REPORT TO COUNCIL
City of Sacramento

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915 I Street, Sacramento, CA 95814-2604
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CONSENT
August 29, 2006

Honorable Mayor and
Members of the City Council

Title: Annexation No. 12 to the North Natomas Neighborhood Landscaping Community Facilities District No. 99-02 - Initiate Proceedings

Location/Council District: Annexation No. 12 to the North Natomas Neighborhood Landscaping Community Facilities District (CFD) No. 99-02 is located in North Natomas in Council District 1 (Exhibit "C", Page 18).

Recommendation: 1) Adopt a **Resolution** initiating the CFD annexation process and setting a time and place for a Public Hearing, October 3, 2006.

Contact: Ron Wicky, Program Specialist, (916) 808-5628; Mark Griffin, Fiscal Manager, (916) 808-8788

Presenters: N/A

Department: Planning

Division: Public Improvement Financing

Organization No: 4915

Description/Analysis

Issue: The property owner for Natomas Central Subdivisions has requested the City to annex into the North Natomas Neighborhood Landscaping CFD. Approval of this annexation will authorize the City to collect assessments in the amount sufficient to provide funding for the maintenance of the landscaped areas adjacent to these subdivisions.

Policy Considerations: The procedures under which this CFD annexation is being initiated are set forth in Title 5 of the Government Code, Sections 53311-53368.3, entitled "The Mello-Roos Community Facilities Act of 1982." Annexation into this District is consistent with the City's Strategic Plan 3-Year Goal to "achieve sustainability and enhance livability".

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

Rationale for Recommendation: The actions in the recommended Resolution are required by the California Government Codes, as set forth in Title 5, Sections

53339-53339.9, of the Mello-Roos Community Facilities Act of 1982, for annexation into an existing district.

Financial Considerations: The current maximum tax rate will be $38.00 per unit for this zone. Only "developed residential parcels" will be subject to the CFD tax. A "developed residential parcel" has been defined as a parcel that has a recorded final map for residential uses and for which the City has formally accepted the landscaping improvements. The property owners shall pay for all costs associated with this CFD. There will be no cost to the City.

The Special Tax for future years may be adjusted with an annual escalation factor based on the Consumer Price Index, not to exceed 4%

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

Respectfully Submitted by: _____
Mark Griffin
Fiscal Manager, Planning Department

Approved by: _____
Carol Shearly
Director, Planning Department

Recommendation Approved:

_____
Ray Kerridge
for City Manager

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Attachment 1

BACKGROUND

On June 29, 1999, City Council approved formation of the North Natomas Neighborhood Landscaping CFD. Formation of the District provided a funding mechanism to maintain the landscaped areas adjacent to residential subdivisions for the tentative map areas of Northborough No's. 1 and 2, Parkway Plaza, Northpointe Park, Gateway North, Natomas Crossing, Riverview, Cambay West, Northpointe North, Creekside, Heritage, Parkview, Natomas Creek Village 1 to 3, Hamptons Village 1 to 5 and JMA North Natomas Villages 1 to 4. The CFD established separate zones for each tentative map or combination of tentative maps where similar landscaping was present. It also required that as other tentative maps are approved in the North Natomas area, they would be required to annex to this CFD.

This proposed annexation will annex the Master Parcel map area of the Natomas Central Lots 1 to 36 (Exhibit "C", Page 18).

Attachment 2

SCHEDULE OF PROCEEDINGS

ANNEXATION NO. 12 TO THE NORTH NATOMAS NEIGHBORHOOD LANDSCAPING COMMUNITY FACILITIES DISTRICT (CFD) NO. 99-02 SCHEDULE

August 29, 2006	**City Council - Resolution of Intention**
August 30, 2006	Mail Notice of Hearing
October 3, 2006	City Council - Hearing, Call for Special Election
October 4, 2006	Mail Ballots
October 20, 2006	Ballots Due
October 31, 2006	City Council - Election Results & Pass for Publication Ordinance to Levy Tax
November 1, 2006	Record Notice of "Special Tax"
November 9, 2006	City Council - Adopt Ordinance to Levy Tax

Attachment 3

RESOLUTION NO.

