

**RESOLUTION NO. 19-009**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON ACTING  
IN ITS CAPACITY AS THE LEGISLATIVE BODY OF THE CITY OF CARSON  
COMMUNITY FACILITIES DISTRICT NO. 2018-01 (MAINTENANCE AND  
SERVICES) APPROVING ADMINISTRATIVE ANNEXATION PROCEDURES  
FOR FUTURE PROPERTIES WITHIN THE FUTURE ANNEXATION AREA BY  
UNANIMOUS APPROVAL AND ADOPTING THE CITY-WIDE TAX RATES**

**WHEREAS**, on September 18, 2018, the City Council of the City of Carson ("the "City") adopted Resolution No. 18-083 (the "Resolution of Intention"), stating its intention to form City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) (the "CFD") and Future Voluntary Annexation Area (the "Future Annexation Area") pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing with Section 53311, of the California Government Code (the "Act"); and

**WHEREAS**, the Resolution of Intention, incorporating a map of the proposed boundaries of the CFD and Future Annexation Area, and stating the services to be provided, and the rate and method of apportionment of the special tax to be levied within the CFD to pay for the services, is on file with the City Clerk and the provisions of the Resolution of Intention are incorporated herein by this reference as if fully set forth herein; and

**WHEREAS**, the Resolution of Intention called for a public hearing on November 7, 2018 as required by the Act relative to the proposed formation of the CFD and the Future Annexation Area; and

**WHEREAS**, at the hearing, all interested persons desiring to be heard on all matters pertaining to the formation of the CFD and Future Annexation Area, the services to be provided therein and the levy of such special tax were heard and a full and fair hearing was held; and

**WHEREAS**, no written protests were filed with the City Clerk by 50% or more of the registered voters residing within the territory of the CFD or Future Annexation Area, or property owners that own one-half or more of the area of land within the CFD or Future Annexation Area, and not exempt from the proposed special taxes; and

**WHEREAS**, on November 7, 2018, the City Council adopted Resolution No. 18-119 (the "Resolution of Formation"), which is on file with the City Clerk and the provisions of the Resolution of Formation are incorporated herein by this reference, that ordered the formation of the CFD, defined the public services (the "Services") to be provided by the CFD, authorized the levy of a special tax on property within the CFD, preliminarily established an appropriations limit for the CFD, and approved future qualifying projects the ability to voluntarily annex into the Future Annexation Area, all pursuant to the Act; and

**WHEREAS**, on November 7, 2018, the City Council adopted Resolution No. 18-120 that called a special election for November 7, 2018, at which the questions of levying a special tax and establishing an appropriations limit with respect to the CFD were submitted to the qualified electors within the CFD; and

**WHEREAS**, on November 7, the City Council adopted Resolution No. 18-121, that declared the results of the special election and finding that more than two-thirds (2/3) of all votes cast at the special election were in favor of the issue presented, and such measure passed; and

**WHEREAS**, on November 13, 2018 a notice of special tax lien was recorded with the Office of the County Recorder of the County of Los Angeles, as Document No. 20181142886 (the "Notice of Special Tax Lien"), thereby giving notice that the lien to secure payment of the special tax was imposed on the land in the CFD; and

**WHEREAS**, the Resolution of Formation specified that the Future Annexation Area is voluntary and the intent is to allow future qualifying projects the opportunity to annex; and

**WHEREAS**, the Council wishes to reiterate that voluntary annexation in to the CFD is one option to mitigate the fiscal impacts, and that applicants may continue to elect other alternatives to satisfy those fiscal impacts, such as an up-front one-time payment; and

**WHEREAS**, the territories of the CFD and Future Annexation Area are set forth in the map of the CFD heretofore recorded on September 20, 2018 in the Los Angeles County Recorder's Office at Book 194 of Maps of Assessment and Community Facilities Districts at Pages 88 and 89, to which map is incorporated herein by this reference; and

**WHEREAS**, public convenience and necessity require that the future territories within the Future Annexation Area be added to the CFD when certain procedural requirements are met (the "Annexation Approval Procedure"); and

**WHEREAS**, pursuant to the rate and method of apportionment, on file with the City Clerk and which was attached to the Resolution of Intention, territories within the Future Annexation Area may be part of different tax zones based on their project impacts on Services or other relevant information; and

**WHEREAS**, the City has caused to be prepared a fiscal impact analysis report entitled Fiscal Impact Analysis for Citywide Future Development dated February, 2019 prepared by NBS Government Financial Group, which is attached hereto as Exhibit A and incorporated herein by this reference (the "Report") presented herewith and by this reference incorporated herein delineating the fiscal impacts of certain projects, including residential, commercial and industrial on services within the City; and

**WHEREAS**, the Report describes the fiscal impacts of new development on services within the city based on the residential, industrial or commercial population, including certain enhanced services for parks, sidewalks, and roadways; and

**WHEREAS**, the Report makes recommendations on proposed CFD tax rates for new development within the City to the extent of these impacts to cover the additional costs of the Services, including certain enhanced services; and

**WHEREAS**, the City desires to use these taxes as the basis of a standardized tax to be applied within the Future Annexation Area with respect to projects creating such impacts on the Services; and



**WHEREAS**, other projects, which in addition to such fiscal impacts, may provide even additional burdens on Services may warrant an additional tax may be delineated in an additional tax zone or alternative tax zone or district approved by the City Council; and

**WHEREAS**, Due to an influx of new development projects, including, 1,470 multiple family dwelling units; 810,000 square feet of commercial; 68,360 square feet of office; 1,073,280 square feet of industrial/business park; 2,187 truck yard spaces; 247 hotel rooms; 599,000 square feet of recreational development and 300 dormitory rooms in the next few years, the City must consider strategies for maintaining and improving current services in response to incoming developments that reflect economic growth but also place demands on City services. Without a CFD, the City will not be able to sustain its existing level of services due to the fact that Carson is a very low property tax city, meaning it had no local property rate in the three years preceding the adoption of Prop. 12 in 1978, and therefore, has a permanently small share of the 1% property tax allowed by Prop. 13 as compared to other cities (6.75%); the City's assessed property values have not increased at the same rate as neighboring cities in part due to the heavy industrial presence in the City of petroleum and other industrial and manufacturing uses, resulting in slower property tax revenue growth; Carson also has one of, if not the lowest, utility users tax in the region with a sunset clause; prior to the 1950s the County of Los Angeles allowed cities to incorporate as full property tax cities; Carson incorporated in 1968 and was required to accept low property tax status in order for the County to agree to city formation. Although, many cities use property and utility user's taxes to fund City services, the low tax property tax and low utility user's tax rates in Carson amplify the City's fiscal challenges; and while Carson was long able to rely on redevelopment revenues to fund capital costs in the City, the State's decision to terminate redevelopment, has stripped the City of those revenues.

**WHEREAS**, the City Council desires to harmonize the estimated benefits of the CFD and disclose the potential special taxes that will be imposed for certain land use categories of projects within the Future Annexation Area; and

**WHEREAS**, in connection therewith, the City desires to establish a "Tax Zone No. 4" which would apply to qualifying projects, located within the Future Annexation Area, that meet the requirements for certain land uses, which are further described in Exhibit "B" hereto; and

**WHEREAS**, the City Council now wishes to approve the administrative procedures to allow City staff to process and approve future annexations of property within the Future Annexation Area into the city-wide CFD in accordance with the simplified process for annexations under Sections 53328.1, 53339.7 and 53339.8 of the Act, which sections permit annexation to the CFD with the unanimous written consent of the property owners of parcels of property within the Future Annexation Area; and

**WHEREAS**, the City Council also desires to state which projects will be accepted for future annexations in the city-wide CFD.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, ACTING AS LEGISLATIVE BODY OF THE CITY OF CARSON COMMUNITY FACILITIES DISTRICT NO. 2018-01 (MAINTENANCE AND SERVICES) DOES HEREBY RESOLVE AS FOLLOWS:**

1. **Recitals.** The City Council finds and determines that all the foregoing recitals are true and correct and incorporated herein.



2. **Qualifying Projects.** The City Council hereby finds and determines that only certain projects shall qualify as projects to be annexed into the CFD: (i) projects that will, or have, received exceptions to the moratorium concerning the establishment, expansion, or modification of logistics facilities (Interim Urgency Ordinance No. 17-1615U, extended by Interim Urgency Ordinance Nos. 17-1618U and 18-1805U) (ii) new construction or significant demolition (in relationship to project site) and redevelopment of residential projects with five (5) dwelling units or more, (iii) new construction or significant (in relationship to project site) demolition and redevelopment of industrial projects, and (iv) building additions (industrial) that increase total on-site building footprint by at least 100% or more. Senior housing and affordable housing projects shall not qualify as projects to be annexed into the CFD.

3. **City-Wide Fiscal Impact Analysis.** The City Council hereby finds and approves the determinations, including the recommended fiscal impact rates by land use categories, made within the Report, which the Report describes in detail the fiscal impacts, information and tax liability of future projects by land use categories within the Future Annexation Area. The Report describes the maximum special tax rate for each category of project annexed in to the CFD at a level to ensure that the amounts levied on such parcel or parcels is sufficient to pay their respective share of the costs of Services to be provided. Said level of CFD services and special tax rates identified within the Report are for additional and enhanced services required to meet the increased demand and service level standards on existing City services. These additional services do not supplant services already available within the City.

4. **City-Wide Tax Zone No. 4.** The City Council hereby approves of the Rate and Method of Apportionment applicable to City-Wide Tax Zone No. 4 which is based on the tax rates and impacts described in the Report and attached hereto as Exhibit "B" and incorporated herein. The City has determined to adopt lower rates in Tax Zone No. 4 than those described in the Report.

5. **Annexation Approval Procedure.** The City Council hereby determines that from time to time, parcel or parcels within the Future Annexation Area may be annexed to the CFD with the unanimous approval (each, a "Unanimous Approval") of the owner or owners of each parcel or parcels at the time that parcel(s) are annexed, and in accordance with the Annexation Approval Procedure described herein, however, the designation of property as in the Future Annexation Area and the ability to annex property to the CFD based on Unanimous Approval shall not limit, in any way, the annexation of property in the Future Annexation Area pursuant to other provisions of the Act:

The annexation and related matters described in the Unanimous Approval shall be implemented and completed by officers, staff, and administration of the City without the need for the approval of City Council as long as the following conditions are met:

(i) The improvements on the subject parcel or parcels of land within the Future Annexation Area (the "Property") qualify as a Qualifying Project subject to annexation into the CFD;

(ii) The owner or owners (the "Property Owner") of the Property to be annexed into the CFD, or in certain occasions the developer or alternate person with authority to act on behalf of the Property Owner (the "Alternate Person"), shall file the appropriate application and pay the required fees, subject to the review and approval of the Community Development Department. To the extent the Alternate Person files the necessary applications, the Alternate Person shall cause or inform the Property Owner of the requirements to annex into the CFD or take the necessary alternative actions to mitigate their negative fiscal impact in accordance with these requirements.;



(iii) The rate and method of apportionment of special tax for the Property shall be the tax specified in Tax Zone No. 4, as adjusted annually pursuant to the RMA and in substantially the form attached as Exhibit "B" hereto and incorporated herein by this reference;

(iv) The Property's impact from the Qualifying Project shall qualify for and be consistent with the maximum special tax rates contained in the Report; unless the project imposes additional burdens on City services warranting an additional tax that may be delineated in the rate and method of apportionment as an additional and separate tax zone or alternative tax zone approved by the City Council;

(v) The Property Owner shall submit a Unanimous Approval in substantially the form attached as Exhibit "C" hereto and incorporated herein by this reference by the earlier of the timeline specified under Project's Conditions of Approval or prior to issuance of any permits. The Property shall be annexed into the CFD and categorized within the appropriate land use as identified in Tax Zone No. 4 of the rate and method of apportionment. The City Council hereby finds that the Property Owner's written Unanimous Approval is equivalent to an election pursuant to Government Code Section 53339.7(a) of the Act. The Property shall be added to and part of the existing CFD with full legal effect, and the City staff shall do any and all things to levy any special tax within the annexed territory as specified in any Ordinance adopted with respect with respect to the Property, as specified in the Resolution of Intention to annex adopted pursuant to Section 53339.2, and as specified in the Ordinance adopted pursuant to Government Code Section 53340. Each annexation shall be deemed effective upon execution of the Unanimous Approval.

(vi) The supplemental map of the CFD shall be prepared by a special consultant retained by the City and paid for by the Property Owner submitting the Unanimous Approval. The supplemental map shall be entitled "*Annexation Map No. \_\_\_ of City of Carson Community Facilities District No. 2018-1 (Maintenance and Services)*," which shall be on file with the City Clerk, and shall be added to and part of the CFD with full effect. The City Clerk, or designee, shall endorse the certificates set forth on the map and shall record the map in accordance with the provisions of Sections 3111, 3113 and 3113.5 of the Streets and Highways Code of the State of California. Each annexation shall be numbered sequentially based on date annexed, if practical.

(vii) Upon meeting the conditions above, the City Clerk, or designee, shall complete, execute and cause to be recorded in the office of County Recorder of the County of Los Angeles, an amendment to the Notice of Special Tax Lien, in accordance with the provisions of Sections 3114.5 and 3117.5 of California Streets and Highways Code of the State of California within fifteen (15) days of the acceptance of the fully executed and completed Unanimous Approval and any and all applicable fees, evidencing that the Property is added to the CFD. The amended Notice of Special Tax Lien shall be in substantially the form attached as Exhibit "D" hereto and incorporated herein by this reference.

**6. Approval by City Council.** For any annexations of property that do not meet the requirements of or substantially differ from the Annexation Approval Procedures in Section 5 of this Resolution shall require the review, consideration, and approval of the City Council to legally effectuate the annexation. Reasons for such differences may include but are not limited to, additional impacts, large projects or other unique considerations affecting such projects.

**7. Report's Recommended Approach.** The City Council hereby finds and determines that the recommendation for future projects to annex into the CFD is one of many financing options that

future project applicants may use to mitigate the overall negative fiscal impact identified. Although annexation into the CFD is the most practical approach to mitigate the negative fiscal impacts, project applicants may be able to use alternative financing approaches in lieu of annexing into the CFD subject to the review and approval of the City Council.

**8. Administrative Regulations.** The City Manager is hereby authorized to adopt rules and regulations consistent with this Resolution as needed to implement this Resolution, subject to the review and approval of the Office of the City Attorney, and to develop all related forms and/or materials and take other steps needed to implement this Resolution, and make such interpretations of this Resolution as he or she may consider necessary to achieve the purposes of this Resolution.

**9. Effective Date.** The City Clerk, or designee, shall certify the adoption of this Resolution. This Resolution shall take effect upon its adoption.

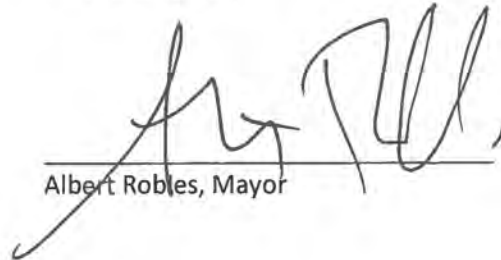
**PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Carson at a regular meeting held on the 2<sup>nd</sup> day of April, 2019

[Signatures on Following Page]

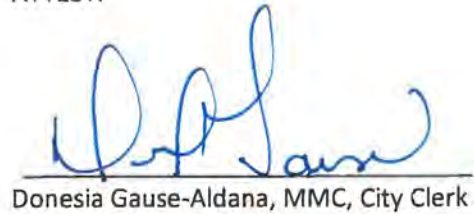
APPROVED AS TO FORM:

  
Sunny K. Soltani, City Attorney

CITY OF CARSON:

  
Albert Robles, Mayor

ATTEST:

  
Donesia Gause-Aldana, MMC, City Clerk

STATE OF CALIFORNIA       )  
COUNTY OF LOS ANGELES   ) ss.  
CITY OF CARSON             )

I, Donesia Gause-Aldana, City Clerk of the City of Carson, California, hereby attest to and certify that the foregoing resolution, being Resolution No. 19-009, adopted by the City of Carson City Council at its meeting held on April 2, 2019, by the following vote:

AYES:           COUNCIL MEMBERS: Robles, Davis-Holmes, Hicks  
NOES:           COUNCIL MEMBERS: Hilton, Dear  
ABSTAIN:       COUNCIL MEMBERS: None  
ABSENT:        COUNCIL MEMBERS: None

  
Donesia Gause-Aldana, MMC, City Clerk



**EXHIBIT "A"**

**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**FISCAL IMPACT ANALYSIS**

## **CITY OF CARSON**

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*Report For:*

**Fiscal Impact Analysis for**  
**Citywide Future Development**  
**March 2019**

Prepared by:



**RESOLUTION NO. 19-009 (Exhibit A)**  
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Temecula, CA 92592  
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## SECTION 1 | INTRODUCTION

The City of Carson ("City") is undertaking a comprehensive review of the net fiscal impact that would be placed upon the City based upon the potential future development or redevelopment throughout the City. To summarize, our review of the anticipated revenues, which will be generated from future development, as compared with the additional costs the City will incur to provide recurring public services, future residential development produces an overall negative fiscal impact and future non-residential development produces an overall positive fiscal impact for the City. To off-set the negative fiscal impacts produced from future residential development, the City should explore establishing a funding source to mitigate those negative fiscal impacts. Further, the established funding source could also pay for additional, enhanced levels of service needed from future residential and non-residential development.

