

RESOLUTION NO. 2005- 109

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY
DECLARING ITS 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**

RESOLVED, by the City Council (the "Council") of the City of Reedley (the "City"), as follows:

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the "Law"), this Council may commence proceedings for the establishment of a community facilities district, and this Council now desires to commence proceedings to establish a community facilities district (the "District") to finance public safety, fire protection services and park maintenance services in developing areas of the City as described herein; and

WHEREAS, under the Law, this Council is the legislative body for the proposed District and is empowered with the authority to establish the District and levy special taxes within the District; and

WHEREAS, this Council now desires to proceed with the actions necessary to consider the establishment of the District.

NOW, THEREFORE, it is hereby FOUND, DETERMINED and ORDERED by the City Council of the City of Reedley, as follows:

Section 1. This Council proposes to begin the proceedings necessary to establish the District pursuant to the Law.

Section 2. The name proposed for the District is City of Reedley Community Facilities District No. 2005-1 (Public Services).

Section 3. The proposed boundaries of the District are as shown on the map of the District on file with the City Clerk, which boundaries are hereby preliminarily approved. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the District in the office of the County Recorder as soon as practicable after the adoption of this Resolution.

Section 4. The type of services proposed to be funded by the District and pursuant to the Law shall consist of those services described on Exhibit A hereto which Exhibit is by this reference incorporated herein (the "Services").

Section 5. Except to the extent that funds are otherwise available to the District to pay for the Services and the administrative expenses of the District, a special tax sufficient to pay

the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the District, will be levied annually within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Council or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay, are described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

This Council finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the California Government Code (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District.

Section 6. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre of land such owner owns in the District.

Section 7. Except as may otherwise be provided by law or the rate and method of apportionment of the special tax for the District, all lands owned by any public entity, including the United States, the State of California, the City and/or any departments or political subdivisions of any thereof, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Services and any expenses of the District.

Section 8. The City Manager of the City or his designee is hereby directed to study the proposed CFD and the Services and to make, or cause to be made, and file with the City Clerk a report in writing, presenting the following:

- (a) A brief description of the Services.
- (b) An estimate of the fair and reasonable cost of providing the Services, including the incidental expenses in connection therewith, including any City administration costs and all other related costs.

Said report shall be made a part of the record of the public hearing provided for below.

Section 9. Tuesday, November 8, 2005, at 7:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Council, 845 G Street, Reedley, California, be, and the same are hereby appointed and fixed as the time and place when and where this Council, as legislative body for the District, will conduct a public hearing on the establishment of the District and consider and finally determine whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax.

Section 10. The City Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereto.

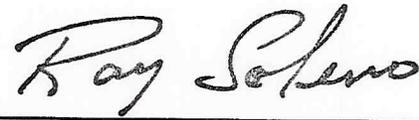
Section 11. The firm of Berryman & Henigar, Inc is hereby designated as special tax consultant, respectively, to the City for the District. The City Manager is hereby authorized to execute agreements with said firm for their services related to the District, in forms acceptable to City Manager.

PASSED, APPROVED AND ADOPTED this 27th day of September, 2005, by the following vote:

AYES: Brockett, Rapada, Betancourt, Ikemiya, Soleno.

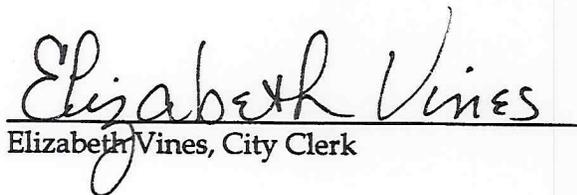
NOES: None.

ABSENT: None.

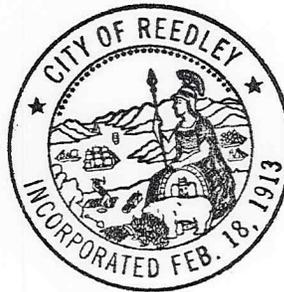


Ray Soleno, Mayor

ATTEST:



Elizabeth Vines, City Clerk



CERTIFICATION OF RESOLUTION NO. 2005-109

I, Elizabeth Vines, City Clerk of the City of Reedley, do hereby certify that the attached Resolution No. 2005-109 was unanimously approved and adopted at a regular meeting of the City Council of the City of Reedley held on the 27th day of September, 2005.

Seal of the City of Reedley

Signed: Elizabeth Vines
Elizabeth Vines, Reedley City Clerk



EXHIBIT A

CITY OF REEDLEY COMMUNITY FACILITIES DISTRICT NO. 2005-1 (PUBLIC SAFETY/FIRE PROTECTION SERVICES & PARK MAINTENANCE)

DESCRIPTION OF SERVICES TO BE FINANCED BY THE DISTRICT

Services:

The services to be financed include all direct and incidental costs related to providing public services for public safety and park maintenance. The first priority being fire and emergency medical service, then police and public safety, and finally park maintenance costs. More specifically: (i) fire protection and suppression services; (ii) emergency medical services including ambulatory services; (iii) community information with regard to public safety; (iv) earthquake and other emergency relief programs; (v) other public safety services, including police protection services, authorized to be funded under Section 53313(a) or (b) of the Act; (vi) park operation and maintenance expenses; and, (vii) repair and replacement of park facilities. Any services to be financed by the District must be in addition to those provided in the territory of the District before the date of creation of the District, and may not supplant services already available within the territory when the District is created. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from their general fund with respect to the District or the services authorized to be financed by the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Other:

The incidental expenses that may be financed by the District include: (i) all costs associated with the establishment and administration of the District, the determination of the amount of and collection of taxes, the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of the District, (ii) any other expenses incidental to the provision of the services eligible to be funded by the District, and (iii) any amounts necessary to maintain a reserve required by the City for the payment of costs and services.

