

RESOLUTION NO. 2026-_____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN MARCOS, CALIFORNIA, ACTING AS THE LEGISLATIVE BODY OF IMPROVEMENT AREA NO. F-59 OF COMMUNITY FACILITIES DISTRICT NO. 98-02 (LIGHTING, LANDSCAPING, OPEN SPACE, AND PRESERVE MAINTENANCE), CITY OF SAN MARCOS, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, AUTHORIZING THE ANNEXATION OF TERRITORY IN THE FUTURE TO SUCH COMMUNITY FACILITIES DISTRICT AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, the City Council (the "City Council") of the City of San Marcos (the "City") has declared its intention, conducted proceedings and held a public hearing relating to the authorization to annex territory in the future to Improvement Area No. F-59 of Community Facilities District No. 98-02 (Lighting, Landscaping, Open Space, and Preserve Maintenance), City of San Marcos, County of San Diego, State of California (the "Improvement Area") pursuant to the terms and provisions of the "Mello-Roos Community Facilities Act of 1982," being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the "Act"), and specifically Article 3.5 thereof; and

WHEREAS, notice of such public hearing was given in the form and manner as required by the Act; and

WHEREAS, it has been determined that a majority protest as defined by Government Code Section 53339.6 of the Act has not been received against the authorization to annex territory in the future to the Improvement Area; and

WHEREAS, it has now been determined to be within the public interest and convenience to establish a procedure to allow and provide for future annexations to the Improvement Area and further to specify the amount of special taxes that would be authorized to be levied on any parcels that may be annexed to the Improvement Area in the future, as well as setting forth the terms and conditions for certification for any annexation in the future; and

WHEREAS, the territory proposed to be annexed in the future shall be known and designated as Future Annexation Area to Improvement Area No. F-59 of Community Facilities District No. 98-02 (the "Future Annexation Area"), and a map designated as "Future Annexation Area to Improvement Area No. F-59 of Community Facilities District No. 98-02 (Lighting, Landscaping, Open Space, and Preserve Maintenance), City of San Marcos, County of San Diego, State of California" showing the territory proposed to be annexed in the future has been approved and a copy thereof shall be kept on file with the transcript of these proceedings.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN MARCOS AS FOLLOWS:

Section 1. Recitals. The above recitals are all true and correct and are incorporated herein by this reference.

Section 2. Determinations. It is hereby determined by this City Council as follows:

- A. All prior proceedings pertaining to the authorization of the Future Annexation Area to the Improvement Area in the future were valid and taken in conformity with the requirements of the law, and specifically the provisions of the Act, and this finding and determination is made pursuant to the provisions of Government Code Section 53325.1.
- B. The City Council did not receive written protests against the authorization of the Future Annexation Area to the Improvement Area which represent a majority protest as defined by Government Code Section 53339.6 of the Act and, therefore, the authorization for the Future Annexation Area to the Improvement Area has not been precluded by a majority protest pursuant to Government Code Section 53339.6 of the Act.
- C. The public convenience and necessity require a procedure to authorize and provide for territory to be annexed in the future to the Improvement Area in order to finance the costs and expenses necessary to provide the public services described below made necessary by the development or redevelopment of such territory.
- D. The authorization for the annexation of territory within the Future Annexation Area to the Improvement Area in the future as proposed conforms with the City of San Marcos' statement of goals and policies regarding the establishment of community facilities districts.
- E. The provision for the annexation of territory within the Future Annexation Area to the Improvement Area in the future and the authorization to levy special taxes on territory within the Future Annexation Area upon the annexation thereof to the Improvement Area to finance the public services described below constitutes the creation of a government funding mechanism which does not involve the commitment to any specific project which may result in a potentially significant physical impact on the environment. Therefore, the provision for the annexation of territory within the Future Annexation Area to the Improvement Area in the future and the authorization to levy special taxes within such territory upon the annexation thereof to the Improvement Area does not constitute a "project" which is subject to the provisions of the California Environmental Quality Act (California Public Resources Code Section 21000 and following).

Section 3. Annexation Authority. The City Council does hereby authorize the annexation of territory within the Future Annexation Area to the Improvement Area in the future pursuant to the provisions and authorization of Article 3.5 of the Act.