This fiscal impact report will provide a background of the project, financial information, and recommended actions for the City's consideration. To accomplish this objective, the report includes the following information:

- **Background information.** The introductory portion of the report focuses on the City, as well as the public services and operations under review. Existing and future development information is also addressed in this section.
- **Revenues.** This section of the report identifies the various revenue sources and the potential recurring revenues produced from future development, given certain reasonable assumptions.
- **Expenditures.** The expenditure section of the report identifies the estimated recurring cost burden placed upon City operations as a result of future development.
- **Fiscal Impact.** Using future development's identified revenues and expenditures, this section of the report identifies the overall fiscal impact to City operations resulting from future development. Fiscal impacts are addressed on a land use basis in both aggregate and using a per unit factor. Depending on the objectives of the analysis, the per unit factor may be on a per person served, per dwelling unit, per parcel, and/or per acre basis.
- **Recommendations.** Finally, the report concludes with a summary of findings and recommendations for the City's consideration.

## SECTION 2 | BACKGROUND

New development can provide a significant benefit to a public agency. As part of the overall decision-making process to move forward with a proposed development project, it is important to evaluate the contributions and demands that development will place upon a public agency's general fund. In this particular instance, the City needs to determine and ensure that developing and redeveloping property, throughout the City, pays their fair share of any additional fiscal burdens placed upon the City's operational budget as a result of future development and redevelopment. To determine the potential positive or negative fiscal impacts placed upon the City from the proposed future development or redevelopment, this fiscal impact analysis is designed to quantify the approximate cost of services provided by the City in order to serve the added population. This fiscal impact analysis assumes that future development will impact current City services in a similar manner that existing development within the City impacts those public services. Further, the analysis anticipates that the same level of public services that are currently provided throughout the City will also be provided to future development. Any enhanced level of public services desired or services not currently provided by the City that may be provided to future development is addressed separately in this fiscal analysis. Costs to provide any enhanced levels of service or the inclusion of new services to future development would be in addition to the costs identified in the fiscal impact analysis portion of the report.

To determine future development's overall fiscal impact, this fiscal analysis focuses on the estimated recurring revenue produced from future development compared to the increased demands placed upon the City's recurring operational budget. Revenue estimates for this fiscal analysis do not include one-time development impact fees that are paid to offset additional burdens placed upon public infrastructure or economic impacts generated from the construction of future infrastructure. Similarly, the expenditure side of the analysis may exclude certain government transfers or capital allocations directed towards public infrastructure.

### Analysis Methodology

The revenue portion of the fiscal impact analysis focuses on various taxes, fees, and other City revenues. The expenditures portion of the fiscal impact analysis includes general government activities, public safety protection, community development, and other recurring City expenditures.

There are several industry-accepted methods for allocating the public agency's revenues and expenditures to future development. This analysis largely focuses on two industry standard approaches: the case study approach and the multiplier approach. Both of the approaches are summarized below.

### CASE STUDY APPROACH

When data used in a fiscal impact analysis is specific to the analysis itself and is not dependent upon industry accepted generalized multipliers such as the number of residents, employees, etc., the case study approach is utilized. The case study approach relies on development-specific data to estimate the fiscal impacts of the proposed development of a project. Data used in the case study approach may include assessed valuations, property turnover rates, residential and employee populations, household incomes, estimated sales, and retail expenditures.



## MULTIPLIER APPROACH

The multiplier approach is used in a fiscal impact analysis when the relationship of the revenues or expenditures generated from the proposed project are difficult to measure. This approach anticipates that certain revenues and expenditures are indicators of future anticipated revenues and expenditures, which can be quantified based upon changes in the number of persons served. To apply this approach, the analysis determines an average revenue or expenditure amount on a per person served basis. Depending on the type of revenue or expenditure, the person served can include a resident, employee, or combination of both.

### Current City Persons Served

In order to best utilize the multiplier approach in the fiscal impact analysis, and to allocate applicable revenues and expenditures, City population information is needed. In this particular instance, the City's existing residential and employee population figures need to be identified.

### CURRENT RESIDENTIAL AND EMPLOYEE POPULATION

Current City population data used in this fiscal impact analysis was obtained from the 2017 Local Profiles Report prepared by the Southern California Association of Governments<sup>1</sup> ("SCAG Profile Report"). According to the SCAG Profile Report, the City's 2016 total residential population was 93,799 residents and the City's total employee population was 60,804 employees.

**TABLE 1. CURRENT RESIDENTIAL AND EMPLOYEE POPULATION**

Description	Current Population
Current Residential Population	93,799
Current Employee Population	60,804

### CURRENT PERSONS SERVED

Using the residential and employee population estimates provided above, the total number of persons currently served within the City can be determined. When establishing the total number of persons served within an area, it should be noted that the employee population does not have the same impacts that the residential population has on an agency's public services. While the exact service demand relationship between an employee and a resident is often difficult to measure, a relationship of one-half employee to one resident is common fiscal practice. This 50% employee adjustment suggests that a resident will have twice the demand on a public agency's revenues and services than that of an employee. Applying this 50% adjustment to the City's existing employee population base, the total number of persons served within the City is provided in the table on the following page.

<sup>1</sup> Footnote: Profile of the City of Carson, Local Profiles Report 2017, Southern California Association of Governments, May 2017.

**TABLE 2. CURRENT PERSONS SERVED**

Residential Population Served	Employee Population Served(1)	Current Persons Served
93,799	30,402	124,201

(1) Adjusted to reflect 50% of the total employee population of 60,804.

Based upon the City's residential population and adjusted employee population, the total number of persons currently served within the City is 124,201 persons.

### Future City Development

The City is located in the central portion of southern Los Angeles County, commonly known as the South Bay region. The City is about ten miles south of downtown Los Angeles and three miles north of the Ports of Los Angeles and Long Beach. While the City is mostly developed, opportunities for development and redevelopment still exist throughout the City. According to the January 2018 Carson 2040 Existing Conditions Report<sup>2</sup> ("Existing Conditions Report"), the largest land use within the City is designated as industrial. The City's industrial land uses include warehousing, manufacturing, refineries, and storage activities. The next largest land use identified within the City is residential, and there are several residential development projects that are either approved, under construction, or under review.

As part of the Existing Conditions Report, many opportunity sites have been identified as having the potential for future land use or intensity changes. These opportunity sites were identified by mapping vacant and underutilized land throughout the City. Underutilized land was identified by using Los Angeles County Assessor's data. Data was reviewed to identify parcels with low assessed value ratios, where the improvement value was compared to the parcel's land value. An assessed value ratio of less than 0.5 indicated a greater potential for future redevelopment. In addition to low assessed value ratios, sites with low building intensity were identified. Low intensity sites are those sites where the ratio of the building floor area to overall site area have a floor area ratio of 0.3 or less. Based on the research, the City identified approximately 1,830 acres of vacant land and underutilized land, and 1,180 acres of development with a low floor area ratio. It should be noted that there are sites that are classified as both underutilized land and low floor area ratios.

### FUTURE RESIDENTIAL AND EMPLOYEE POPULATION

The Southern California Association of Governments estimates that by 2040 the City's total residential population will increase to approximately 107,900 residents and the total employee population will increase to 69,700 employees<sup>3</sup>.

**TABLE 3. FUTURE RESIDENTIAL AND EMPLOYEE POPULATION**

Description	Future Population
2040 Estimated Residential Population	107,900
2040 Estimated Employee Population	69,700

<sup>2</sup> Footnote: Carson 2040, Existing Conditions Report, Volume 1: Chapters 1-4, Dyett & Bhatia, January 2018.

<sup>3</sup> Footnote: Demographics & Growth Forecast, Southern California Association of Governments, Draft December 2015.



## FUTURE DEVELOPMENT POPULATION CHANGE

To allocate and assign certain revenue and cost estimates to future development within the City, the future service population needs to be established. Using the current and future population information from Tables 1 and 3 above, the total number of additional persons served can be calculated. As previously noted, to account for the reduced revenue and service demands of the employee population, a 50% adjustment is applied to the future employee population increase. Comparing current and future population figures and applying the employee adjustment, the total number of persons to be served from future development is quantified in the table below.

**TABLE 4. FUTURE DEVELOPMENT PERSONS SERVED**

Description	Current Population	Future Population	Future Development Persons Served
Residential Population	93,799	107,900	14,101
Employee Population(1)(2)	60,804	69,700	4,448
<b>Totals</b>	<b>154,603</b>	<b>177,600</b>	<b>18,549</b>

(1) Future development persons served represents 50% of the 8,896 employee population increase.

(2) Per Table 6, employees allocated 75% to industrial development and 25% to commercial development. Future development persons served of 4,448 is allocated at 3,336 employees to industrial development and 1,112 employees to commercial development.

Based upon the anticipated future residential and employee population estimates, future development will add 14,101 residents served and 4,448 employees served for a total increase of 18,549 persons served within the City.

## FUTURE DEVELOPMENT RESIDENTIAL DWELLING UNITS

To accommodate the City's estimated population increase, the additional number of residential dwelling units and non-residential building square footage to serve the population increase needs to be quantified. To determine the number of dwelling units needed to serve the future residential population, the average persons per household is applied to the future residential population. Based on future residential opportunities, the City has indicated that approximately 80% of future residential development will include residential units, consisting of studio/apartment type units, with approximately 2.00 persons per dwelling unit ("Res - Studio/Apt"). The other 20% of future residential development will include all other residential dwelling units with approximately 3.60 persons per dwelling unit ("Res - All Other"). Given the future residential development plans, the estimated total number of future residential dwelling units are calculated in the following table.

**TABLE 5. FUTURE RESIDENTIAL DWELLING UNITS**

Description	Res – All Other	Res – Studio/Apt
Future Residential Population(1)	2,820	11,281
Persons per Dwelling Unit(2)	3.60	2.00
<b>Total Future Residential Dwelling Units</b>	<b>783</b>	<b>5,641</b>

(1) The future population of 14,101 is allocated 20% to Res – All Other and 80% to Res – Studio/Apt.

(2) Per City estimates.

Based upon the estimated future residential population, the City will need 6,424 additional dwelling units to accommodate future residential growth.

#### **FUTURE DEVELOPMENT NON-RESIDENTIAL BUILDING SQUARE FOOTAGE**

It is estimated that 8,896 employees will be added to the City's existing employee base and additional building square footage will be needed to accommodate the future employee growth. The City's primary non-residential land use is comprised of industrial land uses, and it is anticipated that future non-residential growth will consist mostly of similar industrial land uses. However, the City has indicated that approximately 25% of future non-residential growth will include commercial development. Based on a buildout methodology study prepared for Los Angeles County,<sup>4</sup> the average median square footage per employee for the retail land use categories within Los Angeles County is approximately 950 square feet per employee and the median square footage per employee for the light industrial land use is approximately 1,000 square feet per employee. Allocating 25% of the future employees to the commercial land use category and 75% of the future employees to the industrial land use category, the total future building square footage can be determined.

**TABLE 6. FUTURE NON-RESIDENTIAL BUILDING SQUARE FOOTAGE**

Description	Commercial Land Use	Industrial Land Use
Future Employee Population(1)	2,224	6,672
Average Building Square Footage per Employee	950	1,000
<b>Total Future Non-Residential Building Square Footage</b>	<b>2,112,800</b>	<b>6,672,000</b>

(1) 8,896 employees allocated 25% to commercial and 75% to industrial.

Applying the estimated commercial and industrial land use allocation to the future employee population and the average employment density ratios for commercial and industrial land uses, the City will need approximately 8.8 million of non-residential building square feet to accommodate future employee growth within the City.

<sup>4</sup> Footnote: Buildout Methodology Final Draft, Department of Regional Planning/Placeworks, October 2, 2014.



## SECTION 3 | REVENUE ESTIMATE

To carry out the goals and objectives of the City-provided services, the City relies on revenue received from a variety of sources. City revenue sources include property tax revenue, property tax in lieu of vehicle license fees, sales tax revenue, revenue from additional taxes, fines, forfeitures, and other revenue sources. To determine the estimated total revenue generated from future development, the case study approach is predominantly used in this analysis. The multiplier approach is used to allocate certain types of revenue to future development when specific data needed to utilize the case study approach is not readily available.

### Property Tax Revenue

Under California law, non-exempt property pays an *ad valorem* property tax equal to 1% of the assessed value of the property. Any additional voter-approved taxes or assessments will result in a total property tax rate burden that can exceed 1% of the property's assessed value. The property tax revenue received from the 1% *ad valorem* property tax rate is then allocated to various overlapping public agencies based upon their authorized allocation for each tax rate area ("TRA"). The City is located within several TRAs and per the City's Fiscal Year 2018-2019 Budget, the City receives approximately 6.74% of the 1% *ad valorem* property tax revenue after shifts to the Education Revenue Augmentation Fund.

### RESIDENTIAL DEVELOPMENT PROPERTY TAX

Using median sales information for the City provided by Trulia.com and the average asking price for multi-family units prepared by LoopNet.com, the total assessed value for future residential development can be quantified. The reports indicated that the approximate value for studio/apartment type residential units is \$257,654 and \$530,000 for all other residential units. Applying this approximate value per unit information, the estimated value and secured property tax revenue for the future residential development is determined in the table below.

TABLE 7. RESIDENTIAL SECURED PROPERTY TAX REVENUE

Description	Res – All Other Amount	Res – Studio/Apt Amount
Median Sales Price per Dwelling Unit	\$530,000	\$257,654
Less: Homeowner's Exemption	(7,000)	(7,000)
Estimated Value per Residential Dwelling Unit	\$523,000	\$250,654
Number of Residential Dwelling Units(1)	783	5,641
Total Residential Estimated Value	\$409,509,000	\$1,413,939,214
1% Ad Valorem Property Tax	\$4,095,090	\$14,139,392
City Share of 1% Ad Valorem Property Tax	6.74%	6.74%
Residential Secured Property Tax Revenue	\$276,009	\$952,995

(1) Previously identified in Table 5.

Based on the approximate value for each residential unit type, the future residential development will generate approximately \$1,229,000 in total property tax revenue for the City.

## NON-RESIDENTIAL DEVELOPMENT PROPERTY TAX

Utilizing the non-residential building square footage calculated in Table 6, the estimated amount of property tax revenue generated from the future non-residential development can be determined. According to information obtained from LoopNet.com, the average Los Angeles County value price of retail development is \$285 per building square foot and based on information obtained from CBRE<sup>5</sup>, the development cost for industrial buildings within the Los Angeles area is approximately \$160 per building square foot. Based on this information, the non-residential property tax revenue is calculated in the table below.

**TABLE 8. NON-RESIDENTIAL SECURED PROPERTY TAX REVENUE**

Description	Commercial Amount	Industrial Amount
Estimated Value per Building Square Foot	\$285	\$160
Total Non-Residential Building Square Feet(1)	2,112,800	6,672,000
<b>Total Non-Residential Estimated Value</b>	<b>\$602,148,000</b>	<b>\$1,067,520,000</b>
1% <i>Ad Valorem</i> Property Tax	\$6,021,480	\$10,675,200
City Share of 1% <i>Ad Valorem</i> Property Tax	6.74%	6.74%
<b>Non-Residential Secured Property Tax Revenue</b>	<b>\$405,848</b>	<b>\$719,508</b>

(1) Previously identified in Table 6.

The non-residential portion of the City's future development is estimated to generate approximately \$1,125,000 in property tax revenue for the City. In total, the City's future development will generate approximately \$3,060,000 in property tax revenue, as shown in the following table.