EXHIBIT B

CITY OF REEDLEY
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(PUBLIC SAFETY/FIRE PROTECTION SERVICES & PARK MAINTENANCE)

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

A special tax shall be levied annually on each Parcel of land within the City of Reedley Community Facilities District No. 2005-1 (Public Services) (the "District"), and collected according to the Special Tax Liability determined by the City Council of the City of Reedley (the "City") or its designee through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to parcels be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes. Notwithstanding the foregoing, the City Council may direct the collection of the special taxes by direct billing of the affected property owners; it determines to do so by resolution of the City Council.

Categories of Special Taxes

Category I

Category I includes each Developed Parcel within the District for which a building permit has been issued prior to July 1 of the current Fiscal Year.

The Maximum Special Tax that may be levied annually on Taxable Property in Category I beginning with the Fiscal starting July 1, 2006 is as set forth in Table 1 below. Said Maximum Special Tax shall increase each Fiscal Year thereafter by an inflation factor which is the Annual All Urban Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area.

TABLE 1	
Maximum Special Tax Fiscal Year 2006-07	
Category I	
Special Tax Per Dwelling Unit/Acre	
Development Type	Special Tax Rate
Single Family Residential (per dwelling unit)	\$740.00
Multi-Family Residential (per dwelling unit)	\$550.00
Non-Residential (per gross building square foot)	\$0.20

Affordable Housing (per dwelling unit)	\$370.00
Infill Non-Residential (per building square foot)	\$0.10

Category II

Category II includes each Parcel within the District that are not included in Category I.

The Maximum Special Tax that may be levied annually on Taxable Property in Category II beginning with the Fiscal Year starting July 1, 2006 as set forth in Table 2 below per Net Developable Acre (said amount to be levied pro-rata for any portion of an acre). Said special tax shall increase each Fiscal Year thereafter by an inflation factor which is the Annual All Urban Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area.

TABLE 2
Maximum Special Tax Fiscal Year 2006-07
Category II
Special Tax Per Net Developable Acre
\$600.00 per acre

Exempt Category

Each parcel owned by a public agency, right-of-way parcels, pipelines, common areas, private streets and parks, and open space lots not eligible for development shall be exempt from the levy of Special Tax.

Assignment to Categories and Levy of Annual Taxes

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the City Council or its designee shall determine the Tax Category for each Parcel within the District. Parcels subject to levy shall be determined based upon the records of the City building department and/or the Fresno County Assessor.

The City Council or its designee shall then determine the estimated Special Tax Liability for the Fiscal Year commencing such July 1 and the amount of special taxes to be levied on each Parcel as follows:

- Step 1:** Classify all Parcels that are Taxable Property in the District.
- Step 2:** Determine the maximum revenue which could be generated by Parcels classified as Category I by multiplying the total number of Dwelling Units for Developed Parcels classified as "Single Family Residential" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Single Family Residential Category; and adding to that

maximum revenue which could be generated by multiplying the total number of Dwelling Units for Developed Parcels classified as "Multi-Family Residential" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Multi-Family Residential Category; and adding to that maximum revenue which could be generated by multiplying the total number of Dwelling Units for Developed Parcels classified as "Affordable Housing" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Affordable Housing Category; and adding to that the maximum revenue which could be generated by multiplying the total net developable acreage for Developed Parcels classified as "Non-Residential" by the Maximum Special Tax per gross building square foot for Parcels assigned to the Non-Residential Category; and adding to that the maximum revenue which could be generated by multiplying the total net developable acreage for Developed Parcels classified as "Infill Non-Residential" by the Maximum Special Tax per gross building square foot for Parcels assigned to the Infill Non-Residential Category.

Step 3: If the total revenue as calculated in Step 2 is greater than the Estimated Special Tax Liability for the Fiscal Year, reduce the Special Tax for each Parcel proportionately so that the special tax levy for the Fiscal Year is equal to the estimated Special Tax Liability for the Fiscal Year.

Step 4: If the total revenue as calculated in Step 2 is less than the estimated Special Tax Liability for the applicable Fiscal Year, including the funding of a reserve fund for the District equal to 100% of the estimated annual costs, a Special Tax shall be levied upon each Parcel classified as Category II. The annual Category II special tax shall be calculated as the lessor of:

(i) The estimated Special Tax Liability, less the total of funds generated for all Parcels under Step 2 above, divided by the total Net Developable Acreage for all Parcels assigned to Category II

or

(ii) the aggregate Maximum Special Tax Rate for all Parcels assigned to Category II

Notwithstanding the foregoing, in no event shall the aggregate Special Tax levied upon all Parcels for any given year be greater than the estimated Special Tax Liability, including a reserve fund equal to 100% of the estimated annual costs for the District, as determined by the City Council or its designee.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the Special Taxes) including the fees and expenses of attorneys, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from its general fund with respect to the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Affordable Housing means a dwelling unit that has been obligated by covenant to affordable housing for 25 or more years. If the covenant is released the property will be reclassified accordingly.

