

**SANTA BARBARA COUNTY
BOARD AGENDA LETTER**



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 9/21/2006
Department Name: CEO
Department No.: 012
Agenda Date: 9/26/06
Placement: Departmental
Estimate Time: 10 minutes
Continued Item: Yes
If Yes, date from: 8/15/06

TO: Board of Supervisors

FROM: Michael F. Brown, Chief Executive Officer
568-3400

STAFF CONTACT: Sharon Friedrichsen, Project Manager
568-3400

SUBJECT: Enact Ordinance to Annex Orcutt Creek Estates Residential Development into Orcutt Community Facilities District No. 2002-1 and Levy Special Taxes Therein, Fourth Supervisorial District

Recommendation(s):

That the Board of Supervisors, on September 26, 2006:

- (A) Hold a public hearing on the annexation of territory to Orcutt Community Facilities District No. 2002-1 and the authorization of the levying of special taxes on the proposed parcels to be annexed for the Orcutt Creek Estates residential development (tentative tract map 14,627 on APN 103-740-016);
- (B) Receive testimony regarding written protests that have been filed, if any;
- (C) Hold a special election on the annexation of Orcutt Creek Estates into the Orcutt Community Facilities District (No. 2002-1) and the levying of special taxes therein and trail this matter so that the election may be held and the results tallied during the Board meeting;

Later, on September 26, 2006, after the election results are tallied, if the vote of qualified electors approves the annexation and authorizes the levy of a special tax on the newly annexed parcels, it is recommended that the Board of Supervisors:

- (D) Certify the election results;
- (E) Adopt the Resolution Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien;

- (F) Introduce the first reading of an ordinance entitled "An Ordinance of the Board of Supervisors of the County of Santa Barbara Approving the Annexation of Territory to Orcutt Community Facilities District (No. 2002-1) and Authorizing the Levy of Special Taxes Therein."
- (G) Direct the Clerk of the Board to record the annexation and levying of special tax pursuant to Streets and Highway Code Section 3117.
- (H) Set a hearing on the administrative agenda for October 3, 2006 to:
 - 1. Adopt the attached ordinance (second reading) entitled "An Ordinance of the Board of Supervisors of the County of Santa Barbara Approving Annexation of Territory to Orcutt Community Facilities District (No. 2002-1) and Authorizing the Levy of Special Taxes Therein."

Alignment with Board Strategic Plan:

The recommendation(s) are primarily aligned with Goal No. 1, An Efficient Government Able to Respond Effectively to the Needs of the Community; Goal No. 4, A Community that is Economically Vital and Sustainable; and Goal No. 5, A High Quality of Life for All Residents.

Executive Summary and Discussion:

The Orcutt Creek Estates residential development project is located within the Orcutt Community Plan at Key site 10, and located at 5301 S. Bradley Road, about 0.5 miles south of E. Clark Avenue. The total site area is 9.81 acres. The development will consist of a 16 lot residential subdivision with 15 single family residences and 1 open space lot. Current County policy requires the parcels to annex into the Orcutt Community Facilities District (Orcutt CFD No 2002-1). This is one of the final conditions that need to be fulfilled in order for the developer to record the final map. The Board of Supervisors initiated the annexation process on August 15, 2006.

Parcels within the Orcutt CFD are assessed a special tax to finance the following services provided by the County to the development: fire and sheriff protection services, maintenance of parks, parkways and open space, and flood and storm protection services. In order to levy the special taxes, the taxes must be approved by a two-thirds majority of the "qualified voters." When fewer than twelve registered voters reside within the area proposed to be annexed, the qualified voters are those owners of property within the area to be annexed. Every property owner receives one vote per acre, or portion thereof, owned within the area to be annexed. Because no parcels have yet been sold, there is only one owner and one registered voter within the Orcutt Creek Estates annexation boundaries. The landowner, Cameron Realty Partners, LLC, has been sent a special election ballot and the ballot will be counted as part of the special election being held by the Board today.

