

CITY OF CHULA VISTA
COMMUNITY FACILITIES DISTRICT 12M
(VILLAGE 7, MCMILLIN OTAY RANCH AND OTAY RANCH
COMPANY)
COMMUNITY FACILITIES DISTRICT REPORT



Submitted: July 12, 2005



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CITY OF CHULA VISTA
CITY COUNCIL

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JERRY R. RINDONE, COUNCILMEMBER
STEVE CASTANEDA, COUNCILMEMBER

CITY MANAGER
DAVID D. ROWLANDS, JR.

**COMMUNITY FACILITIES DISTRICT REPORT
CITY OF CHULA VISTA**

COMMUNITY FACILITIES DISTRICT NO. 12M

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- c. the rates and methods of apportionment of the special tax in sufficient detail to allow each property owner within the proposed CFD No. 12M to estimate the maximum annual amount of payment.

For particulars, reference is made to the Resolution of Intention (Resolution No.2005-180) and the Resolution Ordering the Preparation of the Community Facilities District Report (Resolution No. 2005-181) previously approved.

NOW THEREFORE, MuniFinancial, the appointed responsible firm directed to prepare the Report, pursuant to the provisions of the Code, does hereby submit the following:

A. DESCRIPTION OF SERVICES

The public services described below are proposed to be maintained by Community Facilities District No. 12M. The landscaping improvements include, but are not limited to, all landscaping material and facilities within each Improvement Area. These improvements include turf, ground cover, shrubs, trees, plants, irrigation and drainage systems, ornamental lighting structures, masonry walls or other fencing, trails, and associated appurtenant facilities located within the streetscape (parkway, median and slope perimeter landscaping) surrounding the development and trails, perimeter walls, and perimeter fencing in the development. The storm water quality improvements include, but are not limited to, maintenance of all storm water quality improvements within each Improvement Area. These services include the maintenance, repair, and replacement of storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, Vactor truck and similar facilities. Both the landscape maintenance and storm drain maintenance allow for the collection of reserve fund and administration costs.

Improvement Area No. 1 (McMillin Otay Ranch)

Landscaping Maintenance

Magdalena Avenue

- Planted Area - Slopes
- Planted Area - Parkways
- Planted Area - Median
- D.G. Trail
- Pedestrian Lights

Rock Mountain Road

- Planted Area - Median
- Planted Area - Slopes
- Planted Area - Parkways

Birch Road

Planted Area - Slopes

Bob Pletcher Way

Planted Area - Slopes

Planted Areas - Parkway

Wolf Canyon Loop

Planted Area - Slopes

Planted Areas - Parkway

Peabody Way

Planted Area - Slopes

Planted Areas - Parkway

Webber Way

Planted Area - Slopes

Planted Areas - Parkway

Slopes - Temporary @ Southern rim (non-irrigated)

Planted Area - Slopes

Slopes - Northern Elementary School

Planted Area - Slopes

Slopes - Adjacent to SR125

Planted Area - Slopes

Westside Magdalena (outside of g.u.e./adjacent to Vortac site)

Planted Area - Slopes

Wolf Canyon

Slope

D.G. Trail

Walls, Monuments & Fencing

Masonry Walls

View Fence

View Walls

Split Rail Fences

Pilaster 6' height

Pilaster 9' height

Faux Bridge

Trees

Parkway Trees

Median Trees

Wolf Canyon Pedestrian Bridge

Storm Water Quality Maintenance

Village 7 Stormwater Maintenance

Hydrodynamic Treatment Unit
Drainpacs - Maintenance
Drainpacs - Replace Filter Bag

Wolf Canyon Basin

Vegetation Removal
Silt Removal
Silt Removal Screen Replacement
Engineer's Inspection
Periodic Inspection and Maintenance

Ephemeral Stream

Poggi Canyon (30 acres pro-rata)

Channel
Detention Basin

Vactor Truck Replacement (pro-rata)

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Areas including but are limited to storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and similar facilities.

Improvement Area No. 2 (Otay Ranch Company)

Landscaping Maintenance

Birch Road South Parkway

Planted Area - Parkways
Street Trees

50% Birch Road Median

Planted Area - Median
Median Trees

La Media Road East Parkway

Planted Area - Parkways
D.G. Trail
Street Trees

50% La Media Road Median

Planted Area - Median
Median Trees

Santa Luna North Parkway

Planted Area - Parkways
Street Trees

Santa Luna Median

Planted Area - Median
Median Trees

Santa Luna South Parkway

Planted Area - Parkways
Street Trees

Magdalena Avenue

Planted Area - Median
Planted Area - Parkways
Theme Wall
Median Trees 50%
Street Trees
Pedestrian Lights

Open Space Lot A

Landscape Area - irrigated slopes
Post & Rail Fencing
Solid Theme Wall

Open Space Lot B

Landscape Area - irrigated slopes
DG Trail
Post & Rail Fencing
Solid Theme Wall
Wrought Iron Fence

Open Space Lot J

Landscape Area - irrigated slopes

Offsite Wolf Canyon Improvements

Landscape Area - irrigated slopes
DG Trail
Post & Rail Fencing

Storm Water Quality Maintenance

Village 7 Stormwater Maintenance

CDS Screen Assembly Replacement
Annual Inspections
Maintenance/Cleanouts
Vortechnic Stormwater Treatment Unit

Ephemeral Stream

Wolf Canyon Basin

Vegetation Removal
Silt Removal
Engineer's Inspection
Periodic Inspection and Maintenance

Poggi Canyon (5 acres, pro-rata)

Channel
Detention Basin

Vector Truck Replacement (pro-rata)

Facilities directly related to removal of contaminants and solids from storm water throughout the Improvement Area including storm drains, catch basin inserts, hydrodynamic devices, filtration basins, and similar facilities.

