



GOODWIN CONSULTING GROUP

SALIDA AREA / STANISLAUS COUNTY

*FISCAL IMPACT ANALYSIS ASSUMING
ANNEXATION TO MODESTO*

Final Report

FEBRUARY 6, 2013

*Salida Area / Stanislaus County
Fiscal Impact Analysis Assuming Annexation to Modesto*

Table of Contents

| | | |
|-----------|---|-----------|
| 1. | INTRODUCTION..... | 1 |
| | Purpose of Report | 1 |
| | Organization of Report | 1 |
| 2. | PROJECT DESCRIPTION..... | 3 |
| | Location | 3 |
| | Land Uses and Related Assumptions..... | 3 |
| 3. | METHODOLOGY AND ASSUMPTIONS..... | 6 |
| | Scope and Methodology | 6 |
| | General Assumptions | 10 |
| 4. | FISCAL IMPACTS TO THE COUNTY OF STANISLAUS | 15 |
| | County Fiscal Assumptions | 15 |
| | County Revenues | 16 |
| | County Expenses..... | 19 |
| 5. | FISCAL IMPACTS TO THE CITY OF MODESTO..... | 20 |
| | City Fiscal Assumptions | 20 |
| | City Revenues | 20 |
| | City Expenses..... | 22 |
| 6. | FISCAL IMPACTS TO THE MODESTO REGIONAL FIRE AUTHORITY..... | 23 |
| | Fire Authority Revenues | 23 |
| | Fire Authority Expenses | 24 |
| 7. | CONCLUSIONS..... | 25 |
| | Annual Net Fiscal Impacts to the County | 25 |
| | Annual Net Fiscal Impacts to the City | 26 |
| | Annual Net Fiscal Impacts to the Fire Authority..... | 27 |

APPENDICES

- Appendix A – General Fiscal Assumption Tables
- Appendix B – County Fiscal Impact Analysis Tables
- Appendix C – City Fiscal Impact Analysis Tables
- Appendix D – Fire Authority Fiscal Impact Analysis Tables

INTRODUCTION

PURPOSE OF REPORT

This report summarizes the analysis of the potential recurring fiscal impacts to the County of Stanislaus (County), City of Modesto (City), and Modesto Regional Fire Authority (Fire Authority) assuming the Salida area is annexed to the City. In order to fully understand the net impacts on the County, the analysis also evaluates the ongoing fiscal impacts to the County of the Salida area in its current unincorporated status.

The Salida area includes approximately 1,000 acres of existing development as well as approximately 3,400 acres of undeveloped land north of the existing development area (“2007 Community Plan Area”). This fiscal impact analysis compares the estimated annual costs of providing public services against the estimated annual revenues that will be generated by both existing and new development within the Salida area assuming annexation to the City to determine the net fiscal impact on each of the three agencies identified above. This report details the annual fiscal impacts to the County’s General Fund, City’s General Fund, and the Fire Authority’s General Fund. Other funds that are supported by development fees and user charges (e.g., enterprise funds), state resources (e.g., school districts), or a specific allocation of property taxes (e.g., school districts, mosquito abatement districts) are not included in this analysis.

ORGANIZATION OF REPORT

This report is organized into the following seven chapters:

- Chapter 1* States the objective of the report and outlines its structure.
- Chapter 2* Describes the Salida area in terms of location and land uses for both existing and future development.
- Chapter 3* Outlines the scope, approach, and global/key assumptions.
- Chapter 4* Describes specific assumptions that apply to the County and identifies which methodologies apply to County revenue and expense categories.
- Chapter 5* Describes specific assumptions that apply to the City and identifies which methodologies apply to City revenue and expense categories.
- Chapter 6* Describes specific assumptions that apply to the Fire Authority and identifies which methodologies apply to Fire Authority revenue and expense categories.

Chapter 7 Summarizes the net fiscal impacts to the County, City, and Fire Authority associated with both existing development and future development within the Salida area assuming annexation to the City. As mentioned above, the net fiscal impact to the County includes an assessment of existing and future development as part of unincorporated Stanislaus County, and that analysis is also summarized.

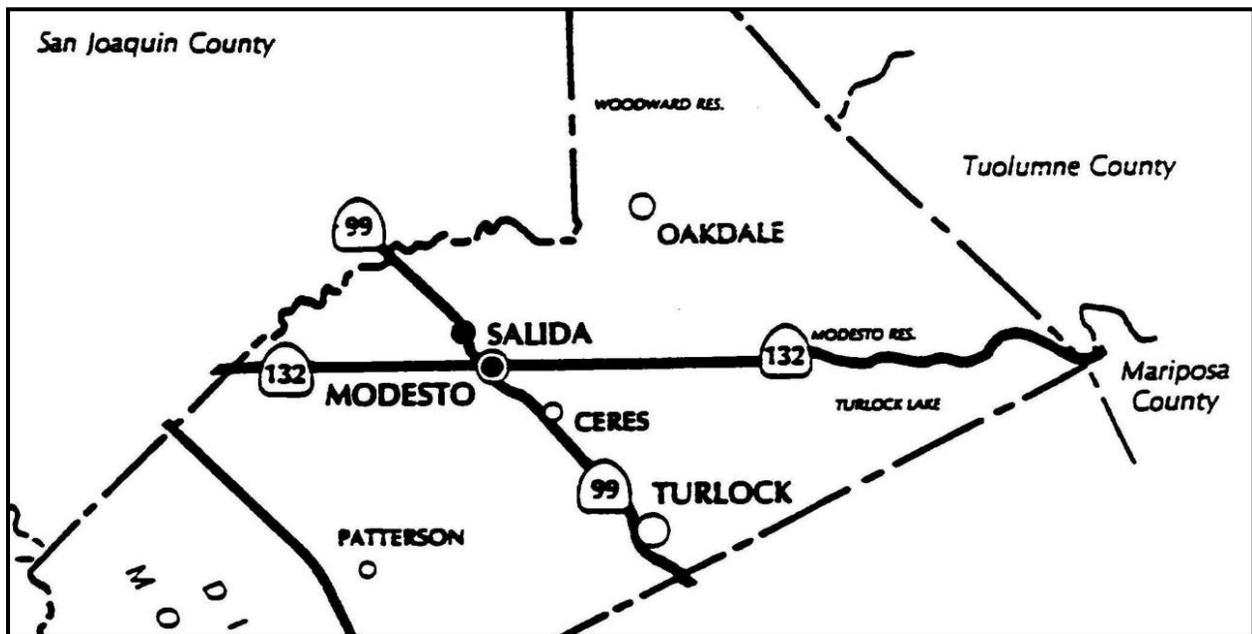
PROJECT DESCRIPTION

LOCATION

The Salida area is currently an unincorporated community located north of the City of Modesto in Stanislaus County. The Salida area is situated approximately 85 miles east of San Francisco and 70 miles south of Sacramento. The existing Salida area encompasses approximately five square miles and is located along State Highway 99.

Incorporated in 1884, the City is located in the center of the County, with Highway 99 running through the heart of the City. A regional vicinity map of the Salida area, City, and County is shown in Figure 1 below.

FIGURE 1
REGIONAL VICINITY MAP



LAND USES AND RELATED ASSUMPTIONS

The Salida area includes both already developed areas with existing residential and non-residential development and undeveloped areas slated for future development. Existing development includes approximately 4,300 residential units and 2.8 million square feet of non-residential uses.

