

**Meeting Date:** 5/19/2015

**Report Type:** Public Hearing

**Report ID:** 2015-00301

**Title: (Pass for Publication) Sacramento Maintenance Community Facilities District No. 2014-04 Unanimous Consent Process and Pass for Publication an Ordinance (Noticed 05/08/2015)**

**Location:** Citywide

**Recommendation:** Conduct a public hearing and, upon conclusion, 1) pass a Resolution establishing the future annexation area for the Sacramento Maintenance Community Facilities District No. 2014-04 (District), levying a special tax within annexed areas and correcting the date of the date of the public hearing originally published in the Resolution of Intention (Resolution 2015-0088); 2) pass a Resolution establishing an accounting fund for the collection of special tax proceeds for Fiscal Year (FY) 2015/16; and 3) review an ordinance levying a special tax solely within and relating to the District; and 4) pass for publication the ordinance title as required by City Charter Section 32(c), with the ordinance to be adopted on May 26, 2015.

**Contact:** Sheri Smith, Program Specialist, (916) 808-7204; Mark Griffin, Program Manager, (916) 808-8788, Department of Finance

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

**Department:** Finance

**Division:** Public Improvement Finance

**Dept ID:** 06001321

**Attachments:**

- 1-Description/Analysis
- 2-Schedule of Proceedings
- 3-Resolution to Establish Annexation Area
- 4-Exhibit A - Boundary Map
- 5-Exhibit B - List of Authorized Services
- 6-Exhibit C - RMA
- 7-Exhibit D- Hearing Report
- 8-Resolution to Create Accounting Fund
- 9-Sacramento Maintenance District Ordinance

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**City Attorney Review**

Approved as to Form  
Michael W. Voss  
5/11/2015 9:49:06 AM

**Approvals/Acknowledgements**

Department Director or Designee: Leyne Milstein - 5/5/2015 5:24:07 PM

## Description/Analysis

**Issue Detail:** In 2014, Section 53340 of the Mello-Roos Act (Act) was amended to allow parcels to be annexed into an existing Community Facilities District (CFD) at special tax rates sufficient to fund maintenance to the annexed area and with the unanimous approval of property owners in the area to be annexed. This change introduces an economical, streamlined and creative solution to providing public improvement maintenance services for development projects, particularly small ones.

On April 14, 2015, Council passed a Resolution of Intention (Resolution 2015-0088) to create “future annexation territory” and allow projects to annex into the District administratively via the unanimous approval process. The District currently provides for a comprehensive list of services including the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, lights, storm water drainage facilities, water quality facilities, open spaces, and other improvements within and along public rights of way. The services actually included in each annexation area would match the entitlement conditions for the project. The “future annexation territory” is contiguous with City boundaries. No special tax or lien is imposed until required by project entitlements.

Resolution 2015-0088 set May 12, 2015 as the date for the public hearing. The staff report and statutorily required notice of public hearing identified May 19, 2015 as the date for the public hearing. Government Code section 53339.5 allows the City Council to correct what are minor defects in the establishment proceedings at the public hearing. The correction is noted in the attached resolution.

**Policy Considerations:** The recommended action will provide the mechanism to fund maintenance and repair of public amenities, facilities, and improvements for project areas annexed to the District with flexibility to customize special tax rates for annexing projects based on the specific cost of services provided. As required by the Act, these services will not supplant services already available within that territory prior to annexation.

The unanimous approval requirement allows future development projects to be annexed into the District administratively, without the multiple agenda items otherwise required for each annexation, and allow rates to be set at levels appropriate to the services provided to each project.

**Environmental Considerations:** Under the California Environmental Quality Act Guidelines, formation of a district and continuing administrative activities do not constitute a project and are therefore exempt from review.

**Rationale for Recommendation:** The actions in the recommended Resolution of Intention are authorized by the Mello-Roos Community Facilities Act of 1982 (Government Code section 53340) for levying special tax at varying rates, with the unanimous consent of the property owners.

The unanimous consent process is an alternate procedure for annexations permitted under Government Code Section 53339.7.

**Financial Considerations:** The property owners will pay all costs associated with the District. Rates will vary by project as the actual cost of services for and services provided to each annexation area will be different.

**Local Business Enterprise (LBE):** Not applicable.

## SCHEDULE OF PROCEEDINGS

### SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT (CFD) NO. 2014-04 UNANIMOUS CONSENT PROCESS

- |                     |   |
|---------------------|---|
| April 14, 2015      | City council <ul style="list-style-type: none"><li>• Adopt Resolution of Intention to Create Annexation Process<br/>(sets hearing date)</li></ul>   |
| April 15, 2015      | Record Boundary Map   |
| May 8, 2015         | City Clerk publish notice of Public Hearing   |
| <b>May 19, 2015</b> | <b>City Council</b> <ul style="list-style-type: none"><li>• <b>Conduct Public Hearing for Annexation Process</b></li><li>• <b>Pass for Publication Ordinance to Levy Tax at varying rates</b></li></ul> |
| May 26, 2015        | City Council <ul style="list-style-type: none"><li>• Adopt Ordinance to Levy Special Tax at varying rates</li></ul>   |



## RESOLUTION NO.

Adopted by the Sacramento City Council

### **RESOLUTION ESTABLISHING THE FUTURE ANNEXATION AREA FOR THE SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 AND LEVYING A SPECIAL TAX WITHIN FUTURE ANNEXED AREAS TO FINANCE MAINTENANCE SERVICES**

#### **BACKGROUND:**

- A.** The City Council (Council) of the City of Sacramento (City) has previously established, through Resolution Numbers 2014-0353 and 2014-0394, the Sacramento Maintenance Community Facilities District No. 2014-04, formerly named the Railyards Maintenance Community Facilities District No. 2014-04, (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 property in the District to provide funding for maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, lights, storm water drainage facilities, water quality facilities, open spaces, and other improvements within and along public rights of way, all in accordance with the Act and with Title 3, Chapter 3.124 of the Sacramento City Code ("Chapter 3.124").
- B.** On April 14, 2015, the City Council adopted Resolution No. 2015-0088 (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 SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 Annexation No. \_\_\_ (each map/annexation will be numbered consecutively)."
- C.** The Resolution of Intention set the procedure for providing services unique to the requirements of annexation properties at rates set according to Government Code Section 53340 once approved unanimously by the owners of each parcel to be annexed into the District.
- D.** The Resolution of Intention, incorrectly, fixed May 12, 2015, 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. The notice published pursuant to Section 53339.4 of the Act and the Resolution of Intention staff report correctly identified May 19, 2015 as the date for the public hearing.
- E.** The Public Hearing was duly convened by the Council and all protests received by the City Clerk (Clerk) were presented to the Council.
- F.** 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.

- G.** 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 of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, lights, storm water drainage facilities, water quality facilities, open spaces, and other improvements within and along public rights of way, 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.
- H.** All services will be provided separately to each annexation area and there will be no shared facilities or services provided in common with the existing 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, except that the date for the public hearing is corrected to read May 19, 2015. 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 SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 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 land use assigned to a parcel pursuant to the "Rate and Method of Apportionment of Special Tax," attached hereto as Exhibit C and incorporated herein by this reference. Rates for annexation properties will be set according to Government Code Section 53340 once approved unanimously by the owners of each parcel to be annexed into the District. 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, rate of the special tax, 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.

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 A

**BOUNDARY MAP  
SACRAMENTO MAINTENANCE  
COMMUNITY FACILITIES DISTRICT NO. 2014-04  
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 \_\_\_\_\_, 2015.

CITY CLERK,  
CITY OF SACRAMENTO, CALIFORNIA

**CLERK'S CERTIFICATE:**

I HEREBY CERTIFY THAT THE MAP SHOWING BOUNDARY MAP, SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04, AND THE ANNEXATION MAP, 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 \_\_\_\_\_, 2015, BY ITS RESOLUTION NO. \_\_\_\_\_.

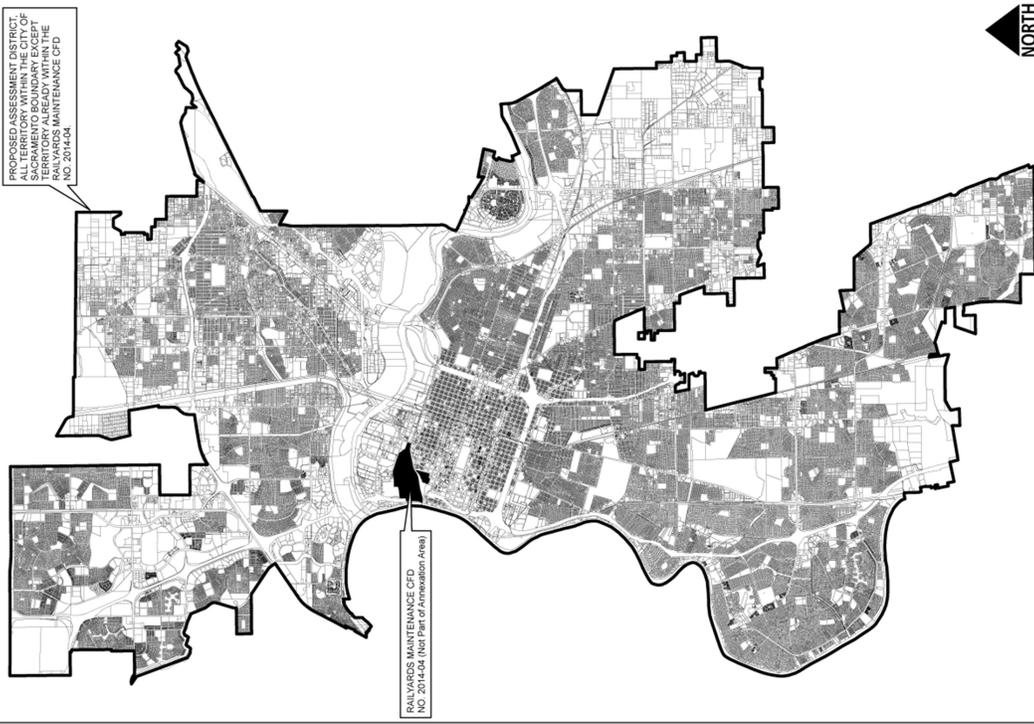
CITY CLERK,  
CITY OF SACRAMENTO, CALIFORNIA

**COUNTY RECORDER'S FILING STATEMENT:**

FILED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2015 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. \_\_\_\_\_



Boundary Line  
Assessor's Parcels with Boundary Dimensions  
OF PARCELS, REFER TO SACRAMENTO COUNTY ASSESSOR PARCEL MAP BOOKS SHOWING ALL PARCELS WITHIN THE CITY OF SACRAMENTO

SPECIAL DISTRICT INFORMATION MAP CD 2014-04 Boundary Map final 1/16/15 3/17/15

Exhibit B  
City of Sacramento  
Sacramento Maintenance  
Community Facilities District 2014-04  
Sacramento, California

List of Authorized Services

The authorized services to be financed with the Special Tax are set forth below. The Special Tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of CFD No. 2014-04 is to fund the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and appurtenances.

The authorized services for CFD No. 2014-04 consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, landscaped areas within public rights-of-way and appurtenances, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, light fixtures, sound walls, ornamental and chain link fences, water fountains/features, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring within and along public rights-of-way.
2. The repair and maintenance of parks and open space areas within the public rights-of-way and appurtenances including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, bike paths, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, fences, water fountains/features, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, park amenities, and courts, within and along public rights-of-way.
3. The repair and maintenance of water-quality facilities and storm-water drainage facilities including but not limited to, water fountains/features, irrigation facilities, signage, bollards, pedestrian paths, bike paths, plantings, weed removal, ramps, sidewalks, system monitoring, and low impact development features.
4. The repair and maintenance of sewer facilities that are over and above City standards or serve only the project and cannot be maintained with funds derived from the rate base.
5. Scheduled inspection of maintenance of items described above.
6. Utility costs associated with maintenance of the items described above.
7. Formation costs for CFD No. 2014-04.
8. Collecting and administering the Special Tax and annually administering CFD No. 2014-04.
9. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, environmental, legal services, and administration.



## Exhibit C

City of Sacramento  
Sacramento Maintenance  
Community Facilities District 2014-04  
(Formerly Railyards Maintenance Community Facilities District)  
Sacramento, California

RATE, METHOD OF APPORTIONMENT, AND  
MANNER OF COLLECTION OF SPECIAL TAX

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### 1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 applicable to the Parcels in the Railyards Maintenance Community Facilities District No. 2014-04 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 – The Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

Administrative Expenses – The actual or reasonably estimated costs directly related to the formation and administration of CFD No. 2014-04, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Tax (whether by the County or otherwise); the costs to the City, CFD No. 2014-04, or any designee thereof of complying with City or CFD No. 2014-04 disclosure requirements; the costs associated with responding to public inquiries regarding the Special Tax; the costs of the City, CFD No. 2014-04, or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third-party expenses.