SUBSTITUTION OF FACILITES

The description of the Facilities and Services, as set forth above, is general in its nature. The final nature and location of the Facilities and Services will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed Facilities and Services in order to provide the public facilities necessitated by development occurring in the District, and any such substitution shall not be a change or modification in the proceedings as long as such substitute facilities and services serve a function or provide a service substantially similar to that function served or the service provided by the Facilities and Service described above.

B. BOUNDARIES OF COMMUNITY FACILITIES DISTRICT

The boundaries of CFD No. 12M coincide with previously established parcels as shown on the latest County Assessor maps or approved parcel maps and include all properties on which special taxes may be levied to pay for the costs of services.

The boundaries of CFD No. 12M are described on "Exhibit A", reduced scale maps entitled "Map of Proposed Boundaries, Community Facilities District No. 12M (Village 7)" which are attached hereto and incorporated herein. A full-scale map is on file with the Clerk of the City of Chula Vista and was recorded on June 15, 2005, with the County Recorder, County of San Diego in Book 39 page 51 in the Book of Maps of Assessment and Community Facilities Districts, Instrument Number 2005-0501204.

C. COST ESTIMATES FOR SERVICES

The establishment of CFD No. 12M was required to fund the perpetual operation and maintenance of slopes, medians, parkways, trails, perimeter walls, perimeter fencing and storm water treatment facilities associated with Village 7, McMillin Otay Ranch and Otay Ranch Company. The initial budgets are estimated to be approximately \$518,902 for Improvement Area No. 1 and \$441,049 for Improvement Area No. 2.

For the estimated location of the improvements and a more detailed cost estimate, please refer to "Exhibit B".

D. RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES

The Resolution of Intention (Resolution No. 2005-180) generally sets forth the rates and methods of apportionment of the special tax, which allows each property owner within the proposed CFD to estimate the annual amount that would be required for payment if a special tax were levied.

For particulars of the rates and methods of apportionment, see "Exhibit C", Rates and Methods of Apportionment of Special Tax.

E. GENERAL TERMS AND CONDITIONS

Services

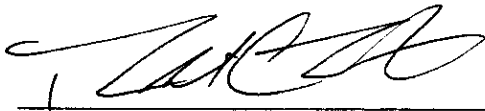
The description of the Services, as set forth herein, is general in nature. The final nature and location of the facilities that will be maintained will be determined upon the preparation of final plans and specifications or the approval of services.

F. CONCLUSION

Based on information provided by, and discussions with, the Agency and the property owners, the Services and Facilities listed in this Report are those that are necessary to meet increased demands placed on the Agency as a result of development occurring within the boundaries of the City of Chula Vista. Further, it is my opinion that the special tax rates and methods of apportionment as set forth in "Exhibit C" are equitable and are not discriminatory or arbitrary and permit a purchaser of property subject to the special tax a fair means of determining his or her obligation.

MuniFinancial

By:



Chris Fisher



EXHIBIT A

BOUNDARIES OF DISTRICT AND BOUNDARY MAP

Boundaries of District:

The exterior boundaries of CFD No. 12M are shown on that certain map now on file in the Office of the City Clerk entitled "Map of Proposed Boundaries, Community Facilities District No. 12M (Village 7)". This map indicates by a boundary line the extent of the territory included in proposed CFD No. 12M, each improvement area and shall govern for all details as to the extent of CFD No. 12M and each Improvement Area. The parcels of real property within CFD No. 12M are described more particularly on the Assessor Parcel Maps and recorded Parcel Maps that are on file in the office of the San Diego County Assessor and are incorporated into this Report by reference.

Boundary Map:

A reduced copy of the Boundary Map follows. The original of such map is on file in the Office of the City Clerk and in the records of the County Recorder, County of San Diego, and State of California. The shaded portion of IA No. 2 extending to the west of La Media Road will be removed from CFD 12M upon recordation of a map that separates it from the remaining parcel that is within CFD 12M.

Site Location:

Improvement Area No. 1

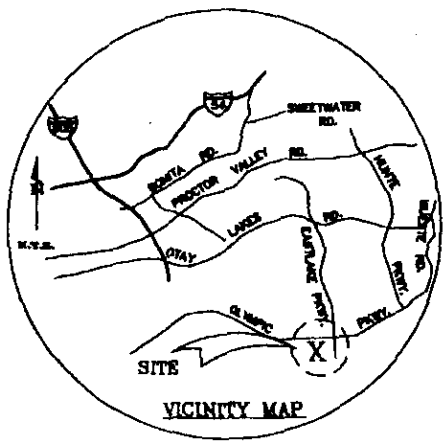
Improvement Area No. 1 (McMillin Otay Ranch) is proposed to include 538 Single Family Residences, 221 Multi-Family units, and 67.14 net taxable acres of Property. Improvement Area No. 1 is located south of Birch Road, adjacent to and west of SR 125, and east of La Media Road and east of Improvement Area 2.

