



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 1/11/2011

Report Type: Public Hearing

Title: Neighborhood Park Maintenance CFD 2002-02 Unanimous Consent Process-Public Hearing

Report ID: 2011-00011

Location: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt a Resolution establishing the future annexation area and levying a special tax within annexed areas.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788, Finance Department

Presenter: Mark Griffin, Fiscal Manager, (916) 808-8788, Finance Department

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

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- 1-Description/Analysis
 - 02-Background
 - 03-Map of Future Annexation Area
 - 04-Schedule of Proceedings
 - 05-Resolution Establishing the Future Annexation Area
 - 06-Exhibit A, Area Map of Existing and Proposed Boundaries
 - 07-Exhibit B, List of Authorized Services
 - 08-Exhibit C, Rate and Method of Apportionment of Special Tax
 - 09-Attachment 1 to Exhibit C, Maximum Special Tax Rates
 - 10-Hearing Report

City Attorney Review

Approved as to Form
Jeffrey C. Heeren
1/6/2011 11:27:24 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
12/28/2010 2:12:30 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 1/6/2011 8:17:00 AM

Assistant City Manager: Patti Bisharat - 1/6/2011 9:30:35 AM

Eileen Teichert, City Attorney

Shirley Concolino, City Clerk
Gus Vina, Interim City Manager

Russell Fehr, City Treasurer

Description/Analysis

Issue: Enhancement to the procedure for annexation of new residential development into the City's existing Neighborhood Park Maintenance Community Facilities District is needed to avoid delays in the process of finalizing new residential development maps.

To mitigate the impacts of new development, the City may condition new residential development on a means to fund park maintenance and related services. To meet this condition, applicants may choose, for example, to create an endowment, to form an assessment district, form a new Community Facilities District, or annex into the City's existing Neighborhood Park Maintenance Community Facilities District—a Mellos-Roos special tax district.

Most applicants annex the property into the City's existing Neighborhood Park Maintenance Community Facilities District No. 2002-02 (District). Such an annexation, however, follows a process identical to an original District formation, with four Council meetings, one of which is a public hearing—a process that takes approximately three months.

An alternative procedure permitted under the Mellos-Roos Act allows for annexation into the District with the unanimous approval of all owners of property to be annexed. No further public hearings are required. Implementation of the unanimous approval process will solve logistical and policy concerns that arise because of the current process.

Annexation into the District as a means to fulfill a map condition to mitigate the impacts of the development can only be guaranteed if it can be completed before the final map is permitted to be recorded. However, since the original formation of the District in 2002, this has been difficult to achieve and maps are often not held, or are batched into one periodic process. This has been done for two very practical reasons. First, the annexation process would often require that a map be held for an extended period of time, often to the detriment of a developer. Second, many maps can be in process at any one time, requiring, to be at all manageable, a batching of maps into one process.

To allow for the completion of annexations prior to the recordation of a final map, without holding up maps or batching, staff recommends the modification of the existing procedure to allow for annexations with the unanimous approval of the property owners.

No other aspects of the District are being modified.

Policy Considerations: This change in procedure is being initiated under authority of Government Code, Sections 53311-53368.3, entitled "The Mello-Roos Community Facilities Act of 1982."

Environmental Considerations:

California Environmental Quality Act (CEQA): Under California Environmental Quality Act (CEQA) Guidelines, administration and annexation into a CFD does not constitute a project and therefore is exempt from review.

Sustainability Considerations: There are no sustainability considerations applicable to the administration of a special district.

Commission/Committee Action: None

Rationale for Recommendation: The actions in the recommended Resolution will provide for a more efficient and effective process as allowed by the Mello-Roos Community Facilities Act of 1982 (in Government Code sections 53339-53339.9) for annexation into an existing CFD.

Financial Considerations: The District has been structured to reduce reliance on the General Fund for neighborhood park maintenance as a result of new development and to preserve the level of maintenance in the parks system as this future residential development occurs. To the extent that new development does not participate in this District, the operation and maintenance of associated new parks remains unfunded.

Revenues from the District provide approximately 65-70 percent of the cost associated with maintaining new neighborhood parks for those areas annexed to the District. The balance of costs will be borne by the Citywide Landscape and Lighting District and other City funds. The maximum annual special tax rates levied on new residential properties for Fiscal Year (FY) 2010/11 are \$56.38 per single family parcel and \$32.88 per multi-family unit.

The special tax may be adjusted based on the change in the Consumer Price Index (CPI) for the preceding 12 months. However, the annual increase cannot exceed 4 percent.

Emerging Small Business Development (ESBD): None. No goods or services are being purchased.

BACKGROUND

In 2002, City Council approved formation of the Neighborhood Park Maintenance Community Facilities District (District) by Resolutions 2002-302, 2002-446, and Ordinance 2002-026. This District provides a funding mechanism to help the Parks and Recreation Department maintain neighborhood parks. To mitigate the impacts of new development, the City may condition new residential development on a means to fund park maintenance and related services. To meet this condition, applicants may choose, for example, to form an assessment district, form a new Community Facilities District, or annex into the City's existing District.

Most applicants annex the property into the City's existing District. The current process requires four Council meetings, one of which is a public hearing, over a period of three months. The process is identical to a new district formation, even though the landowners have already agreed to join the District during the process of map approval.

State law provides for an alternative method under Government Code Section 53339.7 that allows for annexation with the unanimous approval of all owners of property to be annexed. No further public hearings regarding annexation are required. In addition to eliminating Council items, speeding up the process, and simplifying the logistics associated with the current process, the alternative method will:

- meet developer needs for the timely processing of maps;
- ensure that new developments meet obligations to mitigate impacts.

To implement the alternative procedure, a "Future Annexation Area" must be specified within which all potential unanimous approval annexations could occur. In the case of the District, the Future Annexation Area is the City boundary. Future residential maps within the Future Annexation Area can be annexed with the unanimous approval of the property owner(s). The Future Annexation Area is shown on the map included as Attachment 2. The blacked out areas are already in the District. These blacked out areas will not be included in the Future Annexation Area.

Applicants who wish to annex their property to the District would sign forms, prepared by the City Attorney's Office, by which they indicate their desire to annex and their consent to the imposition of the special tax on their property. The City would then record (1), a boundary map reflecting the annexation and (2), a notice of special tax lien. Once recordation is done, annexation will be complete and the map condition of mitigating impacts to park maintenance will be fulfilled.

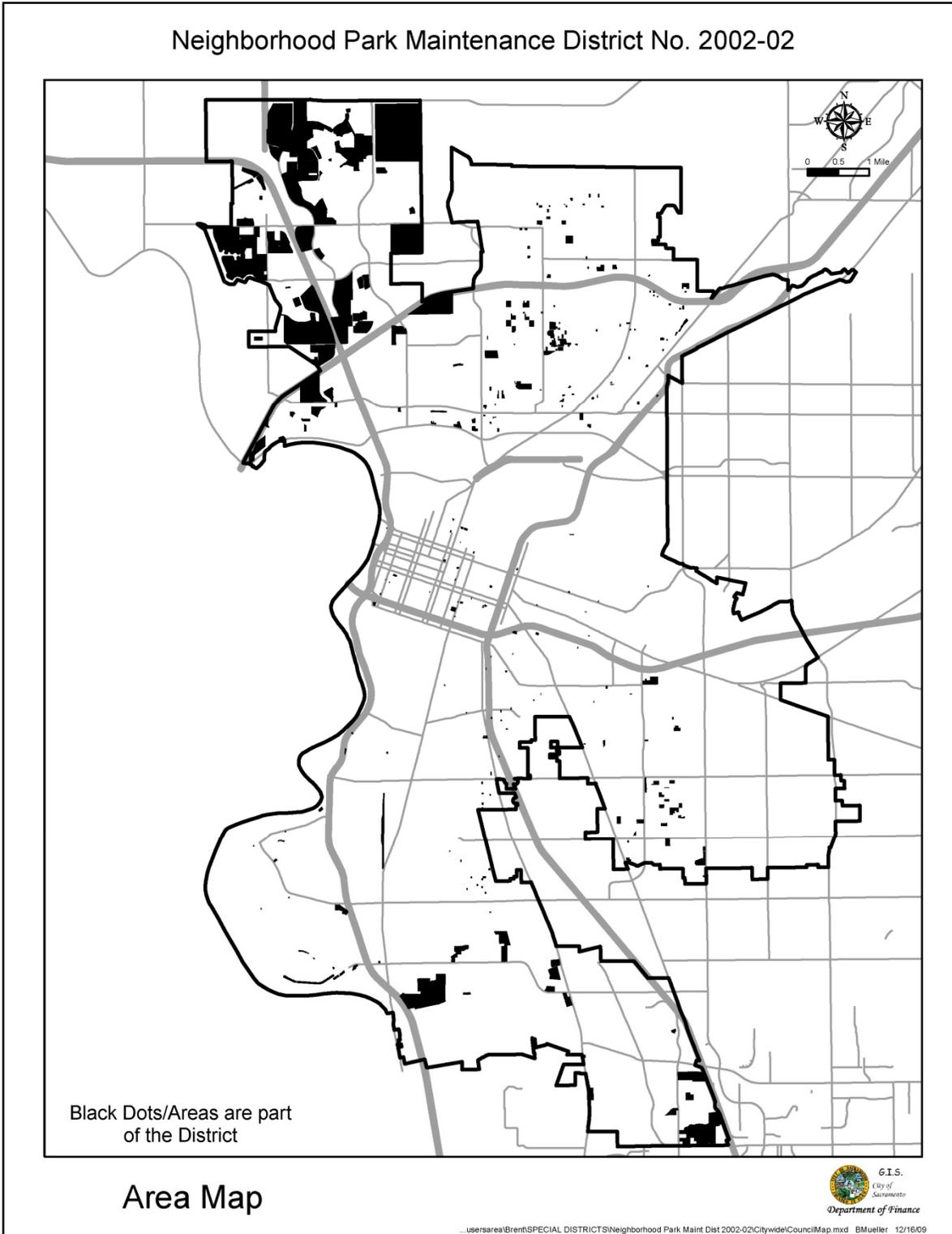
Except for the annexation procedure, nothing else will change in this District. The scope of services, the level of special taxes, the method of adjustment, are not changed by the recommended action. The attached Resolution establishes the territory proposed for future annexation into the District, identifies the services to be funded, includes the Hearing Report, and states Council's intent to levy a special tax to pay for

those services when new residential developments are annexed.