City means the City of Reedley.

County means the County of Fresno.

Developed Parcel means Taxable Property for which a foundation building permit or other form of building permit has been issued as of July 1 of the current Fiscal Year.

District means the City of Reedley Community Facilities District No. 2005-1 (Public Services).

Dwelling Unit means one single family home whether detached or attached and for multi-family structures means each unit designated for one-family occupancy.

Final Map means a recorded tract map or parcel map.

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

Gross Acre or Gross Acreage is the acreage as shown on the County Assessor's parcel maps or if not shown on the Assessor's parcel maps the land area shown on the applicable recorded final map or other recorded documents.

Gross Building Square Foot or Gross Building Square Footage is the building square footage as shown on the building permit or other recorded documents on file with the City and/or County.

Infill Non-Residential developing or redeveloping parcels located within the City limits as of July 1, 2005 and classified as a non-residential use.

Maximum Special Tax means the maximum special tax that can be levied within the District by the City Council in any Fiscal Year for each parcel of real property subject to the

special tax, as determined by reference to the provisions of this rate and method of apportionment of special taxes.

Multi-Family Dwelling Unit (i.e. apartment unit) means a dwelling unit in a multi-family development.

Net Developable Acre or Net Developable Acreage means the acreage as shown on a recorded final map for a parcel, or as otherwise determined by the City by reference to other applicable documents.

Non-Residential means a building designated for a use other than residential.

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

Public Parcel means any parcel owned by a public entity.

Reserve Fund means a reserve operating fund maintained to provide necessary cash flow for operations for the first six months of each Fiscal Year and a reasonable buffer, as determined by the City, against large variations in annual special tax amounts.

Single Family Dwelling Unit means a dwelling unit in a single family detached or single family attached building including a single family home, individual condominium, or town home.

Special Tax means the special tax or special taxes authorized to be levied within the District.

Special Tax Liability for any Fiscal Year is an amount sufficient to pay the costs of the District for each Fiscal Year, to include: (i) estimated costs of providing eligible services, and (ii) funding of the Reserve Fund.

Taxable Property is all real property within the boundaries of the District which is not exempt from the Special Tax pursuant to the law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right of way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement, or other property described under the heading "Exempt Category" above.

A special tax shall be levied annually on each Parcel of land within the City of Reedley Community Facilities District No. 2005-1 (Public Services) (the "District"), and collected according to the Special Tax Liability determined by the City Council of the City of Reedley (the "City") or its designee through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

EXHIBIT C

CITY OF REEDLEY
COMMUNITY FACILITIES DISTRICT NO. 2005-1
(PUBLIC SAFETY/FIRE PROTECTION SERVICES & PARK MAINTENANCE)

NOTICE OF PUBLIC HEARING

Notice is hereby given that on September 27, 2005, the City Council of the City of Reedley adopted a Resolution entitled "A Resolution of the City Council of the City of Reedley Declaring Its 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". Pursuant to the Mello-Roos Community Facilities Act of 1982 (the "Law") the City Council of the City of Reedley hereby gives notice as follows:

A. The text of said Resolution of Intention is as follows:

WHEREAS, under the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 et seq. of the California Government Code (the "Law"), this Council may commence proceedings for the establishment of a community facilities district, and this Council now desires to commence proceedings to establish a community facilities district (the "District") to finance public safety, fire protection services and park maintenance services in developing areas of the City as described herein; and

WHEREAS, under the Law, this Council is the legislative body for the proposed District and is empowered with the authority to establish the District and levy special taxes within the District; and

WHEREAS, this Council now desires to proceed with the actions necessary to consider the establishment of the District.

NOW, THEREFORE, it is hereby FOUND, DETERMINED and ORDERED by the City Council of the City of Reedley, as follows:

Section 1. This Council proposes to begin the proceedings necessary to establish the District pursuant to the Law.

Section 2. The name proposed for the District is City of Reedley Community Facilities District No. 2005-1 (Public Services).

Section 3. The proposed boundaries of the District are as shown on the map of the District on file with the City Clerk, which boundaries are hereby preliminarily approved. The City Clerk is hereby directed to record, or cause to be recorded, the map of the boundaries of the District in the office of the County Recorder as soon as practicable after the adoption of this Resolution.

Section 4. The type of services proposed to be funded by the District and pursuant to the Law shall consist of those services described on Exhibit A hereto which Exhibit is by this reference incorporated herein (the "Services").

Section 5. Except to the extent that funds are otherwise available to the District to pay for the Services and the administrative expenses of the District, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the District, will be levied annually within the District and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Council or its designee shall determine, including direct billing of the affected property owners. The proposed rate and method of apportionment of the special tax among the parcels of real property within the District, in sufficient detail to allow each landowner within the proposed District to estimate the maximum amount such owner will have to pay, are described in Exhibit B attached hereto which Exhibit is by this reference incorporated herein.

This Council finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the California Government Code (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the District.