Improvement Area No. 2

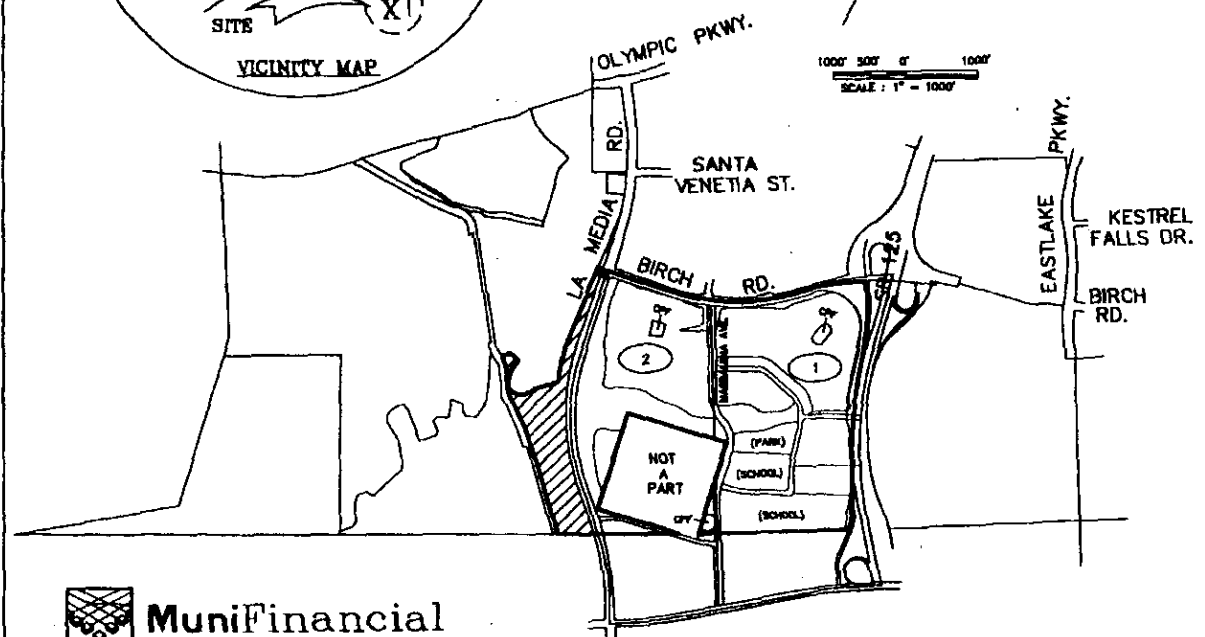
Improvement Area No. 2 (Otay Ranch Company) is proposed to include 361 Single Family Residences and 50.99 net taxable acres. Improvement Area No. 2 is located west of Improvement Area 1, adjacent to and east of La Media Road, south of Birch Road, and west of SR 125.

MAP OF PROPOSED BOUNDARIES COMMUNITY FACILITIES DISTRICT NO. 12M (VILLAGE 7)

CITY OF CHULA VISTA
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA



THE ORIGINAL OF THIS DOCUMENT
WAS RECEIVED ON JUN 14 2005
BY COUNTY CLERK SANDRA J. GREGORY
SAN DIEGO COUNTY RECORDERS OFFICE
TIME 11:02 AM



FILED IN THE OFFICE OF THE CITY CLERK THIS 15th DAY OF JUNE 2005.

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF CITY OF CHULA VISTA COMMUNITY FACILITIES DISTRICT NO. 12M (VILLAGE 7), CITY OF CHULA VISTA, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF CHULA VISTA AT A REGULAR MEETING THEREOF, HELD ON THE 14th DAY OF JUNE 2005, BY ITS RESOLUTION NO. 2005-174

Sandra J. Gregory
CITY CLERK
CITY OF CHULA VISTA



FILED THIS 15th DAY OF JUNE 2005, AT THE HOUR OF 10:00 O'CLOCK A.M. IN THE BOOK 24 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS, PAGE 2 AND AS INSTRUMENT NO. 2005-174 IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF SAN DIEGO, STATE OF CALIFORNIA.

Sandra J. Gregory
COUNTY RECORDER
COUNTY OF SAN DIEGO
STATE OF CALIFORNIA

THE LINES AND DIMENSIONS OF EACH LOT OR PARCEL SHOWN ON THIS DIAGRAM SHALL BE THOSE LINES AND DIMENSIONS AS SHOWN ON THE SAN DIEGO COUNTY ASSESSOR'S MAPS FOR THOSE PARCELS LISTED.

THE SAN DIEGO COUNTY ASSESSOR'S MAPS SHALL GOVERN FOR ALL DETAILS CONCERNING THE LINES AND DIMENSIONS OF SUCH LOTS OR PARCELS.

- LEGEND
- CFD BOUNDARY
 - IMPROVEMENT AREA NUMBER
 - CPF COMMUNITY PURPOSE FACILITY
 - INTENDED TO BE EXCLUDED BY FUTURE ACTION FROM BOUNDARY OF THE DISTRICT

MuniFinancial
 8700 Via Industria
 Suite 110
 Tustin, California 92680-3661
 Phone (949) 897-3000 Fax (949) 897-3010