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Map of Future Annexation Area





SCHEDULE OF PROCEEDINGS

Neighborhood Park Maintenance Community Facilities District No. 2002-02 - To Provide For The Future Annexation Of Territory And To Levy A Special Tax Within the Annexed Territory To Finance Neighborhood Park Maintenance Services

November 30, 2010

City Council – Resolution of Intention

December 30, 2010

Publish Notice of Hearing

January 11, 2011

City Council – Public Hearing



RESOLUTION NO.

Adopted by the Sacramento City Council

RESOLUTION ESTABLISHING THE FUTURE ANNEXATION AREA FOR THE NEIGHBORHOOD PARK MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2002-02 AND LEVYING A SPECIAL TAX WITHIN ANNEXED AREAS TO FINANCE PARKS MAINTENANCE AND RELATED SERVICES

BACKGROUND:

- A. The City Council (the “Council”) of the City of Sacramento (the “City”) has previously established, through Resolution Numbers 2002-302 and 2002-446 and Ordinance Number 2002-026, the Neighborhood Park Maintenance Community Facilities District No. 2002-02 (the District) under the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 to 53368.3) (the Act), and has previously levied a Special Tax on new residential property in the District to pay for neighborhood parks maintenance and related services to be provided within the District, all in accordance with the Act and Title 3, Chapter 3.124, of the Sacramento City Code (“Chapter 3.124”).
- B. On November 30, 2010, the Council adopted Resolution No. 2010-679 (the "Resolution of Intention") declaring among other things its intention to provide for the possible future annexation to the District of the territory identified in Exhibit A, on condition that when using this procedure parcels within that territory may be annexed into the District only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed and with the boundaries of future annexed parcel or parcels to be included in the District being more particularly described and shown on maps entitled substantially similar to "THE NEIGHBORHOOD PARK MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2002-02 Annexation No.____ (each map/annexation will be numbered consecutively).”
- C. The Resolution of Intention fixed January 11, 2011, in the Council Chambers at City Hall, 915 I Street, First Floor, Sacramento, California, as the time and place for a Public Hearing to consider the future annexation of territory pursuant to Section 53339.2 of the Act, the levying of Special Taxes within the territory proposed to be annexed in the future, and all other matters set forth herein.
- D. The Public Hearing was duly convened by the Council and all protests received by the Clerk were presented to the City Council.
- E. At the public hearing the Council duly considered all protests and heard and considered testimony at such public hearing from all interested persons, including all taxpayers, property owners and registered electors within the

existing District and the Future Annexation Area, for or against the identification of territory for possible future annexation to the community facilities district, the levying of a special tax within the territory proposed to be annexed in the future, and any other matters set forth in the Resolution of Intention, and the City Council at the conclusion of the public hearing was fully advised and was authorized to proceed as provided herein.

- F. The Council has determined that the establishment of the future annexation area and procedure is consistent with and follows the local goals and policies concerning the use of the Act that have been adopted by the Council and are now in effect. The District was formed solely to provide parks maintenance services and for related purposes, and will not finance capital improvements or issue bonds. Public convenience and necessity may require that territory be added to the District in the future. The territory proposed for possible annexation in the future is shown in Exhibit A, attached hereto and incorporated herein.
- G. All services will be shared in common between the District and the territory proposed to be annexed in the future and no new or additional services beyond those described in the District's Resolution of Formation, and as shown in the attached Hearing Report, will be provided in the territory proposed to be annexed to the District, all of which are as authorized by the Act and by Chapter 3.124.

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

- Section 1.** The above recitals are true, and the Council so finds and determines.
- Section 2.** The Council finds and determines that written protests to the proposed identification of territory for possible future annexation to the District, or the levy of the special tax in the Future Annexation Area, are insufficient in number and in amount under the Act, and the Council hereby further orders and determines that all protests are hereby overruled.
- Section 3.** The Council hereby reapproves and readopts the Resolution of Intention, and reconfirms all of its findings and determinations contained therein. The Council hereby provides for the possible future annexation to the District of the territory identified in Exhibit A, on condition that when using this procedure parcels within that territory may be annexed into the District only with the unanimous approval of the owner or owners of each parcel or parcels at the time that parcel or those parcels are annexed and with the boundaries of future annexed parcel or parcels to be included in the District being more particularly described and shown on maps entitled substantially similar to "THE NEIGHBORHOOD PARK MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2002-02 Annexation No.__(each map/annexation will be numbered consecutively)." Such maps are hereby authorized to be filed with the

City Clerk (the Clerk) at the time of future annexation and the Clerk is hereby authorized and directed to record a copy of such maps with the County Recorder of Sacramento County in accordance with the provisions of Section 3111 of the Streets and Highways Code of the State of California.

Section 4. The Council hereby calls for unanimous consent in the Future Annexation Area to the District and to authorize the levy of a special tax therein (as the rate, method of apportionment and manner of collection of such tax is more particularly set forth herein) to finance Park Maintenance and related services proposed for the District when future annexations are requested by property owners within the Future Annexation Area. The Council hereby proposes to levy a Special Tax annually within the territory proposed to be annexed in the future, when the territory is annexed, sufficient to pay that territory's share of the cost of the services to be provided as described herein, together with all costs incurred to carry out the authorized purposes of the District, as well as all costs incidental to the administration of the District. The Special Tax is to be collected as a separately stated item on the county property-tax bill, but the Council reserves the right to change the method of collection at any time. The Special Tax shall be apportioned according to the number of Residential Units assigned to a parcel, at the per annum tax rates specified in the "Rate and Method of Apportionment of Special Tax," attached hereto as Exhibit C and incorporated herein by this reference. The rates shown in Exhibit C are maximum rates. The Special Tax levied on all parcels may be escalated for inflation under Chapter 3.124, as specified in Exhibit C. If tax collections at the stated rates exceed the amount required to pay the Annual Costs, the rates may be reduced in accordance with the formula set forth in Exhibit C. The Special Tax levied and to be collected hereunder shall be in perpetuity, unless and until the need for the parks maintenance and related services no longer exists.

Section 5. The services to be provided in the territory proposed to be annexed in the future are those services described in the District's Resolution of Formation. The plan required by Section 53339.3 subdivision (c) of the Act for providing services to the territory to be annexed in the future will be the same as set forth in the existing District.

Section 6. The Council authorizes and directs the City Attorney to approve forms for the unanimous consent including but not limited to petition for annexation of territory and unanimous consent to such annexation and levy of the Special Tax pursuant to the Mello-Roos Community Facilities Act of 1982, and if necessary waiver of consent regarding certain time and conduct requirements relating to special landowner election, and the Council hereby finds that the rights, procedures and time periods therein waived are solely for the protection of the voters and may be waived

under Section 53326(a) of the Government Code of the State of California, and that such forms and waivers shall constitute full and knowing waivers by each voter who executes the form of those rights, procedures and time periods.

- Section 7.** The Council hereby authorizes and directs the City Clerk to record boundary maps reflecting the annexation after unanimous consent.
- Section 8.** The Council hereby authorizes and directs the City Clerk to file the Notice of Special Tax Lien within 15 days of the date of the property owner unanimous consent, as provided for in Section 3114.5 of the Streets and Highways Code of the State of California.
- Section 9.** There shall be no alteration in the Special Tax rate levied in the existing District and the maximum tax rate in the existing District may not be increased as a result of the future annexation of territory pursuant to this resolution.
- Section 10.** The Exhibits to this Resolution are a part of this Resolution.