Adopted by the Sacramento City Council

RESOLUTION OF INTENTION TO ANNEX TERRITORY TO THE NORTH NATOMAS NEIGHBORHOOD LANDSCAPING COMMUNITY FACILITIES DISTRICT NO. 99-02 AND TO LEVY A SPECIAL TAX WITHIN THE ANNEXED TERRITORY TO FINANCE LANDSCAPING MAINTENANCE SERVICES (ANNEXATION NO. 12)

BACKGROUND

A. The City Council (the "Council") of the City of Sacramento (the "City") has previously established the North Natomas Neighborhood Landscaping Community Facilities District No. 99-02 (the "District") under the Mello-Roos Community Facilities Act of 1982 (Government Code sections 53311 to 53368.3) (the "Act"), and has previously levied a Special Tax on property in the District to pay for landscaping maintenance services in North Natomas and related services to be provided within the District, all in accordance with the Act and with title 3, chapter 3.124, of the Sacramento City Code ("Chapter 3.124").

B. The Council has determined that the establishment of the District 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 Council has also determined that public convenience and necessity require that territory be added to the District.

C. The City Council is fully advised in this matter.

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

Section 1. The above background statements A through C are true and correct.

Section 2. It is the intention of the Council, and the Council hereby proposes, to annex territory to the District in accordance with the Act. The boundaries of the territory proposed for annexation are shown on the map entitled "Area Map" attached hereto as Exhibit C. Exhibit C also shows the territory included in the existing District. A map showing the territory proposed to be annexed (the "Boundary Map") is on file in the Office of the City Clerk, is in the form required by section 3110 of the Streets and Highways Code, and is hereby approved. The City Clerk is directed to file a copy of the

Boundary Map with the County Recorder of the County of Sacramento within 15 days hereafter, and in no event later than 15 days prior to the hearing, for placement in the Book of Maps of Assessment and Community Facilities Districts, in accordance with section 3111 of the Streets and Highways Code.

Section 3. The name of the proposed annexation to the District is "North Natomas Neighborhood Landscaping Community Facilities District No. 99-02, Annexation No. 12".

Section 4. The District was formed solely to provide landscaping maintenance services in North Natomas and for related purposes, and will not finance capital improvements or issue bonds. The services provided in the existing District and the services to be provided in the territory proposed to be annexed are set forth in Exhibit A, attached hereto and incorporated herein by this reference, all of which are as authorized by the Act and by Chapter 3.124. The District will also finance all costs and expenses normally incidental to the provision of the landscaping maintenance services in North Natomas and related services, including but not limited to those for elections, engineering, contract supervision, planning, legal services, and City administration.

Section 5. Except where funds are otherwise available, a Special Tax sufficient to pay for the landscaping maintenance services in North Natomas and for related purposes, secured by recordation of a continuing lien against all nonexempt real property in the District, will be levied annually within the District. In accordance with Chapter 3.124, certain City-owned property within the District will be subject to the lien for the Special Tax. The tax is to be collected as a separately stated item on the county property-tax bill, but the Council reserves the right to change the method of collection at any time. The Special Tax shall be apportioned according to the number of a Residential Units assigned to a parcel, at the per annum tax rates specified in Exhibit B, the "Rate and Method of Apportionment of Special Tax," attached hereto and incorporated herein by this reference. The rates shown in Exhibit B are maximum rates. The Special Tax levied on all parcels may be increased pro rata, but not more than 10%, on account of the default or delinquency of the owner of any parcel. The rates may also be escalated for inflation under Chapter 3.124, as specified in Exhibit B. 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 formulae set forth in Exhibit B. The Special Tax levied and to be collected hereunder shall be in perpetuity, unless and until the City Council determines that the need for the landscaping maintenance services in North Natomas and for related purposes no longer exists.

