ORDINANCE NO. 2026-02

AN ORDINANCE LEVYING SPECIAL TAXES WITHIN COMMUNITY FACILITIES DISTRICT NO. 40

Coastside Fire Protection District
Community Facilities District No. 40

WHEREAS, on August 26, 2026, the Board of Directors of the Coastside Fire Protection District adopted Resolution 2026-47 entitled "A Resolution of Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Pursuant to the Mello-Roos Community Facilities Act of 1982" (the "Resolution of Intention"), stating its intention to establish the Coastside Fire Protection District Community Facilities District No. 40 ("CFD No. 40") pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), to finance certain services.

WHEREAS, notice was published as required by the Act relative to the intention of this Board to form CFD No. 40 and to provide for the financing of the services specified in the Resolution of Intention (the "Services");

WHEREAS, on September 23, 2026, this Board held a noticed public hearing as required by the Act relative to the determination to proceed with the formation of CFD No. 40 and the rate and method of apportionment of the special tax to be levied within CFD No. 40 to finance a portion of the costs of the Services;

WHEREAS, at said hearing all persons desiring to be heard on all matters pertaining to the formation of CFD No. 40 and the levy of said special taxes were heard, substantial evidence was presented and considered by this Board and a full and fair hearing was held;

WHEREAS, subsequent to said hearing, this Board adopted Resolution 2026-52 "A Resolution of Formation of the Coastside Fire Protection District Community Facilities District No. 40, Authorizing the Levy of a Special Tax Within the District, Preliminarily Establishing an Appropriations Limit for the District and Submitting Levy of the Special Tax and the Establishment of the Appropriations Limit to the Qualified Electors of the District" (the "Resolution of Formation") and Resolution No. 2026-53 "A Resolution Calling a Special Election for the Levy of a Special Tax for the Establishment of an Appropriations Limit on the Coastside Fire Protection District Community Facilities District No. 40," which resolutions established the District, authorized the levy of a special tax within the CFD No. 40, and called an election within the District on the proposition of levying a special tax, and establishing an appropriations limit within CFD No. 40, respectively; and

WHEREAS, an election was held within CFD No. 40 in which the eligible landowner electors approved said propositions by more than the two-thirds vote required by the Act.

NOW, THEREFORE, the Board of Directors of the Coastside Fire Protection District does hereby ordain as follows:

1. By the passage of this Ordinance, this Board hereby authorizes the levy of special taxes within CFD No. 40 pursuant to California Government Code Sections 53328 and 53340, at the rate and in accordance with the formula set forth in the Resolution of Intention which Resolution is by this reference incorporated herein. The special taxes are hereby levied commencing in fiscal year 2027-2028 and in each fiscal year thereafter to provide the Services and all costs of administering the CFD No. 40 in accordance with the provisions of the Rate and Method of Apportionment of the Special Taxes for CFD No. 40, which is attached hereto and incorporated herein as Exhibit A. The Board of Directors shall determine the special tax rate in the manner and as provided in Exhibit A.

2. The Fire Chief of the Coastside Fire Protection District is hereby authorized and directed each fiscal year to implement the special tax rate and determine the amount to be levied for the next ensuing fiscal year for each parcel of real property within CFD No. 40, in the manner and as provided in the Resolution of Intention and the Resolution of Formation.

3. Properties or entities of the State or local governments shall be exempt from any levy of the special taxes to the extent set forth in the rate and method of apportionment of special taxes included by reference in the Resolution of Formation; provided that, pursuant to Section 53340.1 of the Act and the Resolution of Formation, the special taxes shall be levied on any leasehold or possessory interests of nonexempt persons or entities in such properties. In no event shall the special taxes be levied on any parcel within the CFD No. 40 in excess of the maximum tax specified in the rate and method of apportionment of special taxes included by reference in the Resolution of Formation.

4. All of the collections of the special tax shall be used as provided for in the Act and in the Resolution of Formation including, but not limited to, the payment of the costs of the District in administering CFD No. 40, the payment of the costs of the Services and the costs of collecting and administering the special tax.

