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DEPARTMENT OF
PUBLIC WORKS

TECHNICAL SERVICES

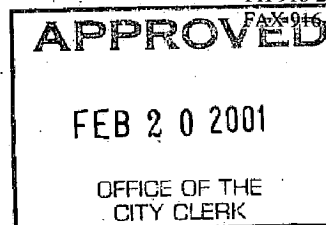
CITY OF SACRAMENTO
CALIFORNIA

SPECIAL DISTRICTS

1231 I Street
SACRAMENTO, CA
95814
PH 916-264-7113
FAX 916-264-7480

February 5, 2001

City Council
Sacramento, California



Honorable Members in Session:

**SUBJECT: ANNEXATION #2 TO THE NORTH NATOMAS NEIGHBORHOOD
LANDSCAPING COMMUNITY FACILITIES DISTRICT (CFD) NO. 99-02
PUBLIC HEARING**

LOCATION AND COUNCIL DISTRICT:

Annexation #2 to the North Natomas Neighborhood Landscaping CFD No. 99-02 is located in the North Natomas Community Plan area in Council District 1 (see map marked as Exhibit D to the attached resolution).

RECOMMENDATION:

This report recommends that the City Council conduct the public hearing and adopt a Resolution of Formation, which calls for a special election on March 6, 2001.

CONTACT PERSON:

Ron Wicky, Special Districts Analyst, 264-5628

FOR COUNCIL MEETING:

February 20, 2001

SUMMARY:

This report presents a proposal to annex territory into the existing CFD to fund future landscaping needs in the North Natomas area. Adoption of the attached resolution will call for a special election on March 6, 2001.

COMMITTEE/COMMISSION ACTION:

None.

Department of
PUBLICWORKS
CITY OF
SACRAMENTO

City Council

Annexation #2 to the North Natomas Neighborhood Landscaping CFD No. 99-02

February 5, 2001

BACKGROUND INFORMATION:

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. 1, Parkway Plaza, Northpoint Park, Gateway North and Natomas Crossing. 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 will be required to annex to this CFD.

This proposed annexation will annex the tentative map area of Riverview (see exhibit D of the attached resolution).

FINANCIAL CONSIDERATIONS:

The current maximum tax rate will be (forty dollars) \$40.00 for this zone. Only "developed residential parcels" would 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 the City has formally accepted the landscaping improvements. All costs associated with this CFD shall be paid for by the property owners and there will be no cost to the City.

ENVIRONMENTAL CONSIDERATIONS:

Council action, in initiating this CFD, is exempt from CEQA because it will cause no physical effects on the environment. Improvement projects will be subject to an environmental review process as part of development applications.

POLICY CONSIDERATIONS:

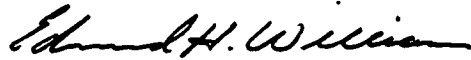
The procedures under which this CFD is being initiated are set forth in Title 5 of the Government Code, Sections 53311-53317.5 entitled "The Mello-Roos Community Facilities Act of 1982."

City Council
Annexation #2 to the North Natomas Neighborhood Landscaping CFD No. 99-02
February 5, 2001.

ESBD CONSIDERATIONS:

City council adoption of the attached resolution is not affected by city policy related to ESBD.


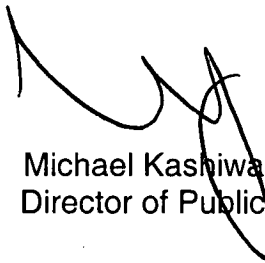
Respectfully submitted,



For Gary Alm, Manager
Development Services and Special Districts

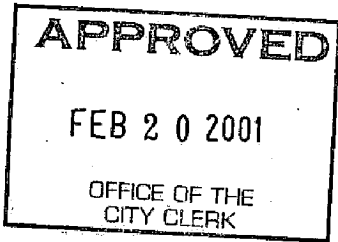
RECOMMENDATION APPROVED:

Approved:


ROBERT P. THOMAS
City Manager
Michael Kashiwagi
Director of Public Works

**ANNEXATION #2 TO THE NORTH NATOMAS NEIGHBORHOOD
LANDSCAPING CFD NO 99-02
SCHEDULE**

January 16, 2001	City Council Resolution of Intention
January 17, 2001	Mail Notice of Hearing
February 20, 2001	City Council Hearing, Call for Special Election
February 21, 2001	Mail Ballots (Waiver of 90-day period)
March 6, 2001	Ballots Due
March 20, 2001	City Council Election Results
March 20, 2001	City Council Pass for Publication Ordinance to Levy Tax
March 21, 2001	Record Notice of Special Tax
March 27, 2001	City Council Adopt Ordinance to Levy Tax



