



Council Agenda Report

From: John Falkenstien, City Engineer

Subject: Argun Apartment Project (Blue Oaks Apartments) 802 Experimental Station Road – Community Facilities District (CFD) Rate of Apportionment Amendment and Notice of Annexation Election:

Consideration of (a) Resolution of Consideration to Make Certain Changes to the Rate and Method of Apportionment for CFD No. 2005-1 and (b) Resolution of Intention to Annex Territory to CFD No. 2005-1

Date: November 1, 2016

Facts:

1. MBK Homes, has taken ownership of PD 12-005, known as the Arjun Apartment project located at 802 Experimental Station Road.
2. Pursuant to the project's conditions of approval and City Council policy of fiscal neutrality, PD 12-005 is subject to annexation to Community Facilities District (CFD) 2005-1 to pay for new public services.
3. To date, all annexations and properties subject to CFD 2005-1 have been single family residences (with the exception of two duplexes).
4. It is apparent from review of formation documents for CFD 2005-1 that the rate and method of apportionment was developed based upon revenue projections and corresponding costs of providing services to single family housing.
5. NHA Advisors of San Rafael, California has provided a memo (Attachment 2) establishing an appropriate special tax for multi-family rental units based upon their revenue production and cost of services.
6. The proposed modification to the rate and method of apportionment would not change the rate and method for calculating the special tax for single-family homes, but would simply change the name of the land use category from "Residential Property" to "Detached Residential." The proposed modification to the rate and method of apportionment would also create a new land use category for "Attached Residential."
7. The enclosed Resolution of Consideration explains the reasons for the proposed modification to the rate and method of apportionment of the CFD special tax and calls for a noticed public hearing to be held on December 6, 2016, as required by law.
8. The enclosed Resolution of Intention would set the same rate and method of apportionment, would annex PD 12-005, now known as the Blue Oaks Apartment project, into CFD 2005-1, and call for a noticed public hearing to be held on December 6, 2016, as required by law.

Item 9 - 11/1/16 Errata

Options:

1. Take no action.
2. Approve the requested actions to consider amendments to the Community Facilities District (CFD) Rate and Method of Apportionment and annexation to the CFD by the following actions:
3. Refer back to staff to analyze rate and apportionment options for multi-family units.
4. Relieve the applicant, MBK Homes of the requirement to annex into CFD 2005-1 for the Blue Oaks Apartment project located at 802 Experimental Station Road by directing staff to prepare amended conditions of approval for Planning Commission consideration.

Analysis & Conclusion:

MBK homes has purchased PD 12-005, known as the Arjun Apartments (now called Blue Oaks Apartments) located at 802 Experimental Station Road. The project involves the development of 142 apartment rental units. Construction of rental apartment housing units is identified in the General Plan Housing Element as a community need to provide local workforce housing to support a balanced community with commerce and industry.

PD 12-005 is subject to inclusion in the Community Facilities District (CFD) under its conditions of approval, consistent with the City Council's 2003 General Plan policy of fiscal neutrality. To date, all annexations to CFD 2005-1 have been single-family residences. A careful review of the formation documents of the CFD reveals that the original assessment amount was built upon data driven by the revenue and service costs of single-family homes.

The proposed amendments to the rate and method of apportionment are necessary to refine and clarify the amount of special tax that would apply to single-family homes and attached dwelling units, such as duplexes, triplexes and apartments.

NHA Advisors of San Rafael have provided a technical memo outlining a more appropriate assessment for multi-family units based upon their revenue generation and service costs. Staff has worked closely with MBK on the revised rate and method of apportionment modeling. It is staff's understanding that MBK is in full support of Option 2. Approval of Option 2 will require the following City Council actions:

- a. Approve Draft Resolution A declaring the Council's consideration to modify the rate and method of apportionment of special tax for CFD 2005-1 and setting a noticed public hearing for December 6, 2016; and
- b. Approve Draft Resolution B declaring the Council's intent to modify the rate and method of apportionment of special tax for CFD 2005-1 and annex PD 12-005 into CFD 2005-1 and setting a noticed public hearing for December 6, 2016.

Option 3 or 4e forward with the project. Option 1 would result in the single-family residential apportionment rate being applied to a rental multi-family residential project, thereby making the project financially infeasible. Consequently, staff is recommending the City Council not consider Options 1, 3 or 4.

Item 9 - 11/1/16 Errata

Fiscal Impact:

Neutral

The purpose of Community Facilities District (CFD) 2005-1 is to off-set the cost of new public services needed by new residential development. The CFD was created in 2005 consistent with General Plan and City Council policy of fiscal neutrality for new development.

Recommendation:

Option 2: Approve the requested actions to consider amendments to the Community Facilities District (CFD) Rate and Method of Apportionment and annexation to the CFD by the following actions:

- a. Approve Draft Resolution A declaring the Council's Consideration to make changes to the rate and method of apportionment of special tax for Community Facilities District 2005-1 (Public Services District); and
- b. Approve Draft Resolution B Declaring its Intention to modify the rate and method of apportionment and annex territory and setting December 6, 2016 as the date for a noticed public hearing on the proposed changes and annexation.