**TABLE 9. FUTURE DEVELOPMENT SECURED PROPERTY TAX REVENUE**

Description	Amount
Residential Secured Property Tax Revenue	\$1,229,004
Non-Residential Secured Property Tax Revenue	1,125,356
<b>Secured Property Tax Revenue</b>	<b>\$2,354,360</b>

## Property Tax in Lieu of Vehicle License Fee ("VLF") Revenue

Property tax in lieu of VLF is revenue that the City receives in addition to the City's share of property tax revenues. In 2004, the California Legislature permanently reduced the VLF rate from two percent to 0.65% and compensated cities and counties for their revenue loss with a like amount of property taxes, dollar-for-dollar. A public agency's property tax in lieu of VLF revenue allocation changes in proportion to the growth or decline in the gross assessed valuation for that public agency. Therefore, to determine the anticipated amount of property tax in lieu of VLF to be generated from future development, a ratio of the budgeted property tax in lieu of VLF to the City's total secured assessed value is determined. Using information from

<sup>5</sup> Footnote: CBRE Analysis Finds that Industrial Rents Support Additional Warehouse Development, CBRE, June 5, 2018.



the City's Fiscal Year 2018-2019 Budget and the Los Angeles County Auditor's Value Report for Fiscal Year 2018-2019, the estimated property tax in lieu of VLF ratio is calculated below:

**TABLE 10. PROPERTY TAX IN LIEU OF VLF RATIO**

Description	Amount
2018-2019 Total City Secured Assessed Value	\$15,145,550,676
2018-2019 Budgeted Property Tax in Lieu of VLF	7,873,445
<b>Property Tax in Lieu of VLF Ratio</b>	<b>0.052%</b>

This property tax in lieu of VLF ratio can then be applied to the estimated values for residential and non-residential development presented in Tables 7 and 8 above to determine the amount of potential property tax in lieu of VLF generated from future development. Based on the total estimated value, future development will generate approximately \$1,816,000 in property tax in lieu of VLF revenue as shown below.

**TABLE 11. FUTURE DEVELOPMENT PROPERTY TAX IN LIEU OF VLF REVENUE**

Description	Res – All Other Amount	Res – Studio/Apt Amount	Commercial Amount	Industrial Amount
Estimated Value	\$409,509,000	\$1,413,939,214	\$602,148,000	\$1,067,520,000
Property Tax in Lieu of VLF Ratio	0.052%	0.052%	0.052%	0.052%
<b>Property Tax in Lieu of VLF Revenue</b>	<b>\$212,945</b>	<b>\$735,248</b>	<b>\$313,117</b>	<b>\$555,110</b>

### Documentary Transfer Tax

When property is sold, a documentary transfer tax is charged. The documentary transfer tax is charged at a rate of \$1.10 per \$1,000 of assessed value. This transfer tax is then split between the City and Los Angeles County. To determine the annual documentary transfer tax, the estimated property turnover rate must be considered. This analysis assumes that residential property will turnover approximately every 13 years<sup>6</sup>, which results in an annual turnover rate of about 8%. Non-residential land uses typically have minimal ownership turnover. However, to consider the potential for non-residential land use turnover, a conservative estimate of once every 20 years, or an annual turnover rate of 5%, is applied in this analysis. Based upon the estimated value of future development and the estimated annual turnover rates, the City's share of the documentary transfer tax is calculated in the table below.

<sup>6</sup> Footnote: Latest Calculations Show Average Buyer Expected to Stay in a Home 13 Years, Economic and Housing Policy, January 3, 2013.

**TABLE 12. FUTURE DEVELOPMENT DOCUMENTARY TRANSFER TAX**

<b>Description</b>	<b>Res – All Other Amount</b>	<b>Res – Studio/Apt Amount</b>	<b>Commercial Amount</b>	<b>Industrial Amount</b>
Total Estimated Value	\$409,509,000	\$1,413,939,214	\$602,148,000	\$1,067,520,000
Estimated Annual Turnover Rate	8%	8%	5%	5%
Annual Turnover Estimated Value	\$32,760,720	\$113,115,137	\$30,107,400	\$53,376,000
Annual Turnover Estimated Value / \$1,000	\$32,761	\$113,115	\$30,107	\$53,376
Documentary Transfer Tax Rate per \$1,000(1)	\$0.55	\$0.55	\$0.55	\$0.55
<b>Documentary Transfer Tax Revenue</b>	<b>\$18,019</b>	<b>\$62,213</b>	<b>\$16,559</b>	<b>\$29,357</b>

(1) The \$1.10 tax rate is split \$0.55 to Los Angeles County and \$0.55 to the City.

The documentary transfer tax will generate approximate \$126,000 in revenue from future development.

### **Sales Tax Revenue**

The base sales tax rate in California is 7.25%. Revenue generated from the base sale tax is then allocated to certain state and local jurisdictions, with the City receiving 1% of the base sales tax rate. As a result of voter-approved measures, the actual sales tax rate levied in the City is 9.50%. However, the incremental sales tax rate over the 7.25% base sales tax rate is collected and remitted to the County to be used for certain governmental purposes.

### **RESIDENTIAL DEVELOPMENT SALES TAX**

To determine the amount of potential sales tax revenue to be generated from the future residential population, the household income needs to be identified. Based on information obtained from the U.S. Census Bureau's American Community Survey<sup>7</sup>, the household income for 4-person households in the City is \$98,926 and the household income for 2-person households in the City is \$67,011. Prorating the 4-person household income information by the number of persons per dwelling unit for the Res – All Other residential category, the estimated household income for Res – All Other units is \$89,033 (based on 3.6 persons per dwelling unit. In addition, information from the State Board of Equalization noted that the approximate household spending for California taxable goods was 29.5%<sup>8</sup> of household income. Applying this household spending percentage to the future residential development, the total amount of potential sales tax revenue generated from future residential development can be calculated. However, it should be noted that 100% of the taxable sales will not occur within the City. A portion of a household's taxable sales will occur at establishments that are located outside of the City's limits. To determine the approximate amount sale tax revenue that the City may receive from the future residential population, the City has indicated that approximately 2/3rds of taxable sales will occur outside of the City. Therefore, only 33% of future taxable sales per household are anticipated to occur within the City.

<sup>7</sup> Footnote: U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates.

<sup>8</sup> Footnote: State Board of Equalization, *Economic Perspective, Discussion of Recent Economic Developments*, December 2016.



**TABLE 13. RESIDENTIAL SALES TAX REVENUE**

<b>Description</b>	<b>Res – All Other Amount</b>	<b>Res – Studio/Apt Amount</b>
Estimated Household Income	\$89,033	\$67,011
% of Household Income Spent on Taxable Goods	29.5%	29.5%
Taxable Sales per Household	\$26,265	\$19,768
Number of Future Households	783	5,641
Estimated % of Taxable Sales within City(1)	33%	33%
Residential Taxable Sales within City	\$6,786,613	\$36,798,725
City Sales Tax	1%	1%
<b>Residential Sales Tax Revenue</b>	<b>\$67,866</b>	<b>\$367,987</b>

(1) Estimated; subject to change.

The residential population from future development will generate almost \$436,000 in sales tax revenue for the City.

#### **NON-RESIDENTIAL DEVELOPMENT SALES TAX REVENUE**

The non-residential portion of future development will generate sales tax revenue from the taxable sales of the commercial development and the discretionary spending of the employees. It is anticipated that no retail activity is to occur upon the industrial land uses, therefore, there is no sales tax revenue anticipated from the industrial land use business operations.

To best estimate the potential sales tax revenue from future commercial development, an estimated \$325 taxable sales per square foot<sup>9</sup> is considered. The City has indicated that a portion of sales tax revenue from a significant future commercial development will be reinvested and the City will receive approximately half of the sales tax revenue. Specifically, new commercial development will primarily be concentrated to the 157 acre site owned by the Carson Reclamation Authority for the Fashion Outlet of Los Angeles project. Half of the sales tax revenue generated from this project will be reinvested into the development of the project. It is important to note that not all of the taxable sales generated from future development will be new taxable sales for the City. There will be a portion of future commercial development's taxable sales that will shift from a City's existing place of business to a future development's place of business. This shift in taxable sales from one of place of business to another place of business will not provide an overall increase in sales tax revenue from future development. Therefore, to account for the potential reinvestment of sales tax revenue into future commercial development and shifts in taxable sales from one point of sale to another point of sale within the City, an estimated 75% reduction to sales tax revenue generated from future commercial development has been applied. Applying this information to the taxable sales per square foot, the estimated sales tax revenue from future commercial development can be determined.

Further, a portion of the commercial sales tax revenue will occur from the future residential and employee population. The sales generated from future residential and employee populations have been quantified separately in this analysis.

<sup>9</sup> Footnote: Measuring Up Retail Benchmarking Survey, PwC Consulting, 2013

**TABLE 14. FUTURE COMMERCIAL SALES TAX REVENUE**

Description	Commercial Amount
Estimated Taxable Sales per Square Foot	\$325
Future Commercial Building Square Footage	2,112,800
Commercial Taxable Sales	\$686,660,000
Commercial Sales Tax Revenue(1)	\$6,866,600
Sales Tax Revenue Reduction(2)	75%
<b>Commercial Sales Tax Revenue</b>	<b>\$1,716,650</b>

(1) Commercial taxable sales multiplied by 1%.

(2) Estimated; subject to change. Reflects the reduction in sales tax revenue as a result of the shifts in taxable sales from one point of sale to another point of sale within the City and committed reinvestment of sales tax revenue into the 157 Acre Carson Reclamation Authority site for the Fashion Outlet Los Angeles project. Future residential and employee population sales tax revenue calculated separately from this analysis.

The International Council of Shopping Centers conducted a national survey<sup>10</sup> that evaluated the average spending habits of the workforce. The survey determined that the average employee within an urban market spends about \$5,780 per year on restaurants, goods and services, and personal care. This annual spending amount includes both taxable and non-taxable purchases. While personal spending habits are unique to each individual, this analysis assumes that approximately 50% of the employees annual spending will be on taxable purchases that will occur near their place of employment. Using this information, the estimated sales tax revenue generated from the future employee population is calculated in the table below.

**TABLE 15. EMPLOYEE SALES TAX REVENUE**

Description	Amount
Average Annual Taxable Spending per Employee	\$5,780
Number of Future Employees	8,896
Estimated % of Taxable Sales within City(1)	50%
Total Employee Taxable Sales within City	\$25,709,440
City Sales Tax	1%
<b>Employee Sales Tax Revenue</b>	<b>\$257,095</b>

(1) Estimated; subject to change.

Employees from future non-residential development will generate approximately \$257,000, or \$28.90 per employee, in sales tax revenue for the City. As previously noted in Table 6, an estimated 6,672 employees are allocated to industrial development and 2,224 employees are allocated to commercial development. Using these population figures, the employee sales tax revenue is allocated to each non-residential land use category below.

<sup>10</sup> Footnote: International Council of Shopping Centers, *Office-Worker Retail Spending in a Digital Age*, 2012.



**TABLE 16. ALLOCATED EMPLOYEE SALES TAX REVENUE**

Description	Commercial Amount	Industrial Amount
Number of Future Employees	2,224	6,672
Employee Sales Tax Revenue per Employee	\$28.90	\$28.90
<b>Employee Sales Tax Revenue</b>	<b>\$64,274</b>	<b>\$192,821</b>

**SALES TAX REVENUE SUMMARY**

The total sales tax revenue generated from future development is approximately \$2,410,000. The sales tax revenue amounts allocated to residential and non-residential future development are provided in the table below.

**TABLE 17. FUTURE DEVELOPMENT SALES TAX REVENUE**

Description	Amount
Residential Sales Tax Revenue	\$435,853
Commercial Sales Tax Revenue(1)	1,780,924
Industrial Sales Tax Revenue	192,821
<b>Future Development Sales Tax Revenue</b>	<b>\$2,409,598</b>

(1) Includes \$1,716,650 commercial development sales tax revenue and \$64,274 employee sales tax revenue.

**Other City Revenue**

The City also receives revenue from sources that were not previously quantified via the case study approach above. Other City revenues include additional taxes, fees, fines, penalties, property rentals, charges for services, and other revenues. For purposes of this fiscal impact analysis, revenues that are not allocated to future development include one-time building permits and planning fees, as well as taxes paid by specific entities such as the oil industry tax. Further, the City budgets approximately \$7,000,000 for the Utility Users Tax and this revenue would typically be considered in the calculation. However, the Utility Users Tax is set to expire on June 30, 2023 and is, therefore, excluded from the calculation. Additionally, the City also has temporary revenues from the Redevelopment Property Tax Trust Fund ("RPTTF") as part of the redevelopment dissolution process. The RPTTF funds are temporary and will eventually be eliminated, and are, therefore, also excluded from the calculation. Using general fund revenue information from the City's Fiscal Year 2018-2019 Budget, the table below presents the other City revenues to be allocated to future development.

**TABLE 18. OTHER CITY REVENUE**

<b>Description</b>	<b>City's 2018-2019 Budget Amount</b>
Business Tax	\$2,930,000
Other Licenses and Permits	908,250
Fines and Forfeitures	2,485,800
Franchise Fees	9,948,750
Use of Money and Property	2,411,820
Motor Vehicle License Fees	40,000
Charges for Services	3,562,800
Other Revenue	3,218,500
<b>Total Other City Revenue</b>	<b>\$25,505,920</b>

The overall impact that future development will have on the other City revenue sources is based upon the assumption that the current per capita revenue amounts will serve as the best indicator of the future per capita revenue amounts. Therefore, to best allocate these other City revenues to future development, the multiplier approach is utilized. Table 2 previously identified that the total numbers of persons currently served within the City is 124,201, of which the number of residents served is 93,799 and the number of employees served is 30,402. Using the number of persons served, the amount of other City revenue per person can be determined. The total other City revenue amounts, the total number of persons served, and the amount per person served are presented in the table below.

**TABLE 19. OTHER CITY REVENUE PER PERSON SERVED**

<b>Description</b>	<b>City's 2018-2019 Budget Amount</b>	<b>Persons Served</b>	<b>Amount per Person Served</b>
Business Tax	\$2,930,000	30,402(1)	\$96.38
Other Licenses and Permits	908,250	124,201	7.31
Fines and Forfeitures	2,485,800	124,201	20.01
Franchise Fees	9,948,750	124,201	80.10
Use of Money and Property	2,411,820	124,201	19.42
Motor Vehicle License Fees	40,000	124,201	0.32
Charges for Services	3,562,800	124,201	28.69
Other Revenue	3,218,500	124,201	25.91
<b>Totals</b>	<b>\$25,505,920</b>		<b>\$278.14</b>

(1) Based upon employees served only.

Since the City's business tax revenue is allocated to only the employees served, the total other City revenue amount allocated to each resident served is \$181.76 and the total other City revenue amount allocated to each employee served is \$278.14. In order to determine the amount of other City revenue allocated to future development, the other City revenue amount per person is multiplied by the number of future



persons served. As previously determined in Table 4, the total future development persons served is 18,549, which results in a total other City revenue amount of approximately \$3,800,000 as shown in the table below.

**TABLE 20. FUTURE DEVELOPMENT OTHER CITY REVENUE**

Description	Res – All Other Amount	Res – Studio/Apt Amount	Commercial Amount	Industrial Amount
Other City Revenue per Person Served	\$181.76	\$181.76	\$278.14	\$278.14
Future Development Persons Served	2,820	11,281	1,112	3,336
<b>Total Future Development Other City Revenue</b>	<b>\$512,563</b>	<b>\$2,050,435</b>	<b>\$309,292</b>	<b>\$927,875</b>

### Future Development Revenue Summary

The City's future development will generate revenue from several different sources that will enable the City to provide certain recurring City services. A portion of the anticipated future revenue was calculated based upon the case study approach and the remaining other City revenue was allocated to future development using the multiplier approach. A summary of the estimated City revenue generated from future development is presented in the table below.

**TABLE 21. FUTURE DEVELOPMENT TOTAL REVENUE**

Description	Res – All Other Total Revenue Amount	Res – Studio/Apt Total Revenue Amount	Commercial Total Revenue Amount	Industrial Total Revenue Amount
Secured Property Tax Revenue	\$276,009	\$952,995	\$405,848	\$719,508
Property Tax In Lieu of VLF Revenue	212,945	735,248	313,117	555,110
Documentary Transfer Tax Revenue	18,019	62,213	16,559	29,357
Sales Tax Revenue	67,866	367,987	1,780,924	192,821
Other City Revenue	512,563	2,050,435	309,292	927,875
<b>Total Future Development Revenue</b>	<b>\$1,087,402</b>	<b>\$4,168,878</b>	<b>\$2,825,740</b>	<b>\$2,424,671</b>

The City's future development is anticipated to generate approximately \$10,507,000 in revenue to support recurring City operations.