IMPROVEMENT AREA	ASSESSOR'S PARCEL NO.
1	843-080-19-00
2	844-030-14-00

(05-026A) MARCH 2005

2005-050/204

BK39 AG51



EXHIBIT B

COST ESTIMATES

Improvement Area No. 1

I. LANDSCAPE MAINTENANCE BUDGET

	Area Landscaped or Quantity	Cost Per	Unit	Duration	Total Annual Cost
Improvement Area No. 1 (McMillin Village 7)					
Magdalena Avenue					
Planted Area - Slopes - permanent	129,350	\$ 0.240	Sq.Ft.	Yr	\$ 31,044
Planted Area - Parkways	37,800	\$ 0.470	Sq.Ft.	Yr	17,766
Planted Area - Median	12,650	\$ 0.540	Sq.Ft.	Yr	6,831
D.G. Trail	820	\$ 0.057	Sq.Ft.	Yr	47
Pedestrian Lights	57	\$ 195.00	Light	Yr	11,115
Total					<u>\$ 66,803</u>
Rock Mountain Road					
Planted Area - Median	18,050	\$ 0.540	Sq.Ft.	Yr	\$ 9,747
Planted Area - Slopes - permanent	41,100	\$ 0.240	Sq.Ft.	Yr	9,864
Planted Area - Parkways	13,700	\$ 0.470	Sq.Ft.	Yr	6,439
Total					<u>\$ 26,050</u>
Birch Road					
Planted Area - Slopes - permanent	176,950	\$ 0.240	Sq.Ft.	Yr	\$ 42,468
Total					<u>\$ 42,468</u>
Bob Pletcher Way					
Planted Area - Slopes - permanent	36,740	\$ 0.240	Sq.Ft.	Yr	\$ 8,818
Planted Areas - Parkway	11,200	\$ 0.470	Sq.Ft.	Yr	5,264
Total					<u>\$ 14,082</u>
Wolf Canyon Loop					
Planted Area - Slopes - permanent	7,550	\$ 0.240	Sq.Ft.	Yr	\$ 1,812
Planted Areas - Parkway	11,280	\$ 0.470	Sq.Ft.	Yr	5,302
Total					<u>\$ 7,114</u>
Peabody Way					
Planted Area - Slopes - permanent	51,050	\$ 0.240	Sq.Ft.	Yr	\$ 12,252
Planted Areas - Parkway	16,300	\$ 0.470	Sq.Ft.	Yr	7,661
Total					<u>\$ 19,913</u>
Webber Way					
Planted Area - Slopes - permanent	2,950	\$ 0.240	Sq.Ft.	Yr	\$ 708
Planted Areas - Parkway	1,500	\$ 0.470	Sq.Ft.	Yr	705
Total					<u>\$ 1,413</u>
Slopes - Temporary @ Southern rim (non-irrigated)					
Planted Area - Slopes	121,050	\$ 0.060	Sq.Ft.	Yr	\$ 7,263
Total					<u>\$ 7,263</u>
Slopes - Northern Elementary School					
Planted Area - Slopes	20,500	\$ 0.240	Sq.Ft.	Yr	\$ 4,920
Total					<u>\$ 4,920</u>
Slopes - Adjacent to SR-125					
Planted Area - Slopes	36,000	\$ 0.240	Sq.Ft.	Yr	\$ 8,640
Total					<u>\$ 8,640</u>



I. LANDSCAPE MAINTENANCE BUDGET

Westside Magdalena (outside of g.u.e./adjacent to Vortac site)

Planted Area - Slopes	13,700	\$	0.240	Sq.Ft.	Yr	\$	3,288
Total						\$	3,288

Wolf Canyon

Slope	221,000	\$	0.240	Sq.Ft.	Yr	\$	53,040
D.G. Trail	12,400	\$	0.057	Sq.Ft.	Yr		707
Total						\$	53,747

Walls, Monuments & Fencing

Masonry Walls (s.f. of wall face)	20,150	\$	0.833	Sq.Ft.	Yr	\$	16,785
View Fence (s.f. of face)	5,770	\$	0.050	Sq.Ft.	Yr		289
View Walls (s.f. of face)	21,600	\$	0.493	Sq.Ft.	Yr		10,649
Split Rail Fences (s.f. of face)	18,700	\$	1.500	Sq.Ft.	Yr		28,050
Pilaster 6' height	121	\$	0.750	Sq.Ft.	Yr		91
Pilaster 9' height	11	\$	0.750	Sq.Ft.	Yr		8
Faux Bridge (linear feet/ 1 side only)	175	\$	3.500	Sq.Ft.	Yr		613
Total						\$	56,484

Trees

Parkway Trees	577	\$	55.00	Tree	Yr	\$	31,735
Median Trees	30	\$	85.00	Tree	Yr		2,550
Total						\$	34,285

Wolf Canyon Pedestrian Bridge

	1	\$	500	Quantity	Yr	\$	500
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Total Landscape Maintenance **\$ 346,968**

II. STORM WATER MAINTENANCE BUDGET

Village 7 Stormwater Maintenance	Quantity	Cost per	Unit	Services per Year	Total Annual Cost
Hydrodynamic Treatment Unit	1	\$ 800	Service	4	\$ 3,200
Drainpacs - Maintenance	59	\$ 100	Service	4	\$ 23,600
Drainpacs - Replace Filter Bag	59	\$ 200	Service	2	\$ 23,600
Total					\$ 50,400

Wolf Canyon Basin

Vegetation Removal	14,350	\$	0.22	Sq.Ft.	Yr	\$	3,157
Silt Removal Maintenance	63,650	\$	0.44	Sq.Ft.	Yr	\$	33,006
Silt Removal Screen Replacement	1	\$	1,000	Service	Yr	\$	1,000
Engineer's Inspection	1	\$	1,000	Service	Yr	\$	1,000
Periodic Inspection and Maintenance	4	\$	600	Service	Yr		2,400
Total						\$	40,563

Ephemeral Stream ⁽¹⁾	Area Maintained or Quantity	Cost Per	Duration	Total Annual Cost
Ephemeral Stream	Years 6-10 or as necessary	\$ 90,000	10 Yrs	9,000
Total				\$ 9,000

Poggi Canyon (30 acres)

Channel				Yr	\$	210
Detention Basin				Yr	\$	285
Total					\$	495

Vector Truck Replacement	0.13	\$	33,100	Service	Yr	\$	4,303.00
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Total Storm Water Maintenance **\$ 104,761**