Section 4. Description of the Future Annexation Area. A description of the Future Annexation Area is as follows:

All that property and territory proposed to be annexed in the future to the Improvement Area, as said property is shown on the map designated as "Future Annexation Area to Improvement Area No. F-59 of Community Facilities District No. 98-02 (Lighting, Landscaping, Open Space, and Preserve Maintenance), City of San Marcos, County of San Diego, State of California" (the "Future Annexation Area Map"), a copy of which is on file in the Office of the City Clerk and shall remain open for public inspection. The Future Annexation Area Map has been filed in the Office of the San Diego County Recorder, in Book 52, Page 83 of Maps of Assessment and Community Facilities Districts and as Document No. 2026-7000140.

Future annexation proceedings may only be completed with the unanimous consent of the owner or owners of any parcel proposed for annexation.

Section 5. Authorized Services. The types of services to be financed from the levy of the special tax in the Improvement Area, including the Future Annexation Area, are those described in Exhibit "A" attached hereto which is incorporated herein by this reference ("Authorized Services").

The Authorized Services to be financed by the levy of special taxes to be levied on specific territory within the Future Annexation Area to be annexed to the Improvement Area may include some or all of such Authorized Services or may include alternatives to the Authorized Services.

The Authorized Services shall to the maximum extent practicable, taking into account budgetary and operational demands of the City, be provided in common within the Improvement Area and the territory within the Future Annexation Area.

The City Council finds that the Authorized Services described in this Section 5 hereof are necessary to meet increased demands placed upon the City as a result of new development occurring within the boundaries of the Improvement Area and the Future Annexation Area.

Section 6. Special Tax. It is the intention of the City Council that, except where funds are otherwise available, a special tax sufficient to finance the Authorized Services (the "Special Tax") to be provided in the territory of the Future Annexation Area upon the annexation of such territory to the Improvement Area and related incidental expenses authorized by the Act, secured by recordation of a continuing lien against all non-exempt real property in the territory within the Future Annexation Area that annexes to the Improvement Area, will be levied annually within the boundaries of such territory upon the annexation thereof to the Improvement Area. For further particulars as to the rates and method of apportionment of the proposed Special Tax, reference is made to the attached

and incorporated Exhibit "B" (the "Rates and Method"), which sets forth in sufficient detail the rate and method of apportionment of the Special Tax to allow each landowner or resident within the territory in the Future Annexation Area to clearly estimate the maximum amount of the Special Tax that such person will have to pay for the Authorized Services upon the annexation of such territory to the Improvement Area. The Special Tax may not be prepaid.

Notwithstanding the foregoing, if the actual cost of providing Authorized Services to any territory within the proposed Future Annexation Area is higher or lower than the cost of providing such services within the existing the Improvement Area, a higher or lower special tax may be levied within such territory, to the extent the actual cost of providing the services in the annexation territory is higher or lower than the costs of providing those services in the existing district, subject to the unanimous approval and election of the owner or owners of such territory. In any such circumstance, the Rate and Method may be revised to reflect the higher or lower special tax, as applicable. The maximum special tax rate in the existing Improvement Area and the original community facilities district may not be increased as a result of any annexation proceeding.

The proposed Special Tax, to the extent possible, shall be collected in the same manner as ad valorem property taxes or in such other manner as this City Council or its designee shall determine, including direct billing of the affected property owners. Such Special Tax shall be subject to the same penalties, procedure, sale and lien priority in any case of delinquency as applicable for ad valorem taxes. Any Special Tax that may not be collected on the County tax roll shall be collected through a direct billing procedure by the City.

Pursuant to Government Code Section 53340 and except as provided in Government Code Section 53317.3, properties of entities of the state, federal, and local governments shall be exempt from the levy of the Special Tax.

Section 7. Special Tax Accountability Measures. Pursuant to and in compliance with the provisions of Government Code Section 50075.1, this City Council hereby establishes the following accountability measures pertaining to the levy by the Improvement Area of the special taxes described in Section 6 above.