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Exhibit A: Map of Future Annexation Area – 1 Page

Exhibit B: List of Authorized Services – 1 Page

Exhibit C: Rate and Method of Apportionment of Special Tax – 7 Pages

Attachment 1 to Exhibit C: Maximum Annual Special Tax Rates – 1 Page

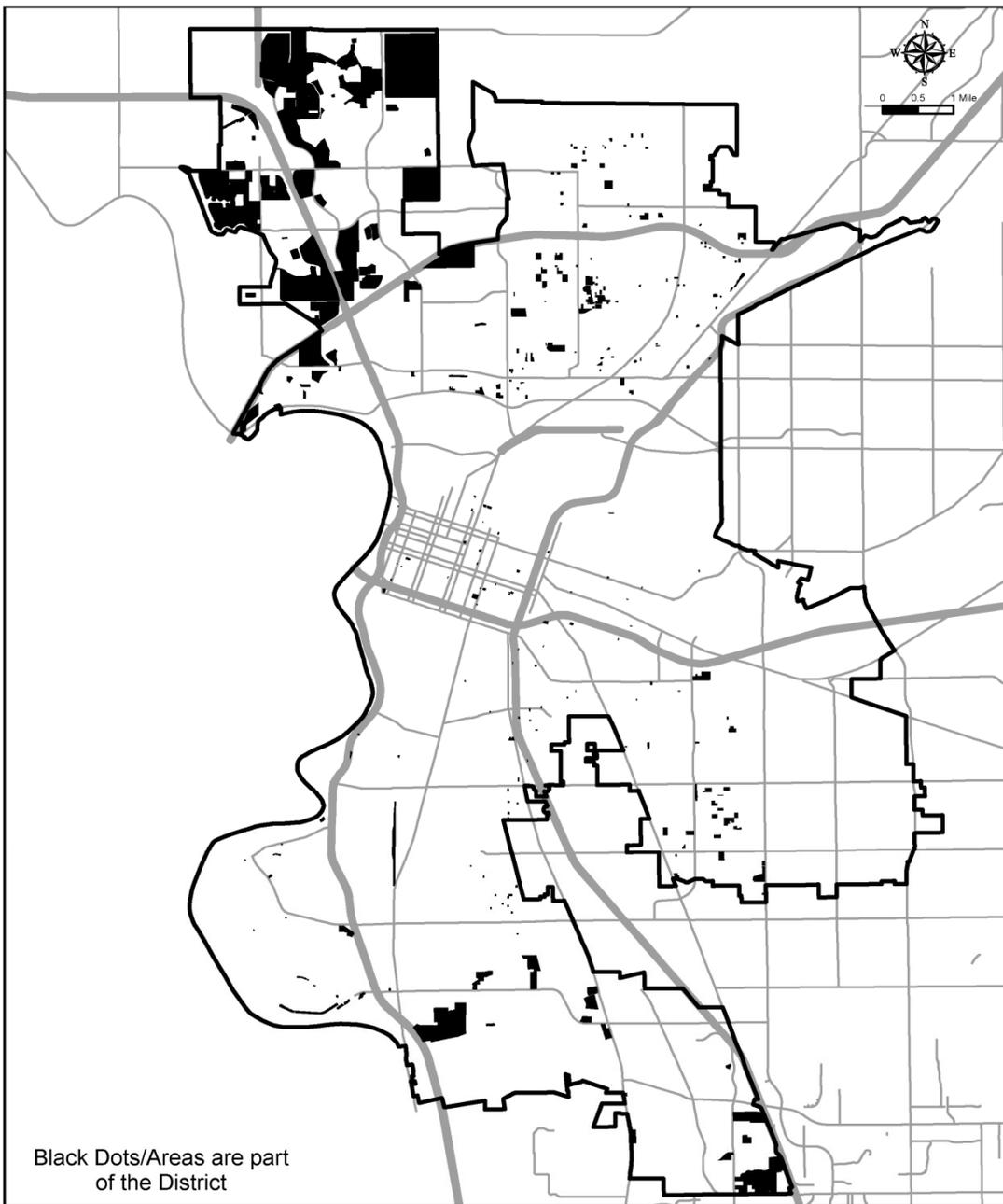
Exhibit D: City of Sacramento Neighborhood Park Maintenance District CFD No. 2002-02 Hearing Report for Future Annexation Territory – 25 pages



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EXHIBIT A Map Of Future Annexation Area

Neighborhood Park Maintenance District No. 2002-02



Black Dots/Areas are part
of the District

Area Map



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EXHIBIT B

City of Sacramento, California
Neighborhood Park Maintenance
Community Facilities District No. 2002-02

LIST OF AUTHORIZED SERVICES

The authorized services include those set forth below in addition to the costs associated with collecting and administering the Special Taxes, and annually administering the District. The Special Taxes may be levied to pay for any authorized services or to accumulate funds for that purpose. The primary function of the Community Facilities District (CFD) is to fund the maintenance of neighborhood parks in the City of Sacramento. The CFD's authorized services include the following:

1. The maintenance of landscaping, recreation facilities, irrigation facilities, lighting, necessary maintenance equipment, and other appurtenances and improvements within neighborhood parks (including those areas designated as neighborhood serving in conjunctive use park land within drainage detention basins, community parks, regional parks and parkway systems)
2. CFD formation and annual administration of the District
3. Other miscellaneous services related to items 1 or 2, including planning, engineering, legal, elections, and administration.

EXHIBIT C

City of Sacramento, California
Neighborhood Park Maintenance
Community Facilities District No. 2002-02

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in Neighborhood Park Maintenance Community Facilities District No. 2002-02 (the "CFD") of the City of Sacramento (the "City") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"Administrative Expenses" means the actual or estimated costs incurred by the City to form the CFD and to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and legal counsel; the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the City.

"Annexation Parcel" means a Parcel which was not included within the boundaries of the CFD at the time of formation. Parcels are required to annex to the District based upon City policy.

"Annual Costs" means for each Fiscal Year, the total of 1) Authorized Services 2) Administrative Expenses; and 3) any amounts needed to cure actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

"Assessor" means the Assessor of the County of Sacramento.

"Authorized Services" mean those services authorized for funding under the CFD, as listed in the resolution forming the CFD.

"Base Fiscal Year" means the Fiscal Year beginning July 1, 2002 and ending

June 30, 2003.

“**CFD**” means the Neighborhood Park Maintenance Community Facilities District No. 2002-02 of the City of Sacramento, California.

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

“**Condominium/Townhouse Residential Parcel**” means a Parcel created by a subdivision map, building permit, or action of the County Assessor, that creates individual condominium or townhouse Parcels. The number of Residential Units assigned to each Condominium/Townhouse Parcel is determined by the number of condominium or townhouse units created by subdivision map or building permit for each Parcel.

“**Council**” means the City Council of the City of Sacramento acting for the CFD under the Act.

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

“**Developed Parcel**” means a Parcel that has a recorded final subdivision map or has been issued a building permit or special use permit for the land uses stated below:

Land Use	Developed Parcel Trigger
Single Family Residential Parcel(s)	-Final Subdivision Map
Condominium/Townhouse Residential Parcel(s)	-Final Subdivision Map
Duplex/Half-plex/Tri-plex Residential Parcel(s)	-Building Permit
Multi-Family Residential Parcel(s)	-Building Permit
Mobile Home Park Parcel(s)	-Special Use Permit
Mixed Use Parcel(s)	-Building Permit

“**Duplex/Tri-plex Residential Parcel**” means a Parcel with a building permit for a duplex or a tri-plex residential use. The number of Residential Units assigned to a Duplex/Tri-plex Residential Parcel is two for a duplex residential structure and three for a tri-plex residential structure.

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

“**Maximum Annual Special Tax**” means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the Residential Units assigned to each Developed Parcel.

“Maximum Annual Special Tax Rate” means the amount shown in **Attachment 1** for a Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Parcel based on its land use classification.

“Maximum Annual Special Tax Revenue” means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

“Mixed Use Parcel” means a Parcel with a building permit for a mix of uses, which includes residential uses. The number of Residential Units assigned to a Mixed Use Parcel is determined at building permit issuance for the original structure, or by subsequent building permits issued for further tenant improvements.

“Mobile Home Park Parcel” means a Parcel with a special use permit for a mobile home park. The number of Residential Units assigned to the Mobile Home Park Parcel is determined by the number of spaces available for the placement of mobile homes.

“Multi-Family Residential Parcel” means a Parcel with a building permit for multi-family residential use. The number of Residential Units assigned to a Multi-Family Residential Parcel is determined at building permit issuance.

“Non-Residential Use Parcels” means Parcels designated for commercial, industrial, office, or other non-residential uses. Parcels with uses other than residential uses are Tax-Exempt.

“Parcel” means any Assessor's parcel in the CFD based on the equalized tax rolls of the County as of March 1 of each Fiscal Year.

“Parcel Number” means the Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of March 1 of each Fiscal Year.

“Public Parcel” means, except as otherwise provided herein, any Parcel, that is publicly owned, not used for residential purposes, and normally exempt from the levy of general *ad valorem* property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways; public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel shall be a Tax-Exempt Parcel.

“Residential Unit(s)” means the number of taxable residential dwelling units assigned to a Parcel based on its Developed Parcel tax category assignment.

“Single Family Residential Parcel” means a single family residential lot created by the recordation of a final subdivision map, which has a building permit issued for a single family residential dwelling. A Single Family Residential Parcel is

assigned one Residential Unit.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD.

“Tax Collection Schedule” means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

“Taxable Parcel” means any Parcel that is not a Tax-Exempt Parcel.

“Tax Escalation Factor” means an annual percentage increase in the Maximum Annual Special Tax Rate based upon the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers (CPI-U) Index, not to exceed 4% in any given year.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are (i) Public Parcels including developed parcels acquired by a public agency (subject to the limitations set forth in **Section 4**, below), (ii) Undeveloped Parcels, or (iii) Non-Residential Use Parcels. Privately owned Parcels that are non-developable, such as common areas, wetlands, and open space, are exempt from the levy of Special Taxes as determined by the City.

“Undeveloped Parcel” means a Parcel that is not a Developed Parcel or a Non-Residential Use Parcel.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the service tax in perpetuity.

4. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions above, the parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall classify each Parcel as a Tax-Exempt Parcel or Taxable Parcel. Only Taxable Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to timely correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

B. Assignment of Maximum Annual Special Tax. By August 1 of each Fiscal Year, using the Definitions from **Section 2** and the Maximum Annual Special Tax Rates from **Attachment 1**, the Finance Director shall assign the Maximum Annual Special Taxes to Parcels as follows:

1) **Developed Parcels:** Parcels shall be assigned a Maximum Annual Special

Tax using the following steps. The Maximum Annual Special Tax Rate is increased by the Tax Escalation Factor in each Fiscal Year after the Base Fiscal Year.

