, as determined by the Administrator.

“Other Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property that are in a residential use but do not meet the definition of Single Family Detached Property, Single Family Attached Property, Condominium Property, or Multi-Family Residential Property, as determined by the Administrator.

“Owners Association” means any homeowners or property owners association (including any master or sub- association) that provides services to, and collects dues, fees, or charges from, owners of property within the CFD.

“Owners Association Property” means any property owned in fee or as an easement by an Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means, for each Development Class, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all parcels assigned to the Development Class.

“Public Property” means any property within the CFD that is owned by the City, the County, the State of California, the federal government, or other public agency, except that any property leased by a public agency to a private entity and subject to taxation under § 53340.1 of the Act will be taxed and classified in accordance with its use. Privately owned property will be considered Public Property if its development is otherwise constrained by public use and necessity through an easement, a lease, or a license.

“Residential Unit” means an individual single-family detached unit or an individual residential unit within a duplex, triplex, fourplex, townhome, condominium, or apartment structure. A secondary / accessory dwelling unit (granny flat) that shares an Assessor’s Parcel with a single-family-detached unit is not a Residential Unit for purposes of levying the Special Tax.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit has been or is permitted to be issued for construction of a Residential Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to a Tentative Map.

“Single Family Detached Property” means, in any Fiscal Year, all Assessor’s Parcels for which a Building Permit was issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

“Single Family Attached Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share an Assessor’s Parcel with another duplex unit), and are offered as for-sale units (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owner), not including residential structures that are Condominium Property.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Tax Zone Special Tax Requirement.

“Tax Zone” means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this RMA. *All of the property within the CFD at CFD Formation is within Tax Zone 1.* Property may be annexed into Tax Zone 1, and additional Tax Zones may be created when property is annexed into the CFD. Separate Maximum Special Taxes may be identified for property within the new Tax Zone at the time of such annexation. The Assessor’s Parcels included within a new Tax Zone established when such parcels are annexed to the CFD shall be identified by Assessor’s Parcel Number in the Unanimous Approval Form that is signed by the owner(s) of the parcels at the time of annexation.

“Tax Zone 1” means the property included in the CFD at CFD Formation and any property that is part of the same development project that is subsequently annexed into Tax Zone 1.

“Tax Zone Budget” means, in any Fiscal Year, the City’s estimate of costs for Authorized Services within a particular Tax Zone for that Fiscal Year, net of any surplus amounts available (as determined by the City) from the levy of the Special Tax in the Tax Zone in prior Fiscal Years, including revenues from collection of delinquent Special Taxes and associated penalties and interest.

“Tax Zone Special Tax Requirement” means the amount of revenue needed from a particular Tax Zone in any Fiscal Year to pay: (i) the Tax Zone Budget for that Tax Zone, (ii) Administrative Expenses associated with the Tax Zone, which may include a proportional share of Administrative Expenses incurred by the City associated with general administration of the CFD, and (iii) amounts needed to cure any delinquencies in the payment of Special Taxes which have occurred in the Tax Zone in the prior Fiscal Year.

“Taxable Property” means all property within the CFD that is not exempt from the Special Tax pursuant to law or Section G below.

“Tentative Map” means a map that is: (i) made for the purpose of showing the design of a proposed subdivision, including the individual SFD Lots that are expected within the subdivision, as well as the conditions pertaining thereto, (ii) not based on a detailed survey of the property within the map, and (iii) not recorded at the County Recorder’s Office to create legal lots.

“Unanimous Approval Form” means that form executed by the record owner of fee title to one or more Assessor’s Parcels annexed into the CFD that constitutes a property owner’s approval and unanimous vote in favor of annexing into the CFD and the levy of the Special Tax against his/her Assessor’s Parcel(s) pursuant to this RMA.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Final Map Property or Developed Property.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the Tax Zone Special Tax Requirement for each Tax Zone for the Fiscal Year. The Administrator shall also determine the following for each Assessor’s Parcel: (1) the current Assessor’s Parcel Number; (2) the Tax Zone within which each Assessor’s Parcel is located, (3) whether it is Developed Property, Final Map Property, or Undeveloped Property; (4) for Single Family Attached Property, Condominium Property, and Multi-Family Residential Property, the number of Residential Units on the Assessor’s Parcel, and (5) for Non-Residential Property, the Non-Residential Square Footage of each building on the Assessor’s Parcel.

In any Fiscal Year, if the Administrator determines—

- that a Final Map or other map for an Assessor’s Parcel within the CFD was recorded after April 30 of the prior Fiscal Year (or on any other date after which the County Assessor will not incorporate the newly created parcels into the then-current tax roll);
- that because of the date the map was recorded, the County Assessor does not yet recognize the new parcels created by the map; and

- that one or more of the newly created parcels is in a different Development Class from other parcels created by the map,

then the Administrator shall calculate the Special Tax for the property affected by recordation of the map by determining the Special Tax that applies separately to the property within each Development Class and then applying the sum of the individual Special Taxes to the Assessor’s Parcel that was subdivided by recordation of the map.