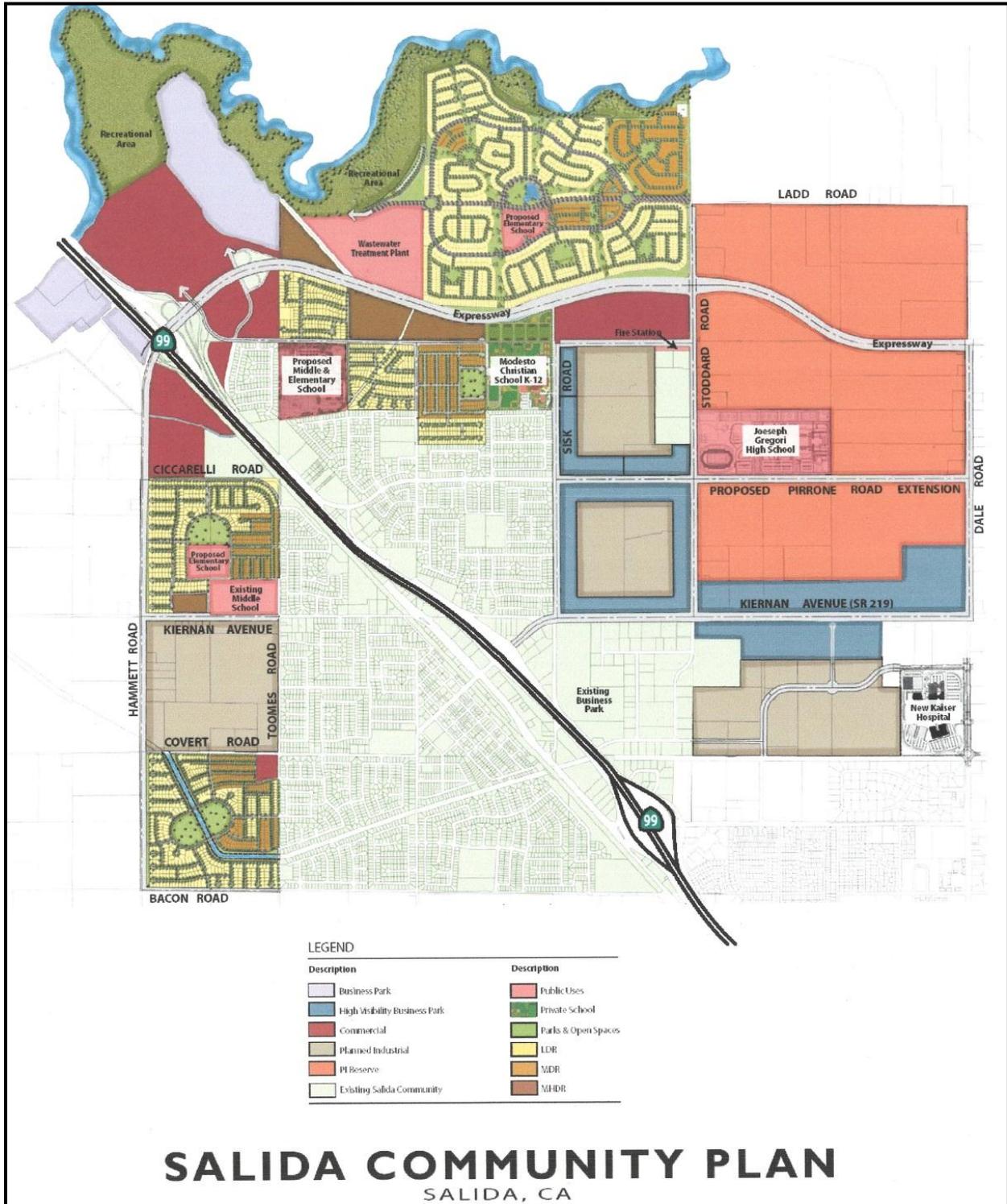
A majority of the undeveloped areas is included in the 2007 Community Plan Area, which was established as a blueprint for future residential and non-residential development proposed to occur to the north of the existing Salida community. Remaining development in the Salida area is estimated to include approximately 890 net acres of residential property, producing approximately 5,000 low-density, medium-density, and multiple-family units. Future development within the Salida area also includes approximately 1,420 net acres of non-residential land uses producing nearly 21 million square feet of neighborhood and general commercial (C-1 & C-2), industrial business park (IBP), and planned industrial (PI) uses. A map of the Salida area, including planned land uses, is shown in Figure 2 on the following page.

These development plans must be considered within the regional competitive marketplace that includes future development in Modesto, in other cities within Stanislaus County, within the unincorporated area of the County, and even outside the County within the larger San Joaquin Valley. Future development in Salida will only capture a portion of all the new residential and non-residential demand in the region, competing with numerous other developments during the same timeframe. As a result, it is likely that future Salida development, consisting of thousands of homes and millions of commercial and industrial square feet, will take decades to fully absorb into the marketplace. It is also possible that future Salida development will only partially build out, leaving certain areas planned for new growth undeveloped without reaching its full development potential.

All of these factors could also influence the phasing of whatever new development ultimately occurs in the Salida area. For example, if non-residential development initially lags significantly behind residential development, the fiscal impacts generated by new growth may be strained until sales tax producing commercial development and other non-residential development catches up. These and many other variables make forecasting fiscal impacts for such a large area, especially on an annual basis, very difficult to predict.

More detailed information regarding existing and future development, demographics, and other project assumptions is provided in Table A-2 of Appendix A.

**FIGURE 2
SALIDA AREA MAP**



METHODOLOGY AND GENERAL ASSUMPTIONS

SCOPE AND METHODOLOGY

Fiscal impacts arising from land development can be categorized broadly as either one-time impacts or recurring impacts, both of which involve a revenue and expense component. For example, a project may create the need for an onsite police substation, and the one-time construction cost of the station may be offset by a development impact fee. The annual expenses associated with staffing and maintaining the police substation will be offset by annual property taxes and other revenues generated by new development. The fiscal impacts analyzed in this report are the annual, or recurring, revenues and expenses that affect the County, City, or Fire Authority as a result of existing and future development within the Salida area.

Two methodologies are employed in estimating recurring fiscal impacts. First, the case study method is used to estimate recurring revenues and expenses by applying defined service standards, existing tax and fee rates, and suggested operating and maintenance costs to the various land uses and services proposed in the Salida area. The second methodology used is the multiplier method, which assumes that fiscal impacts will result from proposed development at forecasted rates per resident, per employee, or per person served based on historical averages for the County, City, and Fire Authority. County and City budgets from fiscal years 2005-06 through 2012-13 are used to estimate eight-year average revenues and expenses. Since the Fire Authority was established in 2011, the Fire Authority's budgets from fiscal years 2011-12 and 2012-13 are used in the analysis, but estimated revenues and costs for the Fire Authority for fiscal years 2005-06 through 2010-11 are based on annual budgets for the Salida Fire Protection District, the City's Fire Department, and the County's Office of Emergency Services/Fire Warden's Office. The case study and multiplier methods are generally used under the following conditions:

Case Study Method

1. Marginal cost is a better approximation of the actual costs to provide similar services to specific new developments in future years.
2. The land use distribution of the project areas being analyzed does not resemble the land use distribution within the public agency's area.
3. Service standards and estimated future costs for new projects are anticipated to be different than they are now.

Multiplier Method

1. Average cost is a reasonable approximation of the actual costs to provide similar services to specific new developments in future years.
2. Specific revenues and expenses are generated based on population or employment (e.g., business licenses, social services).
3. Service standards and other information are not available or accurate.

The multiplier method relies on a “persons served” factor, which is most often the sum of all residents plus a certain percentage of employees. The exact relationship of service demands and revenue potential between residents and employees is difficult to measure, but a service population comprised of all residents plus 50% of employees is utilized in this analysis. The 50% ratio suggests that a resident generally has twice the impact of an employee (e.g., a resident is home sixteen hours per day, while an employee is at work eight hours per day).

The “Persons Served” factors for the Salida area, City, Fire Authority, and County are presented in Table A-1 of Appendix A along with the population and employee figures. These estimates are summarized in Table 3-1 below.