- A. The Special Tax shall be levied for the specific purposes set forth in Section 6 above.
- B. The proceeds of the levy of the Special Tax shall be applied only to the specific applicable purposes set forth in Section 6 above.
- C. the Improvement Area shall establish a separate account into which the proceeds of the Special Tax shall be deposited.
- D. The Director of Finance/Treasurer of the City of San Marcos, or his or her designee, acting for and on behalf of the Improvement Area, shall annually file a report with the City Council as required pursuant to Government Code Section 50075.3

Section 8. Annexation Effective Date. Annexation of territory in the Future Annexation Area to the Improvement Area in the future shall be effective only upon the unanimous approval of the owner or owners of each parcel or parcels to the annexation of such parcel or parcels to the election by such owner or owners to subject such parcel or parcels to the levy of the special tax at any time that any parcel is proposed for annexation. Upon receipt of the written consent and election by such owner or owners, no further public hearings will be required to effectuate the annexation of such parcel or parcels to the Improvement Area.

Section 9. Severability. If any provision of this Resolution or the application thereof to any person or circumstance is held invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions or applications, and to this end the provisions of this Resolution are declared to be severable.

Section 10. Effective Date. This Resolution shall become effective upon its adoption.

PASSED, APPROVED, and ADOPTED by the City Council of the City of San Marcos, California, this 28th day of April, 2026.

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

Rebecca D. Jones, Mayor
City of San Marcos

ATTEST:

Phillip Scollick, City Clerk
City of San Marcos

EXHIBIT "A"
IMPROVEMENT AREA NO. F-59 OF COMMUNITY FACILITIES
DISTRICT NO. 98-02 (LIGHTING, LANDSCAPING, OPEN SPACE, AND
PRESERVE MAINTENANCE), CITY OF SAN MARCOS, COUNTY OF
SAN DIEGO, STATE OF CALIFORNIA

Authorized Services

The types of services generally provided in the existing CFD include, but are not limited to, the maintenance, operation, and management of:

1. Public lighting and appurtenant facilities, including, but not limited to street lighting and traffic signals;
2. Median landscaping and appurtenant facilities such as irrigation;
3. Parkway landscaping and appurtenant facilities such as irrigation;
4. Public or private property required by the City of San Marcos to be maintained as passive open space areas, including, but not limited to, passive open space areas, habitat preservation areas, slope areas and earthen/natural drainage channels and appurtenant facilities such as drainage pipes and systems; and
5. Active open space areas including parks and trails and appurtenances such as signage.

For a full and complete description of the public services, reference is made to the final Special Tax Report for the CFD, a copy of which is on file in the Office of the City Clerk.

The types of services generally provided in the Improvement Area include, but are not limited to, the maintenance services described above provided by the CFD, plus the maintenance, operation, and management of the following types of services:

1. Storm drain and stormwater treatment facilities, including but not limited to storm drain systems, permanent storm water quality BMPs, low impact development (LID) BMPs, detention facilities, and access to such facilities;
2. Parks including but not limited to habitat/biological open space, recreational open space, play areas, picnic areas, signage, restrooms, sports fields, pedestrian and field lighting, and other appurtenant facilities;
3. Trails including but not limited to multi-use trails, urban trails, Class I bicycle facilities, shared pedestrian and bicycle facilities, trail surfaces, amenities such as fencing, signage, overlooks, gates, and other appurtenant facilities, and access to such facilities;

4. Enhanced facilities in public places including but not limited to the following facilities:
 - Active Transportation Plan (ATP) facilities, street furniture, bus stops, and appurtenant facilities;
 - Landscaped areas, including but not limited to slopes, parkways, medians, street trees, hardscape, signage, best management practices (BMP) facilities, irrigation, and other appurtenant facilities;
 - Enhanced pedestrian facilities including decorative amenities, placemaking facilities, pedestrian safety enhancements, and appurtenant facilities;
 - Enhanced bicycle facilities including Class IV bicycle facilities, bicycle amenities, bicycle safety enhancements, intersection treatments, and appurtenant facilities;
 - Multi-modal facilities including transit, bicycle, and pedestrian-oriented facilities, ATP nodes and amenities, and appurtenant facilities; and
 - Paseos or non-motorized access paths including hardscape, landscape, amenities, and other appurtenant facilities.

5. Any other services authorized under the Act.

Administrative Expenses:

In addition, the following costs will also be funded by the special taxes levied within the Improvement Area.