C. MAXIMUM SPECIAL TAX

1. Developed Property

Table 1 below identifies the Maximum Special Tax for Developed Property within Tax Zone 1. For property that annexes into the CFD, different maximum rates for Developed Property may be established by creating a separate Tax Zone for such annexed property. Alternatively, property may be annexed into Tax Zones that were established prior to the annexation, and such property shall be subject to the Maximum Special Tax for Developed Property applicable to that Tax Zone.

**Table 1
Maximum Special Tax for Developed Property in Tax Zone 1**

Land Use Category	Maximum Special Tax (Fiscal Year 2018-19)*
Single Family Detached Property	\$587 per Residential Unit
Single Family Attached Property	\$587 per Residential Unit
Condominium Property	\$587 per Residential Unit
Multi-Family Residential Property	\$329 per Residential Unit
Non-Residential Property	\$0.41 per Non-Residential Square Foot
Other Residential Property	\$6,184 per Acre

*** On July 1, 2019, and on each July 1 thereafter, the Maximum Special Taxes shown above will be increased by the Escalation Factor.**

If, in any Fiscal Year, the Administrator determines that an Assessor’s Parcel of Developed Property is built or proposed to be built with both Residential Units and non-residential land uses, the Maximum Special Tax for the Assessor’s Parcel shall be determined as follows:

- Step 1.** Calculate the aggregate Maximum Special Tax that can be levied on all Residential Units in the building.
- Step 2.** Calculate the aggregate Maximum Special Tax that can be levied on all Non-Residential Square Footage in the building.

Step 3. The Maximum Special Tax for the Assessor's Parcel shall be the sum of the amount calculated in Step 1 for residential property and the amount determined in Step 2 for Non-Residential Property.

2. Final Map Property

The Fiscal Year 2018-19 Maximum Special Tax for Final Map Property in Tax Zone 1 is \$6,184 per Acre, which amount shall increase on July 1, 2019 and each July 1 thereafter by the Escalation Factor. For property that annexes into the CFD, different maximum rates may be established for Final Map Property by creating a separate Tax Zone for such annexed property. Alternatively, property may be annexed into Tax Zones that were established prior to the annexation, and such property shall be subject to the Maximum Special Tax for Final Map Property applicable to that Tax Zone.

3. Undeveloped Property in Tax Zone 1

For Assessor's Parcels of Undeveloped Property in Tax Zone 1, the Maximum Special Tax is \$6,184 per Acre for Fiscal Year 2018-19, which amount shall increase on July 1, 2019 and each July 1 thereafter by the Escalation Factor. For property that annexes into the CFD, a different maximum special tax may be established for Undeveloped Property by creating a separate Tax Zone for such annexed property. Alternatively, property annexed into Tax Zones that were established prior to the annexation shall be subject to the Maximum Special Tax for Undeveloped Property that is applicable to that Tax Zone.

D. CHANGES TO MAXIMUM SPECIAL TAX

1. Annual Escalation

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Taxes set forth in Section C above, and the Maximum Special Tax assigned to each Assessor's Parcel shall be increased by the Escalation Factor.

2. Land Use Changes

If an Assessor's Parcel in the CFD is rezoned or otherwise changes land use prior to becoming Developed Property, the City may, in its sole discretion, move the Assessor's Parcel to a different Tax Zone based on the maintenance and services needed to serve the Assessor's Parcel after the change in land use. If an Assessor's Parcel rezones after being taxed as Developed Property in prior Fiscal Years, the City can either continue to apply the Maximum Special Tax that applied prior to the land use change or, in the City's sole discretion, move the parcel to a different Tax Zone.

3. Conversion of an Assessor's Parcel of Public Property to Private Use

If, in any Fiscal Year, an Assessor's Parcel of Public Property is converted to private use, such Assessor's Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Assessor's Parcel shall be determined based on the Tax Zone in which the Assessor's Parcel is located and the land use on or expected on the Assessor's Parcel, as determined by the Administrator.

E. METHOD OF LEVY OF SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Tax Zone Special Tax Requirement to be collected in that Fiscal Year from each Tax Zone; the City shall then levy the Special Tax according to the following steps:

- Step 1.** The Special Tax will be levied Proportionately on Developed Property within a particular Tax Zone up to 100% of the Maximum Special Tax for each Assessor's Parcel in that Tax Zone until the amount levied is equal to the Tax Zone Special Tax Requirement.
- Step 2.** If additional revenue is needed after Step 1 to meet the Tax Zone Special Tax Requirement, the Special Tax will be levied Proportionately on Final Map Property in that Tax Zone up to 100% of the Maximum Special Tax for each Assessor's Parcel of Final Map Property in the Tax Zone.
- Step 3.** If additional revenue is needed after Step 2 to meet the Tax Zone Special Tax Requirement, the Special Tax will be levied Proportionately on Undeveloped Property up to 100% of the Maximum Special Tax for each Assessor's Parcel of Undeveloped Property in the Tax Zone.

F. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes, except that the City may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax will be levied and collected in perpetuity.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, the Special Tax will not be levied in any Fiscal Year on Exempt Property.

H. RECORDS MAINTAINED FOR THE CFD

As development occurs in the CFD, the Administrator shall maintain a file containing records of the following information for each Assessor's Parcel:

- The current Assessor's Parcel Number
- The current Final Map status for the Assessor's Parcel
- The current Building Permit status for the Assessor's Parcel
- The designated and existing uses for the Assessor's Parcel
- The total number of Residential Units assigned to the Assessor's Parcel
- The Maximum Special Tax assigned to the Assessor's Parcel

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City Council may, by resolution, interpret this RMA for purposes of clarifying any vagueness or ambiguity in the Special Tax rates, method of apportionment, classification of properties, and definitions applicable to the CFD. The City Council's interpretation will be conclusive. In addition, the City, upon request of an owner of land that is not Developed Property, may amend this RMA to reallocate the Special Tax applicable to such owner's land in a manner acceptable to the City, without resolution or ordinance of the City Council, upon the affirmative vote of such owner and without the vote of owners of any other land within the CFD, provided such amendment: (i) only affects such owner's land, and (ii) provides for a Special Tax distribution upon development of such land which is reasonably proportional and consistent with Special Tax rates provided for in Section C (including escalations thereto) for similar land uses and is compliant with the tax assessment loan exception contained in U.S. Treasury Regulation Section 1.141-5(d), as determined by the City.

J. APPEALS

A taxpayer who believes that the amount of the Special Tax assigned to the taxpayer's Assessor's Parcel is in error may file a notice with the Administrator, who will then promptly review the appeal and, if necessary, meet with the taxpayer. If the Administrator determines that the Special Tax should be modified, then the Special Tax levy will be corrected and, if applicable, a credit or refund will be granted. The Administrator may do the following without the City Council's approval:

- (1) Interpret this RMA for purposes of clarifying matters as they relate to the Special Tax rate, the method of apportionment, the classification of properties, or the definitions applicable to the CFD.
- (2) Make minor, non-substantive administrative and technical changes to this RMA for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law, but only if the changes do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax.

EXHIBIT A
CITY OF SACRAMENTO
SACRAMENTO SERVICES
COMMUNITY FACILITIES DISTRICT NO. 2018-05
COMMUNITY FACILITIES DISTRICT HEARING REPORT

CONTENTS

Introduction

- A. Identification of Services
- B. Cost Estimates
- C. Proposed Boundaries of the Community Facilities District
- D. Rate and Method of Apportionment of Special Tax

* * * * *

Exhibit A – List of Authorized Services

Exhibit B – Cost Estimates

Exhibit C – Rate and Method of Apportionment of Special Tax

**CITY OF SACRAMENTO
SACRAMENTO SERVICES
COMMUNITY FACILITIES DISTRICT NO. 2018-05**

INTRODUCTION

The City Council (the “**City Council**”) of the City of Sacramento (the “**City**”) did, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (the “**Act**”), on October 23, 2018, adopt a resolution entitled, “Resolution of Intention to Establish the Sacramento Services Community Facilities District No. 2018-05 to Levy a Special Tax therein for to Fund Maintenance Services” (the “**Resolution of Intention**”). In the Resolution of Intention, the City Council expressly ordered the preparation of a written Community Facilities District Report (the “**Report**”) for the proposed City of Sacramento Community Facilities District No. 2018-05 (the “**CFD**”).

The Resolution of Intention ordering the Report did direct that the Report generally contain the following:

- (a) A description of the services (the “**Services**”) by type which will be required to adequately meet the needs of the CFD.
- (b) An estimate of the costs of providing those Services.

For particulars, reference is made to the Resolution of Intention for the CFD, as previously approved and adopted by the City Council.

NOW, THEREFORE, the following data is submitted pursuant to the direction of the City Council:

A. IDENTIFICATION OF SERVICES. A list of the proposed Services and cost estimates is provided in Exhibit “A” attached hereto and hereby made a part hereof.

B. COST ESTIMATES. The cost estimate for the Services that may be funded by the CFD is provided in Exhibit “B” attached hereto and hereby made a part hereof.

C. PROPOSED BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the CFD are those properties and parcels on which special taxes may be levied to pay for the Services. The proposed boundaries of the CFD are identified in the map entitled “Boundary Map Sacramento Services Community Facilities District No. 2018-05 City of Sacramento, County of Sacramento, State of California” which has been recorded on Page 11 in Book 127 of Maps of Assessment and Community Facilities Districts in the office of the County Recorder for the County of Sacramento.

D. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX. All of the property located within the CFD boundaries, unless exempted by law or by the Rate and Method of Apportionment of Special Tax (the “**RMA**”), shall be taxed for the purpose of

financing the services provided by the CFD. The RMA is provided in Exhibit "C" attached hereto and hereby made a part hereof. The City will annually determine the actual amount of the special tax levy based on the method and subject to the Maximum Special Tax rates contained in the RMA. On July 1, 2019 and on each July 1 thereafter, the Maximum Special Tax rates will be increased by the lesser of: (i) the percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) (prior calendar year annual average) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index no longer is published, a similar escalator that is determined by the City to be appropriate, and (ii) 4%.

EXHIBIT A

City of Sacramento Sacramento Services Community Facilities District No. 2018-05

LIST OF AUTHORIZED SERVICES

The authorized services to be financed with the special tax are set forth below. The special tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of the CFD is to fund any of the services authorized under the Mello-Roos Community Facilities Act of 1982 and authorized under the charter of the City. Such services may include, but are not limited to, the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas. Funds may be used within the territory of the CFD.

The authorized services for the CFD consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, parks, and landscaped areas, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, sound walls, ornamental and chain link fences, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, water-quality facilities, storm-water drainage facilities, water fountains and other water features, and other appurtenances within and along public rights-of-way.
2. Scheduled inspection of maintenance of roadway facilities, water-quality facilities, stormwater drainage facilities, transit facilities, bikeway and pedestrian paths, parks, and landscaped areas.
3. Paying utility bills associated with maintenance of roadway facilities, transit facilities, water quality facilities, stormwater drainage facilities, parks, bikeway and pedestrian paths, and landscaped areas.
4. Costs of levying and collecting the special tax and annually administering the CFD.
5. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, legal services, and administration.
6. Any other services authorized under the Mello-Roos Community Facilities Act of 1982 and authorized under the charter of the City.

EXHIBIT B

**City of Sacramento
Sacramento Services
Community Facilities District No. 2018-05**

COST ESTIMATE

Facilities	Acres	Unit Price (1)	Cost Estimate
<u>Phase 1</u>			
Elkhorn Boulevard Landscape Corridor (Non-Comm)	1.59	\$39,001	\$62,011
Elkhorn Median	1.31	\$12,323	\$16,143
Lot E-Street 1 Paseo	1.54	\$15,000	\$23,100
Street 1 Median (19' wide)	0.29	\$12,498	\$3,624
Streets 2, 12 & 33 Landscape Median (12' wide) (2)	N/A	N/A	N/A
Lot B Community Park (3)	14.8	\$15,000	\$222,000
Lot F Neighborhood Park (3)	2.0	\$15,000	\$30,150
Lot O Paseo/Mini-Park	0.20	\$15,000	\$3,000
Lot W Paseo/Mini-Park	0.28	\$15,000	\$4,200
Open Space Freeway Buffer Phase 1	10.69	\$2,500	\$26,725
Lake Access Paseos/Landscape Lots	3.00	\$15,000	\$45,000
Lake walk (22' perimeter path and landscape area)	1.90	\$17,400	\$33,060
Lake Management (excludes Lake walk)	15.04	\$7,500	\$112,800
Entry Features and Landscape Monumentation (TBD)	TBD	-	TBD
Open Space Bike Trail / Access Road	1.54	\$12,120	\$18,665
Total Phase 1 Services	54.19		\$600,479
<u>Phase 2</u>			
Meister Way Slope (+40' north & south of flyover)	1.08	\$38,840	\$41,947
Meister Median	0.77	\$6,098	\$4,696
Other Landscaped Medians (4)	0.00	\$13,000	\$0
Neighborhood Park (west) (3)	2.2	\$15,000	\$33,300
Neighborhood Park (near commercial site) (3)	1.8	\$15,000	\$27,600
Neighborhood Park (adjacent school) (3)	9.8	\$15,000	\$147,150
School Paseo/mini-park	0.65	\$15,000	\$9,750
Open Space Freeway Buffer	16.92	\$2,500	\$42,300
Lake Access Paseos/Landscape Lots	1.12	\$15,000	\$16,800
Lake walk (22' perimeter path and landscape area)	4.82	\$17,400	\$83,868
Lake Management (excludes Lake walk)	16.23	\$7,500	\$121,725
Entry Features and Landscape Monumentation (TBD)	TBD	-	TBD
Open Space Bike Trail / Access Road	1.95	\$12,120	\$23,634
Total Phase 2 Services	57.41		\$552,770
<u>Contingency and Administration Costs</u>			
Contingency and Repair/Replacement			\$57,662
Administration (10%)			\$115,325
Total Contingency and Admin Costs			\$172,987
<u>Total Project Contingent Special Tax Summary</u>			
Subtotal Annual Maintenance			\$1,153,248
Subtotal Contingency and Admin Costs			\$172,987
Total Contingent Special Tax			\$1,326,235

- (1) Unit pricing estimates from City, DPGF, and Wood Rodgers
- (2) Represents the areas to be maintained through the Citywide L&L
- (3) Gross Acres
- (4) Placeholder for to-be-recorded phase 2 tentative map

EXHIBIT C

**City of Sacramento
Sacramento Services
Community Facilities District No. 2018-05**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

**CITY OF SACRAMENTO
SACRAMENTO SERVICES
COMMUNITY FACILITIES DISTRICT NO. 2018-05**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 and applicable to each Assessor's Parcel in the Sacramento Services Community Facilities District No. 2018-05 of the City of Sacramento will be levied and collected according to the tax liability the City determines through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by Section G below, will be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD unless a separate rate and method of apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

"Acre" means 43,560 square feet of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map or, if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map or other map recorded at the County Recorder's Office.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, set forth at California Government Code § 53311 through 53368.3.