Upon Cameron Realty Partners, LLC vote in favor of annexation to Orcutt CFD No. 2001-1 and levying of special taxes, the Board may then adopt the attached resolution approving the annexation and levying special taxes relative to the newly annexed parcels for Fiscal Year 2006-07 and on. The Clerk of the Board shall then record notice of the annexation pursuant to Section 3117.5 of the Streets and Highways Code. A second reading of the ordinance to approve annexation and the levying of special taxes will be scheduled for

October 3, 2006. After the second reading of the ordinance, provided that there are no protests, the Orcutt Creek Estates residential tract will then be considered to have fulfilled this condition of approval and proceed to record its final map, contingent on meeting any other requirements stated by the County's Planning and Development Department.

Mandates and Service Levels:

The Board's approval of the resolution will allow the Orcutt Creek Estates residential development to be annexed into the Orcutt Community Facilities District. The Orcutt Communities Facilities District is a mechanism that levies a special tax on parcels within its boundaries in order to pay for services delivered to the development. These services include fire and sheriff protection services, maintenance of parks, parkways and open space, and flood and storm protection services.

Fiscal and Facilities Impact:

Completion of the annexation proceedings will allow the County to impose Mello Roos special taxes in the new developing areas covered by this annexation. As of Fiscal Year 2006-2007, the special taxes within the Orcutt Creek Estates annexation would be responsible for generating \$7,976.64 toward the Orcutt CFD. This figure is based on the \$498.54 per unit tax being levied on 16 single family homes.

The special taxes levied on the parcels are calculated through the Rate and Method of Apportionment and escalate each fiscal year by the greater of the change in the Consumer Price Index ("CPI") during the pervious twelve months or 2%.

Special Instructions:

- A. Direct Elections to canvass special ballot(s) on the annexation of Orcutt Creek Estates residential development into the Orcutt Community Facilities District and the levying of special taxes on the proposed annexed parcels and certify results.
- B. Direct the Clerk of the Board to record the annexation pursuant to Streets and Highway Code Section 3117.
- C. Direct the Clerk of the Board to forward a certified minute order and completely executed copies of the ordinance to the County Executive Office to the attention of Sharon Friedrichsen.

Concurrence:
County Counsel
Auditor-Controller

Attachment 1: "A Resolution of the Board of Supervisors of the County of Santa Barbara Declaring Results of Special Election and Directing Recording of Notice of Special Tax Lien."

Annexation of Orcutt Creek Estates into the Orcutt CFD

9/26/06

Page 4

Attachment 2: "An Ordinance of the Board of Supervisors of the County of Santa Barbara Approving the Annexation of Territory to Orcutt Community Facilities District (No. 2002-1) and Authorizing the Levy of Special Taxes Therein."

CC: Marie La Sala, County Counsel
Billie Alvarez, Elections
Larry Appel, Planning and Development
Glenn Rider, Cameron Realty Partners, LLC

RESOLUTION NO. _____

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF SANTA BARBARA DECLARING
RESULTS OF SPECIAL ELECTION AND DIRECTING
RECORDING OF NOTICE OF SPECIAL TAX LIEN**

WHEREAS, on August 15, 2006, the Board of Supervisors (the “Board of Supervisors”) of the County of Santa Barbara adopted a resolution entitled “A Resolution of the Board of Supervisors of the County of Santa Barbara Calling Special Election for the County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Community Facilities District)” (the “Resolution Calling Election”), calling for a special election of the qualified electors within the County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Community Facilities District) (the “Community Facilities District”);

WHEREAS, pursuant to the terms of the Resolution Calling Election and the provisions of the Mello-Roos Community Facilities Act of 1982 (the “Act”), the special election was held on July 25, 2006; and

WHEREAS, the Elections Division Manager, or authorized designee, of the County of Santa Barbara (the “County”), acting on behalf of the Registrar of Voters of the County has certified the canvass of the returns of the election and has filed a Canvass and Statement of Results of Election (the “Canvass”), a copy of which is attached hereto as Exhibit A;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Barbara as follows:

Section 1. The Board of Supervisors has received, reviewed and hereby accepts the Canvass.

Section 2. The Board of Supervisors hereby finds and declares that the ballot proposition submitted to the qualified electors of the Community Facilities District pursuant to the Resolution Calling Election has been passed and approved by such electors in accordance with Section 53328(a) and Section 53325.7 of the Act.

Section 3. The Clerk of the Board of Supervisors is hereby directed to execute and cause to be recorded in the office of the County Recorder a notice of special tax lien in the form required by the Act, said recording to occur no later than fifteen days following adoption by the Board of Supervisors of this Resolution.