RESOLUTION NO. 2001-117

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SACRAMENTO ANNEXING TERRITORY (ANNEXATION NO. 2) TO THE CITY OF SACRAMENTO NORTH NATOMAS NEIGHBORHOOD LANDSCAPING COMMUNITY FACILITIES DISTRICT NO. 99-02 AND PROVIDING FOR THE LEVY OF A SPECIAL TAX TO FINANCE MAINTENANCE SERVICES TO BE PROVIDED IN AND FOR SUCH ANNEXATION AND CALLING A SPECIAL ELECTION TO SUBMIT TO THE QUALIFIED ELECTORS WITHIN SUCH ANNEXATION THE QUESTION OF LEVYING SUCH SPECIAL TAX AND ESTABLISHING AN APPROPRIATIONS LIMIT FOR SUCH ANNEXATION TO THE COMMUNITY FACILITIES DISTRICT

WHEREAS, the City Council (the "Council") of the City of Sacramento (the "City") has heretofore established the City of Sacramento North Natomas Landscaping Community Facilities District No. 99-02 ("Community Facilities District") 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"), to finance the landscape maintenance services (the "Services") in and for the Community Facilities District under and pursuant to the Act (which are services that the City is authorized by law to provide and that are necessary to meet increased demands placed upon the City as a result of development occurring and anticipated to occur in the Community Facilities District), and which Services are generally described as specified in Exhibit A, attached hereto and incorporated herein by this reference. The cost of financing the acquisition and construction of the Services includes incidental expenses for the services, including the costs of planning and designing the Services, together with the costs of environmental evaluations thereof, and all costs associated with the creation of the Community Facilities District, the determination of the amount of any taxes or the collection or payment of any taxes and costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District, together with any other expenses incidental to provision of the Services; and

WHEREAS, the Council has duly adopted Resolution No. 2001-003 (the "Resolution") on January 16, 2001, wherein the Council declared its intention to and proposed to annex territory to the Community Facilities District under and 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"), to be known and designated as "North Natomas Neighborhood Landscaping Community

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Facilities District No. 99-02, Annexation No. 2" ("Annexation No. 2"), to finance the landscape maintenance services (the "Services") in and for Annexation No. 2 to the Community Facilities District under and pursuant to the Act; and

WHEREAS, the Resolution fixed a time and place for a public hearing to be held by the Council to consider the establishment of Annexation No. 2 to the Community Facilities District, the proposed rate, method of apportionment and manner of collection of a special tax to finance the Services in and for the Community Facilities District and all other matters set forth in the Resolution; and

WHEREAS, a report on such proposal was prepared by the Director of Public Works of the City in accordance with the Resolution, which such report was submitted to the Council for review and has been reviewed by the Council, and which such report is incorporated herein and made a part of the record of the hearing hereinafter referred to on the Resolution; and

WHEREAS, pursuant to the Resolution, a public hearing was convened by the Council on Tuesday, the 20th day of February, 2001, at the hour of 2:00 o'clock p.m., at the regular meeting place of the Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814, at which hearing the Council considered the establishment of Annexation No. 2 to the Community Facilities District, the proposed rate, method of apportionment and manner of collection of such special tax, and all other matters set forth in the Resolution, and at such public hearing all persons interested, including all taxpayers, property owners and registered voters within the boundaries of Annexation No. 2 to the Community Facilities District, were given an opportunity to appear and be heard, and the testimony of all interested persons and all taxpayers, property owners and registered voters for or against the annexation to the Community Facilities District and the levy of such special tax, or the extent of the annexation to the Community Facilities District, or any of the Services proposed therefor, or on any other matters set forth in the Resolution, was heard and considered, and such special tax has not been precluded by a majority protest pursuant to Section 53339.6 of the Government Code of the State of California, and the Council at the conclusion of said hearing was fully advised in the premises, and was authorized to proceed as hereinafter provided; and

WHEREAS, on the basis of all of the foregoing, the Council has determined at this time to call an election in Annexation No. 2 to the Community Facilities District 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 in Exhibits B and C, attached hereto and incorporated herein and made a part hereof) to pay for the Services proposed to be provided in and for Annexation No. 2 to the Community Facilities District, and to establish an appropriations limit for Annexation No. 2 to the Community Facilities District;

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

Section 1. The above recitals are true and correct, and the Council so finds and determines.

