

City of Modesto
Interoffice Memorandum

Date: May 26, 2010

To: Greg Nyhoff, City Manager
Gloriette Beck, Finance Director
Roland Stevens, Assistant City Attorney
Dave Cervantes, Senior Deputy City Attorney
Bill Sandhu, City Engineer
Belinda Duerksen, Senior Accountant

From: H. Brent Sinclair, AICP, Director of Community & Economic Development *HS*
Tina Rocha, Administrator, Infrastructure Financing Program *TR*

Re: Fiscal Year 2010-2011 Escalators for Special Taxes Levied Within City of Modesto Community Facilities Districts

Each year, an escalator is applied to the Special Taxes levied within each of the City of Modesto's Community Facilities Districts ("CFDs"), in accordance with the Rate and Method of Apportionment ("RMA") adopted for each CFD. Following is the San Francisco Bay Area Construction Cost Index ("CCI") calculation and an analysis of each CFD, setting forth the process by which the escalators for fiscal year 2010-2011 were determined.

CCI Calculation	CCI for January 2009	9769.42
	CCI for January 2010	9720.42
	CCI Decrease	(0.501565087)%



- **CFD No. 1996-1 (Village One)**

RMA: Maximum Facilities Special Tax. "Beginning in January 1997, the Facilities Special Tax shall be adjusted annually by applying the greater of (i) the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Facilities Special Tax shall become effective on the subsequent July 1, and shall apply to all Parcels which have not paid the Facilities Special Tax prior to July 1."

Maximum Annual Maintenance Special Tax. "Beginning in January 1997, the Annual Maintenance Special Tax shall be adjusted annually by applying the greater of (i) the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Annual Maximum Special Tax shall become effective on the subsequent July 1."

Analysis: Comparing the CCI for the time period January 2009 through January 2010, the Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates should be increased by 4.0% effective July 1, 2010.

- **CFD No. 1997-1 (North Beyer Park)**

RMA: Maximum Facilities Special Tax. "Beginning in January 1998, the Facilities Special Tax shall be adjusted annually by applying the increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available. Each annual adjustment of the Facilities Special Tax shall become effective on the subsequent July 1, and shall apply to all Parcels which have not paid the Facilities Special Tax prior to July 1."

Maximum Annual Maintenance Special Tax. "Beginning in January 1998, the Annual Maintenance Special Tax shall be adjusted annually by applying the increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is



discontinued or otherwise not available. Each annual adjustment of the Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: Using the CCI for the time period January 2009 through January 2010, the Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates will remain the same as those in effect July 1, 2009.

- **CFD No. 1998-2 (Carver-Bangs/Pelandale-Snyder)**

RMA: Maximum Facilities Special Tax. "Beginning in January 2002 and each January thereafter, the maximum Facilities Special Tax assigned to each Parcel shall be increased by four percent (4%) of the amount in effect in the prior year."

Maximum Annual Maintenance Special Tax. "Beginning in January 2002 and each January thereafter, the maximum Annual Maintenance Special Tax shall be increased by 4% of the amount in effect in the prior year. Each annual adjustment of the maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: The Maximum Facilities Special Tax rates should be increased by 4% effective January 1, 2011 and the Maximum Annual Maintenance Special Tax rates should be increased by 4% effective July 1, 2010.

- **CFD No. 2000-2 (Coffee-Claratina)**

RMA: Annexation One-Time Special Tax. "... shall increase on January 1, 2001 and on each January 1 thereafter by applying the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available ..." (sic)

Maximum Annual Special Tax. "Beginning in January 2002, the Maximum Annual Special Tax shall be adjusted annually by applying the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Special Tax shall become effective on the subsequent July 1."



Analysis: There is no percentage increase to be applied to the Annexation One-Time Special Tax effective for the time period January 1, 2010 through December 31, 2010. The Maximum Annual Special Tax rates shall be increased by 4.0% and are effective July 1, 2010 through June 30, 2011.

- **CFD No. 2002-1 (NorthPointe)**

RMA: *Maximum Annual Special Tax.* "Beginning in January 2002, the maintenance portion of the maximum Annual Special Tax shall be adjusted annually by applying the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or ii) four percent (4.0%). Each annual adjustment of the maintenance portion of the maximum Annual Special Tax shall become effective on the subsequent July 1. The sinking fund portion of the maximum Annual Special Tax shall not escalate."

Analysis: The percentage increase to be applied to the maintenance portion of the Maximum Annual Special Tax for the time period July 1, 2010 through June 30, 2011 is 4.0% percent.