Section 4. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 26th day of September, 2006 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Joni Gray
Chair, Board of Supervisors
County of Santa Barbara

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

By _____
Deputy Clerk

Approved as to Form:
Stephen Shane Stark
County Counsel

Approved as to Form:
Robert W. Geis
Auditor-Controller

By _____
Deputy County Counsel

By _____
Deputy Auditor-Controller

EXHIBIT A

**COUNTY OF SANTA BARBARA
COMMUNITY FACILITIES DISTRICT NO. 2002-1
(ORCUTT CREEK ESTATES ANNEXATION INTO ORCUTT COMMUNITY FACILITIES
DISTRICT)**

CANVASS AND STATEMENT OF RESULTS OF ELECTION

I hereby certify that on September 26, 2006, I canvassed the returns of the special landowner election held on September 26, 2006, for the County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Creek Estates Annexation Into Orcutt Community Facilities District) that the total number of ballots cast in said District and the total number of votes cast for and against the measure are as follows and that the totals as shown for and against the measure are full, true and correct:

| | Qualified Landowner <u>Votes</u> | Votes <u>Cast</u> | <u>YES</u> | <u>NO</u> |
|---|--|----------------------|------------|-----------|
| County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Community Facilities District) Special Election, September 26, 2006 | | | | |

MEASURE SUBMITTED TO VOTE OF VOTERS: Shall the parcel(s) identified in the Orcutt Creek Estates Annexation Parcel Map No. 3 of Community Facilities District No. 2002-1, attached as Exhibit A to the resolution entitled "Resolution Initiating Annexation of Territory to Orcutt Community Facilities District No. 2002-1 and to Authorize the Levy of Special Taxes Therein" adopted by the Board of Supervisors of the County of Santa Barbara on August 15, 2006, be annexed into the County of Santa Barbara Community Facilities District No. 2002-1 (the "Community Facilities District") and shall the Community Facilities District be authorized to levy a special tax on the annexed parcels to finance certain services to be provided to the annexed parcels by the Community Facilities District?

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND this 26th day of September 2006.

Joseph E. Holland
County of Santa Barbara
Registrar of Voters

By

Elections Division Manager

ORDINANCE NO. ____

**AN ORDINANCE OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF SANTA BARBARA APPROVING THE
ANNEXATION OF TERRITORY TO ORCUTT
COMMUNITY FACILITIES DISTRICT NO. 2002-1 AND
AUTHORIZING THE LEVY OF A SPECIAL TAX
THEREIN**

WHEREAS, the Board of Supervisors (the “Board of Supervisors”) of the County of Santa Barbara (the “County”) has formed Orcutt Community Facilities District No. 2002-1 (Orcutt Community Plan) (the “Community Facilities District”), under and pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”); and

WHEREAS, the Board of Supervisors, as the legislative body of the Community Facilities District, is authorized under the Act to levy special taxes (the “Special Taxes”) to pay for the costs of certain facilities; and

WHEREAS, the Board of Supervisors, pursuant to Ordinance No. 4478, adopted by the Board of Supervisors of the County on October 15, 2002, authorized and levied the Special Taxes within the Community Facilities District; and

WHEREAS, on August 15, 2006 the Board of Supervisors (the “Board of Supervisors”) of the County of Santa Barbara (the “County”) adopted a resolution entitled “A Resolution of the Board of Supervisors of the County of Santa Barbara Initiating Annexation of Territory to Orcutt Community Facilities District No. 2002-1 and to Authorize the Levy of Special Taxes Therein” (the “Resolution of Intention”), stating its intention to annex “Orcutt Creek Estates” residential development (APN 103-740-016) into the Orcutt Community Facilities District No. 2002-1 (the “Community Facilities District”) and authorize the levying of special taxes on the newly annexed parcels pursuant to the Mello-Roos Community Facilities Act of 1982 (the “Act”);

WHEREAS, the Board of Supervisors has held a noticed public hearing on the annexation to the Orcutt Community Facilities District and the authorization of levying special taxes on the newly annexed parcels, as required by the Act;