Attachments:

1. Location Map
2. NHA memo
3. Draft Resolution A approving change to the rate and method of apportionment and set date for noticed public hearing
4. Draft Resolution B declaring intention to amend rate and method of apportionment and to annex territory to CFD 2005-1 and set date for noticed public hearing

Attachment 1 Location Map



Argun Apartments
(Blue Oaks Apartments)
Location

MEMORANDUM

To: John Falkenstien, City Engineer
City of El Paso de Robles

From: Craig Hill

Date: October 20, 2016

RE: City of Paso Robles – CFD 2005-1 (Public Services) Justification Analysis for Modification

Background

The City of El Paso de Robles (the “City”) approved and implemented a community facilities district in April 2005 (the “CFD”) providing for the levy of an annual special tax on all subject parcels subject to a formula defined in the Rate and Method of Apportionment. The intention of the CFD was to capture all new residential development that, based on a fiscal study completed by David Taussig & Associates in 2003 would negatively impact the level of public service provided by the City to its residents.

The formation of CFD 2005-1 provided the foundation for all new residential development parcels to be annexed into the CFD and subject to the calculation of a special tax upon completion of construction. Existing and additions to existing residential parcels are not subject to the special tax.

The CFD is based on a FY 2005/06 special tax amount on eligible properties of \$657 subject to annual inflationary adjustments. Under the original CFD formation documents, there is no differentiation for attached or detached residential units. As of FY 2015/16, the City levies a special tax on 136 parcels with the current special tax amount of \$844.22 (generating \$116,500 for FY 2015/16).

Fiscal Analysis of Proposed Multifamily Development

Based on recent staff discussions and review of the proposed MBK Homes of Irvine, California 142-unit multifamily residential housing development at 802 Experimental Station Road (the “Project”), the City analyzed the economic impact of the Project including the effect of the CFD special tax revenues against the anticipated annual revenue generation from the proposed development. The City has not had any other multifamily residential development projects come forward since the formation of the CFD.

Based on the economic and revenue analysis for the Project, the original CFD special tax calculation subjected the Project to an annual special tax charge that potentially exceeds the actual projected impact on public services generated by the Project. Under the existing CFD formula, the Project, upon completion, would be levied a special tax of \$119,879 (142 units * \$844.22). In order to justify the special tax levy, NHA and the City analyzed the economic impact of the development, the annual property tax, projected sales tax generation from the residents who will occupy the units and other projected revenue impacts from the development and compared that to the expense of providing public services to the Project and its residences.

The developer's consultant (DPFG) provided some initial economic analysis suggesting the impact of the Project would actually create a surplus to the City with various revenues exceeding the cost of providing public services to the Project. Those initial calculations suggested the Project could create a positive revenue impact of approximately \$70,000/year if a number of optimistic assumptions were recognized.

The City cannot arbitrarily establish and levy a special tax that knowingly exceeds the cost of providing services to property and its residents. The original formation of the CFD did not contemplate the fiscal impact of an apartment or other multifamily property development and NHA's review and analysis indicates the need to amend the existing CFD to address the projected impact of these types of properties.

Taking a more conservative approach to the analysis, our review of the Project details and DPFG analysis indicated that the projected negative cash flow impact of the Project would be in the range of \$15,000-\$20,000 per year. In order to generate the revenues to fill the gap created by the Project, a special tax levy from the CFD would be required. As discussed above, the existing special tax formula for the CFD would create an annual special tax of \$119,879 if levied at the maximum amount. Assuming an amendment to the CFD formula to identify multifamily units as a different classification, the CFD special tax levy can be modified to justify a lower gap in the \$15,000 to \$20,000 range. This deficit can be offset by a special tax levy in the \$120-\$125/year range.

We understand that the Project developer has agreed to the proposed CFD special tax levy of \$122/year for each multifamily unit (compared to the existing detached residential unit special tax of \$844/year). As proposed, all future attached residential projects (apartments and condominiums) would be subject to a similar special tax.

Conclusion

The City did not contemplate attached residential development when the original fiscal analysis and CFD formation was completed in 2005. The financial impact of new residential development in the City continues to require the support of a special tax levy in order to maintain the level of service to all residents of the City. Given the unique characteristics of apartments and higher-density residential developments, it is appropriate to modify the CFD to address the different property types that are subject to the public services special tax.

Using the Project as the case study and understanding the economics behind the characteristics and projected revenue generation from the property itself and impact of its residents, the expansion of the definitions under the CFD to include attached residential is appropriate.

RESOLUTION NO. 16-XXX**A RESOLUTION OF CONSIDERATION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES TO MAKE CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX ESTABLISHED FOR COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC SERVICES DISTRICT)**

WHEREAS, the City Council (the "City Council") of the City of El Paso De Robles (the "City") conducted proceedings 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 (beginning with Section 53311) of the Government Code of the State of California (the "Act"), (i) to form a community facilities district, designated and known as "Community Facilities District No. 2005 1 (Public Services District), City of El Paso De Robles, State of California" (the "Community Facilities District"), (ii) to authorize a special tax to finance police protection services; fire protection and suppression services; ambulance and paramedic services; recreation program services, library services, maintenance services for elementary and secondary school sites and structures, operation and maintenance of museums and cultural facilities; maintenance of parks, parkways (including street lights), and open space; flood and storm protection services, including the operation and maintenance of storm drainage systems and sandstorm protection systems; services with respect to the removal or remedial action cleanup of hazardous substances (inclusively "Public Services"), (iii) to establish the appropriations limit for the Community Facilities District, all as set forth in the City Council's Resolution No. 05-063 (the "Resolution of Formation"), adopted on April 5, 2005; and