5. The special taxes shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided that any levies on leasehold or possessory interests shall be made on the unsecured County roll. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent special tax payments. The Fire Chief of the District is hereby authorized and directed to provide all necessary information to the appropriate officials of the County of San Mateo ("County") in order to effect proper billing and collection of the special tax, so that the special tax shall be included on the secured (or unsecured, as applicable) real property tax roll of the County for fiscal year 2027-2028 and for each fiscal year thereafter.

Notwithstanding the foregoing, the Fire Chief may collect the special taxes by means of district billing of the owners of land or interests therein subject to the levy of the special tax if the Fire Chief, in his sole discretion, determines that said method of collection will be more

efficient and/or better serve the financial needs of the District and CFD No. 40. If any special taxes are collected by means of direct billing of the owners of land or interests therein, any such special taxes shall be delinquent if not paid when due as stated in such billing.

6. If for any reason any portion of this ordinance is found to be invalid, or if the special tax is found inapplicable to any particular parcel within CFD No. 40, by a Court of competent jurisdiction, the balance of this ordinance and the application of the special tax to the remaining parcels within CFD No. 40 shall not be affected.

7. The Board President shall sign this Ordinance and the Secretary shall cause the same to be published within fifteen (15) days after its passage at least once in a newspaper of general circulation published in the area of the CFD No. 40.

8. This Ordinance shall take effect thirty (30) days from the date of final passage.

PASSED AND ADOPTED by the Board of Directors of the Coastside Fire Protection District on this 28th Day of October, 2026, by the following vote, to wit:

AYES:

NOES:

ABSENT:

_____

Gary Burke, President
Board of Directors
Coastside Fire Protection District

ATTEST:

_____
Jed Wilson, Board Secretary
Coastside Fire Protection District

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

COASTSIDE FIRE PROTECTION DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 40 (FIRE SUPPRESSION)

A special tax applicable to each Parcel in Coastside Fire Protection District Community Facilities District No. 40 (herein "CFD No. 40") shall be levied and collected according to the tax liability determined by the Responsible Party through the application of the following procedures. All of the property in CFD No. 40, unless exempted by law or by the express provisions of the rate and method of apportionment set forth below, shall be taxed for the purposes, to the extent, and in the manner herein provided, including property subsequently annexed to CFD No. 40 unless a separate Rate and Method of Apportionment of Special Tax is adopted for the annexation area.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Annual Special Tax" means a special tax levied in any Fiscal Year to pay the Annual Special Tax Requirement.

"Annual Special Tax Requirement" means the amount necessary in any Fiscal Year to (i) pay for authorized public facilities and /or services, (ii) pay administrative expenses of CFD No. 40, (iii) cure any delinquencies in the payment of Annual Special Taxes levied in prior Fiscal Years or (based on delinquencies in the payment of Annual Special Taxes which have already taken place) are expected to occur in the Fiscal Year in which the tax will be collected, and (iv) maintain reasonable reserves, as determined by the Fire District, for facility, vehicle or equipment replacement costs or service costs in future fiscal years.

"Area of Use" means the area falling within a single tax category of a Parcel devoted to multiple uses.

"Building Floor Area" means the area included within the surrounding exterior walls of building, including each floor of multiple story buildings, exclusive of vent shafts and courts (defined here as open and unobstructed to the sky). The Building Floor Area will be determined by reference to approved building plans and/or such documentation.

"Dwelling Unit" means each separate building, or housing unit within a common building, used to provide living accommodations which are intended, designed or legally required to be occupied by a single family unit for which a certificate of occupancy has been issued. A "Second Unit," as defined below, shall not constitute a separate Dwelling Unit hereunder.

"Fire District" means the Coastside Fire Protection District.

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

"Maximum Annual Special Tax" means the maximum Annual Special Tax determined in accordance with Section B below, that can be levied in any Fiscal Year.