1. Administrative Expenses including costs incurred to determine, levy and collect the special taxes, including compensation of City employees for administrative work performed in relation to the Improvement Area and a proportionate amount of the City's general administrative overhead related thereto, 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 incurred for the administration of the Improvement Area and the CFD by the City;
2. Any amounts needed for operating reserves and reserves for repairs, removals, replacements, and rehabilitation; and
3. Any amounts needed to cure actual or estimated delinquencies in special taxes for the current or previous fiscal years.

**COMMUNITY FACILITIES DISTRICT NO. 98-02
(LIGHTING, LANDSCAPING, OPEN SPACE
AND PRESERVE MAINTENANCE)
IMPROVEMENT AREA NO. F-59**

Exhibit B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

Section 1. Introduction

Special Taxes shall be annually levied on all Assessor's Parcels (as hereinafter defined) in that territory included within Improvement Area No. F-59 (the "Territory") of Community Facilities District No. 98-02 of the City of San Marcos, County of San Diego, State of California (the "District"), in accordance with this Rate and Method of Apportionment of Special Tax (the "RMA") hereinafter set forth. All of the property within the Territory, unless otherwise exempted by law or the express provisions of the RMA, shall be taxed to the extent and in the manner provided below.

Section 2. Definitions

Acre: means 43,560 square feet of land.

Acreage: The area of an Assessor's Parcel as shown on the latest map of the County Assessor of the County of San Diego, or if the area of an Assessor's Parcel is not shown on such a map, the area shown on a current recorded subdivision map, parcel map, record of survey or other recorded document creating or describing the Assessor's Parcel. If the preceding maps are not available, the area shall be determined by the City Engineer. The Acreage attributable to the non-residential portion of a mixed-use building, with mixed-use meaning both residential and non-residential uses located within the same building, shall be the lesser of (i) the Acreage for the Assessor's Parcel on which such building is or is to be located or (ii) the non-residential building square footage multiplied by three and then divided by 43,560. If such non-residential building square footage is subdivided into one or more Condominiums pursuant to a Condominium Plan, then the Acreage for each such Condominium for purposes of (i) above shall be equal to the Acreage of the common interest property for such Condominium as determined by the City Engineer. Notwithstanding the foregoing, the Acreage attributable to a residential Condominium shall be computed by dividing the sum of the land area for the lot on which such Condominium is or will be located by the approved number of Condominiums for such lot.

Act: means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

Administrative Expenses: Costs incurred to determine, levy and collect the special taxes, including compensation of City employees for administrative work performed in relation to the Improvement Area and a proportionate amount of the City's general administrative overhead related thereto, 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 incurred for the administration of the Improvement Area or Community Facilities District No. 98-02 by the City.

Approved Property: Assessor's Parcels that have been annexed to the District and the Territory and for which a final subdivision map or a Condominium Plan has been recorded prior to the January 1 preceding the Fiscal Year for which the Special Tax is being levied but for which a building permit has not been issued by the City by the January 1 preceding the Fiscal Year for which the Special Tax is being levied.

Assessor's Parcel: A parcel of land or Condominium in the Territory designated and assigned a discrete identifying number on an Assessor's Parcel Map of the County Assessor of the County of San Diego.

Assessor's Parcel Map: An official map of the County Assessor of the County of San Diego designating parcels by Assessor's Parcel number.

Authorized Services: The Authorized Services means the Citywide Services and Improvement Area Services as described below:

- (i) *Citywide Services* means Zone A – Street Lighting, Zone B – Traffic Signals, Zone D – Citywide Parks, and Zone E – Citywide Trails, as described in the "Special Tax Report Community Facilities District No. 98-02 City of San Marcos Mello-Roos Community Facilities Act of 1982 Citywide Landscaping and Lighting" dated August 25, 1998; and
- (ii) *Improvement Area Services* means the Improvement Area Services as described in the "Special Tax Report Community Facilities District No. 98-02, Improvement Area F-59, City of San Marcos Mello-Roos Community Facilities Act of 1982 Citywide Landscaping and Lighting."

City: The City of San Marcos.

Condominium: A condominium as defined in California Civil Code Section 4125, as may be amended.

Condominium Plan: A condominium plan pursuant to California Civil Code Sections 4120 and 4285, as may be amended.

