

**CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 2018-3
(CITYWIDE SERVICES AND MAINTENANCE)**

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A Special Tax applicable to each Assessor's Parcel in the City of Stockton Community Facilities District No. 2018-3 (Citywide Services and Maintenance) shall be levied and collected according to the tax liability determined by the City or its designee, through the application of the appropriate amount or rate for Taxable Property, as described below. All of the property in the CFD, unless exempted by law or by the provisions of Section F below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to the CFD.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

“Accessory Unit” means a second residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a single-family detached unit.

“Act” means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, (commencing with Section 53311), Division 2 of Title 5 of the California Government Code.

“Administrative Expenses” means any or all of the following: expenses of the City in carrying out its duties with respect to the CFD, including, but not limited to, the levy and collection of the Special Tax, the fees and expenses of its legal counsel, costs related to annexing property into the CFD, charges levied by the County in connection with the levy and collection of Special Taxes, costs related to property owner inquiries regarding the Special Tax, costs associated with appeals or requests for interpretation associated with the Special Tax and this RMA, costs associated with foreclosure and collection of delinquent Special Taxes, and all other costs and expenses of the City in any way related to the establishment or administration of the CFD.

“Administrator” means the person or firm designated by the City to administer the Special Taxes according to this RMA.

“Airspace Parcel” means a parcel with an assigned Assessor's Parcel number that constitutes vertical space of an underlying land parcel.

“Assessor's Parcel” or **“Parcel”** means a lot or parcel, including an Airspace 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 County Assessor designating Parcels by Assessor's Parcel number.

“Authorized Services” means the public services and Administrative Expenses authorized to be financed, in whole or in part, by the CFD as set forth in the documents adopted by the City Council at CFD Formation, as may be amended from time to time.

“Base Component” means the amount of the Special Tax that is needed to pay for services and maintenance cost impacts on existing City operations and facilities associated with residential development.

“Buildable Lot” means an individual lot within a Final Map for which a Building Permit may be issued without further subdivision of such lot.

“Building Permit” means a single permit or set of permits required to construct a residential structure. If a permit is issued for a foundation, parking, landscaping, or other related facility or amenity, but a building permit has not yet been issued for the structure served by these facilities or amenities, such permit shall not be considered a “Building Permit” for purposes of application of the Special Tax herein.

“CFD” means the City of Stockton Community Facilities District No. 2018-3 (Citywide Services and Maintenance).

“CFD Formation” means the date on which the Resolution of Formation to form the CFD was adopted by the Board.

“City” means the City of Stockton.

“City Council” means the City Council of the City of Stockton.

“County” means the County of San Joaquin.

“Developed Property” means, in any Fiscal Year, all Parcels of Taxable Property for which a Building Permit was issued after January 1, 2019, and on or before May 1 of the preceding Fiscal Year.

“Escalation Factor” means four percent (4%) for the Base Component, and two percent (2%) for the Supplemental Component.

“Final Map” means a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq*) that creates Buildable Lots. The term “Final Map” shall not include any large lot subdivision map, Assessor’s Parcel Map, or subdivision map or portion thereof that does not create Buildable Lots, including Assessor’s Parcels that are designated as remainder parcels.

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

“Future Annexation Area” means that geographic area that, at the time of CFD Formation, was considered potential annexation area for the CFD and which was, therefore, identified as “Future

Annexation Area” on the recorded CFD boundary map. Such designation does not mean that any or all of the Future Annexation Area will annex into the CFD, but should property designated as Future Annexation Area elect to annex, the annexation may be processed pursuant to the streamlined annexation procedures provided in the Act. Nothing shall prevent property identified as Future Annexation Area from annexing under the non-streamlined provisions of the Act.

“Initial Event” means the Fiscal Year during which CFD Formation occurs or the Fiscal Year that an Assessor’s Parcel annexes into Tax Zone 1 or into Tax Zone 3 of the CFD.

“Maximum Base Component” means the greatest amount of Base Component that can be levied on a Parcel in any Fiscal Year, as set forth in Section C below.

“Maximum Special Tax” means, collectively for a Parcel, the Maximum Base Component and the Maximum Supplemental Component for such Parcel.

“Maximum Supplemental Component” means the greatest amount of Supplemental Component that can be levied on a Parcel in any Fiscal Year, as set forth in Section C below.

“Multi-Family Residential” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing a residential structure consisting of two or more Residential Units, including, but not limited to, duplexes, triplexes, fourplexes, townhomes, condominiums, and apartment units.

“Owners Association” means a homeowners association or property owners association that provides services to, and collects assessments, fees, dues, or charges from, property within the CFD.

“Owners Association Property” means any property within the boundaries of the CFD that is owned in fee or by easement by the Owners Association, not including any such property that is located directly under a residential structure.