**TABLE 3-1
EXISTING RESIDENTS, EMPLOYEES, AND PERSONS SERVED ESTIMATES**

| | <u>Salida</u> | <u>City</u> | <u>Fire Authority</u> ¹ | <u>County</u> | |
|----------------|---------------|--------------|------------------------------------|----------------------------|--------------|
| | <i>Total</i> | <i>Total</i> | <i>Total</i> | <i>Unincorporated Area</i> | <i>Total</i> |
| Residents | 13,892 | 203,218 | 217,110 | 130,801 | 522,956 |
| Employees | 6,763 | 110,492 | 117,255 | 17,347 | 205,202 |
| Persons Served | 17,274 | 258,464 | 275,738 | 139,475 | 625,557 |

¹ The Fire Authority's estimated service populations (i.e., residents and employees) are assumed to include the service populations for the Salida area and the City.

Case study and multiplier approaches are used to estimate different recurring fiscal impacts for the County, City, and Fire Authority, as listed in Table 3-2 through Table 3-4 below.

**TABLE 3-2
REVENUE AND EXPENDITURE CALCULATION METHODOLOGIES FOR THE COUNTY**

| CASE STUDY METHOD | MULTIPLIER METHOD |
|--|---|
| County of Stanislaus | |
| <i>Recurring Revenues</i> | |
| Property Tax: Secured & Unsecured Real Property Transfer Tax Sales and Use Tax Public Safety Sales Tax Property Tax In Lieu of VLF | Transient Occupancy Tax Licenses, Permits, & Franchises Penalties Charges for Services Miscellaneous Road Maintenance Revenues |
| <i>Recurring Expenses</i> | |
| | General Government Protective Inspection Parks and Recreation Judicial Detention & Correction Fire Protection Police Protection Public Assistance Other Unincorporated Area Public Services Other County Wide Public Services Education Health Services General Roadway Maintenance in Salida |

**TABLE 3-3
REVENUE AND EXPENDITURE CALCULATION METHODOLOGIES FOR THE CITY**

| CASE STUDY METHOD | MULTIPLIER METHOD |
|--|---|
| City of Modesto | |
| <i>Recurring Revenues</i> | |
| Property Tax: Secured & Unsecured Real Property Transfer Tax Sales and Use Tax Public Safety Sales Tax Property Tax In Lieu of VLF | Salida Lighting Assessment (Existing Dev't Only) Taxes (UUT & TOT) Franchises Licenses and Permits Fines Intergovernmental Construction Related Fees Police and Fire Dept Charges Transfers In Recreation and Neighborhood Fees Other Fees and Charges Miscellaneous Revenue Gas Tax Fund |
| <i>Recurring Expenses</i> | |
| | General Government Public Safety (Police & Fire) Transfers Out Community and Economic Development Parks, Recreation, and Neighborhoods Public Works Gas Tax Services |

**TABLE 3-4
REVENUE AND EXPENDITURE CALCULATION METHODOLOGIES FOR THE FIRE AUTHORITY**

| CASE STUDY METHOD | MULTIPLIER METHOD |
|---|---|
| Modesto Regional Fire Authority | |
| <i>Recurring Revenues</i> | |
| Property Tax: Secured & Unsecured Salida Fire Assessment | City Contribution County Contribution |
| <i>Recurring Expenses</i> | |
| | Salaries, Benefits, & Employee Costs Services, Supplies, & Internal Service Charges Other Charges & Contingencies |

GENERAL ASSUMPTIONS

Many assumptions are factored into the analysis of fiscal impacts. Some of the most critical assumptions, in terms of their effect on revenues and expenses, are delineated below:

1. The projected annual fiscal impacts are presented in 2012 dollars. Future dollar impacts should be increased by an inflation factor that is tied to an appropriate inflation index such as the Engineering News-Record index or one of the regional consumer price indices.
2. Estimated population and employee estimates shown in Table A-1 of Appendix A reflect 2012 estimates for the Salida area, City, County (i.e., unincorporated area and countywide), and Fire Authority. As discussed previously, these estimates are used to determine average revenue and expense multipliers that serve as the basis for the fiscal impact analysis. These estimates are based on data from Claritas, a leading provider of U.S. demographic data for a variety of geographic areas, including the Salida CDP (Census Designated Place). Claritas demographic data are based, in large part, on information from the Census Bureau.

Population estimates are available from a variety of sources, including the California Department of Finance (DOF), American Community Survey (ACS), Stanislaus Council of Governments (StanCOG), and Woods & Poole Economics. However, it is difficult to find one reputable source that provides demographic data for all of the geographic areas included in this analysis. For example, DOF provides population estimates for cities and counties as well as the entire unincorporated area of a county. However, it does not provide data for a portion of an unincorporated area within a county (e.g., Salida). Various demographic data sources were evaluated as part of this analysis, and it was concluded that Claritas data appeared to be the most comprehensive and reliable of all the sources.

In addition to evaluating different sources of demographic data, historical demographic data were compared against 2012 demographic estimates. For example, the average population between 2005 through 2012 from the DOF for the City, unincorporated County, and the entire County was compared against the applicable 2012 estimated population. The analysis showed a negligible difference between the eight-year average population estimate and the 2012 estimate for the City, unincorporated County, and the entire County, with differences ranging from 0.5% to 2%. Consequently, demographic data for 2012 was determined to be a close approximation of the historical average and is used to estimate revenue and expense multipliers.

3. Fiscal revenue and expense standards reflect historical averages of revenues and expenses based on eight County, City, and Fire Authority budgets, ranging from fiscal year 2005-06 through fiscal year 2012-13. Since the Fire Authority is a new entity and only two years of its budget data is available, fire service revenue and expense information for the prior six years (fiscal years 2005-06 through 2010-11) is based on the fire service budgets of the City, County, and Salida Fire Protection District. By using historical averages for revenues and expenses that capture periods of both economic expansion and contraction, this analysis attempts to account for potential economic and real estate cycles that may occur during

development of the Salida area, and to reflect service levels and revenue collection that are neither too aggressively high nor too conservatively low.

4. A summary of the land use, demographic, and related assumptions incorporated into the fiscal analysis is presented in Table A-2 of Appendix A. The number of residential units, persons per household, non-residential square footage, employment densities, and other pertinent factors are included in this table. A particularly important assumption that affects property tax and property tax in-lieu of vehicle license fees is the estimated value of developed property. Estimated developed values of \$375,000 per low density residential unit, \$300,000 per medium density residential unit, and \$175,000 per high density residential unit are used in this analysis. Research was conducted on sales prices and values for existing homes in the Salida area as well as new homes in surrounding communities in the central valley, but estimated values are based on finding a mid-point between existing prices that reflect a market correction and higher prices from 2007 that reflect an approximate market peak. It is recognized that these value assumptions are somewhat high relative to current prices, but this analysis looks decades into the future and values that reflect a somewhat stable real estate market are assumed for that purpose. Developed non-residential values of \$170 per building square foot for commercial uses, \$150 per building square foot for business park uses, and \$100 per building square foot for industrial uses are also included in this analysis.
5. Assuming annexation, the Salida area will be within the City of Modesto's jurisdiction. The governing jurisdiction is an important consideration because it determines how property taxes and other revenues are calculated and allocated, as well as which agency is responsible for providing services. It is assumed that the County will continue to provide countywide services to the Salida area, such as health and sanitation services and public assistance; however, the City will provide the Salida area with all municipal services, such as police patrol and street maintenance. The Fire Authority is assumed to continue to provide fire protection services to the Salida area. A matrix identifying the potential service providers upon annexation is presented in Table 3-5 at the end of this chapter.
6. Future development within the Salida area currently lies within the following five tax rate areas (TRAs): 096-001, 096-032, 096-070, 096-074, and 098-001. If the Salida area is annexed to the City, the property tax distribution for these TRAs would be reallocated so as to provide tax revenues to the City, County, and Fire Authority in a fair and equitable manner.

