Economic &
Planning Systems
Real Estate Economics
Regional Economics
Public Finance
Land Use Policy

HIGHLAND RESERVE NORTH CFD NO. 2 HEARING REPORT

Prepared for:

City of Roseville

Prepared by:

Economic & Planning Systems, Inc.

September 7, 2000

EPS #10010

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I. INTRODUCTION

BACKGROUND

The Highland Reserve North (HRN) Community Facilities District No. 2 (Services District) ("CFD No. 2") is located within the City of Roseville's HRN Specific Plan area. An acquisition district (CFD No. 1), which was formed in August 1999, currently provides funding for the public infrastructure necessary for the development of the HRN project. This hearing report has been prepared for the CFD No. 2 Resolution of Formation (ROF) and public hearing process as required under the Mello-Roos CFD Act.

PURPOSE OF THE CFD

The HRN project is proposing the formation of the Highland Reserve North Community Facilities District No. 2 (Services District) for the purpose of funding approximately $479,000 annually (2000 dollars) in project landscape maintenance and service costs.

ORGANIZATION OF THE REPORT

Chapter II describes the land uses within the CFD along with the services to be provided by the CFD. **Chapter III** describes the annual maintenance and service costs and the proposed maximum special tax for the different land uses within the project. **Chapter IV** describes the structure of the proposed CFD and the Rate and Method of Apportionment of Special Tax.

Three exhibits are attached to this report. **Exhibit A** is the Rate and Method of Apportionment of Special Tax (the "Tax Formula"). **Exhibit B** is the list of authorized services the CFD may fund. **Exhibit C** is the boundary map.

II. LAND USE AND SERVICE COSTS

LAND USE

Map 1 shows the proposed boundaries for the HRN CFD No. 2 services district. The proposed land uses and total acres/units are detailed in **Figure 1.** Approximately 1,770 units are planned within the district, along with approximately 163.5 acres of community commercial development.

SERVICE COSTS

This section will describe the services to be funded, the costs of these services, and how these costs have been allocated throughout the project area.

The total estimated annual cost of on-site landscape maintenance is approximately $479,000. The annual costs includes maintenance of the following:

- Landscape Corridors
- Median Strips
- Tree Maintenance
- Park Maintenance
- NPDES (National Pollution Discharge Elimination System) Storm Water Pretreatment Facilities
- City of Roseville Detention Facility
- Mitigation Monitoring
- Central Park Plaza / Promenade / School Plaza
- Maintenance of Wetland Preserves

Other service costs included in the annual cost estimate are as follows:

- Vandalism
- Repair/Replacement
- Water/Electric Costs
- Park Staff Contract Administration

Figure 2 provides a detailed breakdown of these costs. Some of these items will require a lump sum expenditure; however, the City will collect special taxes on an annual basis and place these revenues in a sinking fund to accommodate future costs. A City administrative cost equal to 6 percent of the above costs is also included in the total project maintenance cost estimate.

<u>LANDSCAPE CORRIDOR & MEDIAN STRIPS</u>

Landscape maintenance will occur on scenic and landscape corridors adjacent to the low and medium density residential parcels and contiguous to and

BOOK __ OF COMMUNITIES FACILITIES DISTRICTS, PAGE __

FILED IN THE OFFICE OF THE CLERK OF THE CITY OF ROSEVILLE, PLACER COUNTY, CALIFORNIA, ON THIS ___ DAY OF __________, 2000.

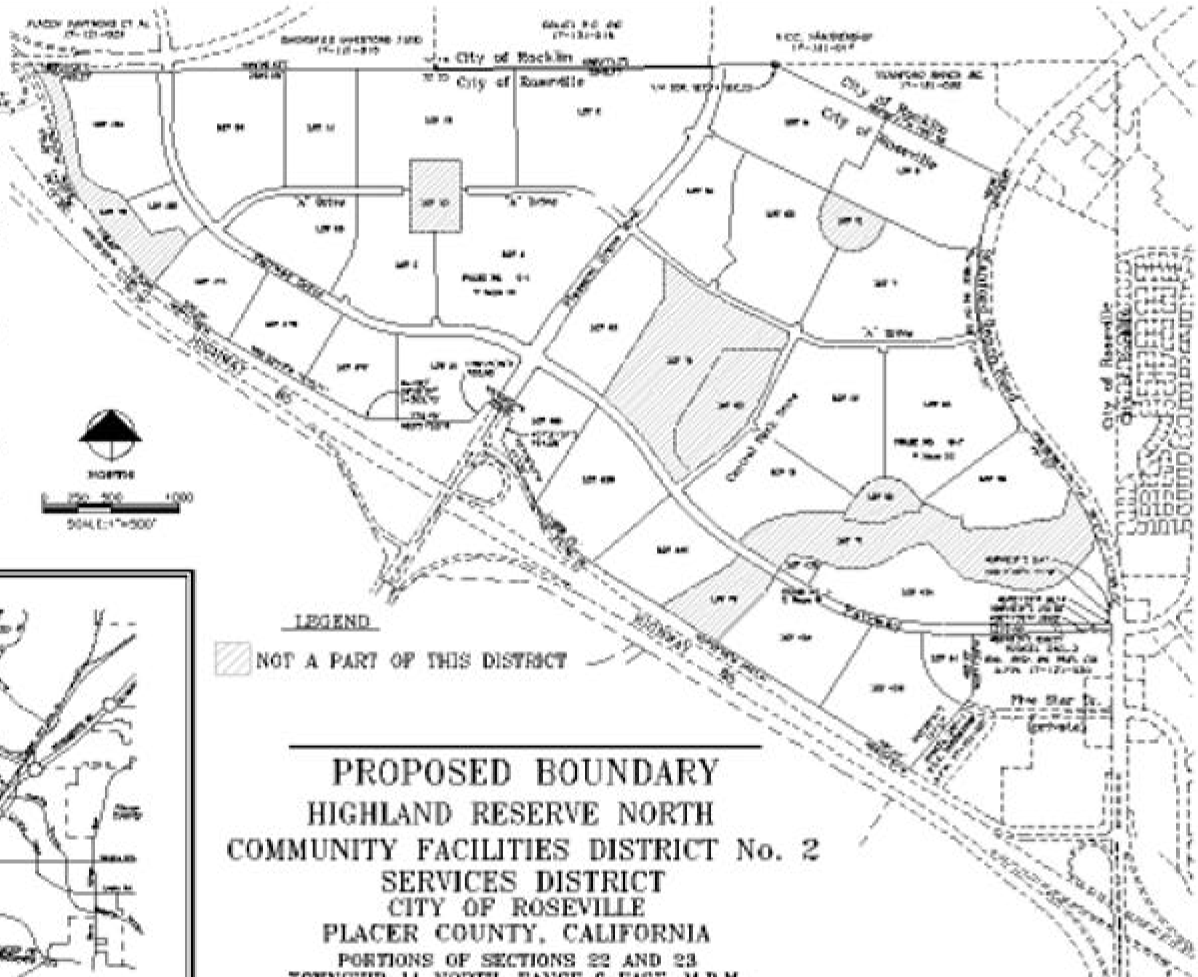
CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