TOTAL LANDSCAPE AND STORM WATER MAINTENANCE **\$ 451,729**

III. ADMINISTRATIVE EXPENSES **\$ 20,000**

IV. Reserve **\$ 47,173**

V. Total Annual Cost **\$ 518,902**



Improvement Area No. 2

I. LANDSCAPE MAINTENANCE BUDGET

	Area Landscaped or Quantity	Cost Per	Unit	Duration	Total Annual Cost
Improvement Area No. 2 (Otay Ranch Village 7)					
Birch Road South Parkway					
Planted Area - Parkways	13,152	\$ 0.470	Sq.Ft.	Yr	\$ 6,811
Street Trees	32	\$ 55.00	Tree	Yr	1,760
Total					<u>\$ 7,941</u>
50% Birch Road Median					
Planted Area - Median	8,189	\$ 0.540	Sq.Ft.	Yr	\$ 4,422
Median Trees	8	\$ 85.00	Tree	Yr	680
Total					<u>\$ 5,102</u>
La Media Road East Parkway					
Planted Area - Parkways	46,901	\$ 0.470	Sq.Ft.	Yr	\$ 22,043
D.G. Trail	14,537	\$ 0.057	Sq.Ft.	Yr	829
Street Trees	85	\$ 55.00	Tree	Yr	4,675
Total					<u>\$ 27,547</u>
50% La Media Road Median					
Planted Area - Median	29,111	\$ 0.540	Sq.Ft.	Yr	\$ 15,720
Median Trees	39	\$ 85.00	Tree	Yr	3,315
Total					<u>\$ 19,035</u>
Santa Luna North Parkway					
Planted Area - Parkways	20,938	\$ 0.470	Sq.Ft.	Yr	\$ 9,841
Street Trees	54	\$ 55.00	Tree	Yr	2,970
Total					<u>\$ 12,811</u>
Santa Luna Median					
Planted Area - Median	810	\$ 0.540	Sq.Ft.	Yr	437
Median Trees	2	\$ 85.00	Tree	Yr	170
Total					<u>\$ 607</u>
Santa Luna South Parkway					
Planted Area - Parkways	26,637	\$ 0.470	Sq.Ft.	Yr	\$ 12,519
Street Trees	54	\$ 55.00	Tree	Yr	2,970
Total					<u>\$ 15,489</u>
Magdalena Avenue					
Planted Area - Median	2,426	\$ 0.540	Sq.Ft.	Yr	\$ 1,310
Planted Area - Parkways	29,057	\$ 0.470	Sq.Ft.	Yr	\$ 13,657
Theme Wall	1,115	\$ 0.833	LF	Yr	929
Median Trees 50%	5	\$ 85.00	Tree	Yr	425
Street Trees	40	\$ 55.00	Tree	Yr	2,200
Pedestrian Lights	21	\$ 195.00	Light	Yr	4,095
Total					<u>\$ 22,616</u>
Open Space Lot A					
Landscape Area - irrigated slopes	85,525	\$ 0.240	Sq.Ft.	Yr	\$ 20,526
Post & Rail Fencing	230	\$ 1.500	LF	Yr	345
Solid Theme Wall	1,360	\$ 0.833	LF	Yr	1,133
Total					<u>\$ 22,004</u>



I. LANDSCAPE MAINTENANCE BUDGET

Open Space Lot B

Landscape Area - irrigated slopes	702,219	\$ 0.240	Sq.Ft.	Yr	\$ 168,533
DG Trail	41,964	\$ 0.057	Sq.Ft.	Yr	2,392
Post & Rail Fencing	4,070	\$ 1.500	LF	Yr	6,105
Solid Theme Wall	600	\$ 0.833	LF	Yr	500
Wrought Iron Fence	2,285	\$ 1.500	LF	Yr	3,428
Total					<u>\$ 180,957</u>

Open Space Lot J

Landscape Area - irrigated slopes	154,317	\$ 0.240	Sq.Ft.	Yr	\$ 37,036
Total					<u>\$ 37,036</u>

Offsite Wolf Canyon Improvements

Landscape Area - irrigated slopes	27,878	\$ 0.240	Sq.Ft.	Yr	\$ 6,691
DG Trail	9,686	\$ 0.057	Sq.Ft.	Yr	552
Post & Rail Fencing	430	\$ 1.500	LF	Yr	645
Total					<u>\$ 7,888</u>

Total Landscape Maintenance \$ 359,034

II. STORM WATER MAINTENANCE BUDGET

Village 7 Stormwater Maintenance	Quantity	Cost per	Services Unit per Year	Total Annual Cost
CDS Screen Assembly Replacement				\$ 1,000
Annual Inspections				\$ 800
Maintenance/Cleanouts				\$ 1,750
Vortechnic Stormwater Treatment Unit	1	\$ 3,500	Service 1	\$ 3,500
Total				<u>\$ 7,050</u>

Ephemeral Stream ⁽¹⁾	Area Maintained or Quantity	Cost per	Duration	Total Annual Cost
Ephemeral Stream	Years 6-10 or as necessary	\$63,813	10 years	6,381
Total				<u>\$ 6,381</u>

Wolf Canyon Basin

Vegetation Removal (0.2 acres x 43,560 ft per acre)	8,712	\$ 0.22	Sq.Ft.	Yr	\$ 1,917
Silt Removal (105 cubic yards, 6 in. - 630 sq. yards)	5,670	\$ 0.44	Sq.Ft.	Yr	\$ 2,495
Engineer's Inspection		\$ 1,000	Service	1	\$ 1,000
Period Inspection and Maintenance	(3 crew, 4 hrs, \$50	\$ 600	Service	4	\$ 2,400
Total					<u>\$ 7,811</u>

Poggi Canyon (5 acres)

Channel				Yr	\$ 35
Detention Basin				Yr	\$ 48
Total					<u>\$ 83</u>

Vector Truck Replacement 0.13 \$ 4,565 Service Yr \$ 593

Total Storm Water Maintenance \$ 21,919

TOTAL LANDSCAPE AND STORM WATER MAINTENANCE \$ 380,954

III. ADMINISTRATIVE EXPENSES \$ 20,000

IV. Reserve \$ 40,095

V. Total Annual Cost \$ 441,049



SUBSTITUTION OF SERVICES AND FACILITIES

The description of the Services and Facilities, as set forth herein, is general in its nature. The final nature and location of the Services and Facilities will be determined upon the preparation of final plans and specifications. The final plans may show substitutes in lieu of, or modification to, the proposed Services and Facilities in order to provide the public Services and Facilities necessitated by development occurring in CFD No. 12M, and any such substitution shall not be a change or modification in the proceedings as long as such substitute Services and Facilities serve a function or provide a service substantially similar to that function served or the service provided by the Services and Facilities described in this Report.