WHEREAS, the territory included in the Community Facilities District is as shown on the map thereof filed in the office of the County Recorder, County of San Luis Obispo, State of California, to which map reference is hereby made, as well as the maps which have been filed with the San Luis Obispo County Recorder's Office for all subsequent annexations; and

WHEREAS, new development has necessitated the revision of the Rate and Method of Apportionment of the Special Tax of the Community Facilities District (the "Rate and Method of Apportionment") set forth in Exhibit B to Resolution No. 05-030 (the "Resolution of Intention"), adopted February 15, 2005; and

WHEREAS, the City Council has determined that the public convenience and necessity require the consideration of proposed amendments to the Rate and Method of Apportionment; and

WHEREAS, the Public Services financed by the Community Facilities District continue to be in effect and no changes to such services are required, nor will be required, due to the proposed changes to the Rate and Method of Apportionment; and

WHEREAS, the City Council is fully advised in this matter;

NOW, THEREFORE, BE IT RESOLVED, as follows:

Section 1. The City Council hereby finds and declares that the actions authorized hereby constitute and are with respect to public affairs of the City and the consideration of the proposed amendments to the Rate and Method of Apportionment is important to the public welfare of the residents of the City and the Community Facilities District, and involve significant public benefits.

Section 2. As more specifically described in detail in Exhibit A attached hereto and incorporated herein by reference, the proposed changes are (i) to amend the Rate and Method of Apportionment with the Amended and Restated Rate and Method of Apportionment of Special Tax. Exhibit A details the changes to

the Rate and Method of Apportionment, followed by the proposed Amended and Restated Rate and Method of Apportionment.

Section 3. The Council hereby sets Tuesday, December 6, 2016, at 6:30 p.m., or as soon thereafter as the Council may reach the matter, in the Council Chambers in the El Paso De Robles City Hall, 1000 Spring Street, Paso Robles, California, as the time and place for a public hearing to be held by the City Council to consider the Proposed Amendments. At the public hearing, any persons interested, including all taxpayers, property owners, and registered voters within the Community Facilities District, may appear and be heard, and the testimony of all interested persons or taxpayers for or against the adoption of the Proposed Amendments, will be heard and considered.

Section 4. Any protests to the proposals in this resolution may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of these proceedings must be in writing and must clearly set forth the irregularities and defects to which objection is made. The City 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 not presented in person by the protester at the public hearing must be filed with the City Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Section 5. Written protests by a majority of the registered voters residing and registered within the Community Facilities District (if at least six such voters so protest), or by the owners of a majority of the land area within the Community Facilities District not exempt from the special tax, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the Proposed Amendments, only those elements need be excluded from the proceedings.

Section 6. The public hearing may be continued from time to time, but shall be completed within 30 days, except that if the City Council finds that the complexity of the Community Facilities District or the need for public participation requires additional time, the public hearing may be continued from time to time for a period not to exceed 6 months.

Section 7. At the public hearing, the City Council may modify this resolution by eliminating or modifying (by reducing the extent of) any of the Proposed Amendments.

Section 8. At the conclusion of the public hearing, the City Council may abandon these proceedings or may, after passing upon all protests, determine to proceed with conducting special mailed-ballot election within the Community Facilities District to determine if the Proposed Amendments should be adopted. If, at the conclusion of the public hearing, the City Council determines to proceed with the election, it expects that the proposed voting procedure will involve an election by the landowners within the Community Facilities District voting in accordance with the Act, as the City Council is informed that during the 90 days prior to the date set for the hearing, there were fewer than 12 registered voters residing within the Community Facilities District. The City Council will require this information to be confirmed before ordering the election.

Section 9. The City Clerk shall give notice of the time and place of the public hearing by publishing a Notice of Public Hearing substantially in the form attached hereto as Exhibit B, and incorporated herein by reference, once in a newspaper of general circulation published in the area of the Community Facilities District, pursuant to section 6061 of the California Government Code, and publication must be completed at least seven days prior to the date set for such public hearing.

Section 10. This Resolution shall take effect from and after its date of adoption.

ADOPTED by the City Council of the City of El Paso De Robles at a regular meeting of said Council held on November 1, 2016.

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

EXHIBIT A

PROPOSED AMENDMENTS

The Rate and Method of Apportionment of Special Tax shall be amended as follows:

1. Addition of the following definitions for “**Attached Residential**” and “**Detached Residential**”:

“**Attached Residential**” means an Assessor’s Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure or structures sharing common walls consisting of two or more Dwelling Units, including, but not limited to duplexes, triplexes, and apartment units, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

“**Detached Residential**” means an Assessors’ Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure consisting of one single-family detached Dwelling Unit, including Mobile Homes, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

2. Addition of reference to Table 2 in the definition of “Land Use Class”.
3. Revision of section C (1.) (a.) to specify that the Maximum Special Tax in Table 1 pertains to fiscal years 2005-06 to 2016-17 and the addition of the following table:

The table below represents the Maximum Special Tax for each fiscal year from 2005-06 to 2016-17.