Using the Master Property Tax Sharing Agreement between the City and the County (Tax Sharing Agreement) as a guide, the following base case property tax allocations are assumed to apply to future development (existing development is treated differently, as described on the following page): (i) 70% of the property tax allocation percentage related to the County (approximately 9.6% of the future property tax) will be retained by the County's General Fund; (ii) 30% of the property tax allocation percentage related to the County (approximately 4.1% of the future property tax) will be reallocated to the City's General Fund; and (iii) 100% of the property tax allocation percentage related to the County Fire Service fund and Salida Fire fund (approximately 4.0% of the future property tax) will be reallocated to the

Fire Authority's General Fund. This redistribution of tax allocation factors is shown in Table A-3 of Appendix A. The Tax Sharing Agreement does not offer specific tax allocation percentages related to the Salida area, so the base case property tax sharing formula described above is preliminary and subject to negotiation between the City and County.

7. Property tax, sales tax, and transient occupancy tax associated with existing development within the Salida area are estimated based on historical data. Revenue associated with the Salida Fire and Salida Lighting assessments are also estimated based on historical data.

Again, using the Tax Sharing Agreement between the City and the County as a guide, the County is anticipated to retain 100% of the property tax allocation to the County's General Fund related to existing development if the Salida area annexes to the City. Sales tax, transient occupancy tax, and other direct assessments are assumed to be re-distributed to the County, City, and Fire Authority pursuant to existing agreements with each agency upon annexation, as outlined in the bottom section of Table A-4 in Appendix A. These assumptions related to existing development are also subject to negotiation between the City and County.

8. Legislative actions taken at the state level in the 1990s diverted a percentage of the 1.0% property tax into the Educational Revenue Augmentation Fund ("ERAF"). For purposes of the fiscal analysis, it is assumed that this situation will continue in future years.
9. Annual operation and maintenance costs, as well as potential monthly user charges, associated with sewer, water, and storm drainage services are not evaluated as part of this analysis, as discussed in further detail below.
10. The analysis assumes, were the Salida area to be annexed into the City, that properties currently levied a County Service Area (CSA) 4 assessment would no longer be assessed and would, instead, pay the City's monthly stormwater drainage charge. It is possible, however, that in order for the City to provide the desired level of storm drain maintenance service, it would need to also collect the CSA 4 assessment just as it collects special taxes in certain Community Facilities Districts (CFDs) around the City for that purpose. CSA 10 includes a drainage component and a streetscape and park O&M component. The analysis assumes that the drainage component would be eliminated from the CSA 10 assessment and be covered by the City's monthly stormwater drainage charge instead. In addition, it is conservatively assumed that the remainder of the assessment for streetscape and park O&M would also be eliminated, because complex issues of special benefit relative to the City's level of service would need to be studied in more depth to understand whether those assessments could be levied.

The Salida Lighting District (SLD) assessment is assumed to continue to be assessed. The City would assume responsibility for the ongoing operations and maintenance functions, as well as the administration, of these continuing districts from the County. Also, the County would transfer the annual assessment revenue to the City. While it is assumed that CSA 4 would be dissolved, CSA 10 (and possibly CSA 4 if those assessments are still required)

would need to be annexed into the City and may need to be renamed as part of the LAFCO reorganization proceedings since it would fall under the jurisdiction of the City.

The Salida area currently receives water and transit services from the City; therefore, it is assumed that annexation would not change these service deliveries. Similarly, fire protection services are currently provided by the Fire Authority, which would continue to provide services to the area after annexation. On the other hand, it is unclear at this time how annexing the Salida area into the City would affect the delivery of wastewater services.

In the event of annexation, the sanitary sewer needs of the Salida area would be reviewed through the LAFCO process. At this time it is not anticipated that there would be any change in how the Salida community sanitary sewer needs are met as a direct result of annexation. In the future, the Salida community and the Salida Sanitary District (SSD) could decide to explore other options for meeting those needs. For example, based on future discussions with SSD and the community, the City could detach the Salida area from SSD and/or initiate SSD dissolution proceedings, and fully integrate the Salida area together with SSD's wastewater system into the City's existing wastewater system. The City could also annex SSD into the City and simply assume responsibility for SSD operations, effectively bifurcating wastewater service into two distinct areas within the City, one outside the Salida area and a separate one inside the Salida area. Regardless of the approach implemented, neither the City nor the County are assumed to be affected fiscally since it is assumed that wastewater services would be operated through an enterprise fund that is self-supporting and non-reliant on City or County general fund contributions.

Other municipal or urban services, such as parks/recreation, law enforcement, and street maintenance, have been provided by the County pre-annexation, but would be provided by the City upon annexation. Countywide services, such as health/human services and jails/probation, would continue to be provided by the County in a post-annexation scenario.

Salida Area Public Facilities Financing Agency (SAPFFA) CFD No. 1988-1, which was formed to fund school, wastewater, fire, and various County infrastructure, would continue to be administered by SAPFFA. There would be no fiscal impacts on SAPFFA as a result of annexation.

Table 3-5 on the following page identifies the service providers and primary funding sources for various public services pre- and post- annexation in the Salida area.

**Table 3-5
Service Providers and Funding Sources**

| Public Service | Service Provider | | Primary Funding Source | |
|---|---|---|--|--|
| | Pre-Annexation | Post-Annexation | Pre-Annexation | Post-Annexation |
| Storm Drain O&M | County | City | CSA 4 Assessment | CSA 4 Assessment; Monthly Drainage Charge |
| Streetscape, Park, and Storm Drain O&M | County | City | CSA 10 Assessment | CSA 10 Assessment; Monthly Drainage Charge; Gas Tax Fund |
| Street Light O&M | County | City | Salida Lighting District (SLD) Assessment | SLD Assessment; Gas Tax Fund |
| Water | City | City | Monthly Service Charge | Monthly Service Charge |
| Transit | City | City | Transportation Sales Tax; Transit Grants; Rider Fares | Transportation Sales Tax; Transit Grants; Rider Fares |
| Fire Protection | Modesto Regional Fire Authority (MRFA) | Modesto Regional Fire Authority (MRFA) | Property Tax; Annual Assessment | Property Tax; Annual Assessment |
| Wastewater | Salida Sanitary District (SSD) | City/SSD | Monthly Service Charge; Property Tax | Monthly Service Charge; Property Tax |
| Other Municipal/Urban Services (e.g., parks and recreation, law enforcement, street mtnc) | County | City | General Fund; Gas Tax Fund | General Fund; Gas Tax Fund |
| Countywide Services (e.g., health/human services, jails/probation) | County | County | General Fund | General Fund |
| School, Wastewater, Fire, and Various County Infrastructure (park, road, and drainage improvements) | SAPFFA | SAPFFA | CFD 1998-1 | CFD 1998-1 |

Sources: County of Stanislaus; City of Modesto; Goodwin Consulting Group, Inc.

FISCAL IMPACTS TO THE COUNTY

The County provides countywide services, such as health and public assistance services, to all residents in the County. It also provides certain “municipal” services, such as sheriff’s patrol and building and planning services, to unincorporated areas of Stanislaus County. If annexed, the Salida area will be within the City of Modesto’s jurisdiction, and all “municipal” services for the Salida area will be provided by the City, as shown in Table 3-5 on the prior page. Existing and future development within the Salida area will produce a fiscal impact on the County based on the countywide services that are provided to the Salida area, and the County’s municipal services will be reduced if the area is annexed.

This chapter summarizes the analyses that evaluate fiscal impacts to the County as they relate to both existing and future development within the Salida area if annexed to the City. In addition, a summary of the fiscal impacts to the County associated with existing and future development, assuming no annexation, is included. Detailed tables of fiscal impacts to the County are presented in Tables B-1 through B-9 of Appendix B.