Section 2. The Council hereby reapproves and readopts the Resolution, and reconfirms all of its findings and determinations contained therein, and the rate, method of apportionment and manner of collection of the special tax in and for Annexation No. 2 to the Community Facilities District shall be as set forth in Exhibits B and C, attached hereto and incorporated herein and made a part hereof, and upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the Streets and Highways Code of the State of California, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in Annexation No. 2 to the Community Facilities District, which lien shall continue in force and effect until the collection of the special tax by the Council ceases and/or the lien is canceled in accordance with law.

Section 3. The Council finds and determines that written protests to the establishment of Annexation No. 2 to the Community Facilities District and the levy of such special tax, or the extent of the Community Facilities District, or any of the Services proposed therefor, are insufficient in number and in amount under the Act, and the Council hereby further orders and determines that all protests to the establishment of Annexation No. 2 to the Community Facilities District therefor, or the levy of the special tax proposed to be levied therein, or the extent of Annexation No. 2 to the Community Facilities District, or any of the Services therefor, or the establishment of an appropriations limit for Annexation No. 2 to the Community Facilities District, are hereby overruled.

Section 4. The Council finds and determines that all prior proceedings had and taken by the Council with respect to the establishment of Annexation No. 2 to the Community Facilities District are valid and in conformity with the requirements of the Act; and accordingly, the Council finds, determines and orders that, consistent with the Resolution, Annexation No. 2 to the Community Facilities District is hereby established under and pursuant to the terms and provisions of the Act, the boundaries of which are as set forth in Exhibit D, attached hereto and incorporated herein and made a part hereof.

Section 5. Except where funds are otherwise available, a special tax sufficient to pay for the Services, including the repayment of funds advanced by the City for Annexation No. 2 to the Community Facilities District and including the repayment under any agreement (which shall not constitute a debt or liability of the City) of advances of funds or the reimbursement for the lesser of the value or cost of work in-kind provided by any person for Annexation No. 2 to the Community Facilities District, which tax shall be secured by recordation of a continuing lien against all nonexempt property in Annexation No. 2 to the Community Facilities District, will be levied annually within the boundaries of

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Annexation No. 2 to the Community Facilities District, and for particulars as to the rate, method of apportionment and manner of collection of such special tax reference is made to Exhibits B and C, attached hereto and incorporated herein and made a part hereof, which sets forth the rate, method of apportionment and manner of collection of such special tax in sufficient detail to allow each landowner or resident within Annexation No. 2 to the Community Facilities District to estimate the maximum amount that such person will have to pay for the Services.

Section 6. It is the intention of the Council, pursuant to Section 53317.3 of the Government Code of the State of California, to levy the special tax on property that is not otherwise exempt from the special tax and that is acquired by a public entity through a negotiated transaction, or by gift or devise.

Section 7. It is the intention of the Council, pursuant to Section 53317.5 of the Government Code of the State of California, to treat 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.

Section 8. It is the intention of the Council, pursuant to Section 53340.1 of the Government Code of the State of California, to levy the special tax on the leasehold or possessory interests in property owned by a public agency, which property is otherwise exempt from the special tax.

Section 9. A special election shall be and is hereby called and ordered to be held in the territory to be annexed, Annexation No. 2 to the Community Facilities District on Tuesday, March 6, 2001, in accordance with and subject to the Act and applicable law and the terms hereof, at which special election there shall be submitted to the landowners within Annexation No. 2 to the Community Facilities District (which landowners are the electors and persons qualified to vote at said special election) the question of levying such special tax and the establishment of an appropriations limit in the amount of \$100,000 per fiscal year in connection therewith for Annexation No. 2 to the Community Facilities District, as defined by Article XIII B, Section 8(h) of the Constitution of the State of California.

Section 10. The City Clerk of the City is hereby designated as the official to conduct said special election, in accordance with and subject to the Act and applicable law and the following provisions:

(a) Said special election shall be held and conducted, and the votes thereat canvassed and the returns thereof made, and the results thereof ascertained and determined, as provided herein; and in all particulars not prescribed by this resolution said special election shall be held and conducted and the votes received and canvassed in the manner provided by law for the holding of general elections in the City and consistent with the Act.

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(b) All landowners within Annexation No. 2 to the Community Facilities District upon the date of the special election herein provided for shall be qualified to vote upon the proposition to be submitted at said special election.