Fiscal Year	Maximum Special Tax Per Dwelling Unit	Escalation Applied	Greater of:	
			2.00%	Blended CPI
2005-06	\$657.00			
2006-07	\$678.06	3.21%	2.00%	3.21%
2007-08	\$700.87	3.36%	2.00%	3.36%
2008-09	\$728.94	4.00%	2.00%	4.00%
2009-10	\$743.51	2.00%	2.00%	0.07%
2010-11	\$760.04	2.22%	2.00%	2.22%
2011-12	\$775.24	2.00%	2.00%	1.43%
2012-13	\$795.02	2.55%	2.00%	2.55%
2013-14	\$811.54	2.08%	2.00%	2.08%
2014-15	\$827.77	2.00%	2.00%	1.86%
2015-16	\$844.32	2.00%	2.00%	1.70%
2016-17	\$866.31	2.60%	2.00%	2.60%

4. Addition of section C (1.) (b.) as follows:

Maximum Special Tax 2017-18 and subsequent fiscal years

The Maximum Special Tax for Fiscal Year 2017-18 and subsequent fiscal years for Developed Property is shown below in Table 2. Such Special Taxes shall only be levied for new structures on Detached Residential and Attached Residential property. However, under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

**TABLE 2
Maximum Special Taxes for Developed Property
For Fiscal Year 2017-18 and subsequent fiscal years
Community Facilities District No. 2005-1**

Land Use Class	Land Use	Maximum Special Tax Per Dwelling Unit¹
1	Detached Residential	\$883.63 per Dwelling Unit
2	Attached Residential	\$122.00 per Dwelling Unit

Multiple Land Use Classes

In some instances, an Assessor’s Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor’s Parcel.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2017, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Blended Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

¹ Subject to authorized annual increases as set forth herein.

**Amended and Restated
Rate and Method of Apportionment of Special Tax
City of El Paso De Robles
Community Facilities District No. 2005-1
(Public Services District)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District) ("CFD No. 2005-1") and collected each Fiscal Year commencing in Fiscal Year 2005-06, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," as described below. All of the real property in CFD No. 2005-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or any designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs to the City, CFD No. 2005-1 or any designee thereof of complying with City, CFD No. 2005-1 or obligated persons disclosure requirements associated with the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Attached Residential" means an Assessor's Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure or structures sharing common walls consisting of two or more Dwelling Units, including, but not limited to duplexes, triplexes, and apartment units, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Blended Consumer Price Index" means the sum of the Los Angeles Urban Consumer Price Index and the San Francisco Urban Consumer Price Index, divided by two.

"CFD Administrator" means an official of the City, or any designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2005-1" means City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District).

"City" means the City of El Paso De Robles.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 2005-1.

"County" means the County of San Luis Obispo.

"Detached Residential" means an Assessors' Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure consisting of one single-family detached Dwelling Unit, including Mobile Homes, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels of Residential Property for which a building permit has been issued on or after April 1, 2005.

"Dwelling Unit" means a building or portion thereof designed for and occupied in whole or part as a residence or sleeping place, either permanently or temporarily, by one family and its guests, with sanitary facilities and one kitchen provided within the unit. Boarding or lodging houses, dormitories, and hotels shall not be defined as Dwelling Units unless the land use permit specifies a residential use.

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

"Land Use Class" means any of the classes listed in Table 1 and Table 2.

"Los Angeles Urban Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles - Anaheim - Riverside Area, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

"Maximum Special Tax" means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C, below, that can be levied on any Assessor's Parcel.

"Non-Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after April 1, 2005 for a non-residential use.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2005-1 that is owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means that the ratio of the actual annual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2005-1 that is owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, as such section may be amended or replaced, shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 2005-1 that is encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2005 for purposes of constructing one or more residential Dwelling Units.

"San Francisco Urban Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco – Oakland - San Jose Area, measured as of the month of December in the calendar year that ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the San Francisco – Oakland - San Jose Area.

"Services" means those services authorized to be financed by CFD No. 2005-1 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2005-1 shall finance Services only to the extent that they are in addition to those provided in the territory of CFD No. 2005-1 before the CFD was created and such Services may not supplant services already available within CFD No. 2005-1 when the CFD was created.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount to be collected in any Fiscal Year for CFD No. 2005-1 to pay for certain costs as required to meet the needs of the CFD in that Fiscal Year. The costs to be covered shall be the direct costs for (i) Services, and (ii) Administrative Expenses; less (iii) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax Requirement include debt service payments for debt financings by CFD No. 2005-1.

"State" means the State of California.

"Undeveloped Property" means, for each Fiscal Year, all property not classified as Developed Property, Non-Residential Property, Property Owner Association Property, or Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor's Parcels, as applicable within CFD No. 2005-1, shall be classified as Developed Property, Non-Residential Property, Undeveloped Property, Property Owner Association Property, or Public Property. However, only Developed Property shall be subject to annual Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. All Developed Property shall be assigned to Land Use Class 1.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax 2005-06 to 2016-17

The Maximum Special Tax for Fiscal Year 2005-06 for Developed Property is shown below in Table 1. Such Special Taxes shall only be levied for new structures on Residential Property. However, under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

**TABLE 1
Maximum Special Taxes for Developed Property
Established for Fiscal Year 2005-06
Community Facilities District No. 2005-1**

Land Use Class	Land Use	Maximum Special Tax Per Dwelling Unit
1	Residential Property	\$657.00 per Dwelling Unit

Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2006, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Blended Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

The table below represents the Maximum Special Tax for each fiscal year from 2005-06 to 2016-17.