Section 6. The levy of said proposed special tax shall be subject to the approval of the qualified electors of the District at a special election. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the proposed District, with each owner having one vote for each acre or portion of an acre of land such owner owns in the District.

Section 7. Except as may otherwise be provided by law or the rate and method of apportionment of the special tax for the District, all lands owned by any public entity, including the United States, the State of California, the City and/or any departments or political subdivisions of any thereof, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Services and any expenses of the District.

Section 8. The City Manager of the City or his designee is hereby directed to study the proposed CFD and the Services and to make, or cause to be made, and file with the City Clerk a report in writing, presenting the following:

- (a) A brief description of the Services.
- (b) An estimate of the fair and reasonable cost of providing the Services, including the incidental expenses in connection therewith, including any City administration costs and all other related costs.

Said report shall be made a part of the record of the public hearing provided for below.

Section 9. Tuesday, November 8, 2005, at 7:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of this Council, 845 G Street, Reedley, California, be, and the same are hereby appointed and fixed as the time and place when and where this Council, as legislative body for the District, will conduct a public hearing on the establishment

of the District and consider and finally determine whether the public interest, convenience and necessity require the formation of the District and the levy of said special tax.

Section 10. The City Clerk is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the District. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be substantially in the form of Exhibit C hereto.

Section 11. The firm of Berryman & Henigar, Inc is hereby designated as special tax consultant, respectively, to the City for the District. The City Manager is hereby authorized to execute agreements with said firm for their services related to the District, in forms acceptable to City Manager.

B. The exhibits to the Resolution which describe the services to be financed and the rate and method of apportionment of the special taxes for the district are on file in the office of the City Clerk of the City.

C. The time and place established under said Resolution for the public hearing required under the Act are Tuesday, November 8, 2005, at the hour of 7:00 p.m. or as soon thereafter as the matter may be heard, in the regular meeting place of the City Council of the City of Reedley, 845 G Street, Reedley, California.

D. At said hearing, the testimony of all interested persons or taxpayers for or against the establishment of the district, the extent of the district or the furnishing of the specified types of services will be heard. Any person interested may file a protest in writing with the City Clerk of the City. If fifty percent or more of the registered voters, or six registered voters, whichever is more, residing in the territory proposed to be included in the district, or the owners of one-half or more of the area of land in the territory proposed to be included in the district and not exempt from the special tax file written protests against the establishment of the district and the protests are not withdrawn to reduce the value of the protests to less than a majority, the City Council shall take no further action to establish the district or levy the special taxes for a period of one year from the date of the decision of the City Council, and if the majority protests of the registered voters or the landowners are only against the furnishing of a type or types of services within the district, or against levying a specified special tax, those types of services or the specified special tax will be eliminated from the proceedings to form the district.

E. The proposed voting procedure shall be by special mail or hand-delivered ballot to the property owners within the territory proposed to be included in the district.

Dated: October __, 2005

_____/s/_____
City Clerk,
City of Reedley

**City of Reedley
Community Facilities District No. 2005-1
(Public Services)**

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**City of Reedley
Community Facilities District No. 2005-1
(Public Services)**

INTRODUCTION

The City of Reedley (City) is experiencing significant growth in both the incorporated and unincorporated areas of the City's planning area. As such, the City has initiated proceedings to establish the City of Reedley Community Facilities District 2005-1 (Public Services) (the "District") for the purpose of financing on-going public safety, fire protection, and park maintenance services in these areas.

The proposed District is located in the City of Reedley, Fresno County, State of California, as depicted on a reduced map of the boundaries thereof, Exhibit A, Boundary Map, included herein.

On Sept. 27, 2005, the City adopted Resolution No. 2005-109 entitled "A Resolution of the City Council of the City of Reedley Declaring its 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", declaring its intention to form the District and ordered the preparation of a report describing the proposed services to be financed by the District if it is formed. The proceedings to form the District are being conducted in accordance with the provisions of the Mello Roos Community Facilities Act of 1982, being Chapter 2.5, Part 1, Division 2, Title 5, commencing with Section 53311, of the Government Code of the State of California (the "Act"). This report has been prepared in accordance with Section 53321.5 of the Act and includes:

- a) A brief description of the services which are required to adequately meet the needs of the District.
- b) An estimate of the fair and reasonable cost of providing the services including the incidental expenses in connection therewith, including any City administrative costs and all other related costs.

For particulars, reference is made to the Resolution of Intention for the District, as previously approved and adopted by the City Council.

NOW THEREFORE, I, the City Manager of the City of Reedley, do hereby submit the following data:

A. DESCRIPTION OF THE COMMUNITY FACILITIES DISTRICT. The proposed boundaries of the District are those properties and parcels in which special taxes may be levied to pay for the costs and expenses of the services. The proposed boundaries of the District are described in the map of the District, a copy of which map is included in Part I of this Report.

B. DESCRIPTION OF SERVICES. A general description of the services to be funded by the District is as shown in Part II of this report.

C. COST ESTIMATE. The cost estimate for the funding of the services is set forth in Part III of this report.

D. RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES. The Rate and Method of Apportionment of Special Taxes for the District is set forth in Part IV of this report.