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

Annual Costs – The amount required in any Fiscal Year for CFD No.2014-04 to: (1) pay for Eligible Facilities and Services as shown on **Attachment 1**; and (2) pay Administrative Expenses.

Annual Special Tax – The Land Special Tax or the Developed Special Tax that may be levied on a Taxable Parcel and collected each Fiscal Year.

Base Year – The Fiscal Year beginning July 1, 2015 and ending June 30, 2016.

Building Area – The measurement of the habitable area contained within the perimeter of each individual building, or the covered and enclosed area contained within the perimeter of the structure for a Developed Parcel with a Development Approval.

- For a Non-Residential Parcel Use or the Non-Residential Use on a Mixed Use Parcel, the calculation of the building area will include “chargeable covered and enclosed space” under

Government Code section 65995 (b)(2). The Building Area of parking structures for a non-residential building is not included in the calculation of Building Area.

- For a Non-Residential Condominium Unit, the Building Area is the habitable square footage of the unit specified in the Development Plan for the non-residential units. The Non-Residential Condominium Units will also be allocated a proportionate share of the building's common areas.

The Building Area measurement shall be determined in accordance with the standard practice of the City in calculating structural parameters. The Building Area will be adjusted as a result of a Development Approval.

Central Shops Parcel – A parcel that is within the boundaries of the Central Shops Historic District of the Railyards Specific Plan, exclusive of the Historic Transition Zone. All Central Shops Parcels are exempt from the Special Tax.

Central Shops Land Area – Any area of a parcel that is within the boundaries of the Central Shops Historic District of the Specific Plan, exclusive of the Historic Transition Zone area of the Specific Plan. The Central Shops Land Area for any Parcel fully or partly within the boundary of the Historic District Parcel is exempt from the Special Tax.

CFD No. 2014-04 – The City of Sacramento Railyards Maintenance Community Facilities District No. 2014-04.

CFD Administrator – The official of the City, or designee thereof, responsible for determining the Annual Costs and providing for the levy and collection of the Special Tax.

City – The City of Sacramento in Sacramento County, California.

Condominium Structure – A residential, commercial or mixed use structure consisting of two or more units that share common walls and that may be legally offered as for-sale units, including such structures that meet the statutory definition of a condominium contained in Civil Code Section 4125.

Consumer Price Index – The Consumer Price Index published by the U.S. Bureau of Labor Statistics for “All Items” in the San Francisco / Oakland / San Jose Area Urban Wage Earners and Clerical Workers, measured each calendar year. If this index ceases to be published, the Consumer Price Index will be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the San Francisco Bay Area.

Council – The City Council of the City of Sacramento acting for CFD No 2014-04 under the Act.

County – The County of Sacramento, California.

County Assessor's Parcel – A 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 - A taxable parcel with one or more Development Approvals. Stand-alone surface parking lots are Developed Parcels even though a building permit may not be issued for the parking lot.

Developed Special Tax – The maximum annual amount of Annual Special Tax that can be assigned and levied against a Developed Parcel in a Fiscal Year calculated according the provisions of

**Section 5.D.** The Developed Special Tax for Non-Residential Uses is derived using the provisions of **Section 5.D.1.** The Developed Special Tax for Residential Uses is derived using the provisions of **Section 5.D.2.** The Developed Special Tax for Mixed Uses is derived using the provisions of **Section 5.D.3.**

Developed Special Tax Rate - The Special Taxes per Building Area for Nonresidential Uses and per Dwelling Unit for Residential Uses as shown in **Section 5.F.** The Developed Special Tax Rate may be adjusted by the Tax Escalation Factor in each Fiscal Year following the Base Year.

Development Approval - A building permit issued by the City.

Development Records - Various City or other Public Agency reports, studies or permits that provide information about the development status of a Parcel or Development Project. Such records may consist of Development Plans, tentative maps, Parcel maps, final subdivision maps, building permits, or records of survey that have been approved or recorded.

Development Plan - A condominium plan, apartment plan, site plan or other planning document that identifies such information as the type of structure, acreage, building square footage, and/or number of Dwelling Units that are approved to be developed on a Taxable Parcel.

Dwelling Unit(s) - The number of residential unit(s) assigned to a Parcel.

Eligible Facilities and Services - Facilities to be maintained and services to be financed. The location of the facilities and service areas is described in **Attachment 1.**

Final Map Parcel - A Parcel designated for new development, which is part of a Final Subdivision Map and a Parcel on which no further subdivision is required for Development Approval for any use on such Parcel. Once a Parcel is classified as a Final Map Parcel, it shall remain a Final Map Parcel.

Final Subdivision – A subdivision of property by recordation of a final map, Parcel map, or lot-line adjustment in accordance with the Subdivision Map Act (beginning with California Government Code section 66410) or recordation of a condominium plan in accordance with California Civil Code section 4285 that creates individual lots for which building permits may be issued without further subdivision.

Fiscal Year - The period starting July 1 and ending the following June 30.

Historic Transition Zone - That area of the Specific Plan that is designated as a transition between the Central Shops Land Area and other areas of the Specific Plan. At the time of CFD No. 2014-04 formation, the Historic Transition Zone included Lots 15 and 18 and portions of Lots 21b, 30a and 30b.

Land Special Tax - The maximum Annual Special Tax that may be assigned to a Taxable Parcel based on the Taxable Land Area.

Land Special Tax Rate - The maximum amount of Special Tax per land square foot used to determine the Land Special Tax for a Taxable Parcel. The Land Special Tax Rate (as shown in **Section 5.F)** is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

Market Rate Unit - A Dwelling Unit located on a Developed Parcel that is not an Affordable Unit.

Maximum Annual Special Tax - The maximum amount of the Developed Special Tax or Land Special Tax that could be levied in a Fiscal Year on a Taxable Parcel.

Maximum Annual Special Tax Revenue - The annual maximum amount of Special Tax that may be levied against a category of Taxable Parcels, such as Developed Parcels.

Maximum CFD Revenue - The sum of the Maximum Annual Special Tax that may be levied on all Taxable Parcels in CFD No. 2014-04 in a Fiscal Year.

Mixed Use Parcel - A Taxable Parcel with Development Approval for both Non-Residential Uses and Residential Uses. A Mixed Use Parcel is also classified as a Developed Parcel.

Mixed Use Condominium - A Condominium Structure which includes both Residential Condominium Units and Non-Residential Condominium Units.

Non-Residential Condominium Unit - A Non-Residential condominium unit included as part of a Condominium Structure.

Non-Residential Parcel - A Taxable Parcel with Development Approval for exclusively Non-Residential Uses. A Non-Residential Parcel is also classified as a Developed Parcel.

Non-Residential Use - A land use designation for service, commercial, retail, office, industrial, warehouse or manufacturing activity, including parking for the non-residential uses.

Original Parcel - A Parcel included in the boundaries of CFD No. 2014-04 at the time of formation.

Other Land Use Parcel - A Developed Parcel with a sports stadium or arena, surface parking lot, stand-alone parking structure or other land use that the Administrator cannot classify as a Residential Parcel or Non-Residential Parcel.

Parcel - 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 - 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.

Proportionately - The ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Developed Parcels. For Final Mapped Property, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Final Map Parcels. For Undeveloped Parcels, "Proportionately" means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Undeveloped Parcels.

Public Agency - The City, State of California, Sacramento County, the federal government, or the Sacramento Unified School District or other special district.

Public Parcel - Any Parcel, in its entirety, that is or is intended to be 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, subject to exception as described in definition of Public Property listed below. Any such Parcel is a Tax-Exempt Parcel.

Public Property - For each Fiscal Year, (1) any property within the boundaries of CFD No. 2014-04 that was owned by, or irrevocably offered for dedication to a Public Agency as of June 30 of the previous Fiscal Year, except that any property leased by a Public Agency to a private entity and

subject to taxation under Section 53340.1 of the Act will be taxed according to its use; and (2) any property within the boundaries of CFD No. 2014-04 that was encumbered, as of June 30 of the previous Fiscal Year, by an utility easement making impractical its utilization for other than the purpose set forth in the easement.

Public Use Land Area - That portion of a Taxable Parcel that is identified as an area to be used for public uses (roads, parks, etc.) which are intended to be dedicated for public use as part of a future Subdivision of the Parcel.

Railyards Specific Plan - The Sacramento Railyards Specific Plan” adopted by the City on December 11, 2007 by Council Resolution 2007-908.

Residential Condominium Unit - A residential Dwelling Unit included as part of a Condominium Structure.

Residential Unit - A residential Dwelling Unit constructed on a single family residential Parcel or a residential unit constructed on a multi-family residential Parcel or a Mixed Use Parcel.

Residential Parcel - A Taxable Parcel with Development Approval exclusively for Residential Uses. A Residential Parcel is also classified as a Developed Parcel.

Residential Use - That portion of a Parcel designated for residential use, including parking for the residential use.

Special Tax(es) - Any tax levy under the Act in CFD No. 2014-04.

Special Tax Ordinance - An ordinance or resolution of the City Council authorizing the annual levy and collection of the Special Tax.

Structured Parking Use - That portion of a residential or non-residential structure designated for parking.

Subdivision or Subdivided - A division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision may also include the merging of two or more Parcels to create new Parcels or a lot-line adjustment that does not create additional parcels.

Successor Parcel - A Parcel or combination of Parcels created through Subdivision.

Tax Category - The categories of taxable land uses shown in **Section 5.F.**

- The document prepared by the CFD Administrator for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

Tax Escalation Factor - An amount by which the Administrator may adjust the Maximum Annual Special Tax in each Fiscal Year after the Base Year, equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding calendar year, not to exceed four percent for any Fiscal Year.

Taxable Parcel - Any Parcel that is not a Tax-Exempt Parcel.

Tax-Exempt Parcel - A Parcel not subject to the annual Special Tax. Tax-Exempt Parcels include Tax Exempt Public Parcels and Central Shops Parcels. Certain privately owned Parcels also may be

exempt from the levy of Special Taxes including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the CFD Administrator.

Tax-Exempt Public Parcel - Any Public Parcel and any other Parcel that is, or is intended to be, publicly owned, as designated in any final map, that normally is exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, landscaping, wetlands, greenbelts, and open space.

Taxable Land Area - The Total Land Area of a Taxable Parcel less the Public Use Land Area.

Total Land Area - The total square footage of a Parcel.

Undeveloped Parcel - A Taxable Parcel that is not classified as a Developed Parcel or a Final Map Parcel.

### **3. Duration of the Special Tax**

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

### **4. Assignment of Land Area, Building Area, and Dwelling Units to Original and Successor Parcels**

#### **A. Assignment of Land Area.**

Original Parcels are assigned a Total Land Area, Taxable Land Area, Central Shops Land Area, and Public Use Land Area as of the formation of CFD No. 2014-04. Original Parcels at CFD No. 2014-04 formation are identified in **Attachment 2**.

As Parcels are Subdivided or combined, the CFD Administrator will assign the Total Land Area, Taxable Land Area, Central Shops Land Area and Public Use Land Area to all Successor Parcels using available Development Records.

#### **B. Assignment of Building Area to Non-Residential Parcels**

As non-residential development projects receive Development Approvals, the CFD Administrator will determine the Building Area for all structures identified in the Development Plan. For Non-Residential Condominium Units, the Building Area is the square footage specified in the Development Plan for the Unit plus a proportionate allocation of the building's common areas.

#### **C. Assignment of Building Area to Mixed Use Parcels.**

As mixed use development projects receive Development Approvals, the CFD Administrator will determine the non-residential Building Area for all structures identified in the Development Plan. For Non-Residential Condominium Units, the Building Area is the square footage specified in the Development Plan for the unit plus a proportionate allocation of the building's non-residential common areas.

#### **D. Assignment of Dwelling Units to Residential Parcels and Mixed Use Parcels.**

As residential development projects and mixed use development projects receive Development Approvals, the CFD Administrator will determine the number of Dwelling Units identified in the Development Plan. A Residential Condominium Unit is equivalent to one Dwelling Unit.

E. Assignment of Land Area to Other Land Use Parcels.

The CFD Administrator will assign a Total Land Area, Public Use Land Area, Central Shops Land Area, and Taxable Land Area to each Other Land Use Parcel.

F. Conversion of a Tax-Exempt Parcel to a Taxable Parcel.

If a Tax-Exempt Parcel is converted to a taxable use or transferred to a private owner, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 5** below.

G. Conversion of a Taxable Parcel to a Tax-Exempt Parcel.

If a privately owned Parcel is converted to a public use, it shall become tax-exempt.