- a. **Single Family Residential Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Single Family Residential Parcels by the number of Residential Units assigned to the Parcel.
 - b. **Duplex/Half-Plex/Tri-plex Residential Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Duplex/Half-Plex/Tri-plex Residential Parcels by the number of Residential Units assigned to the Parcel.
 - c. **Multi-Family Residential Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Multi-Family Residential Parcels by the number of Residential Units assigned to the Parcel.
 - d. **Condominium/Townhouse Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Condominium/Townhouse Parcels by the number of Residential Units assigned to the Parcel.
 - e. **Mixed Use Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Mixed Use Parcels by the number of Residential Units assigned to the Parcel.
 - f. **Mobile Home Park Parcels**. The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Mobile Home Park Parcels by the number of Residential Units assigned to the Parcel.
- 2) **Annexation Parcels**: The City will require the periodic annexation of Parcels to the CFD. When Parcels are annexed to the CFD, the City will first determine if they are Taxable or Tax-Exempt, using the Definitions in **Section 2**. For Developed Parcels, the City will assign the number of Residential Units for each Parcel based on Assessor Parcel records, building permit or special use permit records, recorded final subdivision map, or other relevant information obtained by the City. The City then shall assign a Maximum Annual Special Tax Rate to Developed Parcels using the Definitions in **Section 2** and **Attachment 1** (applying the Tax Escalation Factor as permitted) and calculate the Maximum Annual Special Tax following the steps in **Section 4.B(1)**.
- 3) **Conversion of a Tax-Exempt Parcel to a Taxable Parcel**: If a Public Parcel is not needed for public use and is converted to private residential use, it shall become subject to the Special Tax. A Maximum Annual Special Tax Rate will be assigned using the Definitions in **Section 2** and **Attachment 1** (applying the Tax Escalation Factor as permitted) and calculate the Maximum Annual

Special Tax following the steps in **Section 4.B(1)**.

- 4) **Taxable Parcels Acquired by a Public Agency**: A Taxable Parcel that is acquired by a public agency after the CFD is formed will be re-classified as Tax-Exempt provided it is determined by the City in the exercise of its sole discretion, that it is no longer used for residential purposes.

5. Calculating Annual Special Taxes

The City shall assign the Maximum Annual Special Tax per Taxable Parcel based on **Attachment 1** as adjusted annually by the Tax Escalation Factor.

The City shall prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for that Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the County Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to timely prove any alleged errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

6. Records Maintained for the CFD

As development takes place within the CFD, the City will maintain a file containing the following information regarding each Parcel:

- The current Parcel Number;
- Whether a final subdivision map has been recorded or whether a building permit or special use permit for residential use has been issued; and
- The number of residential units assigned to that Parcel.

The file containing the information listed above will be available for public inspection.

7. Appeals and Interpretation Procedure

Any taxpayer may contest the levy of the Special Tax by filing a written notice of appeal, setting forth with specificity the grounds for appeal, with the City Manager. Any such notice must be filed within thirty (30) days following the formation of the CFD, or annexation of the property that is the subject of the appeal to the CFD; and failure to do so within the time period specified herein constitutes a bar to any such appeal. Grounds for appeal are limited to the following: (i) clerical errors in assigning an amount of tax to a parcel and (ii) an error in defining the use of a parcel or its classification. The City Manager, or designee, shall promptly review the appeal, and if necessary, meet with the

appellant.

If the findings of the City Manager verify that the Special Tax should be modified or changed, a recommendation to that effect shall be made to the Council, and as appropriate, the Special Tax levy shall be corrected and, if applicable in such case, a credit for next year's Special Tax levy shall be granted. If the City Manager denies the appeal, the taxpayer may file an appeal of that determination with the Council within fourteen (14) days of the mailing of notification of the City Manager's decision; and failure to do so within the time period specified herein constitutes a bar to such an appeal. The Council may hear the appeal, or refer it to a hearing officer pursuant to Chapter 1.24 of the Sacramento City Code. The hearing on the appeal shall be conducted not more than thirty (30) days following the filing of the appeal of the City Manager's determination. The failure of the Council or the appointed hearing officer to timely hear the appeal, or to render a decision within thirty (30) days following the conclusion of the hearing thereon, shall constitute a denial of the appeal. The determination of the Council or hearing officer on the appeal shall be final for all purposes. The filing of a written notice contesting the levy of the Special Tax or an appeal shall not relieve the taxpayer of the obligation to pay the Special Tax when due.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of this Rate and Method of Apportionment.



**Attachment 1 to Exhibit C
 City of Sacramento CFD No. 2002-02 (Neighborhood Park Maintenance)
 Maximum Annual Special Tax Rates**

Updated November 20, 2009

Tax Category	Maximum Annual Special Tax Rate [2]	
	Base Year[1] 2002-2003	Current Year 2010-2011
	<i>per Residential Unit</i>	<i>per Residential Unit</i>
<u>Developed Parcels [3]</u>		
Single Family Residential Parcels	\$48.00	\$56.38
Condominium/Townhouse Parcels	\$48.00	\$56.38
Duplex/Half-plex/Tri-plex Residential Parcels	\$48.00	\$56.38
Multi-Family Residential Parcels	\$28.00	\$32.88
Mixed Use Parcels	\$28.00	\$32.88
Mobile Home Park Parcels	\$28.00	\$32.88
<u>Other Uses</u>		
Non-Residential Use Parcels [4]	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>
Undeveloped Parcels [5]	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>
Public Parcels	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>

"attachment_1"

[1] The Base Fiscal Year for the CFD is Fiscal Year 2002-2003. The Maximum Annual Special Tax Rate will be escalated by the Tax Escalation Factor, not to exceed 4 percent annually thereafter, as determined by the Consumer Price Index.

[2] The Maximum Annual Special Tax Rate is applied to the Residential Units assigned to each Taxable Parcel. Condominium/Townhouse Residential Parcels and Single Family Residential Parcels are assumed to have one Unit. Multi-Family Residential Parcels, Mixed Use Parcels, and Mobile Home Park Parcels may have more than one Unit assigned to a Parcel. The number of Residential Units assigned to these Parcels will be determined by the final subdivision map, initial building permit, or subsequent building permits for tenant improvements.

[3] Developed Parcels are residential or mixed use Parcels with a building permit for residential use.

[4] Non-Residential Use Parcels are commercial, industrial, office, and other non-residential uses.

[5] Undeveloped Parcels are Parcels that are not classified as a Developed Parcel or Non-Residential Use Parcel.



EXHIBIT D



HEARING REPORT

City of Sacramento
Neighborhood Park Maintenance CFD No. 2002-02
Future Annexation Territory

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I. INTRODUCTION

Background

The City has a park service level goal of 2.5 acres of neighborhood parks and 2.5 acres of community parks for every 1,000 residents. Following a period of rapid growth, during the last three years, the City has added 105 acres of parkland and developed 216 park acres. Population growth projections indicate that over the next 15 years, the City will grow from 483,195 to 527,990 people, requiring the addition of 223 acres of parkland in the form of neighborhood and community parks.

Other than an existing Citywide Landscaping & Lighting District, which covers approximately 17 percent of total citywide park maintenance costs, there are no City funds available to fund maintenance for the additional park acres.

On June 25, 2002, the City of Sacramento approved formation of a Community Facilities District that will fund, in part, the maintenance of neighborhood park acres. Only new development within the City of Sacramento will participate in the Community Facilities District.

The District was initially formed with the Elder Creek development project in the south area on June 25, 2002. Previously annexed territories have added approximately 14,082 single family residences and 8,249 multi-family residences to the CFD. These residential units are spread over various development projects within the City.

Exhibit C shows the future annexation areas of Neighborhood Park Maintenance CFD No. 2002-02 (the "CFD").

As new residential development continues to occur within City, these projects may also be annexed into the CFD. Only residential land uses will be included in the CFD.

PURPOSE OF THE ANALYSIS

The purpose of this report is to present a discussion of the City of Sacramento CFD No. 2002-02 that will be used to fund the maintenance of neighborhood parks that will be needed to serve new development within the City.

This report serves as the Hearing Report required by the Mello-Roos Act. It discusses the public services and facilities to be funded, the structure of the CFD, and the Maximum Annual Special Taxes.

ORGANIZATION OF THE REPORT

Chapter II describes the annual maintenance costs and determination of the maximum annual special tax. **Chapter III** describes the structure of the proposed CFD and the Rate and Method of Apportionment of Special Tax (“Special Tax Formula”).

Four exhibits are attached to this report. **Exhibit A** is the Rate and Method of Apportionment (the “Tax Formula”). **Exhibit B** is the list of authorized services to be funded by the CFD. **Exhibit C** provides the boundary map for the future annexation territory.

II. ANNUAL MAINTENANCE COSTS AND MAXIMUM ANNUAL SPECIAL TAX

The CFD was formed to fund park maintenance for neighborhood parks. The special tax will be levied on new residential development as development projects annex into the District. Only new residential development will be included in the CFD.

Between 2000 and 2005, the City added 39,782 people as shown in **Figure 1** below. Between 2005 and 2025, the population is expected to increase by an additional 81,240 people. Based on a City service level goal of 5 acres per 1,000 population for neighborhood and community parks, this would require development of 406 additional park acres. Of this standard, 2.5 acres are allocated to neighborhood parks. Therefore, an estimated 203 neighborhood park acres will be added by 2025.