Dated: September 27, 2005

By: _____


City Manager
City of Reedley

Part I - Description of District

The proposed City of Reedley Community Facilities District No. 2005-1 (Public Services) includes the following Assessor's Parcel Numbers:

Assessor's Parcel Nos.	Proposed Project Names	Acreage	Planned Lots
370-020-58 and -59	Tract Map 5311 Lennar Cambridge Homes Orchard Estates Phase 1	41	125 SFRs; 4 Multi Family Sites and a Future Industrial Site
370-020-31	Tract Map 5353 Lennar Cambridge Homes Orchard Estates Phase 2	40	143 SFRs; 4 Multi Family Sites and a Future Commercial Site
363-090-02, -03 and -05	Tract Map 5355 Reedley Estates	67	133 SFRs
365-180-80	Tract Map 5373 Quiring Properties Cottage Commons	2	16 multi-family units

A map of the boundaries of the District is shown on the following page.

Insert map here

Part II - Description of Services

Section 53311.5 of the Act provides for alternate financing of certain services in developing areas. Since there are no other means of financing available to the City, and since the services are required to meet additional demands on the City as a result of development occurring within the proposed District, the financing of the proposed services is in accordance with Section 53313.5 of the Act.

The services to be financed include all direct and incidental costs related to providing public services for public safety and park maintenance. The first priority being fire and emergency medical service, then police and public safety, and finally park maintenance costs. More specifically: (i) fire protection and suppression services; (ii) emergency medical services including ambulatory services; (iii) community information with regard to public safety; (iv) earthquake and other emergency relief programs; (v) other public safety services, including police protection services, authorized to be funded under Section 53313(a) or (b) of the Act; (vi) operation and maintenance expenses of parks, parkways and open space; and, (vii) repair and replacement of facilities. Any services to be financed by the District must be in addition to those provided in the territory of the District before the date of creation of the District, and may not supplant services already available within the territory when the District is created. It is expected that the services will be provided by the City, either with its own employees or by contract with third parties, or any combination thereof.

Administrative Expenses:

The direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the special taxes) including the fees and expenses of attorneys, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of the City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from their general fund with respect to the District or the services authorized to be financed by the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Other:

The incidental expenses that may be financed by the District include: (i) all costs associated with the establishment and administration of the District, the determination of the amount of and collection of taxes, the payment of taxes, and costs otherwise incurred in order to carry out the authorized purposes of the District, (ii) any other expenses incidental to the provision of the services eligible to be funded by the District, and (iii) any amounts necessary to maintain a reserve required by the City for the payment of costs and services.

Part III - Cost Estimate

Estimated Costs for Operations and Maintenance

The estimate of the fair and reasonable cost of the proposed services, including incidental expenses in connection with providing said services which are in addition to the services available at the time of formation and all other related costs is estimated to be approximately \$1,337,200 at build out if all development within the City was completed as planned. New development will be annexed into the District as a condition of development. The special tax rate set forth in Part IV of this report is estimated to offset these costs, but is not expected to cover them entirely. Special tax revenues will be collected based on the estimated budgets contained herein, but in any year may be expended in different proportions between the eligible services.

**City of Reedley
Community Facilities District No. 2005-1
Public Services
Proposed Budget**

Police Staffing ⁽¹⁾	\$500,000
Fire Staffing ⁽²⁾	\$726,500
Park Maintenance ⁽³⁾	\$110,700
Total:	\$1,337,200

- (1) Police staffing includes an additional 5 sworn police officers at build out at \$100,000 per officer.
- (2) Staffing includes 4 firefighters @\$60,000, 2 engineers @ \$75,000 and 1 captain @ \$90,000 totaling \$480,00. Additional station maintenance costs were estimated at \$246,500.
- (3) Includes maintenance of an additional 18 acres of parks at build out at a cost of \$6,150 per acre.

Source: Fiscal Impact Analysis included in Appendix.

Each Fiscal Year, commencing with Fiscal Year 2005-2006, the City shall cause to be prepared annually a budget showing the estimate of cost for the public services within the District for the coming year.

Part IV - Rate and Method of Apportionment of Special Taxes

ANNUAL TAX

A special tax shall be levied annually on each Parcel of land within the City of Reedley Community Facilities District No. 2005-1 (Public Services) (the "District"), and collected according to the Special Tax Liability determined by the City Council of the City of Reedley (the "City") or its designee through the application of the following procedures. All of the property within the District, unless otherwise exempted by law or the express provisions of the rate and method of apportionment expressed below, shall be taxed to the extent and in the manner provided below.

It is intended that all special taxes applicable to parcels be collected in the same manner and at the same time as ordinary ad valorem property taxes, and that special taxes so levied will be subject to the same penalties and procedures, sale and lien priority in case of delinquency as is provided for ad valorem taxes. Notwithstanding the foregoing, the City Council may direct the collection of the special taxes by direct billing of the affected property owners; it determines to do so by resolution of the City Council.

Categories of Special Taxes

Category I

Category I includes each Developed Parcel within the District for which a building permit has been issued prior to July 1 of the current Fiscal Year.

The Maximum Special Tax that may be levied annually on Taxable Property in Category I beginning with the Fiscal Year beginning with the Fiscal Year starting July 1, 2006 is as set forth in Table 1 below. Said Maximum Special Tax shall increase each Fiscal Year thereafter by an inflation factor which is the Annual All Urban Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area.