"Parcel" means any County Assessor's Parcel or that portion thereof that is within the boundaries of the Fire District based on the equalized tax rolls of the County.

"Responsible Party" is any person or persons who the Fire District Board of Directors may appoint from time to time to compute the levy of Annual Special Taxes in CFD No. 40.

"Room" means an inhabitable area (consisting of a room or suite of rooms) which is intended, designed or legally required to be separately rented for the purpose of transient lodging and for the exclusive use of the transient lodger and for which a certificate of occupancy has been issued.

"Second Unit" means a detached or attached Dwelling Unit that meets all of the following criteria: (1) the Second Unit is located on the same Parcel as the primary single family Dwelling Unit, (2) the Second Unit may be rented, but not sold, to a person other than the owner of the primary Dwelling Unit on the Parcel, and (3) the Second Unit is clearly subordinate in size to the primary single family Dwelling Unit.

"Space" means a pad or parking area for a recreational vehicle or mobile home which is intended, designed or legally required to be separately rented and is intended for occupancy. Parking areas which are intended solely for the storage of recreational vehicles or mobile homes that are not occupied are not Spaces.

"Tax Categories" means those categories defined and described in Section B of this Rate and Method of Apportionment of Special Tax.

"Taxable Property" means all real property within the boundaries of the Fire District which is not exempt from the Annual Special Tax pursuant to law, except that the following property shall not be taxed: (i) any acres of land owned by, conveyed to or irrevocably offered for dedication to a public agency, (ii) land which is a public right of way; (iii) land which is an unmanned utility easement making impractical its utilization for a use other than the purpose set forth in the easement; (iv) land used primarily for agricultural related purposes; or (v) any portion of a parcel used for recreational purposes, including, but not limited to, golf courses, trails and open space, or any maintenance or accessory buildings such as storage sheds, landscaping equipment storage areas (but not those portions of structures devoted to commercial uses, including, but not limited to restaurants, bars, pro shops, and banquet facilities) used in connection therewith.

B. TAX CATEGORIES AND DESIGNATION OF MAXIMUM ANNUAL SPECIAL TAX

1. *Residential Category*

The Residential Category includes all Parcels of Taxable Property within CFD No. 40 on which there are Dwelling Units. The Maximum Annual Special Tax that may be levied on a Parcel in the Residential Category during the Fiscal Year ending June 30, 2027 shall be determined by reference to the following:

(1) For Parcels with one Dwelling Unit, including Parcels with one Dwelling Unit and one Second Unit, the Maximum Annual Special Tax for the Parcel is $202.72.

(2) For Parcels with two Dwelling Units, the Maximum Annual Special Tax for the Parcel is $412.17.

(3) For Parcels with more than two Dwelling Units, the Maximum Annual Special Tax is $202.72 per Dwelling Unit for the first two units plus $93.73 per Dwelling Unit for each additional Dwelling Unit on the Parcel.

(4) A Parcel with Dwelling Units that are classified as "low or moderate income housing" by the City of Half Moon Bay or the County of San Mateo will be assessed at 50% of the otherwise applicable rate for such Parcel as set forth above. Notwithstanding the foregoing, if a Parcel with Dwelling Units that are classified as low or moderate income units is owned by a non-profit or public agency that does not pay regular ad valorem property tax, such Parcel shall be assessed at 100% of the applicable rate as set forth above.