Figure 1
City of Sacramento
Population Projections - 2000 to 2025

Planning Area	2000 [1]	2001 [1]	2005 [2]	2010 [2]	2025 [3]	Increase 2000-2025	Percent of Total Increase
Central City	34,999	35,345	48,613	66,198	51,894	16,895	14.0%
Land Park	34,597	34,939	38,245	38,496	35,875	1,278	1.1%
Pocket	47,621	48,092	49,875	49,289	49,671	2,050	1.7%
South Sacramento	69,703	70,392			83,722	14,019	11.6%
South Area			75,788	79,707			
East Broadway	45,993	46,448			47,615	1,622	1.3%
Fruitridge Broadway [4]			59,358	61,128			
East Sacramento	33,782	34,116	37,600	38,093	34,682	900	0.7%
Arden Arcade	11,397	11,509	15,310	16,179	12,165	768	0.6%
North Sacramento	51,248	51,755	47,648	48,971	60,330	9,082	7.5%
South Natomas	36,632	36,994	39,905	40,171	40,703	4,071	3.4%
North Natomas	5,698	5,755	34,408	44,963	63,340	57,642	47.6%
Airport/Meadowview [4]	35,330	35,679			48,083	12,753	10.5%
Total	407,018	411,042	446,750	483,195	527,990	121,080	100.0%

“population”

Source: City of Sacramento, Population and Housing Data, June 1999 adjusted by EPS, 2002.

[1] For the years 2000 and 2001, population for each individual planning area is projected as a pro rata amount. These projections are based on 1998 plan area population compared to 1998 total population. Total population for the year 2000 is based on actual 2000 Census data. All other population data is projected.

[2] For 2005, 2010 and 2025 figures are from City of Sacramento General Plan 2030

[3] For 2025 figures are from October 2008 Housing Element, adopted prior to reconfiguration of community planning areas

[4] Adoption of the General Plan 2030 reconfigured community planning areas from eleven to ten with a portion of Airport Meadowview merging with South Sacramento (renamed South Area) and East Broadway being renamed Fruitridge Broadway and absorbing the remainder of Airport Meadowview

Other than an existing Lighting and Landscaping District, which covers only a small portion of park maintenance costs, there are no City funds earmarked to fund maintenance for the additional park acres.

Therefore, the CFD funds approximately 75 percent of the cost of maintaining neighborhood parks serving new development. The remaining cost is assumed to be covered by the existing citywide Lighting and Landscaping District or other funding sources to be determined.

Of the 5.0 park acre service level goal per 1,000 population, 2.5 acres are to be designated as neighborhood parks and the remaining 2.5 acres are to be designated as community. The CFD will fund a portion of the maintenance costs for neighborhood parks, but no similar funding source has been identified for community parks at this time.

PARK MAINTENANCE COSTS AND COST ALLOCATION

Based on a survey of park maintenance costs funded through CFDs in jurisdictions within the Sacramento region, the cost to maintain a neighborhood park acre ranged from \$7,000 to \$9,500. In the City of Sacramento the cost to maintain a park was \$7,500 per acre in 1984 (excluding water and electric costs), which would be approximately \$12,000 in 2002 dollars. However, actual expenditures in 2000 averaged \$4,800 per acre for park maintenance in the City (excluding water and electric costs).

Expenditures have decreased in large part because the City of Sacramento is expending approximately the same amount of funding over a larger pool of parks (since 1984, park acreage increased by 311 acres but the number of full time employee equivalents has remained static over the same time period.) As a result, the City has had to reduce park maintenance operations so that only core maintenance tasks are performed. Core responsibilities include mowing, irrigation, "policing", and waste pick-up and removal. Policing includes observing the park for safety hazards, litter, vandalism, and taking appropriate action.

Some cost savings have been achieved over the years and this does account for some of the reduction in the average maintenance costs between 1984 and 2001. However, it is estimated that the average cost to maintain parks is closer to \$8,000 per acre at a reasonable land comparison, rather than the budgeted \$4,800 per acre actually, particularly when water and electricity costs are factored in as well as maintenance of bikeways and open space areas. Therefore, the cost estimate used for estimating costs relative to CFD 2002-02 was \$8,000 per acre.

Of the \$8,000 per acre, 75 percent, or \$6,000, will be funded by special tax revenues. The remaining 25 percent in maintenance costs will in part be funded through the citywide Lighting and Landscaping Assessment District (which contributes approximately 17 percent to the park's maintenance budget citywide) and other sources of funding, yet to be identified.

COST ALLOCATION

The cost allocation is computed on a per persons served basis. As new development occurs in the City, it will be required to add 5 acres of park for every 1,000 persons added per on City Council policy. Of this amount, 2.5 acres will be dedicated for neighborhood parks. Therefore, for every new resident, 0.0025 neighborhood park acres should be added within the City.

As shown in **Figure 2**, based on an allocated maintenance cost of \$6,000 per acre and a requirement of 0.0025 acres of neighborhood park per person, the cost to maintain a neighborhood park is estimated at \$15.00 per person per year.

Figure 2
City of Sacramento
Neighborhood Park Maintenance CFD No. 2002-02
Estimated Maximum Special Tax per Single Family Unit

Neighborhood Parks		
Estimated Maintenance Cost Per Acre:	\$8,000	
Maint. Cost Per Acre Funded by CFD:	\$6,000	
LOS Requirement:	2.50	Acres per 1,000 Population
LOS Requirement per Person:	0.0025	Acres per Person
Maint. Cost per Person:	\$15.00	
People Per Household:	2.98	Per Single Family Unit
Maintenance Cost per Single Family Unit:	\$44.70	

According to the Quimby Ordinance, there are approximately 2.98 people per unit for single family land uses. The maintenance cost per person is multiplied by the people per household factor to determine the maintenance cost on a per unit basis. The cost per single family unit is estimated at \$44.70 per year.

MAXIMUM ANNUAL SPECIAL TAX

The CFD's annual maintenance and services costs will be funded through the collection of special taxes levied against the property within the CFD. Special taxes will be collected from each unit based on the residential land uses within the District. The maximum annual cost of CFD services funded by special taxes was calculated assuming direct service costs, on a per persons served basis, and a City administrative expense. **Figure 3** shows the calculation of the maximum annual special tax by residential unit type. The City administrative cost represents 7 percent of the estimated annual maintenance cost per residential unit.

The maximum annual special tax revenue generated in any given year will be a function of the number of residential units included in the District. The District currently has approximately 14,082 single family units and 8,249 multi-family units to the CFD. As other development projects within the City are approved, they may annex into the CFD.

Figure 3
City of Sacramento
Neighborhood Park Maintenance CFD No. 2002-02
Estimated Maximum Special Tax per Residential Unit Type

Land Use	Persons per Unit	Cost per Resident	Cost per Unit	Admin. Cost 7%	Estimated Max. Annual Special Tax per Unit (rounded)
Single-Family Residential Unit	2.98	\$15.00	\$44.70	\$3.13	\$48.00
Condominium/Townhouse Units	2.98	\$15.00	\$44.70	\$3.13	\$48.00
Duplex/Half-plex/Tri-plex Unit [1]	2.98	\$15.00	\$44.70	\$3.13	\$48.00
Multi-Family Residential Unit	1.76	\$15.00	\$26.40	\$1.85	\$28.00
Mobile Home Unit	1.76	\$15.00	\$26.40	\$1.85	\$28.00
Other	1.76	\$15.00	\$26.40	\$1.85	\$28.00

"est_tax_per_unit"

[1] For purposes of CFD No. 2002-02 and as directed by City Council, Duplex, Half-plex, and Tri-plex housing units were assumed to have the same usage factor as Single-Family residential units.

The Maximum Annual Special Tax will be increased annually by the Tax Escalation Factor, which will be based upon the Consumer Price Index (CPI) not to exceed 4 percent annually.

III. STRUCTURE OF THE PROPOSED CFD

DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT

Special taxes within the CFD will be levied according to the Rate and Method of Apportionment of Special Tax (the "Tax Formula"). The attached exhibits contain the formation documents for CFD No. 2002-02. **Exhibit A** contains the Tax Formula and **Exhibit B** is the list of authorized services to be funded by CFD No. 2002-02. The purpose of CFD No. 2002-02 is to provide funding for the annual neighborhood park maintenance costs as authorized by the CFD.

CFD BOUNDARIES

Exhibit C shows the future annexation territory of the CFD. As other new development projects in the future annexation territory move through the planning process, they will may annex into the CFD.

ANNUAL COSTS TO BE FUNDED BY THE CFD

Annual neighborhood maintenance costs are estimated to be approximately \$8,000 per acre; however, the costs included in the CFD are only \$6,000 per acre. Revenue generated from the CFD is only one source of funding targeted at neighborhood park maintenance; other sources of funding include the citywide Lighting and Landscaping District and the City's General Fund revenues to the extent available.

Because annual maintenance costs are projected to exceed revenues generated by the CFD, the special tax levied on CFD parcels will be the maximum annual special tax. The maximum annual special tax will be adjusted annually by CPI (not to exceed 4 percent in any given year) to account for increases in park maintenance costs.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The City shall prepare a list of parcels subject to the Special Tax using the records of the City of Sacramento and the County Assessor. The City will tax all residential parcels within the CFD except those that are declared tax-exempt. Taxable parcels that are acquired by a public agency after the CFD is formed will be re-classified as tax-exempt provided it is determined by the City, in the exercise of its sole discretion, that it is no longer used for residential purposes.

TERMINATION OF THE SPECIAL TAX

The special tax will be levied and collected in perpetuity.

MAXIMUM ANNUAL SPECIAL TAX

Figure 4 shows the maximum annual special tax rate per type of residential unit in the Base Year (FY 2002-03). The maximum annual special tax will be assigned to each taxable parcel consistent with the provisions in Section 4 of the Tax Formula. The maximum annual special tax will escalate annually by CPI, not to exceed 4 percent in any given year, to cover actual or anticipated increases in the annual costs.

SETTING THE ANNUAL SPECIAL TAX RATE

The City shall assign the maximum annual special tax per taxable parcel based on **Attachment 1** and Section 4 of the Tax Formula as adjusted annually by the Tax Escalation Factor.