**5. Assignment of the 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 CFD Administrator shall do the following:

1. Classify each Parcel as a Taxable Parcel or Tax-Exempt Parcel.
2. Classify each Taxable Parcel as a Developed Parcel, Final Map Parcel, or Undeveloped Parcel.
3. Classify each Developed Parcel as a Residential Parcel, Non-Residential Parcel, Mixed-Use Parcel, Central Shops Parcel, or Other Land Use Parcel.
4. Classify each Dwelling Unit on a Residential Parcel as a Market Rate Unit or an Affordable Unit.

B. Assignment of the Land Special Tax to Original Parcels. The CFD Administrator will assign the Land Special Tax to each Original Parcel by multiplying the Taxable Land Area assigned to the Parcel in Section 4.A times the Land Special Tax Rate in Section 5.F. Each Fiscal Year following the Base Year, the Land Special Tax for each Original Parcel is adjusted by the Tax Escalation Factor.

C. Assignment of the Land Special Tax to Successor Parcels. As Original Parcels are Subdivided into Successor Parcels, the Land Special Tax will be assigned to Successor Parcels by multiplying the Taxable Land Area assigned to the Parcel in **Section 4.A** times the Land Special Tax Rate shown in **Section 5.F** adjusted by the Tax Escalation Factor. The Land Special Tax is only levied on Undeveloped Parcels, Final Map Parcels, and Other Land Use Parcels.

D. Assignment of Special Taxes to Developed Parcels (via **Sections 5.D.1, 5.D.2 and 5.D.3**), The Special Tax assigned to Developed Parcels shall be the greater of the amounts assigned in

**Sections 5.D.1, 5.D.2 and 5.D.3** or the Land Special Tax for the Final Map Parcel on which Development Approval was granted. The Land Special Tax for such a Final Map Parcel shall be calculated by multiplying the Taxable Land Area of the Final Map Parcel by the Land Special Tax Rate.

1. Assignment of the Developed Special Tax to Non-Residential Parcels. The Developed Special Tax is calculated by multiplying the Building Area assigned in **Section 4.B** or **Section 4.C** times the Developed Special Tax Rate for Non-Residential Uses, as shown in **Section 5.F** adjusted by the Tax Escalation Factor.
2. Assignment of Developed Special Tax to Residential Parcels. The Developed Special Tax is calculated by using the following steps:

Step 1: Using **the Land Special Tax Rate shown in Section 5.F** assign the Developed Special Tax Rate for Residential Uses adjusted by the Tax Escalation Factor to each Dwelling Unit.

Step 2: Sum the Developed Special Tax for each Dwelling Unit from in *Step 1* to derive the Developed Special Tax.

3. Assignment of Developed Special Tax to Mixed Use Parcels. The Developed Special Tax is calculated by using the following steps:

Step 1: Determine the Developed Special Tax for Non-Residential Uses using the provisions of **Section 5.D.1**.

Step 2: Determine the Developed Special Tax for Residential Uses using the provisions of **Section 5.E.2**.

Step 3: Sum the results of *Step 1* and *Step 2* to derive the Developed Special Tax.

E. Assignment of Land Special Tax to Other Land Use Parcels. The Land Special Tax will be assigned to Other Land Use Parcels by multiplying the Taxable Land Area assigned to the Parcel in **Section 4.A** times the Land Special Tax Rate shown in **Section 5.F** adjusted by the Tax Escalation Factor.

F. The following are the CFD No. 2014-04 Maximum Annual Special Taxes for the Base Year:

Tax Category	Base Year Special Tax Rate 2015-16 [1]
<b>Developed Special Tax</b>	
<b>Residential Uses</b>	
Market Rate Unit	per Dwelling Unit \$260.00
Affordable Unit	per Dwelling Unit \$0.00
<b>Nonresidential Uses</b>	

Non-Residential Uses	per Building Area	<b>\$0.19</b>
<b>Other Land Use Parcels</b>	per land square foot	<b>\$0.42</b>
<b>Land Special Tax Rate</b>	per land square foot	<b>\$0.42</b>

*att\_1"*

[1] Developed Special Tax per Dwelling Unit or Building Area is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2015-16. The Tax Escalation Factor is equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding calendar year, not to exceed four percent for any Fiscal Year.

## 6. Calculating Annual Special Taxes

The CFD 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 5**. The CFD Administrator will then 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 all Developed Parcels.

Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in the previous step.

Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue, 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 additional monies are needed to satisfy the Annual Costs after the third step has been completed, the Special Tax will be levied proportionately on Final Map Parcels, up to the Maximum Annual Special Tax.

Step 5: If additional monies are needed to satisfy the Annual Costs after the fourth step has been completed, the Special Tax will be levied on Undeveloped Parcels until the Special Tax revenue equals Annual Costs, or until 100 percent of the Maximum Annual Special Tax is levied.

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.

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 Special Tax and their Special Tax assignments.

## **7. Records Maintained for the CFD**

As development and subdivision occurs in CFD No. 2014-04, the CFD Administrator will maintain a file containing records of the following information for each Parcel:

- The current County Assessor's Parcel Number.
- The amount of Total Land Area, Public Use Land Area, and Taxable Land Area for each Taxable Parcel
- The number of Affordable and Market Rate Dwelling Units for each Developed Parcel.
- The amount of Building Area of Non-Residential Use for each Developed Parcel.

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

## **8. Interpretation, Application and Appeal of Special Tax Formula and Procedures**

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 will then 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 the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to CFD No. 2014-04.

Without Council approval, the CFD 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.

## **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 CFD 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

## List of Authorized Services

The authorized services to be financed with the Special Tax are set forth below. The Special Tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of CFD No. 2014-04 is to fund the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and the area known as the West Tunnel and appurtenances. Funds may be used within the territory of CFD No. 2014-04.

The authorized services for CFD No. 2014-04 consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, sound walls, ornamental and chain link fences, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, water-quality facilities, storm-water drainage facilities, water fountains and other water features, and other appurtenances within and along public rights-of-way.
2. Scheduled inspection of maintenance of roadway facilities, water-quality facilities, storm-water drainage facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
3. Capital repair and maintenance of the area known as the West Tunnel and appurtenances including but not limited to ornamental fences, guard rails, coil gates, exhaust fans, cleaning and repainting of walls and ceilings, junction boxes and tie-ins for security camera's, Public Address system, spot lights, etc., benches, granite blocks, sitting wall, landscaping irrigation, hose bibbs, trench drains and cleanouts, monument, stair treads and concrete.
4. Utility costs associated with maintenance of roadway facilities, transit facilities, water-quality facilities, storm-water drainage facilities, parks, bikeway and pedestrian paths, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
5. Formation costs for CFD No. 2014-04.
6. Collecting and administering the Special Tax and annually administering CFD No. 2014-04.
7. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, environmental, legal services, and administration.

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
OS	1	0.87				0.87
RCMU	2a	4.03	4.03			0.00
OS	2b	0.40				0.40
RCMU	3a	1.12	1.12			0.00
OS	3b	0.00				0.00
RCMU	3c	1.19	1.19			0.00
RCMU	3d	0.00	0.00			0.00
OS	3e	0.33				0.33
RCMU	3f	1.07	1.07			0.00
OS	3e1	0.00				0.00
OS	3e2	0.00				0.00
RCMU	5a	1.45	1.45			0.00
RCMU	5b	1.13	1.13			0.00
OS	5c	0.52				0.52
OS	5d	0.15				0.15
RCMU	6a	1.43	1.43			0.00
RCMU	6b	1.71	1.71			0.00
RCMU	7a1	1.14	1.14			0.00
RCMU	7a2	0.47	0.47			0.00
RCMU	7b1	1.17	1.17			0.00
RCMU	7b2	0.44	0.44			0.00
RCMU	8a	1.85	1.85			0.00
RCMU	8b	0.77	0.77			0.00
RCMU	9a	1.65	1.65			0.00
RCMU	9b	0.75	0.75			0.00
OS	9c	0.24				0.24
OS	9d	0.11				0.11
RCMU	10a1	0.88	0.88			0.00
RCMU	10a2	0.86	0.86			0.00
RCMU	10a3	0.38	0.38			0.00
RCMU	10a4	0.39	0.39			0.00
OS	10b1	0.00				0.00
OS	10b2	0.00				0.00
RCMU	10a	0.00	0.00			0.00
RCMU	10b	0.00	0.00			0.00
RCMU	11	1.87	1.87			0.00
RCMU	11a	2.76	2.76			0.00
RCMU	11b	0.00	0.00			0.00
RCMU	12	1.32	0.00		1.32	0.00
RCMU	13	1.38	0.00		1.38	0.00
RCMU	14	0.70	0.00		0.70	0.00
RCMU	15	3.52	3.52			0.00
RCMU	16	1.82	0.00		1.82	0.00

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
RCMU	17	0.00	0.00		0.00	0.00
RCMU	17a	1.73	0.00		1.73	0.00
OS	18	0.90				0.90
RCMU	20	1.41	0.00		1.41	0.00
OS	21a	1.32			1.32	0.00
OS	21b	2.86			2.86	0.00
OS	21c	0.77			0.77	0.00
RCMU	22	0.15	0.00		0.15	0.00
RCMU	23	0.36	0.00		0.36	0.00
RCMU	24	0.00	0.00		0.00	0.00
RCMU	24b	0.77	0.00		0.77	0.00
RCMU	25	0.56	0.00		0.56	0.00
RCMU	26	0.39	0.00		0.39	0.00
RCMU	27	0.73	0.00		0.73	0.00
RCMU	28	2.27	0.00		2.27	0.00
RCMU	29	1.81	0.00		1.81	0.00
OS	30a	4.31				4.31
OS	30b	1.54				1.54
OS	31	3.27				3.27
RCMU	33	2.65	0.00			2.65
OS	34	1.64				1.64
RMU	35	1.95	1.95			0.00
OS	35	2.00				2.00
TU	38	17.43				17.43
TU	39	6.41				6.41
ORMU	40	1.85	1.85	1.85		0.00
ORMU	41a	1.21	0.00	0.00		1.21
ORMU	41b	1.21	0.00	0.00		1.21
ORMU	42	1.21	1.21	1.21		0.00
ORMU	43a	1.32	0.00	0.00		1.32
ORMU	43b	1.30	0.00	0.00		1.30
ORMU	44	2.05	2.05	2.05		0.00
ORMU	46a	1.00	1.00	1.00		0.00
OS	46a	0.29				0.29
ORMU	46b	1.76	1.76	1.76		0.00
OS	46b	0.08				0.08
ORMU	47a	1.21	1.21			0.00
OS	47a	0.19				0.19
ORMU	47a1	0.00	0.00			0.00
ORMU	47a2	0.00	0.00			0.00
ORMU	47b	1.38	1.38			0.00
OS	47b	0.01				0.01
ORMU	48a	0.91	0.91			0.00
OS	48a	0.04				0.04

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
ORMU	48b	0.94	0.94			0.00
OS	48b	0.06				0.06
ORMU	48c	1.32	1.32			0.00
OS	48c	0.17				0.17
RMU	49a1	2.54	2.54			0.00
RMU	49a2	2.76	2.76			0.00
ORMU	49b	0.51	0.51			0.00
ORMU	49c	0.81	0.81			0.00
OS	50	1.99				1.99
RCMU	51a	2.25				2.25
RCMU	51b	2.18				2.18
RMU	52N	0.98	0.98			0.00
RMU	52S	1.24	1.24			0.00
RMU	53N	1.37	1.37			0.00
RMU	53S	1.42	1.42			0.00
RMU	54N	0.59	0.59			0.00
OS	54Na	0.14				0.14
RMU	54Na	0.65	0.65			0.00
TU	54NT	0.00				0.00
RMU	54S	0.63	0.63			0.00
RMU	54Sa	0.90	0.90			0.00
TU	54ST	0.00				0.00
OS	57N	0.13				0.13
RMU	57N	1.38	1.38			0.00
RMU	57S	1.50	1.50			0.00
RMU	58N	1.15	1.15			0.00
RMU	58S	1.12	1.12			0.00
RMU	59N	1.29	1.29			0.00
RMU	59S	1.10	1.10			0.00
OS	60	1.39				1.39
OS	61	0.93				0.93
OS	62	1.30				1.30
OS	63	1.15				1.15
OS	64	1.15				1.15
OS	65	1.19				1.19
RMU	66N	0.33	0.33			0.00
RMU	66S	1.08	1.08			0.00
RMU	67N	1.27	1.27			0.00
RMU	67S	1.12	1.12			0.00
RMU	68N	1.43	1.43			0.00
RMU	68S	1.10	1.10			0.00
RMU	69N	1.72	1.72			0.00
RMU	69S	1.31	1.31			0.00
RMU	70N	1.06	1.06			0.00



*The Economics of Land Use*



## Hearing Report

# Sacramento Maintenance Services Community Facilities District No. 2014-04 (formerly Railyards CFD No. 2014-04)

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc. (EPS)

November 2014

*Economic & Planning Systems, Inc.  
2295 Gateway Oaks Drive, Suite 250  
Sacramento, CA 95833-4210  
916 649 8010 tel  
916 649 2070 fax*

*Oakland  
Sacramento  
Denver  
Los Angeles*

EPS #132121

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# 1. INTRODUCTION

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## 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 ongoing maintenance services in the Railyards Specific Plan (Railyards or Specific Plan). This report serves as the Hearing Report, as required by the Mello-Roos Act, and describes the annual maintenance costs to be funded, the structure of the CFD, and the maximum annual special taxes.