I HEREBY CERTIFY THAT THIS MAP WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AT A REGULAR MEETING THEREOF, HELD ON THE ___ DAY OF __________, 2000, BY ITS RESOLUTION NUMBER,
RESOLUTION NO. ______.

CAROLYN PARKINSON, CITY CLERK
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

FILED THIS ___ DAY OF ______, 2000, AT THE HOUR OF ___ O'CLOCK ___M. IN BOOK ___ OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICT AT PAGE ___ IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF PLACER, STATE OF CALIFORNIA.

COUNTY RECORDER
COUNTY OF PLACER



LEGEND

NOT A PART OF THIS DISTRICT

VICINITY MAP

N.T.S.

PROPOSED BOUNDARY
HIGHLAND RESERVE NORTH
COMMUNITY FACILITIES DISTRICT No. 2
SERVICES DISTRICT
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA

PORTIONS OF SECTIONS 22 AND 23
TOWNSHIP 11 NORTH, RANGE 6 EAST, M.D.M.
JULY 12, 2000

Figure 1
Highland Reserve North CFD No. 2 (Services)
Land Use Summary

Land Use	Acres	Units
Residential		
Single Family Low Density	248.7	1,025
Single Family Medium Density	12.0	95
Subtotal Single Family	**260.7**	**1,120**
High Density	33.5	650
Total Residential	**294.2**	**1,770**
Non-Residential		
Community Commercial	162.4	
Subtotal Non-Residential	**162.4**	
Public/Open Space:		
Park	35.9	
Public/Quasi-Public (School)	9.9	
Open Space	35.8	
Roadways	34.4	
Subtotal Public/Open Space	**116.0**	
TOTAL	**572.6**	**1,770**

"land_use"

Figure 2
Highland Reserve North CFD No. 2 (Services District)
Estimated Annual Maintenance Costs

	Unit	Annual Cost Per Unit	Annual Cost	Assumptions Based on
Project Maintenance Costs				
Single Family Benefit				
Landscape Corridor [1]	593,245 Sqft	$0.21 per Sqft	$124,581	McKay & Somps, City of Roseville
Tree Maintenance	1,122 Trees	$50 per Tree	$56,100	City of Roseville (Cost per Unit)
Subtotal			**$180,681**	
Single Family & Multi-Family Benefit				
Park Maintenance				
Parcel 50	3.35 Acres	$8,000 per Acre	$26,800	City of Roseville
Parcel 51	3.55 Acres	$8,000 per Acre	$28,400	City of Roseville
Parcel 53	5.16 Acres	$8,000 per Acre	$41,280	City of Roseville
Subtotal			**$96,480**	
All Development (Based on EDUs)				
Medians	66,393 Sqft	$0.21 per Sqft	$13,943	McKay & Somps, City of Roseville
NPDES Storm Water Facilities [2]			$5,688	McKay & Somps
City of Roseville Detention Facility	3.095 Acres	$2,500 per Acre	$7,738	ECORP
Mitigation Monitoring			$2,500	ECORP
Central Park Plaza / Promenade / School Plaza			$26,000	See Figure 3
Subtotal			**$55,868**	
All Development (Based Total Allocated Maintenance Costs)				
Vandalism			$5,000	Assumed
Repair/Replacement			$15,000	Assumed
Water/Electric Costs			$51,622	Assumed
Park Staff Contract Administration			$15,000	Assumed
Subtotal			**$86,622**	
Maintenance of Wetland Preserves (Allocated to Non-Residential Development)			**$32,155**	ECORP
Subtotal of Maintenance Costs			**$451,806**	
City Administrative Costs		6% of Costs	**$27,108**	
TOTAL			**$478,914**	