Developed Property: Assessor's Parcels that have been annexed to the District and the Territory and for which a building permit and/or a conditional use permit, director's permit, or other equivalent permit has been issued by the City after the Territory was created but prior to the March

1 preceding the Fiscal Year for which the Special Tax is being levied. Notwithstanding the preceding sentence, in the case of redeveloped property, only that portion of such Assessor's Parcel that has been redeveloped, as determined by the City, shall be classified as Developed Property for purposes of this RMA.

District: Community Facilities District No. 98-02 (Lighting, Landscaping, Open Space and Preserve Maintenance) of the City.

Equivalent Dwelling Unit(s) or EDU(s): Residential dwelling units are assigned an EDU value of one. The EDUs for the portion of an Assessor's Parcel that is classified as Non-Residential are calculated by multiplying the Acreage classified as Non-Residential by 2.65.

Exempt Property: Property owned by, conveyed, dedicated, or irrevocably offered for dedication to a public agency; land that is in the public right-of-way; utility easements that are not occupied on a regular basis by employees of the benefiting utility and which make utilization of the property encumbered by such easement for purposes other than that set forth in the grant of such easement impractical; privately owned, common area property, streets and parks, and open space lots including, but not limited to, such property owned by a property owners association; property zoned as open space; and property used as a golf course, other than clubhouse facilities. Pursuant to Section 53340(i) of the Act, properties receiving a welfare exemption under Revenue and Taxation Code Section 214 shall be exempt from the special tax and shall be classified as Exempt Property unless a waiver of such exemption is executed by the applicable property owner. Furthermore, property owned by a public agency but leased to an end-user for purposes other than public use will not be classified as exempt.

Extraordinary Special Tax: That special tax levied as applicable pursuant to the provisions of Section 7 below.

Fiscal Year: The period beginning on July 1 and ending on the following June 30.

Index: The Consumer Price Index for the San Diego Region as published by the United States Department of Labor, Bureau of Labor Statistics.

Maximum Annual Special Tax: The maximum special tax that can be levied on any Assessor's Parcel in any Fiscal Year.

Maximum Annual Special Tax Rate: The maximum annual special tax rate or rates as set forth in Section 4 below.

Operating Reserve: As applicable, a fund established and maintained from Special Taxes in an amount not to exceed the following (the "Operating Reserve Requirement"): 150% of the Special Tax Requirement, or such lower amounts which may be determined at the discretion of the City.

Property Classification: A classification of property specified in Section 3 below.

Reserve for Repairs, Removals, Replacements, and Rehabilitation: As applicable, a fund established and maintained from Special Taxes in addition to the Operating Reserve for repairs, removals, replacements, and rehabilitation of the facilities to be maintained, operated, and managed pursuant to the Authorized Services.

Reserve Fund: As applicable, a fund or funds established and maintained from Special Taxes for purposes of the Operating Reserve and Reserve for Repairs, Removals, Replacements, and Rehabilitation.

Reserve Fund Requirement: The Operating Reserve Requirement plus the required Reserves for Repairs, Removals, Replacements, and Rehabilitation as determined by the City.

Revenue and Taxation Code: means the Revenue and Taxation Code of the State of California, as amended.

Special Tax: The special tax levied on each Assessor's Parcel pursuant to this RMA for any Fiscal Year to meet the Special Tax Requirement. The Special Tax is comprised of the Citywide Special Tax and the Improvement Area Special Tax as described below:

- (i) Citywide Special Tax means the Special Tax determined by the application of the Maximum Annual Special Tax Rates for Citywide Services; and
- (ii) Improvement Area Special Tax means the Special Tax determined by the application of the Maximum Annual Special Tax Rates for Improvement Area Services.

Special Tax Requirement: The amount sufficient (i) to pay the Territory's proportional share of direct costs to the City, the District, and their contractors, agents, or assigns associated with providing the Authorized Services, (ii) to pay for the Administrative Expenses allocable to the Territory and associated with providing the Authorized Services, and (iii) to establish and replenish the Reserve Fund balance to the Reserve Fund Requirement. Citywide Services shall be funded from the Special Taxes produced by the application of the Maximum Annual Special Tax Rates for Citywide Services and Improvement Area Services shall be funded from the Special Taxes produced by the application of the Maximum Annual Special Tax Rate for Improvement Area Services. In addition, the Special Taxes collected by the application of the Maximum Annual Special Tax Rates for Citywide Services may be expended for any of the Citywide Services, including applicable Administrative Expenses and Reserve Funds, and the Special Taxes collected by the application of the Maximum Annual Special Tax Rate for Improvement Area Services may be expended for any of the Improvement Area Services, including applicable Administrative Expenses and Reserve Funds.