(c) Said special election shall be conducted as a mailed ballot election, in accordance with the provisions of Sections 1340 et seq. and Section 23511.1 of the Elections Code of the State of California and the prior proceedings of the City taken thereunder, and there shall be no polling places for said special election. All ballots shall be delivered by the City Clerk of the City to such landowners, and all voted ballots are required to be received at the office of the City Clerk of the City not later than 8:00 o'clock p.m. on the day of the election in order to be counted, except that if all qualified electors have voted on the proposition hereby submitted, the election shall be closed.

(d) Each voter to vote for the proposition to be submitted at said special election and for levying such special tax and establishing such appropriations limit and incurring such bonded indebtedness shall mark a cross (+) in the blank space opposite the word "YES" on the ballot to the right of said proposition, and to vote against said proposition and against levying such special tax and establishing such appropriations limit and incurring such bonded indebtedness shall mark a cross (+) in the blank space opposite the word "NO" on the ballot to the right of said proposition, which cross (+) may be marked with either pen or pencil.

(e) The City Clerk of the City shall commence the canvass of the returns of said special election at 5:00 p.m. on Tuesday, March 6, 2001, at the office of the City Clerk of the Council, City Council Chambers, Sacramento City Hall, 915 I Street, Sacramento, California 95814, and at the conclusion thereof shall determine the results of said special election; provided, that if all the qualified voters have voted prior to such date and time, the City Clerk of the City shall close said special election and thereupon shall proceed to canvass the returns of said special election and to determine the results thereof.

(f) The Council shall meet at its regular meeting on Tuesday, March 20, 2001, at 2:00 p.m. at its usual meeting place and declare the results of said special election, and shall cause to be spread upon its minutes a statement of the results of said special election as ascertained by said canvass.

Section 11. If two-thirds (2/3) of the votes cast upon the question of levying such special tax and establishing such appropriations limit are cast in favor of levying such special tax and establishing such appropriations limit, as determined by the Council after reviewing the canvass of the returns of such consolidated election, the Council may levy such special tax within the territory of the Community Facilities District under the Act in the amount and for the purposes specified in this resolution, and such appropriations limit shall be established for the Community Facilities District, as defined by Article XIII B, Section 8(h)

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of the Constitution of the State of California. Such special tax may be levied only at the rate and may be apportioned only in the manner specified in this resolution, subject to the Act, except that such special tax may be levied at a rate lower than that specified herein. Such special tax may be levied only so long as it is needed to pay for the Services referred to in Section 5 of this resolution (including the repayment of funds advanced for Annexation No. 2 to the Community Facilities District).

Section 12. The Associate Engineer, Special Districts, Department of Public Works of the City, at City Hall, City of Sacramento, 915 I Street, Sacramento, California 95814 (telephone 916/264-5440) will be responsible for preparing annually a current roll of special tax levy obligations by Sacramento County Assessor's parcel numbers, and will be responsible for estimating future special tax levies pursuant to Section 53340.1 of the Government Code of the State of California.

AYES:
NOES:
ABSENT:

APPROVED:

MAYOR

ATTEST:

CITY CLERK

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

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Exhibit B

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

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in 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.

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"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.

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"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.

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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

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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 is 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 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.

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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.

B-6

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

EXHIBIT C

City of Sacramento CFD No. 99-02
 Maximum Special Tax Rates for Base Year 1999-2000 [1]

Tax Zone [1]	Subdivision Special Taxes [2]	FY 1999-2000 Base Year Maximum Special Tax Rate [3], [4]	Developed Residential Parcels Special Tax Calculated Per
Tax Zones at CFD Formation			
A	Natomas Park Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [5]	\$35 \$0 \$190	Authorized Unit Authorized Unit Gross Acre
B	Natomas Crossing Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [5]	\$45 \$0 \$0	Authorized Unit Authorized Unit Gross Acre
C	Gateway West Landscape Maintenance Services Tax Drainage Maintenance Services Tax - Gateway West North Drainage Maintenance Services Tax - other subdivisions Undeveloped Land Tax [5]	\$60 \$150 \$0 \$0	Authorized Unit Authorized Unit Authorized Unit Gross Acre
Future Annexations			
A	River View Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [5]	\$35 \$0 \$190	Authorized Unit Authorized Unit Gross Acre
D	Annexation No: 1 Westlake [6] Landscape Maintenance Services Tax Drainage Maintenance Services Tax Undeveloped Land Tax [5]	\$70 \$40 \$0	Authorized Unit Authorized Unit Gross Acre
	Base Landscape Maintenance Services Maximum Tax	\$100	Authorized Unit
	Base Drainage Maintenance Services Maximum Tax	\$200	Authorized Unit
	Undeveloped Land Tax [5]	\$310	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.
- [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 1999-2000 for Tax Zones A, B, and C, and Base Year 2000-2001 for Tax Zone D, 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] The undeveloped land tax is a backup tax if revenues from taxing Developed Parcels at 100% of the Landscape Maintenance Services Tax is not sufficient to fund the allocated Annual Cost.