WHEREAS, at the hearing, the testimony of all interested persons and taxpayers for or against the annexation to the Orcutt Community Facilities District was heard and no oral or written protests against the annexation to the Orcutt Community Facilities District, the furnishing of any specified type or types of services to the annexed areas within the Orcutt Community Facilities District or the levying any specified special tax were made or filed at or before the hearing and the hearing was concluded on this date;

WHEREAS, an election was held in which the qualified electors of the area proposed to be annexed approved said propositions by more than the two-thirds vote required by the Act;

WHEREAS, Section 53340 of the Act provides that the legislative body of a community facilities district may provide, by resolution, for the levy of the special tax in the current year or future tax years at the same rate or at a lower rate than the rate provided by ordinance, if the resolution is adopted and a certified list of all parcels subject to the special tax levy including the amount of the tax to be levied on each parcel for the applicable tax year, is filed by the clerk or other official designated by the legislative body with the county auditor on or before the 10th day of August of that tax year; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Barbara as follows:

Section 1. The foregoing recitals are true and correct.

Section 2. The parcels contained within “Orcutt Creek Estates” residential development (APN 103-740-016) are hereby annexed into the Orcutt Community Facilities District No. 2002-1.

Section 3. The special tax assessment is hereby levied on the parcels comprising Orcutt Creek Estates residential development.

Section 4. Except where funds are otherwise available, a special tax sufficient to pay for all Services, secured by recordation of a continuing lien against all nonexempt real property annexed into the Community Facilities District, will be annually levied within the Community Facilities District. The rate and method of apportionment of the special tax (the “Rate and Method”), in sufficient detail to allow each landowner within the proposed Community Facilities District to estimate the maximum amount that he or she will have to pay, is described in Exhibit A attached hereto, which is by this reference incorporated herein. The special tax will be collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as the Board of Supervisors shall determine, including direct billing of the affected property owners.

Section 5. The Clerk of the Board is directed to record forthwith in the Office of the Santa Barbara County Clerk Recorder a certified copy of this Ordinance and further directed to file forthwith a certified copy of this Ordinance with the Santa Barbara County Auditor-Controller.

Section 6. Upon recordation of a notice of special tax lien pursuant to Section 3114.5 of the California Streets and Highways Code, a continuing lien to secure each levy of the special tax shall attach to all nonexempt real property in the Community Facilities District and this lien shall continue in force and effect until the special tax obligation is prepaid and permanently satisfied and the lien canceled in accordance with law or until collection of the tax by the Board of Supervisors ceases.

Section 7. The Board of Supervisors hereby determines and finds that all proceedings up to and including the adoption of this Resolution were valid and in conformity with the requirements of the Act. In accordance with Section 53325.1 of the Act, such finding shall be final and conclusive.

Section 8. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Barbara, State of California, this 26th day of September, 2006, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Joni Gray
Chair, Board of Supervisors
County of Santa Barbara

ATTEST:
MICHAEL F. BROWN
CLERK OF THE BOARD

By _____
Deputy Clerk

Approved as to Form:
Stephen Shane Stark
County Counsel

Approved as to Form:
Robert W. Geis
Auditor-Controller

By _____
Deputy County Counsel

By _____
Deputy Auditor-Controller

Exhibit A
Special Tax Levy for Fiscal Year 2006-2007

1. Developed Property
 a. Special Tax

The Special Tax for Fiscal Year 2006-2007 for each Land Use Class is shown below in Table 1. The special tax rate will escalate each fiscal year by the greater of the change in the Los Angeles Urban Consumer Price Index during the past 12 months or 2%. For Fiscal Year 2006-07, the CPI was 4.45%.

TABLE 1

MAXIMUM SPECIAL TAXES FOR DEVELOPED PROPERTY
For Fiscal Year 2006-2007
Community Facilities District No. 2002-1

| Land Use Class | Land Use | Maximum Special Tax Per Dwelling Unit or Per Square Foot of Non-Residential Floor Area |
|-----------------------|---|---|
| 1 | Single Family Property | \$692.18 per Dwelling Unit |
| 2 | Multi-Family Property | \$470.68 per Dwelling Unit |
| 3 | Non-Retail Commercial/Industrial Property | \$0.67141 per square foot |
| 4 | Retail Commercial Property | \$0.47761 per square foot |
| NA | Graded Property | \$50 per lot |

2. Graded Property

As set forth in the Rate and Method, a Special Tax of \$50 shall be levied on Graded Property.