Fiscal Year	Maximum Special Tax Per Dwelling Unit	Escalation Applied	Greater of:	
			2.00%	Blended CPI
2005-06	\$657.00			
2006-07	\$678.06	3.21%	2.00%	3.21%

2007-08	\$700.87	3.36%	2.00%	3.36%
2008-09	\$728.94	4.00%	2.00%	4.00%
2009-10	\$743.51	2.00%	2.00%	0.07%
2010-11	\$760.04	2.22%	2.00%	2.22%
2011-12	\$775.24	2.00%	2.00%	1.43%
2012-13	\$795.02	2.55%	2.00%	2.55%
2013-14	\$811.54	2.08%	2.00%	2.08%
2014-15	\$827.77	2.00%	2.00%	1.86%
2015-16	\$844.32	2.00%	2.00%	1.70%
2016-17	\$866.31	2.60%	2.00%	2.60%

b. Maximum Special Tax 2017-18 and subsequent fiscal years

The Maximum Special Tax for Fiscal Year 2017-18 and subsequent fiscal years for Developed Property is shown below in Table 2. Such Special Taxes shall only be levied for new structures on Detached Residential and Attached Residential property. However, under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

**TABLE 2
Maximum Special Taxes for Developed Property
Established For Fiscal Year 2017-18
Community Facilities District No. 2005-1**

Land Use Class	Land Use	Maximum Special Tax Per Dwelling Unit²
1	Detached Residential	\$883.63 per Dwelling Unit
2	Attached Residential	\$122.00 per Dwelling Unit

Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2017, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Blended Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

2. Undeveloped Property

No Special Taxes shall be levied on Undeveloped Property.

² Subject to annual increases, as authorized herein.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-06 and for each following Fiscal Year, the Council shall levy the annual Special Tax Proportionately for each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax, until the amount of Special Taxes equals the Special Tax Requirement.

E. EXEMPTIONS

In addition to Undeveloped Property being exempt from annual Special Taxes, no Special Tax shall be levied on Non-Residential Property, Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Non-Residential Property, Public Property or Property Owner Association Property, such Assessor's Parcel shall, upon each reclassification, no longer be exempt from Special Taxes.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied 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 CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the 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 CFD Administrator's determination. The CFD Administrator may charge the appellant a reasonable fee for processing the appeal. Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2005-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Special Tax Requirement.

EXHIBIT B**NOTICE OF PUBLIC HEARING
REGARDING PROPOSED CHANGES OF
COMMUNITY FACILITIES DISTRICT NO. 2005-1
OF THE CITY OF EL PASO DE ROBLES****Tuesday, December 6, 2016 at 6:30 p.m.
El Paso De Robles City Council Chambers
1000 Spring Street, Paso Robles, California**

Community Facilities District No. 2005-1 (Public Services District) (the "Community Facilities District") was formed under the "Mello-Roos Community Facilities Act of 1982," Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California, commencing with Section 53311 (the "Act"). The Community Facilities District, at a special election held on April 5, 2005, was authorized, among other things, to levy a special tax to finance certain public services. The special tax levied in the Community Facilities District is referred to herein as the "Rate and Method of Apportionment."

On Tuesday, November 1, 2016, the City Council (the "Council") of the City of El Paso De Robles (the "City") adopted its Resolution No. _____ (the "Resolution of Consideration") by which it has scheduled a public hearing to give consideration to amending the Rate and Method of Apportionment of Special Tax for the Community Facilities District. The first step in that process is to describe the proposed changes and to schedule and hold a public hearing on them. In its Resolution of Consideration, the Council has set forth the proposed changes (the "Proposed Amendments") and scheduled the public hearing.

This Notice contains a brief summary of the Proposed Amendments, but you are referred to the Resolution of Consideration for the definitive description of the Proposed Amendments.

The Public Hearing: The City of El Paso De Robles City Council will hold the public hearing on Tuesday December 6, 2016 at 6:30 p.m. in the Council Chambers in the City of El Paso De Robles City Hall at 1000 Spring Street in El Paso De Robles.

At the public hearing, any persons interested, including all taxpayers, property owners and registered voters within the Community Facilities District, may appear and be heard, and the oral or written testimony of all interested persons or taxpayers for or against any of the proposed changes to Rate and Method of Apportionment of the Community Facilities District will be heard and considered.

Any protests to the proposed changes may be made orally or in writing by any interested persons or taxpayers, except that any protests pertaining to the regularity or sufficiency of the proceedings shall be in writing and shall clearly set forth the irregularities and defects to which 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 not presented in person by the protester at the public hearing must be filed with the City Clerk at or before the time fixed for the public hearing in order to be received and considered. Any written protest may be withdrawn in writing at any time before the conclusion of the public hearing.

Written protests by a majority of the registered voters residing and registered within the Community Facilities District (provided they number at least 6), or by the owners of a majority of the land area within the Community Facilities District not exempt from the special tax, will require suspension of these proceedings for at least one year. If such protests are directed only against certain elements of the proposed changes, only those elements need be excluded from the proceedings.

The Amendments: As more specifically described in detail in Exhibit A to the Resolution of Consideration, the proposed changes are to amend the Rate and Method of Apportionment, as set forth in 82473.0100129317907.4

Exhibit B to the Resolution of Formation, with the Amended and Restated Rate and Method of Apportionment of Special Tax for the Community Facilities District, the particular changes of which are set forth in Exhibit A to the Resolution of Consideration.