"costs"

[1] Includes maintenance of a 12 x 2,058 foot landscape corridor adjacent to the City of Rocklin.
[2] Assumes 3.5 cleanouts per year for each of the three facilities. Total costs of annual cleanouts for all facilities is estimated at $5,688.

within the right-of-way of Stanford Ranch, Pleasant Grove Boulevard, Fairway Drive, Central Park Drive and Highland Drive. Maintenance costs will include the following:

- Mowing
- Repair and Replacement
- Associated electric and water utility costs
- Autumn leaf clean up

Landscape corridor maintenance also includes a 12 foot wide landscape corridor along the HRN northern boundary with the City of Rocklin. The total annual costs for the maintenance of the landscape corridors mentioned above are estimated to be approximately $124,600.

CFD No. 2 will also provide for maintenance of median strips within the District. Maintenance will include the same services listed above for landscape corridors and is estimated to be approximately $14,000 annually.

TREE MAINTENANCE

Maintenance of street trees in the five-foot setback strip along residential streets as described in the Highland Reserve North Development Agreement is also included in the annual costs for the Services CFD. Tree maintenance will include the following:

- Annual pruning
- Replacement

It is estimated that a total of 1,122 trees will be maintained, which allows for approximately one tree per single family residence. Tree maintenance is estimated to cost approximately $50 per tree, per year or a total annual cost of $56,100.

PARK MAINTENANCE

CFD No. 2 will fund maintenance for Park Parcels 50, 51, and 53 as required by the Development Agreement. Maintenance is estimated to be $8,000 per acre and will include maintenance of turf, landscaping, and irrigation. Total maintenance costs for the three parcels are estimated to be approximately $96,500 per year.

NPDES STORM WATER FACILITIES

Maintenance of the NDPES (National Pollution Discharge Elimination System) storm water pretreatment facilities is also included in the annual costs of CFD No. 2. The NPDES storm water system will treat storm water, separating out heavy and medium solids, before the storm water is released into adjoining creeks or open space preserves. The system is based on best available technology and maintenance costs were estimated by MacKay & Somps to be approximately $5,700 per year.

CITY OF ROSEVILLE DETENTION FACILITY

As required in the HRN Development Agreement, CFD No. 2 will provide for maintenance of the detention basin facility in Highland Reserve North. The annual cost to maintain the 3.1 acre detention basin is approximately $7,700 per year, based on a cost of $2,500 per acre as estimated by ECORP.

MITIGATION MONITORING

Annual costs for CFD No. 2 include management and performance of the mitigation monitoring of the on and off-site wetland preserves. ECORP estimated that the cost for these tasks is approximately $2,500 per year.

CENTRAL PARK PLAZA / PROMENADE / SCHOOL PLAZA

Figure 3 shows the maintenance area and estimated cost for the Central Park Plaza, the Promenade, and the School Plaza. The costs include maintenance of the turfed areas, trees, paved walkways, and landscaping hardscape. Total annual costs for maintenance of these three areas are estimated to be $26,000.

SINKING FUND ITEMS

As noted above, the City will annually collect special taxes and place these revenues in a sinking fund to be used by the City to fund future maintenance needs including a set-aside for vandalism, repairs and replacement. Approximately $5,000 in costs per year are allocated to vandalism and $15,000 per year for repair and replacement.

MAINTENANCE OF WETLAND PRESERVES

Included in CFD No. 2 annual costs is an allocation for maintenance of HRN wetland preserves to be funded by non-residential development. The cost of maintaining the wetland preserves includes two components. Approximately one half of the annual costs allocated to preserve maintenance will be deposited in an endowment fund which, when fully funded, will provide a perpetual financing mechanism for the HRN preserves. Additional funding for the endowment fund will be generated by a one-time fee paid by residential development at the time of building permit issuance. The other half of the annual costs allocated to preserve maintenance will be used to fund the interim maintenance of the HRN preserves during the ten year period required to fully fund the endowment.

The total cost of maintaining the wetland preserves (including both the costs of funding the endowment and maintaining the preserves while the endowment is being established) are approximately $32,155 per year. These annual costs will be levied against the non-residential properties for a total of ten years, after which time the endowment will assume responsibility for funding maintenance of the HRN preserves and the annual CFD No. 2 special tax levied against the HRN non-residential properties will no longer include an allocation for preserve maintenance.

OTHER COSTS

Water / electric costs and park staff contract administration costs are lump sum costs. The water / electric costs are based on a per acre cost of $163 and a service area of 9 acres and are estimated to be approximately $51,600 annually. The cost of City Administration is 6 percent of all of the above costs and will be approximately $27,000 annually.

Figure 3
Estimated Maintenance Cost for
Central Park Plazas and Promenade

	Maintenance Area			Estimated Cost	
Location/Mainteance	Unit	Amount	Total to Maintain	Per Unit	Total Cost
Central Park Plaza					
Turfed Amphitheater [1]	1	13,912 sf	13,912 sf	$0.21 /sf	$2,922
Trees	-	-	20	$50 /tree	$1,000
Park Plaza Turf / Landscaping Hardscape [2]	1	41,738 sf	41,738 sf	$0.21 /sf	$8,765
Promenade					
Trees	-	-	60	$50 /tree	$3,000
Turf	34 ft. wide	1,150 lf	39,100 sf	$0.21 /sf	$8,211
Paved Walkway	16 ft. wide	1,150 lf	18,400 sf	$0.03 /sf	$552
School Plaza					
Trees	-	-	10	$50 /tree	$500
School Plaza Turf / Landscaping / Hardscape	1	5,000 sf	5,000 sf	$0.21 /sf	$1,050
Total					**$26,000**

Note: Per the development agreement, Parcel 40 is required to fund the annual maintenance of these areas.

[1] Area of turfed amphitheater = 0.25 * (Area of Central Park Plaza - Area of Promenade) or 0.25 * (70,650sf - 15,000sf) = 13,912sf.
[2] Area of Park Plaza turf/landscaping/hardscape = Area of Central Park Plaza - Area of Promenade - Area of Turfed Amphitheater or 70,650sf -15,000sf -13,912sf = 41,378sf.

COST ALLOCATION

The annual maintenance costs within the HRN CFD No. 2 have been assigned to each land use based on equivalent dwelling unit (EDU) factors. The EDU factors and calculations per land use are shown in **Figure 4.**

The maintenance costs are allocated to each land use based on the benefit received by the land use within the project. As shown in **Figure 1**, costs associated with maintaining the landscape corridors and tree maintenance within the residential greenway strips are assigned to single family units. Park maintenance is assigned to single family and multi-family units. Maintenance of the median strips, the NPDES storm water pretreatment facilities, the detention facility, mitigation monitoring, and maintenance of the central park plaza / promenade / school plaza, will benefit all development and therefore the costs are assigned to both residential and non-residential land uses. These costs are based on the EDU factors as shown in **Figure 4**.

Provisions for vandalism, repair / replacement, water / electric costs, and park staff maintenance costs benefit all development and these costs are allocated based on the land use's share of the total project maintenance costs as described above. For example, non-residential land uses constitute 5.3 percent of the total project maintenance costs. Low density residential land uses constitute 78.3 percent of the total project maintenance costs. These percentage allocations are then applied to the total vandalism, repair / replacement, water / electric, and park staff maintenance costs. These allocations are also applied to the City administrative costs. This allocation methodology ensures that each land use category is not assigned a portion of these costs that are in greater proportion than their project maintenance costs.

Maintenance of wetland preserves is allocated to non-residential land uses only. These costs total $32,155 per year and will only be levied for a total of ten years. A portion of the annual maintenance cost for wetland preserves will be placed in an endowment fund that will provide for on-going and perpetual maintenance of the preserves once the CFD No. 2 special tax levy for this purpose is discontinued.

Figure 4
Highland Reserve North CFD No. 2 (Services District)
Allocation of Total Maintenance Costs to Land Uses

		Residential			Non-Residential
	Total	Low Density	Medium Density	High Density	Community Commercial
EDU Factors					
Units	1,770	1,025	95	650	
Acres					162.43
EDU Factor		1.00	1.00	0.50	4.12
Total EDUs	**2,113.7**	**1,025.0**	**95.0**	**324.4**	**669.4**
EDU Allocation					
Single Family Only Benefit	1,120.0	1,025.0	95.0		
Percent Distribution	*100.0%*	*91.5%*	*8.5%*		
Single & Multi-Family Benefit	1,444.4	1,025.0	95.0	324.4	
Percent Distribution	*100.0%*	*71.0%*	*6.6%*	*22.5%*	
Non-Residential Development	162.4	0.0	0.0	0.0	162.43
Percent Distribution	*100.0%*	*0.0%*	*0.0%*	*0.0%*	*100.0%*
All Land Use Benefit	2,113.7	1,025.0	95.0	324.4	669.4
Percent Distribution	*100.0%*	*48.5%*	*4.5%*	*15.3%*	*31.7%*
Cost Allocation [1]					
Project Maintenance Costs					
Single-Family Benefit	$180,681	$165,356	$15,326	-	-
Single & Multi-Family Beneift	$96,480	$68,468	$6,346	$21,666	-
All Development - Benefit (EDUs)	$55,868	$27,091	$2,511	$8,573	$17,692
Subtotal	**$333,029**	**$260,915**	**$24,182**	**$30,239**	**$17,692**
Percent of Maintenance Costs	***100.0%***	***78.3%***	***7.3%***	***9.1%***	***5.3%***
All Development (Total Costs)	$86,622	$67,865	$6,290	$7,865	$4,602
Wetland Preserves	$32,155	-	-	-	$32,155
City CFD Administration (6%)	$27,108	$21,238	$1,968	$2,461	$1,440
Maximum Annual Special Tax	$478,914	$350,019	$32,441	$40,565	$55,889
Special Tax Per Unit		$341	$341	$62	
Special Tax Per Acre					$344

"cost_alloc_srv"

[1] No delinquencies are assumed because the County's Teeter Plan covers Service CFDs.

III. PROPOSED ANNUAL COSTS AND MAXIMUM SPECIAL TAX

The CFD's annual maintenance and services costs will be funded through the collection of special taxes levied against the property within the CFD. Special taxes will be collected from each unit or acre based on the land uses within the District.

The maximum annual cost of CFD services funded by special taxes was calculated assuming direct service costs and a City administrative expense. Total annual costs were calculated to be $478,914 in 2000 dollars, including 6 percent City administrative expense. This amount also represents the maximum annual tax for the CFD.

The special tax levy must provide for annual payments of the costs. In years when less than maximum revenues are needed, the tax levy will be less than the maximum authorized rates. As stated above, the maximum total annual cost equals the maximum annual tax, and both are $478,914 in 2000 dollars.

Figure 4 shows the allocation of the total annual cost among the different land uses within the CFD. The maximum special taxes are $341 annually per unit for low and medium density residential, and $62 annually per unit for high density residential. The non-residential community commercial land uses will be levied a maximum special tax of $344 annually per acre.

IV. STRUCTURE OF THE PROPOSED CFD

DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT

Special taxes within the CFD will be levied according to the Rate and Method of Apportionment of Special Tax (the "Tax Formula"). The attached exhibits contain the formation documents for the HRN CFD No. 2. **Exhibit A** contains the Tax Formula and **Exhibit B** is the list of authorized services to be funded by CFD No. 2. The purpose of CFD No. 2 is to provide funding for the annual maintenance costs of authorized CFD services.

DEFINITION OF ANNUAL COSTS

Each year the City will approve the costs for CFD No. 2 for the upcoming fiscal year. The annual costs will include the following items:

- Costs to maintain authorized CFD services;
- Sinking fund set-aside for authorized services; and
- Administration of the CFD.

The City will then apply the Tax Formula to determine the tax levy for each unit.

DETERMINATION OF PARCELS SUBJECT TO SPECIAL TAX

The City shall prepare a list of parcels subject to the Special Tax using the records of the City of Roseville and the County Assessor. The City will tax all parcels within CFD No. 2 except those that are declared tax-exempt. Taxable parcels that are acquired by a public agency after CFD No. 2 is formed will remain subject to the special tax unless a "trade" resulting in no loss of tax revenue can be made, as described in Section 4 of the Tax Formula. Public parcels created by subdivision of a taxable parcel will not be subject to a special tax levy.

TERMINATION OF THE SPECIAL TAX

The special tax will be levied and collected in perpetuity.

ASSIGNMENT OF MAXIMUM SPECIAL TAX

The maximum annual special tax is set at a base rate of $341 per unit for low and medium density residential, $62 per unit for high density residential, and $344 per acre for community commercial development for both Developed and Developable Parcels. The maximum annual special tax will escalate no more than 4 percent each year to cover actual or anticipated increases in the annual costs.

SETTING THE SPECIAL TAX LEVY FOR TAXABLE PARCELS

After computing the annual costs and determining the maximum annual special tax for each parcel, the City will determine the tax levy for each parcel. To determine the annual levy, the City will use the process presented in Section 5 of the Tax Formula. This process is summarized as follows:

- First, the City must determine the annual costs for the upcoming fiscal year, and allocate those costs among the land uses.
- Second, the City determines the maximum special tax revenues available by summing the maximum special tax for all Developed Parcels.
- If the annual costs are less than the total maximum special taxes for all Developed Parcels, the City will reduce each Developed Parcel's special tax levy until the total special taxes equal the annual costs.
- If the annual costs are greater than the total maximum special tax for all Developed Parcels, then the City will proportionately levy the tax on Developable Parcels up to 100% of their maximum annual tax or until the tax levy is set at an amount sufficient to cover the annual costs.

PREPAYMENT OF SPECIAL TAX OBLIGATION

Prepayment of special taxes is not permitted.

MANNER OF COLLECTION

The special tax will be collected in the same manner and at the same time as *ad valorem* property taxes. At the City's option, the special taxes may be billed directly to property owners.

EXHIBITS:

EXHIBIT A:	RATE AND METHOD OF APPORTIONMENT
EXHIBIT B:	LIST OF AUTHORIZED SERVICES
EXHIBIT C:	BOUNDARY MAP

EXHIBIT A:

RATE AND METHOD OF APPORTIONMENT

EXHIBIT A

CITY OF ROSEVILLE

HIGHLAND RESERVE NORTH
COMMUNITY FACILITIES DISTRICT NO. 2
(Services District)

RATE AND METHOD OF APPORTIONMENT

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1. BASIS OF SPECIAL TAX LEVY

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Highland Reserve North Community Facilities District No. 2 (the "CFD") of the City of Roseville (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 costs incurred by the City to determine, levy and collect the Special Taxes, including salaries of City employees and the fees of consultants and 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 Finance Director.

"**Annual Cost(s)**" means for each Fiscal Year, the total of 1) the estimated cost of Authorized Services; 2) Administrative Expenses, and 3) any amounts needed to cure actual or projected delinquencies in Special Taxes for the current or previous Fiscal Year.

"**Annual Tax Escalation Factor**" means an increase in the Maximum Special Tax Rate following the Base Year in an amount not to exceed 4% annually.

"**Authorized Services**" means those services, as listed in the Resolution forming the CFD.

"**Base Year**" means Fiscal Year ending June 30, 2001.

"**<u>CFD</u>**" means the Highland Reserve North Community Facilities District No. 2 of the City of Roseville.

"**<u>City</u>**" means the City of Roseville, California.

"**<u>Council</u>**" means the City Council of the City of Roseville as the legislative body for the CFD under the Act.

"**<u>County</u>**" means the County of Placer, California.

"**<u>County Assessor's Parcel</u>**" means the Parcel and Parcel number as recorded by the County Assessor on the equalized tax roll.

"**<u>Developable Parcel</u>**" means a Large-Lot Parcel that still requires a Final Small Lot Subdivision Map or a building permit to develop.

"**<u>Developed Parcel</u>**" means a Parcel that has received the following development approvals from the City :

Single Family Residential	-Final Small Lot Subdivision Map (with each lot created by such map constituting a separate "Developed Parcel")
Multi-Family Residential	-Building Permit
Business Professional	-Building Permit
Commercial	-Building Permit
Light Industrial	-Building Permit
Institutional	-Building Permit

"**<u>Final Small Lot Subdivision Map</u>**" means a recorded map designating the final small lot parcel splits for individual single-family residential parcels.

"**<u>Finance Director</u>**" means the Finance Director for the City of Roseville or his or her designee.

"<u>Fiscal Year</u>" means the period starting July 1 and ending the following June 30.

"**<u>HRN Specific Plan"</u>** means the Highland Reserve North Specific Plan.

"**<u>Institutional</u>**" means a land use that includes, but is not limited to, church, day care center, or group care home.

"**<u>Large-Lot Parcel</u>**" means a Parcel that is created by a recorded Final Large Lot Subdivision or Parcel Map.

"**Maximum Special Tax**" means the greatest amount of Special Tax that can be levied against a Parcel in a given Fiscal Year calculated by multiplying the Maximum Annual Special Tax Rate by the relevant acres or units of the Parcel.

"**Maximum Special Tax Rate**" means the amount shown in **Attachment 1** (Base Year) that is used in calculating the Maximum Special Tax for a Parcel based on its land use classification. Each Fiscal Year following the Base Year, the Maximum Special Tax Rate shall be increased in accordance with the Annual Tax Escalation Factor.

"Maximum Special Tax Revenue" means the greatest amount of revenue that can be collected in total from a group of Parcels by levying the Maximum Special Tax.

"**Multi-Family Unit**" means an actual or planned residential unit on a Parcel zoned for multi-family development. Prior to the construction of all units on a Parcel zoned for multi-family development, the number of multi-family units assigned to a Parcel shall be determined by the City based on the allocation of units in the HRN Specific Plan.

"**Non-Residential Acres**" means the acreage of a Parcel designated for non-residential private development. The acreage assigned to such a Parcel shall be that shown on the County Assessor's Parcel or as designated in the HRN Specific Plan if the boundary of the Specific Plan Parcel is not coincident with a County Assessor's Parcel.

"**Non-Residential Development**" means development of a Parcel designated for business professional, commercial, light industrial, institutional, or similar non-residential land use as defined in the HRN Specific Plan.

"**Non-Residential Parcel**" means a Parcel with an approved land use for Non-Residential Development.

"**Parcel**" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County.

"**Public Parcel**" means any Parcel that is, or is intended to be, (1) publicly owned, and (2) 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, greenbelts, and public open space. These Public Parcels—so identified or excluded at the formation of CFD—are exempt from the levy of Special Taxes.

"**Single-Family Unit**" means either an individual small lot Parcel created by a Final Small Lot Subdivision Map or a single-family unit as assigned by the City to the applicable small lot Parcel with zoning allowing for no more than two units per Parcel.

"**Specific Plan Parcel**" means the planned Parcels in the HRN Specific Plan.

"**<u>Special Tax(es)</u>**" means any tax levy under the Act in the CFD.

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

"**<u>Taxable Parcel</u>**" means any Parcel that is not exempt from Special Taxes as defined below.

"**<u>Tax-Exempt Parcel</u>**" means all Public Parcels.

3. DURATION OF THE SPECIAL TAX

Taxable Parcels in the CFD shall remain subject to the Special Tax in perpetuity.

4. ASSIGNMENT OF MAXIMUM SPECIAL TAXES

A. <u>Classification of Parcels</u>. Each Fiscal Year, using the Definitions above, the parcel records of the Assessor's Secured Tax Roll of January 1, and other City development approval records, the City shall cause:

1. Each Parcel is to be classified as a Tax-Exempt Parcel or Taxable Parcel.
2. Each Taxable Parcel is to be further classified as a Developed Parcel or a Developable Parcel.

B. <u>Assignment of Maximum Special Tax</u>. By August 1 of each Fiscal Year, using the Definitions from Section 2 the Finance Director shall assign the Maximum Special Tax to each Taxable Parcel as follows:

1. <u>Non-Residential</u> – The Maximum Special Tax for a Parcel zoned for Non-Residential Development is determined as follows:

   - For both Developed and Developable Parcels, multiply the Maximum Special Tax Rate per acre, as shown in **Attachment 1**, by the number of Non-Residential Acres.

   Each Fiscal Year following the Base Year, the Maximum Special Tax Rates shall be increased in accordance with the Annual Tax Escalation Factor.

2. <u>Single Family Residential</u>—The Maximum Special Tax for a Parcel zoned for Single-Family Units is determined as follows:

- If the Parcel is a Developed Parcel, multiply the Maximum Special Tax Rate per Single-Family Unit, as shown in **Attachment 1**, by the number of units allowed on the Parcel (up to two units for a Parcel allowing construction of a duplex).
- If the Parcel is a Developable Parcel, multiply the Maximum Special Tax Rate per Single-Family Unit, as shown in **Attachment 1**, by the number of units assigned to the Parcel in the HRN Specific Plan, or as otherwise designated by the City.

Each Fiscal Year following the Base Year, the Maximum Special Tax Rate shall be increased in accordance with the Annual Tax Escalation Factor.

3. Multi-Family Residential—The Maximum Special Tax for a Parcel zoned for Multi-Family Units is determined as follows:
   - If the Parcel is a Developed Parcel, multiplying the Maximum Special Tax Rate per Multi-Family Unit by the number of units assigned to the Parcel or the actual number of units constructed if the Parcel is fully developed
   - If the Parcel is a Developable Parcel, multiply the Maximum Special Tax Rate per Multi-Family Unit by the number of units assigned to the Parcel in the HRN Specific Plan, or as otherwise designated by the City.

   Each Fiscal Year following the Base Year, the Maximum Special Tax Rate shall be increased in accordance with the Annual Tax Escalation Factor.

4. Parcels With More Than One Specific Plan Parcel—The Maximum Special Tax for County Assessor's Parcels containing more than one Specific Plan Parcel shall be determined by adding together the Maximum Special Tax for each of the Specific Plan Parcels as determined by following the above steps.

5. Conversion of a Tax-Exempt Parcel to a Taxable Parcel—if a Public Parcel is not needed for public use and is converted to a private use, it shall become subject to the Special Tax.

6. Taxable Parcels Acquired by a Public Agency—A Taxable Parcel that is acquired by a public agency after the CFD is formed will remain subject to the applicable Special Tax. An exception to this may be made if a Public Parcel within the CFD is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel, and the Maximum Special Tax from the previously Taxable Parcel is transferred to the newly Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum CFD Revenue.

5. SETTING THE ANNUAL SPECIAL TAX LEVY

The Special Tax levy for each Taxable Parcel will be established annually as follows:

A. Compute the Annual Costs using the definitions in Section 2.

B. Calculate the Special Tax for each Taxable Parcel by the following steps:

   1. Calculate the available special tax revenues by taxing each Developed Parcel at 100% of its Maximum Special Tax. If revenues are greater than the Annual Costs, reduce the tax proportionately against Developed Parcels until the tax levy is set at an amount sufficient to cover Annual Costs.

   2. If revenues from taxing Developed Parcels at 100% of their Maximum Special Tax are not sufficient, the City will then proportionately levy the tax on Developable Parcels up to 100% of their Maximum Annual Special Tax or until the tax levy is set at an amount sufficient to cover the Annual Costs.

C. Levy on each Taxable Parcel the amount calculated above.

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

The City shall make every effort to correctly assign the number of taxable units and 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.

As development and subdivision of the HRN takes place, the Finance Director will maintain a file of each current assessor's parcel number within the CFD, its Maximum Special Tax, and the authorized Maximum Special Tax on all Parcels within in the CFD available for public inspection.

6. ADMINISTRATIVE CHANGES AND APPEALS

The Finance Director or designee has the authority to make necessary administrative adjustments to the Rate and Method of Apportionment in order to remedy any portions of the Special Tax formula that require clarification.

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

7. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ***ad valorem*** property taxes; provided; however, the City or its designee may directly bill the Special Tax and may collect the Special Tax at a different time, such as on a monthly or other periodic basis, or in a different manner, if necessary to meet its financial obligation.

Attachment 1
Highland Reserve North CFD No. 2 (Services District)
Maximum Special Tax Rates

Tax Status	BaseYear Maximum Special Tax Rate [1]	Tax Levy Basis
Developed Parcel		
Single-Family Residential	$341	per unit
Multi-Family Residential	$62	per unit
Non-Residential Parcel	$344	per acre
Developable Parcel		
Single-Family Residential	$341	per unit
Multi-Family Residential	$62	per unit
Non-Residential Parcel	$344	per acre

"attachment_1"

[1] Each Fiscal Year following the Base year, the Maximum Special Tax Rates shall be increased in accordance with the Annual Tax Escalation Factor.

EXHIBIT B:

LIST OF AUTHORIZED SERVICES

EXHIBIT B

The Maintenance Obligations to be financed, in whole or in part, by this District shall consist of the following:

1. maintenance of the scenic corridors (including the landscape corridors adjacent to the low and medium density residential parcels and the medians) contiguous to and within the right-of-way of Stanford Ranch Road, Pleasant Grove Boulevard, Fairway Drive, Central Park Drive and Highland Drive, all as described in the Highland Reserve North Specific Plan;

2. maintenance of turf, landscaping and irrigation on Parcels 50, 51 and 53 of the Highland Reserve North Specific Plan Area, provided that the total annual cost to the HRN CFD No. 2 of such maintenance shall not exceed $225,000 in the first full year following formation of the District and provided this annual cost limit amount shall be increased annually by the same percentage increase as the increase in the Cost of Living All Cities Index as issued by the United States Department of Labor using the week in which January 1, 1998 falls as base 100;

3. maintenance of the detention basin described in Section 3.D.1. of the Development Agreement By And Between The City Of Roseville And Highland Reserve North L.P. Relative To The Development Known As Highland Reserve North (the "HRN Development Agreement") if constructed within the City of Roseville;

4. maintenance of the Promenade east of the Village Court, Central Park Plaza and School Plaza all as described in the Community Form and Design Guidelines attached as Appendix A to the Highland Reserve North Specific Plan;

5. performance and management of the mitigation monitoring, and the annual review thereof, as required pursuant to the Highland Reserve North Mitigation Monitoring Plan;

6. maintenance of the street trees in the five-foot (5') setback strip described in Section 2.C.3. of the HRN Development Agreement;

7. maintenance of the HRN on-site watershed open space preserves (including the sewer maintenance access road to be located on HRN Parcel 72) and the off-site wetland preserves located at Moore Ranch in accordance with the terms of the permit issued by the U.S. Army Corps of Engineers pursuant to Section 404 of the Clean Water Act, 33 C.F.R. § 322.2(f) (the "404 Permit");[1]

8. retention of a qualified consulting wetlands specialist to supervise and implement compliance with the terms of the 404 Permit;

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[1] District financing of preserve maintenance shall be provided on an interim basis and shall be discontinued once sufficient funds are collected in the HRN Environmental Endowment Fund to finance the perpetual maintenance of the HRN preserves.