COUNTY FISCAL ASSUMPTIONS

Many assumptions are factored into the analysis of fiscal impacts. Tables B-1 through B-5.3 of Appendix B delineate all of the assumptions incorporated into the fiscal analysis specific to the County, but some of the most critical assumptions in terms of their effect on revenues and expenses are delineated below:

1. Fiscal revenue and expense standards reflect average revenues and expenses based on historical averages for the County, as presented in Tables B-1 through B-5.3 of Appendix B. County budgets from fiscal years 2005-06 through 2012-13 are used to estimate average revenues and expenses, with the following notable exceptions:
 - First, the average general government cost multiplier for the County is reduced by 25% to reflect the fact that a portion of the activities in these budget areas will not grow significantly, if at all, due to new development. For example, the County will maintain only one Board of Supervisors, County administrator, county clerk/recorder, county counsel, and other similar positions and department heads as outlined in the County’s budgets for fiscal years 2005-06 through 2012-13. While certain staff and related expenses will increase to respond to growth as a result of the development in the Salida area, executive staff, senior management levels, and other areas within these budget units will not increase in size or expense.
 - Second, fiscal impacts for various County departments are based on net County costs, as shown in Table B-4.1 through Table B-4.4. The net County cost equals the amount funded with General Fund general-purpose revenues (i.e., discretionary revenues); revenue contributions from Federal, State, other non-General Fund, or dedicated

General Fund sources are subtracted from the total departmental budgets to arrive at a net cost to the General Fund.

2. As noted above, the County provides two basic types of services: countywide services and municipal services. Countywide services are those services that are available to all County residents and employees regardless of whether they reside in one of the County's nine incorporated cities or within an unincorporated area of the County. Municipal services are those services that are provided only to unincorporated area residents and employees because there is not a city to provide such services. Table B-5.1 through Table B-5.3 categorize various expenses as either a countywide expense or an unincorporated area expense.

Tables B-6 and B-7 in Appendix B present the annual recurring fiscal impact to the County assuming no annexation for existing and future development, respectively. In other words, the County will continue to provide both countywide services and municipal services to existing and future development within the Salida area. Tables B-8 and B-9 identify the annual recurring fiscal impacts from existing and future development, respectively, to the County General Fund assuming the entire Salida area is annexed to the City. These tables assume the City will provide all municipal services to the Salida area upon annexation; therefore, only countywide General Fund expenditures and revenues are analyzed.

COUNTY REVENUES

Case Study Method

Secured Property Tax

Property taxes are allocated to public agencies and special districts based on the various allocation factors within a TRA. Existing development within the Salida area encompasses 59 TRAs. For purposes of this analysis, property tax revenue associated with existing development in the Salida area is estimated based on an average of historical property taxes allocated to the County General Fund from fiscal year 2005-06 through fiscal year 2012-13. Property taxes associated with existing development in the Salida area are assumed to be allocated 100% to the County General Fund regardless of whether the Salida area is annexed to the City.

Future development within the Salida area encompasses five TRAs. Table A-3 in Appendix A identifies the allocation factors for the variety of districts, funds, and agencies included within each TRA, after revenues have been shifted to ERAF. For purposes of this analysis, it is assumed that this shift will continue into the future. The County's base property tax allocation of 9.6% of the 1.0% basic property tax (i.e., assuming a base case 70-30 split pursuant to Tax Sharing Agreement guidelines) is applied to the estimated assessed value created by future development within the Salida area.

Unsecured Property Tax

Unsecured property includes items such as computers, furniture, machinery, and equipment in non-residential areas and in some home-based businesses. It is also comprised of other types of personal property, including boats and airplanes. Unsecured property taxes are typically calculated as a percentage of secured property taxes based on the historical relationship between the two. As Table A-4 in Appendix A indicates, unsecured property tax revenues are assumed to be 1.0% of secured property tax revenue for future residential uses and 10.0% of secured property tax revenues for future non-residential uses.

Real Property Transfer Tax

When a property is sold or transferred within a county, a real property transfer tax representing a small percentage of the value is generally transferred (i) to the county in which the property is located if the property is part of the unincorporated area, or (ii) to a fund to be allocated to the city and the county in which the property resides if the property is within an incorporated city. As shown in Table A-4, the current real property tax rate in the County is \$1.10 per \$1,000 of value, and the County receives \$0.55 per \$1,000 of value associated with real property transfers if the property is part of an incorporated city. The County receives \$1.10 per \$1,000 of value if the property is not part of an incorporated city.

Sales and Use Tax

Several methodologies can be used to estimate taxable retail sales. One method measures taxable sales based on the supply of commercial retail square footage. Under this approach, a taxable sales per square foot estimate is multiplied by the total commercial retail square footage planned in the project. Another approach looks at the demand side of the equation. In this approach, household income, percentage of household income spent on taxable goods and services, and a taxable sales capture rate for the City or County are estimated to determine taxable sales.

This analysis employs the supply side approach, which counts taxable sales where point-of-sale transactions occur. Two different taxable sales per square foot estimates were utilized in this analysis. Taxable sales anticipated within neighborhood and general commercial uses are estimated to be \$250 per square foot. Industrial business park uses are assumed to produce only minimal taxable sales (from a few point-of-sale businesses operating out of these uses) estimated to be \$5 per square foot. No taxable sales are assumed to be generated within the planned industrial uses. These assumptions are presented in Table A-4 of Appendix A.

In addition to the 1.0% local sales tax, all governing jurisdictions also receive a portion of the County's and State's pooled revenues. When a sale cannot be identified with a permanent place of business in California, the local sales tax is allocated to local jurisdictions through countywide or statewide pools. Accordingly, certain sellers are authorized to report their local sales tax either on a countywide or statewide basis. These may include auctioneers, construction contractors making sales of fixtures, catering trucks, itinerant vendors, vending machine operators, and other permit holders who operate in more than one local jurisdiction but are

unable to readily allocate taxable transactions to particular jurisdictions. Use tax is also allocated through a countywide pool. Examples of taxpayers who report use tax allocated through the countywide pool include out-of-state sellers who ship goods directly to consumers in the state from a stock of goods located outside the state, and California sellers who ship goods directly to consumers in the state from a stock of goods located outside of the state. The countywide pools are prorated, first among the cities and the unincorporated area of each county using the proportion that the identified tax for each city and unincorporated area of a county bears to the total identified for the county as a whole. Next, the combined total of the direct sales tax allocation and the prorated countywide pool amount is used to allocate the statewide pool amount to each city and county.

Sales and use tax revenues generally accrue to the jurisdiction in which the sale occurs. However, the County currently receives 5% of the City's sales and use tax revenue pursuant to an agreement with the City to pay for services provided by the County, as shown in Table A-4 in Appendix A.

Public Safety Sales Tax

Proposition 172 created a one half cent sales tax for local public safety. In fact, it was designed as a means of softening the impact of the ERAF shift on local agencies. Each county allocates Proposition 172 revenues to each city and unincorporated area of the county based on their proportionate share of net property tax loss due to ERAF.

Since counties bear the brunt of the ERAF property tax loss, counties receive most of the public safety sales tax revenue. This analysis estimates that the County will be allocated 95.9 % of the Proposition 172 revenue that flows to the County as a whole.

Property Tax In-Lieu of Vehicle License Fees

Vehicle license fee ("VLF") revenue was formerly determined on a per-capita basis. The November 2004 election and the passage of Proposition 1A enacted a constitutional amendment that introduced the property tax for VLF swap, which results in a new methodology to calculate property taxes in-lieu of VLF. Under the new law, the VLF backfill from the state general fund used to supplement taxpayer VLF revenues is eliminated and replaced with a like amount of property taxes, dollar-for-dollar. In subsequent years after the 2004-05 base year, the property tax in-lieu of VLF amount grows in proportion to the growth rate of gross assessed valuation in a city or county, rather than in proportion to population, as previously used to determine VLF.

The County's property tax in-lieu of VLF ("PTILVLF") for fiscal year 2012-13 is shown in Table A-4 of Appendix A. The same table also shows the County's net assessed value for fiscal year 2012-13, which can be used in combination with the County's PTILVLF to determine the PTILVLF as a percentage of net assessed value associated with future development.