2. *Transient Lodging Category*

The Transient Lodging Category includes each Parcel of Taxable Property within CFD No. 40 that is used in whole or part as a motel, hotel, motor lodge, Recreational Vehicle Park (as that term is defined in Health and Safety Code Section 18215) and other similar facility for the purpose of transient occupancy (not including Mobile Home Parks), and for which a certificate of occupancy has been issued. Any area which is directly and solely related to retail and/or other commercial uses (such as a restaurant, bar or store area) shall be treated as a separate Area of Use and taxed as part of the Non-Residential Category and not the Transient Lodging Category. Lobbies, atria, open space, ballrooms, meeting rooms, hallways, service areas necessary for the use and operation of the facility as a motel, hotel, motor lodge or Recreational Vehicle Park or other similar facility shall not be treated as a separate Area of Use, but shall be considered part and parcel of the Transient Lodging Category and taxed on a per Room or per Space basis only. Properties with several Areas of Use shall be taxed under the Mixed Use Category. The Maximum Annual Special Tax that may be levied on Taxable Property in the Transient Lodging Category during the Fiscal Year ending June 30, 2027 is $40.00 per Space or room.

3. *Mobile Home Park Category*

   The Mobile Home Park Category includes each Parcel of Taxable Property within CFD No. 40 that is zoned or permitted to be used as a Mobile Home Park (as that term is defined in Civil Code Section 98.4) for which a certificate of occupancy has been issued. The Maximum Annual Special Tax that may be levied on Taxable Property within the Mobile Home Park Category during the Fiscal Year ending June 30, 2027 is $40.00 per Space.

4. *Non-Residential Category*

   The Non-Residential Category includes each Parcel of Taxable Property within CFD No. 40 which has been zoned or is permitted to be used in whole or in part for non-residential uses (including office, retail, industrial and other commercial uses but not Taxable Property designated under the Transient Lodging or Mobile Home Park Categories) for which a certificate of occupancy has been issued. The Maximum Annual Special Tax that may be levied on Taxable Property within the Non-Residential Category during the Fiscal Year ending June 30, 2027 is $0.1079 per square foot of Building Floor Area.

5. *Mixed Use Category*

   Parcels within CFD No. 40 which are zoned or permitted to be used for uses which fall in more than one of the Tax Categories defined above and for which a certificate of occupancy has been issued shall be taxed for each category of use. The calculation of Maximum Annual Special Tax shall be performed separately for each Area of Use.

C. ADJUSTMENTS TO MAXIMUM ANNUAL SPECIAL TAX

The Maximum Annual Special Tax for all Tax Categories shall increase each Fiscal Year by two percent (2%) of the amount in effect in the prior Fiscal Year. Under no circumstances shall the special tax for a Parcel in the Residential Category increase in any one Fiscal year more than ten percent (10%) over the prior Fiscal Year, as a consequence of delinquencies or default by other Parcels in CFD No. 40.

D. METHOD OF LEVY AND COLLECTION OF THE SPECIAL TAX

On or about July 1 of each Fiscal Year, but in any event in sufficient time to include the levy of the Annual Special Taxes on the County's secured tax roll, the Responsible Party shall determine the Annual Special Tax Requirement for that Fiscal Year. The Responsible Party shall also allocate all Parcels of Taxable Property to the appropriate Tax Category based on reference to building permits, certificates of occupancy, zoning maps or other planning documents. The Annual Special Tax shall then be levied on all Parcels of Taxable Property as follows:

Step 1: Calculate the total Annual Special Tax revenue that could be collected from Taxable Property within the CFD based on application of the Maximum Annual Special Tax rates determined pursuant to Section B above.

Step 2: Divide the Annual Special Tax Requirement by the maximum revenues that could be collected as determined in Step 1.

Step 3: If the ratio determined in Step 2 is greater than or equal to 1, levy the Maximum Annual Special Tax determined pursuant to Section B on all Taxable Property in the CFD. If the ratio determined in Step 2 is less than 1, continue to Step 4.

Step 4: Levy the Maximum Annual Special Tax against all Parcels of Taxable Property in equal percentages up to 100% of the Maximum Annual Special Tax determined pursuant to Section B above.

The Annual Special Tax for CFD No. 40 shall be collected in the same manner and at the same time as ordinary ad valorem property taxes, provided, however, that the Fire District may (under the authority of Government Code Section 53340), in any particular case, bill the taxes directly to the property owner, off the County tax roll, and the Annual Special Taxes will be equally subject to foreclosure if delinquent.