FOR CITY CLERK USE ONLY

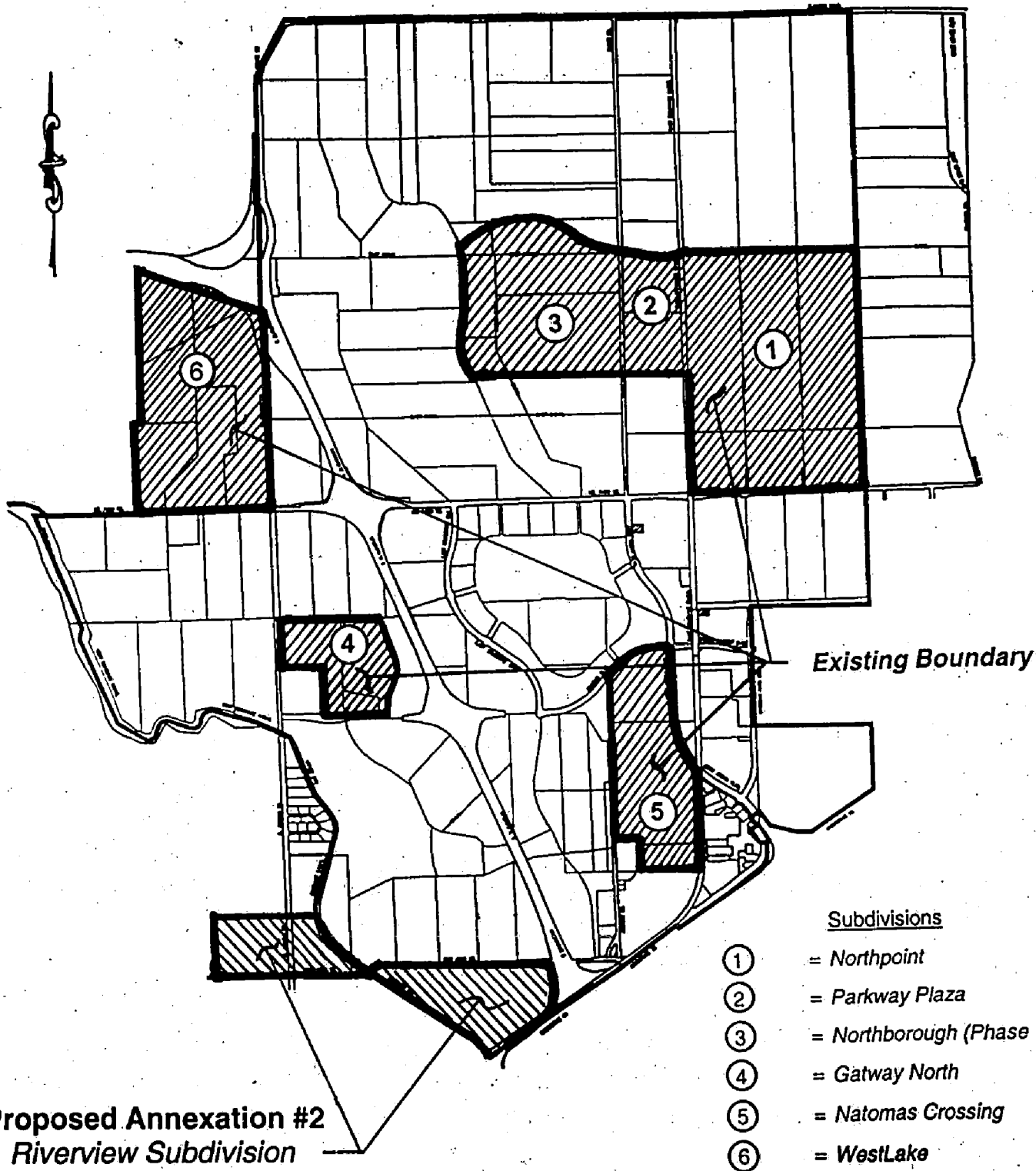
RESOLUTION NO.: _____

DATE ADOPTED: _____

EXHIBIT D

NORTH NATOMAS NEIGHBORHOOD LANDSCAPING
COMMUNITY FACILITIES DISTRICT #99-02

AREA OF SERVICES



FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

AFFIDAVIT OF DELIVERY OF BALLOTS
FOR THE SPECIAL MAILED-BALLOT ELECTION TO BE HELD
IN ANNEXATION NO. 2 TO THE NORTH NATOMAS
NEIGHBORHOOD LANDSCAPING COMMUNITY FACILITIES
DISTRICT NO. 99-02, CITY OF SACRAMENTO,
COUNTY OF SACRAMENTO, STATE OF CALIFORNIA

STATE OF CALIFORNIA)
)
COUNTY OF SACRAMENTO) ss.

Valerie A. Burrowes, being first duly sworn, deposes and says:

That she is now and at all times herein mentioned was the City Clerk of the City of Sacramento;

That, pursuant to Resolution No. 2001-117 (the "Resolution") adopted by the City Council of the City of Sacramento on February 20, 2001, she complied with the requirements for delivering the ballots for the special mailed-ballot election to be held on March 6, 2001, in the territory to be annexed, Annexation No. 2 to the North Natomas Neighborhood Landscaping Community Facilities District No. 99-02, City of Sacramento, County of Sacramento, State of California, as set forth in Section 10 of the Resolution, by mailing or in person to each of the landowners qualified to vote at said special mailed-ballot election on February 21, 2001. A copy of the form of the ballot is attached hereto as Exhibit A.

Valerie A. Burrowes

City Clerk of the City of Sacramento

Subscribed and sworn to before me
this 23rd day of February, 2001.

Angelina M. Resurreccion
NOTARY PUBLIC
State of California

[Notarial Seal]

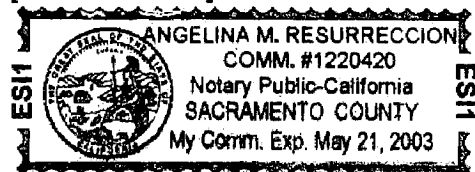


EXHIBIT A

**CITY OF SACRAMENTO
NORTH NATOMAS NEIGHBORHOOD LANDSCAPING COMMUNITY FACILITIES
DISTRICT NO. 99-02 ANNEXATION NO. 2
SPECIAL ELECTION BALLOT
FOR THE MAILED-BALLOT ELECTION OF March 6, 2001**