“Public Property” means any property within the boundaries of the CFD that is owned by the federal government, State of California, County, City, or other local governments or public agencies.

“Residential Property” means any Parcel of Developed Property for which a Building Permit was issued for construction of one or more Residential Units. Notwithstanding the foregoing, for buildings on Parcels within a mixed-use development that includes non-residential land uses, the Residential Units within the building shall be categorized as Residential Property.

“Residential Unit” means an individual single family detached or attached unit, or an individual residential unit within a duplex, triplex, fourplex, townhome, condominium, or apartment structure. An Accessory Unit that shares a Parcel with a single-family detached unit shall not be considered a separate Residential Unit for purposes of this RMA.

“RMA” means this Rate and Method of Apportionment of Special Tax.

“SB535 Disadvantaged Community Area” means that geographic area that, at the time of CFD Formation, was considered a disadvantaged community area pursuant to California Senate Bill 535 and which was identified as “SB535 Disadvantaged Community Area” on the recorded CFD boundary map.

“Single Family Residential” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one single family Residential Unit.

“Special Tax” means a special tax levied in any Fiscal Year to pay for Authorized Services.

“Supplemental Component” means the incremental amount of Special Tax that is needed *in addition to* the Base Component to pay for services and maintenance costs, as well as to provide capital replacement funds, associated with new capital facilities that are development project specific.

“Taxable Property” means all of the Parcels within the boundaries of the CFD that are not exempt from the Special Tax pursuant to law or Section F below.

“Tax Zone” means one of the four (4) mutually exclusive tax zones identified in Attachment 1 of this RMA, as may be updated to include new Parcels added to the CFD as a result of future annexations (which may be noncontiguous with Parcels already in the Tax Zone). The Assessor’s Parcels added to a Tax Zone when such Parcels are annexed to the CFD shall be identified by Assessor’s Parcel number in the Unanimous Approval Form that is signed by the owner(s) of the Parcels at the time of annexation.

“Tax Zone 1” means the property included in the CFD at CFD Formation and any property that is subsequently annexed into Tax Zone 1. Tax Zone 1 shall include all Parcels subject to the full Base Component and full Supplemental Component.

“Tax Zone 2” means property within the Future Annexation Area that is annexed into Tax Zone 2. Tax Zone 2 shall include all Parcels subject to the full Base Component only.

“Tax Zone 3” means property within the Future Annexation Area that is annexed into Tax Zone 3. Tax Zone 3 shall include all Parcels subject to one half of the Base Component and one half of the Supplemental Component, and may only include Parcels that are also within the SB535 Disadvantaged Community Area.

“Tax Zone 4” means property within the Future Annexation Area that is annexed into Tax Zone 4. Tax Zone 4 shall include all Parcels subject to one half of the Base Component only, and may only include Parcels that are also within the SB535 Disadvantaged Community Area.

“Transition Year” means the 31st Fiscal Year after an Initial Event. The Transition Year for each Assessor’s Parcel in Tax Zone 1 and in Tax Zone 3 of the CFD shall be identified in Attachment 1.

“Unanimous Approval Form” means the form executed by the record owner of fee title to the Parcel or Parcels included within the Future Annexation Area and annexed into the CFD that constitutes the property owner’s approval and unanimous vote in favor of annexing the property into the CFD and authorizes the levy of the Special Tax against his/her Parcel or Parcels pursuant to this RMA.

B. DATA FOR ADMINISTRATION OF THE SPECIAL TAX

Each Fiscal Year, the Administrator shall determine: (i) the current Assessor’s Parcel numbers for all Parcels of Developed Property within the CFD; (ii) which Tax Zone each Parcel is assigned to; (iii) the Transition Year for each Parcel in Tax Zone 1 and in Tax Zone 3; (iv) whether the Parcel is Single Family Residential or Multi-Family Residential; and (v) for Multi-Family Residential, the number of Residential Units on each Parcel.

In any Fiscal Year, if it is determined that (i) a parcel map for property in the CFD was recorded after January 1 of the prior Fiscal Year (or any other date after which the County Assessor will not incorporate the newly-created Parcels into the then current tax roll), (ii) because of the date the parcel map was recorded, the Assessor does not yet recognize the new Parcels created by the parcel map, and (iii) one or more of the newly-created Parcels has not yet had a Building Permit issued, then the Administrator shall calculate the Special Tax for the property affected by recordation of the parcel map by determining the Special Taxes that apply to Parcels for which a Building Permit has been issued, then applying the sum of the individual Special Taxes to the Parcel that was subdivided by recordation of the parcel map.

C. MAXIMUM SPECIAL TAX

In any Fiscal Year, the Maximum Special Tax for a Parcel of Developed Property shall be the following:

- ***Tax Zone 1:*** the sum of the Maximum Base Component and the Maximum Supplemental Component
- ***Tax Zone 2:*** the Maximum Base Component
- ***Tax Zone 3:*** the sum of the Maximum Base Component (equal to one half of the Maximum Base Component for Tax Zone 1) and the Maximum Supplemental Component (equal to one half of the Maximum Supplemental Component for Tax Zone 1)
- ***Tax Zone 4:*** the Maximum Base Component (equal to one half of the Maximum Base Component for Tax Zone 2)

Such amounts shall be determined by reference to Table 1 below. Property may be annexed into any of the four Tax Zones established at CFD Formation, and such property shall be subject to the Maximum Special Tax applicable to that Tax Zone.

TABLE 1
MAXIMUM SPECIAL TAX FOR RESIDENTIAL PROPERTY
PER RESIDENTIAL UNIT

Tax Zone	Maximum Base Component (Fiscal Year 2018-19)¹	Maximum Supplemental Component (Fiscal Year 2018-19)^{1,2}
<u>Tax Zone 1</u>		
Single Family Residential	\$500	\$360
Multi-Family Residential	\$330	\$240
<u>Tax Zone 2</u>		
Single Family Residential	\$500	Not
Multi-Family Residential	\$330	Applicable
<u>Tax Zones 3</u>		
Single Family Residential	\$250	\$180
Multi-Family Residential	\$165	\$120
<u>Tax Zone 4</u>		
Single Family Residential	\$250	Not
Multi-Family Residential	\$165	Applicable

¹ On July 1, 2019, and on each July 1 thereafter, all dollar amounts shown in Table 1 above shall be increased by the Escalation Factor (4% for the Base Component, and 2% for the Supplemental Component).

² The Supplemental Component is not levied each Fiscal Year until the Transition Year for a given Parcel occurs.

D. METHOD OF LEVY OF THE SPECIAL TAX

Each Fiscal Year, the Maximum Special Tax shall be levied on all Parcels of Developed Property. The Maximum Base Component shall be levied in the Fiscal Year following the Initial Event and in each Fiscal Year thereafter. The Maximum Supplemental Component shall be levied in the Transition Year and in each Fiscal Year thereafter, and shall be added to the Maximum Base Component as part of a single levy for each applicable Parcel in Tax Zone 1 and in Tax Zone 3.

E. MANNER OF COLLECTION OF SPECIAL TAX

The Special Tax shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the City may directly bill, collect at a different time or in a different manner, and/or collect delinquent Special Taxes through foreclosure or

other available methods. The Special Tax may be levied and collected for as long as the City provides Authorized Services.

F. EXEMPTIONS

No Special Tax shall be levied on: (i) Parcels of Public Property; (ii) Parcels of Owners Association Property; (iii) Parcels that are not Developed Property; (iv) Parcels owned by a public utility for an unmanned facility; or (v) Parcels subject to an easement that precludes any use on the Parcel other than that permitted by the easement.

G. REVIEW/APPEAL PROCESS

Any taxpayer may file a written appeal of the Special Tax on his/her property with the City, 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 Administrator or its designee shall review the appeal, meet with the appellant if the Administrator deems necessary, and advise the appellant of its determination within sixty (60) days after receipt of the appeal. If the Administrator agrees with the appellant, the Administrator shall make a recommendation to the City to eliminate or reduce the Special Tax on the appellant's property or to provide a refund to the appellant. The approval of the City or its designee must be obtained prior to any such elimination or reduction. If the Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has thirty (30) days in which to appeal to the City by filing a written notice of appeal with the Administrator, provided that the appellant is current in his/her payments of the Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the Administrator's determination. The Administrator shall schedule the appeal to be heard before the City within sixty (60) days after receipt of the second appeal.

Interpretations may be made by the City, without resolution or ordinance of the City Council, for purposes of clarifying any vagueness or ambiguity as it relates to the Special Taxes, the RMA, or any other definition applicable to this CFD.

Without City Council approval, the Administrator may make minor, non-substantive administrative and technical changes to the provisions of this document that do not materially affect the rate, method of apportionment, and manner of collection of the Special Tax for purposes of administrative efficiency or convenience or to comply with new applicable federal, state, or local law.

ATTACHMENT 1

**CITY OF STOCKTON
COMMUNITY FACILITIES DISTRICT NO. 2018-3
(CITYWIDE SERVICES AND MAINTENANCE)**

IDENTIFICATION OF TAX ZONES AND TRANSITION YEARS

Tax Zone	Assessor's Parcels Included in Tax Zone*	Transition Year
1	115-300-020	2049-50
2		Not Applicable
3		
4		Not Applicable

** The property(ies) identified by the Assessor's Parcel number(s) listed above shall remain part of the identified Tax Zone regardless of changes in the configuration of the Assessor's Parcels, changes to Assessor's Parcel numbers in future Fiscal Years, or any other changes.*