Once completed, the City will prepare the Tax Collection Schedule for each Parcel and send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the following Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor for such inclusion.

PREPAYMENT OF SPECIAL TAX OBLIGATION

Prepayment of special taxes is not permitted.

MANNER OF COLLECTION

The special tax will be collected in the same manner and at the same time as *ad valorem* property taxes.

Figure 4
City of Sacramento CFD No. 2002-02
(Neighborhood Park Maintenance)
Maximum Annual Special Tax Rates - Base Fiscal Year [1]

Tax Category	Base Year 2002-2003 Maximum Annual Special Tax Rate [1] [2]
<u>Developed Parcels [3]</u>	
	<i>per Residential Unit</i>
Single Family Residential Parcels	\$48.00
Condominium/Townhouse Parcels	\$48.00
Duplex/Half-plex/Tri-plex Residential Parcels	\$48.00
Multi-Family Residential Parcels	\$28.00
Mixed Use Parcels	\$28.00
Mobile Home Park Parcels	\$28.00
<u>Other Uses</u>	
Non-Residential Use Parcels [4]	<i>Tax-Exempt</i>
Undeveloped Parcels [5]	<i>Tax-Exempt</i>
Public Parcels	<i>Tax-Exempt</i>

“attachment_1”

- [1] The Base Fiscal Year for the CFD is Fiscal Year 2002-2003. The Maximum Annual Special Tax Rate will be escalated by the Tax Escalation Factor, not to exceed 4 percent annually thereafter, as determined by the Consumer Price Index.
- [2] The Maximum Annual Special Tax Rate is applied to the Residential Units assigned to each Taxable Parcel. Condominium/Townhouse Residential Parcels and Single Family Residential Parcels are assumed to have one Unit. Multi-Family Residential Parcels, Mixed Use Parcels, and Mobile Home Park Parcels may have more than one Unit assigned to a Parcel. The number of Residential Units assigned to these Parcels will be determined by the final subdivision map, initial building permit, or subsequent building permits for tenant improvements.
- [3] Developed Parcels are residential or mixed use Parcels with a building permit for residential use.
- [4] Non-Residential Use Parcels are commercial, industrial, office, and other non-residential uses.
- [5] Undeveloped Parcels are Parcels that are not classified as a Developed Parcel or Non-Residential Use Parcel.

Exhibits:

Exhibit A: Rate and Method of Apportionment of Special Tax

Exhibit B: List of Authorized Services

Exhibit C: Future Annexation Territory Map

Exhibit A
City of Sacramento, California
Neighborhood Park Maintenance
Community Facilities District No. 2002-02

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the “Act”) applicable to the land in Neighborhood Park Maintenance Community Facilities District No. 2002-02 (the “CFD”) of the City of Sacramento (the “City”) shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

2. Definitions

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

“Administrative Expenses” means the actual or estimated costs incurred by the City to form the CFD and to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and legal counsel; the costs of collecting installments of the Special Taxes upon the general tax rolls; preparation of required reports; and any other costs required to administer the CFD as determined by the City.

“Annexation Parcel” means a Parcel which was not included within the boundaries of the CFD at the time of formation. Parcels are required to annex to the District based upon City policy.

“Annual Costs” means for each Fiscal Year, the total of 1) Authorized Services 2) Administrative Expenses; and 3) any amounts needed to cure actual or estimated delinquencies in Special Taxes for the current or previous Fiscal Year.

“Assessor” means the Assessor of the County of Sacramento.

“Authorized Services” mean those services authorized for funding under the CFD, as listed in the resolution forming the CFD.

“Base Fiscal Year” means the Fiscal Year beginning July 1, 2002 and ending June 30, 2003.

“CFD” means the Neighborhood Park Maintenance Community Facilities District No. 2002-02 of the City of Sacramento, California.

“City” means City of Sacramento, California.

“Condominium/Townhouse Residential Parcel” means a Parcel created by a subdivision map, building permit, or action of the County Assessor, that creates individual condominium or townhouse Parcels. The number of Residential Units assigned to each Condominium/Townhouse Parcel is determined by the number of condominium or townhouse units created by subdivision map or building permit for each Parcel.

“Council” means the City Council of the City of Sacramento acting for the CFD under the Act.

“County” means the County of Sacramento, California.

“Developed Parcel” means a Parcel that has a recorded final subdivision map or has been issued a building permit or special use permit for the land uses stated below:

Land Use	Developed Parcel Trigger
Single Family Residential Parcel(s)	-Final Subdivision Map
Condominium/Townhouse Residential Parcel(s)	-Final Subdivision Map
Duplex/Half-plex/Tri-plex Residential Parcel(s)	-Building Permit
Multi-Family Residential Parcel(s)	-Building Permit
Mobile Home Park Parcel(s)	-Special Use Permit
Mixed Use Parcel(s)	-Building Permit

“Duplex/Tri-plex Residential Parcel” means a Parcel with a building permit for a duplex or a tri-plex residential use. The number of Residential Units assigned to a Duplex/Tri-plex Residential Parcel is two for a duplex residential structure and three for a tri-plex residential structure.

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

“Maximum Annual Special Tax” means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the Residential Units assigned to each Developed Parcel.

“Maximum Annual Special Tax Rate” means the amount shown in **Attachment 1** for a Fiscal Year that is used in calculating the Maximum Annual Special Tax for a Parcel based on its land use classification.

“Maximum Annual Special Tax Revenue” means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

“Mixed Use Parcel” means a Parcel with a building permit for a mix of uses, which includes residential uses. The number of Residential Units assigned to a Mixed Use Parcel is determined at building permit issuance for the original structure, or by subsequent building permits issued for further tenant improvements.

“Mobile Home Park Parcel” means a Parcel with a special use permit for a mobile home park. The number of Residential Units assigned to the Mobile Home Park Parcel is determined by the number of spaces available for the placement of mobile homes.

“Multi-Family Residential Parcel” means a Parcel with a building permit for multi-family residential use. The number of Residential Units assigned to a Multi-Family Residential Parcel is determined at building permit issuance.

“Non-Residential Use Parcels” means Parcels designated for commercial, industrial, office, or other non-residential uses. Parcels with uses other than residential uses are Tax-Exempt.

“Parcel” means any Assessor’s parcel in the CFD based on the equalized tax rolls of the County as of March 1 of each Fiscal Year.

“Parcel Number” means the Assessor’s Parcel Number for any Parcel based on the equalized tax rolls of the County as of March 1 of each Fiscal Year.

“Public Parcel” means, except as otherwise provided herein, any Parcel, that is publicly owned, not used for residential purposes, and normally exempt from the levy of general *ad valorem* property taxes under California law, including, but not limited to, public streets, schools, parks, and public drainageways; public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel shall be a Tax-Exempt Parcel.

“Residential Unit(s)” means the number of taxable residential dwelling units assigned to a Parcel based on its Developed Parcel tax category assignment.

“Single Family Residential Parcel” means a single family residential lot created by the recordation of a final subdivision map, which has a building permit issued for a single family residential dwelling. A Single Family Residential Parcel is assigned one Residential Unit.

“Special Tax(es)” mean(s) any tax levy under the Act in the CFD.

“Tax Collection Schedule” means the document prepared by the City for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

“Taxable Parcel” means any Parcel that is not a Tax-Exempt Parcel.

“Tax Escalation Factor” means an annual percentage increase in the Maximum Annual Special Tax Rate based upon the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers (CPI-U) Index, not to exceed 4% in any given year.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are (i) Public Parcels including developed parcels acquired by a public agency (subject to the limitations set forth in **Section 4**, below), (ii) Undeveloped Parcels, or (iii) Non-Residential Use Parcels. Privately owned Parcels that are non-developable, such as common areas, wetlands, and open space, are exempt from the levy of Special Taxes as determined by the City.

“Undeveloped Parcel” means a Parcel that is not a Developed Parcel or a Non-Residential Use Parcel.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the service tax in perpetuity.

4. Assignment of Maximum Annual Special Tax

A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions above, the parcel records of the Assessor’s Secured Tax Roll as of January 1, and other City development approval records, the City shall classify each Parcel as a Tax-Exempt Parcel or Taxable Parcel. Only Taxable Parcels are subject to the Special Tax according to the formula detailed below.

It shall be the burden of the taxpayer to timely correct any errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

B. Assignment of Maximum Annual Special Tax.

By August 1 of each Fiscal Year, using the Definitions from **Section 2** and the Maximum Annual Special Tax Rates from **Attachment 1**, the Finance Director shall assign the Maximum Annual Special Taxes to Parcels as follows:

- 1) **Developed Parcels:** Parcels shall be assigned a Maximum Annual Special Tax using the following steps. The Maximum Annual Special Tax Rate is increased by the Tax Escalation Factor in each Fiscal Year after the Base Fiscal Year.
 - a. **Single Family Residential Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Single Family Residential Parcels by the number of Residential Units assigned to the Parcel.
 - b. **Duplex/Half-Plex/Tri-plex Residential Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Duplex/Half-Plex/Tri-plex Residential Parcels by the number of Residential Units assigned to the Parcel.
 - c. **Multi-Family Residential Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Multi-Family Residential Parcels by the number of Residential Units assigned to the Parcel.
 - d. **Condominium/Townhouse Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Condominium/Townhouse Parcels by the number of Residential Units assigned to the Parcel.
 - e. **Mixed Use Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Mixed Use Parcels by the number of Residential Units assigned to the Parcel.
 - f. **Mobile Home Park Parcels.** The Maximum Annual Special Tax is calculated by multiplying the Maximum Annual Special Tax Rate in **Attachment 1** for Mobile Home Park Parcels by the number of Residential Units assigned to the Parcel.
- 2) **Annexation Parcels:** The City will require the periodic annexation of Parcels to the CFD. When Parcels are annexed to the CFD, the City will first determine if they are Taxable or Tax-Exempt, using the Definitions in **Section 2**. For Developed Parcels, the City will assign the number of Residential Units for each Parcel based on Assessor Parcel records, building permit or special use permit records, recorded final subdivision map, or other relevant information obtained

by the City. The City then shall assign a Maximum Annual Special Tax Rate to Developed Parcels using the Definitions in **Section 2** and **Attachment 1** (applying the Tax Escalation Factor as permitted) and calculate the Maximum Annual Special Tax following the steps in **Section 4.B(1)**.

