

Meeting Date: 10/29/2013

Report Type: Public Hearing

Report ID: 2013-00717

**Title: Northwest Land Park Community Facilities District No. 2013-02
Unanimous Consent Process (Published 10/18/2013)**

Location: District 4

Issue: Pursuant to Mello-Roos Communities Facilities Law of 1982, a public hearing is a required component of the process for establishing annexation territory for an existing district.

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

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Presenter: Sheri Smith, Program Specialist, (916) 808-7204, Department of Finance

Department: Finance

Division: Public Improvement Finance

Dept ID: 06001321

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Schedule of Proceedings
- 4-Resolution
- 5-Exhibit C to the Resolution
- 6-Exhibit D to the Resolution

City Attorney Review

Approved as to Form
Michael W. Voss
10/16/2013 10:42:50 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
10/11/2013 11:54:20 AM

Approvals/Acknowledgements

Department Director or Designee: Leyne Milstein - 10/15/2013 1:29:28 PM

Description/Analysis

Issue Detail: On September 24, 2013, City Council passed Resolution 2013-0319 forming the Northwest Land Park Community Facilities District No. 2013-02 (District). The District was formed to provide funding for maintenance and lighting of parks, parkways, open spaces, and public amenities in and around the Northwest Land Park Development Project (Project).

The Project will be constructed in four phases as described in the Background section of the report. The initial boundaries of the District include only the first phase, and it is intended that subsequent phases will be annexed as they develop. To streamline this annexation process, the recommended action will allow for annexations by the unanimous approval of all owners of property to be annexed. With this unanimous consent process, no City Council action will be required for future annexations to this District.

No aspects of the District are being modified. The authorized services and the tax rates for the existing District will apply to the annexed areas. Detailed explanations of the services to be provided and the rate and method of apportionment of the special tax are attached to the Resolution.

Policy Considerations: The unanimous approval process will allow future phases of the Project to be annexed into the District administratively, without the multiple agenda items otherwise required for each annexation. This process is currently in place in the Neighborhood Park Maintenance District.

Economic Impacts: This report does not have direct economic impacts.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the CEQA guidelines, formation of a district and continuing administrative activities do not constitute a project and are therefore exempt from review.

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

Committee/Commission Action: None

Rationale for Recommendation: The actions in the recommended Resolution will provide for an efficient process to annex future territory into the District, as allowed by the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53339-53339.9).

Financial Considerations: The property owners will pay all costs associated with the District. The maximum special tax for each Assessor's Parcel shall be the amounts shown below for Fiscal Year (FY) 2014-15.

Single-Family/Condominium Residential Parcels

Less Than 800 Building Square Foot	\$275	per Unit
800 to 1,199 Building Square Foot	\$380	per Unit
1,200 Building Square Foot and greater	\$485	per Unit

Multi-Family Parcels \$275 Per Unit

Final Use (pre-permit) Parcels \$200 per Unit

A detailed explanation of the proposed special tax is in the Rate and Method of Apportionment, attached to the Resolution. Annexed parcels will be subject to the special tax in effect in the District at the time of annexation.

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

Background

The Northwest Land Park project proposes to redevelop approximately 31.7 acres, currently light industrial, office, and commercial uses, including the Setzer Forest Products plant and various produce storage and distribution facilities associated with the Sacramento Farmers' Market. Directly abutting the site to the south are Leataata Floyd Elementary School and Arthur Benjamin High School. Interstate 5 is to the west of the site. A rail tunnel is located under Interstate 5 with rail spurs that extend onto the site.

At build-out, the site will be developed with up to 825 residential units, as well as commercial/retail and office uses. The project is planned in four phases, allowing the initial community phases to emerge on vacant land and, in subsequent phases, for existing industrial uses to gradually transition to residential use. The demolition of existing buildings on the site will occur along with the development of each individual phase. The four phases are proposed as follows and as shown on the map below:

- Phase 1 is planned to include approximately 201 condominium units and the construction of an urban farm on the Leataata Floyd Elementary School site in coordination with the Sacramento City Unified School District and the City's Parks and Recreation Department.
- Phase 2 will include up to 190 residential units and non-residential uses.
- Phase 3 will include construction of up to 270 residential units, completion of a 4.5-acre neighborhood park to serve the project site, a neighborhood center which will be the result of adaptive reuse of an existing wholesale produce building currently on the site, and a bike trail that will eventually run along the rail tunnel under Interstate 5 and connect to Miller Park.
- Phase 4 will include construction of up to 307 residential units as well as commercial, retail, and office.



Unanimous Consent Process

The initial boundaries of the District include only the first phase. It is intended that subsequent phases will be annexed administratively, with the unanimous approval of landowners in the area to be annexed.

The standard process to annex into a district takes approximately three months and is identical to that of a new district formation, which requires four Council meetings, one of which is a public hearing. 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. The process eliminates the need for multiple Council items, reduces the costs, speeds up the development process, and simplifies the processes associated with annexing future phases of the project into the District.

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 shown in Exhibit A to the attached Resolution.

Property owners who wish to annex their property to the District would sign a form 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 final map would be recorded.

Except for the annexation procedure, nothing else changes in this District. The scope of services, the level of special taxes, the method of adjustment, and the annexation requirement for all new residential maps are not changed from the existing District by the recommended action. The attached Resolution establishes the territory proposed for future annexation into the District, identifies the services to be funded, and states Council's intent to levy a special tax to pay for those services when new residential developments are annexed.

SCHEDULE OF PROCEEDINGS

NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT (CFD) NO. 2013-02

July 10, 2013	Application and fees submitted to City
July 11, 2013	City Clerk Certification of registered voters
August 1, 2013	Final Rate and Method of Apportionment to City
August 1, 2013	100% Consent waivers due to City
August 20, 2013	City Council <ul style="list-style-type: none">• Adopt Resolution of Intention (sets hearing date)
August 21, 2013	Mail Notice of Hearing and Record Boundary Map
Sept. 16, 2013	City Clerk publish notice of Public Hearing
Sept. 24, 2013	City Council <ul style="list-style-type: none">• Conduct Public Hearing• Resolution of Formation and Calling Special Election• Resolution of Intention to Create Annexation Process
Sept. 25, 2013	Mail Ballots
Oct. 1, 2013	Ballots Due
Oct. 8, 2013	City Council <ul style="list-style-type: none">• Adopt Resolution Declaring Results of Special Election• Pass for Publication Ordinance to Levy Tax
Oct. 9, 2013	Record Notice of Special Tax
Oct. 15, 2013	City Council <ul style="list-style-type: none">• Adopt Ordinance to Levy Special Tax
Oct. 29, 2013	City Council <ul style="list-style-type: none">• Conduct Public Hearing for annexation process

RESOLUTION NO.