TABLE 1 Maximum Special Tax Fiscal Year 2006-07 Category I	
Special Tax Per Dwelling Unit/Acre	
Development Type	Special Tax Rate
Single Family Residential (per dwelling unit)	\$740.00
Multi-Family Residential (per dwelling unit)	\$550.00
Non-Residential (per gross building square foot)	\$0.20
Affordable Housing (per dwelling unit)	\$370.00
Infill Non-Residential (per gross building square foot)	\$0.10

Category II

Category II includes each Parcel within the District that are not included in Category I.

The Maximum Special Tax that may be levied annually on Taxable Property in Category II beginning with the Fiscal Year starting July 1, 2006 ending June 30, 2007 is as set forth in Table 2 below per Net Developable Acre (said amount to be levied pro-rata for any portion of an acre). Said special tax shall increase each Fiscal Year thereafter by an inflation factor which is the Annual All Urban Consumer Price Index (CPI) for the San Francisco-Oakland-San Jose area.

TABLE 2
Maximum Special Tax Fiscal Year 2006-07
Category II
Special Tax Per Net Developable Acre
\$600.00 per acre

Exempt Category

Each parcel owned by a public agency, right-of-way parcels, pipelines, common areas, private streets and parks, and open space lots not eligible for development shall be exempt from the levy of Special Tax.

Assignment to Categories and Levy of Annual Taxes

On or about July 1 of each year, but in any event in sufficient time to include the levy of the special taxes on the County's secured tax roll, the City Council or its designee shall determine the Tax Category for each Parcel within the District. Parcels subject to levy shall be determined based upon the records of the City building department and/or the Fresno County Assessor.

The City Council or its designee shall then determine the estimated Special Tax Liability for the Fiscal Year commencing such July 1 and the amount of special taxes to be levied on each Parcel as follows:

Step 1: Classify all Parcels that are Taxable Property in the District.

Step 2: Determine the maximum revenue which could be generated by Parcels classified as Category I by multiplying the total number of Dwelling Units for Developed Parcels classified as "Single Family Residential" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Single Family Residential Category; and adding to that maximum revenue which could be generated by multiplying the total number of Dwelling Units for Developed Parcels classified as "Multi-Family Residential" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Multi-Family Residential Category; and adding to that maximum revenue which could be generated by multiplying the total number of Dwelling Units for Developed Parcels classified as "Affordable Housing" by the Maximum Special Tax per Dwelling Unit for Parcels assigned to the Affordable Housing Category; and adding to that the maximum revenue which could be generated by multiplying the total net developable acreage for Developed Parcels classified as "Non-Residential" by the Maximum Special Tax per gross building square foot for Parcels assigned to the Non-Residential Category; and adding to that the maximum revenue which could be generated by multiplying the total net developable acreage for Developed Parcels classified as "Infill Non-Residential" by the Maximum Special Tax per gross building square foot for Parcels assigned to the Infill Non-Residential Category.

Step 3: If the total revenue as calculated in Step 2 is greater than the Estimated Special Tax Liability for the Fiscal Year, reduce the Special Tax for each Parcel proportionately so that the special tax levy for the Fiscal Year is equal to the estimated Special Tax Liability for the Fiscal Year.

Step 4: If the total revenue as calculated in Step 2 is less than the estimated Special Tax Liability for the applicable Fiscal Year, including the funding of a reserve fund for the District equal to 100% of the estimated annual costs, a Special Tax shall be levied upon each Parcel classified as Category II. The annual Category II special tax shall be calculated as the lessor of:

(i) The estimated Special Tax Liability, less the total of funds generated for all Parcels under Step 2 above, divided by the total Net Developable Acreage for all Parcels assigned to Category II

or

(ii) the aggregate Maximum Special Tax Rate for all Parcels assigned to Category II

Notwithstanding the foregoing, in no event shall the aggregate Special Tax levied upon all Parcels for any given year be greater than the estimated Special Tax Liability, including a reserve fund equal to 100% of the estimated annual costs for the District, as determined by the City Council or its designee.

DEFINITIONS

Administrative Expenses means any or all of the following: the direct and indirect expenses incurred by the City in carrying out its duties with respect to the District (including, but not limited to, the levy and collection of the Special Taxes) including the fees and expenses of attorneys, any fees of the County related to the District or the collection of special taxes, an allocable share of the salaries of City staff directly related thereto and a proportionate amount of the City's general administrative overhead related thereto, any amounts paid by the City from its general fund with respect to the District, and expenses incurred by the City in undertaking action to foreclose on properties for which the payment of special taxes is delinquent, and all other costs and expenses of the City in any way related to the District.

Affordable Housing means a dwelling unit that has been obligated by covenant to affordable housing for 25 or more years. If the covenant is released the property will be reclassified accordingly.

City means the City of Reedley.

County means the County of Fresno.

Developed Parcel means Taxable Property for which a foundation building permit or other form of building permit has been issued as of July 1 of the current Fiscal Year.

District means the City of Reedley Community Facilities District No. 2005-1 (Public Services).

Dwelling Unit means one single family home whether detached or attached and for multi-family structures means each unit designated for one-family occupancy.