"Administrative Expenses" means the actual or reasonably estimated costs related to administration of the CFD, including but not limited to the following:

- Costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or its designee or both).
- Costs of collecting, auditing, dispersing, and accounting for the Special Tax (whether by the County, the City, or otherwise).
- Costs incurred in responding to public inquiries regarding the Special Tax.
- Costs to the City or its designee related to any appeal of the Special Tax.
- Amounts estimated to be advanced for any other administrative purposes, including but not limited to attorney's fees and other costs related to collection of the Special Tax.
- Costs associated with annexations into the CFD.
- All other costs and expenses of the City and County in any way related to the administration of the CFD

“**Administrator**” means the City’s Special Districts Manager, his/her designee, or such other person or department as the City may designate to serve as Administrator of the CFD.

“**Affordable Unit**” means a Residential Unit that is subject to deed restrictions, resale restrictions, or regulatory agreements recorded on the property that provide housing for persons that meet Low-, Very Low-, or Extremely Low-Income levels pursuant to the California Health and Safety Code Sections 50079.5, 50105, or 50106. The Residential Unit shall no longer be considered an Affordable Unit following termination of the agreement containing covenants or similar instruments.

“**Airspace Parcel**” means a parcel with an assigned Assessor’s Parcel Number that constitutes vertical space of the underlying land.

“**Assessor’s Parcel**” means a lot or parcel (including an Airspace Parcel) that is shown on an Assessor’s Parcel Map and has an assigned Assessor’s Parcel Number.

“**Assessor’s Parcel Map**” means an official map of the County Assessor designating lots or parcels by Assessor’s Parcel Number.

“**Assessor’s Parcel Number**” means the number assigned to an Assessor’s Parcel by the County Assessor for purposes of identification.

“**Authorized Services**” means the public services authorized to be funded through the CFD.

“**Building Permit**” means a single permit or set of permits required to construct a residential or non-residential structure. If a permit is issued for a foundation, parking, landscaping, or other similar facility or amenity but a building permit has not yet been issued for the structure to be served by the facility or amenity, then the permit for the facility or amenity will not be considered a “Building Permit” for purposes of levying the Special Tax.

“**CFD**” means the Sacramento Services Community Facilities District No. 2018-05 of the City of Sacramento.

“**CFD Formation**” means the date on which the Resolution of Formation to form the CFD was adopted by the City Council.

“**City**” means the City of Sacramento, California.

“**City Council**” means the Sacramento City Council.

“**Condominium Property**” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure that meets the statutory definition of a condominium contained in Civil Code Section 1351, as determined by the City.

“**County**” means the County of Sacramento, California.

“Developed Property” means, in any Fiscal Year, all Taxable Property for which a Building Permit was issued before June 1 of the preceding Fiscal Year.

“Development Class” means, individually, Developed Property, Final Map Property, and Undeveloped Property.

“Escalation Factor” means, in any Fiscal Year, the lesser of: (i) the percentage increase, if any, in the Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose region (base years 1982-1984=100) (prior calendar year annual average) published by the Bureau of Labor Statistics of the United States Department of Labor, or, if such index no longer is published, a similar escalator that is determined by the City to be appropriate, and (ii) 4%.

“Exempt Property” means any of the following:

- Public Property.
- Owners Association Property.
- Assessor’s Parcels that are owned by a public utility and developed with an unoccupied facility.
- Assessor’s Parcels that are subject to a conservation, open space, recreation, or similar easement that precludes any use other than the use set forth in the easement, as determined by the City.
- Affordable Units.

“Final Map” means a final map or portion of a final map, approved by the City under the Subdivision Map Act (California Government Code § 66410 *et seq.*), that creates lots that do not need to be further subdivided prior to issuance of a Building Permit for a residential structure, as determined by the City. “Final Map” does not include any large-lot subdivision map, Assessor’s Parcel Map, or subdivision map, or any portion of such a map, that does not create lots that are in their final configuration.

“Final Map Property” means, in any Fiscal Year, all Assessor’s Parcels of Taxable Property for which a Final Map has recorded and which have not yet become Developed Property.

“Fiscal Year” means the period starting July 1 and ending on the following June 30.