## SECTION 4 | EXPENDITURES ESTIMATE

The future development revenue identified in Section 3 of this report is intended to pay for recurring expenditures related to general City services. City General Fund expenditures that are not considered in this analysis include costs associated with infrastructure improvements, special fund expenditures, governmental transfers, and expenses supported by one-time development fees. For purposes of determining the overall fiscal impact of future development, the City expenditures allocated to future development are based upon amounts presented in the City's Fiscal Year 2018-2019 Budget.

Future development within the City will add several residents and employees to the City's existing population base. This residential and employee population increase will place additional demands on already existing services provided by the City. In order to account for the increased costs associated with the additional demand, City expenditures are allocated to future development using the multiplier approach. However, the increased impacts from future development will not necessarily result in a direct 1:1 relationship increase in City expenditures (i.e., there are some "step" functions). Some of the City's expenditures are fixed amounts or will have only minimal increases, regardless of the population served. Therefore, to account for a relationship that is less than 1:1, the City expenditures have been adjusted to reflect a conservative impact in expenditures as a result of future development. It should be recognized that the City expenditure adjustments are only estimates based upon industry averages and the nature of the future development. The original City's Fiscal Year 2018-2019 Budget amount, the demand adjustment percentage, and the adjusted City's Fiscal Year 2018-2019 Budget amount are presented below.

**TABLE 22. CITY EXPENDITURES SUMMARY**

Description	City's 2018-2019 Budget Amount	Demand Adjustment Percentage(1)	Adjusted City's 2018-2019 Budget Amount
City Council	\$927,549	75%	\$695,662
Legal	2,920,000	75%	2,190,000
City Clerk	1,112,767	75%	834,576
City Treasurer	788,874	75%	591,656
City Manager	4,351,107	75%	3,263,331
Public Safety	24,071,329	100%	24,071,329
Finance	4,085,693	75%	3,064,270
HR and Risk Management	2,597,877	75%	1,948,408
Community Development	7,496,259	75%	5,622,195
Public Works	16,444,543	75%	12,333,408
Community Services	13,234,510	75%	9,925,883
Non-Departmental(2)	10,769,305	100%	10,769,305
<b>Totals</b>	<b>\$88,799,813</b>		<b>\$75,310,023</b>

(1) Estimated; subject to change.

(2) Reflects retirement benefits.



After adjusting the expenditures from the City's Fiscal Year 2018-2019 Budget to account for estimated costs that are less than a 1:1 relationship in costs per person served, the adjusted City's Fiscal Year 2018-2019 Budget amount to be allocated to future development is approximately \$75,310,000.

### City Expenditure per Person Served

Each City expenditure category is reviewed to determine whether the expenditure category is intended to serve both the residential and employee population, the residential population only, or the employee population only. As previously noted in Table 2, the total number of persons served in the City is 124,201 and the number of residents served within the City is 93,799. Utilizing the multiplier approach, the number of persons served within each City expenditure category is applied to the corresponding adjusted expenditure line item to determine the allocable expenditure per person. The table below provides the expenditure per person for each of the categories.

**TABLE 23. CITY EXPENDITURES PER PERSON SERVED**

Description	Adjusted City's 2018-2019 Budget Amount(1)	Persons Served	Adjusted City's 2018-2019 Budget Amount per Person Served
City Council	\$695,662	124,201	\$5.60
Legal	2,190,000	124,201	17.63
City Clerk	834,576	124,201	6.72
City Treasurer	591,656	124,201	4.76
City Manager	3,263,331	124,201	26.27
Public Safety	24,071,329	124,201	193.81
Finance	3,064,270	124,201	24.67
HR and Risk Management	1,948,408	124,201	15.69
Community Development	5,622,195	124,201	45.27
Public Works	12,333,408	124,201	99.30
Community Services	9,925,883	109,000(2)	91.06
Non-Departmental	10,769,305	124,201	86.71
<b>Total per Person Served</b>	<b>\$75,310,023</b>		<b>\$617.49</b>

(1) Established in Table 22.

(2) Employees served has been adjusted to 25% of total employee population to reflect the employee's use of the City's community services. Total employees served for community services is 15,201.

Given the additional demands that the increased population from future development will place upon existing City services, the adjusted City expenditures per resident served is \$617.49. Community services are intended to primarily serve the residential population, however, there are benefits and use by employees of the City's community services. To account for the employee's limited use of the City's community services, the employee population has been adjusted to 25%. Applying this additional adjustment for community services, the adjusted City expenditures per employee served is \$571.96.

## Future Development Expenditure Summary

In order to determine the total amount of City expenditures allocated to future development, the total expenditures per person served is multiplied by the estimated future residential and employee persons served. As previously calculated in Table 4, the total future development population served is 18,549. Applying the total City expenditures per person served amount of \$617.49 per resident and \$571.96 per employee to the total persons served, the allocated impact of future development's population to the City's expenditures is approximately \$11,251,000, as shown in the table below.

**TABLE 24. FUTURE DEVELOPMENT TOTAL EXPENDITURES**

Description	Res – All Other Amount	Res – Studio/Apt Amount	Commercial Amount	Industrial Amount
City Expenditures per Person Served	\$617.49	\$617.49	\$571.96	\$571.96
Future Development Persons Served	2,820	11,281	1,112	3,336
<b>Total Future Development Expenditures</b>	<b>\$1,741,322</b>	<b>\$6,965,905</b>	<b>\$636,020</b>	<b>\$1,908,059</b>



## SECTION 5 | FUTURE DEVELOPMENT FISCAL IMPACT

Based on the City's future development estimated revenue determined in Table 21 and the future development's allocated expenditures presented in Table 24, future residential development will result in an overall negative fiscal impact and non-residential development will result in an overall positive fiscal impact for the City. The table below sets forth the total anticipated fiscal impact and fiscal impact per person served for both future residential and non-residential land uses.

**TABLE 25. FUTURE DEVELOPMENT OVERALL FISCAL IMPACT**

Description	Res – All Other Amount	Res – Studio/Apt Amount	Commercial Amount	Industrial Amount
Total Future Development Revenue	\$1,087,402	\$4,168,878	\$2,825,740	\$2,424,671
Total Future Development Expenditures	1,741,322	6,965,905	636,020	1,908,059
<b>Future Development Positive / (Negative) Fiscal Impact</b>	<b>(\$653,920)</b>	<b>(\$2,797,027)</b>	<b>\$2,189,720</b>	<b>\$516,612</b>
Future Development Persons Served	2,820	11,281	1,112	3,336
<b>Future Development Positive / (Negative) Fiscal Impact per Person Served</b>	<b>(\$231.89)</b>	<b>(\$247.95)</b>	<b>\$1,969.18</b>	<b>\$154.86</b>

### Future Development Fiscal Impact per Dwelling Unit or Acre

To better understand the overall future development fiscal impact, the fiscal impact per person amount identified in Table 25, is quantified on a per dwelling unit rate basis for residential property and on a per acre rate basis for non-residential property.

#### RESIDENTIAL FISCAL IMPACT PER DWELLING UNIT

As previously noted in Table 5, the average number of persons per Res – All Other dwelling unit is 3.60 persons and the average number of person per Res – Studio/Apt dwelling unit is 2.00 persons. Applying the residential negative fiscal impact per resident of \$231.89 per Res – All Other person and \$247.95 per Res – Studio/Apt person to the persons per dwelling unit for each residential land use, the negative fiscal impact per dwelling unit is established in the table below.

**TABLE 26. RESIDENTIAL FISCAL IMPACT PER DWELLING UNIT**

Description	Res – All Other Amount	Res – Studio/Apt Amount
Persons per Residential Dwelling Unit	3.60	2.00
Negative Fiscal Impact per Resident	(\$231.89)	(\$247.95)
<b>CFD Special Tax Rate per Residential Dwelling Unit</b>	<b>(\$834.80)</b>	<b>(\$495.90)</b>

The overall negative fiscal impact for future residential property is \$834.80 per Res – All Other dwelling unit and \$495.90 per Res – Studio/Apt dwelling unit.

## NON-RESIDENTIAL FISCAL IMPACT PER ACRE

In order to establish future non-residential development's overall fiscal impact on an acreage basis, the acreage building densities need to be considered. The City's General Plan notes that the average floor area ratio expected at build out for commercial land uses is approximately 0.32 and for light industrial land uses is approximately 0.42. Using these floor area ratios and the estimated building square footage per employee, the number of employees per acre for each non-residential land use can be identified. Applying the approximate number of employees per acre for each non-residential land use to the calculated fiscal impacts per employee, the commercial and industrial overall fiscal impact per acre can be calculated.

**TABLE 27. COMMERCIAL AND INDUSTRIAL FISCAL IMPACT PER ACRE**

Description	Commercial Amount	Industrial Amount
Square Feet per Acre	43,560	43,560
Floor Area Ratio	0.32	0.42
Estimated Building Square Feet per Acre	13,939	18,295
Estimated Employees per Acre(1)	14.70	18.30
Employees Served per Acre(2)	7.4	9.2
Positive Fiscal Impact per Employee Served	\$1,969.18	\$154.86
<b>Positive Fiscal Impact per Acre</b>	<b>\$14,571.93</b>	<b>\$1,424.71</b>

(1) Estimated building square feet per acre divided by the estimated commercial building square feet (950) per employee and the estimated industrial building square feet (1,000) per employee identified in Table 6.

(2) Adjusted by 50% to reflect the numbers of employees served per acre.

The overall positive fiscal impact for future commercial property is \$14,571.93 per acre and the overall fiscal impact for future industrial property is \$1,424.71 per acre.

## FUTURE DEVELOPMENT FISCAL IMPACT SUMMARY

The table below summarizes the overall fiscal impact for future development within the City.

**TABLE 28. FUTURE DEVELOPMENT FISCAL IMPACT SUMMARY**

Description	Res – All Other Dwelling Unit	Res – Studio/Apt Dwelling Unit	Commercial Acre	Industrial Acre
Positive / (Negative) Fiscal Impact	(\$834.80)	(\$495.90)	\$14,571.93	\$1,424.71

Since the estimated future residential development produces an overall negative fiscal impact, the City should consider the establishment of a Special Financing District (SFD) to mitigate the negative fiscal impacts created from the residential development. Further, any enhanced levels of service or newly provided services to future development can also be funded via the SFD. Alternatives for the City's consideration are presented in Section 6 of this report.



## SECTION 6 | FISCAL IMPACT FUNDING OPTIONS

To mitigate the overall negative fiscal impact identified in Section 5 of this report, the City should consider the establishment of a SFD, which could include a special tax or a special assessment. Since the City's negative fiscal impact is attributable to the provision of general City services, a special assessment would not be the most appropriate funding option for the City. Special assessments require the identification and separation of general and special benefits. Special benefits can be assessed to property, but all general benefits must be funded by sources other than the special assessments. Therefore, a special assessment would not entirely alleviate the negative fiscal impact created by future residential development. Alternatively, the City could implement a special tax.

### Community Facilities Districts

A Community Facilities District, or CFD and also referred to as a Mello-Roos District, is a type of SFD that is established via the Mello-Roos Community Facilities District Act of 1982 ("1982 Act"). Through the levy and collection of a special tax, CFDs provide funding for authorized public improvements and/or public services. The CFD's Rate and Method of Apportionment includes procedures for identifying and classifying property within the CFD, establishing the initial maximum special tax rates, and the formula for calculating the annual special tax and assigning the special tax to taxable property within the CFD. Since CFDs authorize the levy and collection of a special tax, as opposed to a special assessment, there is no requirement to make a finding of special benefit for the property subject to the special tax. However, the special tax should be based on a benefit received by property, the cost of providing the facilities or services, or some other reasonable basis for assigning the special tax, as determined by the legislative body.

In order to establish a CFD, the 1982 Act requires a two-thirds approval of the registered voters, residing within the proposed CFD boundary, voting in the special tax election. If there are less than 12 registered voters within the proposed CFD boundaries, then a landowner special tax election can take place. In the case of a landowner special tax election, a two-thirds approval is still required and each landowner receives one vote per acre or portion of an acre of land owned. It should be noted that if a CFD is approved via a landowner special tax election, the CFD is only authorized to fund additional services. In *Building Industry Association of the Bay Area v. City of San Ramon*, the California Appellate Court held that a landowner approved CFD can only fund the increase in demand for pre-existing services, so long as the special tax revenue is not available for general government purposes. The additional services funded by the CFD shall not replace services already available and provided within the boundaries of the CFD. Further, special tax revenue generated from the CFD can only be used to fund the authorized public services set forth in the 1982 Act. CFD authorized public services may include, but are not limited to, police, library and the maintenance of parks, roads and open space. A list of recurring City expenditures and the amount allocated to future residential development are presented in the table below.

**TABLE 29. CITY EXPENDITURES ALLOCATED TO FUTURE RESIDENTIAL DEVELOPMENT**

<b>Description</b>	<b>Total City Expenditure Allocated to Future Residential Development(1)</b>	<b>CFD Eligible Expenditure</b>
City Council	\$78,966	No
Legal	248,601	No
City Clerk	94,759	No
City Treasurer	67,121	No
City Manager	370,433	No
Public Safety	2,732,915	Yes
Finance	347,872	No
HR and Risk Management	221,245	No
Community Development	638,352	Yes(2)
Public Works	1,400,229	Yes(2)
Community Services	1,284,037	Yes(2)
Non-Departmental	1,222,697	No
<b>Totals</b>	<b>\$8,707,227</b>	

(1) Adjusted City's 2018-2019 Budget amount per person served identified in Table 23 multiplied by future residential population served of 14,101 identified in Table 4.

(2) Subject to further review to exclude any services that are not authorized CFD services.

Per Table 25, the total negative fiscal impact for future residential development is \$3,450,947. However, the total amount of expenditures allocated to future residential development is \$8,707,227. The allocated expenditures include both eligible and ineligible CFD authorized services. Therefore, to mitigate the negative fiscal impact from residential development, the City should establish a CFD to provide funding for CFD authorized public services such as public safety and, to the extent allowed and needed, other departments that provide CFD authorized public services. The remainder of City expenditures allocated to future residential development will be off-set by other general City revenues generated from future residential development.

#### **FUTURE DEVELOPMENT SPECIFIC COSTS**

In addition to using a CFD to mitigate future residential development's negative fiscal impacts, the CFD can also fund authorized CFD services that are intended to provide an enhanced level of service or services that are unique to future development. These services would be in addition to any previously identified negative fiscal impacts placed upon the City in providing the existing level of service. Funding for any enhanced and/or additional recurring public service costs, including repairs and replacements, reserves and administration can be accomplished through a CFD.



## **BENEFITS TO CITY**

Through the formation of a CFD, the City can establish an ongoing funding source that mitigates the negative fiscal impacts created by future residential development and provides funding for new or enhanced services within the City. The CFD's maximum special tax rate can include an annual escalation factor, to keep pace with changing costs, that is based upon an annual fixed amount or an escalation factor that is tied to a specific inflation index. Further, the CFD special tax can be established without a sunset date so that the CFD special tax can be levied in perpetuity.

## **CFD Special Tax Recommendation**

In order for the City to continue to provide necessary services to their population base, the City needs to ensure that developing property pays their fair share as a result of any additional fiscal burdens placed upon the City's operational budget due to new development. It has been determined that the future residential development will produce an overall negative fiscal impact of \$3,450,947. To mitigate the negative fiscal impact, the City should consider establishing a CFD. The levy and collection of the special tax could generate sufficient revenue to offset the negative residential fiscal impact to the City. Further, the CFD provides the flexibility to generate additional revenue to fund any enhanced or new project specific costs desired by future residential and non-residential development. The CFD's Rate and Method of Apportionment establishes the special tax formula and sets the initial maximum special tax rates. A benefit of the CFD is that it allows for a great deal of flexibility in structuring the special tax formula so that the formula and maximum special tax rates best fit and accomplish specific needs. In this particular case, the CFD special tax rates could be sized to recover the annual negative fiscal impact on residential development, fund enhanced levels of existing service or new services, recover ongoing administrative costs related to the CFD, and be structured to create both a residential special tax rate and non-residential special tax rate.

## SECTION 7 | CFD SERVICES AND SPECIAL TAX RATES

It has been previously determined in Table 25 that future residential development will produce an overall negative fiscal impact of \$3,450,947. The City should establish a CFD to fund the negative fiscal impact from future residential development. In addition, the City has identified enhanced and/or new public services needed to serve future development, including park services and roadway services. Currently, there is not a revenue source to provide funding for these services and the annual costs associated with each enhanced service should also be included in the CFD. The two enhanced services are further described below.