Adopted by the Sacramento City Council

RESOLUTION ESTABLISHING THE FUTURE ANNEXATION AREA FOR THE NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT NO. 2013-02 AND LEVYING A SPECIAL TAX WITHIN FUTURE ANNEXED AREAS TO FINANCE PARKS MAINTENANCE SERVICES

BACKGROUND:

- A.** The City Council (Council) of the City of Sacramento (City) has previously established, through Resolution Numbers 2013-0276 and 2013-0319, the Northwest Land Park Community Facilities District No. 2013-02 (District) under the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 to 53368.3) (Act), and has previously levied a Special Tax on new residential property in the District to provide funding for maintenance and lighting of parks, parkways, open spaces, public amenities, and related services in and around the Northwest Land Park development project, all in accordance with the Act and with Title 3, Chapter 3.124 of the Sacramento City Code ("Chapter 3.124").
- B.** On September 24, 2013, the City Council adopted Resolution No. 2013-0320 (Resolution of Intention) declaring its intention to provide for the possible future annexation to the District of the territory identified in Exhibit A (Future Annexation Area), on condition that 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 NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT NO. 2013-02 Annexation No.____(each map/annexation will be numbered consecutively)."
- C.** The Resolution of Intention fixed October 29, 2013, at 6:00 pm, in the Council Chambers at City Hall, 915 I Street, Sacramento, California, as the time and place for a public hearing at which the City Council would 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 in the Resolution of Intention.
- D.** The Public Hearing was duly convened by the Council and all protests received by the City Clerk (Clerk) were presented to the 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 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 funding for maintenance and lighting of parks, parkways, open spaces, public amenities, and related services in and around the Northwest Land Park development project, 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 will be provided in the territory proposed to be annexed to the District. The services provided in the existing District and the services to be provided in territory proposed to be annexed are set forth in Exhibit B, attached hereto and incorporated herein by this reference, 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 NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT NO. 2013-02 Annexation No.____(each map/annexation will be numbered consecutively)." Such maps are hereby authorized to be filed with the City 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 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 in the Resolution of Formation, 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. In accordance with Chapter 3.124, certain City-owned property will be subject to the lien for the Special Tax. 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 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. 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 City Clerk is further authorized and directed to file the Notice of Special Tax Lien with 15 days of the date of the property owner unanimous approval, as provided for in Section 3114.5 and 3117.5 of the Streets and Highways Code of the State of California.

Section 8 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 9 The Exhibits to this Resolution are a part of this Resolution.

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Exhibit A: Map of Future Annexation Area

Exhibit B: List of Authorized Services

Exhibit C: Rate and Method of Apportionment of Special Tax

Exhibit D: District Hearing Report

Exhibit B

Northwest Land Park CFD No. 2013-02 (Services) List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annually administering the District. The authorized services to be funded include:

1. Maintenance and lighting of parks, parkways, bike trails, and open space.
2. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
3. The levy of Special Taxes to accumulate funds in a sinking fund for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the Administrator.

Specifically, the amenities identified below are intended to be maintained (in order of priority) with special tax revenues of the District.

- Neighborhood Park and Setzer Run bike trail/parkway (onsite)
- Pedestrian/Bike Path to Miller Park (offsite)
- Leataata Floyd Lease Payment
- Floyd Farm Maintenance
- Neighborhood Resource Center Operations Contribution (See Note)
- Southside Park Maintenance Contribution (See Note)

Note: In the Base Year, the annual contributions for the Neighborhood Resource Center are limited to \$80,900 and to \$55,000 for Southside Park. Annual contribution maximums increase by the Tax Escalation Factor in following years. Actual contributions will be contingent on available funding pursuant to the prioritized list above.

EXHIBIT C
CITY OF SACRAMENTO, CALIFORNIA
NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT No. 2013-02
(SERVICES)

RATE AND METHOD OF APPORTIONMENT AND MANNER OF
COLLECTION OF SPECIAL TAXES

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Northwest Land Park Community Facilities District No. 2013-02 (Services) (CFD) of the City of Sacramento (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 compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the Special Taxes on the general tax rolls or by other means, preparation of required reports, and any other costs required to establish or administer the CFD as determined by the City.

“**Administrator**” means the official of the City, or designee thereof, responsible for determining the Special Tax requirement and providing for the levy and collection of the Special Tax.

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

“**Authorized Services**” mean those services, as listed in **Attachment 2** to the RMA.

“**Base Year**” means the Fiscal Year 2014-15.

“**Building Permit**” means the issuance of a City building permit for the construction of Residential Building in the CFD.

“**Building Square Foot(age)**” means the square footage of any Residential Building floor area as determined by the City at Building Permit issuance or special use permit issuance.

“**CFD**” means the Northwest Land Park Community Facilities District No. 2013–02 (Services) of the City of Sacramento, Sacramento County, California.

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

“**Condominium Residential Uses**” means a County Assessor’s Parcel designated for attached single family residential uses.

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

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

“**County Assessor’s Parcel**” means a lot or Parcel with an assigned Assessor’s Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

“**Developed Parcel**” means a Parcel for which a Building Permit or special use permit has been issued for a Residential Building or Mixed-Use Building within the CFD. A Developed Parcel will be reclassified as a Final Use Parcel if a Building Permit on a Parcel is revoked, abandoned or otherwise does not result in vertical development on the Parcel.

“**Existing Building(s)**” means buildings that are located on Parcels within the CFD at the time of formation. Parcels with Existing Buildings are exempt from the Special Tax until otherwise reclassified.

“**Final Use Parcel**” means a Residential Parcel, Mixed Use Parcel, or Multifamily Parcel for which no further development approval is required for the issuance of a Building Permit.

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

“**Legacy Parcel**” means a Parcel with an Existing Building at formation of the CFD. A Legacy Parcel becomes a Taxable Parcel when it is divided into Final Use Parcels, new Residential Buildings are constructed on the Parcel, or Existing Buildings convert to Residential Buildings.

“**Maximum Annual Special Tax**” means the greatest amount of Special Tax that can be levied against a Taxable Parcel.

“**Maximum Annual Special Tax Revenue**” means the greatest amount of Special Tax revenue that can be collected by levying the Maximum Annual Special Tax against a group of Taxable Parcels (Developed Parcels or Final Use Parcels).

“**Maximum Annual Special Tax Rate per Unit**” means the amount shown in **Attachment 1** for the Base Year that is assigned per Unit for a Residential Parcel or residential units in a Mixed-Use Building. The Maximum Annual Special Tax Rate per Unit is adjusted annually by the Tax Escalation Factor in each Fiscal Year following the Base Year.

“**Mixed-Use Parcel**” means a Parcel designated for nonresidential and residential uses. A Mixed-Use Building may be either a vertical mixed-use or horizontal mixed-use building.

“**Multifamily Residential Parcel**” means a Parcel with Multifamily Residential Use structures.

“**Multifamily Residential Use(s)**” means a Parcel designated for multifamily residential apartment uses.

“Nonresidential Parcel” means a Parcel with a use designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses. Nonresidential Parcels are exempt from the Special Tax; however, Residential Building uses on a mixed use parcel shall be subject to the Special Tax.