3. Property Being Issued a Building Permit

As set forth in the Rate and Method, a One-Time Special Tax of \$250 per Dwelling Unit and \$0.20 per square foot of Non-Residential Floor Area shall be levied at a building permit issuance on Developed Property.

RECORDING REQUESTED BY AND AFTER RECORDATION RETURN TO:
Clerk of the Board of Supervisors of the County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

NOTICE OF SPECIAL TAX LIEN

**COUNTY OF SANTA BARBARA
COMMUNITY FACILITIES DISTRICT NO. 2002-1
(ORCUTT COMMUNITY PLAN)
ORCUTT CREEK ESTATES**

Pursuant to the requirements of Section 3114.5 of the Streets and Highways Code, and Section 53328.3 of the Government Code, the undersigned Clerk of the Board of Supervisors of the County of Santa Barbara, State of California, hereby gives notice that a lien to secure payment of a special tax is hereby imposed by the Board of Supervisors of the County of Santa Barbara, State of California. The special tax secured by this lien is authorized to be levied for the purposes of financing (i) fire protection and suppression services, (ii) sheriff protection services, (iii) maintenance of parks, parkways and open space and (iv) flood and storm protection services including, but not limited to, the operation and maintenance of storm drainage systems.

The special tax is authorized to be levied on the Orcutt Creek Estates parcel (APN 103-740-016) within Community Facilities District No. 2002-1 (Orcutt Community Plan) which has now been officially annexed into Community Facilities District No. 2002-1, 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 described in Exhibit A attached hereto, which is by this reference incorporated herein. The special tax will be collected in the same manner as ordinary *ad valorem* property taxes or in such other manner as the Board of Supervisors shall determine, including direct billing of the affected property owners. There are no conditions under which the obligation to pay the special tax may be prepaid and permanently satisfied and the lien of the special tax canceled, except that collection of the tax may cease if and when a notice of cessation of special tax is recorded in accordance with Section 53330.5 of the Government Code.

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 Community Facilities District No. 2002-1 (Orcutt Community Plan) in accordance with Section 3115.5 of the Streets and Highways Code.

The name(s) of the owner(s) and the assessor's tax parcel number(s) of the real property included within this community facilities district and not exempt from the special tax are as follows: Cameron Realty Partners, LLC; APN 103-740-016.

The Orcutt Creek Estates Annexation Map #3 attached hereto as Exhibit B provides the legal description for the real property included within this community facilities district and subject to the special tax.

The Orcutt Creek Estates property is also referenced in the Boundary Map for the Community Facilities District No. 2002-1 recorded at Book 4 of Maps of Assessment and Community Facilities Districts at Page 24, in the office of the County Recorder for the County of Santa Barbara, State of California.

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: County Executive Officer of Santa Barbara County, 105 E. Anapamu Street, Santa Barbara, CA 93101 or via phone at 805-568-3400.

Dated: _____

Michael F. Brown, Clerk of the Board of
Supervisors of the County of Santa
Barbara

EXHIBIT A

RATE AND METHOD OF APPORTIONMENT FOR COUNTY OF SANTA BARBARA COMMUNITY FACILITIES DISTRICT NO. 2002-1 (ORCUTT COMMUNITY PLAN)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Community Plan) ("CFD No. 2002-1") and collected each Fiscal Year commencing in Fiscal Year 2002-03, in an amount determined by the Board through the application of the appropriate Special Tax for "Residential Property" as described below. All of the real property in CFD No. 2002-1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

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

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of CFD No. 2002-1: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the County or any designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs to the County, CFD No. 2002-1 or any designee thereof of complying with County, CFD No. 2002-1 or obligated persons disclosure requirements associated with the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the County, CFD No. 2002-1 or any designee thereof related to an appeal of the Special Tax; and the County's annual administration fees and third party expenses. Administrative Expenses shall also include amounts estimated or advanced by the County or CFD No. 2002-1 for any other administrative purposes of CFD No. 2002-1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Assessor's Parcel" means a lot or parcel shown on an Assessor's Parcel Map with an assigned Assessor's Parcel number. "Assessor's Parcel" also includes all Legal Lots which have been created under the Subdivision Map Act but for which an Assessor's Parcel number has not yet been assigned.