### Enhanced Park and Sidewalk Services

In 2016, Los Angeles County prepared a Comprehensive Parks and Recreation Needs Assessment ("Parks Assessment")<sup>11</sup> to understand the existing conditions and what steps need to be taken to ensure that communities have adequate access to thriving parks and open space. The portion of the assessment that was specific to the City identified several infrastructure priorities for the City to consider. In addition to the priority infrastructure, the Parks Assessment also identified various deferred park maintenance costs to replace park and recreation amenities that are either in poor or fair condition. In order to replace those amenities that are either in poor or fair condition, at some point in the future, the City will need approximately \$54,000,000 to fund all of the deferred maintenance identified in the Park Assessment.

Further, NCE performed an assessment<sup>12</sup> of the City's publicly maintained sidewalks, curb and gutters, and curb ramps to identify and evaluate potential tripping hazards and non-ADA compliant sidewalks. In addition to identifying the qualifying sidewalk improvements needed, the assessment also included a cost estimate for the maintenance repairs and/or replacements of the sidewalks, curb and gutters, and curb ramps. The assessment established a cost estimate of approximately \$11,500,000 that will be needed to address the tripping hazards and non-ADA compliant sidewalk improvements.

To determine the costs associated with future development, the deferred park maintenance and sidewalk improvement cost estimates were apportioned over a period of 20 years. Utilizing the annualized deferred park maintenance costs, sidewalk improvement costs and the total future population served, the annual enhanced park and sidewalk services amount per future person served is calculated in the table below.

<sup>11</sup> Footnote: Los Angeles Countywide Comprehensive Parks & Recreation Needs Assessment, Los Angeles County Department of Parks & Recreation, May 3, 2016.

<sup>12</sup> Footnote: City of Carson, Citywide Sidewalk Assessment 2017 Update, Final Report, NCE, April 2017.



**TABLE 30. ENHANCED PARK AND SIDEWALK SERVICES PER FUTURE PERSON SERVED**

Description	Amount
Total Deferred Park Maintenance Costs	\$54,000,000
Total Sidewalk Costs	11,500,000
<b>Total Enhanced Park and Sidewalk Services</b>	<b>\$65,500,000</b>
<b>Annual Enhanced Park and Sidewalk Services Costs(1)</b>	<b>\$3,275,000</b>
Total Future Population(2)	125,325
<b>Annual Enhanced Park and Sidewalk Services per Person Served</b>	<b>\$26.13</b>

(1) Allocated over a period of 20 years.

(2) Includes 107,900 residents and 69,700 employees factored at 25% per employee.

The amount of annual enhanced park services per resident is \$26.13. The City's parks, recreation areas, sidewalk improvements are intended to primarily serve the residential population, however, there is a benefit to employees and it is anticipated that employees will likely use the areas. Therefore, to account for an employee's limited use of the facilities, an employee is weighted at 25% of a resident. Based on this adjustment, the annual enhanced park and sidewalk services per employee is \$6.53. Applying these annual enhanced park and sidewalk services costs per person to the future development land uses, the amount per dwelling unit or acre is presented in the table below:

**TABLE 31. FUTURE DEVELOPMENT ENHANCED PARK AND SIDEWALK SERVICES PER DWELLING UNIT/ACRE**

Description	Res – All Other Amount	Res – Studio/Apt Amount	Commercial Amount	Industrial Amount
Enhanced Park and Sidewalk Services per Person or Employee	\$26.13	\$26.13	\$6.53	\$6.53
Persons per Dwelling Unit or Employees per Acre	3.60	2.00	14.70	18.30
<b>Enhanced Park and Sidewalk Services per Dwelling Unit or Acre</b>	<b>\$94.07</b>	<b>\$52.26</b>	<b>\$95.99</b>	<b>\$119.50</b>

For the future development's residential property, the enhanced park services are \$94.07 per Res – All Other dwelling unit and \$52.26 per Res – Studio/Apt dwelling unit. Future development's enhanced park services are \$95.99 per acre for commercial property and \$119.50 per acre for industrial property.

### Enhanced Roadway Services

The City has determined that vehicular traffic is producing significant impacts to roadways throughout the City and there is a significant need to provide for the maintenance and repair of these roadways. In addition to the negative impacts created on the roadway system, truck traffic negatively affects traffic and air quality, generates increased noise and vibrations, and increase health impacts upon the community. Currently, the City does not have a long-term funding source to pay for the enhanced level of services and maintenance needed for the roadway impacts created. To provide a long-term funding solution, and have future development fund their proportional share of costs, the enhanced roadway services should be included in the proposed CFD. The annual enhanced roadway services costs are presented in the table below.

**TABLE 32. ENHANCED ROADWAY SERVICES COSTS**

Description	Total Amount(1)	Residential Allocation	Commercial Allocation	Industrial Allocation
Arterial, Collector or Residential(2)	\$1,000,000	\$800,000	\$86,000	\$114,000
Regular Truck Routes(3)	5,792,437	0	2,490,748	3,301,689
Truck Oriented Routes(4)	1,358,514	0	0	1,358,514
Overweight Truck Routes(4)	849,049	0	0	849,049
<b>Totals:</b>	<b>\$9,000,000</b>	<b>\$800,000</b>	<b>\$2,576,748</b>	<b>\$5,623,252</b>

(1) Per PMP 2017 CIP Budget Recommendations for Truck Routes.

(2) Per City, costs allocated 80% to residential property and 20% to non-residential property. The non-residential portion is allocated 57% to industrial property and 43% to commercial property.

(3) Per City, costs allocated 57% to industrial property and 43% to commercial property.

(4) Per City, costs allocated to industrial property only.

To determine the amount of enhanced roadway services allocated to future development, the enhanced roadway services costs per person needs to be determined. The truck oriented route and overweight truck routes are enhanced roadway services that are allocated to industrial property only, and those enhanced roadway services are addressed later in this analysis. The estimated total future population of 107,900 residents and 69,700 employees are used in the enhanced roadway services analysis. It is anticipated that the future employees within the City will be allocated approximately 50% to commercial property and approximately 50% to industrial property. Based on the future population estimates and the allocation of the future employee population, the enhanced roadway services costs per person or employee are as follows:

**TABLE 33. ENHANCED ROADWAY SERVICES PER FUTURE PERSON OR EMPLOYEE**

Description	Residential Allocation	Commercial Allocation	Industrial Allocation
Enhanced Roadway Services Costs(1)	\$800,000	\$2,576,748	\$3,415,689
Estimated Future Population	107,900	34,850	34,850
<b>Enhanced Roadway Services Costs per Person or Employee</b>	<b>\$7.41</b>	<b>\$73.94</b>	<b>\$98.01</b>

(1) The industrial allocation excludes the truck oriented routes and over weight truck routes costs that are addressed separately in the analysis.

The amount of annual enhanced roadway services costs per resident is \$7.41, the costs per commercial employee is \$73.94, and the costs per industrial employee is \$98.01. Applying these annual enhanced roadway services costs per person or employee to the future development land uses, the amount per dwelling unit or acre is presented in the table below:



**TABLE 34. FUTURE DEVELOPMENT ENHANCED ROADWAY SERVICES PER DWELLING UNIT/ACRE**

<b>Description</b>	<b>Res – All Other Amount</b>	<b>Res – Studio/Apt Amount</b>	<b>Commercial Amount</b>	<b>Industrial Amount</b>
Enhanced Roadway Services Costs per Person or Employee	\$7.41	\$7.41	\$73.94	\$98.01
Persons per Dwelling Unit or Employees per Acre	3.60	2.00	14.70	18.30
<b>Enhanced Roadway Services Costs per Dwelling Unit or Acre</b>	<b>\$26.68</b>	<b>\$14.82</b>	<b>\$1,086.92</b>	<b>\$1,793.58</b>

For the future development's residential property, the enhanced roadway services costs are \$26.68 per Res – All Other dwelling unit and \$14.82 per Res – Studio/Apt dwelling unit. Future development's enhanced roadway services costs are \$1,086.92 per acre for commercial property and \$1,793.58 per acre for industrial property.

#### **ENHANCED ROADWAY SERVICES INDUSTRIAL COST ZONES**

The truck oriented routes and overweight truck routes are intended to primarily serve industrial land uses only. The City has identified two areas as enhanced industrial zones that will be impacted by future development or redevelopment. Zone 1 contains the local truck and truck oriented routes and includes approximately 2,884 acres and 49.69 lane miles. Zone 2 includes the overweight truck routes and includes approximately 787 acres and 8.55 lane miles. Appendix A of this report provides a map that identifies each of these zones within the City. The City estimates that approximately 20% of the Zone 1 and Zone 2 land will either develop or redevelop within the next 20 years. Applying this percentage to each zone, the future development or redevelopment acreage is 576.81 acres for Zone 1 and 157.32 acres for Zone 2. Based on the enhanced roadway costs associated with each zone and the estimated acreage of future development included within each zone, the additional industrial zone rates per acre are calculated in the table below.

**TABLE 35. ADDITIONAL ENHANCED ROADWAY SERVICES PER INDUSTRIAL ZONE**

<b>Description</b>	<b>Zone 1</b>	<b>Zone 2</b>
Additional Enhanced Roadway Services Costs	\$1,358,514	\$849,049
Estimated Development or Redevelopment Acreage(1)	576.81	159.46
<b>Additional Enhanced Roadway Services Costs per Acre</b>	<b>\$2,355.22</b>	<b>\$5,324.46</b>

(1) Assumes 20% of the area identified in each zone will be developed or redeveloped over the next 20 years. Appendix A of this report includes a GIS Map that identifies each zone.

Future development's industrial property may be located within one of the additional industrial zones. For the industrial property located within Zone 1, the additional enhanced roadway services costs are \$2,355.22 per acre and for industrial property located within Zone 2, the additional enhanced roadway services costs are \$5,324.46 per acre. These enhanced roadway services costs are in addition to the enhanced roadway services costs of \$1,793.58 per acre for industrial property previously established in Table 34.

## CFD Special Tax Rates

Based on the overall fiscal impacts created by future development, as well as the enhanced park services and enhanced roadway services previously identified, the proposed CFD special tax rates can be calculated for each land use.

**TABLE 36. PROPOSED CFD SPECIAL TAX RATES – RESIDENTIAL PROPERTY**

Description	Res- All Other CFD Tax Rate	Res – Studio/Apt CFD Tax Rate
Overall Fiscal Impact(1)	\$834.80	\$495.90
Enhanced Park and Sidewalk Services	94.07	52.26
Enhanced Roadway Services	26.68	14.82
Enhanced Industrial Zones(2)	N/A	N/A
<b>Total CFD Special Tax Rate per Dwelling Unit:</b>	<b>\$955.55</b>	<b>\$562.98</b>

(1) Reflects the negative fiscal impact to be collected from residential property.

(2) Allocated to industrial property only.

**TABLE 37. PROPOSED CFD SPECIAL TAX RATES – NON-RESIDENTIAL PROPERTY**

Description	Commercial CFD Tax Rate	Industrial CFD Tax Rate	Industrial – Zone 1 CFD Tax Rate	Industrial – Zone 2 CFD Tax Rate
Overall Fiscal Impact(1)	(\$14,571.91)	(\$1,424.71)	(\$1,424.71)	(\$1,424.71)
Enhanced Park and Sidewalk Services	95.99	119.50	119.50	119.50
Enhanced Roadway Services	1,086.92	1,793.58	1,793.58	1,793.58
Enhanced Industrial Zones(2)	N/A	N/A	2,355.22	5,324.46
<b>Totals CFD Special Tax Rate per Acre:</b>	<b>\$0.00</b>	<b>\$488.37</b>	<b>\$2,843.59</b>	<b>\$5,812.83</b>

(1) Reflects the positive fiscal impact to be credited to commercial property and industrial property.

(2) Allocated to industrial property only.

The CFD special tax rates presented in Tables 36 and 37, would represent the initial CFD maximum special tax rates to fund the negative fiscal impact for residential property, as well as enhanced services. The City could also increase the initial CFD maximum special tax rates to cover the added costs for administering the CFD, as well as establish any reserves or contingency funds. Further, the CFD would be structured to include a special tax escalation factor, which would allow for an annual increase to the initial CFD maximum special tax rates. While the CFD maximum special tax rates would increase on an annual basis, the City is not required to levy the special tax at the CFD maximum special tax rates each year. In order to meet the CFD annual special tax requirement, authorized services and administrative costs, the City has the flexibility to levy a CFD special tax amount that is less than or equal to the CFD maximum special tax.



## APPENDIX A – INDUSTRIAL ZONE MAP

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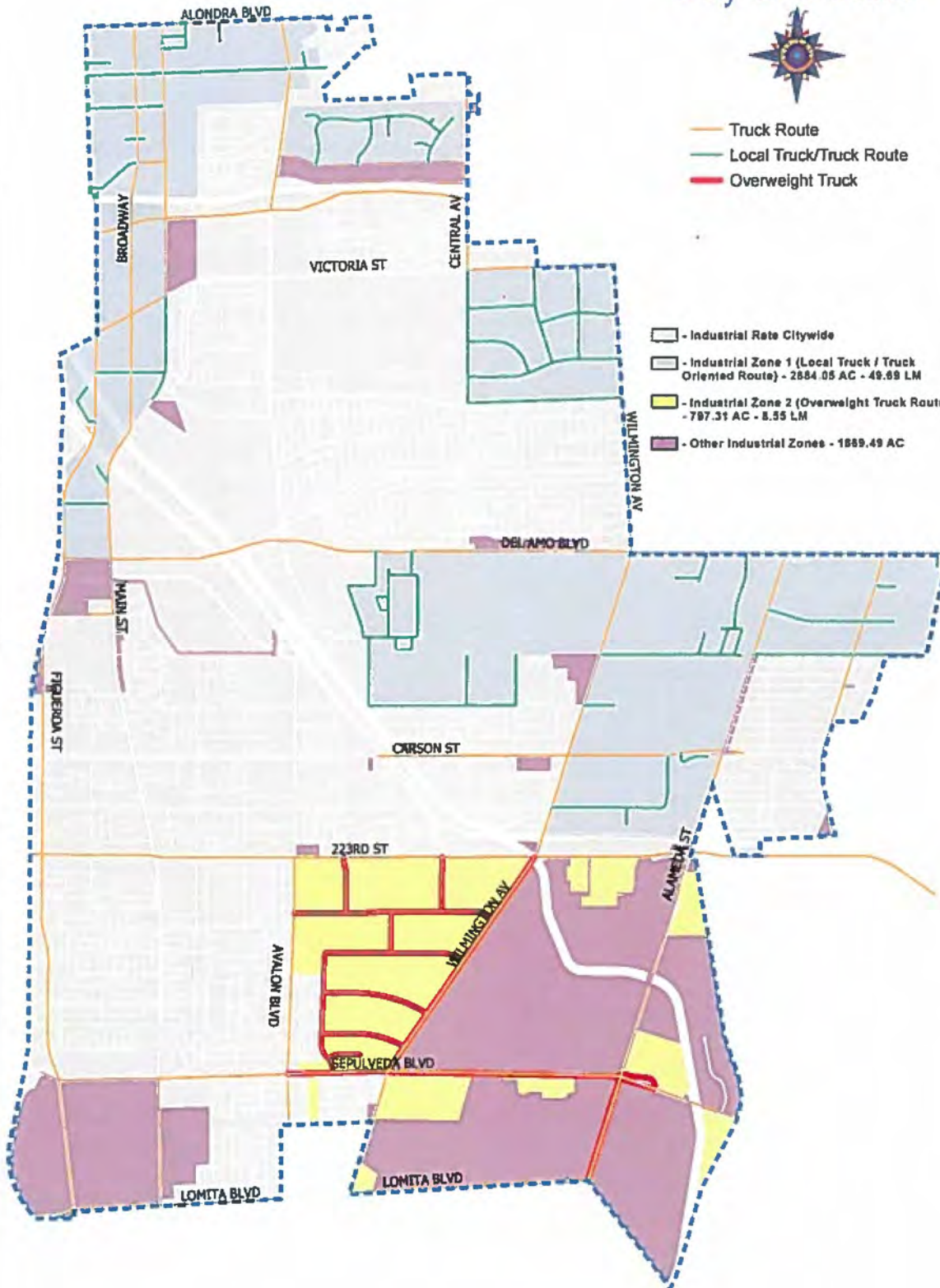
The following map identifies the Citywide industrial area, as well as the two enhanced industrial zones within the City.