Section 6. It is the intention of the Council, in accordance with section 53317.3 of the Act, to continue to levy the Special Tax on property, not otherwise exempt from the tax, that is acquired by a public entity through a negotiated transaction or by gift or devise; provided, however, that the Council may annually determine whether public property shall be subject to this tax or be tax exempt.

Section 7. It is the intention of the Council, in accordance with section 53317.5 of the Act, to treat the obligation to pay the Special Tax levied against property that is acquired by a public entity through eminent-domain proceedings as if it were a special annual assessment; provided, however, that the Council may annually determine

whether public property shall be subject to this tax or be tax exempt.

Section 8. It is the intention of the Council, under section 53340.1 of the Act, to levy the Special Tax on the leasehold or possessory interests in property that is owned by a public agency and not otherwise exempt from the Special Tax, to be payable by the owner of the leasehold or possessory interests in the property.

Section 9. It is the intention of the Council, under section 53325.7 of the Act, to establish an appropriations limit for the District, as defined by subdivision (h) of section 8 of article XIIIB of the California Constitution.

Section 10. The Council fixes 2:00 p.m. on October 3, 2006, in the Council Chambers at New City Hall, 915 I Street, First Floor, Sacramento, California, as the time and place for a public hearing on the proposed annexation to the District, the proposed levy of Special Taxes, and all other matters as set forth in this resolution. At the public hearing, any persons interested, including all taxpayers, owners of property within the District, and registered voters residing within the District, may appear and be heard, and the testimony of all interested persons or taxpayers for or against the proposed annexation and the levy of the Special Tax within the territory to be annexed, or the landscaping maintenance services in North Natomas and related services to be provided, or any other matters set forth herein, will be heard and considered. Any protests to the foregoing may be made orally or in writing by any interested persons or taxpayers, except that protests pertaining to the regularity or sufficiency of the proceedings must be in writing and must clearly set forth the irregularities and defects to which the objection is made. The Council may waive any irregularities in the form or content of any written protest and at the public hearing may correct minor defects in the proceedings. All written protests must be filed with the City Clerk on or before the time fixed for the public hearing, and any written protest may be withdrawn in writing at any time before the conclusion of the public hearing. If, at the conclusion of the hearing, the Council determines to proceed with the proposed annexation of territory to the District, then the question of levying a Special Tax within the area proposed to be annexed will be submitted to the qualified electors of that area in an election under sections 53326, 53339.7, and 53339.8 of the Act, to be held not less than 90 days thereafter, unless appropriate waivers pursuant to section 53326 have been filed with the City Clerk. The Special Tax may be levied if at least two-thirds of those voting approve the measure.

Section 11. In the opinion of the Council, the public interest will not be served by allowing the owners of property in the District to enter into a contract under section 53329.5, subdivision (a), of the Act to perform the landscaping maintenance services in North Natomas and related services to be financed under the Act and Chapter 3.124.

Section 12. The Council directs Edward Williams, Development Engineering Manager of the Development Services Department of the City, to prepare the report required by section 53321.5 of the Act and to file the report with the Council at or before the time of the hearing.

Section 13. The City Clerk is directed to publish and mail notice of the hearing in accordance with sections 53322, 53322.4, and 53339.4 of the Act, as follows:

(a) A notice of public hearing in the form required by the Act shall be published in the Daily Recorder, a newspaper of general circulation published in the area of the District. The publication shall be made in accordance with section 6061 of the Government Code and shall be completed at least seven days prior to the date set for the public hearing.