This ballot is for the use of _____, a landowner within the City of Sacramento North Natomas Neighborhood Landscaping Community Facilities District No. 99-02 Annexation No.2.

According to the provisions of the Mello-Roos Community Facilities Act of 1982, and the resolutions of the City Council of the City of Sacramento, such landowner is entitled to cast _____ votes on this ballot.

In order to be counted, this ballot must be certified below and be returned, either by mail or in person, before 5:00 p.m. on Tuesday, March 6, 2001 to:

Valerie A. Burrowes, City Clerk
City of Sacramento
Sacramento City Hall
915 I Street, Room 304
Sacramento, CA 95814

Mailing by that date will not be sufficient, as the ballot must be physically received by the City Clerk of the City of Sacramento prior to the deadline in order to be counted.

AN "X" OR OTHER MARK WILL CAST ALL VOTES ASSIGNED TO THIS BALLOT, OR THE VOTER MAY WRITE NUMBERS IN THE SPACES PROVIDED.

BALLOT MEASURE

Shall the City of Sacramento North Natomas Neighborhood Landscaping Community Facilities District No. 99-02 Annexation No. 2 be authorized to finance landscape maintenance, more fully described in Exhibit A, and shall an appropriations limit in the amount of \$100,000 per fiscal year in connection therewith be established for the a maximum rate and method of apportionment as provided in Resolution No. 2001-117 adopted by the City Council on February 20, 2001, which is incorporated herein by reference, be levied to pay for the maintenance of landscaping.

Number of Votes
YES

Number of Votes
NO

Certification

The undersigned is the authorized representative of the above-named landowner and is the person legally authorized and entitled to cast this ballot on behalf of the above-named landowner.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on _____, 2001.

By: _____

Authorized Representative