- 3) **Conversion of a Tax-Exempt Parcel to a Taxable Parcel:** If a Public Parcel is not needed for public use and is converted to private residential use, it shall become subject to the Special Tax. A Maximum Annual Special Tax Rate will be assigned using the Definitions in **Section 2** and **Attachment 1** (applying the Tax Escalation Factor as permitted) and calculate the Maximum Annual Special Tax following the steps in **Section 4.B(1)**.
- 4) **Taxable Parcels Acquired by a Public Agency:** A Taxable Parcel that is acquired by a public agency after the CFD is formed will be re-classified as Tax-Exempt provided it is determined by the City in the exercise of its sole discretion, that it is no longer used for residential purposes.

5. Calculating Annual Special Taxes

The City shall assign the Maximum Annual Special Tax per Taxable Parcel based on **Attachment 1** as adjusted annually by the Tax Escalation Factor.

The City shall prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for that Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the County Auditor-Controller for such inclusion.

The City shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the taxpayer to timely prove any alleged errors in the determination of the Parcels subject to the Special Tax and their Special Tax assignments.

6. Records Maintained for the CFD

As development takes place within the CFD, the City will maintain a file containing the following information regarding each Parcel:

- The current Parcel Number;
- Whether a final subdivision map has been recorded or whether a building permit or special use permit for residential use has been issued; and
- The number of residential units assigned to that Parcel.

The file containing the information listed above will be available for public inspection.

7. Appeals and Interpretation Procedure

Any taxpayer may contest the levy of the Special Tax by filing a written notice of appeal, setting forth with specificity the grounds for appeal, with the City Manager. Any such notice must be filed within thirty (30) days following the formation of the CFD, or annexation of the property that is the subject of the appeal to the CFD; and failure to do so within the time period specified herein constitutes a bar to any such appeal. Grounds for appeal are limited to the following: (i) clerical errors in assigning an amount of tax to a parcel and (ii) an error in defining the use of a parcel or its classification. The City Manager, or designee, shall promptly review the appeal, and if necessary, meet with the appellant.

If the findings of the City Manager verify that the Special Tax should be modified or changed, a recommendation to that effect shall be made to the Council, and as appropriate, the Special Tax levy shall be corrected and, if applicable in such case, a credit for next year's Special Tax levy shall be granted. If the City Manager denies the appeal, the taxpayer may file an appeal of that determination with the Council within fourteen (14) days of the mailing of notification of the City Manager's decision; and failure to do so within the time period specified herein constitutes a bar to such an appeal. The Council may hear the appeal, or refer it to a hearing officer pursuant to Chapter 1.24 of the Sacramento City Code. The hearing on the appeal shall be conducted not more than thirty (30) days following the filing of the appeal of the City Manager's determination. The failure of the Council or the appointed hearing officer to timely hear the appeal, or to render a decision within thirty (30) days following the conclusion of the hearing thereon, shall constitute a denial of the appeal. The determination of the Council or hearing officer on the appeal shall be final for all purposes. The filing of a written notice contesting the levy of the Special Tax or an appeal shall not relieve the taxpayer of the obligation to pay the Special Tax when due.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to any of the terms or provisions of this Rate and Method of Apportionment.

Attachment 1
City of Sacramento CFD No. 2002-02
(Neighborhood Park Maintenance)
Maximum Annual Special Tax Rates - Base Fiscal Year [1]

Updated November 20, 2010	Maximum Annual Special Tax Rate [2]	
Tax Category	Base Year [1] 2002-2003	Current Year 2010-2011
<u>Developed Parcels [3]</u>	<i>per Residential Unit</i>	<i>per Residential Unit</i>
Single Family Residential Parcels	\$48.00	\$56.38
Condominium/Townhouse Parcels	\$48.00	\$56.38
Duplex/Half-plex/Tri-plex Residential Parcels	\$48.00	\$56.38
Multi-Family Residential Parcels	\$28.00	\$32.88
Mixed Use Parcels	\$28.00	\$32.88
Mobile Home Park Parcels	\$28.00	\$32.88
<u>Other Uses</u>		
Non-Residential Use Parcels [4]	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>
Undeveloped Parcels [5]	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>
Public Parcels	<i>Tax-Exempt</i>	<i>Tax-Exempt</i>

"attachment_1"

- [1] The Base Fiscal Year for the CFD is Fiscal Year 2002-2003. The Maximum Annual Special Tax Rate will be escalated by the Tax Escalation Factor, not to exceed 4 percent annually thereafter, as determined by the Consumer Price Index.
- [2] The Maximum Annual Special Tax Rate is applied to the Residential Units assigned to each Taxable Parcel. Condominium/Townhouse Residential Parcels and Single Family Residential Parcels are assumed to have one Unit. Multi-Family Residential Parcels, Mixed Use Parcels, and Mobile Home Park Parcels may have more than one Unit assigned to a Parcel. The number of Residential Units assigned to these Parcels will be determined by the final subdivision map, initial building permit, or subsequent building permits for tenant improvements.
- [3] Developed Parcels are residential or mixed use Parcels with a building permit for residential use.
- [4] Non-Residential Use Parcels are commercial, industrial, office, and other non-residential uses.
- [5] Undeveloped Parcels are Parcels that are not classified as a Developed Parcel or Non-Residential Use Parcel.

Exhibit B
City of Sacramento, California
Neighborhood Park Maintenance
Community Facilities District No. 2002-02

LIST OF AUTHORIZED SERVICES

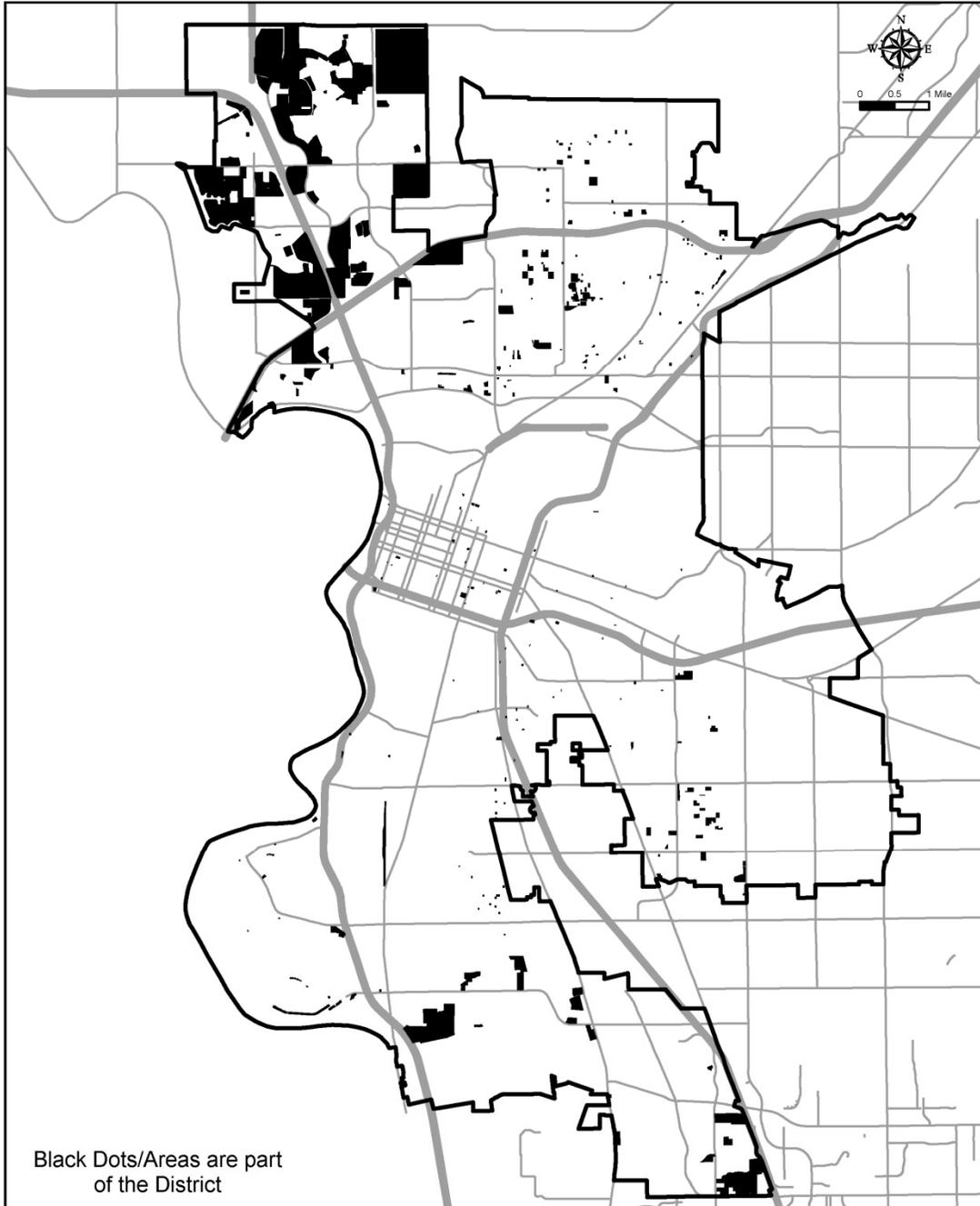
The authorized services include those set forth below in addition to the costs associated with collecting and administering the special taxes, and annually administering the District. The special taxes may be levied to pay for any authorized services or to accumulate funds for that purpose. The primary function of the CFD is to fund the maintenance of neighborhood parks in the City of Sacramento. The CFD's authorized services include the following:

1. The maintenance of landscaping, recreation facilities, irrigation facilities, lighting, necessary maintenance equipment, and other appurtenances and improvements within neighborhood parks (including those areas designated as neighborhood serving in conjunctive use park land within drainage detention basins, community, parks, regional parks and parkway systems.)
2. CFD formation and annual administration of the District.
3. Other miscellaneous services related to items 1 or 2, including planning, engineering, legal, elections, and administration.