Final Map means a recorded tract map or parcel map.

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

Gross Acre or Gross Acreage is the acreage as shown on the County Assessor's parcel maps or if not shown on the Assessor's parcel maps the land area shown on the applicable recorded final map or other recorded documents.

Gross Building Square Foot or Gross Building Square Footage is the building square footage as shown on the building permit or other recorded documents on file with the City and/or County.

Infill Non-Residential developing or redeveloping parcels located within the City limits as of July 1, 2005 and classified as a non-residential use.

Maximum Special Tax means the maximum special tax that can be levied within the District by the City Council in any Fiscal Year for each parcel of real property subject to the special tax, as determined by reference to the provisions of this rate and method of apportionment of special taxes.

Multi-Family Dwelling Unit (i.e. apartment unit) means a dwelling unit in a multi-family development.

Net Developable Acre or Net Developable Acreage means the acreage as shown on a recorded final map for a parcel, or as otherwise determined by the City by reference to other applicable documents.

Non-Residential means a building designated for a use other than residential.

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

Public Parcel means any parcel owned by a public entity.

Reserve Fund means a reserve operating fund maintained to provide necessary cash flow for operations for the first six months of each Fiscal Year and a reasonable buffer, as determined by the City, against large variations in annual special tax amounts.

Single Family Dwelling Unit means a dwelling unit in a single family detached or single family attached building including a single family home, individual condominium, or town home.

Special Tax means the special tax or special taxes authorized to be levied within the District.

Special Tax Liability for any Fiscal Year is an amount sufficient to pay the costs of the District for each Fiscal Year, to include: (i) estimated costs of providing eligible services, and (ii) funding of the Reserve Fund.

Taxable Property is all real property within the boundaries of the District which is not exempt from the Special Tax pursuant to the law, except that the following property shall not be taxed: any acres of land owned, conveyed or irrevocably offered for dedication to a public agency, or land which is a public right of way or which is an unmanned utility easement making impractical its utilization for other than the purpose set forth in the easement, or other property described under the heading "Exempt Category" above.

The following table sets forth the expected annual special tax revenue for the District fiscal Year 2005-2006:

ANNUAL SPECIAL TAX REVENUE

Special Tax Category	Proposed Project	Land Use	Number of Units	Total Acres	Annual Special Tax at Maximum FY 2006/07 Rate
Single Family Residential Category	Orchard Estates Ph 1	SF	125	41	\$92,500
	Orchard Estates Ph 2	SF	143	40	\$105,820
	Reedley Estates	SF	133	67	\$98,420
Multi Family Residential Category					
	Orchard Estates Ph 1	MF	TBD	See above	TBD
	Orchard Estates Ph 2	MF	TBD	See above	TBD
	Cottage Commons	MF	16	2	\$8,800
			Gross Building Sq. Ft.		
Infill Non-Residential Category					
	Orchard Estates Ph 1	IND	TBD	See above	TBD
	Orchard Estates Ph 2	COM	TBD	See above	TBD
Non-Residential Category	<i>NONE AT THIS TIME</i>				
Affordable Housing Category	<i>NONE AT THIS TIME</i>				

**APPENDIX: FISCAL IMPACT OF NEW DEVELOPMENT
DATED MARCH 30, 2005**

POLICE ADMINISTRATION AND OPERATIONS																								
Population: Sworn Officers:	22,116 27	22,842 28	23,205 29	23,568 29	23,931 30	24,294 30	24,657 31	25,020 31	25,383 31	25,746 32	26,109 32	ACTUAL 2003-2004	ADOPTE 2004-2005	PROJ. 2006	PROJ. 2007	PROJ. 2008	PROJ. 2009	PROJ. 2010	PROJ. 2011	PROJ. 2012	PROJ. 2013	PROJ. 2014	PROJ. 2015	
Personnel Costs	2,628,426	2,786,230	2,954,777	3,128,305	3,220,740	3,402,455	3,693,037	3,802,159	3,914,505	4,116,438	4,238,071													
Maintenance & Operation	413,362	341,316	361,963	372,659	393,980	405,621	440,568	463,908	488,142	502,565	527,946													
Capital Outlay	106,213	104,000	110,291	113,550	120,047	123,594	134,242	141,354	148,738	153,133	160,867													
Other Charges	0	0	-	-	-	-	-	-	-	-	-													
GRAND TOTAL	3,148,001	3,231,546	3,427,032	3,614,514	3,734,767	3,931,670	4,267,847	4,407,422	4,551,385	4,772,137	4,926,884													
EXISTING DEVELOPMENT	3,148,001	3,231,546	3,327,032	3,425,339	3,526,551	3,630,754	3,738,035	3,848,487	3,962,202	4,079,277	4,199,812													
NEW DEVELOPMENT	0	0	100,000	189,175	208,216	300,917	323,268	445,220	472,108	572,325	602,976													
New Housing Units			200	100	100	100	100	100	100	100	100													
Running Total of New Housing Units			200	300	400	500	600	800	900	1,000	1,100													
New Development Cost Per House			\$500	\$631	\$521	\$602	\$539	\$557	\$525	\$572	\$548													
Includes all activity funded from the City's General Fund: Police Administration, Patrol, Investigations, Traffic, Support, Dispatch, Records, School Resources and Community Services																								
Estimated Expenditures Per Employee: \$100,000 per Sworn Officer and \$47,500 per Nonsworn.																								
1-24 sworn police officers on patrol per every 1,000 in population; 4 nonsworn (or 1 nonsworn for every 4 sworn) officer. Since there are already 9 nonsworn and this is over the 1:4 ratio no additional nonsworn employees were added.																								
Estimated expenditures were spread pro rata to Salaries-Benefits, O&M and Capital Outlay.																								
Expenditures were inflated for inflation.																								
Existing development expenditures were estimated by taking the current fiscal year 2004-05 budget and increasing it for inflation annually.																								
New development expenditures were estimated by taking the difference between Grand Total and the estimated expenditures for existing development																								