For a definitive description of the Proposed Amendments you are referred to Exhibit A of the Resolution of Consideration itself, a copy of which is available from the City Clerk.

In order for the Proposed Amendments to take effect, a public hearing must be held on the Proposed Amendments and the qualified electors must approve the Proposed Amendments by a two-thirds vote. If the Community Facilities District is uninhabited, or inhabited by fewer than 12 registered voters, the qualified electors are, pursuant to the Act, the owners of property within the Community Facilities District.

Dated: November 1, 2016.

Kristen L. Buxkemper, Deputy City Clerk
City of El Paso De Robles

RESOLUTION NO. 16 - XXX**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DECLARING ITS INTENTION TO MODIFY THE RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX AND ANNEX TERRITORY (ANNEXATION NO. 05-051) FOR AND INTO COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC SERVICES DISTRICT) AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES THEREIN**

WHEREAS, this City Council has conducted proceedings to establish Community Facilities District No. 2005-1 (Public Services District) (the "CFD") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code; and

WHEREAS, the City Council has adopted its Resolution No. _____ (the "Resolution of Consideration") by which it has scheduled a public hearing to give consideration to amending the Rate and Method of Apportionment of Special Tax (the "Rate and Method of Apportionment") for the Community Facilities District; and

WHEREAS, such proposed amendments to the Rate and Method of Apportionment do not constitute an increase in the amount of the annual special tax on any property within the Community Facilities District; and

WHEREAS, under the Act, this Council, as the legislative body for the CFD, is empowered with the authority to annex territory to the CFD, and now desires to undertake proceedings to annex territory to the CFD.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF EL PASO DE ROBLES, HEREBY RESOLVES:

Section 1. This Council hereby finds and determines that public convenience and necessity require that territory be added to the CFD.

Section 2. The territory included in the existing CFD is as shown on the map thereof filed in the office of the County Recorder, County of San Luis Obispo, State of California, to which map reference is hereby made, as well as the maps which have been filed with the San Luis Obispo County Recorder's Office for all subsequent annexations.

The territory now proposed to be annexed to the CFD is as shown on the Annexation Map No. 05-051 to the CFD, on file with the City Clerk, a copy of which is attached hereto as Exhibit "A" and made a part hereof, the boundaries of which territory are hereby preliminarily approved. The City Clerk is hereby directed to cause the recordation of said Annexation Map No. 05-051 to the CFD, showing the territory to be annexed, in the Office of the County Recorder of the County of San Luis Obispo within fifteen days of the date of adoption of this resolution.

Section 4. The types of public services financed by the CFD and pursuant to the Act consist of those services (the "Services") described in Exhibit A to Resolution No. 05-063 adopted by the Council on the 5th day of April 2005 (the "Resolution of Formation"). It is presently intended that the Services will be shared, without preference or priority, by the existing territory in the CFD and the territory proposed to be annexed to the CFD.

Section 5. Except to the extent that funds are otherwise available to the CFD to pay for the Services and/or the principal and interest as it becomes due on bonds of the CFD issued to finance the Services, a special tax sufficient to pay the costs thereof is intended to be levied annually within the CFD, and collected in the same manner as ordinary ad valorem property taxes. The proposed rate and method of apportionment of the special tax among the parcels of real property within the CFD, as now in existence and following the annexation proposed herein, and in sufficient detail to allow each landowner within the territory proposed to be annexed to the CFD to estimate the maximum amount such owner will have to pay, is described in Exhibit B, which is hereby incorporated by this reference.

Section 6. Notice is given that on December 6, 2016, at 6:30 p.m., in the regular meeting place of this Council, being the City Council Chambers, located at 1000 Spring Street, Paso Robles, California, the Council, as legislative body for the CFD, will conduct a public hearing on the annexation of territory to the CFD and consider and finally determine whether the public interest, convenience and necessity require said annexation of territory to the CFD and the levy of said special tax therein.

Section 7. The City Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper of general circulation in the area of the CFD. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form specified in Section 53339.4 of the Act. The City Clerk shall also cause a copy of the Resolution of Annexation, or a notice thereof, to be mailed to each landowner (and to each registered voter, if any) within the territory proposed to be annexed, which resolution or notice shall be mailed at least fifteen days before the date of said hearing.

PASSED AND ADOPTED this ____ day of _____ 2016, by the following vote:

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO) ss.
CITY OF EL PASO DE ROBLES)

I, _____, City Clerk of the City of El Paso De Robles, County of San Luis Obispo, State of California do hereby certify that the foregoing Resolution No. 2016-____ was regularly adopted by the City Council of the City of El Paso De Robles at a regular meeting of said council held on the _____ day of _____ 2016, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Steven W. Martin, Mayor

ATTEST:

Kristen L. Buxkemper, Deputy City Clerk

Exhibit A
City of El Paso De Robles
Community Facilities District No. 2005-1 (Public Services District)
Boundary Map-Annexation No. 05-051