EXHIBIT C

RATE AND METHOD OF APPORTIONMENT IMPROVEMENT AREA NO. 1 (McMillin Otay Ranch)

A Special Tax of Community Facilities District No. 12M (Village 7) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 1 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2006-07 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, 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:

"Acre or Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the formation and administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to form or administer IA No. 1 of the CFD as determined by the City.



"**Assessor's 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.

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

"**CFD**" means Community Facilities District No. 12M of the City of Chula Vista.

"**City**" means the City of Chula Vista.

"**City Clerk**" means the City Clerk for the City of Chula Vista or his or her designee.

"**City Manager**" means the City Manager for the City of Chula Vista or his or her designee.

"**Community Purpose Facility Property**" or "**CPF Property**" means all Assessor's Parcels which are classified as community purpose facilities, as defined in the City of Chula Vista Ordinance No. 2883.

"**Council**" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"**County**" means the County of San Diego, California.

"**Developed Property**" means all Taxable Property for which a building permit is issued after January 1, 2006, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"**Final Map Property**" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"**Final Subdivision Map**" means a subdivision of property creating single family residential buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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



"**Improvement Area No. 1**" or "**IA No. 1**" means Improvement Area No. 1 of the CFD, as identified on the boundary map for the CFD.

"**Land Use Class**" means any of the classes listed in Table 1 or Table 2.

"**Landscape Maintenance**" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped improvements within the public right-of-ways, parkways, slopes, wetlands and other public easements/improvements throughout the CFD.

"**Landscape Maintenance Requirement**" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 1 for such Fiscal Year.

"**Maximum Special Tax**" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"**Non-Residential Property**" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"**Operating Fund**" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"**Operating Fund Requirement**" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"**Other Taxable Property**" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, or Taxable Property Owners Association Property. This may include Residential or Non-Residential Property.

"**Property Owner Association Property**" means any property within the boundaries IA No. 1 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"**Proportionately**" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.



"Public Property" means any property within the boundaries of IA No. 1 of the CFD that has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied, that it is expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.

"Reserve Fund" means a fund that shall be maintained for IA No. 1 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Dwelling Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential units, including but not limited to, single-family homes, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one Residential Dwelling Unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 1 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 1 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property, excluding garages or other structures not used as living space.

"State" means the State of California.



"**Storm Water Quality Maintenance**" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 1.

"**Storm Water Quality Maintenance Requirement**" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 1 for the current Fiscal Year in which Special Taxes are levied.

"**Taxable Property**" means all of the Assessor's Parcels within the boundaries of IA No. 1 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below under "Tax-Exempt Property".

"**Tax-Exempt Property**" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property excluding Taxable Property Owner Association Property, or (iii) Assessor's Parcels defined as Community Purpose Facility Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"**Taxable Property Owner Association Property**" means all Association Property which is not exempt from the Special Tax pursuant to Section E below.

"**Undeveloped Property**" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 1 of the CFD shall be classified as Developed Property, Final Map Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section E below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is Undeveloped it shall be classified as Other Taxable Property.



C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 12M
Improvement Area No. 1
Fiscal Year 2006-07

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
1	Residential Property	\$0.302 per Sq Ft	\$0.091 per Sq Ft	\$0.393 per Sq Ft
2	Non-Residential Property	\$5,936.12 per Acre	\$1,792.30 per Acre	\$7,728.42 per Acre

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 may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be levied on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's shall determine the allocation to each Land Use Class.



2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 12M
Improvement Area No. 1
Fiscal Year 2006-07

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
3	Final Map Property	\$5,936.12 per Acre	\$1,792.30 per Acre	\$7,728.42 per Acre
4	Other Taxable Property	\$5,936.12 per Acre	\$1,792.30 per Acre	\$7,728.42 per Acre
5	Taxable Property Owner Association Property	\$5,936.12 per Acre	\$1,792.30 per Acre	\$7,728.42 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 1 shall be increased each Fiscal Year beginning in Fiscal Year 2007-08 and thereafter by a factor equal to the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) as reported by the State of California Department of Finance.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07, and for each following Fiscal Year, the Council shall levy the IA No. 1 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;



Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 1 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Community Purpose Facility Property that are owned by a non-profit organization which has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all Taxable Property to less than 67.142 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.



The CFD Administrator will assign tax-exempt status in the chronological order in which property becomes Public Property or Community Purpose Facility Property or Tax-Exempt Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Community Purpose Facility Property or Tax-Exempt Property Owner Association Property, its tax-exempt status will be revoked.

Taxable Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

E. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 1 of the CFD or as otherwise determined appropriate by the CFD Administrator.



F. TERM OF SPECIAL TAX

Taxable Property in IA No. 1 of the CFD shall remain subject to the Special Tax in perpetuity or until the City Council takes appropriate actions to terminate the Special Tax pursuant to the Act.



**RATE AND METHOD OF APPORTIONMENT
IMPROVEMENT AREA NO. 2
(Otay Ranch Company)**

A Special Tax of Community Facilities District No. 12M (Village 7) of the City of Chula Vista ("CFD") shall be levied on all Assessor's Parcels in Improvement Area No. 2 of the CFD and collected each Fiscal Year commencing in Fiscal Year 2006-07 in an amount determined through the application of the rate and method of apportionment of the Special Tax set forth below. All of the real property in the CFD, 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:

"**Acre or Acreage**" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Subdivision Map, other final map, other parcel map, other condominium plan, or functionally equivalent map or instrument recorded in the Office of the County Recorder. The square footage of an Assessor's Parcel is equal to the Acreage multiplied by 43,560.

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2 of Title 5 of the Government Code of the State of California.

"**Administrative Expenses**" means the actual or estimated costs incurred by the City, acting for and on behalf of the CFD as the administrator thereof, to determine, levy and collect the Special Taxes, including salaries of City employees and a proportionate amount of the City's general administrative overhead related thereto, and the fees of consultants and legal counsel providing services related to the formation and administration of the CFD; the costs of collecting installments of the Special Taxes; and any other costs required to form or administer IA No. 2 of the CFD as determined by the City.