- **CFD No. 2003-1 (Fairview Village)**

RMA: *Annual Facilities Special Tax.* "Beginning with Fiscal Year 2005-06, and each Fiscal Year thereafter, the Maximum Annual Facilities Special Tax assigned to each Parcel shall be increased by two percent (2.0%) of the amount in effect in the prior Fiscal Year."

Annual Maintenance Special Tax. "Beginning in January 2005 and each January thereafter, the Maximum Annual Maintenance Special Tax shall be adjusted annually by the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: For the time period July 1, 2010 through June 30, 2011, the percentage increases to be applied to the Annual Facilities Special Tax and the Maintenance Special Tax are 2.0% and 4.0%, respectively.



CFD No. 2004-1 (Village One #2)

RMA: One-Time Facilities Special Tax. "Beginning in January 2005 and each January thereafter, the Maximum One-Time Facilities Special Tax assigned to each Parcel and the Per-Acre Special Tax shown in Table 1 above shall be adjusted annually by the greater of (1) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the One-Time Facilities Special Tax shall become effective on the subsequent July 1."

Annual Maintenance Special Tax. "Beginning in January 2005 and each January thereafter, the Maximum Annual Maintenance Special Tax assigned to each Parcel and the Per-Acre Special Tax shown in Table 1 above shall be adjusted annually by the greater of (1) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Annual Facilities Special Tax. "Beginning in Fiscal Year 2005-06, and each Fiscal Year thereafter, the Maximum Annual Facilities Special Tax assigned to each parcel and the Per-Acre Special Tax shown in Table 1 ... shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year."

Analysis: The percentage increase to be applied to the Maximum One-Time Facilities Special Tax and the Maximum Annual Facilities Special Tax is 4.0% while the increase to be applied to the Annual Facilities Special Tax is 2.0%. All increases are effective for the time period July 1, 2010 through June 30, 2011.

- **CFD No. 2007-1 (North Beyer Park #2)**

RMA: One-Time Facilities Special Tax. "Beginning in January 2008 and each January thereafter, the Maximum One-Time Facilities Special Tax assigned to each Parcel shall be adjusted by the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise



not available, or (ii) four percent (4.0%). Each annual adjustment of the One-Time Facilities Special Tax shall become effective on the subsequent July 1. "

Maximum Annual Maintenance Special Tax. "Beginning in January and each January thereafter the Maximum Annual Maintenance Special Tax assigned to each Parcel shall be adjusted by applying the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: Using the CCI for the time period January 2009 through January 2010, the Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates should be increased by 4.0% effective July 1, 2010.

- **CFD No. 2007-2 (Kiernan Business Park West)**

RMA: **One-Time Facilities Special Tax.** "Beginning in January 2008 and each January thereafter, the Maximum One-Time Facilities Special Tax assigned to each Parcel shall be increased by an amount equal to four percent (4.0%) of the amount in effect for the prior Fiscal Year. Each annual adjustment of the One-Time Facilities Special Tax shall become effective on the subsequent July 1."

Annual Maintenance Special Tax. "Beginning in January 2008 and each January thereafter, the Maximum Annual Maintenance Special Tax assigned to each Parcel shall be adjusted by the greater of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available, or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: The percentage increase to be applied to the One-Time Facilities Special Tax and the Annual Maintenance Special Tax is 4.0% effective July 1, 2010.

- **CFD No. 2009-1 (Kiernan Business Park East)**



RMA: One-Time Facilities Special Tax. "Beginning in January 2010 and each January thereafter, the Maximum One-Time Facilities Special Taxes shown in Table 1 shall be adjusted annually by the greater of: (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering New Record or other comparable source if the Engineering News Record is discontinued or otherwise not available; or (ii) four percent (4.0%). Each annual adjustment of the Maximum One-Time Facilities Special Tax shall become effective on the subsequent July 1."

Annual Facilities Special Tax. "Beginning with Fiscal Year 2010-11, and each Fiscal Year thereafter, the Maximum Annual Facilities Special Taxes shown in Table 1 shall be increased by two percent (2%) of the amount in effect in the prior Fiscal Year."

Annual Maintenance Special Tax. "Beginning in January 2010 and each January thereafter, the Maximum Annual Maintenance Special Taxes shown in Table 1 shall be adjusted annually by the great of (i) the percentage increase, if any, in the construction cost index for the San Francisco region for the prior twelve (12) month period as published in the Engineering News Record or other comparable source if the Engineering News Record is discontinued or otherwise not available; or (ii) four percent (4.0%). Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1."

Analysis: The percentage increase to be applied to the Maximum One-Time Facilities Special Tax and the Maximum Annual Facilities Special Tax is 4.0% while the increase to be applied to the Annual Facilities Special Tax is 2.0%. All increases are effective for the time period July 1, 2010 through June 30, 2011.