The Resolution of Intention (ROI) to form the CFD was considered by the City Council (Council) on October 28, 2014. The Resolution of Formation (ROF) will be considered by the Council on December 2, 2014. **Map 1** shows the proposed boundaries for the CFD.

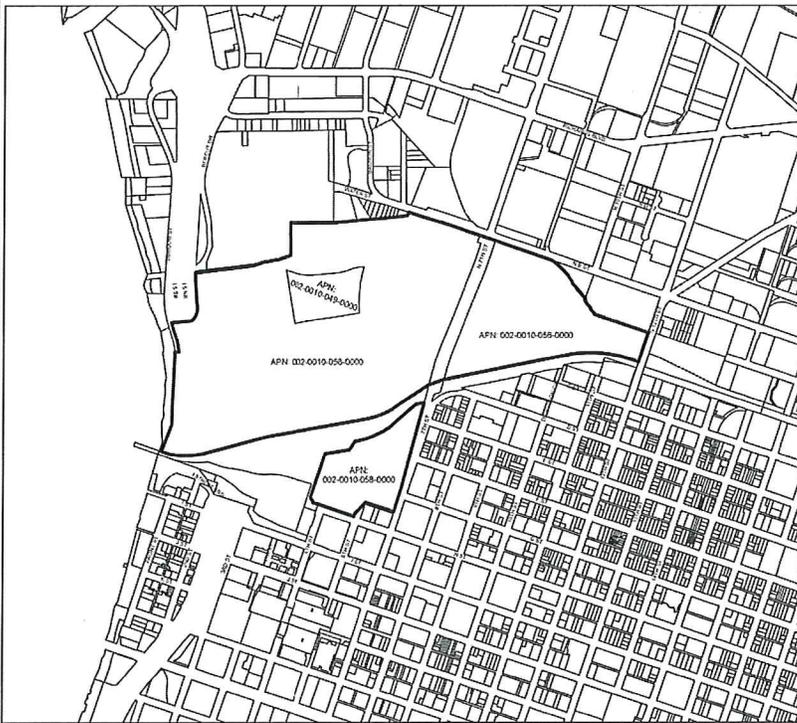
## Railyards Project

The Railyards Project (Project), which was approved by the Council on December 11, 2007, is a mixed-use, infill development project, envisioned to contain a mix of low-, medium-, and high-rise single and mixed-use residential retail, office, and hotel buildings. The Project also will include a mix of historic, cultural, open space, and recreational features. As illustrated in **Map 1**, the Project is east of the Sacramento River, bounded on the north by the City Water Treatment Plant and North B Street, on the south by I Street between 5<sup>th</sup> and 7<sup>th</sup> Streets and on the east by 12<sup>th</sup> Street.

The Project has entitlements to build as many as 12,100 dwelling units, as much as 4.3 million building square feet of nonresidential development, and up to 1,100 hotel rooms. Although this level of entitlement represents the maximum amount of development that may occur, it is possible that actual buildout of the Project could contain fewer residential units and less nonresidential building square footage.

The Project property owners, IA Holdings, have applied for a Final Map on the "South of the Tracks Phase," which is depicted in **Map 2**. This initial map is anticipated to include up to 200 dwelling units and approximately 650,000 square feet of nonresidential development, including the new Courthouse. Formation of the proposed CFD satisfies one condition of approval that a maintenance financing mechanism be established before recordation of a final map for the Project. While only a portion of the Project is seeking a final map at this time, the CFD spans the entire Project boundaries.

MAP 1  
 BOUNDARY MAP  
 CITY OF SACRAMENTO  
 RAILYARDS MAINTENANCE  
 COMMUNITY FACILITIES DISTRICT NO. 2014-04  
 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 \_\_\_\_\_, 2014.

\_\_\_\_\_  
 CITY CLERK,  
 CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE:

I HEREBY CERTIFY THAT THE MAP SHOWING BOUNDARY MAP, CITY OF SACRAMENTO RAILYARDS MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04, 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 \_\_\_\_\_, 2014, BY ITS RESOLUTION NO. 2014-\_\_\_\_\_.

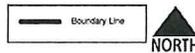
\_\_\_\_\_  
 CITY CLERK,  
 CITY OF SACRAMENTO, CALIFORNIA

COUNTY RECORDER'S FILING STATEMENT.

FILED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2014 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.

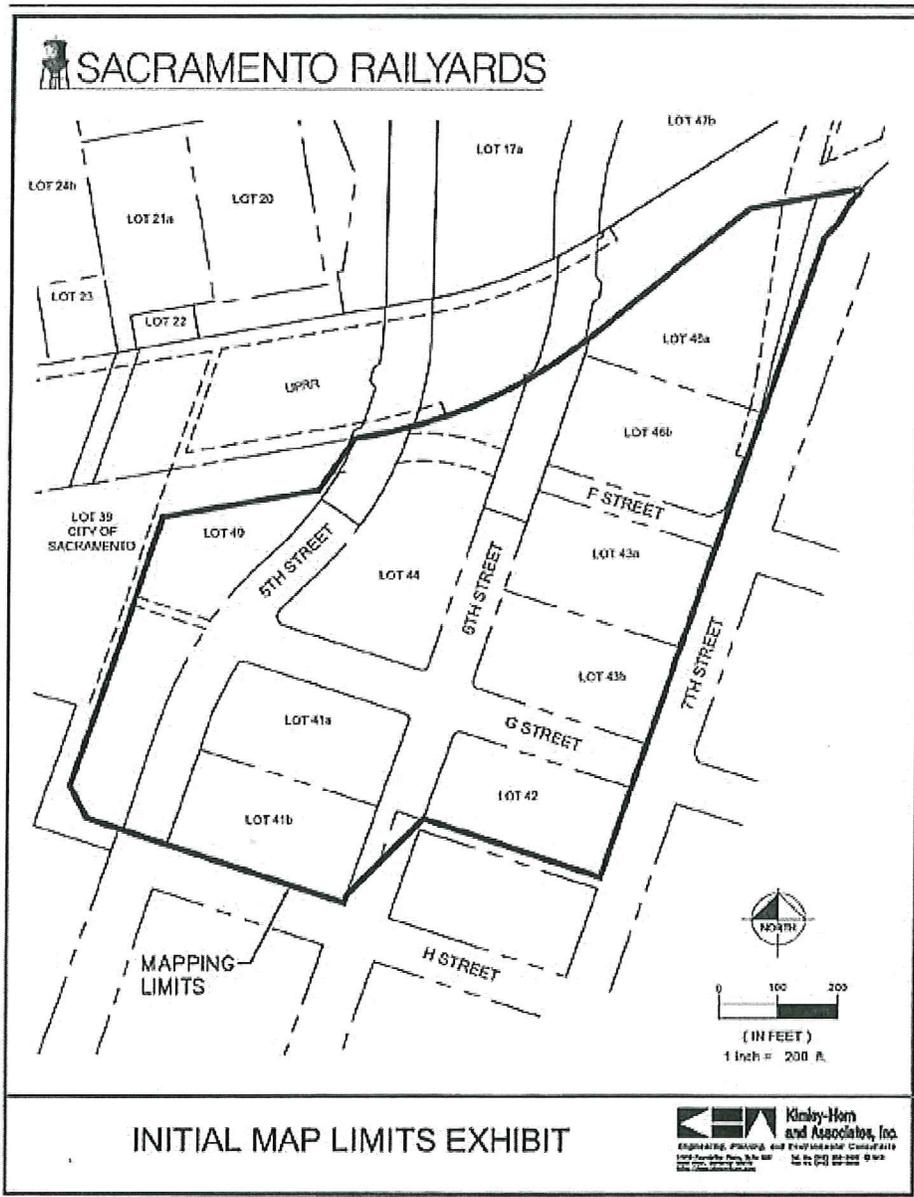
\_\_\_\_\_  
 COUNTY RECORDER  
 OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: \_\_\_\_\_ DEPUTY DOCUMENT NO. \_\_\_\_\_



City of  
**SACRAMENTO**  
 Finance Department

# Map 2



## Organization of the Report

This report consists of four chapters, including this introduction as **Chapter 1**. **Chapter 2** describes the annual maintenance costs to be funded in the CFD. **Chapter 3** describes how the maximum annual special tax was calculated, and **Chapter 4** describes the structure of the CFD and the Rate, Method of Apportionment, and Manner of Collection of Special Tax (RMA).

Three exhibits are attached to this report: **Exhibit A** is the CFD boundary map, **Exhibit B** is the List of Authorized Services, and **Exhibit C** is the RMA.

## 2. AUTHORIZED CFD SERVICES AND ANNUAL MAINTENANCE COSTS

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

### Authorized CFD 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. The authorized services to be funded generally are described as these:

1. Inspection, repair, and maintenance, including utility costs, of roadway facilities, transit facilities, and bike and pedestrian paths.
2. Inspection, repair, and maintenance, including utility costs, of parks, parkways, bike trails, and open space.
3. Inspection, repair, and maintenance, including utility costs, of water-quality facilities, stormwater drainage facilities, water fountains, and other water features.
4. Capital repair and maintenance of the area known as the West Tunnel and appurtenances.
5. Miscellaneous costs related to any of the items described above, including planning, engineering, and legal and administration costs.
6. The levy of special taxes to accumulate funds for anticipated future repair or replacement costs of facilities maintained by the CFD, as determined by the CFD administrator.

The complete List of Authorized Services is included as **Exhibit B** to this report.

### Estimated Maintenance Costs in the Base Year

As shown in **Table 1**, the annual cost of providing the above-mentioned maintenance services is estimated to total \$1.28 million in the base fiscal year (Fiscal Year 2015–16). The annual maintenance cost estimates were prepared by Kimley Horn, Inc., and the City. The annual cost estimates include approximately \$48,000 to fund one-half of the cost to maintain the West Tunnel. The West Tunnel is located near the southwestern portion of the Project and will provide access under the railroad tracks for the general public to move between the existing California State Railroad Museum and the Historic Central Shops District, where a new museum will be located. Funding for the remaining one-half of the annual West Tunnel maintenance cost is assumed to come from the State of California.

**Table 1**  
**Railyards Maintenance CFD**  
**Estimated Total Annual Maintenance Costs - FY 2015-16**

Item	Formula	Annual Amount
<b>Annual Maintenance Costs [1]</b>		
Transportation Facilities	a	\$267,600
Open Space and Plazas	b	\$45,938
Parks	c	<u>\$715,531</u>
<b>Subtotal</b>	<b>d = a + b + c</b>	<b>\$1,029,068</b>
<b>City Contract Administration &amp; Contingency - 20%</b>	<b>e = (d x 0.2)</b>	<b>\$205,814</b>
West Tunnel Maintenance Costs (at 50%) [2]	f	\$48,080
<b>Total Annual Maintenance Costs</b>	<b>g = d + e + f</b>	<b>\$1,282,962</b>

"cfd\_costs"

Sources: Kimley Horn and City of Sacramento

[1] From Kimley Horn detailed cost estimates with City adjustments to costs and contingencies.

[2] From City of Sacramento Public Works

Annual maintenance costs are anticipated to increase over time. As such, the CFD includes a tax escalation factor equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding year. In this manner, the annual special tax revenue collection is anticipated to keep pace with the annual maintenance costs.

### 3. *MAXIMUM ANNUAL SPECIAL TAXES AND REVENUE PROJECTIONS*

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As described in this chapter, the maximum annual special taxes per land square foot, per residential unit, and per nonresidential building square foot were calculated by the City.

#### **Maximum Annual Special Taxes and Tax Revenue Projections**

The maximum annual special taxes, which are shown in **Table 2**, were established considering both the initial phase and future state of Project development. **Table 3** shows estimates of annual special tax revenues from the Project under two development scenarios. Based on the Specific Plan land use plan, the Project is estimated to have approximately 82.47 developable acres (see **Attachment 2** of the RMA). Using a base-year maximum annual special tax of \$18,400 per acre (translated to \$0.42 per land square foot in the RMA), the Project would produce approximately \$1.52 million annually, or approximately 115 percent of the projected annual costs of \$1.32 million.