# City of Carson



- Truck Route
- Local Truck/Truck Route
- Overweight Truck

- Industrial Rate Citywide
- Industrial Zone 1 (Local Truck / Truck Oriented Route) - 2884.05 AC - 49.89 LM
- Industrial Zone 2 (Overweight Truck Route) - 797.31 AC - 8.55 LM
- Other Industrial Zones - 1889.49 AC



## Enhanced Service Zones - Lane Miles(Non Truck Routes)



**EXHIBIT "B"**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

**RATE AND METHOD OF APPORTIONMENT**

**TAX ZONE NO. 4**

The Special Tax shall be levied in Tax Zone No. 4 in accordance with the Rate and Method of Apportionment of Special Tax for City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) pursuant to the rate for Tax Zone No. 4 set forth in Attachment No. 1 thereto. The Rate and Method of Apportionment of Special Tax is attached hereto and incorporated herein by this reference.

**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

A Special Tax shall be levied and collected in City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) (the "District") each Fiscal Year, in an amount determined by the application of the procedures described below. All of the Taxable Property (as defined below) in the District, unless exempted by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**I. DEFINITIONS**

The terms used herein shall have the following meanings:

**"Accessory Unit"** means a secondary residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a Unit of Single Family Detached Property.

**"Acreage" or "Acre"** means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel shall be determined by the District Administrator based upon the applicable condominium plan, final map or parcel map. If the preceding maps for a land are not available, the Acreage of such land area may be determined utilizing available spatial data and geographic information systems (GIS).

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Annual Special Tax Requirement and the annual Special Tax and of preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements of the California Government Code (including the Act), including public inquiries regarding the Special Taxes; and the costs of the City or designee related to an appeal of the Special Tax. Administrative Expenses shall also include costs related to the formation of the District and of annexing territory to the District as well as any amounts advanced by the City for any administrative purposes of the District and an allocable share of the salaries of City staff and an allocable portion of City overhead costs relating to the foregoing, or costs of the City in any way related to the establishment or administration of the District.

**"Annual Services Costs"** means the amounts required to fund services authorized to be funded by the District.

**"Annual Special Tax Requirement"** means that amount with respect to the District determined by the Council or designee as required in any Fiscal Year to pay: (1) the Administrative Expenses, (2) the Annual Services Costs for each Tax Zone, (3) any amount required to establish or replenish any reserve or replacement fund established in connection with the District, and (4) reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.



**"Assessor's Data"** means Acreage or other Parcel information contained in the records of the County Assessor.

**"Assessor's Parcel" or "Parcel"** means a lot or parcel shown in 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.

**"Assessor's Parcel Number"** means, with respect to an Assessor's Parcel, that number assigned to such Assessment's Parcel by the County for purposes of identification.

**"Association Property"** means any property within the boundaries of the District which is owned by a homeowners' or property association, including any master or sub-association.

**"Boundary Map"** means that map recorded with the County recorder's office on September 20, 2018 in Book 194 at Pages 88 & 89 as Document Number 20180967743.

**"City"** means the City of Carson, County of Los Angeles.

**"Council"** means the City Council of the City, acting as the legislative body of the District.

**"County"** means the County of Los Angeles, California.

**"Developed Property"** means, in any Fiscal Year, all Taxable Property in the District for which a building permit for new construction was issued by the City prior to June 1 of the preceding Fiscal Year.

**"District"** means the City of Carson Community Facilities District No. 2018-01 (Maintenance and Services), and, when applicable, any annexed Assessor's Parcels.

**"District Administrator"** means an official of the City, or designee or agent or consultant, responsible for administering the Special Tax in accordance with this Rate and Method of Apportionment.

**"Exempt Property"** means all property located within the boundaries of the District which is exempt from the Special Tax pursuant to Section V below.

**"Expected Special Tax Revenue"** means the amount of revenue anticipated to be collected in each Tax Zone, adjusted annually by the Tax Escalation Factor.

**"Finance Director"** means the official of the City who is the chief financial officer or other comparable officer of the City or designee thereof.

**"Fiscal Year"** means the period from July 1<sup>st</sup> of any calendar year through June 30<sup>th</sup> of the following calendar year.

**"Future Voluntary Annexation Area"** means the area designated for future voluntary annexation to the District as shown in the District Boundary Map, as may be amended from time to time.

**"Maximum Special Tax Rate"** means the maximum Special Tax authorized for levy in any Fiscal Year that may apply to Taxable Property as described in Section III.

**"Multi-Family Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit has been issued for construction of a residential structure with five or more Units that share a single Assessor's Parcel Number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**"Non-Residential Property"** means all Developed Property that is not used for people to live in, and does not include Public Property.

**"Proportionately"** means, in any Fiscal Year, that the ratio of the actual Special Tax to the Maximum Special Tax Rate is equal for all Assessor's Parcels authorized to be levied in that Fiscal Year within each respective Tax Zone.

**"Public Property"** means any property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public or private road right-of-way making the property unusable for any other purpose has been granted to the federal government, the State of California, the County, the City, or any local government or other public agency for public purpose.

**"Single Family Attached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex triplex, or fourplex unit, which may share a Parcel with another duplex, triplex or fourplex Unit(s)), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium project contained in Civil Code Section 4125.

**"Single Family Detached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**"Special Tax"** means the amount levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Annual Special Tax Requirement.

**"Tax Escalation Factor"** means a factor that will be applied annually after Fiscal Year 2018/19 to increase the Maximum Special Tax Rates shown in Section III and as specified for each Tax Zone.

**"Tax Zone"** means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this Rate and Method of Apportionment. *All of the Taxable Property within the District at the time of its formation is within Tax Zone No. 1 as specified on the District Boundary Map.* Additional Tax Zones may be created when property is annexed to the District, and a separate Maximum Special Tax shall be identified for property within the new Tax Zone at the time of such annexation. The Assessor's Parcels included within a new Tax Zone when such Parcels are annexed to the District 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, or any proceeding for annexation to the District.

**"Taxable Property"** means all Parcels within the boundary of the District that are not Exempt Property, exempt from the Special Tax pursuant to the Act or Section V below.

**"Unanimous Approval Form"** means that form executed by the record owner of fee title to a Parcel or Parcels of Taxable Property annexed into the District that constitutes the property owners approval and unanimous vote in favor of annexing into the District and the levy of Special Tax against his/her Parcel or Parcels pursuant to this Rate and Method of Apportionment of Special Tax.

**"Undeveloped Property"** means all Parcels of Taxable Property that are not Developed Property.

**"Unit"** means an individual single family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure. An Accessory Unit that shares a Parcel with a Unit of Single Family Detached Property shall not be considered a separate Unit for purposes of calculating the Special Tax.

## **II. DETERMINATION OF TAXABLE PARCELS**

On or about July 1 of each Fiscal Year, the District Administrator shall determine the valid Assessor's Parcel Numbers for all Taxable Property within the District. If any Assessor's Parcel Numbers are no longer valid from the previous Fiscal Year, the District Administrator shall determine the new Assessor's Parcel Number or Numbers that are in effect for the current Fiscal Year. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor's Parcels pursuant to Section III. The District Administrator shall also determine: (i) the Tax Zone within which each Parcel is located; (ii) which Parcels are Developed Property; (iii) the Acreage or number of Units each Parcel contains; and (iv) the Annual Special Tax Requirement for the Fiscal Year.

## **III. ANNUAL SPECIAL TAX - METHOD OF APPORTIONMENT**

All Taxable Property shall be subject to a Special Tax defined as follows.

The Special Tax shall be levied each Fiscal Year by the District Administrator. The Annual Special Tax Requirement shall be apportioned to each Parcel of Taxable Property within the District by the method shown below.

- First. Determine the Annual Special Tax Requirement.
- Second. Levy the Special Tax on each Parcel of Developed Property, Proportionately, up to the Maximum Special Tax Rate described in Table 1 below to satisfy the Annual Special Tax Requirement.

**TABLE 1**  
**SPECIAL TAX RATES – TAX ZONE NO. 1**  
**FISCAL YEAR 2018/19\***

Property Type	Maximum Special Tax Rate	Per	Expected Special Tax Revenue
Non-Residential Property	\$1,971.51	Acre	\$9,189.21

*\*On each July 1, commencing on July 1, 2019, the Maximum Special Tax Rate for each Tax Zone shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 1.*

Should the total revenue for Tax Zone No. 1 not be fully realized when all Parcels in Tax Zone No. 1 are classified as Developed Property, the Special Tax rate per Acre shall be adjusted so that the Special Tax per Acre is sufficient to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor. The Maximum Special Tax Rate shall be the greater of the Maximum Special Tax Rate shown in Table 1, adjusted annually by the Tax Escalation Factor or the Special Tax Rate calculated to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor.

If a building permit has been issued after June 1 of the preceding Fiscal Year, the City may directly bill to meet the Annual Special Tax Requirement, as prorated based on the date the building permit is issued and the end of the Fiscal Year.

A different Maximum Special Tax Rate may be identified in Tax Zones added to the District as a result of future annexations.

#### **IV. FORMULA FOR PREPAYMENT OF SPECIAL TAX OBLIGATIONS**

The Special Tax may not be prepaid.

#### **V. EXEMPTIONS**

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Taxes shall be levied on (i) Public Property, (ii) Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement, or (iv) except as otherwise provided in Sections 53317.3 and 53317.5 of the Act.

#### **VI. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT**

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

#### **VII. MANNER AND DURATION 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 that the City may directly bill the Special Tax, may collect the Special Tax at a



different time or in a different manner if needed to meet the financial obligations of the District, and may collect delinquent Special Taxes through foreclosure or other available methods.

A Special Tax shall continue to be levied and collected within the District, as needed to fund the Annual Special Tax Requirement, in perpetuity.

**VIII. APPEAL OF SPECIAL TAX LEVY**

Any property owner may file a written appeal of the Special Tax with the District Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes 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 Taxes are in error. The District Administrator shall review the appeal, meet with the appellant if the District Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the District Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the District Administrator or subsequent decision by the City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**ATTACHMENT 1**  
**MAXIMUM SPECIAL TAX RATES**

**TAX ZONE 4 – BASE YEAR 2019/20**

<b>Property Type</b>	<b>Maximum Special Tax Rate</b>	<b>Per</b>
Single Family Attached Property	\$517.94	Unit
Single Family Detached Property	879.10	Unit
Multi-Family Property	517.94	Unit
Non-Residential Property	449.30	Acre
Non-Residential Property – Industrial Zone 1	2,616.10	Acre
Non-Residential Property – Industrial Zone 2	5,347.80	Acre
Association Property	0.00	Acre
Public Property	0.00	Acre

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%. On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.



**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**ATTACHMENT 1 (Continued)**  
**MAXIMUM SPECIAL TAX RATES SCHEDULE**

**TAX ZONE 4**

CFD No. 2018-01 Maximum Special Tax Rates						
Property Type	Base Year	July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
Single Family Attached Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44
Single Family Detached Property	\$ 879.10	\$ 940.64	\$ 1,006.48	\$ 1,076.94	\$ 1,152.32	\$ 1,232.98
Multi-Family Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44
Non-Residential Property	\$ 449.30	\$ 480.75	\$ 514.40	\$ 550.41	\$ 588.94	\$ 630.17
Non-Residential Property – Industrial Zone 1	\$ 2,616.10	\$ 2,799.23	\$ 2,995.17	\$ 3,204.83	\$ 3,429.17	\$ 3,669.22
Non-Residential Property – Industrial Zone 2	\$ 5,347.80	\$ 5,722.15	\$ 6,122.70	\$ 6,551.28	\$ 7,009.87	\$ 7,500.57
Association Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%.

On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone

No. 4.

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%.

On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.

**EXHIBIT "C"**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**UNANIMOUS APPROVAL LETTER**

[attached]



**UNANIMOUS APPROVAL  
of Annexation to a Community Facilities District  
and Related Matters**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**Annexation No. \_\_\_\_\_**

To the Honorable City Council  
City of Carson  
701 E. Carson Street  
Carson, CA 90745

Members of the City Council:

This constitutes the Unanimous Approval (the "Unanimous Approval") of PROPERTY OWNER NAME, the record owner(s) (the "Property Owner") of the fee title to the real property identified below (the "Property") contemplated by Section 53339.3 et seq. of the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to the annexation of the Property to the "City of Carson Community Facilities District No. 2018-01 (Maintenance and Services)" (the "CFD"), and it states as follows:

1. **Property Owner.** This Unanimous Approval is submitted by the Property Owner as the record owner(s) of fee title to the Property. The Property Owner has supplied to the City current evidence of its ownership of fee title to the Property.

2. **Approval of Annexation.** This Unanimous Approval constitutes the unanimous approval and unanimous vote by the Property Owner in favor of the annexation of the Property to the CFD. The CFD was formed to finance the municipal services, which are incorporated herein by this reference (the "Services") described in Exhibit A hereto and made a part hereof. In such connection Property Owner has reviewed the list of the Services and hereby agrees, consents and approves to the Services and the Annexation of the Property to the CFD for the benefit of the City and the CFD.

3. **Approval of Special Tax and the Services.** This Unanimous Approval constitutes the unanimous approval and unanimous vote by the Property Owner in favor of the levy of special taxes (the "Special Taxes") on the Property to finance the Services. The Special Taxes will be levied according to the Rate and Method of Apportionment of Special Taxes for the CFD attached hereto as Exhibit B and made a part hereof (the "Rate and Method"). Exhibit B includes the cost estimate for the Services. In such connection property owner consents and approves of the Rate and Method and understands that such taxes shall be levied against the Property.

4. **Approval of the Appropriations Limit.** This Unanimous Approval constitutes the unanimous approval and unanimous vote by the Property Owner in favor of the appropriations limit established for the CFD. The Property Owner hereby approves, consents and agrees to the appropriations limit for the CFD of \$1,000,000, pursuant to Article XIII B of the California Constitution, as adjusted for changes in the cost of living and changes in the population.

RESOLUTION NO. 19-009 (Exhibit C)

5. **Waivers and Vote.** Section 53328.1 of the Act provides for an alternate and independent procedure for formation of a community facilities district that simplifies the annexation process. Under such process, the Property Owner acknowledges and agrees that by executing this Unanimous Approval, the Property Owner is voluntarily waiving any and all right to an election held in accordance with Sections 53326, 53327, 53327.5 and 53328 of the Act. The Property Owner hereby confirms that this Unanimous Approval constitutes its unanimous approval and unanimous vote as described herein and as contemplated by Section 53339.3 *et seq.* of the Act and for purposes of the California Constitution Article XIII A and XIII C. In lieu of an approval by public hearing, ballot and election, if any, the Property Owner intends for this Unanimous Approval to constitute its ballot and election and waiver of a public hearing. Further, the Property Owner hereby waives all other rights with respect to the annexation of the Property, the levy of the Special Taxes on the Property in accordance with the rate and method of apportionment and the other matters covered in this Unanimous Approval.

6. **Recordation of Amendment to Notice of Special Tax Lien.** The Notice of Special Tax Lien for the CFD was recorded in the Office of the County Recorder of the County of Los Angeles, State of California on November 13, 2018 as Document No. 20181142886.

The Property Owner hereby understands and agrees, consents and approves to the City Clerk, or City designee, to execute and cause to be recorded in the office of the County Recorder of the County of Los Angeles an amendment to the Notice of Special Tax Lien for the CFD as required by Section 3117.5 of the California Streets and Highways Code. The amendment to the Notice of Special Tax Lien shall include the Rate and Method as an exhibit thereto.

7. **Authority Warranted.** The Property Owner warrants to the City that the presentation of this Unanimous Approval, any votes, consents or waivers contained herein, and other actions mandated by the City for the annexation of the Property to the CFD shall not constitute or be construed as events of default or delinquencies under any existing or proposed financing documents entered into or to be entered into by the Property Owner for the Property, including any "due-on-encumbrance" clauses under any existing security instruments secured by the Property.

8. **Due Diligence and Disclosures.** The Property Owner agrees to comply with Section 53341.5 of the Act with respect to disclosures about the Special Taxes to purchasers of the Property or any part of it.

9. **Agreements.** The Property Owner further agrees to execute such additional or supplemental agreements as may be reasonably required by the City to provide for any of the actions and conditions described in this Unanimous Approval, including any cash deposit required to pay for the City's costs in annexing the Property to the CFD.

10. **The Property.** The Property is identified below, and such Property Owner approves, consents and agrees that Property will be subject to the CFD upon the recordation of the amendment to the Notice of Special Tax Lien. The map demonstrating the annexed Property area is entitled "Annexation Map No. 1 of City of Carson Community Facilities District No. 2018-1 (Maintenance and Services)" and is attached hereto as Exhibit C.