“Land Use Category” means, individually, Single Family Detached Property, Single Family Attached Property, Condominium Property, Multi-Family Residential Property, and Non-Residential Property.

“Maximum Special Tax” means the Maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor’s Parcel.

“Multi-Family Residential Property” means all parcels of Developed Property for which Building Permits were issued for construction of a residential structure with three or more residential units that are offered for rent to the general public and cannot be purchased by individual homebuyers.

“Non-Residential Property” means all parcels of Developed Property for which Building Permits were issued for construction of an office, commercial, retail, industrial or mixed-use building, as determined by the City.

“Non-Residential Square Foot” means an individual square foot unit of the Non-Residential Square Footage of a structure.

“Non-Residential Square Footage” means the following:

- For buildings that do not include Residential Units, the gross square footage of the building as reflected on the Building Permit or, if the gross square footage is not specified on the Building Permit, as otherwise determined by the City.
- For buildings that include both Residential Units and non-residential land uses, the net saleable or net leasable square footage that is used or expected to be used for commercial, industrial, office, or other non-residential land uses, as determined by the Administrator.

“Other Residential Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property that are in a residential use but do not meet the definition of Single Family Detached Property, Single Family Attached Property, Condominium Property, or Multi-Family Residential Property, as determined by the Administrator.

“Owners Association” means any homeowners or property owners association (including any master or sub- association) that provides services to, and collects dues, fees, or charges from, owners of property within the CFD.

“Owners Association Property” means any property owned in fee or as an easement by an Owners Association, not including any such property that is located directly under a residential structure.

“Proportionately” means, for each Development Class, that the ratio of the actual Special Tax levied in any Fiscal Year to the Maximum Special Tax authorized to be levied in that Fiscal Year is equal for all parcels assigned to the Development Class.

“Public Property” means any property within the CFD that is owned by the City, the County, the State of California, the federal government, or other public agency, except that any property leased by a public agency to a private entity and subject to taxation under § 53340.1 of the Act will be taxed and classified in accordance with its use. Privately owned property will be considered Public Property if its development is otherwise constrained by public use and necessity through an easement, a lease, or a license.

“Residential Unit” means an individual single-family detached unit or an individual residential unit within a duplex, triplex, fourplex, townhome, condominium, or apartment structure. A secondary / accessory dwelling unit (granny flat) that shares an Assessor’s Parcel with a single-family-detached unit is not a Residential Unit for purposes of levying the Special Tax.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“SFD Lot” means an individual residential lot, identified and numbered on a recorded Final Map, on which a Building Permit has been or is permitted to be issued for construction of a Residential Unit without further subdivision of the lot and for which no further subdivision of the lot is anticipated pursuant to a Tentative Map.

“Single Family Detached Property” means, in any Fiscal Year, all Assessor’s Parcels for which a Building Permit was issued for construction of a Residential Unit that does not share a common wall with another Residential Unit.

“Single Family Attached Property” means, in any Fiscal Year, all Assessor’s Parcels of Developed Property for which a Building Permit was issued for construction of a residential structure consisting of two or more Residential Units that share common walls, have separate Assessor’s Parcel numbers assigned to them (except for a duplex unit, which may share an Assessor’s Parcel with another duplex unit), and are offered as for-sale units (which shall still be the case even if the Residential Units are purchased and subsequently offered for rent by the owner), not including residential structures that are Condominium Property.

“Special Tax” means a Special Tax levied in any Fiscal Year to pay the Tax Zone Special Tax Requirement.

“Tax Zone” means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this RMA. *All of the property within the CFD at CFD Formation is within Tax Zone 1.* Property may be annexed into Tax Zone 1, and additional Tax Zones may be created when property is annexed into the CFD. Separate Maximum Special Taxes may be identified for property within the new Tax Zone at the time of such annexation. The Assessor’s Parcels included within a new Tax Zone established when such parcels are annexed to the CFD shall be identified by Assessor’s Parcel Number in the Unanimous Approval Form that is signed by the owner(s) of the parcels at the time of annexation.

“Tax Zone 1” means the property included in the CFD at CFD Formation and any property that is part of the same development project that is subsequently annexed into Tax Zone 1.

“Tax Zone Budget” means, in any Fiscal Year, the City’s estimate of costs for Authorized Services within a particular Tax Zone for that Fiscal Year, net of any surplus amounts available (as determined by the City) from the levy of the Special Tax in the Tax Zone in prior Fiscal Years, including revenues from collection of delinquent Special Taxes and associated penalties and interest.

“Tax Zone Special Tax Requirement” means the amount of revenue needed from a particular Tax Zone in any Fiscal Year to pay: (i) the Tax Zone Budget for that Tax Zone, (ii) Administrative Expenses associated with the Tax Zone, which may include a proportional share of Administrative Expenses incurred by the City associated with general administration of the CFD, and (iii) amounts needed to cure any delinquencies in the payment of Special Taxes which have occurred in the Tax Zone in the prior Fiscal Year.