FIRE ADMINISTRATION AND OPERATIONS

	Population:	22,116	22,842	23,205	23,568	23,931	24,294	24,657	25,020	25,383	25,746	26,109
	ACTUAL 2003-2004	ADOPTED 2004-2005	PROJ. 2006	PROJ. 2007	PROJ. 2008	PROJ. 2009	PROJ. 2010	PROJ. 2011	PROJ. 2012	PROJ. 2013	PROJ. 2014	PROJ. 2015
Personnel Costs	82,144	139,616	143,741	147,989	627,989	646,544	665,649	685,317	705,567	726,415	747,879	769,978
Maintenance & Operation	105,159	149,041	153,445	157,979	315,958	325,294	334,905	344,801	354,989	365,479	376,278	387,396
Capital Outlay	176,936	83,530	85,998	88,539	177,078	182,311	187,698	193,244	198,954	204,832	210,885	217,116
Other Charges	0	0	-	-	-	-	-	-	-	-	-	-
Lease Payment on New Station												
GRAND TOTAL	364,239	372,187	383,184	394,507	1,121,025	1,154,149	1,188,252	1,223,362	1,259,510	1,296,726	1,335,042	1,374,490
EXISTING DEVELOPMENT	364,239	372,187	383,184	394,507	406,164	418,165	430,521	443,242	456,339	469,823	483,705	497,998
NEW DEVELOPMENT	0	0	-	-	714,861	735,984	757,731	780,120	803,171	826,903	851,337	876,492
New Housing Units			200	100	100	100	100	100	100	100	100	100
Running Total of New Housing Units			200	300	400	500	600	700	800	900	1,000	1,100
New Development Cost Per House			\$0	\$0	\$1,787	\$1,472	\$1,263	\$1,114	\$1,004	\$919	\$851	\$797
Includes an additional firestation in 2008.												
Current staffin volunteer, but because of OSHA requirements and the difficulty of retaining volunteers the City feels that a future firestation will necessitate the hiring of paid personnel.												
Personnel Costs (inc. benefits) were estimated to be \$480,000. This includes 4 firefighters @\$60k, 2 engineers @\$75k and 1 captain @ \$90k. These additional staff people may also benefit current development, but for now they are included as new development costs.												
Maintenance and Operation and Capital Outlay costs were estimated to double with the additional fire station.												
Expenditures were inflated 2.95% per year for inflation.												

PARKS DIVISION													
	Population:	22,116	22,842	23,205	23,568	23,931	24,294	24,657	25,020	25,383	25,746	26,109	
	Net Change:		726	363	363	363	363	363	363	363	363	363	
	Addl. Park Acres:		3.3	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	
	Net Park Acres:	30	33	35	37	38	40	42	43	45	47	48	
	ACTUAL	ADOPTED	PROJ.	PROJ.									
	2003-2004	2004-2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Personnel Costs	191,385	202,832	222,194	235,444	249,085	263,129	277,589	292,475	307,802	323,581	339,827	356,552	
Maintenance & Operation	103,613	105,086	115,117	121,982	129,049	136,326	143,817	151,530	159,470	167,645	176,062	184,727	
Capital Outlay	11,420	378,950	25,000	25,739	26,499	27,282	28,088	28,918	29,773	30,653	31,558	32,491	
GRAND TOTAL	306,418	686,868	362,311	383,164	404,634	426,737	449,494	472,923	497,045	521,879	547,447	573,770	
EXISTING DEVELOPMENT	306,418	686,868	342,755	352,883	363,310	374,045	385,097	396,476	408,191	420,252	432,670	445,455	
NEW DEVELOPMENT	0	0	19,556	30,282	41,324	52,692	64,397	76,447	88,854	101,627	114,777	128,316	
New Housing Units			200	100	100	100	100	100	100	100	100	100	
Running Total of New Housing Units			200	300	400	500	600	700	800	900	1,000	1,100	
New Development Cost Per House			\$98	\$101	\$103	\$105	\$107	\$109	\$111	\$113	\$115	\$117	
Current costs are for approximately 50 acres of parks and or \$6,150 per acre excluding capital outlay. Since Capital Outlay varies an estimate of \$25,000 per year was budgeted for. The City has additional park acreage that is currently undeveloped.													
Additional park space added at 5 acres per 1,000 in population. By 2015 an additional 3,630 in population will necessitate an additional 18 acres in park space.													
Estimated expenditures were spread pro rata to Personnel Costs and O&M													