(b) A notice of public hearing in the form required by the Act shall be mailed, first-class postage prepaid, to each owner of property within the District and to each registered voter residing within the District. The mailing to property owners shall be made to the property owners at their addresses as shown on the records of the Sacramento County Treasurer-Tax Collector or as otherwise known to the City Clerk. The mailing to registered voters shall be made to the registered voters at their addresses as shown on the records of the Sacramento County Registrar of Voters or as otherwise known to the City Clerk. All mailings shall be completed at least 15 days prior to the date set for such public hearing. The notice of hearing shall include a description of the voting procedures in accordance with section 53322, subdivision (b)(4), of the Act.

Section 13. Exhibits A, B, and C are a part of this resolution

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Exhibit B: Rate and Method of Apportionment of Special Tax – 6 Pages
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Exhibit C: Area Map of Existing & Proposed Boundaries – 1 Page

Exhibit A

North Natomas Neighborhood Landscaping CFD No. 99-02
List of Authorized Services

The authorized services include those set forth below in addition to the costs associated with collecting and administering the Special Taxes, and annually administering the District. The Special Taxes may be levied to pay for any authorized services or to accumulate funds for that purpose. The primary function of the CFD is to fund the maintenance of neighborhood landscape areas for subdivisions. The CFD will also serve as a backup funding source for homeowners associations that fail to provide adequate landscaping or drainage maintenance, in the areas where they have been required to provide such maintenance services, as determined by the City.

The CFD's authorized services include the following:

1. The repair and maintenance of landscaping, irrigation facilities, lighting, soundwalls, monuments and signs, and other appurtenances within and along public rights-of-way.

2. Costs of scheduled inspection of maintenance of landscaped areas.

3. Maintenance services as required to implement a Lake Management Plan within a residential subdivision.

4. Utility bills associated with maintenance of landscaped areas.

5. CFD formation and annual administration costs.

6. Miscellaneous costs related to any of the items described above including planning, engineering, legal, and administration.

Exhibit B

City of Sacramento, California
North Natomas Neighborhood Landscaping
Community Facilities District No. 99-02

RATE AND METHOD OF APPORTIONMENT 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 (the "Act") applicable to the land in the North Natomas Community Facilities District No. 99-02 (the "CFD") of the City of Sacramento (the "City") shall be levied and collected according to the tax liability determined by the City through the application of the appropriate amount or rate, as described below.

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

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

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

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

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

"**Authorized Services**" mean those services, as listed in the Resolution forming CFD 99-02.

"**Base Drainage Maintenance Services Maximum Tax**" means the maximum Special Tax that can be levied for drainage maintenance services for any new Tax Zone created through annexation of a residential subdivision.

"**Base Fiscal Year**" means the Fiscal Year beginning July 1, 1999 and ending June 30, 2000.

"**Base Landscape Maintenance Services Maximum Tax**" means the maximum Special Tax that can be levied for landscape maintenance services for any new Tax Zone created through annexation of a residential subdivision.

"**CFD**" means the North Natomas Neighborhood Landscape Services Community Facilities District No. 99-02 of the City of Sacramento, California.

"**City**" means City of Sacramento, California.

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

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

"**Developed Residential Parcel**" means a residential Parcel, which has a recorded final small lot map for residential uses permitting up to 2 units per lot.

"**Drainage Maintenance Services Tax**" means the portion of the maximum Special Tax that is levied on a Taxable Parcel to fund drainage maintenance and associated costs. Residential parcels in certain subdivisions are required by the City to provide a backup funding source for the maintenance of drainage facilities in the event that the homeowners association fails to provide adequate drainage maintenance. This portion of the Special Tax is only levied if the City has determined that the subdivision homeowners association has failed to adequately provide the required drainage maintenance service.

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

"**Landscape Maintenance Services Tax**" means the portion of the Maximum Annual Special Tax that is levied on a Taxable Parcel to fund landscape maintenance and associated costs. The tax is levied on Parcels that do not have maintenance of landscaping provided by homeowners associations. However, the tax may also be used as a backup tax in the event that a homeowners association fails to adequately provide landscape maintenance and the City has to take over provision of services.