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

"Board" means the Board of Supervisors of the County, acting as the legislative body of CFD No. 2002-1.

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

"CFD No. 2002-1" means County of Santa Barbara Community Facilities District No. 2002-1 (Orcutt Community Plan).

"County" means the County of Santa Barbara.

"Developed Property" means, for each Fiscal Year, all Assessor's Parcels for which a building permit has been issued on or after March 1, 2002.

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

"Final Map" means a subdivision of property creating buildable single family residential lots by recordation of a final map or a lot line adjustment, pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq., as such section may be amended or replaced), or recordation of a condominium plan pursuant to California Civil Code Section 1352, as such section may be amended or replaced, that creates individual lots for which land use permits may be issued without further subdivision.

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

"Graded Property" means, for each Fiscal year, all Legal Lots for which a Land Use Permit for Grading has been issued on or after March 1, 2002, but which is not Developed Property.

"Grading Permit Special Tax" means a Special tax of \$50 collected for each Legal Lot of graded Property (i) at the time the Land Use Permit for Grading is passed and (ii) each Fiscal year thereafter until that Legal Lot becomes Developed Property.

"Land Use Permit for Grading" means a permit issued by the Planning and Development Department of the County authorizing the commencement of any

work pertaining to the grading of a Legal Lot as stated in Section 35-314.2 of the County of Santa Barbara Inland Zoning Ordinance Permit Procedures, as such section may be amended or replaced.

“Legal Lot” means each legal parcel of land shown on a tentative or parcel map, a recorded subdivision map, or as evidenced by a certificate of compliance.

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

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

“Multi-Family Property” means, for each Fiscal year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2002 for purposes of constructing attached residential units, detached multifamily residential units, Second Unit Property, or installing one or more mobile homes.

“Non-Residential Floor Area” means the total floor area of a non-residential building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as specified in the building permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the CFD Administrator.

“Non-Residential Property” means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2002 for a non-residential use.

“Non-Retail Commercial/Industrial Property” means, for each Fiscal year, all Assessor's Parcels of Non-Residential Property that are not Retail Commercial Property.

"Property Owner Association Property" means, for each Fiscal Year, any Assessor's Parcel within the boundaries of CFD No. 2002-1 that is owned by or irrevocably offered for dedication to a property owner association, including any master or sub-association.

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

"Public Property" means, for each Fiscal Year, (i) any property within the boundaries of CFD No. 2002-1 that is owned by or irrevocably offered for dedication to the federal government, the State, the County or any other public agency; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act, as such section may be amended or replaced, shall be taxed and classified in accordance with its use; or (ii) any property within the boundaries of CFD No. 2002-1 that is encumbered by an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement.

"Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2002 for purposes of constructing one or more residential Dwelling Units.

"Retail Commercial Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2002 for a retail commercial use, including but not limited to, food stores, book stores, video rental stores, drug stores, laundry and cleaning establishments, barber shops and beauty parlors, repair shops for shoes, radios, TV and domestic appliances, professional services, studios and clinics, automotive service stations, vehicle maintenance and repair, banking, insurance and real estate services, restaurants, bakeries, theaters, bowling alleys, social clubs, discount stores and home supply stores.

"Second Unit Property" means Residential Property containing an attached or detached Dwelling Unit on a permanent foundation, which provides independent living facilities for one or more persons in addition to principal one-family dwelling.

"Services" means services for (i) fire protection and suppression services, (ii) sheriff protection services, (iii) maintenance of parks, parkways and open space and (iv) flood and storm protection services, including, but not limited to, the operation and maintenance of storm drainage systems. CFD No. 2002-1 shall finance Services only to the extent that they are in addition to those provided in the territory of CFD No. 2002-1 before the CFD was created and such Services may not supplant services already available within CFD No. 2002-1 when the CFD was

"Single Family Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a building permit was issued on or after March 1, 2002 for purposes of constructing detached residential units.