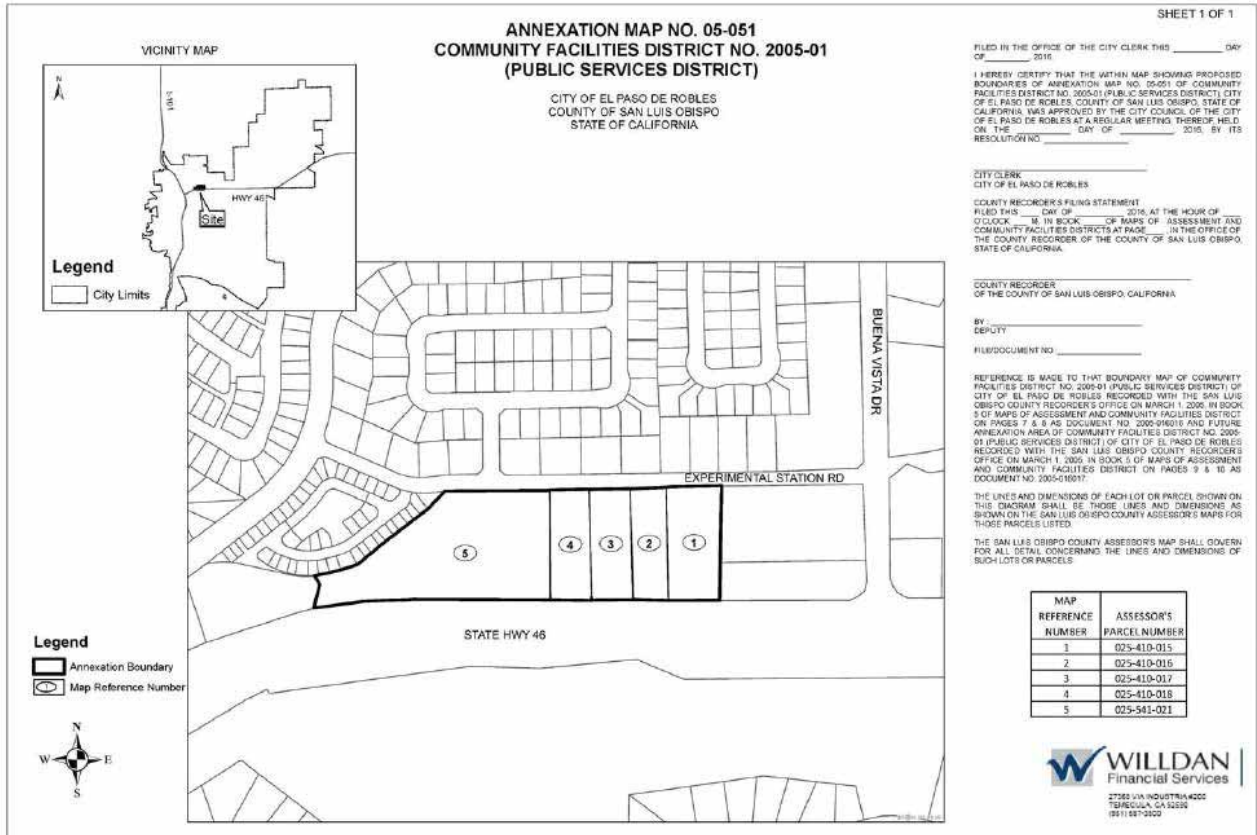


Exhibit B

**Amended and Restated
Rate and Method of Apportionment of Special Tax
City of El Paso De Robles
Community Facilities District No. 2005-1
(Public Services District)**

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District) ("CFD No. 2005-1") and collected each Fiscal Year commencing in Fiscal Year 2005-06, in an amount determined by the Council through the application of the appropriate Special Tax for "Developed Property," as described below. All of the real property in CFD No. 2005-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2005-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City or any designee thereof or both); the costs of collecting the Special Taxes (whether by the City or otherwise); the costs to the City, CFD No. 2005-1 or any designee thereof of complying with City, CFD No. 2005-1 or obligated persons disclosure requirements associated with the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 2005-1 or any designee thereof related to an appeal of the Special Tax; and the City's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the City or CFD No. 2005-1 for any other administrative purposes of CFD No. 2005-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Attached Residential" means an Assessor's Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure or structures sharing common walls consisting of two or more Dwelling Units, including, but not limited to duplexes, triplexes, and apartment units, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

Annex 2-1

"Blended Consumer Price Index" means the sum of the Los Angeles Urban Consumer Price Index and the San Francisco Urban Consumer Price Index, divided by two.

"CFD Administrator" means an official of the City, or any designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"CFD No. 2005-1" means City of El Paso De Robles Community Facilities District No. 2005-1 (Public Services District).

"City" means the City of El Paso De Robles.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 2005-1.

"County" means the County of San Luis Obispo.

"Detached Residential" means an Assessors' Parcel within the CFD for which a Building Permit has been issued for purposes of constructing a residential structure consisting of one single-family detached Dwelling Unit, including Mobile Homes, as of March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels of Residential Property for which a building permit has been issued on or after April 1, 2005.

"Dwelling Unit" means a building or portion thereof designed for and occupied in whole or part as a residence or sleeping place, either permanently or temporarily, by one family and its guests, with sanitary facilities and one kitchen provided within the unit. Boarding or lodging houses, dormitories, and hotels shall not be defined as Dwelling Units unless the land use permit specifies a residential use.

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

"Land Use Class" means any of the classes listed in Table 1 and Table 2.

"Los Angeles Urban Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the Los Angeles - Anaheim - Riverside Area, measured as of the month of December in the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the City of Los Angeles.

"Maximum Special Tax" means, for each Fiscal Year, the maximum Special Tax, determined in accordance with Section C, below, that can be levied on any Assessor's Parcel.