"**Maximum Annual Special Tax**" means the greatest amount of Special Tax that can be levied against a Parcel calculated by multiplying the Maximum Annual Special Tax Rate times the relevant units of the parcel.

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

"**Maximum Annual Special Tax Revenue**" means the greatest amount of

revenue that can be collected in total from a group of Parcels by levying the Maximum Annual Special Tax Rates.

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

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

"**Public Parcel**" means any Parcel, in its entirety, that is or is intended to be publicly owned in the North Natomas Community Plan as adopted by the City--or as subsequently designated by the City--that is normally exempt from the levy of general ad valorem property taxes under California law, including public streets; schools; parks; and public drainageways, public landscaping, wetlands, greenbelts, and public open space. These parcels are exempt from the levy of Special Taxes as described below. Any such Parcel shall be a Tax-Exempt Parcel.

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

"**Subdivision**" means a division of a Parcel into a set of Successor Parcels through the Subdivision Map Act process.

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

"**Taxable Parcel**" means any Parcel that is classified as a Developed Residential Parcel or Undeveloped Parcel.

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

"**Tax-Exempt Parcel**" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below); and (ii) all other parcels not defined as Developed Residential Parcels or Undeveloped Parcels.

"**Tax Zone**" describes one or more subdivisions with similar landscaping maintenance features and annual maintenance costs that are grouped together as a Tax Zone. Each subdivision included in the CFD at formation is assigned a Tax Zone. As a subdivision is annexed into the CFD, it may either be annexed into an existing Tax Zone or be assigned a new Tax Zone. Tax Zones will be labeled in alphabetical sequence as new Tax Zones are created.

"**Undeveloped Land Tax**" means the maximum Special Tax that can be levied

for landscape maintenance services for an Undeveloped Parcel.

"**Undeveloped Parcel**" means remaining land in subdivision designated for single family residential land uses permitting up to 2 units per lot in the tentative map.

3. **Duration of the Special Tax**
Parcels in the CFD will remain subject to the Special Tax in perpetuity.

4. **Assignment of Maximum Annual Special Tax**
A. Classification of Parcels. By June 30 of each Fiscal Year, using the Definitions above, the Parcel records of the Assessor's Secured Tax Roll as of January 1, and other City development approval records, the City shall cause:

1. Each Parcel to be classified as a Tax-Exempt Parcel or a Taxable Parcel.
2. Each Taxable Parcel to be further categorized by Tax Zone. The Tax Zone assigned to a Parcel is based on the same Tax Zone assigned to the Taxable Parcel's subdivision.
3. Each Taxable Parcel to be classified as to whether or not it is subject to the Landscape Maintenance Services Tax.
4. Each Taxable Parcel to be further classified as to whether or not it is subject to the Drainage Maintenance Services Tax.
5. Each Taxable Parcel to be further classified as to whether or not it is subject to the Undeveloped Land Tax.

B. Assignment of Maximum Annual Special Tax.

Attachment 1 shows the Base Year Maximum Special Tax rates. Each Fiscal Year following the Base Year, the Maximum Special Tax rates shall be increased in accordance with the Tax Escalation Factor.

C. Annexation Parcels. Subdivisions annexing into the CFD shall have their Maximum Special Tax Rate and Tax Zone assigned at the time of annexation.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and/or is converted to Developed Residential Parcel, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned according to 4.A and 4.B above. Conversely, if a privately owned parcel is converted to a public use, it shall become Tax-Exempt.

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

A. Compute the Annual Cost using the definition in Section 2 for the Fiscal Year.

The City will allocate the Annual Costs for landscape maintenance and drainage maintenance for each Tax Zone. All administrative costs or other costs not related to the provision of landscape maintenance or drainage maintenance shall be allocated based on each Tax Zone's percentage of the total landscape maintenance costs and drainage maintenance costs.