Although the Project is entitled for as many as approximately 12,100 residential units and as much as 4.3 million nonresidential square feet, it is uncertain whether that maximum buildout potential might be reached. To be conservative, the CFD analysis is based on assumptions of approximately 3,400 market-rate units, 600 affordable units, and up to 3.0 million square feet in the Project. Given the developed maximum special tax rates in **Table 2**, developed parcels in the Project are capable of generating approximately \$1.45 million annually, or approximately 110 percent of the projected annual costs of \$1.32 million.

#### **Overall Tax Burden Analysis**

As shown in **Table 4**, the estimated overall tax burden of the average residential unit in the CFD is 1.21 percent, before considering a potential CFD for Project infrastructure. The tax burden analysis is based on a hypothetical average value of \$400,000 for a for-sale residential dwelling unit in the CFD. If an infrastructure CFD were formed with an annual special tax of \$1,000 per unit, the overall tax burden would equal approximately 1.46 percent.

**Table 2**  
**Railyards Maintenance Community Facilities District 2014-04**  
**Land Special Tax and Developed Special Tax - Base Year 2015-16**

Tax Category		Base Year Special Tax Rate
<b>Developed Special Tax Rates</b>		<b>FY 2015-16 [1]</b>
<b>Residential Uses</b>		
Market Rate	per Dwelling Unit	\$260.00
Affordable	per Dwelling Unit	\$0.00
<b>Nonresidential Uses</b>		
Nonresidential Uses	per Building Area	\$0.19
Other Land Use Parcels	per land square foot	\$0.42
Land Special Tax Rate	per land square foot	\$0.42

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[1] Developed Special Tax per Unit or Building Area is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year, 2015-16. The Tax Escalation Factor is equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding calendar year, not to exceed 4% for any Fiscal Year.

**Table 3**  
**Railyards Maintenance CFD**  
**Comparison of Maximum Annual Special Taxes and Annual Costs**

Land Use Designation	Special Tax per Unit/ Bldg. Sq. Ft.	Undeveloped		Developed	
		Acres	Special Tax Revenues	Units/ Bldg. Sq. Ft.	Special Tax Revenues
Land - Acres	\$18,400	82.47	\$1,517,448		
Market-Rate Residential - units	\$260				
Residential/Commercial Mixed-Use (RCMU)				500	\$130,000
Office/Residential Mixed-Use (ORMU)				500	\$130,000
Residential Mixed-Use (RMU)				2,400	\$624,000
Transit Use (TU)				0	\$0
Subtotal Market Rate				3,400	\$884,000
Affordable Residential - units [1]	\$0			600	\$0
Nonresidential - building sq. ft.	\$0.19				
Residential/Commercial Mixed-Use (RCMU)				2,000,000	\$380,000
Office/Residential Mixed-Use (ORMU)				900,000	\$171,000
Residential Mixed-Use (RMU)				100,000	\$19,000
Transit Use (TU)				0	\$0
Subtotal Nonresidential				3,000,000	\$570,000
<b>TOTAL Tax Revenues</b>			<b>\$1,517,448</b>		<b>\$1,454,000</b>
<b>Annual Cost (Maint.&amp; Admin.) [2]</b>			<b>\$1,321,451</b>		<b>\$1,321,451</b>
<b>Surplus/Shortfall</b>			<b>\$195,997</b>		<b>\$132,549</b>
<b>Contingency %</b>			<b>14.8%</b>		<b>10.0%</b>

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Source: City of Sacramento, Inland America, and EPS.

[1] Affordable residential units are tax-exempt.

[2] See Table 5 for CFD Annual Cost.

**Table 4**  
**Railyards Maintenance CFD**  
**Estimated Annual Taxes and Assessments for a Single-Family Unit (TRA 03-308)**

Assumptions/Fee Type	Tax Rate	Amount
<b>Assumptions</b>		
Estimated Finished Unit Selling Price [1]		\$400,000
<b>Ad Valorem Taxes</b>		
Countywide 1% [2]	1.0000%	\$3,930
Los Rios College GOB	0.0113%	\$45
Sacramento Unified School District General Obligation Bond	0.1212%	\$485
<b>Total Ad Valorem Taxes on Low Range Selling Price</b>	<b>1.1325%</b>	<b>\$4,460</b>
<b>Annual Special Taxes/Assessments</b>		
Sacramento Core Library Services Tax		\$12
Sacramento Library Services Tax		\$31
Landscape and Lighting District (with Lights)		\$77
American River Flood Zone C		\$8
SAFCA O&M Assessment #1		\$4
Railyards Maintenance CFD No. 2014-04		\$260
<b>Total Annual Special Taxes/Assessments</b>		<b>\$392</b>
<b>Total Annual Taxes and Assessments</b>		<b>\$4,852</b>
<b>Taxes and Assessments as a Percentage of Sales Price</b>		<b>1.21%</b>
<b>Taxes and Assessments with Potential Infrastructure CFD</b>		
Potential Future Railyards Infrastructure CFD		\$1,000
<b>Total Annual Taxes and Assessments (with Inf. CFD)</b>		<b>\$5,852</b>
<b>Taxes and Assessments as a Percentage of Sales Price with Infrastructure CFD</b>		<b>1.46%</b>

assess

Source: County of Sacramento; City of Sacramento; EPS.

[1] Estimated sales price based on conversations with the property owner. Placeholder estimate for calculation purposes only.

[2] Includes homeowners property tax exemption of \$7,000.

[3] Placeholder estimate for infrastructure CFD bonding capacity.

## 4. STRUCTURE OF THE PROPOSED CFD

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### Description of the CFD

Special taxes in the CFD will be assigned and levied according to the RMA. The attached exhibits are documents contained in the ROF, prepared for consideration by the Council and a vote of the qualified electorate. **Exhibit A** is the CFD boundary map, **Exhibit B** is the List of Authorized Services, and **Exhibit C** is the RMA.

The CFD is being formed to satisfy conditions of approval placed on the Project. The CFD will provide special tax revenues to fund annual costs to maintain roadway facilities; transit facilities; storm drainage facilities; park, parkway, and open space areas; and other authorized services.

### CFD Boundaries

The CFD boundary includes the entire area known as the Railyards Specific Plan. At CFD formation, there are three legal parcels that comprise the entire CFD boundary.

### Base Year for Services Special Tax

The base year is Fiscal Year 2015–16.

### Duration of the Special Tax

The special tax is intended to be 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. Because the special tax may be levied in perpetuity, there are no special tax prepayment provisions.

### Annual Costs Funded by the CFD

Each year, the CFD administrator will approve the CFD Annual Costs for the upcoming fiscal year. These Annual Costs are funded by the levy and collection of the special tax:

- The costs of authorized facilities and services to be incurred in the upcoming fiscal year.
- Administrative expenses for such fiscal year.
- Amounts that may be accrued for future repair or replacement costs of facilities maintained by the CFD, as determined by the CFD administrator.
- 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.

**Table 5** shows the estimated total \$1.32 million in annual CFD costs for the Base Year: Fiscal Year 2015–16.

**Table 5**  
**Railyards Maintenance CFD**  
**Estimated Total Annual Maintenance Costs - FY 2015-16**

Item	Formula	Annual Amount
<b>Annual Maintenance Costs</b>		
Annual Maintenance Costs [1]	a	\$1,029,068
City Contract Administration & Contingency - 20%	$b = (a \times 0.2)$	<u>\$205,814</u>
<b>Subtotal</b>	<b><math>c = a + b</math></b>	<b>\$1,234,882</b>
West Tunnel Maintenance Costs (at 50%) [2]	d	\$48,080
<b>Total Annual Maintenance Costs</b>	<b><math>e = c + d</math></b>	<b>\$1,282,962</b>
CFD Administration (at 3% of Ann. Maint. Costs)	$f = (e \times 0.03)$	\$38,489
<b>Total Railyards CFD Annual Costs</b>	<b><math>g = e + f</math></b>	<b>\$1,321,451</b>

"ann\_costs"

Sources: Kimley Horn and City of Sacramento

[1] From Kimley Horn detailed cost estimates with City adjustments to costs and contingencies.

[2] From City of Sacramento Public Works.

## Tax Escalation Factor for Special Tax

The special tax increases by an annual percentage increase in the Consumer Price Index (CPI) (percentage change in the CPI for the prior calendar year over the preceding calendar year, beginning with the base year: Fiscal Year 2015–16).

## Classification and Assignment of Maximum Annual Special Tax

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

**Section 5** of the RMA describes in detail the precise method for assigning the maximum annual special tax to taxable parcels in the CFD. Once classified as a taxable parcel, each taxable parcel is further classified as a developed parcel, final map parcel, or undeveloped parcel. Each developed parcel is further classified as a residential parcel, nonresidential parcel, mixed-use parcel, central shops parcel, or other land use parcel.

The maximum annual special taxes for the Base Year: Fiscal Year 2015–16 are shown in **Table 2**. The RMA assigns a land special tax to original parcels and to successor parcels as they may be created. Once a parcel becomes a developed parcel, RMA **Section 5** describes the assignment of special tax to residential, nonresidential, and mixed-use parcels. Residential units are assigned a special tax per unit, and nonresidential uses are assigned a special tax per building area (square footage), as defined in **Section 2** of the RMA. Affordable housing residential units are assigned a \$0.00 maximum annual special tax.

### Tax-Exempt Parcels

Tax-exempt parcels are not subject to the special tax. Tax-exempt parcels include tax-exempt public parcels and central shops parcels. A tax-exempt public parcel is any public parcel that is, or is intended to be, publicly owned and normally is exempt from the levy of general ad valorem taxes under California law. Central shops parcels are any parcels that are within the boundaries of the Central Shops Historic District of the Project. Tax-exempt public parcels that are converted to private use will become taxable as described in the RMA. If a privately owned parcel is converted to a public use parcel, the parcel will become tax-exempt.

## Setting the Special Tax Levy for Taxable Parcels

To determine the annual levy, the administrator will use the process presented in **Section 6** of the RMA and shown below:

Step 1: Compute the annual costs using the definitions in **Section 2** of the RMA.

Step 2: Compute 100 percent of the maximum annual special tax revenue for all developed parcels.

- Step 3: Compare the annual costs with the maximum annual special tax revenue calculated in Step 1.
- Step 4: 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 5: 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 map parcel until the revenue from the special tax levy equals the annual costs, or until the maximum annual special tax for final map parcels has been levied.
- Step 6: If additional monies are needed to satisfy annual costs after completing Step 5, levy the maximum annual special tax on each undeveloped parcel until revenue from the special tax levy equals the annual costs, or until the maximum annual special tax for undeveloped parcels has been levied.

## **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 determining the parcels subject to the tax and their special tax assignments. Any taxpayer who feels 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 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 the Council for purposes of clarifying any vagueness or ambiguity as it relates to the special tax rate, the method of apportionment, the classification of properties, 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 RMA for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.



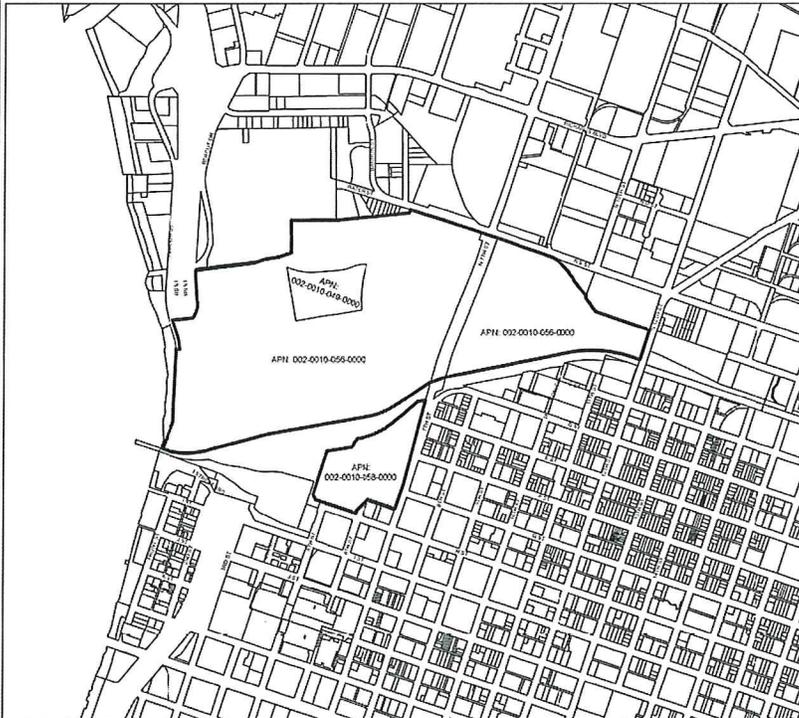
**EXHIBITS:**

- Exhibit A: Boundary Map
- Exhibit B: List of Authorized Services
- Exhibit C: Rate, Method of Apportionment, and Manner of Collection of Special Tax

EXHIBIT A:  
Boundary Map



EXHIBIT A  
 BOUNDARY MAP  
 CITY OF SACRAMENTO  
 RAILYARDS MAINTENANCE  
 COMMUNITY FACILITIES DISTRICT NO. 2014-04  
 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 \_\_\_\_\_, 2014.