Taxable Assessor's Parcel: An Assessor's Parcel all or a portion of which is classified as Developed, Approved, or Undeveloped Property and that is not Exempt Property.

Undeveloped Property: All Taxable Assessor's Parcels which are not classified as Developed Property or Approved Property.

Zone: An area consisting of a group of Assessor's Parcels, which may or may not be contiguous, which will participate in the cost of providing a particular facility or service.

Section 3. Property Classifications

The Property Classifications to which Assessor's Parcels in the Territory shall be assigned are Developed Property, Approved Property, Undeveloped Property, and Exempt Property. As of July 1 of each Fiscal Year, commencing with July 1, 2025, using the definitions in Section 2 above, the District shall cause each Assessor's Parcel to be classified into one of the Property Classifications noted above.

Section 4. Maximum Annual Special Tax Rates

The EDUs for each Property Classification will be determined in accordance with Table 1 below. The Maximum Annual Special Tax Rates are specified in Table 2 below. The Maximum Annual Special Tax for a Taxable Assessor's Parcel shall be equal to the EDUs applicable to such Assessor's Parcel as determined from Table 1 below multiplied by the Maximum Annual Special Tax rates in Table 2 below. Notwithstanding the assignment of an Assessor's Parcel to one of the four Property Classifications above, each Assessor's Parcel may be comprised of residential as well as non-residential land uses, in which case the Maximum Annual Special Tax for the Assessor's Parcel shall be the sum of the Maximum Annual Special Taxes for both land uses, with non-residential based upon the proportion of the acreage applicable to the non-residential land use.

TABLE 1			
EQUIVALENT DWELLING UNITS			
PROPERTY CLASSIFICATION	CITYWIDE SERVICES ZONES A, D, AND E	CITYWIDE SERVICES ZONE B	IMPROVEMENT AREA SERVICES
Developed Property			
Residential	1 EDU/Residential Unit	1 EDU/Residential Unit	1 EDU/Residential Unit
Non-Residential			
Commercial	2.65 EDUs/Acre	40.00 EDUs/Acre	2.65 EDUs/Acre
Industrial	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre
All Others	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre

TABLE 1			
EQUIVALENT DWELLING UNITS			
PROPERTY CLASSIFICATION	CITYWIDE SERVICES ZONES A, D, AND E	CITYWIDE SERVICES ZONE B	IMPROVEMENT AREA SERVICES
Approved Property¹			
Residential	1 EDU/Residential Unit	1 EDU/Residential Unit	1 EDU/Residential Unit
Non-Residential			
Commercial	2.65 EDUs/Acre	40.00 EDUs/Acre	2.65 EDUs/Acre
Industrial	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre
All Others	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre
Undeveloped Property¹			
Residential	1 EDU/Residential Unit	1 EDU/Residential Unit	1 EDU/Residential Unit
Non-Residential			
Commercial	2.65 EDUs/Acre	40.00 EDUs/Acre	2.65 EDUs/Acre
Industrial	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre
All Others	2.65 EDUs/Acre	10.00 EDUs/Acre	2.65 EDUs/Acre
Exempt Property	NA	NA	NA

TABLE 2	
MAXIMUM ANNUAL SPECIAL TAX RATES	
FISCAL YEAR 2025-2026	
AUTHORIZED SERVICE	MAXIMUM ANNUAL SPECIAL TAX RATE PER EDU²
Citywide Services	
Zone A	\$45.27
Zone B	\$14.34
Zone C	NA
Zone D	\$253.24
Zone E	\$14.12
Improvement Area Services	\$651.67

4.1 Assignment of Maximum Annual Special Tax: A Maximum Annual Special Tax will be assigned to all Taxable Assessor's Parcels classified as Developed Property, Approved

¹ For Approved Property and Undeveloped Property, the City in its discretion will determine the number of anticipated or planned residential units and non-residential Acres for an Assessor's Parcel from the applicable zoning, tentative map, or conditional or other development permit.