B. For each Tax Zone, calculate the Landscape Maintenance Service Tax for each Developed Parcel necessary to fund the allocated landscape maintenance cost and administration cost by the following:

- Calculate the Maximum Annual Special Tax Revenues for the landscape maintenance portion of the Special Tax by setting the tax rate for each Developed Parcel at 100% of its Maximum Annual Special Tax shown in **Attachment 1**. If revenues are greater than the Annual Cost allocated to the Tax Zone for landscape maintenance and administration cost, the tax is reduced proportionately until the Special Tax is set at an amount sufficient to cover the allocated Annual Cost.

- If revenues from taxing Developed Parcels at 100% of the Maximum Annual Special Tax are not sufficient to fund allocated Annual Cost, levy the Undeveloped Land Tax up to 100% of its Maximum Annual Special Tax shown in **Attachment 1,** or until total Special Tax revenues equal Annual Cost.

C. For each Tax Zone, calculate the Drainage Maintenance Services Tax for each Taxable Parcel necessary to fund the allocated drainage maintenance costs by the following:

- Calculate the Maximum Annual Special Tax Revenues for the drainage maintenance portion of the Special Tax by setting the tax rate for each Taxable Parcel subject to the drainage maintenance portion of the Special Tax at 100% of its Maximum Annual Special Tax shown in **Attachment 1**. If revenues are greater than the Annual Cost allocated to the Tax Zone for drainage maintenance, the tax rate is reduced proportionately until the tax levy is set at an amount sufficient to cover the allocated Annual Cost.

D. Sum the Landscape Maintenance Services Tax and the Drainage Maintenance Services Tax calculated above to determine the Special Tax Levy for each Taxable Parcel in each Tax Zone.

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

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

6. **Records Maintained for the CFD**

As development and subdivision of North Natomas takes place, the City will maintain a file containing records of the following information for each Parcel:

- The current Parcel Number;
- The Parcel acreage;
- Number of residential units per parcel; and
- Tax Zone for the Parcel.

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

7. **Appeals**

Any taxpayer who feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the City appealing the levy of the Special Tax. The City will then promptly review the appeal, and if necessary, meet with the applicant. If the City verifies that the tax should be modified or changed, a recommendation at that time will be made to the Council and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

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

8. **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, the City 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 its financial obligation.