Assessor's Parcel Number(s):  
\_\_\_\_\_

Property Addresses:  
\_\_\_\_\_

Acres: \_\_\_\_\_

By executing this Unanimous Approval, the Property Owner agrees to all of the above.

Annexation No. \_\_\_\_\_

Tax Zone No. 4

Property Owner  
PROPERTY OWNER  
SIGNATURE BLOCK

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Notice Address:  
\_\_\_\_\_  
\_\_\_\_\_

## **EXHIBIT A**

### **CITY OF CARSON Community Facilities District No. 2018-01 (Maintenance and Services)**

#### **DESCRIPTION OF SERVICES**

The services to be funded, in whole or in part, by the community facilities district (the "District") include all direct and incidental costs related to providing for the maintenance of public infrastructure within the area of the District, the future voluntary annexation area, and areas adjacent to or in the vicinity of such areas. More specifically, the services may include, but not be limited to: (i) police and related services of the City of Carson required to sustain the public safety service delivery capability for emergency and non-emergency services including related facilities, equipment, vehicles, services, supplies and personnel; (ii) maintenance and lighting of parks, parkways, streets, roads and open space; (iii) flood and storm protection services; as well as the provision of other public services authorized to be funded under Section 53313 of the California Government Code. The District may fund any of the following related to the services described in the preceding sentence: obtaining, constructing, furnishing, operating and maintaining equipment, apparatus or facilities related to providing the services and/ or equipment, apparatus, facilities or fixtures in areas to be maintained, paying the salaries and benefits of personnel necessary or convenient to provide the services, payment of insurance costs and other related expenses and the provision of reserves for repairs and replacements and for the future provision of services. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof. The services to be financed by the District are in addition to those provided in the territory of the District before the date of creation of the District, and will not supplant services already available within that territory when the District is created.

#### **Administrative Expenses:**

The administrative expenses to be funded by the District include the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County of Los Angeles related to the District or the collection of special taxes, an allocable share of the salaries of the City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from its general fund with respect to the District or the services authorized to be financed by the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

#### **Other:**

The incidental expenses that may be funded by the District include, in addition to the administrative expenses identified above, the payment or reimbursement to the City of all costs associated with the establishment and administration of the District.



**EXHIBIT B**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**RATE AND METHOD OF APPORTIONMENT**

**TAX ZONE NO. 4**

The Special Tax shall be levied in Tax Zone No. 4 in accordance with the Rate and Method of Apportionment of Special Tax for City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) pursuant to the rate for Tax Zone No. 4 set forth in Attachment No. 1 thereto. The Rate and Method of Apportionment of Special Tax is attached hereto and incorporated herein by this reference.

**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

A Special Tax shall be levied and collected in City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) (the "District") each Fiscal Year, in an amount determined by the application of the procedures described below. All of the Taxable Property (as defined below) in the District, unless exempted by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**I. DEFINITIONS**

The terms used herein shall have the following meanings:

**"Accessory Unit"** means a secondary residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a Unit of Single Family Detached Property.

**"Acreage" or "Acre"** means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel shall be determined by the District Administrator based upon the applicable condominium plan, final map or parcel map. If the preceding maps for a land are not available, the Acreage of such land area may be determined utilizing available spatial data and geographic information systems (GIS).

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Annual Special Tax Requirement and the annual Special Tax and of preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements of the California Government Code (including the Act), including public inquiries regarding the Special Taxes; and the costs of the City or designee related to an appeal of the Special Tax. Administrative Expenses shall also include costs related to the formation of the District and of annexing territory to the District as well as any amounts advanced by the City for any administrative purposes of the District and an allocable share of the salaries of City staff and an allocable portion of City overhead costs relating to the foregoing, or costs of the City in any way related to the establishment or administration of the District.

**"Annual Services Costs"** means the amounts required to fund services authorized to be funded by the District.

**"Annual Special Tax Requirement"** means that amount with respect to the District determined by the Council or designee as required in any Fiscal Year to pay: (1) the Administrative Expenses, (2) the Annual Services Costs for each Tax Zone, (3) any amount required to establish or replenish any reserve or replacement fund established in connection with the District, and (4) reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.



**"Assessor's Data"** means Acreage or other Parcel information contained in the records of the County Assessor.

**"Assessor's Parcel" or "Parcel"** means a lot or parcel shown in 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.

**"Assessor's Parcel Number"** means, with respect to an Assessor's Parcel, that number assigned to such Assessment's Parcel by the County for purposes of identification.

**"Association Property"** means any property within the boundaries of the District which is owned by a homeowners' or property association, including any master or sub-association.

**"Boundary Map"** means that map recorded with the County recorder's office on September 20, 2018 in Book 194 at Pages 88 & 89 as Document Number 20180967743.

**"City"** means the City of Carson, County of Los Angeles.

**"Council"** means the City Council of the City, acting as the legislative body of the District.

**"County"** means the County of Los Angeles, California.

**"Developed Property"** means, in any Fiscal Year, all Taxable Property in the District for which a building permit for new construction was issued by the City prior to June 1 of the preceding Fiscal Year.

**"District"** means the City of Carson Community Facilities District No. 2018-01 (Maintenance and Services), and, when applicable, any annexed Assessor's Parcels.

**"District Administrator"** means an official of the City, or designee or agent or consultant, responsible for administering the Special Tax in accordance with this Rate and Method of Apportionment.

**"Exempt Property"** means all property located within the boundaries of the District which is exempt from the Special Tax pursuant to Section V below.

**"Expected Special Tax Revenue"** means the amount of revenue anticipated to be collected in each Tax Zone, adjusted annually by the Tax Escalation Factor.

**"Finance Director"** means the official of the City who is the chief financial officer or other comparable officer of the City or designee thereof.

**"Fiscal Year"** means the period from July 1<sup>st</sup> of any calendar year through June 30<sup>th</sup> of the following calendar year.

**"Future Voluntary Annexation Area"** means the area designated for future voluntary annexation to the District as shown in the District Boundary Map, as may be amended from time to time.

**"Maximum Special Tax Rate"** means the maximum Special Tax authorized for levy in any Fiscal Year that may apply to Taxable Property as described in Section III.

**"Multi-Family Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit has been issued for construction of a residential structure with five or more Units that share a single Assessor's Parcel Number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**"Non-Residential Property"** means all Developed Property that is not used for people to live in, and does not include Public Property.

**"Proportionately"** means, in any Fiscal Year, that the ratio of the actual Special Tax to the Maximum Special Tax Rate is equal for all Assessor's Parcels authorized to be levied in that Fiscal Year within each respective Tax Zone.

**"Public Property"** means any property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public or private road right-of-way making the property unusable for any other purpose has been granted to the federal government, the State of California, the County, the City, or any local government or other public agency.

**"Single Family Attached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex triplex, or fourplex unit, which may share a Parcel with another duplex, triplex or fourplex Unit(s)), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium project contained in Civil Code Section 4125.

**"Single Family Detached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**"Special Tax"** means the amount levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Annual Special Tax Requirement.

**"Tax Escalation Factor"** means a factor that will be applied annually after Fiscal Year 2018/19 to increase the Maximum Special Tax Rates shown in Section III and as specified for each Tax Zone.

**"Tax Zone"** means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this Rate and Method of Apportionment. *All of the Taxable Property within the District at the time of its formation is within Tax Zone No. 1 as specified on the District Boundary Map.* Additional Tax Zones may be created when property is annexed to the District, and a separate Maximum Special Tax shall be identified for property within the new Tax Zone at the time of such annexation. The Assessor's Parcels included within a new Tax Zone when such Parcels are annexed to the District 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, or any proceeding for annexation to the District.



**"Taxable Property"** means all Parcels within the boundary of the District that are not Exempt Property, exempt from the Special Tax pursuant to the Act or Section V below.

**"Unanimous Approval Form"** means that form executed by the record owner of fee title to a Parcel or Parcels of Taxable Property annexed into the District that constitutes the property owners approval and unanimous vote in favor of annexing into the District and the levy of Special Tax against his/her Parcel or Parcels pursuant to this Rate and Method of Apportionment of Special Tax.

**"Undeveloped Property"** means all Parcels of Taxable Property that are not Developed Property.

**"Unit"** means an individual single family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure. An Accessory Unit that shares a Parcel with a Unit of Single Family Detached Property shall not be considered a separate Unit for purposes of calculating the Special Tax.

## **II. DETERMINATION OF TAXABLE PARCELS**

On or about July 1 of each Fiscal Year, the District Administrator shall determine the valid Assessor's Parcel Numbers for all Taxable Property within the District. If any Assessor's Parcel Numbers are no longer valid from the previous Fiscal Year, the District Administrator shall determine the new Assessor's Parcel Number or Numbers that are in effect for the current Fiscal Year. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor's Parcels pursuant to Section III. The District Administrator shall also determine: (i) the Tax Zone within which each Parcel is located; (ii) which Parcels are Developed Property; (iii) the Acreage or number of Units each Parcel contains; and (iv) the Annual Special Tax Requirement for the Fiscal Year.

## **III. ANNUAL SPECIAL TAX - METHOD OF APPORTIONMENT**

All Taxable Property shall be subject to a Special Tax defined as follows.

The Special Tax shall be levied each Fiscal Year by the District Administrator. The Annual Special Tax Requirement shall be apportioned to each Parcel of Taxable Property within the District by the method shown below.

- First. Determine the Annual Special Tax Requirement.
- Second. Levy the Special Tax on each Parcel of Developed Property, Proportionately, up to the Maximum Special Tax Rate described in Table 1 below to satisfy the Annual Special Tax Requirement.

**TABLE 1**  
**SPECIAL TAX RATES – TAX ZONE NO. 1**  
**FISCAL YEAR 2018/19\***

Property Type	Maximum Special Tax Rate	Per	Expected Special Tax Revenue
Non-Residential Property	\$1,971.51	Acre	\$9,189.21

*\*On each July 1, commencing on July 1, 2019, the Maximum Special Tax Rate for each Tax Zone shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 1.*

Should the total revenue for Tax Zone No. 1 not be fully realized when all Parcels in Tax Zone No. 1 are classified as Developed Property, the Special Tax rate per Acre shall be adjusted so that the Special Tax per Acre is sufficient to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor. The Maximum Special Tax Rate shall be the greater of the Maximum Special Tax Rate shown in Table 1, adjusted annually by the Tax Escalation Factor or the Special Tax Rate calculated to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor.

If a building permit has been issued after June 1 of the preceding Fiscal Year, the City may directly bill to meet the Annual Special Tax Requirement, as prorated based on the date the building permit is issued and the end of the Fiscal Year.

A different Maximum Special Tax Rate may be identified in Tax Zones added to the District as a result of future annexations.

**IV. FORMULA FOR PREPAYMENT OF SPECIAL TAX OBLIGATIONS**

The Special Tax may not be prepaid.

**V. EXEMPTIONS**

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Taxes shall be levied on (i) Public Property, (ii) Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement, or (iv) except as otherwise provided in Sections 53317.3 and 53317.5 of the Act.

**VI. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT**

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

**VII. MANNER AND DURATION 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 that the City may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of the District, and may collect delinquent Special Taxes through foreclosure or other available methods.



A Special Tax shall continue to be levied and collected within the District, as needed to fund the Annual Special Tax Requirement, in perpetuity.

**VIII. APPEAL OF SPECIAL TAX LEVY**

Any property owner may file a written appeal of the Special Tax with the District Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes 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 Taxes are in error. The District Administrator shall review the appeal, meet with the appellant if the District Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the District Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the District Administrator or subsequent decision by the City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**ATTACHMENT 1**  
**MAXIMUM SPECIAL TAX RATES**

**TAX ZONE 4 – BASE YEAR 2019/20**

<b>Property Type</b>	<b>Maximum Special Tax Rate</b>	<b>Per</b>
Single Family Attached Property	\$517.94	Unit
Single Family Detached Property	879.10	Unit
Multi-Family Property	517.94	Unit
Non-Residential Property	449.30	Acre
Non-Residential Property – Industrial Zone 1	2,616.10	Acre
Non-Residential Property – Industrial Zone 2	5,347.80	Acre
Association Property	0.00	Acre
Public Property	0.00	Acre

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%. On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.



**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**ATTACHMENT 1 (Continued)**  
**MAXIMUM SPECIAL TAX RATES SCHEDULE**

**TAX ZONE 4**

CFD No. 2018-01 Maximum Special Tax Rates						
Property Type	Base Year	July 1, 2020	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024
Single Family Attached Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44
Single Family Detached Property	\$ 879.10	\$ 940.64	\$ 1,006.48	\$ 1,076.94	\$ 1,152.32	\$ 1,232.98
Multi-Family Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44
Non-Residential Property	\$ 449.30	\$ 480.75	\$ 514.40	\$ 550.41	\$ 588.94	\$ 630.17
Non-Residential Property – Industrial Zone 1	\$ 2,616.10	\$ 2,799.23	\$ 2,995.17	\$ 3,204.83	\$ 3,429.17	\$ 3,669.22
Non-Residential Property – Industrial Zone 2	\$ 5,347.80	\$ 5,722.15	\$ 6,122.70	\$ 6,551.28	\$ 7,009.87	\$ 7,500.57
Association Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%.

On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%.  
On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change  
in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone  
No. 4.

**EXHIBIT C**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**ANNEXATION MAP NO. \_\_ OF CITY OF CARSON COMMUNITY FACILITIES DISTRICT NO. 2018-1  
(MAINTENANCE AND SERVICES)**

SAMPLE



**EXHIBIT "D"**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**AMENDED NOTICE OF SPECIAL; TAX LIEN**

[attached]

**RECORDING REQUESTED BY AND  
AFTER RECORDATION RETURN TO:**

City Clerk  
City of Carson  
701 E. Carson St  
Carson, CA 90745

SPACE ABOVE FOR RECORDER'S USE ONLY

Exempt from payment of recording fees per to Gov't Code §§6103, 27383.

**AMENDMENT NO. \_\_ TO  
NOTICE OF SPECIAL TAX LIEN**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**Annexation No. \_\_**

Pursuant to the requirements of Sections 3114.5 and 3117.5 of the Streets and Highways Code of California and the Mello-Roos Community Facilities Act of 1982, as amended, section 53311, *et. seq.*, of the California Government Code (the "Act"), the undersigned clerk of the legislative body of the City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) (the "CFD"), County of Los Angeles, State of California, hereby gives notice that a lien to secure payment of a special tax, which special tax the City of Carson (the "City") is authorized to levy, is hereby imposed on the property described herein. The special tax secured by this lien is authorized to be levied for the purpose of paying for costs of the public services authorized to be funded by the CFD, as described in Exhibit A to the Notice of Special Tax Lien heretofore recorded in the Office of the County Recorder of the County of Los Angeles, State of California on November 13, 2018 as Document No. 20181142886, and said special tax is to be levied according to the Rate and Method of Apportionment of Special Tax set forth in Exhibit B to the Notice of Special Tax Lien, to which recorded Notice of Special Tax Lien reference is hereby made and the provisions of which are hereby incorporated herein in full by this reference.

This Amendment No. \_\_ to Notice of Special Tax Lien amends the Notice of Special Tax Lien to add to the territory of the CFD. The territory and future voluntary annexation area included in the original CFD is set forth in the map of the CFD heretofore recorded on September 20, 2018 in the Los Angeles County Recorder's Office at Book 194 of Maps of Assessment and Community Facilities Districts at Pages 88 and 89, to which map reference is hereby made, as such map has been supplemented in connection with subsequent annexations. The territory to be added from the future voluntary annexation area is that certain "Annexation Map No. \_\_ to Community Facilities District No. 2018-01 (Maintenance and Services)" heretofore recorded on [DATE] as Document Number [\_\_\_\_\_]

in Book [ ] of Assessment and Community Facilities Districts at Pages [ ] in the Office of the County Recorder of the County of Los Angeles, State of California.

The special tax is authorized to be levied within the CFD and the lien of the special tax is a continuing lien which shall secure each annual levy of the special tax and which shall continue in force and effect until the special tax obligation is prepaid, permanently satisfied, and canceled in accordance with law or until the special tax ceases to be levied and a notice of cessation of special tax is recorded in accordance with section 53330.5 of the Government Code.

The rate, method of apportionment, and manner of collection of the authorized special tax is set forth in Exhibit B hereto and hereby made a part hereof. The Maximum Special Tax for Tax Zone No. 4 is set forth in Exhibit C hereto, and hereby made a part of the Existing RMA, as that term is defined below, and a part hereof.