\_\_\_\_\_  
 CITY CLERK,  
 CITY OF SACRAMENTO, CALIFORNIA

CLERK'S CERTIFICATE:

I HEREBY CERTIFY THAT THE MAP SHOWING BOUNDARY MAP, CITY OF SACRAMENTO RAILYARDS MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04, 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 \_\_\_\_\_, 2014, BY ITS RESOLUTION NO. 2014-\_\_\_\_.

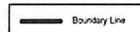
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 CITY OF SACRAMENTO, CALIFORNIA

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\_\_\_\_\_  
 COUNTY RECORDER  
 OF THE COUNTY OF SACRAMENTO, CALIFORNIA

BY: \_\_\_\_\_ DEPUTY DOCUMENT NO. \_\_\_\_\_



City of  
**SACRAMENTO**  
 Finance Department

EXHIBIT B:  
List of Authorized Services



## Exhibit B

### List of Authorized Services

The authorized services to be financed with the Special Tax are set forth below. The Special Tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of CFD No. 2014-04 is to fund the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and the area known as the West Tunnel and appurtenances. Funds may be used within the territory of CFD No. 2014-04.

The authorized services for CFD No. 2014-04 consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, sound walls, ornamental and chain link fences, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, water-quality facilities, storm-water drainage facilities, water fountains and other water features, and other appurtenances within and along public rights-of-way.
2. Scheduled inspection of maintenance of roadway facilities, water-quality facilities, storm-water drainage facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
3. Capital repair and maintenance of the area known as the West Tunnel and appurtenances including but not limited to ornamental fences, guard rails, coil gates, exhaust fans, cleaning and repainting of walls and ceilings, junction boxes and tie-ins for security camera's, public address, spot lights, etc., benches, granite blocks, sitting wall, landscaping irrigation, hose bibbs, trench drains and cleanouts, monument, stair treads and concrete.
4. Paying utility bills associated with maintenance of roadway facilities, transit facilities, water-quality facilities, storm-water drainage facilities, parks, bikeway and pedestrian paths, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
5. Establishing costs for CFD No. 2014-04.
6. Collecting and administering the Special Tax and annually administering CFD No. 2014-04.
7. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, legal services, and administration.

EXHIBIT C:

Rate, Method of Apportionment, and  
Manner of Collection of Special Tax



## Exhibit C

City of Sacramento  
Community Facilities District 2014-04  
(Railyards Maintenance Community Facilities District)  
Sacramento, California

RATE, METHOD OF APPORTIONMENT, AND  
MANNER OF COLLECTION OF SPECIAL TAX

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### 1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 applicable to the Parcels in the Railyards Maintenance Community Facilities District No. 2014-04 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 reasonably estimated costs directly related to the formation and administration of CFD No. 2014-04, including, but not limited to: the costs of computing the Special Tax and preparing the annual Special Tax collection schedules (whether by the City or designee thereof or both); the costs of collecting the Special Tax (whether by the County or otherwise); the costs to the City, CFD No. 2014-04, or any designee thereof of complying with City or CFD No. 2014-04 disclosure requirements; the costs associated with responding to public inquiries regarding the Special Tax; the costs of the City, CFD No. 2014-04, or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third-party expenses.

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

**"Annual Costs"** means the amount required in any Fiscal Year for CFD No.2014-04 to: (1) pay for Eligible Facilities and Services as shown on **Attachment 1**; and (2) pay Administrative Expenses.

**"Annual Special Tax"** means the Land Special Tax or the Developed Special Tax that may be levied on a Taxable Parcel and collected each Fiscal Year.

**"Base Year"** means the Fiscal Year beginning July 1, 2015 and ending June 30, 2016.

**"Building Area"** means the measurement of the habitable area contained within the perimeter of each individual building, or the covered and enclosed area contained within the perimeter of the structure for a Developed Parcel with a Development Approval.

- For a Non-Residential Parcel Use or the Non-Residential Use on a Mixed Use Parcel, the calculation of the building area will include "chargeable covered and enclosed space" under Government Code section 65995 (b)(2). The Building Area of parking structures for a non-residential building is not included in the calculation of Building Area.
- For a Non-Residential Condominium Unit, the Building Area is the habitable square footage of the unit specified in the Development Plan for the non-residential units. The Non-Residential Condominium Units will also be allocated a proportionate share of the building's common areas.

The Building Area measurement shall be determined in accordance with the standard practice of the City in calculating structural parameters. The Building Area will be adjusted as a result of a Development Approval.

**"Central Shops Parcel"** means a Parcel that is within the boundaries of the Central Shops Historic District of the Railyards Specific Plan, exclusive of the Historic Transition Zone. All Central Shops Parcels are exempt from the Special Tax.

**"Central Shops Land Area"** means any area of a Parcel that is within the boundaries of the Central Shops Historic District of the Specific Plan, exclusive of the Historic Transition Zone area of the Specific Plan. The Central Shops Land Area for any Parcel fully or partly within the boundary of the Historic District Parcel is exempt from the Special Tax.

**"CFD No. 2014-04"** means the City of Sacramento Railyards Maintenance Community Facilities District No. 2014-04.

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

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

**"Condominium Structure"** means a residential, commercial or mixed use structure consisting of two or more units that share common walls and that may be legally offered as for-sale units, including such structures that meet the statutory definition of a condominium contained in Civil Code Section 4125.

**"Consumer Price Index"** means the Consumer Price Index published by the U.S. Bureau of Labor Statistics for "All Items" in the San Francisco / Oakland / San Jose Area Urban Wage Earners and Clerical Workers, measured each calendar year. If this index ceases to be published, the Consumer Price Index will be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the San Francisco Bay Area.

**"Council"** means the City Council of the City of Sacramento acting for CFD No 2014-04 under the Act.

**"County"** means the County of Sacramento, California.

**"County Assessor's Parcel"** means a 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 Taxable Parcel with one or more Development Approvals. Stand-alone surface parking lots are Developed Parcels even though a building permit may not be issued for the parking lot.

**"Developed Special Tax"** means the maximum annual amount of Annual Special Tax that can be assigned and levied against a Developed Parcel in a Fiscal Year calculated according to the provisions of **Section 5.D**. The Developed Special Tax for Non-Residential Uses is derived using the provisions of **Section 5.D.1**. The Developed Special Tax for Residential Uses is derived using the provisions of **Section 5.D.2**. The Developed Special Tax for Mixed Uses is derived using the provisions of **Section 5.D.3**.

**"Developed Special Tax Rate"** means the Special Taxes per Building Area for Nonresidential Uses and per Dwelling Unit for Residential Uses as shown in **Section 5.F**. The Developed Special Tax Rate may be adjusted by the Tax Escalation Factor in each Fiscal Year following the Base Year.

**"Development Approval"** means a building permit issued by the City.

**"Development Records"** means various City or other Public Agency reports, studies or permits that provide information about the development status of a Parcel or Development Project. Such records may consist of Development Plans, tentative maps, Parcel maps, final subdivision maps, building permits, or records of survey that have been approved or recorded.

**"Development Plan"** means a condominium plan, apartment plan, site plan or other planning document that identifies such information as the type of structure, acreage, building square footage, and/or number of Dwelling Units that are approved to be developed on a Taxable Parcel.

**"Dwelling Unit(s)"** means the number of residential unit(s) assigned to a Parcel.

**"Eligible Facilities and Services"** means facilities to be maintained and services to be financed. The location of the facilities and service areas is described in **Attachment 1**.

**"Final Map Parcel"** means a Parcel designated for new development, which is part of a Final Subdivision Map and a Parcel on which no further subdivision is required for Development Approval for any use on such Parcel. Once a Parcel is classified as a Final Map Parcel, it shall remain a Final Map Parcel.

**"Final Subdivision"** means a subdivision of property by recordation of a final map, Parcel map, or lot-line adjustment in accordance with the Subdivision Map Act (beginning with California Government Code section 66410) or recordation of a condominium plan in accordance with California Civil Code section 4285 that creates individual lots for which building permits may be issued without further subdivision.

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

**“Historic Transition Zone”** means that area of the Specific Plan that is designated as a transition between the Central Shops Land Area and other areas of the Specific Plan. At the time of CFD No. 2014-04 formation, the Historic Transition Zone included Lots 15 and 18 and portions of Lots 21b, 30a and 30b.

**“Land Special Tax”** means the maximum Annual Special Tax that may be assigned to a Taxable Parcel based on the Taxable Land Area.

**“Land Special Tax Rate”** means the maximum amount of Special Tax per land square foot used to determine the Land Special Tax for a Taxable Parcel. The Land Special Tax Rate (as shown in **Section 5.F**) is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year.

**“Market Rate Unit”** means a Dwelling Unit located on a Developed Parcel that is not an Affordable Unit.

**“Maximum Annual Special Tax”** means the maximum amount of the Developed Special Tax or Land Special Tax that could be levied in a Fiscal Year on a Taxable Parcel.

**“Maximum Annual Special Tax Revenue”** means the annual maximum amount of Special Tax that may be levied against a category of Taxable Parcels, such as Developed Parcels.

**“Maximum CFD Revenue”** means the sum of the Maximum Annual Special Tax that may be levied on all Taxable Parcels in CFD No. 2014-04 in a Fiscal Year.

**“Mixed Use Parcel”** means a Taxable Parcel with Development Approval for both Non-Residential Uses and Residential Uses. A Mixed Use Parcel is also classified as a Developed Parcel.

**“Mixed Use Condominium”** means a Condominium Structure which includes both Residential Condominium Units and Non-Residential Condominium Units.

**“Non-Residential Condominium Unit”** means a Non-Residential condominium unit included as part of a Condominium Structure.

**“Non-Residential Parcel”** means a Taxable Parcel with Development Approval for exclusively Non-Residential Uses. A Non-Residential Parcel is also classified as a Developed Parcel.

**“Non-Residential Use”** means a land use designation for service, commercial, retail, office, industrial, warehouse or manufacturing activity, including parking for the non-residential uses.

**“Original Parcel”** means a Parcel included in the boundaries of CFD No. 2014-04 at the time of formation.

**“Other Land Use Parcel”** means a Developed Parcel with a sports stadium or arena, surface parking lot, stand-alone parking structure or other land use that the Administrator cannot classify as a Residential Parcel or Non-Residential Parcel.

**“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.

**“Proportionately”** means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Developed Parcels. For Final Mapped Property, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Final Map Parcels. For Undeveloped Parcels, “Proportionately” means that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Undeveloped Parcels.

**“Public Agency”** means the City, State of California, Sacramento County, the federal government, or the Sacramento Unified School District or other special district.

**“Public Parcel”** means any Parcel, in its entirety, that is or is intended to be 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, subject to exception as described in definition of Public Property listed below. Any such Parcel is a Tax-Exempt Parcel.

**“Public Property”** means, for each Fiscal Year, (1) any property within the boundaries of CFD No. 2014-04 that was owned by, or irrevocably offered for dedication to a Public Agency as of June 30 of the previous Fiscal Year, except that any property leased by a Public Agency to a private entity and subject to taxation under Section 53340.1 of the Act will be taxed according to its use; and (2) any property within the boundaries of CFD No. 2014-04 that was encumbered, as of June 30 of the previous Fiscal Year, by an utility easement making impractical its utilization for other than the purpose set forth in the easement.

**“Public Use Land Area”** means that portion of a Taxable Parcel that is identified as an area to be used for public uses (roads, parks, etc.) which are intended to be dedicated for public use as part of a future Subdivision of the Parcel.

**“Railyards Specific Plan”** means the Sacramento Railyards Specific Plan” adopted by the City on December 11, 2007 by Council Resolution 2007-908.

**“Residential Condominium Unit”** means a residential Dwelling Unit included as part of a Condominium Structure.

**“Residential Unit”** means a residential Dwelling Unit constructed on a single family residential Parcel or a residential unit constructed on a multi-family residential Parcel or a Mixed Use Parcel.

**“Residential Parcel”** means a Taxable Parcel with Development Approval exclusively for Residential Uses. A Residential Parcel is also classified as a Developed Parcel.