Attachment 1

North Natomas CFD No. 99-02 Maximum Special Tax Rates

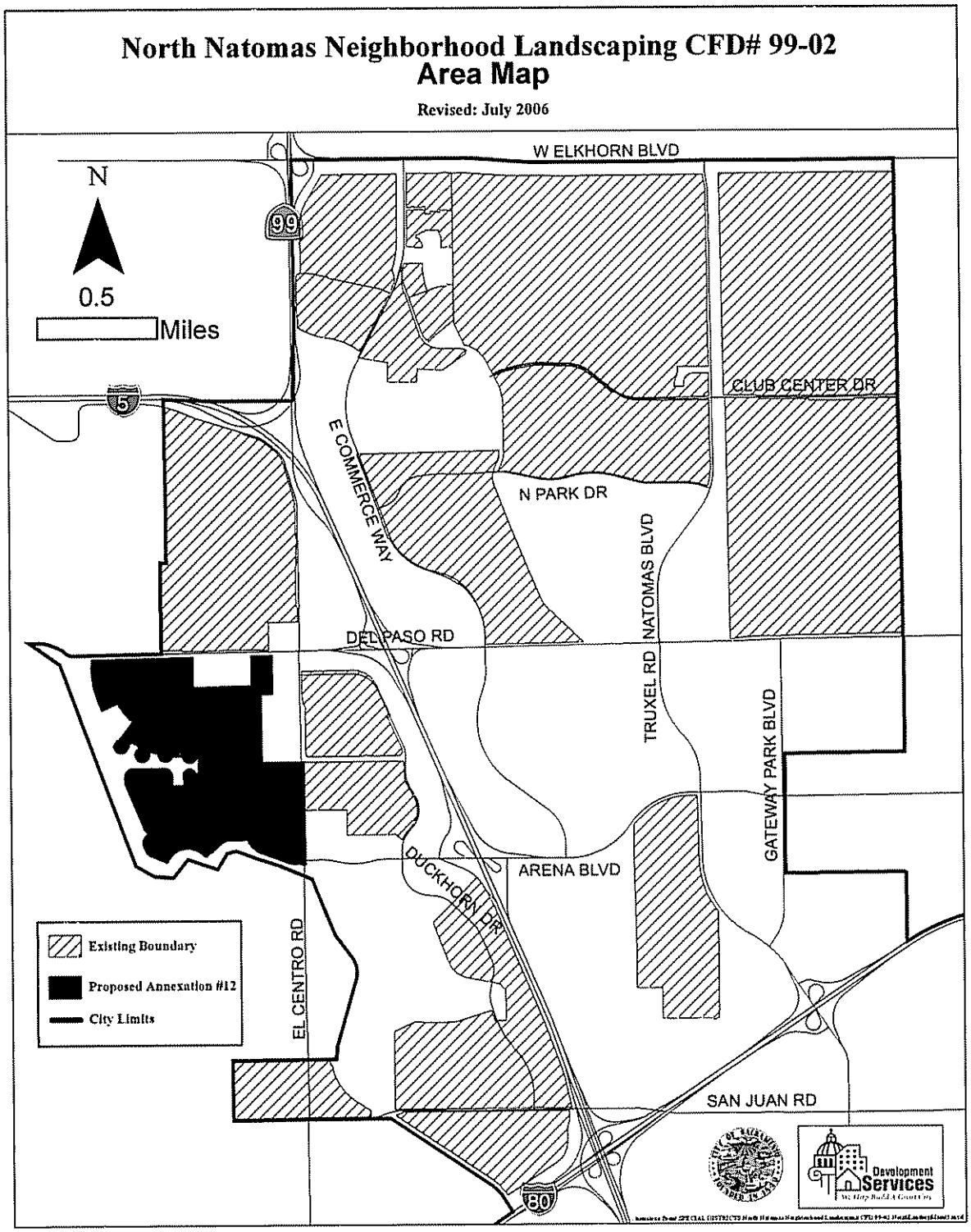
Subdivisions [2]	Tax Zone [1]	Base Year for Maximum Special Tax	Base Year Maximum Special Tax Rate [3], [4]	Estimated Fiscal Year 2006-07 Maximum Special Tax Rate [5]
Tax Zones at CFD Formation				
Natomas Park	A	1999-00		
Landscape Maintenance Services Tax			$35 per unit	$46 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$190 per gross acre	$250 per gross acre
Natomas Crossing	B	1999-00		
Landscape Maintenance Services Tax			$45 per unit	$59 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre
Gateway West	C	1999-00		
Landscape Maintenance Services Tax			$60 per unit	$79 per unit
Drainage Maintenance Services Tax - Gateway West			$150 per unit	$197 per unit
Drainage Maintenance Services Tax - other subdivisions			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre
Annexations				
Annexation No. 1 Westlake	D	2000-01		
Landscape Maintenance Services Tax			$70 per unit	$89 per unit
Drainage Maintenance Services Tax			$40 per unit	$51 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre
Annexation No. 2 River View	A	2000-01		
Landscape Maintenance Services Tax			$36 per unit	$46 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$198 per gross acre	$240 per gross acre
Annexation No. 3 Cambay West	E	2001-02		
Landscape Maintenance Services Tax			$80 per unit	$97 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre
Annexation No. 4 Natomas Park [7]	A	2001-02		
Landscape Maintenance Services Tax			$38 per unit	$46 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$206 per gross acre	$250 per gross acre
Annexation No. 4 Northpointe II	F	2001-02		
Landscape Maintenance Services Tax			$20 per unit	$24 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre
Annexation No. 5 Creekside	A	2002-03		
Landscape Maintenance Services Tax			$39 per unit	$46 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$214 per gross acre	$250 per gross acre
Annexation No. 6 Heritage	G	2002-03		
Landscape Maintenance Services Tax			$110 per unit	$129 per unit
Drainage Maintenance Services Tax			$0 per unit	$0 per unit
Undeveloped Land Tax [6]			$0 per gross acre	$0 per gross acre