"**Assessor's 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.



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

"**CFD**" means Community Facilities District No. 12M of the City of Chula Vista.

"**City**" means the City of Chula Vista.

"**City Clerk**" means the City Clerk for the City of Chula Vista or his or her designee.

"**City Manager**" means the City Manager for the City of Chula Vista or his or her designee.

"**Community Purpose Facility Property**" or "**CPF Property**" means all Assessor's Parcels which are classified as community purpose facilities, as defined in the City of Chula Vista Ordinance No. 2883.

"**Council**" means the City Council of the City of Chula Vista, acting as the legislative body of the CFD.

"**County**" means the County of San Diego, California.

"**Developed Property**" means all Taxable Property for which a building permit is issued after January 1, 2006, but prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied.

"**Final Map Property**" means a single family residential lot created by a Final Subdivision Map, but which is not classified as Developed Property.

"**Final Subdivision Map**" means a subdivision of property creating single family residential buildable lots by recordation of a final subdivision map or parcel map pursuant to the Subdivision Map Act (California Government Code Section 66410 et seq.), or recordation of a condominium plan pursuant to California Civil Code 1352, that creates individual lots for which building permits may be issued without further subdivision and is recorded prior to March 1 preceding the Fiscal Year in which the Special Tax is being levied.

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

"**Improvement Area No. 2**" or "**IA No. 2**" means Improvement Area No. 2 of the CFD, as identified on the boundary map for the CFD.

"**Land Use Class**" means any of the classes listed in Table 1 or Table 2.



"Landscape Maintenance" means the labor, material, administration, personnel, equipment and utilities necessary to maintain landscaped improvements within the public right-of-ways, parkways, slopes, wetlands and other public easements/improvements throughout the CFD.

"Landscape Maintenance Requirement" means, for any Fiscal Year in which Special Taxes are levied, the amount equal to the budgeted costs for Landscape Maintenance applicable to IA No. 2 for such Fiscal Year.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that may be levied in any Fiscal Year on any Assessor's Parcel of Taxable Property.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for a structure or structures for non-residential use.

"Operating Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to pay for Landscape Maintenance and Storm Water Quality Maintenance and Administrative Expenses.

"Operating Fund Requirement" means, for any Fiscal Year, the sum of the applicable Landscape Maintenance Requirement and the applicable Storm Water Quality Maintenance Requirement.

"Other Taxable Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property, Final Map Property, or Taxable Property Owners Association Property. This may include Residential or Non-Residential Property.

"Property Owner Association Property" means any property within the boundaries IA No. 2 of the CFD that is owned by, or irrevocably dedicated as indicated in an instrument recorded with the County Recorder to, a property owner association, including any master or sub-association.

"Proportionately" means in a manner such that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property within each Land Use Class.

"Public Property" means any property within the boundaries of IA No. 2 of the CFD that has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied, that it is expected to be used for any public purpose and is owned by or dedicated to the federal government, the State, the County, the City or any other public agency.



"Reserve Fund" means a fund that shall be maintained for IA No. 2 for each Fiscal Year to provide necessary cash flow for the first six months of each Fiscal Year, reserve capital to cover monitoring, maintenance and repair cost overruns and delinquencies in the payment of Special Taxes and a reasonable buffer to prevent large variations in annual Special Tax levies.

"Reserve Fund Requirement" means an amount equal to up to 100% of the Operating Fund Requirement for any Fiscal Year.

"Residential Dwelling Unit" means each separate residential dwelling unit which comprises an independent facility capable of conveyance separate from adjacent residential units, including but not limited to, single-family homes, duplexes, triplexes, townhomes, condominiums, and apartment units.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) has been issued for purposes of constructing one Residential Dwelling Unit.

"Special Tax" means the Special Tax levied pursuant to the provisions of Sections C and D below in each Fiscal Year on each Assessor's Parcel of Developed Property and Undeveloped Property in IA No. 2 to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year for IA No. 2 to: (a) (i) pay the Landscape Maintenance Requirement; (ii) pay the Storm Water Quality Maintenance Requirement; (iii) pay reasonable Administrative Expenses; (iv) pay any amounts required to establish or replenish the Reserve Fund to the Reserve Fund Requirement; (v) pay for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; less (b) a credit for funds available to reduce the annual Special Tax levy, including the excess, if any, in the Reserve Fund above the Reserve Fund Requirement.

"Square Foot" means the square footage as shown on an Assessor's Parcel's building permit of Residential Property, excluding garages or other structures not used as living space.

"State" means the State of California.

"Storm Water Quality Maintenance" means the maintenance of detention basins, storm drains, catch basin inserts, hydrodynamic devices, infiltration basins, and all other facilities that are directly related to storm water quality control throughout IA No. 2.



"Storm Water Quality Maintenance Requirement" means for any Fiscal Year an amount equal to the budgeted costs for Storm Water Quality Maintenance applicable to IA No. 2 for the current Fiscal Year in which Special Taxes are levied.

"Taxable Property" means all of the Assessor's Parcels within the boundaries of IA No. 2 of the CFD that are not exempt from the Special Tax pursuant to law or as defined below under "Tax-Exempt Property.

"Tax-Exempt Property" means an Assessor's Parcel not subject to the Special Tax. Tax-Exempt Property includes: (i) Public Property, or (ii) Property Owner Association Property excluding Taxable Property Owner Association Property, or (iii) Assessor's Parcels defined as Community Purpose Facility Property that is owned by a non-profit organization and has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, or (v) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

"Taxable Property Owner Association Property" means all Association Property which is not exempt from the Special Tax pursuant to Section E below.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Developed Property.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year using the definitions above, all Taxable Property within IA No. 2 of the CFD shall be classified as Developed Property, Final Map Property or Undeveloped Property, and shall be subject to Special Taxes pursuant to Sections C and D below. Developed Property shall be further assigned to a Land Use Class as specified in Table 1. Undeveloped Property shall be further assigned to a Land Use Class as specified in Table 2. Assessor's Parcels of CPF Property not classified as exempt in accordance with Section E below shall be taxed as Non-Residential Property when such Assessor's Parcel is classified as Developed Property. If the Assessor's Parcel is Undeveloped it shall be classified as Other Taxable Property.