Multiplier Method

Of the different revenue sources itemized in the fiscal analysis, several are calculated using the multiplier method. The revenues are presented in Table B-1 and the multipliers are presented in Table B-2, which are applied to the appropriate residents, employees, or persons served in the Salida area to arrive at the annual impacts associated with existing and future development. However, transient occupancy tax (TOT) revenue associated with existing development, and assuming no annexation, is based on the average historical TOT revenue generated from the five hotels/motels within the Salida area. Assuming no annexation, TOT revenue associated with future development is estimated using the average TOT multiplier shown on Table B-2. As discussed previously, TOT revenue would be distributed to the City assuming the Salida area is annexed to the City.

Tables B-6 and B-7 present the applicable annual revenues accruing to the County from existing and future Salida development, respectively, assuming no annexation occurs. Tables B-8 and B-9 present the applicable annual revenues accruing to the County from existing and future development, respectively, assuming the Salida area is annexed to the City.

COUNTY EXPENSES

Multiplier Method

All County expenses are calculated using the multiplier method. All multipliers are applied to the cumulative number of residents, employees, or persons served to arrive at the annual impacts presented in Tables B-6 through B-9. The choice of residents, employees, or persons served, as the basis for a given multiplier, reflects the type of population being served and is summarized in Tables B-5.1 through B-5.3. The historical and average expenses are shown in Tables B-4.1 through B-4.4, while the modeling methodology for each expense is delineated in Tables B-3.1 and B-3.2.

FISCAL IMPACTS TO THE CITY

The City will provide the majority of the municipal public services to the Salida area upon annexation; therefore, the City's General Fund is expected to be the primary discretionary fund that will be impacted by both existing and future development if the area annexes. Consequently, the General Fund is the focal point of this study to evaluate potential impacts on the City. Assumptions that apply specifically to the fiscal impact analysis for the City are described below.

This chapter analyzes the fiscal impacts to the City for both existing and future development within the Salida area assuming annexation. Detailed tables of fiscal impacts to the City are presented in Tables C-1 through C-6 of Appendix C.

CITY FISCAL ASSUMPTIONS

Tables C-1 through C-4 of Appendix C outline the City-specific assumptions incorporated into the fiscal analysis. Fiscal revenue and expense standards reflect average revenues and expenses based on historical averages for the City, with City budgets from fiscal years 2005-06 through 2012-13 used to estimate average revenues and expenses. However, the average general government cost multiplier for the City is reduced by 25% to reflect the fact that a portion of the activities in these budget areas, as well as top positions in other departments, will not grow significantly, if at all, due to the annexation of existing development as well as new development within the Salida area. For example, the City will maintain only one City Council, city manager, city clerk, city attorney, finance director, and other similar positions and department heads as outlined in the City's budgets for fiscal years 2005-06 through 2012-13. While certain staff and related expenses will increase to respond to growth as a result of the annexation of existing development and future development in the Salida area, executive staff, senior management levels, and other areas within these budget units will not increase in size or expense.

CITY REVENUES

Case Study Method

Secured Property Tax

Property taxes are allocated to public agencies and special districts based on the various allocation factors within a TRA. Five TRAs cover future development within the Salida area. Table A-3 in Appendix A identifies the allocation factors for the various districts, funds, and agencies included within each TRA, after revenues have been shifted to ERAF. For purposes of this analysis, it is assumed that this shift will continue into the future. The City's base property tax allocation of 4.1% of the 1.0% basic property tax (i.e., a base case 30% of the 13.8% received by the County) is assumed to be allocated to the City pursuant to guidelines in the Tax Sharing

Agreement) is applied to the estimated assessed value created by future development within the Salida area. Property tax revenue associated with existing development in the Salida area is assumed to remain with the County; therefore, property tax revenue from existing development allocated to the City is assumed to be zero, as shown in Table C-5. Total secured property tax revenue from future development distributed to the City is shown in Table C-6.

Unsecured Property Tax

As discussed in Chapter 4 under County Revenues, and as shown in Table A-4, unsecured property tax revenues are assumed to equal 10.0% of secured property tax revenues for non-residential uses and 1% of the residential secured property tax.

Real Property Transfer Tax

As shown in Table A-4, the current property transfer tax rate in the City is \$1.10 per \$1,000 of value. The City receives 50.0% of the amount generated from real property transfers for properties located within the City, and the County receives the remaining 50.0%. This analysis assumes the City will continue to receive 50.0% of real property transfer tax revenue generated within the Salida area upon annexation.

Sales and Use Tax

As discussed in Chapter 4, this analysis employs the supply side approach to estimate sales and use tax revenue, which counts taxable retail sales where point-of-sale transactions occur. Typically, sales and use tax revenues accrue to the jurisdiction in which the sale occurs; therefore, all sales and use tax revenue generated from the Project would be assumed to accrue to the City's General Fund if the area is annexed. However, as a result of a tax sharing agreement with the County, the City is assumed to actually receive 95% of sales and use tax revenue generated by existing and future development within the Salida area if annexed.

Public Safety Sales Tax

Proposition 172 created a one-half cent sales tax for local public safety. Each county allocates Proposition 172 revenues to each city in that county based on their proportionate share of net property tax loss due to ERAF. Based on actual Proposition 172 revenue allocation data provided by the City, the City has received 2.1% of the total revenue collected by the County. Carrying this proportionate share forward, a figure of 2.1% is used to calculate the percentage of public safety sales tax revenue accruing to the City, as shown in Table A-4 of Appendix A.

Property Tax In-Lieu of Vehicle License Fees

The City's PTILVLF for fiscal year 2012-13 is shown in Table A-4 of Appendix A. The same table also shows the City's net assessed value for fiscal year 2012-13, which can be used in combination with the City's PTILVLF to determine the PTILVLF as a percentage of net assessed value associated with future development.

Multiplier Method

Of the various revenue sources itemized in the City's fiscal impacts, several are calculated using the multiplier method. The multipliers are presented in Table C-2, based on the historical and average revenues shown in Table C-1, and are applied to the appropriate residents, employees, or persons served to arrive at the annual impacts. Tables C-5 and C-6 present the applicable annual recurring revenues accruing to the City from existing and future development, respectively, assuming annexation of the Salida area to the City.

CITY EXPENSES

Multiplier Method

All City expense categories are calculated using the multiplier method. The historical and average expenses are shown in Table C-3 and the resulting multipliers, reflecting the choice of residents, employees, or persons served as the basis for a given multiplier, are shown in Table C-4. These multipliers are applied to the appropriate residents, employees, or persons served to determine the annual impacts presented in Tables C-5 and C-6 for existing and future development, respectively.

FISCAL IMPACTS TO THE FIRE AUTHORITY

The Fire Authority will continue to provide fire protection services to both existing and future development within the Salida area regardless of whether the area is annexed to the City. Therefore, the Fire Authority's General Fund is expected to be the primary discretionary fund that will be impacted by existing and future development and, as a result, it is the primary fund estimated in this study to evaluate potential impacts on the Fire Authority. Assumptions that apply specifically to the fiscal impact analysis for the Fire Authority are described below.

As discussed earlier in Chapter 3, the Fire Authority is a new entity, created by joining together the Salida Fire Protection District, the Modesto Fire Department, and the Stanislaus County Office of Emergency Services. Fire Authority budgets are only available for fiscal years 2011-12 and 2012-13. Consequently, historical fire service budget data for fiscal years 2005-06 through 2010-11 is based on information contained in those earlier fiscal year budgets for Salida Fire, the City, and the County.

FIRE AUTHORITY REVENUES

Case Study Method

Secured Property Tax

As previously discussed, property taxes are allocated to public agencies and special districts based on the various allocation factors within a TRA. Table A-3 in Appendix A identifies property tax allocation factors for the Fire Authority. Approximately 4.0% of the 1.0% basic property tax is anticipated to be allocated to the Fire Authority in a post-annexation scenario.

Unsecured Property Tax

As mentioned earlier, unsecured property taxes are typically calculated as a percentage of secured property taxes based on the historical relationship between the two. As Table A-4 in Appendix A indicates, unsecured property tax revenues are assumed to equal 1% of secured property tax revenues for residential uses and 10.0% of secured property tax revenues for non-residential uses.