“Taxable Property” means all property within the CFD that is not exempt from the Special Tax pursuant to law or Section G below.

“Tentative Map” means a map that is: (i) made for the purpose of showing the design of a proposed subdivision, including the individual SFD Lots that are expected within the subdivision, as well as the conditions pertaining thereto, (ii) not based on a detailed survey of the property within the map, and (iii) not recorded at the County Recorder’s Office to create legal lots.

“Unanimous Approval Form” means that form executed by the record owner of fee title to one or more Assessor’s Parcels annexed into the CFD that constitutes a property owner’s approval and unanimous vote in favor of annexing into the CFD and the levy of the Special Tax against his/her Assessor’s Parcel(s) pursuant to this RMA.

“Undeveloped Property” means, for each Fiscal Year, all Taxable Property not classified as Final Map Property or Developed Property.

B. DATA FOR ADMINISTRATION OF SPECIAL TAX

On or about July 1 of each Fiscal Year, the Administrator shall identify the Tax Zone Special Tax Requirement for each Tax Zone for the Fiscal Year. The Administrator shall also determine the following for each Assessor’s Parcel: (1) the current Assessor’s Parcel Number; (2) the Tax Zone within which each Assessor’s Parcel is located, (3) whether it is Developed Property, Final Map Property, or Undeveloped Property; (4) for Single Family Attached Property, Condominium Property, and Multi-Family Residential Property, the number of Residential Units on the Assessor’s Parcel, and (5) for Non-Residential Property, the Non-Residential Square Footage of each building on the Assessor’s Parcel.

In any Fiscal Year, if the Administrator determines—

- that a Final Map or other map for an Assessor’s Parcel within the CFD was recorded after April 30 of the prior Fiscal Year (or on any other date after which the County Assessor will not incorporate the newly created parcels into the then-current tax roll);
- that because of the date the map was recorded, the County Assessor does not yet recognize the new parcels created by the map; and

- that one or more of the newly created parcels is in a different Development Class from other parcels created by the map,

then the Administrator shall calculate the Special Tax for the property affected by recordation of the map by determining the Special Tax that applies separately to the property within each Development Class and then applying the sum of the individual Special Taxes to the Assessor’s Parcel that was subdivided by recordation of the map.

C. MAXIMUM SPECIAL TAX

1. Developed Property

Table 1 below identifies the Maximum Special Tax for Developed Property within Tax Zone 1. For property that annexes into the CFD, different maximum rates for Developed Property may be established by creating a separate Tax Zone for such annexed property. Alternatively, property may be annexed into Tax Zones that were established prior to the annexation, and such property shall be subject to the Maximum Special Tax for Developed Property applicable to that Tax Zone.

**Table 1
Maximum Special Tax for Developed Property in Tax Zone 1**

Land Use Category	Maximum Special Tax (Fiscal Year 2018-19)*
Single Family Detached Property	\$587 per Residential Unit
Single Family Attached Property	\$587 per Residential Unit
Condominium Property	\$587 per Residential Unit
Multi-Family Residential Property	\$329 per Residential Unit
Non-Residential Property	\$0.41 per Non-Residential Square Foot
Other Residential Property	\$6,184 per Acre

*** On July 1, 2019, and on each July 1 thereafter, the Maximum Special Taxes shown above will be increased by the Escalation Factor.**

If, in any Fiscal Year, the Administrator determines that an Assessor’s Parcel of Developed Property is built or proposed to be built with both Residential Units and non-residential land uses, the Maximum Special Tax for the Assessor’s Parcel shall be determined as follows:

- Step 1.** Calculate the aggregate Maximum Special Tax that can be levied on all Residential Units in the building.
- Step 2.** Calculate the aggregate Maximum Special Tax that can be levied on all Non-Residential Square Footage in the building.

Step 3. The Maximum Special Tax for the Assessor's Parcel shall be the sum of the amount calculated in Step 1 for residential property and the amount determined in Step 2 for Non-Residential Property.

2. Final Map Property

The Fiscal Year 2018-19 Maximum Special Tax for Final Map Property in Tax Zone 1 is \$6,184 per Acre, which amount shall increase on July 1, 2019 and each July 1 thereafter by the Escalation Factor. For property that annexes into the CFD, different maximum rates may be established for Final Map Property by creating a separate Tax Zone for such annexed property. Alternatively, property may be annexed into Tax Zones that were established prior to the annexation, and such property shall be subject to the Maximum Special Tax for Final Map Property applicable to that Tax Zone.

3. Undeveloped Property in Tax Zone 1

For Assessor's Parcels of Undeveloped Property in Tax Zone 1, the Maximum Special Tax is \$6,184 per Acre for Fiscal Year 2018-19, which amount shall increase on July 1, 2019 and each July 1 thereafter by the Escalation Factor. For property that annexes into the CFD, a different maximum special tax may be established for Undeveloped Property by creating a separate Tax Zone for such annexed property. Alternatively, property annexed into Tax Zones that were established prior to the annexation shall be subject to the Maximum Special Tax for Undeveloped Property that is applicable to that Tax Zone.