**“Residential Use”** means that portion of a Parcel designated for residential use, including parking for the residential use.

**“Special Tax(es)”** mean(s) any tax levy under the Act in CFD No. 2014-04.

**“Special Tax Ordinance”** is an ordinance or resolution of the City Council authorizing the annual levy and collection of the Special Tax.

**“Structured Parking Use”** means that portion of a residential or non-residential structure designated for parking.

**"Subdivision"** or **"Subdivided"** means a division of a Parcel into two or more Parcels through the Subdivision Map Act process. A Subdivision may also include the merging of two or more Parcels to create new Parcels or a lot-line adjustment that does not create additional parcels.

**"Successor Parcel"** means a Parcel or combination of Parcels created through Subdivision.

**"Tax Category"** means the categories of taxable land uses shown in **Section 5.F.**

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

**"Tax Escalation Factor"** means an amount by which the Administrator may adjust the Maximum Annual Special Tax in each Fiscal Year after the Base Year, equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding calendar year, not to exceed four percent for any Fiscal Year.

**"Taxable Parcel"** means any Parcel that is not a Tax-Exempt Parcel.

**"Tax-Exempt Parcel"** means a Parcel not subject to the annual Special Tax. Tax-Exempt Parcels include Tax Exempt Public Parcels and Central Shops Parcels. Certain privately owned Parcels also may be exempt from the levy of Special Taxes including common areas owned by homeowner's associations or property owner associations, wetlands, detention basins, water quality ponds, and open space, as determined by the CFD Administrator.

**"Tax-Exempt Public Parcel"** means any Public Parcel and any other Parcel that is, or is intended to be, publicly owned, as designated in any final map, that normally is exempt from the levy of general ad valorem property taxes under California law, including public streets, schools, parks, public drainage ways, landscaping, wetlands, greenbelts, and open space.

**"Taxable Land Area"** is the Total Land Area of a Taxable Parcel less the Public Use Land Area.

**"Total Land Area"** means the total square footage of a Parcel.

**"Undeveloped Parcel"** means a Taxable Parcel that is not classified as a Developed Parcel or a Final Map Parcel.

### **3. Duration of the Special Tax**

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

## **4. Assignment of Land Area, Building Area, and Dwelling Units to Original and Successor Parcels**

### **A. Assignment of Land Area.**

Original Parcels are assigned a Total Land Area, Taxable Land Area, Central Shops Land Area, and Public Use Land Area as of the formation of CFD No. 2014-04. Original Parcels at CFD No. 2014-04 formation are identified in **Attachment 2**.

As Parcels are Subdivided or combined, the CFD Administrator will assign the Total Land Area, Taxable Land Area, Central Shops Land Area and Public Use Land Area to all Successor Parcels using available Development Records.

**B. Assignment of Building Area to Non-Residential Parcels**

As non-residential development projects receive Development Approvals, the CFD Administrator will determine the Building Area for all structures identified in the Development Plan. For Non-Residential Condominium Units, the Building Area is the square footage specified in the Development Plan for the Unit plus a proportionate allocation of the building's common areas.

**C. Assignment of Building Area to Mixed Use Parcels.**

As mixed use development projects receive Development Approvals, the CFD Administrator will determine the non-residential Building Area for all structures identified in the Development Plan. For Non-Residential Condominium Units, the Building Area is the square footage specified in the Development Plan for the unit plus a proportionate allocation of the building's non-residential common areas.

**D. Assignment of Dwelling Units to Residential Parcels and Mixed Use Parcels.**

As residential development projects and mixed use development projects receive Development Approvals, the CFD Administrator will determine the number of Dwelling Units identified in the Development Plan. A Residential Condominium Unit is equivalent to one Dwelling Unit.

**E. Assignment of Land Area to Other Land Use Parcels.**

The CFD Administrator will assign a Total Land Area, Public Use Land Area, Central Shops Land Area, and Taxable Land Area to each Other Land Use Parcel.

**F. Conversion of a Tax-Exempt Parcel to a Taxable Parcel.**

If a Tax-Exempt Parcel is converted to a taxable use or transferred to a private owner, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel will be assigned according to **Section 5** below.

**G. Conversion of a Taxable Parcel to a Tax-Exempt Parcel.**

If a privately owned Parcel is converted to a public use, it shall become tax-exempt.

## **5. Assignment of the 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 CFD Administrator shall do the following:

1. Classify each Parcel as a Taxable Parcel or Tax-Exempt Parcel.
2. Classify each Taxable Parcel as a Developed Parcel, Final Map Parcel, or Undeveloped Parcel.
3. Classify each Developed Parcel as a Residential Parcel, Non-Residential Parcel, Mixed-Use Parcel, Central Shops Parcel, or Other Land Use Parcel.
4. Classify each Dwelling Unit on a Residential Parcel as a Market Rate Unit or an Affordable Unit.

**B. Assignment of the Land Special Tax to Original Parcels.** The CFD Administrator will assign the Land Special Tax to each Original Parcel by multiplying the Taxable Land Area assigned to the Parcel in **Section 4.A** times the Land Special Tax Rate in **Section 5.F**. Each Fiscal Year following the Base Year, the Land Special Tax for each Original Parcel is adjusted by the Tax Escalation Factor.

**C. Assignment of the Land Special Tax to Successor Parcels.** As Original Parcels are Subdivided into Successor Parcels, the Land Special Tax will be assigned to Successor Parcels by multiplying the Taxable Land Area assigned to the Parcel in **Section 4.A** times the Land Special Tax Rate shown in **Section 5.F** adjusted by the Tax Escalation Factor. The Land Special Tax is only levied on Undeveloped Parcels, Final Map Parcels, and Other Land Use Parcels.

**D. Assignment of Special Taxes to Developed Parcels** (via **Sections 5.D.1, 5.D.2** and **5.D.3**), The Special Tax assigned to Developed Parcels shall be the greater of the amounts assigned in **Sections 5.D.1, 5.D.2** and **5.D.3** or the Land Special Tax for the Final Map Parcel on which Development Approval was granted. The Land Special Tax for such a Final Map Parcel shall be calculated by multiplying the Taxable Land Area of the Final Map Parcel by the Land Special Tax Rate.

1. Assignment of the Developed Special Tax to Non-Residential Parcels. The Developed Special Tax is calculated by multiplying the Building Area assigned in **Section 4.B** or **Section 4.C** times the Developed Special Tax Rate for Non-Residential Uses, as shown in **Section 5.F** adjusted by the Tax Escalation Factor.

2. Assignment of Developed Special Tax to Residential Parcels. The Developed Special Tax is calculated by using the following steps:

Step 1: Using **the Land Special Tax Rate shown in Section 5.F** assign the Developed Special Tax Rate for Residential Uses adjusted by the Tax Escalation Factor to each Dwelling Unit.

Step 2: Sum the Developed Special Tax for each Dwelling Unit from in *Step 1* to derive the Developed Special Tax.

3. Assignment of Developed Special Tax to Mixed Use Parcels. The Developed Special Tax is calculated by using the following steps:

Step 1: Determine the Developed Special Tax for Non-Residential Uses using the provisions of **Section 5.D.1.**

Step 2: Determine the Developed Special Tax for Residential Uses using the provisions of **Section 5.E.2.**

Step 3: Sum the results of *Step 1* and *Step 2* to derive the Developed Special Tax.

**E. Assignment of Land Special Tax to Other Land Use Parcels.** The Land Special Tax will be assigned to Other Land Use Parcels by multiplying the Taxable Land Area assigned to the Parcel in **Section 4.A** times the Land Special Tax Rate shown in **Section 5.F** adjusted by the Tax Escalation Factor.

**F. The following are the CFD No. 2014-04 Maximum Annual Special Taxes for the Base Year:**

Tax Category		Base Year Special Tax Rate 2015-16 [1]
<b>Developed Special Tax</b>		
<b>Residential Uses</b>		
Market Rate Unit	per Dwelling Unit	<b>\$260.00</b>
Affordable Unit	per Dwelling Unit	<b>\$0.00</b>
<b>Nonresidential Uses</b>		
Non-Residential Uses	per Building Area	<b>\$0.19</b>
<b>Other Land Use Parcels</b>	per land square foot	<b>\$0.42</b>
<b>Land Special Tax Rate</b>	per land square foot	<b>\$0.42</b>

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[1] Developed Special Tax per Dwelling Unit or Building Area is increased by the Tax Escalation Factor in each Fiscal Year after the Base Year 2015-16. The Tax Escalation Factor is equal to the percentage change in the Consumer Price Index for the prior calendar year over the preceding calendar year, not to exceed four percent for any Fiscal Year.

## 6. Calculating Annual Special Taxes

The CFD 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 5**. The CFD Administrator will then 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 all Developed Parcels.
  - Step 2: Compare the Annual Costs with the Maximum Annual Special Tax Revenue calculated in the previous step.
  - Step 3: If the Annual Costs are lower than the Maximum Annual Special Tax Revenue, 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 additional monies are needed to satisfy the Annual Costs after the third step has been completed, the Special Tax will be levied proportionately on Final Map Parcels, up to the Maximum Annual Special Tax.
  - Step 5: If additional monies are needed to satisfy the Annual Costs after the fourth step has been completed, the Special Tax will be levied on Undeveloped Parcels until the Special Tax revenue equals Annual Costs, or until 100 percent of the Maximum Annual Special Tax is levied.
- 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.

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 Special Tax and their Special Tax assignments.

## 7. Records Maintained for the CFD

As development and subdivision occurs in CFD No. 2014-04, the CFD Administrator will maintain a file containing records of the following information for each Parcel:

- The current County Assessor's Parcel Number.
- The amount of Total Land Area, Public Use Land Area, and Taxable Land Area for each Taxable Parcel

- The number of Affordable and Market Rate Dwelling Units for each Developed Parcel.
- The amount of Building Area of Non-Residential Use for each Developed Parcel.

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

## **8. Interpretation, Application and Appeal of Special Tax Formula and Procedures**

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 will then 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 the Council for purposes of clarifying any vagueness or ambiguity as it relates to the Special Tax rate, the method of apportionment, the classification of properties, or any definition applicable to CFD No. 2014-04.

Without Council approval, the CFD 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.

## **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 CFD 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

## List of Authorized Services

The authorized services to be financed with the Special Tax are set forth below. The Special Tax may be levied to pay for any authorized services and to accumulate funds for that purpose. The primary function of CFD No. 2014-04 is to fund the maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way and the area known as the West Tunnel and appurtenances. Funds may be used within the territory of CFD No. 2014-04.

The authorized services for CFD No. 2014-04 consist of the following:

1. The repair and maintenance of roadway facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances, including but not limited to hardscape, special paving features, ramps, sidewalks, walkways, irrigation facilities, water & hose bibbs, plantings, weed removal, lighting, sound walls, ornamental and chain link fences, monuments, signage, bollards, fans, coil gates, security cameras and system monitoring, water-quality facilities, storm-water drainage facilities, water fountains and other water features, and other appurtenances within and along public rights-of-way.
2. Scheduled inspection of maintenance of roadway facilities, water-quality facilities, storm-water drainage facilities, transit facilities, bikeway and pedestrian paths, parks, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
3. Capital repair and maintenance of the area known as the West Tunnel and appurtenances including but not limited to ornamental fences, guard rails, coil gates, exhaust fans, cleaning and repainting of walls and ceilings, junction boxes and tie-ins for security camera's, Public Address system, spot lights, etc., benches, granite blocks, sitting wall, landscaping irrigation, hose bibbs, trench drains and cleanouts, monument, stair treads and concrete.
4. Utility costs associated with maintenance of roadway facilities, transit facilities, water-quality facilities, storm-water drainage facilities, parks, bikeway and pedestrian paths, landscaped areas within public rights-of-way and the area known as the West Tunnel and appurtenances.
5. Formation costs for CFD No. 2014-04.
6. Collecting and administering the Special Tax and annually administering CFD No. 2014-04.
7. Miscellaneous costs related to any of the items described above, including costs of planning, engineering, environmental, legal services, and administration.