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

"Special Tax Requirement" means that amount to be collected in any Fiscal Year for CFD No. 2002-1 to pay for certain costs as required to meet the needs of the CFD in that Fiscal Year. The costs to be covered shall be the direct costs for (i) Services and (ii) Administrative Expenses; less (iii) a credit for funds available to reduce the annual Special Tax levy, if any, as determined by the CFD Administrator. Under no circumstances shall the Special Tax Requirement include debt service payments for debt financings by CFD No. 2002-1.

"State" means the State of California.

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

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Assessors Parcels or Legal Lots, as applicable, within CFD No. 2002-1 shall be classified as Developed Property, Graded Property, Property Owner Association Property, or Public Property. However, only Developed Property and Graded Property shall be subject to annual Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below. Residential Property shall be assigned to Land Use Class I and 2 based on the type of residential development. Non-residential Property shall be assigned to Land Use Classes 3 and 4 based on the type of non-residential development.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for Fiscal Year 2002-03¹ for each Land Use Class is shown below in Table 1. Such Special Taxes shall only be levied for new structures on Residential Property and Non-Residential Property that were authorized to be constructed with building permits issued on or after March 1, 2002.

| Land Use Class | Land Use | Maximum Special Tax |
|-----------------------|---|----------------------------|
| 1 | Single-Family Property | \$600 per unit |
| 2 | Multi-Family Property | \$408 per unit |
| 3 | Non-Retail Commercial/Industrial Property | \$0.582 per sq. ft. |
| 4 | Retail Commercial Property | \$0.41401 per sq. ft |

¹ For Fiscal year 2006-2007, the maximum special taxes are as follows: Single-Family Property at \$692.18 per unit, Multi-Family Property at \$470.68 per unit, Non-Retail Commercial/Industrial Property Retail at \$0.67141 per sq. ft and Commercial Property at \$0.47761 per sq. ft.

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2003, the Maximum Special Tax set forth above will be increased annually by the greater of the change in the Los Angeles Urban Consumer Price Index during the twelve months prior to December of the previous Fiscal Year, or two percent (2%).

c. Multiple Land Use Classes

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

d. Building Permit One-Time Special Tax

A maximum Building Permit One-Time Special Tax of \$250 per Dwelling Unit and \$0.20 per square foot of Non-Residential Floor Area shall be levied at building permit issuance of Developed Property.

2. Graded Property

A maximum Grading Permit Special Tax of \$50 at issuance of a Land Use Permit for Grading and an annual maximum Grading Permit Special Tax of \$50 shall be levied on Graded Property.

3. Undeveloped Property

No Special taxes shall be levied on Undeveloped Property.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2002-03 and for each following Fiscal Year, the Building Permit One Time Special tax and the Grading Permit Special Tax shall be levied on 100% of the applicable Maximum Special Tax for each Assessor's Parcel of Developed Property and for each Legal Lot of Graded Property.

Commencing with Fiscal Year 2002-03 and for each following Fiscal Year, the Board shall levy the annual Special Tax Proportionately for each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax, until the amount of Special taxes equals the Special Tax Requirement.

E. EXEMPTIONS

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

F. APPEALS AND INTERPRETATIONS

Any landowner or resident may file a written appeal of the Special Tax on his/her property with the CFD Administrator, provided that the appellant is current in his/her payments of Special Taxes. During the pendency of an appeal, all Special Taxes previously levied must be paid on or before the payment date established when the levy was made. The appeal must specify the reasons why the appellant claims the Special Tax is in error. The CFD Administrator shall review the appeal, meet with the appellant if the CFD Administrator deems necessary, and advise the appellant of its determination. If the CFD Administrator agrees with the appellant, the CFD Administrator shall eliminate or reduce the Special Tax on the appellant's property and/or provide a refund to the appellant. If the CFD Administrator disagrees with the appellant and the appellant is dissatisfied with the determination, the appellant then has 30 days in which to appeal to the Board by filing a written notice of appeal with the County Clerk, provided that the appellant is current in his/her payments of Special Taxes. The second appeal must specify the reasons for the appellant's disagreement with the CFD Administrator's determination. The CFD Administrator may charge the appellant a reasonable fee for processing the appeal.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

G. MANNER OF COLLECTION

The annual Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2002-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations. The direct billing of the Special Tax may include the collection of the Grading Permit Special Tax and the Building Permit One- Time Special Tax.

H. TERM OF SPECIAL TAX

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