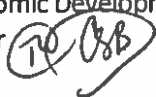


**City of Modesto**  
**Interoffice Memorandum**

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**Date:** April 12, 2016

**To:** James N. Holgersson, City Manager  
Gloriette Genereux, Director of Finance  
Adam U. Lindgren, City Attorney  
Vickey Dion, City Engineer  
Stephan Christensen, Budget and Financial Analysis Manager  
DeAnna Espinoza, Accounting Division Manager

**From:** Cynthia Birdsill, Director of Community & Economic Development  
Tina Rocha, Community Development Manager 

**Re:** Fiscal Year 2016-2017 Escalators for Special Taxes Levied Within City of Modesto Community Facilities Districts

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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 2016-2017 were determined.

CCI Calculation	CCI for January 2015	11173.16
	CCI for January 2016	11153.41
	CCI Decrease	-0.176762885%

While the RMAs require that an escalator be calculated and applied each Fiscal Year, they do not require that the maximum annual facilities or maximum maintenance tax be levied and collected each fiscal year. The amount actually levied will be based upon the budget needs of each CFD. Such factors include the amount needed for facilities, debt service (if bonds have been issued), maintenance, utilities and administration.



**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 2015 through January 2016, the Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates should be increased by 4.0% effective July 1, 2016.

**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:** Comparing the CCI for the time period January 2015 through January 2016, the Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates should not be increased for Fiscal Year 2016-17.

**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 (4.0%) 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 four percent (4.0%) 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 4.0% effective January 1, 2017, and the Maximum Annual Maintenance Special Tax rates should be increased by 4.0% effective July 1, 2016.

**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... or (ii) four percent (4.0%)." (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:** The percentage increase to be applied to the Annexation One-Time Special Tax is 4.0% effective for the time period January 1, 2017, through December 31, 2017. The Maximum Annual Special Tax rates shall be increased by 4.0% and are effective July 1, 2016.



**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 is **4.0%**, effective July 1, 2016.

**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:** The percentage increase to be applied to the Annual Facilities Special Tax is **2.0%** while the increase to the Annual Maintenance Special Tax is **4.0%** effective July 1, 2016,

**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: (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.”

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: (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.”

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 above shall be increased by two percent (2.0%) 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 Maintenance Special Tax is 4.0% while the increase to be applied to the Annual Facilities Special Tax is 2.0%. All increases are effective July 1, 2016 through June 30, 2017.

#### **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 2008 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:** The Maximum Facilities Special Tax and Maximum Annual Maintenance Special Tax rates should be increased by 4.0%, effective July 1, 2016.

**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, 2016.

**CFD No. 2012-1 (Kiernan Business Park South)**

**RMA:** Maximum One-Time Facilities Special Tax. “Beginning in January 2013 and each January thereafter, the Maximum One-Time Facilities Special Taxes 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 One-Time Facilities Special Tax shall become effective on January 1 of the calendar year for which the annual adjustment was made.”

Maximum CFD Maintenance Cost Tax. “Beginning in January 2013 and each January thereafter, the Maximum CFD Maintenance Cost 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 CFD Maintenance Cost shall become effective on July 1 of the calendar year for which the annual adjustment was made.”

**Analysis:** The Maximum Facilities Special Tax rates should be increased by 4.0%, effective January 1, 2017. The Maximum CFD Maintenance Cost Tax rates should be increased by 4.0%, effective July 1, 2016.

**CFD No. 2016-1 (Kiernan Business Park East #2)**

**RMA:** Maximum One-Time Facilities Special Tax. “On January 1, 2016 and each January thereafter, the Maximum One-Time Facilities Special Tax rates shall be adjusted by the Escalation Factor. Each annual adjustment of the Maximum One-Time Facilities Special Tax shall become effective on the subsequent July 1.” “*Escalation Factor* means, in any Fiscal Year, 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%).”

Maximum Annual Maintenance Special Tax “On January 1, 2016 and each January thereafter, the Maximum Annual Maintenance Special Tax rates shall be adjusted by the Escalation Factor. Each annual adjustment of the Maximum Annual Maintenance Special Tax shall become effective on the subsequent July 1.” “*Escalation Factor* means, in any Fiscal Year, 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%).”

**Analysis:** The percentage increase to be applied to the Maximum One-Time Facilities Special Tax and Maximum Annual Maintenance Special Tax is 4.0% effective July 1, 2016.

**CFD No. 2016-2 (The Vintage)**

**RMA:** Maximum Special Tax. “On January 1, 2016 and each January thereafter, the Maximum Special Tax rates shall be adjusted by the Escalation Factor. Each annual adjustment of the Maximum Special Tax shall become effective on the subsequent July 1.” “*Escalation Factor* means, in any Fiscal Year, 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%).”



**Analysis:** The percentage increase to be applied to the Maximum Special Tax rates is **4.0%**, effective July 1, 2016.