Notice is further given that upon the recording of this notice in the office of the county recorder, the obligation to pay the special tax levy shall become a lien upon all nonexempt real property within the territory to be added to the CFD in accordance with Section 3115.5 of the Streets and Highways Code.

The assessor's tax parcel(s) numbers of all parcels or any portion thereof which are included in this Amendment No. 3 to Notice of Special Tax Lien, together with the name(s) of the owner(s) thereof, as they appear on the latest secured assessment roll as of the date of recording hereof or as are otherwise known to the City are as set forth in Exhibit A hereto, and by such reference hereby made a part hereof.

The territory to be added to the CFD which is included in this Amendment No. \_\_ to Notice of Special Tax Lien shall be placed in Tax Zone No. 4 as such term is defined in the Rate and Method of Apportionment of Special Tax applicable to the CFD, as supplemented to date (the "Existing RMA"). Tax Zone No. 4 is being established in connection with Annexation No. \_\_ to the CFD.

For further information concerning the current and estimated future tax liability of owners or purchasers of real property subject to this special tax lien, interested persons should contact the Finance Director of the City of Carson, 701 E. Carson St, Carson, California, 90745, telephone number (310) 830-7600.

Dated: As of \_\_\_\_\_, 2019

By: \_\_\_\_\_  
Donesia Aldana-Gause, MMC, City Clerk  
City of Carson



**EXHIBIT A**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

Annexation No. \_\_\_\_

**ASSESSOR'S PARCEL NUMBERS AND OWNERS OF LAND**

**Assessor's  
Parcel No(s).**

**Name(s) of Property Owners**

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

**EXHIBIT B**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**RATE AND METHOD OF APPORTIONMENT**

**TAX ZONE NO. 4**

The Special Tax shall be levied in Tax Zone No. 4 in accordance with the Rate and Method of Apportionment of Special Tax for City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) pursuant to the rate for Tax Zone No. 4 set forth in Attachment No. 1 thereto. The Rate and Method of Apportionment of Special Tax is attached hereto and incorporated herein by this reference.

CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)

**RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

A Special Tax shall be levied and collected in City of Carson Community Facilities District No. 2018-01 (Maintenance and Services) (the "District") each Fiscal Year, in an amount determined by the application of the procedures described below. All of the Taxable Property (as defined below) in the District, unless exempted by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

**I. DEFINITIONS**

The terms used herein shall have the following meanings:

**"Accessory Unit"** means a secondary residential unit of limited size (e.g., granny cottage, second unit) that shares a Parcel with a Unit of Single Family Detached Property.

**"Acreage" or "Acre"** means that acreage shown on the Assessor's Parcel Map or in the Assessor's Data for each Assessor's Parcel. In the event that the Assessor's Parcel Map or Assessor's Data shows no acreage, the Acreage for any Assessor's Parcel shall be determined by the District Administrator based upon the applicable condominium plan, final map or parcel map. If the preceding maps for a land are not available, the Acreage of such land area may be determined utilizing available spatial data and geographic information systems (GIS).

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

**"Administrative Expenses"** means the following actual or reasonably estimated costs directly related to the administration of the District: the costs of computing the Annual Special Tax Requirement and the annual Special Tax and of preparing the annual Special Tax collection schedules; the costs of collecting the Special Taxes, including any charges levied by the County Auditor's Office, Tax Collector's Office or Treasurer's Office; the costs of the City or designee in complying with the disclosure requirements of the California Government Code (including the Act), including public inquiries regarding the Special Taxes; and the costs of the City or designee related to an appeal of the Special Tax. Administrative Expenses shall also include costs related to the formation of the District and of annexing territory to the District as well as any amounts advanced by the City for any administrative purposes of the District and an allocable share of the salaries of City staff and an allocable portion of City overhead costs relating to the foregoing, or costs of the City in any way related to the establishment or administration of the District.

**"Annual Services Costs"** means the amounts required to fund services authorized to be funded by the District.

**"Annual Special Tax Requirement"** means that amount with respect to the District determined by the Council or designee as required in any Fiscal Year to pay: (1) the Administrative Expenses, (2) the Annual Services Costs for each Tax Zone, (3) any amount required to establish or replenish any reserve or replacement fund established in connection with the District, and (4) reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year.



**"Assessor's Data"** means Acreage or other Parcel information contained in the records of the County Assessor.

**"Assessor's Parcel" or "Parcel"** means a lot or parcel shown in 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.

**"Assessor's Parcel Number"** means, with respect to an Assessor's Parcel, that number assigned to such Assessment's Parcel by the County for purposes of identification.

**"Association Property"** means any property within the boundaries of the District which is owned by a homeowners' or property association, including any master or sub-association.

**"Boundary Map"** means that map recorded with the County recorder's office on September 20, 2018 in Book 194 at Pages 88 & 89 as Document Number 20180967743.

**"City"** means the City of Carson, County of Los Angeles.

**"Council"** means the City Council of the City, acting as the legislative body of the District.

**"County"** means the County of Los Angeles, California.

**"Developed Property"** means, in any Fiscal Year, all Taxable Property in the District for which a building permit for new construction was issued by the City prior to June 1 of the preceding Fiscal Year.

**"District"** means the City of Carson Community Facilities District No. 2018-01 (Maintenance and Services), and, when applicable, any annexed Assessor's Parcels.

**"District Administrator"** means an official of the City, or designee or agent or consultant, responsible for administering the Special Tax in accordance with this Rate and Method of Apportionment.

**"Exempt Property"** means all property located within the boundaries of the District which is exempt from the Special Tax pursuant to Section V below.

**"Expected Special Tax Revenue"** means the amount of revenue anticipated to be collected in each Tax Zone, adjusted annually by the Tax Escalation Factor.

**"Finance Director"** means the official of the City who is the chief financial officer or other comparable officer of the City or designee thereof.

**"Fiscal Year"** means the period from July 1<sup>st</sup> of any calendar year through June 30<sup>th</sup> of the following calendar year.

**"Future Voluntary Annexation Area"** means the area designated for future voluntary annexation to the District as shown in the District Boundary Map, as may be amended from time to time.

**"Maximum Special Tax Rate"** means the maximum Special Tax authorized for levy in any Fiscal Year that may apply to Taxable Property as described in Section III.

**"Multi-Family Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit has been issued for construction of a residential structure with five or more Units that share a single Assessor's Parcel Number, are offered for rent to the general public, and cannot be purchased by individual homebuyers.

**"Non-Residential Property"** means all Developed Property that is not used for people to live in, and does not include Public Property.

**"Proportionately"** means, in any Fiscal Year, that the ratio of the actual Special Tax to the Maximum Special Tax Rate is equal for all Assessor's Parcels authorized to be levied in that Fiscal Year within each respective Tax Zone.

**"Public Property"** means any property within the boundaries of the District owned by, irrevocably offered or dedicated to, or for which an easement for purposes of public or private road right-of-way making the property unusable for any other purpose has been granted to the federal government, the State of California, the County, the City, or any local government or other public agency.

**"Single Family Attached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit or use permit was issued for construction of a residential structure consisting of two or more Units that share common walls, have separate Assessor's Parcel Numbers assigned to them (except for a duplex triplex, or fourplex unit, which may share a Parcel with another duplex, triplex or fourplex Unit(s)), and may be purchased by individual homebuyers (which shall still be the case even if the Units are purchased and subsequently offered for rent by the owner of the Unit), including such residential structures that meet the statutory definition of a condominium project contained in Civil Code Section 4125.

**"Single Family Detached Property"** means, in any Fiscal Year, all Parcels of Developed Property for which a building permit was issued for construction of a Unit that does not share a common wall with another Unit.

**"Special Tax"** means the amount levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Annual Special Tax Requirement.

**"Tax Escalation Factor"** means a factor that will be applied annually after Fiscal Year 2018/19 to increase the Maximum Special Tax Rates shown in Section III and as specified for each Tax Zone.

**"Tax Zone"** means a mutually exclusive geographic area within which the Special Tax may be levied pursuant to this Rate and Method of Apportionment. *All of the Taxable Property within the District at the time of its formation is within Tax Zone No. 1 as specified on the District Boundary Map.* Additional Tax Zones may be created when property is annexed to the District, and a separate Maximum Special Tax shall be identified for property within the new Tax Zone at the time of such annexation. The Assessor's Parcels included within a new Tax Zone when such Parcels are annexed to the District 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, or any proceeding for annexation to the District.

**"Taxable Property"** means all Parcels within the boundary of the District that are not Exempt Property, exempt from the Special Tax pursuant to the Act or Section V below.

**"Unanimous Approval Form"** means that form executed by the record owner of fee title to a Parcel or Parcels of Taxable Property annexed into the District that constitutes the property owners approval and unanimous vote in favor of annexing into the District and the levy of Special Tax against his/her Parcel or Parcels pursuant to this Rate and Method of Apportionment of Special Tax.

**"Undeveloped Property"** means all Parcels of Taxable Property that are not Developed Property.

**"Unit"** means an individual single family detached or attached home, townhome, condominium, apartment, or other residential dwelling unit, including each separate living area within a half-plex, duplex, triplex, fourplex, or other residential structure. An Accessory Unit that shares a Parcel with a Unit of Single Family Detached Property shall not be considered a separate Unit for purposes of calculating the Special Tax.

## **II. DETERMINATION OF TAXABLE PARCELS**

On or about July 1 of each Fiscal Year, the District Administrator shall determine the valid Assessor's Parcel Numbers for all Taxable Property within the District. If any Assessor's Parcel Numbers are no longer valid from the previous Fiscal Year, the District Administrator shall determine the new Assessor's Parcel Number or Numbers that are in effect for the current Fiscal Year. To the extent a Parcel or Parcels of Taxable Property are subdivided, consolidated or otherwise reconfigured, the Special Tax rates shall be assigned to the new Assessor's Parcels pursuant to Section III. The District Administrator shall also determine: (i) the Tax Zone within which each Parcel is located; (ii) which Parcels are Developed Property; (iii) the Acreage or number of Units each Parcel contains; and (iv) the Annual Special Tax Requirement for the Fiscal Year.

## **III. ANNUAL SPECIAL TAX - METHOD OF APPORTIONMENT**

All Taxable Property shall be subject to a Special Tax defined as follows.

The Special Tax shall be levied each Fiscal Year by the District Administrator. The Annual Special Tax Requirement shall be apportioned to each Parcel of Taxable Property within the District by the method shown below.

- First. Determine the Annual Special Tax Requirement.
- Second. Levy the Special Tax on each Parcel of Developed Property, Proportionately, up to the Maximum Special Tax Rate described in Table 1 below to satisfy the Annual Special Tax Requirement.



**TABLE 1  
SPECIAL TAX RATES – TAX ZONE NO. 1  
FISCAL YEAR 2018/19\***

Property Type	Maximum Special Tax Rate	Per	Expected Special Tax Revenue
Non-Residential Property	\$1,971.51	Acre	\$9,189.21

*\*On each July 1, commencing on July 1, 2019, the Maximum Special Tax Rate for each Tax Zone shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 1.*

Should the total revenue for Tax Zone No. 1 not be fully realized when all Parcels in Tax Zone No. 1 are classified as Developed Property, the Special Tax rate per Acre shall be adjusted so that the Special Tax per Acre is sufficient to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor. The Maximum Special Tax Rate shall be the greater of the Maximum Special Tax Rate shown in Table 1, adjusted annually by the Tax Escalation Factor or the Special Tax Rate calculated to generate the total Expected Special Tax Revenue for Tax Zone No. 1, adjusted annually by the Tax Escalation Factor.

If a building permit has been issued after June 1 of the preceding Fiscal Year, the City may directly bill to meet the Annual Special Tax Requirement, as prorated based on the date the building permit is issued and the end of the Fiscal Year.

A different Maximum Special Tax Rate may be identified in Tax Zones added to the District as a result of future annexations.

**IV. FORMULA FOR PREPAYMENT OF SPECIAL TAX OBLIGATIONS**

The Special Tax may not be prepaid.

**V. EXEMPTIONS**

Notwithstanding any other provision of this Rate and Method of Apportionment of Special Tax, no Special Taxes shall be levied on (i) Public Property, (ii) Association Property, (iii) Assessor's Parcels with public or utility easements making impractical their utilization for any use other than the purposes set forth in the easement, or (iv) except as otherwise provided in Sections 53317.3 and 53317.5 of the Act.

**VI. INTERPRETATION OF RATE AND METHOD OF APPORTIONMENT**

The City reserves the right to make minor administrative and technical changes to this document that do not materially affect the rate and method of apportioning the Special Tax. In addition, the interpretation and application of any section of this document shall be at the City's discretion. Interpretations may be made by the City by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment of Special Tax.

**VII. MANNER AND DURATION 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 that the City may directly bill the Special Tax, may collect the Special Tax at a different time or in a different manner if needed to meet the financial obligations of the District, and may collect delinquent Special Taxes through foreclosure or other available methods.

A Special Tax shall continue to be levied and collected within the District, as needed to fund the Annual Special Tax Requirement, in perpetuity.

**VIII. APPEAL OF SPECIAL TAX LEVY**

Any property owner may file a written appeal of the Special Tax with the District Administrator claiming that the amount or application of the Special Tax is not correct. The appeal must be filed not later than one calendar year after having paid the Special Taxes that are disputed, and the appellant must be current in all payments of Special Taxes. In addition, during the term of the appeal process, all Special Taxes 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 Taxes are in error. The District Administrator shall review the appeal, meet with the appellant if the District Administrator deems necessary, and advise the appellant of its determination.

If the property owner disagrees with the District Administrator's decision relative to the appeal, the owner may then file a written appeal with the City Council whose subsequent decision shall be final and binding on all interested parties. If the decision of the District Administrator or subsequent decision by the City Council requires the Special Taxes to be modified or changed in favor of the property owner, no cash refund shall be made for prior years' Special Taxes, but an adjustment shall be made to credit future Special Taxes.

This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to filing any legal action by such owner.

**EXHIBIT C**

**CITY OF CARSON  
Community Facilities District No. 2018-01  
(Maintenance and Services)**

**ATTACHMENT 1  
MAXIMUM SPECIAL TAX RATES**

**TAX ZONE 4 – BASE YEAR 2019/20**

<b>Property Type</b>	<b>Maximum Special Tax Rate</b>	<b>Per</b>
Single Family Attached Property	\$517.94	Unit
Single Family Detached Property	879.10	Unit
Multi-Family Property	517.94	Unit
Non-Residential Property	449.30	Acre
Non-Residential Property – Industrial Zone 1	2,616.10	Acre
Non-Residential Property – Industrial Zone 2	5,347.80	Acre
Association Property	0.00	Acre
Public Property	0.00	Acre

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%. On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.



**CITY OF CARSON**  
**Community Facilities District No. 2018-01**  
**(Maintenance and Services)**

**ATTACHMENT 1 (Continued)**  
**MAXIMUM SPECIAL TAX RATES SCHEDULE**

**TAX ZONE 4**

<b>CFD No. 2018-01 Maximum Special Tax Rates</b>							
<b>Property Type</b>	<b>Base Year</b>	<b>July 1, 2020</b>	<b>July 1, 2021</b>	<b>July 1, 2022</b>	<b>July 1, 2023</b>	<b>July 1, 2024</b>	
Single Family Attached Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44	
Single Family Detached Property	\$ 879.10	\$ 940.64	\$ 1,006.48	\$ 1,076.94	\$ 1,152.32	\$ 1,232.98	
Multi-Family Property	\$ 517.94	\$ 554.20	\$ 592.99	\$ 634.50	\$ 678.91	\$ 726.44	
Non-Residential Property	\$ 449.30	\$ 480.75	\$ 514.40	\$ 550.41	\$ 588.94	\$ 630.17	
Non-Residential Property – Industrial Zone 1	\$ 2,616.10	\$ 2,799.23	\$ 2,995.17	\$ 3,204.83	\$ 3,429.17	\$ 3,669.22	
Non-Residential Property – Industrial Zone 2	\$ 5,347.80	\$ 5,722.15	\$ 6,122.70	\$ 6,551.28	\$ 7,009.87	\$ 7,500.57	
Association Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Public Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

On each July 1, commencing on July 1, 2020 through and including July 1, 2024, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by 7%.  
On each July 1, commencing on July 1, 2025 and thereafter, the Maximum Special Tax Rate for Tax Zone No. 4 shall be increased by the percentage change in the November annualized Consumer Price Index for Los Angeles-Long Beach-Anaheim for all Urban Consumers, the Tax Escalation Factor for Tax Zone No. 4.