Salida Fire Assessment

In addition to property tax revenue, the Fire Authority levies an assessment on properties within the Salida Fire Protection District to fund fire protection services. A summary of the current assessment rates for various land uses is presented in Table A-4 of Appendix A. It is assumed that the Salida Fire assessment will continue to be levied on existing development, and will be levied on future development, within the Salida area regardless of whether the area is annexed to the City.

Multiplier Method

Of the various revenue sources itemized in the Fire Authority's fiscal impacts, two are calculated using the multiplier method. The multipliers are presented in Table D-2, based on the historical and average revenues in Table D-1, and are applied to the appropriate residents, employees, or persons served to arrive at the annual impacts. Tables D-5 and D-6 present the applicable annual recurring revenues accruing to the Fire Authority from existing and future development, respectively, assuming annexation to the City.

FIRE AUTHORITY EXPENSES

Multiplier Method

All Fire Authority expense categories are calculated using the multiplier method. These multipliers are applied to the appropriate residents, employees, or persons served to arrive at the annual impacts presented in Tables D-5 and D-6 for existing and future development, respectively. The choice of residents, employees, or persons served, as the basis for a given multiplier reflects the type of population being served and is summarized in Table D-4 of Appendix D, based on the historical and average expenses shown in Table D-3.

CONCLUSIONS

ANNUAL NET FISCAL IMPACTS TO THE COUNTY

Fiscal impacts to the County are projected assuming the Salida area remains part of unincorporated Stanislaus County and assuming it is annexed to the City of Modesto. The resulting net impacts to the County General Fund equal the difference between these two projections and are discussed below.

Annexation to Modesto

If annexed, existing development within the Salida area is expected to generate approximately \$3.1 million in annual revenues and \$3.3 million in annual expenses to the County, resulting in an approximately \$0.2 million annual fiscal deficit to the County, as presented in Table B-8 of Appendix B. However, as additional development occurs within the Salida area, revenues to the County are anticipated to increase at a rate that exceeds expenses, and eventually results in a significant annual surplus to the County at buildout of the entire Salida area. As shown in Table 7-1 at the end of this chapter, the Salida area is anticipated to generate approximately \$15.9 million in annual revenues and \$7.8 million in annual expenses to the County at buildout of the entire Salida area, resulting in an approximately \$8.1 million annual fiscal surplus to the County.

In addition to the overall fiscal impacts to the County associated with the entire Salida area, fiscal impacts to the County are also determined on a per-unit basis for future residential units within each residential land use type and on a per-1,000 building square foot basis for future non-residential uses within each non-residential land use type, as shown in Table B-9 of Appendix B. Only multiple-family residential units are expected to generate a relatively small fiscal deficit, while all other land uses are expected to produce positive fiscal impacts on the County.

No Annexation

As discussed above, an analysis evaluating the recurring fiscal impacts to the County assuming the Salida area remains an unincorporated area is also included as part of this report. This analysis provides a baseline to which fiscal impacts to the County under the annexation scenario can be compared. Tables B-6 and B-7 in Appendix B present the fiscal impacts on the County under this scenario for existing and future development, respectively. Assuming no annexation, existing development within the Salida area is estimated to generate approximately \$5.4 million in annual revenues and approximately \$8.0 million in annual expenses to the County General Fund. This results in an annual deficit of approximately \$2.6 million to the County, as shown below in Table 7-1. It appears that the cost associated with providing municipal and countywide services to existing development in the Salida area far exceeds the estimated revenue generated by that development.

However, as additional development occurs within the Salida area, revenues to the County are anticipated to increase at a rate that exceeds expenses, and eventually results in a significant annual surplus to the County at buildout of the entire Salida area. At buildout, the Salida area is anticipated to generate approximately \$27.9 million in annual revenues and \$18.9 million in annual expenses to the County, resulting in an approximately \$9.0 million annual fiscal surplus to the County under the no annexation scenario.

Net Fiscal Impacts of Annexation to Modesto

Comparing the potential fiscal impacts to the County under an annexation scenario to the ongoing fiscal impacts of a no annexation scenario reveals the actual net fiscal impacts to the County related to the possible annexation of the Salida area. As shown in Table 7-1 on the following page, the projected annual fiscal deficit to the County associated with existing development in the Salida area assuming no annexation totals approximately \$2.6 million. The estimated annual deficit associated with existing development is projected to be reduced to approximately \$0.2 million if the Salida area is annexed to the City, which represents an approximately \$2.4 million net positive impact on the County. In other words, the County is estimated save approximately \$2.4 million annually by not having to provide municipal type services to the existing Salida development, even though total fiscal revenues will be less.

As new development occurs in the Salida area, the \$2.6 million projected annual deficit to the County associated with existing development is anticipated to be reduced to zero and eventually is estimated to be transformed into a \$9.0 million annual surplus once the entire Salida area is built out, assuming no annexation. The estimated annual surplus at buildout is projected to be approximately \$8.1 million if the Salida area is annexed to the City.

ANNUAL NET FISCAL IMPACTS TO THE CITY

Existing development within the Salida area is expected to generate approximately \$5.0 million in annual revenues and \$7.6 million in annual expenses to the City if annexed, as presented in Table C-5 of Appendix C, resulting in an approximately \$2.6 million net annual fiscal deficit to the City. However, as additional development occurs within Salida, revenues to the City are anticipated to increase faster than expenses, and eventually results in a net annual surplus to the City at buildout of the entire Salida area. As shown in Table 7-1 below, the Salida area is anticipated to generate approximately \$22.8 million in annual revenues and \$18.1 million in annual expenses to the City, resulting in an approximately \$4.7 million net annual fiscal surplus to the City at buildout of the entire Salida area.

Fiscal impacts to the City are also determined in this analysis on a per-unit basis for future residential units within each residential land use type and on a per-1,000 building square foot basis for future non-residential uses within each non-residential land use type, as shown in Table C-6 of Appendix C. All of the residential land uses are projected to generate negative fiscal impacts on the City, but the non-residential land uses are anticipated to produce fiscal surpluses.

TABLE 7-1
ANNUAL NET FISCAL IMPACTS SUMMARY (\$ IN MILLIONS)

| | County | | | City | Fire Authority |
|--|----------------------|-------------------|----------------------------------|-------------------|-------------------|
| | <i>No Annexation</i> | <i>to Modesto</i> | <i>Net Impacts of Annexation</i> | <i>to Modesto</i> | <i>to Modesto</i> |
| Existing Development | | | | | |
| Revenues | \$5.4 | \$3.1 | (\$2.3) | \$5.0 | \$2.2 |
| Expenses | (\$8.0) | (\$3.3) | \$4.7 | (\$7.6) | (\$1.8) |
| Net Fiscal Impact | (\$2.6) | (\$0.2) | \$2.4 | (\$2.6) | \$0.4 |
| Future Development | | | | | |
| Revenues | \$22.5 | \$12.8 | (\$9.7) | \$17.8 | \$4.3 |
| Expenses | (\$10.9) | (\$4.5) | \$6.4 | (\$10.5) | (\$2.5) |
| Net Fiscal Impact | \$11.6 | \$8.3 | (\$3.3) | \$7.3 | \$1.8 |
| Existing & Future Development | | | | | |
| Revenues | \$27.9 | \$15.9 | (\$12.0) | \$22.8 | \$6.5 |
| Expenses | (\$18.9) | (\$7.8) | \$11.1 | (\$18.1) | (\$4.3) |
| Net Fiscal Impact | \$9.0 | \$8.1 | (\$0.9) | \$4.7 | \$2.2 |

ANNUAL NET FISCAL IMPACTS TO THE FIRE AUTHORITY

Regardless whether the Salida area annexes to the City, existing development within the Salida area is expected to generate approximately \$2.2 million in annual revenues and \$1.8 million in annual expenses to the Fire Authority, resulting in an approximately \$0.4 million net annual fiscal surplus to the Fire Authority that is shown in Table D-5 of Appendix D. In addition, future development is anticipated to generate approximately \$4.3 million in annual revenues and \$2.5 million in annual expenses to the Fire Authority, resulting in an approximately \$1.8 million net annual fiscal surplus to the Fire Authority, which is shown in Table D-6. As summarized in Table 7-1 above, the Salida area is anticipated to generate approximately \$6.5 million in annual revenues and \$4.3 million in annual expenses to the Fire Authority accounting for existing and future development combined, resulting in an approximately \$2.2 million net annual fiscal surplus to the Fire Authority at buildout of the entire Salida area.