Exhibit C

Map of Future Annexation Area

Neighborhood Park Maintenance District No. 2002-02



Black Dots/Areas are part of the District

Area Map



...users\area\Brent\SPECIAL DISTRICTS\Neighborhood Park Maint Dist 2002-02\Citywide\CouncilMap.mxd BMueller 12/16/09

EXHIBIT C-1
Neighborhood Park Maintenance CFD No. 2002-02
Area Map Legend

Existing Annexed Boundaries

Elder Creek Park #2, Rock Creek & Glen Elder # 8 & 9, 6900 Power Inn Rd., Power Inn Rd./50th Avenue, Calif. Traditions Apts. & Natomas Crossing II, Carriage Lane, Natomas Field & Strawberry Field, Cambay West, Creekside, N. Natomas Estates, The Meadows, Heritage, Natomas Creek & Northborough II, The Hamptons, Natomas Park Common, Hampton Villages, JMA North Natomas Villages, Regency Park, Parkview & Market West Parcel Map, Riverdale North, Natomas Crossing 20, Machado Property, Sonora Springs, East Land Park Village, Vasquez lot split & 2732 Wah Ave. Parcel Map, Fernandez Parcel Map, 2805 Wah Ave., 2501 Yreka Ave., Regency Place #5, Azuza St. Parcel Map, Morell Estates & 321 Jefferson Ave., Peralta Estates, Northview, Village Apts., 2399 American Ave., 441 Harding Ave., Garden Villas Condominiums, 220 Main Ave. Parcel Map, & 4416 Austin Street, 4540 Austin Street, 250 Main Ave., Del Paso Nuevo #3, 548 Grand Ave., 817 Evans St. & Vitally Estates, 231 Morey Ave., 3541 Taylor St., Nanuk Estates, 52 Morrison Ave., Morrison Point Unit 2, 3701 Norwood Ave., 700 Hayes Ave., 3408 Taylor St., 645 Ford Road, Silver Eagle Place, Bellview Estates, 71st St. Estates, 66th St., Lemon Blossom Estates & Country Lane Estates & Lemon Acres, Belleview Estates, Fruitridge & 65th Expressway, 5751 71st St., 7440 Lemon Hill Avenue, Terry Parcel Map, 7648 Northland Dr., Islands at Riverlake Reflections at Rush River & Still Breeze Dr. (Yeh & Lai Parcel Map 7680 Marina Cove Dr., Alma Vista/Pocket PM, Lake Front Dr., Laguna Vista, Laguna Vega, Shasta Est., Sheldon Whitehouse & College Square, Wolf Ranch Condominiums, North Laguna Pointe, Sheldon Farms, 4901 T Street & 52nd & J St., 1620 52nd St., Dayton St., Astoria Place & Astoria Place Apts., 1812 North Ave., 3913 Mahogany St., 3941 & 3945 Mahoghany Street, Garden Oaks & 241 Haggin Ave. & 240 Haggin Ave, Johnston Park, 440 Bowman Ave., 783, 767 & 795 Shoreside Dr., & 6490 Grangers Dairy & Del Ponte Parcel Map (Riverside Blvd.), Villa Bignasco, NR Homes (El Macero Way) & Sycamore Terrace Apts., 445 Spinnaker Way, Meadowview Estates, Beth Estates, Steamboat Bend & Meadowview Estates North, 24th St./ Laramore Way, Buena Park Subdivision, 29th Street & 65th Avenue & Buena Park, Fitton Parcel Map (Craigmont St.), Rosalind & Marysville, 1638 Rosalind, 1429 Nogales St., Catskill Way Parcel Map, Jefferson Commons & 3913 - 73rd Street, Lemon Hill & 6129 48th Ave., 6295 63rd St., Sunmeadow Retirement Community, Brookfield Meadows Unit 2, Liberty Lane, Villa Terassa, 309 Pinedale Ave. & 436 Exchange, 486 Pinedale Ave., 4837 Sully St., Fontaine Estates, 5100 Ada Ln. & 1113 Claire Ave., Mulder Estates, Alt Vista Meadows, 5145 Rio Linda Blvd., 5045 Dry Creek Rd., 700 Pinedale Ave., Glenrose Ave. & Ashley Oaks Haven, Fianza Ct., 2628 Beaumont St., 1081 Glenrose Ave., 2890 Taft St., 2623 Altos Ave., 2300 Thompson Way, 2404 and 2408 51st Ave., 3423 40th St., 4th Ave. Lofts, 2201 6th St., Village at Washington Park, 14th & C, 2020 H St., 3663 24th Street, Riverbend, Treasure Homes, West El Camino Condominiums, 2608 R St., 1416 19th St., Monier-R Street, 2870 34th Ave., 2851 32nd Avenue, 5685 21st St., 5200 20th Ave., 5401 10th Ave., Camellia/Sandburg Parcel Map, Socap Lofts, 2200 5th St., 4116 36th Street, 3400 12th Ave., Lot 4 Temple Ave., 16th Ave. & Temple Ave., 3908 Sumac Lane, 4414 Franklin Blvd., 5001 Karbet Way, 1100 Derick Way, 3641 Folsom Blvd., Westlake Parcel 31, 4305 Dry Creek Road, 4251 Dry Creek Road and 4233 May Street, Wickford Square, Somerset, 470 Jessie Avenue Condos, 2870 38th Avenue, 3491 Elvas Avenue, 2632 American Avenue, 3019 & 3021 I Street, 501 Rimmer Avenue, 3101 35th Avenue, 2101 V Street, 2031 S Street Condos, 4560 67th Street, 1306 G Street Condos, 551 Cleveland Avenue, 2690 Hawthorn Street, 2769 Wah Avenue, 3616 37th Street, 682 Plaza Avenue, 5782 Broadway, 2254 North Avenue, 360 Cleveland Avenue, 2310 Q Street, 3821 T Street, 2723 & 2733 Altos Avenue, L Street Lofts, Whiskey Hill Lofts, Beth Estates Unit No. 2, Brown Phillips Court., Northview Village,

Natomas Central, Westwood Final Map, Terraces at Commerce Station, Westlake Village Greens Phase 1, Del Paso Nuevo, Del Paso Nuevo Unit 4, Sheldon 20, Cameron 5, Hamptons Village 6, Schumacher Property Phase 8, Ripley Manor, Hampton Station, Natomas Place, River Oaks Phase 1, Sutter Townhomes, Old Town Lofts, 1416 Wentworth, 937 Bell Ave., Creekside Village, 3909 Natoma Way, 3339 25th Ave., 2870 37th Ave., 1419 F St., 1559 Sonoma Ave., 3043 Marshall Way, 321 Haggin Ave., 1231 48th St., Congress Place, 2168 Verano St., Lemon Hill Vista Apartments, 143 Fern Court, 7041 Carnation Ave., 330 Haggin Ave., 3301 63rd St., 2716 Albatross, 4817 Mascot Ave., 1403 8th Ave., 1017 Clair Ave., Zvarich, Young Court North Estates, Santa Anna Estates, Randle Heights, Welsh, Ascension Square, Riverside Terrace II, Kevin Estates, Parkebridge, Evergreen and Elmhurst Terrace.

Future Annexation Territory Boundaries

See Map Exhibit C.



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 1/11/2011

Report Type: Public Hearing

Title: Neighborhood Park Maintenance CFD 2002-02 Unanimous Consent Process-Public Hearing

Report ID: 2011-00011

Location: Citywide

Recommendation: Conduct a public hearing and upon conclusion adopt a Resolution establishing the future annexation area and levying a special tax within annexed areas.

Contact: Mark Griffin, Fiscal Manager, (916) 808-8788, Finance Department

Presenter: Mark Griffin, Fiscal Manager, (916) 808-8788, Finance Department

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

-
- 1-Description/Analysis
 - 02-Background
 - 03-Map of Future Annexation Area
 - 04-Schedule of Proceedings
 - 05-Resolution Establishing the Future Annexation Area
 - 06-Exhibit A, Area Map of Existing and Proposed Boundaries
 - 07-Exhibit B, List of Authorized Services
 - 08-Exhibit C, Rate and Method of Apportionment of Special Tax
 - 09-Attachment 1 to Exhibit C, Maximum Special Tax Rates
 - 10-Hearing Report

City Attorney Review

Approved as to Form
Jeffrey C. Heeren
1/6/2011 11:27:24 AM

City Treasurer Review

Prior Council Financial Policy Approval or
Outside City Treasurer Scope
Russell Fehr
12/28/2010 2:12:30 PM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 1/6/2011 8:17:00 AM

Assistant City Manager: Patti Bisharat - 1/6/2011 9:30:35 AM

Eileen Teichert, City Attorney

Shirley Concolino, City Clerk
Gus Vina, Interim City Manager

Russell Fehr, City Treasurer