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

“Public Parcel” means any Parcel, in its entirety, that is publicly owned that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel will be a Tax-Exempt Parcel.

“Residential Building” means a residential structure on a Residential Parcel with land uses designated for residential use, such as single-family residential, Residential uses on a mixed use parcel, multifamily residential, low-income single-family residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities.

“Residential Parcel” means a Parcel, with land uses designated for residential uses such as single-family residential, multifamily residential, low-income single-family residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities.

“Single Family Residential Use(s)” means a County Assessor’s Parcel designated for detached single family residential uses.

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

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

“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); however, the annual percentage increase shall not exceed 4-percent.

“Taxable Parcel” means any Parcel that is a Developed Parcel or Final Use Parcel.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax. Tax-Exempt Parcels are:

- Public Parcels
- Nonresidential Parcels (with the exception of Residential Building uses on a mixed use parcel)
- Legacy Parcel
- Undeveloped Parcels.

“Undeveloped Parcel” means a Parcel that is not a Developed Parcel, Final Use Parcel, Legacy Parcel, or Tax-Exempt Parcel

"**Unit(s)**" means the number of individual Residential units on a Taxable Parcel for which Building Permits have been issued.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City will direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax, in addition, will identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Assignment of Maximum Annual Special Tax

- A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions in **Section 2** above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the Administrator shall complete the following steps:
 1. Classify each Parcel as a Developed Parcel, Final Use Parcel, Undeveloped Parcel, or Tax-Exempt Parcel.
 2. Assign to each Developed Parcel the total Units and Building Square Footage for each Unit for all Residential Parcels and Mixed-Use Buildings.
- B. Determination of Maximum Annual Special Tax. **Attachment 1** shows the Maximum Annual Special Tax per Unit for the Base Year. In each Fiscal Year following the Base Year, the Annual Special Tax Rate per Unit shall be adjusted by the Tax Escalation Factor.
- C. Assignment of Maximum Annual Special Tax. Using **Attachment 1**, the Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel and Final Use Parcel using the steps below:
 1. Developed Parcels.
 - a. Residential Parcels. Using the Building Square foot assigned to each Unit on a Residential Parcel, assign the Maximum Annual Special Tax to each Unit using the Building Square Foot ranges shown in **Attachment 1**, as increased by the Tax Escalation Factor. To the extent there are more than one Units assigned to the Residential Parcel, sum the Maximum Annual Special Tax assigned to each Unit to determine the Maximum Annual Special Tax for the Residential Parcel.
 - b. Multifamily Residential Parcel. Using the number of Units on a Multifamily Parcel, multiply the Maximum Annual Special Tax per Unit for Multifamily Residential uses, as shown in **Attachment 1**, as increased by the Tax Escalation Factor, times the number of Units to determine the Maximum Annual Special Tax for the Multifamily Residential Parcel.

- c. Mixed-Use Parcels. Using the Building Square Foot assigned to each residential Unit on a Parcel, assign the Maximum Annual Special Tax per Unit to each Unit by using the Building Square Foot ranges shown in **Attachment 1**, as increased by the Tax Escalation Factor. If each Unit is not uniquely identified by a County Assessor's Parcel, sum the Maximum Annual Special Tax assigned to each Unit to determine the Maximum Annual Special Tax for the Mixed-Use Parcel.
- 2. Final Use Parcels. Assign the Maximum Annual Special Tax per Unit for each Final Use Parcels shown in **Attachment 1**, as increased by the Tax Escalation Factor.
- D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel ceases to be classified as a Public Parcel or Undeveloped Parcel and is converted to a taxable use, it shall become subject to the Special Tax if it meets the definitions of a Taxable Parcel. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 4.A** and **Section 4.B** above. Conversely, if a Parcel is converted to a Public Parcel, it shall become a Tax-Exempt Parcel.

5. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

- A. Compute the Annual Costs using the definition of Annual Costs in Section 2.
- B. Calculate the Special Tax levy for each Taxable Parcel by the following steps:
 - Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for Developed Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in Step 1.
 - Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue for Developed Parcels, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.
 - Step 4: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue for Developed Parcels, increase proportionately the Special Tax levy for each Final Use Parcel until the revenue from the Special Tax levy equals the Annual Costs, or until the Maximum Annual Special Tax has been reached.
- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax

Collection Schedule will not be sent later than the date required by the Auditor for such inclusion.

6. Records Maintained for the CFD

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

- The current County Assessor's Parcel Number.
- Total Building Square Footage assigned by the Administrator to Single Family Residential Units.
- The total number of Multifamily Residential Use Units assigned to each Parcel.

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

7. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments. Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy will be corrected, and if applicable in any case, a refund will be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this Exhibit that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

8. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Attachment 1
Northwest Land Park CFD No. 2013-02 (Services)
Maximum Annual Special Tax by Category (Base Year 2014-15)

Land Use Category	Maximum Annual Special Tax [1]	
Developed Parcels		
Residential Parcels		
Less Than 800 Building Square Foot	\$275	per Unit
800 to 1,199 Building Square Foot	\$380	per Unit
1,200 Building Square Foot and greater	\$485	per Unit
Multifamily Residential Uses	\$275	per Unit
Final Use Parcels	\$200	per Unit

[1] The Maximum Annual Special Tax is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year. "att1"

Attachment 2

Northwest Land Park CFD No. 2013-02 (Services) List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below in addition to the costs associated with collecting and administering the special taxes and annually administering the District. The authorized services to be funded include:

1. Maintenance and lighting of parks, parkways, bike trails, and open space.
2. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
3. The levy of Special Taxes to accumulate funds in a sinking fund for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the Administrator.

Specifically, the amenities identified below are intended to be maintained (in order of priority) with special tax revenues of the District.

- Neighborhood Park and Setzer Run bike trail/parkway (onsite)
- Pedestrian/Bike Path to Miller Park (offsite)
- Leataata Floyd Lease Payment
- Floyd Farm Maintenance
- Neighborhood Resource Center Operations Contribution (See Note)
- Southside Park Maintenance Contribution (See Note)

Note: In the Base Year, the annual contributions for the Neighborhood Resource Center are limited to \$80,900 and to \$55,000 for Southside Park. Annual contribution maximums increase by the Tax Escalation Factor in following years. Actual contributions will be contingent on available funding pursuant to the prioritized list above.

The Economics of Land Use



Draft Hearing Report

Northwest Land Park Community Facilities District 13-02 (Services)

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

September 2013

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1. INTRODUCTION

Purpose

The City of Sacramento (City) retained Economic & Planning Systems, Inc. (EPS), to support its efforts to create a Mello-Roos Community Facilities District (CFD) to fund certain services in the Northwest Land Park development area. The proposed Northwest Land Park Project (Project) includes a mix of single-family and multifamily residential buildings with approximately 30,000 square feet of retail space. The Project would include an approximately 4.5-acre park, a pedestrian trail, and also may include a neighborhood resource center and private recreational and open space areas.

Northwest Land Park, LLC (Northwest), the developer of the Project, has worked with the City of Sacramento (City) and other stakeholders to provide community services and public improvements to the area that will provide benefits to the Project and the larger community. Amenities include joint-use park and school facilities; Leataata Floyd farm; a neighborhood resource center serving all groups; and service linkages between the high school, elementary school, and the neighborhood. **Map 1** shows all existing neighborhood amenities. The following amenities shown on the map are analyzed in the financing strategy:

1. Southside Park
5. O'Neil Park
7. Leataata Floyd Elementary
9. Proposed Leataata Floyd Farm

A condition of approval for the Project requires Northwest to form a CFD to fund maintenance services and the maintenance of public amenities. While the Project contains both residential and nonresidential development areas, only residential uses will be subject to a Mello-Roos special tax for maintenance services. The CFD initially will be formed on certain areas in the Project, with the possibility for future annexations of additional areas.

This Hearing Report presents a description of the CFD, the methodology for calculating the special tax rate, and the results of that analysis. The Resolution of Intention (ROI) to form the CFD was considered by the City Council (Council) on August 20, 2013. The Resolution of Formation (ROF) will be considered by the Council on September 24, 2013. **Map 2** shows the proposed boundaries for the CFD. **Map 3** shows the proposed annexation areas for the CFD.

Organization of the Report

This report consists of five chapters including this introduction. **Chapter 2** describes the land uses in the CFD. **Chapter 3** describes the public services to be funded in the CFD, and the costs. **Chapter 4** discusses the allocation of service costs. **Chapter 5** describes the structure of the CFD and the Rate and Method of Apportionment.

Two exhibits are attached to this report. **Exhibit A** is the List of Authorized Services. **Exhibit B** is the Rate, Method of Apportionment, and Manner of Collection of Special Tax.

MAP 1
NORTHWEST LAND PARK
 A "NORTHWEST LAND PARK, LLC" DEVELOPMENT

PUBLIC SPACE INVENTORY



LEGEND:

-  SCHOOL
-  PARK
-  COMMUNITY SPACE
-  LIMITS OF ANALYSIS

02/22/2011



MAP 2
 BOUNDARY MAP
 NORTHWEST LAND PARK
 COMMUNITY FACILITIES DISTRICT NO. 2013-02
 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 _____, 2013

CITY CLERK,
 CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE.

I HEREBY CERTIFY THAT THE MAP SHOWING THE BOUNDARIES OF NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT NO. 2013-02, 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 _____, 2013, BY ITS RESOLUTION NO. _____

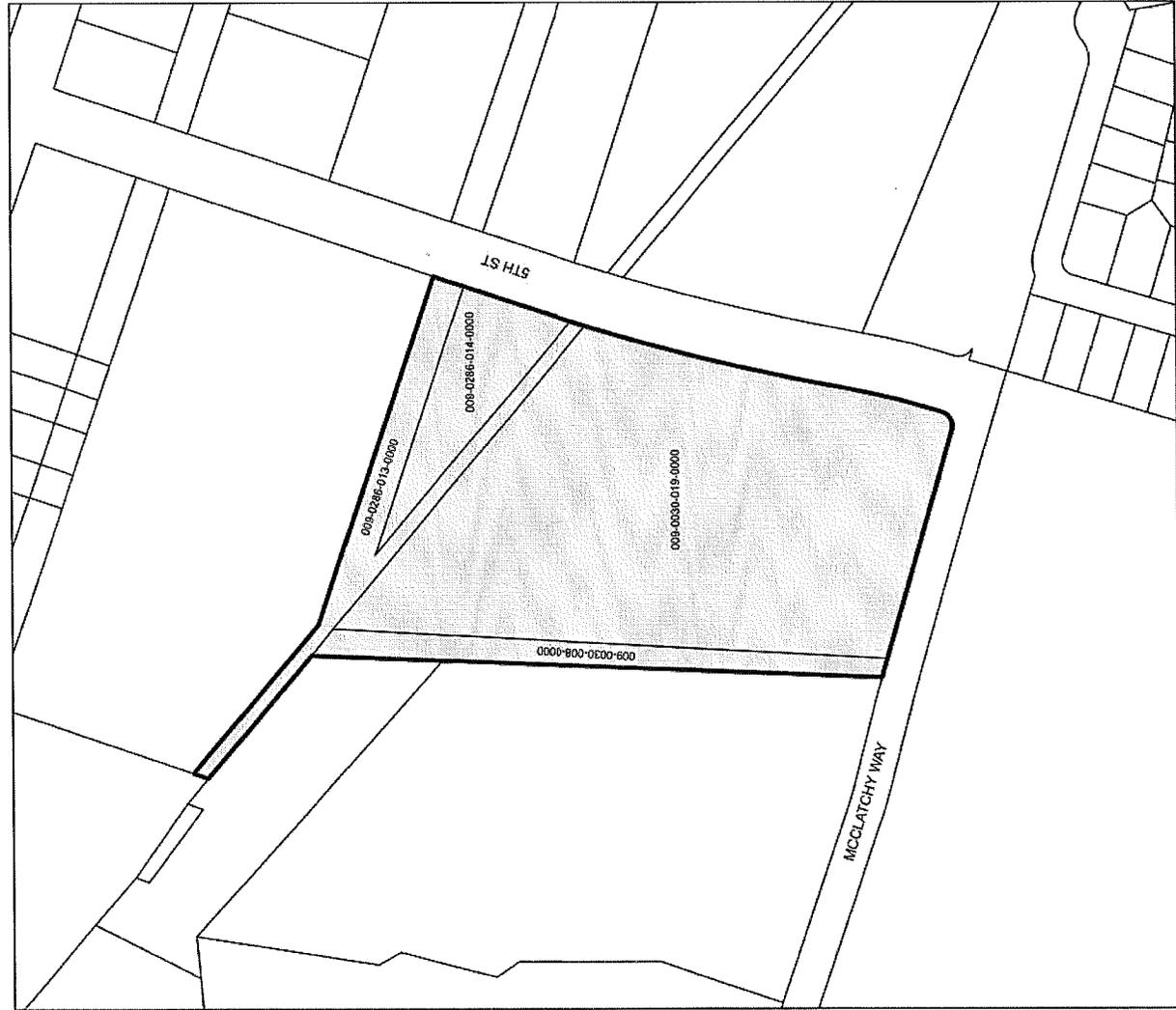
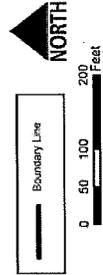
CITY CLERK,
 CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT.

FILED THIS _____ DAY OF _____, 2013 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 RECORDER
 OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: _____ DEPUTY _____ DOCUMENT NO. _____



MAP 3

**BOUNDARY MAP
NORTHWEST LAND PARK
COMMUNITY FACILITIES DISTRICT NO. 2013-02
FUTURE ANNEXATION AREA
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 _____, 2013

CITY CLERK,
CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE.

I HEREBY CERTIFY THAT THE MAP SHOWING THE BOUNDARIES OF NORTHWEST LAND PARK COMMUNITY FACILITIES DISTRICT NO. 2013-02 FUTURE ANNEXATION AREA, 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 _____, 2013, BY ITS RESOLUTION NO. _____

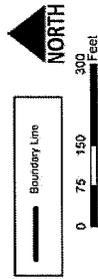
CITY CLERK,
CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT.

FILED THIS _____ DAY OF _____, 2013 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 RECORDER
OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: _____ DEPUTY _____ DOCUMENT NO. _____



CITY OF SACRAMENTO
Finance Department

REGISTRATION DISTRICT: 1301 North East Land Park, Sacramento, California, 95811

2. *CFD LAND USES*

The CFD will be formed initially over the approximately 8 acres of the approximately 32-acre Project development. This is the first phase of the CFD. It is anticipated that a final subdivision map will be recorded for residential uses on all or a portion of the first phase. The remaining 24 acres of the Project will be annexed after initial formation of the CFD.

Table 1 shows the residential, nonresidential, and public land uses. Residential uses are identified as taxable uses in the CFD. Residential uses are identified by the number of units for each house size category. Each house-size range will be assigned a different maximum annual special tax rate.

Table 1 shows an estimated 30,000 building square feet of retail that will be constructed in the CFD. This land use is considered tax-exempt in the CFD, as are public parcels, such as the park or trail systems.

Table 1
Northwest Land Park CFD No. 2013-02 (Services)
CFD Land Uses

Land Use Category	Units	Sq. Ft.	Acres
Taxable Uses			
Residential			
Less Than 800 Building Square Feet	50		
800 to 1,199 Building Square Feet	435		
1,200 Building Square Feet and greater	340		
Tax-Exempt Uses			
Nonresidential			
Retail		30,000	
Nonresidential Subtotal		30,000	
Public			
Neighborhood Resource Center		14,500	
Parks/Trails			4.3
Public Subtotal		14,500	4.3
Totals	825	44,500	4.3

cfid uses

Source: Northwest Land Park, LLC.

3. AUTHORIZED CFD SERVICES

The CFD is being formed to fund certain maintenance and operation costs of public facilities in the Project or serving residents of the Project. Authorized services of the CFD are discussed below.

Authorized Services of the CFD

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below, in addition to the costs associated with collecting and administering the special taxes and annually administering the CFD. The authorized services to be funded are generally described as these:

1. Maintenance and lighting of parks, parkways, bike trails, and open space.
2. Miscellaneous costs related to any of the items described above, including planning, engineering, and legal and administration costs.
3. The levy of special taxes to accumulate funds in a sinking fund for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the CFD administrator.

More specifically, the amenities identified below are intended to be maintained (in order of priority) with special tax revenues of the CFD:

- Neighborhood Park and Setzer Run bike trail/parkway (on-site).
- Pedestrian/Bike Path to Miller Park (off-site).
- Floyd Farm Lease Payment.
- Floyd Farm Maintenance.
- Neighborhood Resource Center Operations Contribution.
- Southside Park Maintenance Contribution (off-site).

An order of priority was created to acknowledge that annual special tax revenues levied at the maximum amounts may be insufficient enough to fund all costs of the CFD in a given fiscal year.

Annual contributions for the Neighborhood Resource Center and Southside Park are limited in the initial fiscal year on the CFD (FY 2014-15) to \$80,900 (Resource Center) and \$55,000 (Southside Park). The contribution amounts are increased in each fiscal year thereafter by the tax escalation factor discussed in **Chapter 5**.

Estimated Service Costs in the Base Year

The estimated cost of providing the above-mentioned services was used to structure the maximum annual special tax structure. Operation and maintenance cost assumptions are shown in **Table 2**. The total operation and maintenance costs are \$351,500. Not shown in **Table 2** are administrative costs for the CFD.

Table 2
Northwest Land Park CFD No. 2013-02 (Services)
Estimated CFD Costs for Public Facilities Maintenance and Operation

Public Facility	Estimated Annual Cost (2013 \$s)
Neighborhood Park	\$51,800
Setzer Run Bike Trail	\$50,000
Floyd Farm Lease Payment	\$82,500
Floyd Farm Maintenance	\$31,300
Neighborhood Resource Center Operations Contribution	\$80,900
Southside Park Maintenance Contribution	\$55,000
Totals	\$351,500

cfid costs

Source: Northwest Land Park, LLC, and City of Sacramento.

4. MAXIMUM ANNUAL SPECIAL TAXES AND REVENUE PROJECTIONS

The maximum annual special tax per residential unit for each was proposed by Northwest. The maximum annual special tax is to be established at the varying rates based on three ranges of residential unit sizes. The special tax program is intended to be implemented on residential units once the building permit for construction of the residential unit has been issued by the City. Discussions of the maximum annual special tax and revenue projections follow.

Maximum Annual Special Tax

The maximum annual special tax for residential land use types ranges from \$275 to \$485 per unit. The maximum annual special tax for parcels defined as Final Use Parcels is \$275 per parcel. A Final Use Parcel is a parcel created by a final subdivision map or condominium plan, or, in other words, a residential, mixed-use, or multifamily parcel for which no further development approvals are required for the issuance of a building permit. **Table 3 (Attachment 1 of Exhibit B)** shows the maximum annual special tax rates per square foot for residential land uses. The maximum annual special tax program is discussed in full detail in **Chapter 5**.

Special Tax Revenue Projects

The amount of annual special tax revenue that is available to fund operation and maintenance services will depend on the timing of the buildout of residential development in the CFD. The special tax revenue projections anticipate that parcels with a building permit will be taxed at the maximum annual amount each fiscal year. The area to be initially included in the CFD, and the territory identified for annexation after the initial formation of the CFD, is planned to have 825 residential units. The number of units by house size is shown in **Table 4**. The maximum annual special tax rates shown in **Table 4** are for Fiscal Year 2014–15.

Special tax revenue projections of \$343,950, shown in **Table 4**, are based on the assumption that all 825 residential units would be constructed before Fiscal Year 2014–15. Construction of the 825 units will occur over a longer period of time, and the maximum annual special tax will be increased each year according to inflation factors. Special tax revenue projections are provided to demonstrate the ability of the special tax program to adequately fund any operation and maintenance requirements of the CFD.

Overall Tax Burden Analysis

The estimated overall tax burden of the average residential unit in the CFD is 1.37 percent. The tax burden analysis assumes the average value of a residential unit in the CFD is \$285,000. EPS used this amount from the analysis conducted for Northwest in support of formation of the CFD.

Direct charges were estimated based on property tax bills for residential parcels near the Project. **Table 5** shows assumptions and calculations for the overall tax burden.

Table 3
Northwest Land Park CFD No. 2013-02 (Services)
Maximum Annual Special Tax by Category (Base Year 2014-15)

Land Use Category	Maximum Annual Special Tax	
	[1]	
Developed Parcels		
Residential Parcels		
Less Than 800 Building Square Feet	\$275	per Unit
800 to 1,199 Building Square Feet	\$380	per Unit
1,200 Building Square Feet and greater	\$485	per Unit
Multifamily Residential Uses	\$275	per Unit
Final Use Parcels	\$200	per Unit

att 1

[1] The Maximum Annual Special Tax is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

Table 4
Northwest Land Park CFD No. 2013-02 (Services)
Estimated CFD Special Tax Revenues in Base Year

Residential Uses	No. of Units [1]	Maximum Annual Special Tax [2]	Maximum Annual Special Tax Revenue
Less Than 800 Building Square Feet	50	\$275	\$13,750
800 to 1,199 Building Square Feet	435	\$380	\$165,300
1,200 Building Square Feet and greater	340	\$485	\$164,900
Totals	825		\$343,950

cfid rev

[1] From Table 1.

[2] The maximum annual special tax increases annually after FY 2014-15, based on the percentage increase in the Consumer Price Index (prior calendar year annual average, San Francisco, All Urban Consumers), not to exceed 4 percent.

Table 5
Northwest Land Park CFD No. 2013-02 (Services)
Overall Tax Burden Analysis

Description	Amount
Estimated Average Value per Unit [1]	\$285,000
Homeowner's Exemption	(\$7,000)
Estimated Average Assessed Value	\$278,000
Ad Valorem Taxes	
Proposition 13 Property Tax	1.000% \$2,780
Los Rios College GO Bond	0.019% \$54
SCUSD GO Bond	0.100% \$278
Total Ad Valorem Taxes	\$3,111
Direct Charges [2]	
Northwest Land Park CFD No. 2013-02	\$485
Citywide L&L Assessment District (est.)	\$75
Sacramento Library Services Tax (est.)	\$30
SAFCA Consolidated Capital Assessment (est.)	\$65
SAFCA O&M Assessment (est.)	\$25
American River Flood Zone C (est.)	\$9
Total Direct Charges	\$689
Total Taxes and Direct Charges	\$3,800
Overall Tax Burden	1.37%

tax burden

[1] From prior EPS analysis for Northwest Land Park, LLC.

[2] Direct charges other than the CFD are estimates based on property tax bills for nearby residential properties.

5. FEATURES OF THE CFD

The features of the CFD are delineated in the Rate and Method of Apportionment (RMA) in **Exhibit B**. Parcels in the CFD will pay special taxes based on the RMA. The attached exhibits are documents contained in the ROF. **Exhibit A** is the List of Authorized Services. **Exhibit B** is the RMA.

Definition of Services Annual Costs

Each year, the CFD administrator will approve the costs of providing authorized services of the CFD for the upcoming fiscal year. These costs are funded by the levy and collection of the special tax. The annual services costs will include the following items:

- The costs of CFD authorized services to be incurred in the upcoming fiscal year.
- Administrative expenses for such fiscal year.
- An amount equal to the amount of delinquencies in payment of the special tax levied in the previous fiscal year or anticipated for the current fiscal year.

Determination of Parcels Subject to Special Tax

All new development in the CFD will be subject to the tax on receipt of building permit from the City. The administrator will prepare a list of the parcels subject to the special tax by using the records of the City and County Assessor.

Termination of the Special Tax

The special tax is levied and collected in perpetuity or until such time as the City determines it no longer needs the special tax to fund authorized services of the CFD.

Classification of Parcels

Before assigning the maximum annual special tax, each parcel in the CFD is classified as either a taxable parcel or a tax-exempt parcel. Taxable parcels are further classified as developed, final use, or undeveloped parcels. Developed parcels are further classified as having residential units that are less than 800 building square feet, 800 to 1,199 building square feet, or greater than 1,200 building square feet. Multifamily residential uses are assigned the same rate (as shown in **Table 3**) regardless of building square foot.

Assignment of Maximum Annual Special Tax

Section 4 of the RMA describes in detail the precise method for assigning the maximum annual special tax to parcels in the CFD. The RMA assigns a maximum annual special tax to taxable parcels when a building permit is issued for residential land uses. Multifamily residential uses are assigned the same rate regardless of building square foot. The maximum annual special tax

is based on the building square foot for a residential unit. The maximum annual special tax is determined by identifying the building square foot range shown in **Table 3** for each residential unit.

Base Year for Services Special Tax

The base year is Fiscal Year 2014-15.

Tax Escalation Factor for Special Tax

The special tax increases by an annual percentage increase in the Consumer Price Index (CPI) (prior calendar year annual average, San Francisco, All Urban Consumers [CPI-U] Index); however, the annual percentage increase shall not exceed 4 percent, beginning with Fiscal Year 2015-16.

Setting the Special Tax Levy for Taxable Parcels

To determine the annual levy, the administrator will use the process presented in **Section 5** of the RMA and shown below.

Compute the annual costs using the definitions in **Section 2** of the RMA:

- Step 1: Compute 100 percent of the maximum annual special tax revenue for developed parcels.
- Step 2: Compare the annual costs with the maximum annual special tax revenue calculated in Step 1, above.
- Step 3: If the annual costs are lower than the maximum annual special tax revenue for developed parcels, decrease proportionately the special tax levy for each developed parcel until the revenue from the special tax levy equals the annual costs.
- Step 4: If the annual costs are greater than the maximum annual special tax revenue for developed parcels, increase proportionately the special tax levy for each final use parcel until the revenue from the special tax levy equals the annual costs, or until the maximum annual special tax has been reached.

Prepayment of the Facilities Special Tax Obligation

The special tax may not be prepaid because it is collected in perpetuity or until the Council determines the special tax should no longer be collected.

Tax-Exempt Parcels Converted to Taxable Parcels

Tax-exempt public parcels converted to private use will become taxable as described in **Section 4D** of the RMA.

Manner of Collection

The special tax will be collected in the same manner and at the same time as ad valorem property taxes. As specified in **Section 9** of the RMA, the administrator or its designee may directly bill the special tax and may collect the special tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

Interpretations, Application, and Appeal of RMA and Procedures

The CFD administrator will make every effort to correctly calculate the special tax for each parcel. It will be the burden of the taxpayer to correct any errors in the determination of the parcels subject to the tax and their special tax assignments. Any taxpayer who feels that the amount of the special tax assigned to a parcel is in error may file a notice with the CFD administrator appealing the levy of the special tax. The CFD administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the CFD administrator verifies that the tax should be modified or changed, the special tax levy will be corrected, and if applicable in any case, a refund will be granted.

Interpretations may be made by resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the special tax rate, the method of apportionment, or any definition applicable to the CFD.

Without Council approval, the CFD administrator may make minor, non-substantive administrative and technical changes to the provisions of the RMA that do not materially affect the rate, method of apportionment, and manner of collection of the special tax for purposes of the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.



EXHIBITS:

Exhibit A: List of Authorized Services

Exhibit B: Rate and Method of Apportionment of
Special Tax

EXHIBIT A:
List of Authorized Services



Exhibit A
Northwest Land Park CFD No. 2013-02 (Services)
List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below, in addition to the costs associated with collecting and administering the special taxes and annually administering the CFD. These are the authorized services to be funded:

1. Maintenance and lighting of parks, parkways, bike trails, and open space.
2. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
3. The levy of special taxes to accumulate funds in a sinking fund for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the CFD administrator.

Specifically, the amenities identified below are intended to be maintained (in order of priority) with special tax revenues of the CFD:

- Neighborhood Park and Setzer Run bike trail/parkway (on-site).
- Pedestrian/Bike Path to Miller Park (off-site).
- Floyd Farm Lease Payment.
- Floyd Farm Maintenance.
- Neighborhood Resource Center Operations Contribution (see Note).
- Southside Park Maintenance Contribution (see Note).

Note: In the base year, the annual contributions for the Neighborhood Resource Center are limited to \$80,900 and to \$55,000 for Southside Park. Annual contribution maximums increase by the tax escalation factor in following years. Actual contributions will be contingent on available funding pursuant to the prioritized list above.

EXHIBIT B:

**Rate and Method of Apportionment of
Special Tax**



Exhibit B

City of Sacramento, California Northwest Land Park Community Facilities District No. 2013-02 (Services)

Rate and Method of Apportionment and Manner of Collection of Special Taxes

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (Act) applicable to the land in Northwest Land Park Community Facilities District No. 2013-02 (Services) (CFD) of the City of Sacramento (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 compensation of City employees for administrative work performed in relation to the CFD, the fees of consultants and legal counsel, the costs of collecting installments of the Special Taxes on the general tax rolls or by other means, preparation of required reports, and any other costs required to establish or administer the CFD as determined by the City.

"Administrator" means the official of the City, or designee thereof, responsible for determining the Special Tax requirement and providing for the levy and collection of the Special Tax.

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

"Authorized Services" mean those services, as listed in **Attachment 2** to the RMA.

"Base Year" means the Fiscal Year 2014-15.

"Building Permit" means the issuance of a City building permit for the construction of Residential Building in the CFD.

"Building Square Foot(age)" means the square footage of any Residential Building floor area as determined by the City at Building Permit issuance or special use permit issuance.

"CFD" means the Northwest Land Park Community Facilities District No. 2013-02 (Services) of the City of Sacramento, Sacramento County, California.

"City" means the City of Sacramento in Sacramento County, California.

"Condominium Residential Uses" means a County Assessor's Parcel designated for attached single-family residential uses.

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

"County" means the County of Sacramento, California.

"County Assessor's Parcel" means a lot or Parcel with an assigned Assessor's Parcel Number in the maps used by the County Assessor in the preparation of the tax roll.

"Developed Parcel" means a Parcel for which a Building Permit or special use permit has been issued for a Residential Building or Mixed-Use Building within the CFD. A Developed Parcel will be reclassified as a Final Use Parcel if a Building Permit on a Parcel is revoked, abandoned or otherwise does not result in vertical development on the Parcel.

"Existing Building(s)" means buildings that are located on Parcels within the CFD at the time of formation. Parcels with Existing Buildings are exempt from the Special Tax until otherwise reclassified.

"Final Use Parcel" means a Residential Parcel, Mixed Use Parcel, or Multifamily Parcel for which no further development approval is required for the issuance of a Building Permit.

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

"Legacy Parcel" means a Parcel with an Existing Building at formation of the CFD. A Legacy Parcel becomes a Taxable Parcel when it is divided into Final Use Parcels, new Residential Buildings are constructed on the Parcel, or Existing Buildings convert to Residential Buildings.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Taxable Parcel.

"Maximum Annual Special Tax Revenue" means the greatest amount of Special Tax revenue that can be collected by levying the Maximum Annual Special Tax against a group of Taxable Parcels (Developed Parcels or Final Use Parcels).

"Maximum Annual Special Tax Rate per Unit" means the amount shown in **Attachment 1** for the Base Year that is assigned per Unit for a Residential Parcel or residential units in a Mixed-Use Building. The Maximum Annual Special Tax Rate per Unit is adjusted annually by the Tax Escalation Factor in each Fiscal Year following the Base Year.

"Mixed-Use Parcel" means a Parcel designated for nonresidential and residential uses. A Mixed-Use Building may be either a vertical mixed-use or horizontal mixed-use building.

"Multifamily Residential Parcel" means a Parcel with Multifamily Residential Use structures.

"Multifamily Residential Use(s)" means a Parcel designated for multifamily residential apartment uses.

“Nonresidential Parcel” means a Parcel with a use designated for commercial, retail, office, church, institutional (such as hospital), industrial, manufacturing, or other similar land uses. Nonresidential Parcels are exempt from the Special Tax; however, Residential Building uses on a mixed use parcel shall be subject to the Special Tax.

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

“Public Parcel” means any Parcel, in its entirety, that is publicly owned that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes. Any such Parcel will be a Tax-Exempt Parcel.

“Residential Building” means a residential structure on a Residential Parcel with land uses designated for residential use, such as single-family residential, Residential uses on a mixed use parcel, multifamily residential, low-income single-family residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities.

“Residential Parcel” means a Parcel, with land uses designated for residential uses such as single-family residential, multifamily residential, low-income single-family residential, age-restricted single-family or multifamily uses, assisted living or congregate care facilities.

“Single-Family Residential Use(s)” means a County Assessor’s Parcel designated for detached single-family residential uses.

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

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

“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); however, the annual percentage increase shall not exceed 4 percent.

“Taxable Parcel” means any Parcel that is a Developed Parcel or Final Use Parcel.

“Tax-Exempt Parcel” means a Parcel not subject to the Special Tax, including these:

- Public Parcels
- Nonresidential Parcels (with the exception of Residential Building uses on a Mixed-Use Parcel)
- Legacy Parcel
- Undeveloped Parcels.

“Undeveloped Parcel” means a Parcel that is not a Developed Parcel, Final Use Parcel, Legacy Parcel, or Tax-Exempt Parcel.

“**Unit(s)**” means the number of individual Residential units on a Taxable Parcel for which Building Permits have been issued.

3. Duration of the Special Tax

Parcels in the CFD will remain subject to the Special Tax in perpetuity.

If the Special Tax ceases to be levied, the City will direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished. The Notice of Cessation of Special Tax, in addition, will identify the book and page of the Book of Maps of Assessment and Community Facilities Districts where the map of the boundaries of the CFD is recorded.