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
OS	1	0.87				0.87
RCMU	2a	4.03	4.03			0.00
OS	2b	0.40				0.40
RCMU	3a	1.12	1.12			0.00
OS	3b	0.00				0.00
RCMU	3c	1.19	1.19			0.00
RCMU	3d	0.00	0.00			0.00
OS	3e	0.33				0.33
RCMU	3f	1.07	1.07			0.00
OS	3e1	0.00				0.00
OS	3e2	0.00				0.00
RCMU	5a	1.45	1.45			0.00
RCMU	5b	1.13	1.13			0.00
OS	5c	0.52				0.52
OS	5d	0.15				0.15
RCMU	6a	1.43	1.43			0.00
RCMU	6b	1.71	1.71			0.00
RCMU	7a1	1.14	1.14			0.00
RCMU	7a2	0.47	0.47			0.00
RCMU	7b1	1.17	1.17			0.00
RCMU	7b2	0.44	0.44			0.00
RCMU	8a	1.85	1.85			0.00
RCMU	8b	0.77	0.77			0.00
RCMU	9a	1.65	1.65			0.00
RCMU	9b	0.75	0.75			0.00
OS	9c	0.24				0.24
OS	9d	0.11				0.11
RCMU	10a1	0.88	0.88			0.00
RCMU	10a2	0.86	0.86			0.00
RCMU	10a3	0.38	0.38			0.00
RCMU	10a4	0.39	0.39			0.00
OS	10b1	0.00				0.00
OS	10b2	0.00				0.00
RCMU	10a	0.00	0.00			0.00
RCMU	10b	0.00	0.00			0.00
RCMU	11	1.87	1.87			0.00
RCMU	11a	2.76	2.76			0.00
RCMU	11b	0.00	0.00			0.00
RCMU	12	1.32	0.00		1.32	0.00
RCMU	13	1.38	0.00		1.38	0.00
RCMU	14	0.70	0.00		0.70	0.00
RCMU	15	3.52	3.52			0.00
RCMU	16	1.82	0.00		1.82	0.00

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
RCMU	17	0.00	0.00		0.00	0.00
RCMU	17a	1.73	0.00		1.73	0.00
OS	18	0.90				0.90
RCMU	20	1.41	0.00		1.41	0.00
OS	21a	1.32			1.32	0.00
OS	21b	2.86			2.86	0.00
OS	21c	0.77			0.77	0.00
RCMU	22	0.15	0.00		0.15	0.00
RCMU	23	0.36	0.00		0.36	0.00
RCMU	24	0.00	0.00		0.00	0.00
RCMU	24b	0.77	0.00		0.77	0.00
RCMU	25	0.56	0.00		0.56	0.00
RCMU	26	0.39	0.00		0.39	0.00
RCMU	27	0.73	0.00		0.73	0.00
RCMU	28	2.27	0.00		2.27	0.00
RCMU	29	1.81	0.00		1.81	0.00
OS	30a	4.31				4.31
OS	30b	1.54				1.54
OS	31	3.27				3.27
RCMU	33	2.65	0.00			2.65
OS	34	1.64				1.64
RMU	35	1.95	1.95			0.00
OS	35	2.00				2.00
TU	38	17.43				17.43
TU	39	6.41				6.41
ORMU	40	1.85	1.85	1.85		0.00
ORMU	41a	1.21	0.00	0.00		1.21
ORMU	41b	1.21	0.00	0.00		1.21
ORMU	42	1.21	1.21	1.21		0.00
ORMU	43a	1.32	0.00	0.00		1.32
ORMU	43b	1.30	0.00	0.00		1.30
ORMU	44	2.05	2.05	2.05		0.00
ORMU	46a	1.00	1.00	1.00		0.00
OS	46a	0.29				0.29
ORMU	46b	1.76	1.76	1.76		0.00
OS	46b	0.08				0.08
ORMU	47a	1.21	1.21			0.00
OS	47a	0.19				0.19
ORMU	47a1	0.00	0.00			0.00
ORMU	47a2	0.00	0.00			0.00
ORMU	47b	1.38	1.38			0.00
OS	47b	0.01				0.01
ORMU	48a	0.91	0.91			0.00
OS	48a	0.04				0.04

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
ORMU	48b	0.94	0.94			0.00
OS	48b	0.06				0.06
ORMU	48c	1.32	1.32			0.00
OS	48c	0.17				0.17
RMU	49a1	2.54	2.54			0.00
RMU	49a2	2.76	2.76			0.00
ORMU	49b	0.51	0.51			0.00
ORMU	49c	0.81	0.81			0.00
OS	50	1.99				1.99
RCMU	51a	2.25				2.25
RCMU	51b	2.18				2.18
RMU	52N	0.98	0.98			0.00
RMU	52S	1.24	1.24			0.00
RMU	53N	1.37	1.37			0.00
RMU	53S	1.42	1.42			0.00
RMU	54N	0.59	0.59			0.00
OS	54Na	0.14				0.14
RMU	54Na	0.65	0.65			0.00
TU	54NT	0.00				0.00
RMU	54S	0.63	0.63			0.00
RMU	54Sa	0.90	0.90			0.00
TU	54ST	0.00				0.00
OS	57N	0.13				0.13
RMU	57N	1.38	1.38			0.00
RMU	57S	1.50	1.50			0.00
RMU	58N	1.15	1.15			0.00
RMU	58S	1.12	1.12			0.00
RMU	59N	1.29	1.29			0.00
RMU	59S	1.10	1.10			0.00
OS	60	1.39				1.39
OS	61	0.93				0.93
OS	62	1.30				1.30
OS	63	1.15				1.15
OS	64	1.15				1.15
OS	65	1.19				1.19
RMU	66N	0.33	0.33			0.00
RMU	66S	1.08	1.08			0.00
RMU	67N	1.27	1.27			0.00
RMU	67S	1.12	1.12			0.00
RMU	68N	1.43	1.43			0.00
RMU	68S	1.10	1.10			0.00
RMU	69N	1.72	1.72			0.00
RMU	69S	1.31	1.31			0.00
RMU	70N	1.06	1.06			0.00

## Attachment 2

### Sacramento Railyards Acreage by Phase

Excludes Central Shops Historic Area

Land Use	Lot Number	Total Acreage	Buildout Taxable Acreage	Phase 1 Taxable Acreage	Central Shops Land Area	Public Use Land Area
RMU	70S	0.86	0.86			0.00
RMU	71N	0.78	0.78			0.00
RMU	71S	0.86	0.86			0.00
OS	72	10.37				10.37
<b>TOTAL</b>		<b>175.64</b>	<b>82.47</b>	<b>7.87</b>	<b>20.35</b>	

	Land Use Acreage	Total Developable Acreage	Phase 1 Developable Acreage	Central Shops Land Area	Public Use Land Area
RCMU	54.51	32.03	0.00	15.40	7.08
ORMU	19.99	14.95	7.87	0.00	5.04
RMU	35.49	35.49	0.00	0.00	0.00
TU	23.84	0.00	0.00	0.00	23.84
OS	41.81	0.00	0.00	4.95	36.86
<b>TOTAL ACRES</b>	<b>175.64</b>	<b>82.47</b>	<b>7.87</b>	<b>20.35</b>	<b>72.82</b>

**RESOLUTION NO.**

Adopted by the Sacramento City Council  
**ESTABLISH AN ACCOUNTING FUND FOR THE  
SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT 2014-04  
FUTURE ANNEXATION TERRITORY**

**BACKGROUND**

- A. The Sacramento Maintenance Community Facilities District 2014-04 Future Annexation Territory (District) was established by City Council on May 19, 2015. Fiscal Year (FY) 2015-16 is the first year that landowners within the District will be subject to the special tax. A new accounting fund needs to be created in accordance with Article IX, section 114, of the City Charter.
- B. The District will levy special taxes in an amount sufficient to provide funding for maintenance of roadway facilities, transit facilities, parks, bikeway and pedestrian paths, storm water drainage facilities and/or landscape areas within public rights-of-way for future annexation areas.

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

- Section 1 The Background statements A and B are true and correct.
- Section 2 The Finance Director is authorized and directed to create a new accounting fund to be known as the Sacramento Maintenance Community Facilities District No. 2014-04 Annexation Areas.

## ORDINANCE NO.

Adopted by the Sacramento City Council

### PROVIDING FOR A LEVY OF SPECIAL TAXES ON PARCELS THAT WILL BE ANNEXED TO THE SACRAMENTO MAINTENANCE COMMUNITY FACILITIES DISTRICT NO. 2014-04 AT THE RATE TO BE APPROVED UNANIMOUSLY BY THE OWNER OF EACH PARCEL TO BE ANNEXED

#### BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. On December 2, 2014, the City Council adopted Resolution No. 2014-0394 (the "**Resolution of Formation**"), thereby establishing the Railyards Maintenance Community Facilities District No. 2014-04 (the "**District**"). On December 16, 2014, the City Council adopted Ordinance No. 2014-0039, which levied a special tax solely within and relating to the District. On April 14, 2015, the City Council adopted Resolution No. 2015-0088 changing the name of the District to the Sacramento Maintenance Community Facilities District No. 2014-04. On May 19, 2015, the City Council adopted Resolution No. 2015-\_\_\_\_\_ establishing the future annexation area for the District.
2. This Ordinance supplements Ordinance No. 2014-0039. In accordance with section 53340 of the California Government Code (the "**Code**") and the Rate and Method of Apportionment of Special Tax attached as Exhibit B to the Resolution of Formation (the "**RMA**"), a special tax is hereby authorized to be levied on all taxable parcels that will be annexed to the District at the rate or rates to be approved unanimously by the owner or owners of each parcel or parcels to be annexed to the District.
3. The Manager of the Public Improvement Finance Division of the Finance Department or his or her designee (the "**Manager**"), with the aid of the appropriate officers and agents of the City and without further action by the City Council is authorized and directed: (a) to calculate the Special Tax Requirement (as required in section 6 of the RMA) each year; (b) to prepare the annual special-tax roll in the amount of the Special Tax Requirement in accordance with the RMA; and (c) to provide to the Sacramento County Auditor-Controller all information in proper form, and in proper time, that is necessary and appropriate to effect the correct and timely billing and collection of the special tax on the secured property-tax roll of Sacramento County (the "**County**"). As provided in section 53340 of the Code and in the RMA, the special tax is to be collected in the same manner and at the same time as ad valorem taxes.
4. The appropriate officers and agents of the City are authorized to make adjustments to the special-tax roll before the final posting of the special taxes to the County tax roll each year, as may be necessary to achieve a correct match of the special tax levy with the assessor's parcel numbers used by the County in sending out property-tax bills. The County may deduct its reasonable and agreed charges for collecting the special tax from the amounts collected, before remitting the special tax collections to the City.

5. Any taxpayer may contest the levy of the special tax by filing a written notice of appeal in accordance with section 8 of the RMA, which is supplemented as follows:
  - a. The Manager shall serve as the CFD Administrator for purposes of section 8 of the RMA.
  - b. A taxpayer may file a notice of appeal with the Manager not more than two years after the end of the tax year for which the taxpayer is contesting the levy, and the taxpayer's failure to do so within that time constitutes a bar to appeal. The notice of appeal must specify in detail the grounds of the appeal, which are limited to (1) clerical errors in assigning an amount of tax to a parcel and (2) an error in defining the use of a parcel or its classification. No other appeals are allowed.
  - c. Not more than 30 days after an appeal is filed, the Manager shall review the appeal, meet with the taxpayer (if necessary), and mail the taxpayer a written decision on the appeal. If the Manager finds that the special tax should be modified, then the Manager shall correct the special-tax levy or grant the taxpayer a credit against the next year's special-tax levy, as appropriate under the circumstances. The Manager's failure to timely mail a written decision will constitute a decision denying the appeal.
  - d. If the taxpayer disagrees with the Manager's decision, and if the taxpayer is current on payments of the special tax, then the taxpayer may appeal to the City Council by filing a written notice of appeal with the City Clerk not more than 30 days after the Manager mails the notice of decision or has failed to timely mail a written decision, and the taxpayer's failure to do so constitutes a bar to further appeal. The notice of appeal must specify in detail the grounds of appeal. The City Council shall, in accordance with chapter 1.24 of the City Code, either hear the appeal itself or refer the appeal to a hearing officer. The hearing on the appeal from the Manager's decision is to be conducted not more than 30 days after the taxpayer files the appeal with the City Council, and the City Council or the hearing officer, as appropriate, shall mail a written decision to the taxpayer not more than 30 days after the hearing concludes. The decision of the City Council or the hearing officer will be final for all purposes. The failure of the City Council or the hearing officer to hear the appeal or to render a decision within the specified time will constitute a denial of the appeal.
6. The filing of an appeal under section 8 will not relieve the taxpayer of the obligation to pay the special tax when due.
7. If for any reason a court with jurisdiction finds any portion of this ordinance to be invalid or finds the special tax to be inapplicable to any particular parcel, then the balance of this ordinance and the application of the special tax to the remaining parcels will not be affected.
8. In accordance with section 32(c) of the City Charter, after the City Council has passed this ordinance for publication the City Clerk shall have the title of this ordinance, and only the title, published at least once in a newspaper of general circulation that is published in the City and designated by the City Council as the official newspaper of the City, with the publication to occur at least three days before the City Council adopts this ordinance.