² The FY 2025-2026 Maximum Annual Special Tax Rates in Table 2 have been rounded to the nearest penny.

Property, or Undeveloped Property as of July 1 of the Fiscal Year in which such classification occurs.

- 4.2 **Increasing the Maximum Annual Special Tax:** Beginning with Fiscal Year 2026-2027 the Maximum Annual Special Tax Rates set forth above may be increased annually by the greater of the annual percentage change in the Index or two percent (2.00%).

Section 5. Determination of Special Tax Requirement

The City shall annually determine the Special Tax Requirement for each Fiscal Year, commencing with Fiscal Year 2026-2027. The Special Tax Requirement for each Fiscal Year shall include the cost of those Authorized Services that the City is or will be responsible to provide during all or any portion of such Fiscal Year; the proportionate share of the related Administrative Expenses allocable to the Territory; and the funding or replenishment of the Reserve Fund to the Reserve Fund Requirement. The initial funding of the Reserve Fund shall be accomplished only through the levy of Special Taxes on Developed Property or Extraordinary Special Taxes on Approved Property and/or Undeveloped Property as provided for herein.

In any Fiscal Year during which a developer, builder, or property owner is or will be responsible for providing any Improvement Area Services, the Special Tax Requirement for such Fiscal Year shall include the Developed Properties' proportionate share of the estimated cost of providing the Improvement Area Services by the City from the estimated date following the end of the developer's warranty period upon which the City will assume such maintenance responsibility to the next date thereafter on which the City will receive Special Taxes to finance such Improvement Area Services. For example, assume that in preparing the Fiscal Year 2026-2027 Special Tax Requirement, the District determines that the City will become responsible for providing certain Improvement Area Services commencing on May 1, 2027. Assume that from that date the City is responsible for such maintenance costs until the end of Fiscal Year 2026-2027 (i.e., May 1, 2027 to June 30, 2027), the City's share of the cost of providing services is \$2,500. In addition, assume that the cost of providing services during Fiscal Year 2027-2028 is \$10,000 such that the cost of providing services for Fiscal Year 2027-2028 until the first receipt of Special Taxes (i.e., July 1, 2027 to December 31, 2027) is \$5,000. On May 1, 2027, the City will need to have on deposit \$7,500 to fund the services from May 1, 2027 until December 31, 2027. To accomplish this, the Special Tax Requirement for Fiscal Year 2026-2027 shall include this additional \$7,500.

Section 6. Method of Apportionment of Special Taxes

- 6.1. As of July 1 of each Fiscal Year, commencing with July 1, 2026 all Taxable Assessor's Parcels within the Territory shall be assigned to one of the Property Classifications specified in Section 3.
- 6.2. The City shall determine for each Fiscal Year the Special Tax Requirement.

- 6.3. The City shall levy the Special Taxes for each Fiscal Year, commencing on July 1, 2025, in the following order of priority to fund the Special Tax Requirement for such Fiscal Year:
- (a) Levy the Special Tax proportionately up to the Maximum Annual Special Tax upon all Developed Property to generate Special Taxes to fund the Special Tax Requirement;
 - (b) If, after levying Special Taxes pursuant to (a) above, additional Special Taxes are needed to generate sufficient Special Taxes to fund the Special Tax Requirement, then levy the Special Tax proportionately up to the Maximum Annual Special Tax upon all Approved Property; and
 - (c) If, after levying Special Taxes pursuant to (a) and (b) above, additional Special Taxes are needed to generate sufficient Special Taxes to fund the Special Tax Requirement, then levy the Special Tax proportionately up to the Maximum Annual Special Tax upon all Assessor's Parcels of Undeveloped Property which are subject to the levy of Special Taxes.