D. CHANGES TO MAXIMUM SPECIAL TAX

1. Annual Escalation

Beginning July 1, 2019 and each July 1 thereafter, the Maximum Special Taxes set forth in Section C above, and the Maximum Special Tax assigned to each Assessor's Parcel shall be increased by the Escalation Factor.

2. Land Use Changes

If an Assessor's Parcel in the CFD is rezoned or otherwise changes land use prior to becoming Developed Property, the City may, in its sole discretion, move the Assessor's Parcel to a different Tax Zone based on the maintenance and services needed to serve the Assessor's Parcel after the change in land use. If an Assessor's Parcel rezones after being taxed as Developed Property in prior Fiscal Years, the City can either continue to apply the Maximum Special Tax that applied prior to the land use change or, in the City's sole discretion, move the parcel to a different Tax Zone.

3. Conversion of an Assessor's Parcel of Public Property to Private Use

If, in any Fiscal Year, an Assessor's Parcel of Public Property is converted to private use, such Assessor's Parcel shall be subject to the levy of the Special Tax. The Maximum Special Tax for each such Assessor's Parcel shall be determined based on the Tax Zone in which the Assessor's Parcel is located and the land use on or expected on the Assessor's Parcel, as determined by the Administrator.

E. METHOD OF LEVY OF SPECIAL TAX

Each Fiscal Year, the Administrator shall determine the Tax Zone Special Tax Requirement to be collected in that Fiscal Year from each Tax Zone; the City shall then levy the Special Tax according to the following steps:

- Step 1.** The Special Tax will be levied Proportionately on Developed Property within a particular Tax Zone up to 100% of the Maximum Special Tax for each Assessor's Parcel in that Tax Zone until the amount levied is equal to the Tax Zone Special Tax Requirement.
- Step 2.** If additional revenue is needed after Step 1 to meet the Tax Zone Special Tax Requirement, the Special Tax will be levied Proportionately on Final Map Property in that Tax Zone up to 100% of the Maximum Special Tax for each Assessor's Parcel of Final Map Property in the Tax Zone.
- Step 3.** If additional revenue is needed after Step 2 to meet the Tax Zone Special Tax Requirement, the Special Tax will be levied Proportionately on Undeveloped Property up to 100% of the Maximum Special Tax for each Assessor's Parcel of Undeveloped Property in the Tax Zone.

F. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax will be collected in the same manner and at the same time as ordinary ad valorem property taxes, except that the City may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner, and may collect delinquent Special Taxes through foreclosure or other available methods. The Special Tax will be levied and collected in perpetuity.

G. EXEMPTIONS

Notwithstanding any other provision of this RMA, the Special Tax will not be levied in any Fiscal Year on Exempt Property.

H. RECORDS MAINTAINED FOR THE CFD

As development occurs in the CFD, the Administrator shall maintain a file containing records of the following information for each Assessor's Parcel:

- The current Assessor's Parcel Number
- The current Final Map status for the Assessor's Parcel
- The current Building Permit status for the Assessor's Parcel
- The designated and existing uses for the Assessor's Parcel
- The total number of Residential Units assigned to the Assessor's Parcel
- The Maximum Special Tax assigned to the Assessor's Parcel

I. INTERPRETATION OF SPECIAL TAX FORMULA

The City Council may, by resolution, interpret this RMA for purposes of clarifying any vagueness or ambiguity in the Special Tax rates, method of apportionment, classification of properties, and definitions applicable to the CFD. The City Council's interpretation will be conclusive. In addition, the City, upon request of an owner of land that is not Developed Property, may amend this RMA to reallocate the Special Tax applicable to such owner's land in a manner acceptable to the City, without resolution or ordinance of the City Council, upon the affirmative vote of such owner and without the vote of owners of any other land within the CFD, provided such amendment: (i) only affects such owner's land, and (ii) provides for a Special Tax distribution upon development of such land which is reasonably proportional and consistent with Special Tax rates provided for in Section C (including escalations thereto) for similar land uses and is compliant with the tax assessment loan exception contained in U.S. Treasury Regulation Section 1.141-5(d), as determined by the City.

J. APPEALS

A taxpayer who believes that the amount of the Special Tax assigned to the taxpayer's Assessor's Parcel is in error may file a notice with the Administrator, who will then promptly review the appeal and, if necessary, meet with the taxpayer. If the Administrator determines that the Special Tax should be modified, then the Special Tax levy will be corrected and, if applicable, a credit or refund will be granted. The Administrator may do the following without the City Council's approval:

- (1) Interpret this RMA for purposes of clarifying matters as they relate to the Special Tax rate, the method of apportionment, the classification of properties, or the definitions applicable to the CFD.
- (2) Make minor, non-substantive administrative and technical changes to this RMA for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law, but only if the changes do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax.