

Appendix A

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES COMMUNITY FACILITIES DISTRICT NO. 2020-1 (Services) CITY OF ESCONDIDO

A Special Tax (as hereinafter defined) shall be levied on all Assessor's Parcels within Community Facilities District No. 2020-1 ("CFD No. 2020-1") of the City of Escondido ("City") and collected each Fiscal Year commencing in Fiscal Year 2020-2021, in an amount determined by the City Council, through the application of this Rate and Method of Apportionment of Special Taxes as described below. All of the real property within the boundaries of CFD No. 2020-1, unless exempted by law or by the provisions hereof, shall be subject to the Special Tax for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the acreage of an Assessor's Parcel as shown on an Assessor's Parcel Map. If the acreage is not shown on an Assessor's Parcel Map, the acreage shown on the applicable Final Map, parcel map, condominium plan, or other recorded County map shall be used. If the acreage information supplied by these alternative sources is not available, or in conflict, the acreage used shall be determined by the CFD Administrator or a designee.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, 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 formation, annexation and administration of CFD No. 2020-1, including but not limited to the following: (i) the costs of computing the Special Taxes and preparing and presenting to City Council the Special Tax collection schedules (whether by the City or designee thereof or both); (2) the costs of collecting the Special Taxes (whether by the County or otherwise); (3) the costs to the City, CFD No. 2020-1 or any designee thereof in responding to property owner and public inquiries regarding CFD No. 2020-1, including its Special Taxes; (4) the costs of the City, CFD No. 2020-1 or any designee related to an appeal of the Special Tax; (5) the costs of the City, CFD No. 2020-1 or any designee related to preparing required reporting obligations; (6) the City's annual administration fees and third party expenses; (7) the costs of City staff time and reasonable overhead relating to CFD No. 2020-1; and (8) amounts estimated or advanced by the City or CFD No. 2020-1 for any other administrative purposes of CFD No. 2020-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor" means the County Assessor.

“Assessor’s Parcel” means a lot or parcel shown on an Assessor’s Parcel Map with an assigned Assessor’s parcel number located within the boundaries of CFD No. 2020-1.

“Assessor’s Parcel Map” means an official map of the Assessor of the County designating parcels by Assessor’s parcel number.

“Building Permit” means the first legal document issued by the City giving official permission for the construction of a building on an Assessor’s Parcel. For purposes of this definition and application of the Special Tax, “Building Permit” may or may not include any subsequent building permits issued or changed after the first issuance, as determined by the CFD Administrator.

“CFD Administrator” means the Finance Director or other official of the City responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes and performing the other duties provided herein.

“CFD No. 2020-1” means Community Facilities District No. 2020-1 of the City of Escondido.

“City” means the City of Escondido, California.

“City Council” means the City Council of the City, acting as the Legislative Body of CFD No. 2020-1, or its designee.

“County” means the County of San Diego, California.

“Density” means the maximum number of dwelling units permitted per acre, including streets within the development, excluding all ultimate circulation element street rights-of-way, adjustments for floodways as defined by the Federal Emergency Management Agency (FEMA) or the City, slope categories, and other environmental factors as designated in each land use category and/or open space/ conservation element. All as further defined within the City’s General Plan adopted May 2012 per Resolution 2012-52, as amended from time-to-time. Density shall be determined by the CFD Administrator prior to annexation.

“Developed Property” means, for each Fiscal Year, all Taxable Property for which a Building Permit for new construction was issued prior to March 1st of the prior Fiscal Year.

“Dwelling Unit” or “DU” means, as defined in the City of Escondido Municipal Code 32.102 and amended from time to time, each residential unit, without regard to the square footage of the Dwelling Unit, including but not limited to an individual single-family detached Dwelling Unit, small lot single-family Dwelling Unit, townhome, condominium, apartment, or other such residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure that comprises an independent facility capable of conveyance or rental separate from the primary Dwelling Unit(s). Dwelling Unit does not include an attached or detached accessory dwelling unit, as defined in the Section 33-8 of the Escondido Zoning Code, as amended from time-to-time.

“Exempt Property” means all Assessor’s Parcels designated as being exempt from Special Taxes pursuant to Section D.

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

“Index” means the Consumer Price Index as published by the United State Department of Labor, titled “CPI for All Urban Consumers.” Further defined with the Series Title, “All items in San Diego – Carlsbad, CA, all urban consumers, not seasonally adjusted”. If this Index is no longer available, an alternative comparable Index will be chosen by the CFD Administrator.

“Land Use Category” means any of the categories listed in Section C, Table 1 which resulted from the initial analysis of the impacts from new Dwelling Units for providing Services and Appendix A, as to the initial property within CFD No. 2020-1, which may be updated from time to time as annexations occur.

“Maximum Special Tax” means for each Assessor’s Parcel and each Fiscal Year, the Maximum Special Tax, determined in accordance with Section C, below, that may be levied on such Assessor’s Parcel in such Fiscal Year.

“Non-Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit was issued for any type of non-residential use.

“Proportionately” means for Taxable Property, that the ratio of actual Special Tax levy to the Maximum Special Tax rate is equal for all applicable Assessor’s Parcels within the Zone.

“Rate and Method of Apportionment” means the “Rate and Method of Appointment of Special Taxes for Community Facilities District No. 2020-1 of the City of Escondido.”

“Residential Property” means all Assessor’s Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more Dwelling Units.

“Services” means services authorized to be funded by CFD No. 2020-1.

“Special Tax(es)” means the Special Tax authorized to be levied in each Fiscal Year on each Assessor’s Parcel of Taxable Property within the boundaries of CFD No. 2020-1 in accordance with this Rate and Method of Apportionment.

“Special Tax Requirement” means, subject to the Maximum Special Tax, that amount to be collected in any Fiscal Year to pay for the Services as otherwise required to meet the needs of CFD No. 2020-1. The Special Tax Requirement include the costs for (1) the Services, and (2) Administrative Expenses, less (3) a credit for funds available to reduce the Special Tax levy, if any, as determined by the CFD Administrator.

“State” means the State of California.

“Taxable Property” means all of the Assessor’s Parcels within the boundaries of CFD No. 2020-1 which are not exempt from the Special Tax pursuant to law or Section D below.

“Undeveloped Property” means, for each Fiscal Year, all Assessor’s Parcels, or portions thereof, of Taxable Property not classified as Developed Property.

“Zone” means a mutually exclusive geographic area or areas, within which particular Special Tax rates may be levied pursuant to this Rate and Method of Apportionment. The initial Zone of CFD No. 2020-1 is identified as Zone 2020-1. Additional Zones may be created when property is annexed into CFD No. 2020-1.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, beginning with Fiscal Year 2020-21, all property within CFD No. 2020-1 shall be classified as Taxable Property or Exempt Property. Each Assessor Parcel of Taxable Property shall be further classified as Developed Property or Undeveloped Property and shall be subject to Special Taxes in accordance with this Rate and Method of Apportionment determined pursuant to Section C below. Assessor’s Parcels of Taxable Developed Property shall further be classified into Land Use Categories.

C. MAXIMUM SPECIAL TAX

An Assessor’s Parcel may contain more than one Land Use Category. The Maximum Special Tax which may be levied on an Assessor’s Parcel shall be the sum of the Maximum Special Tax that can be imposed based on each Land Use Category applicable to such Assessor’s Parcel.

1. Developed Property

a. Maximum Special Tax

Each Fiscal Year, each Assessor’s Parcel of Developed Property shall be subject to the Maximum Special Tax. The Maximum Special Tax applicable for Developed Taxable Property within Zone 2020-1 was determined through the application of Table 1, and is as shown in Appendix A. Appendix A will be updated at the time of each annexation to reflect the Land Use Categories and applicable Maximum Special Taxes for each annexed Zone or by areas within each annexed Zone.

The Maximum Special Tax for Fiscal Year 2020-2021 applicable to an Assessor’s Parcel of Developed Property shall be determined using Table 1 below.

TABLE 1
Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit*
Fiscal Year 2020-2021

Land Use Category	Density	Unit	Special Tax Per Unit
1	Less than 5.5 DU/Acre	DU	\$536.00
2	5.5 to less than 18 DU/Acre	DU	\$743.00
3	18.0 to less than 30 DU/Acre	DU	\$725.00
4	30 DU/Acre or Greater	DU	\$783.00

* The analysis performed to establish the Special Tax per DU shown above only considered the impacts from property within the current City boundary.

b. Escalation

Each July 1st, commencing July 1, 2021, the Maximum Special Taxes shall increase annually by the greater of the annual percentage change in the Index or two percent (2%) from the amount established in the prior Fiscal Year.

2. Undeveloped Property

No Special Tax shall be levied on Undeveloped Property.

D. EXEMPT PROPERTY

The CFD Administrator shall classify as Exempt Property within the boundaries of CFD No. 2020-1: (1) Any Assessor's Parcel that is owned or irrevocably dedicated to the State of California, Federal or other local governments, including school districts, (2) Assessor's Parcels which are owned by or irrevocably dedicated to a homeowners association, or (3) Assessor's Parcels with other types of public uses determined by the CFD Administrator.

E. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2020-2021 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement for such Fiscal Year and shall levy the Special Tax Proportionately on each Assessor's Parcels of Developed Property up to 100% of the applicable Maximum Special Tax to satisfy the Special Tax Requirement.

F. PREPAYMENT OF SPECIAL TAX

No prepayments of the Special Tax are permitted.

G. APPEALS AND INTERPRETATIONS

Any property owner claiming that the amount or application of the Special Tax is not correct may file a written notice of appeal with the CFD Administrator. The written notice of appeal must be filed within the same Fiscal Year as having paid the first installment of the Special Tax that is disputed and the property owner must be current and remain current in the payment of all Special Tax levied on or before the payment date.

The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and rule on the appeal. If the CFD Administrator's decision requires that the Special Tax for an Assessor's Parcel be modified or changed in favor of the property owner, an adjustment shall be made to the Annual Special Tax on that Assessor's Parcel in the subsequent Fiscal Year(s) and a refund, as described, shall be made representing the amount of the adjustment for only the most recent Fiscal Year. The CFD Administrator shall determine if funds are available to provide such refund or, if funds are not available in the sole discretion of the CFD Administrator to provide a cash refund, a credit to the levy of Special Tax in one or more subsequent Fiscal Years shall be made in the same amount. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal actions by such property owner.

The CFD Administrator may interpret this Rate and Method of Apportionment for purposes of clarifying ambiguity and make determinations relative to the amount of Administrative Expenses.

H. MANNER OF COLLECTION

The Special Tax will be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2020-1 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, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

I. TERM OF THE SPECIAL TAX

For each Fiscal Year, the Special Tax shall be levied in perpetuity as long as the Services are being provided.

J. FUTURE ANNEXATIONS

It is anticipated that additional properties will be annexed into CFD No. 2020-1 from time to time. For Land Use Categories not included in the initial boundaries of CFD No. 2020-1, a study and report describing the Services to be provided to such properties and the estimated

cost of such Services shall be provided to the City Council as the legislative body of the CFD No. 2020-1 in accordance with Section 53321.5 of the Mello-Roos Act. Based on this analysis, the property to be annexed, pursuant to California Government Code section 53339 et. seq. will be assigned an appropriate Maximum Special Tax rate for the Zone or areas within the Zone by Land Use Category as provided herein or as defined and detailed when annexed and included in Appendix A.

ATTACHMENT 1

**FOR COMMUNITY FACILITIES DISTRICT NO. 2020-1
OF THE CITY OF ESCONDIDO (SERVICES)
(ANNEXATION NO. 7 ZONE 2020-7)**

MAXIMUM SPECIAL TAXES ASSIGNED

Maximum Special Tax Rates
for Developed Residential Property per Dwelling Unit
Fiscal Year 2022-2023

Zone	Land Use Category	Density	Assessor Parcel No(s).	Unit	Annual Special Tax Per Unit*
2020-7	3	18 to less than 30 DU/Acre	238-130-35-00 238-130-36-00	DU	\$778.01

Increases in the Maximum Special Tax:

*On each July 1, commencing July 1, 2021, the Maximum Special Tax shall be increased by the greater of the annual percentage change in the Index or 2%.