C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

TABLE 1
Maximum Special Tax for Developed Property
Community Facilities District No. 12M
Improvement Area No. 2
Fiscal Year 2006-07

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
1	Single Family Residential Property	\$0.506 per Sq Ft	\$0.031 per Sq Ft	\$0.537 per Sq Ft
2	Non-Residential Property	\$8,152.04 per Acre	\$497.68 per Acre	\$8,649.72 per Acre

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 may be levied on such an Assessor's Parcel shall be the sum of the Maximum Special Tax levies that may be levied on all Land Use Classes located on that Assessor's Parcel. The CFD Administrator's shall determine the allocation to each Land Use Class.

2. Undeveloped Property

TABLE 2
Maximum Special Tax for Undeveloped Property
Community Facilities District No. 12M
Improvement Area No. 2
Fiscal Year 2006-07

Land Use Class	Description	Landscape Maintenance	Storm Water Quality Maintenance	Maximum Special Tax
3	Final Map Property	\$8,152.04 per Acre	\$497.68 per Acre	\$8,649.72 per Acre
4	Other Taxable Property	\$8,152.04 per Acre	\$497.68 per Acre	\$8,649.72 per Acre
5	Taxable Property Owner Association Property	\$8,152.04 per Acre	\$497.68 per Acre	\$8,649.72 per Acre

3. Annual Escalation of Maximum Special Tax

The Maximum Special Tax as shown in the tables above that may be levied on each Assessor's Parcel in IA No. 2 shall be increased each Fiscal Year beginning in Fiscal Year 2007-08 and thereafter by a factor equal to the annual percentage change in the San Diego Metropolitan Area All Urban Consumer Price Index (All Items) as reported by the State of California Department of Finance.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2006-07, and for each following Fiscal Year, the Council shall levy the IA No. 2 Special Tax at the rates established pursuant to steps 1 through 4 below so that the amount of the Special Tax levied equals the Special Tax Requirement. The Special Tax shall be levied each Fiscal Year as follows:

First: The Special Tax shall be levied proportionately on each Assessor's Parcel of Developed Property up to 100% of the applicable Maximum Special Tax;



Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Final Map Property at up to 100% of the Maximum Special Tax for Final Map Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Other Taxable Property at up to 100% of the Maximum Special Tax for Other Taxable Property;

Fourth: If additional moneys are needed to satisfy the Special Tax Requirement after the first three steps have been completed, the Special Tax shall be levied proportionately on each Assessor's Parcel of Taxable Property Owner Association Property at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property.

Notwithstanding the above, under no circumstances will the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent annually up to the Maximum Special Tax as a consequence of delinquency or default by the owner of any other Assessor's Parcel within IA No. 2 of the CFD.

E. EXEMPTIONS

The CFD Administrator shall classify as exempt property (i) Assessor's Parcels defined as Public Property, (ii) Assessor's Parcels defined as Community Purpose Facility Property that are owned by a non-profit organization which has provided proof to the City prior to the March 1st preceding the Fiscal Year in which the Special Tax is being levied of the organization's non-profit status, and (iii) Assessor's Parcels with public or utility easements making impractical their utilization for other than the purposes set forth in the easement.

The CFD Administrator shall classify as exempt property those Assessor's Parcels defined as Property Owner's Association Property provided that no such classification would reduce the sum of all Taxable Property to less than 51.00 Acres. Assessor's Parcels defined as Property Owner Association Property that cannot be classified as exempt property will be classified as Taxable Property Owner Association Property and shall be taxed as part of the fourth step in Section D.

The CFD Administrator will assign tax-exempt status in the chronological order in which property becomes Public Property or Community Purpose Facility Property or



Tax-Exempt Property Owner Association Property. However, should an Assessor's Parcel no longer be classified as Public Property or Community Purpose Facility Property or Tax-Exempt Property Owner Association Property, its tax-exempt status will be revoked.

Taxable Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the fourth step in Section D above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property..

F. APPEALS

Any landowner or resident who pays the Special Tax and believes that the amount of the Special Tax levied on their Assessor's Parcel is in error shall first consult with the CFD Administrator regarding such error. If following such consultation, the CFD Administrator determines that an error has occurred, the CFD Administrator may amend the amount of the Special Tax levied on such Assessor's Parcel. If following such consultation and action, if any by the CFD Administrator, the landowner or resident believes such error still exists, such person may file a written notice with the City Clerk of the City appealing the amount of the Special Tax levied on such Assessor's Parcel. Upon the receipt of any such notice, the City Clerk shall forward a copy of such notice to the City Manager who shall establish as part of the proceedings and administration of the CFD, a special three-member Review/Appeal Committee. The Review/Appeal Committee may establish such procedures, as it deems necessary to undertake the review of any such appeal. The Review/Appeal Committee shall interpret this Rate and Method of Apportionment and make determinations relative to the annual administration of the Special Tax and any landowner or resident appeals, as herein specified. The decision of the Review/Appeal Committee shall be final and binding as to all persons.

G. MANNER OF COLLECTION

Special Taxes levied pursuant to Section D above shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that the CFD Administrator may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet the financial obligations of IA No. 2 of the CFD or as otherwise determined appropriate by the CFD Administrator.



H. TERM OF SPECIAL TAX

Taxable Property in IA No. 2 of the CFD shall remain subject to the Special Tax in perpetuity or until the City Council takes appropriate actions to terminate the Special Tax pursuant to the Act.