4. Assignment of Maximum Annual Special Tax

- A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions in **Section 2** above, the Parcel records of the Assessor’s Secured Tax Roll as of January 1, and other City development approval records, the Administrator shall complete the following steps:
 1. Classify each Parcel as a Developed Parcel, Final Use Parcel, Undeveloped Parcel, or Tax-Exempt Parcel.
 2. Assign to each Developed Parcel the total Units and Building Square Footage for each Unit for all Residential Parcels and Mixed-Use Buildings.
- B. Determination of Maximum Annual Special Tax. **Attachment 1** shows the Maximum Annual Special Tax per Unit for the Base Year. In each Fiscal Year following the Base Year, the Annual Special Tax Rate per Unit shall be adjusted by the Tax Escalation Factor.
- C. Assignment of Maximum Annual Special Tax. Using **Attachment 1**, the Administrator shall assign the Maximum Annual Special Tax to each Developed Parcel and Final Use Parcel using the steps below:
 1. Developed Parcels.
 - a. Residential Parcels. Using the Building Square foot assigned to each Unit on a Residential Parcel, assign the Maximum Annual Special Tax to each Unit using the Building Square Foot ranges shown in **Attachment 1**, as increased by the Tax Escalation Factor. To the extent there are more than one Units assigned to the Residential Parcel, sum the Maximum Annual Special Tax assigned to each Unit to determine the Maximum Annual Special Tax for the Residential Parcel.
 - b. Multifamily Residential Parcel. Using the number of Units on a Multifamily Parcel, multiply the Maximum Annual Special Tax per Unit for Multifamily Residential uses, as shown in **Attachment 1**, as increased by the Tax

Escalation Factor, times the number of Units to determine the Maximum Annual Special Tax for the Multifamily Residential Parcel.

- c. Mixed-Use Parcels. Using the Building Square Foot assigned to each residential Unit on a Parcel, assign the Maximum Annual Special Tax per Unit to each Unit by using the Building Square Foot ranges shown in **Attachment 1**, as increased by the Tax Escalation Factor. If each Unit is not uniquely identified by a County Assessor's Parcel, sum the Maximum Annual Special Tax assigned to each Unit to determine the Maximum Annual Special Tax for the Mixed-Use Parcel.
2. Final Use Parcels. Assign the Maximum Annual Special Tax per Unit for each Final Use Parcels shown in **Attachment 1**, as increased by the Tax Escalation Factor.
- D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel ceases to be classified as a Public Parcel or Undeveloped Parcel and is converted to a taxable use, it shall become subject to the Special Tax if it meets the definitions of a Taxable Parcel. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 4.A** and **Section 4.B** above. Conversely, if a Parcel is converted to a Public Parcel, it shall become a Tax-Exempt Parcel.

5. Calculating Annual Special Taxes

The Administrator will compute the Annual Costs and determine the Maximum Annual Special Tax for each Taxable Parcel based on the assignment of the Special Tax in **Section 4**. The Administrator then will determine the tax levy for each Taxable Parcel using the following process:

- A. Compute the Annual Costs using the definition of Annual Costs in Section 2.
- B. Calculate the Special Tax levy for each Taxable Parcel by the following steps:
 - Step 1: Compute 100 percent of the Maximum Annual Special Tax Revenue for Developed Parcels.
 - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in Step 1, above.
 - Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue for Developed Parcels, decrease proportionately the Special Tax levy for each Developed Parcel until the revenue from the Special Tax levy equals the Annual Costs.
 - Step 4: If the Annual Costs are greater than the Maximum Annual Special Tax Revenue for Developed Parcels, increase proportionately the Special Tax levy for each Final Use Parcel until the revenue from the Special Tax levy equals the Annual Costs, or until the Maximum Annual Special Tax has been reached.

- C. Levy on each Taxable Parcel the amount calculated above.
- D. Prepare the Tax Collection Schedule and, unless an alternative method of collection has been selected pursuant to **Section 9**, send it to the County Auditor requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule will not be sent later than the date required by the Auditor for such inclusion.

6. Records Maintained for the CFD

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

- The current County Assessor's Parcel Number.
- Total Building Square Footage assigned by the Administrator to Single-Family Residential Units.
- The total number of Multifamily Residential Use Units assigned to each Parcel.

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

7. Interpretation, Application, and Appeal of Special Tax Formula and Procedures

The Administrator will make every effort to correctly calculate the Special Tax for each Parcel. It will be the burden of the taxpayer to correct any errors in the determination of the Parcels subject to the tax and their Special Tax assignments. Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Administrator appealing the levy of the Special Tax. The Administrator then will promptly review the appeal and, if necessary, meet with the applicant. If the Administrator verifies that the tax should be modified or changed, the Special Tax levy will be corrected, and if applicable in any case, a refund will be granted.

Interpretations may be made by Resolution of the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, or any definition applicable to the CFD.

Without Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this Exhibit that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of the administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

8. Prepayment of the Special Tax Obligation

The Maximum Annual Special Tax for a Taxable Parcel may not be prepaid. The Special Tax is collected to fund Authorized Services in perpetuity, or until the Council determines that the Special Tax should no longer be collected.

9. Manner of Collection

The Special Tax will be collected in the same manner and at the same time as ad valorem property taxes, provided, however, that the Administrator or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary, to meet the City's financial obligations.

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**Attachment 1
Northwest Land Park CFD No. 2013-02 (Services)
Maximum Annual Special Tax by Category (Base Year 2014-15)**

Land Use Category	Maximum Annual Special Tax [1]	
Developed Parcels		
Residential Parcels		
Less Than 800 Building Square Feet	\$275	per Unit
800 to 1,199 Building Square Feet	\$380	per Unit
1,200 Building Square Feet and greater	\$485	per Unit
Multifamily Residential Uses	\$275	per Unit
Final Use Parcels	\$200	per Unit

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[1] The Maximum Annual Special Tax is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

Attachment 2
Northwest Land Park CFD No. 2013-02 (Services)
List of Authorized Services

The authorized services to be funded from the levy and collection of annual special taxes include those set forth below, in addition to the costs associated with collecting and administering the special taxes and annually administering the CFD. These are the authorized services to be funded:

1. Maintenance and lighting of parks, parkways, bike trails, and open space.
2. Miscellaneous costs related to any of the items described above including planning, engineering, and legal and administration costs.
3. The levy of special taxes to accumulate funds in a sinking fund for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the CFD administrator.

Specifically, the amenities identified below are intended to be maintained (in order of priority) with special tax revenues of the CFD:

- Neighborhood Park and Setzer Run bike trail/parkway (on-site).
- Pedestrian/Bike Path to Miller Park (off-site).
- Floyd Farm Lease Payment.
- Floyd Farm Maintenance.
- Neighborhood Resource Center Operations Contribution (see Note).
- Southside Park Maintenance Contribution (see Note).

Note: In the base year, the annual contributions for the Neighborhood Resource Center are limited to \$80,900 and to \$55,000 for Southside Park. Annual contribution maximums increase by the tax escalation factor in following years. Actual contributions will be contingent on available funding pursuant to the prioritized list above.