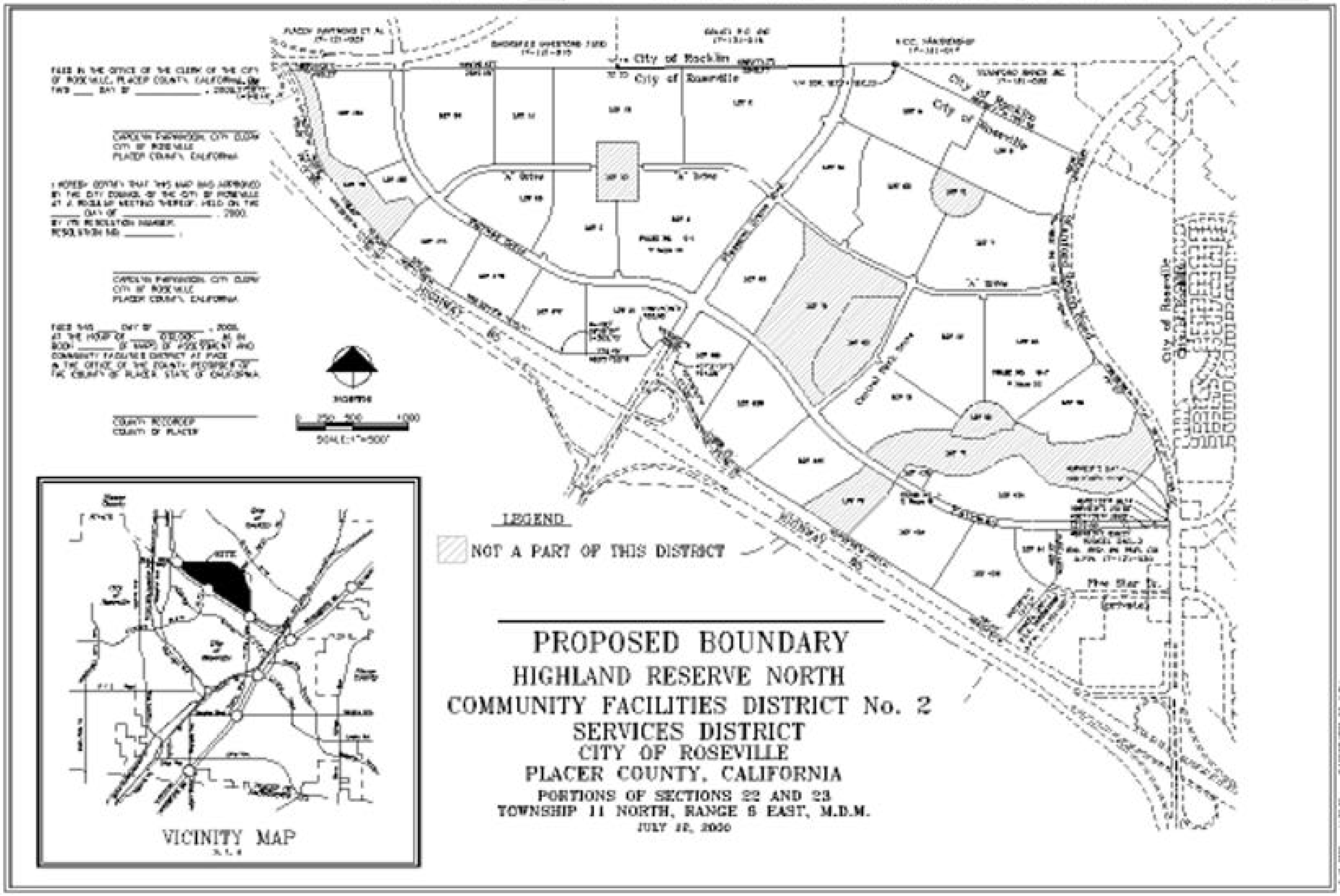
9. maintenance of the HRN NPDES storm water pretreatment facilities; and

10. maintenance of the 12 foot wide landscape corridor along the HRN northern boundary with Rocklin.

Exhibit C:

Boundary Map

BOOK __ OF COMMUNITIES FACILITIES DISTRICTS, PAGE __



PROPOSED BOUNDARY
HIGHLAND RESERVE NORTH
COMMUNITY FACILITIES DISTRICT No. 2
SERVICES DISTRICT
CITY OF ROSEVILLE
PLACER COUNTY, CALIFORNIA
PORTIONS OF SECTIONS 22 AND 23
TOWNSHIP 11 NORTH, RANGE 6 EAST, M.D.M.
JULY 12, 2000