Attachment 1 (Continued)
North Natomas CFD No. 99-02 Maximum Special Tax Rates

Subdivisions [2]	Tax Zone [1]	Base Year for Maximum Special Tax	Base Year Maximum Special Tax Rate [3], [4]	Estimated Fiscal Year 2006-07 Maximum Special Tax Rate [5]
Annexation No.7 Parkview Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	H	2002-03	$54 per unit $0 per unit $0 per gross acre	$63 per unit $0 per unit $0 per gross acre
Annexation No.8 Natomas Creek Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	I	2003-04	$11 per unit $0 per unit $0 per gross acre	$12 per unit $0 per unit $0 per gross acre
Annexation No.9 The Hamptons I Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	J	2005-06	$115 per unit $0 per unit $0 per gross acre	$120 per unit $0 per unit $0 per gross acre
Annexation No.10 The Hamptons II Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	J	2005-06	$115 per unit $0 per unit $0 per gross acre	$120 per unit $0 per unit $0 per gross acre
Annexation No.11 JMA Property Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	F	2005-06	$23 per unit $0 per unit $0 per gross acre	$24 per unit $0 per unit $0 per gross acre
Annexation No.12 Natomas Central Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [6]	K	2006-07	$38 per unit $53 per unit $0 per gross acre	$38 per unit $53 per unit $0 per gross acre
Base Landscape Maintenance Services Maximum Tax		1999-00	**$100 per unit**	**$127 per unit**
Base Drainage Maintenance Services Maximum Tax		1999-00	**$200 per unit**	**$253 per unit**
Undeveloped Land Tax (6)		1999-00	**$310 per gross acre**	**$392 per gross acre**

1. Any new Tax Zone that is created will be labeled with an alphabetical letter. The new letter will follow sequence from the existing Tax Zone letters. For Annexations joining an existing Tax Zone, the existing Tax Zone that the annexation is joining will be used.
2. At time of District Formation, three project areas were identified with varying annual maintenance costs. Annexing subdivisions will either be added to an existing Tax Zone, or a new Tax Zone will be created. In no case may a new Tax Zone have a Maximum Annual Special Tax for Landscaping or Drainage Maintenance greater than the Base Maximum Annual Special Taxes (as may be adjusted by the Tax Escalation Factor) shown in the above table.
3. If landscape maintenance or drainage services are provided by a Homeowners Association, the maximum Special Tax rate for those parcels will be set to $0.
4. Following the Base Year for each Tax Zone or annexation, the Maximum Special Tax Rates will increase annually based upon the Consumer Price Index (CPI) (prior year annual average), San Francisco, All Urban Consumers (CPI-U), not to exceed 4%.
5. Estimated Fiscal Year 2005-06 Maximum Special Tax Rates assume maximum escalation at 4% annually from the base year.
6. The undeveloped land tax is a backup tax if revenues from taxing Developed Parcels at 100% of the Landscape Maintenance Services Tax are not sufficient to fund the allocated Annual Cost.
7. Includes Northborough Phase II, a subdivision of Natomas Park.

EXHIBIT C


North Natomas Neighborhood Landscaping CFD# 99-02
Area Map
Revised: July 2006
N
0.5
Miles
W ELKHORN BLVD
CLUB CENTER DR
E COMMERCE WAY
N PARK DR
NATOMAS BLVD
DEL PASO RD
TRUXEL RD
GATEWAY PARK BLVD
ARENA BLVD
DUCKHORN DR
EL CENTRO RD
SAN JUAN RD
Existing Boundary
Proposed Annexation #12
City Limits
Development Services