"Non-Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after April 1, 2005 for a non-residential use.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2005-1 that is owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association.

"Proportionately" means that the ratio of the actual annual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Developed Property.

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2005-1 that is owned by or irrevocably offered for dedication to the federal government, the State, the City or any other public agency; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, as such section may be amended or replaced, shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 2005-1 that is encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2005 for purposes of constructing one or more residential Dwelling Units.

"San Francisco Urban Consumer Price Index" means, for each Fiscal Year, the Consumer Price Index published by the U.S. Bureau of Labor Statistics for All Urban Consumers in the San Francisco – Oakland - San Jose Area, measured as of the month of December in the calendar year that ends in the previous Fiscal Year. In the event this index ceases to be published, the Consumer Price Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Consumer Price Index for the San Francisco – Oakland - San Jose Area.

"Services" means those services authorized to be financed by CFD No. 2005-1 pursuant to Section 53313 and Section 53313.5 of the Act. CFD No. 2005-1 shall finance Services only to the extent that they are in addition to those provided in the territory of CFD No. 2005-1 before the CFD was created and such Services may not supplant services already available within CFD No. 2005-1 when the CFD was created.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount to be collected in any Fiscal Year for CFD No. 2005-1 to pay for certain costs as required to meet the needs of the CFD in that Fiscal Year. The costs to be covered shall be the direct costs for (i) Services, and (ii) Administrative Expenses; less (iii) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax Requirement include debt service payments for debt financings by CFD No. 2005-1.

"State" means the State of California.

"Undeveloped Property" means, for each Fiscal Year, all property not classified as Developed Property, Non-Residential Property, Property Owner Association Property, or Public Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessor's Parcels, as applicable within CFD No. 2005-1, shall be classified as Developed Property, Non-Residential Property, Undeveloped Property, Property Owner Association Property, or Public Property. However, only Developed Property shall be subject to annual Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. All Developed Property shall be assigned to Land Use Class 1.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

- a. Maximum Special Tax 2005-06 to 2016-17

The Maximum Special Tax for Fiscal Year 2005-06 for Developed Property is shown below in Table 1. Such Special Taxes shall only be levied for new structures on Residential Property. However, under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

**TABLE 1
Maximum Special Taxes for Developed Property
Established for Fiscal Year 2005-06
Community Facilities District No. 2005-1**

Land Use Class	Land Use	Maximum Special Tax Per Dwelling Unit
1	Residential Property	\$657.00 per Dwelling Unit

Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2006, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Blended Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

The table below represents the Maximum Special Tax for each fiscal year from 2005-06 to 2016-17.

Fiscal Year	Maximum Special Tax Per Dwelling Unit	Escalation Applied	Greater of:	
			2.00%	Blended CPI
2005-06	\$657.00			
2006-07	\$678.06	3.21%	2.00%	3.21%

Fiscal Year	Maximum Special Tax Per Dwelling Unit	Escalation Applied	Greater of:	
			2.00%	Blended CPI
2007-08	\$700.87	3.36%	2.00%	3.36%
2008-09	\$728.94	4.00%	2.00%	4.00%
2009-10	\$743.51	2.00%	2.00%	0.07%
2010-11	\$760.04	2.22%	2.00%	2.22%
2011-12	\$775.24	2.00%	2.00%	1.43%
2012-13	\$795.02	2.55%	2.00%	2.55%
2013-14	\$811.54	2.08%	2.00%	2.08%
2014-15	\$827.77	2.00%	2.00%	1.86%
2015-16	\$844.32	2.00%	2.00%	1.70%
2016-17	\$866.31	2.60%	2.00%	2.60%

b. Maximum Special Tax 2017-18 and subsequent fiscal years

The Maximum Special Tax for Fiscal Year 2017-18 and subsequent fiscal years for Developed Property is shown below in Table 2. Such Special Taxes shall only be levied for new structures on Detached Residential and Attached Residential property. However, under no circumstances shall a Special Tax be levied on additions to existing Dwelling Units.

**TABLE 2
Maximum Special Taxes for Developed Property
Established For Fiscal Year 2017-18
Community Facilities District No. 2005-1**

Land Use Class	Land Use	Maximum Special Tax Per Dwelling Unit ³
1	Detached Residential	\$883.63 per Dwelling Unit
2	Attached Residential	\$122.00 per Dwelling Unit

Multiple Land Use Classes

In some instances, an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel.

Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2017, the Maximum Special Tax for Developed Property shall be increased annually by the greater of the change in the Blended Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

³ Subject to annual increases, as authorized herein.

2. Undeveloped Property

No Special Taxes shall be levied on Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2005-06 and for each following Fiscal Year, the Council shall levy the annual Special Tax Proportionately for each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax, until the amount of Special Taxes equals the Special Tax Requirement.

E. EXEMPTIONS

In addition to Undeveloped Property being exempt from annual Special Taxes, no Special Tax shall be levied on Non-Residential Property, Public Property or Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Non-Residential Property, Public Property or Property Owner Association Property, such Assessor's Parcel shall, upon each reclassification, no longer be exempt from Special Taxes.

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied 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 CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the 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 CFD Administrator's determination. The CFD Administrator may charge the appellant a reasonable fee for processing the appeal. Interpretations may be made by the Council by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2005-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

H. TERM OF SPECIAL TAX

The Special Tax shall be levied in perpetuity as necessary to meet the Special Tax Requirement.