Section 7. Extraordinary Special Tax

Prior to the acceptance by the City of areas or improvements to be maintained as a part of the Improvement Area Services and assumption by the City of responsibility for providing such Improvement Area Services, the District shall determine, if applicable, (i) the amount, if any, in addition to those funds received from the levy of the Special Taxes on Developed Properties which are allocated to pay for Improvement Area Services, which the City will need to pay for such Improvement Area Services from the date following the end of the developer's warranty period upon which the City will assume such maintenance responsibility to the next date thereafter on which the City will receive Special Taxes to finance such Improvement Area Services and (ii) the amount, if any, in addition to those funds received from the levy of Special Taxes on Developed Properties which are allocated to funding the Reserve Fund, which will be necessary to increase the amount on deposit in the Reserve Fund to the Reserve Fund Requirement at the commencement of the Fiscal Year following the date of the assumption by the City of responsibility for providing such Improvement Area Services. Subject to the limitations on the Maximum Annual Special Tax contained in Section 4 above, the sum of (i) and (ii) above shall be levied as an Extraordinary Special Tax by direct billing on all remaining Approved Property and Undeveloped Property and such amount shall become due and payable within sixty (60) calendar days from and after the date of such direct billing.

The City shall not accept any areas or improvements or assume responsibility for providing those Improvement Area Services for which an Extraordinary Special Tax has been levied until such Special Tax has been received by the District. No further building permits shall be issued for Assessor's Parcels within the Territory if any Extraordinary Special Tax levied pursuant to this Section 7 is not paid within the time period set forth in the preceding paragraph.

Section 8. Manner of Collection of Special Taxes

With the exception of the Extraordinary Special Tax which shall be billed directly, the Special Taxes levied in each Fiscal Year shall be collected in the same manner as ordinary ad valorem property taxes are collected and shall be subject to the same penalties and the same procedure, sale, and lien priority in case of delinquency as is provided for ad valorem taxes; provided, however, the City Council may, by resolution, establish and adopt an alternative or supplemental collection procedure, including direct billing. The Special Taxes when levied shall be secured by the lien imposed pursuant to Section 3115.5 of the Streets and Highways Code. This lien shall be a continuing lien and shall secure each levy of Special Taxes. The lien of the Special Taxes shall continue in force and effect until the Special Tax ceases to be levied in the manner provided by Section 53330.5 of the Government Code.

Section 9. Prepayment of Special Tax

The Maximum Annual Special Tax for an individual Assessor's Parcel within the Territory of the District may be discharged through the prepayment of the special tax obligation provided that there are no delinquent special taxes with respect to that Assessor's Parcel at the time of prepayment. Proof of payment of delinquent taxes will be provided to the City prior to the discharge of the special tax obligation. An owner of an Assessor's Parcel intending to prepay the Maximum Annual Special Tax shall provide the District with a written notice of intent to prepay. Within 30 days of receipt of such written notice, the District shall notify such owner of the prepayment amount of such Assessor's Parcel.

The Prepayment Amount shall be calculated as the present value of the Maximum Annual Special Tax escalated at 2%, through each fiscal year which is seventy-five years from the fiscal year in which the prepayment shall be made plus the current fiscal year special tax obligation, an amount to cover the administrative fees and expenses of the District, as calculated by the City, including, but not limited to, the costs of computation of the prepayment, the costs of removing any special taxes from the Roll, and the costs of recording a notice of special tax lien release and any additional actions required to evidence the prepayment. The assumptions to be used when calculating the present value of the Maximum Annual Special Tax are as follows:

- The discount rate shall be equal to the rate of return earned on the City's general fund investment portfolio for the preceding twelve months.
- A 360-day year.
- The Maximum Annual Special Tax will be discounted from July 1 of each Fiscal year.

The payment in full of the amount calculated, plus the applicable administrative expenses and recording fee, fully discharges any further obligation of the parcel for the improvements funded within the District.

The City shall cause a suitable notice to be recorded in compliance with the Act within 30 days of receipt of such prepayment of the Maximum Annual Special Tax, to indicate the prepayment of the Maximum Annual Special Tax and the release of the special lien on such Assessor's Parcel.

Section 10. Appeals

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the Finance Director, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The Finance Director shall review the appeal, meet with the appellant if the Finance Director deems necessary, and advise the appellant of its determination. If the Finance Director agrees with the appellant, the Finance Director shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the Finance Director disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the City Council by filing a written notice of appeal with the City Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the Finance Director's determination.

Section 11. Interpretations

Interpretations may be made by resolution of the City Council for purposes of clarifying any vagueness or ambiguity as it relates to any provision of this RMA.