Fiscal impacts to the Fire Authority are also estimated for each future residential unit within the various residential land use types and per 1,000 building square feet of future non-residential uses within each non-residential land use type, as shown in Table D-6 of Appendix D. All of the land uses appear to create positive fiscal impacts on the Fire Authority.

APPENDIX A

GENERAL FISCAL ASSUMPTION TABLES

Table A-1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
General Assumptions

| <i>Year of Study</i> | 2012 | | | | |
|--|------------------------|----------------------------|---|--------------------------------|-------------------------|
| | Salida Area | City of Modesto | Modesto Regional Fire Authority ¹ | County of Stanislaus | |
| | | | | <i>Unincorporated Area</i> | <i>County Total</i> |
| 2012 Estimated Residential Population | 13,892 | 203,218 | 217,110 | 130,801 | 522,956 |
| 2012 Estimated Employee Population | 6,763 | 110,492 | 117,255 | 17,347 | 205,202 |
| 2012 Persons Served (Residents + 50% of Employees) | 17,274 | 258,464 | 275,738 | 139,475 | 625,557 |

¹ The Fire Authority's estimated service populations (i.e., residents and employees) are assumed to include the service populations for the Salida area and the City.

Table A-2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Land Use, Demographic, and Related Assumptions

| New Development Assumptions ¹ | | | | | | | | |
|--|----------------------|---------------------------------|--------------------------------|---------------------------------|--|------------------------------|------------------------------|----------------------|
| Land Use | Approx Gross Acreage | Approx Net Acreage ² | Estimated Density ³ | Total Units/ Building (Bldg) SF | Persons per Household (PPH) or Jobs per Acre | Persons Served | Estimated Developed Value | Annual Turnover Rate |
| <i>Residential</i> | | | <u>Units/Acre</u> | <u>Units</u> | <u>PPH</u> | <u>per Unit</u> | <u>per Unit</u> ⁴ | |
| R-1 (Low Density Residential) ⁵ | | 652.3 | 4.2 | 2,754 | 3.20 | 3.20 | \$375,000 | 10% |
| R-2 (Medium Density Residential) | | 176.9 | 7.4 | 1,306 | 2.90 | 2.90 | \$300,000 | 10% |
| R-3 (Multiple-Family Residential) | | 58.3 | 16.1 | 940 | 2.60 | 2.60 | \$175,000 | 5% |
| Subtotal | | 887.5 | | 5,000 | | 15,044 Residents | | |
| <i>Non-Residential</i> | | | <u>FAR</u> | <u>Bldg SF</u> | <u>Jobs/Acre</u> | <u>per 1,000 SF</u> | <u>per Bldg SF</u> | |
| C-1 & C-2 (Neighborhood & General Commercial) ⁶ | 297.1 | 208.0 | 0.25 | 2,265,098 | 24.0 | 1.10 | \$170 | 5% |
| IBP (Industrial Business Park) | 397.0 | 277.9 | 0.35 | 4,236,863 | 25.0 | 0.82 | \$150 | 5% |
| PI (Planned Industrial) ⁷ | 1,333.0 | 933.1 | 0.35 | 14,225,616 | 7.0 | 0.23 | \$100 | 5% |
| Subtotal | 2,027.1 | 1,419.0 | | 20,727,577 | | 18,471 Jobs | | |
| Total New Development | | 2,306.4 | | | | 24,280 Persons Served | | |
| Existing Development Assumptions | | | | | | | | |
| | <u>Units</u> | <u>Bldg SF</u> | <u>Residents</u> | <u>Employees</u> | <u>Persons Served</u> | | | |
| Residential | 4,302 | -- | 13,892 | -- | 13,892 | | | |
| Non-Residential | -- | 2,761,942 | -- | 6,763 | 3,382 | | | |
| Total Existing Development | 4,302 | 2,761,942 | 13,892 | 6,763 | 17,274 | | | |

¹ Includes (i) all future development within the 2007 Community Plan Area, except approx 289 acres of agricultural uses as well as approx 190 acres of residential uses (see note 3 below), and (ii) approx 22 acres within the existing Salida Plan area.

² Assumes a 30% reduction to gross acreage estimates.

³ Estimated density assumptions are based on net acreage.

⁴ Estimated values are based on GCG's research into sales prices for existing homes in Salida as well as new homes in surrounding communities in the central valley, and finding a midpoint between existing prices and higher prices from 2007.

⁵ Gross acreage excludes approx 72 acres of land owned by the Salida Sanitation District and approximately 118 acres designated for schools.

⁶ Gross acreage includes approx 14 acres of undeveloped land within the existing Salida area, including approx 13 acres in the P-D commercial zoning district and approx one acre in the C-2 zoning district.

⁷ Gross acreage includes approx 8 acres of undeveloped land within the existing Salida area, including approx 3 acres in the P-D industrial zoning district and approx 5 acres in the P-I zoning district.

Table A-3
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Property Tax Allocation Assumptions (Future Development)

| Property Tax Fund | Tax Rate Areas | | | | | Average Post-ERAF Property Tax Distribution ¹ | Base Case Tax Sharing Allocation ² | | |
|--|----------------|----------------|----------------|----------------|----------------|--|---|-----------------|---------------------------------|
| | 096-001 | 096-032 | 096-070 | 096-074 | 098-001 | | County of Stanislaus | City of Modesto | Modesto Regional Fire Authority |
| County-General Fund | 0.13892 | 0.13892 | 0.13891 | 0.13892 | 0.13186 | 0.13750 | 0.09625 | 0.04125 | |
| Co Supt Of Schools | 0.00502 | 0.00502 | 0.00502 | 0.00502 | 0.00480 | 0.00498 | | | |
| County Fire Service | 0.00668 | 0.00668 | 0.00668 | 0.00668 | 0.00637 | 0.00662 | | | 0.00662 |
| County RDA Area 1 - Salida | 0.00000 | 0.00000 | 0.00002 | 0.00000 | 0.00000 | 0.00000 | | | |
| County RDA Area 16 - Shell | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.00000 | | | |
| Salida Fire | 0.03396 | 0.03396 | 0.03396 | 0.03395 | 0.03238 | 0.03364 | | | 0.03364 |
| Eastside Mosquito Abatement | 0.00940 | 0.00940 | 0.00940 | 0.00940 | 0.00896 | 0.00931 | | | |
| Salida Elem-Gen | 0.25226 | 0.25226 | 0.25225 | 0.25226 | 0.00000 | 0.20181 | | | |
| Stanislaus Elem-Gen | 0.00000 | 0.00000 | 0.00000 | 0.00000 | 0.28509 | 0.05702 | | | |
| Modesto High-Gen | 0.22339 | 0.22339 | 0.22339 | 0.22339 | 0.21343 | 0.22140 | | | |
| Yosemite Community College District-Gen | 0.08982 | 0.08982 | 0.08982 | 0.08982 | 0.08580 | 0.08901 | | | |
| County School Service Fund | 0.03457 | 0.03457 | 0.07121 | 0.03457 | 0.03557 | 0.04210 | | | |
| Schools-Equalization Aid | 0.02334 | 0.02335 | 0.00000 | 0.02335 | 0.02230 | 0.01847 | | | |
| Schools-Tuition | 0.01329 | 0.01329 | 0.00000 | 0.01329 | 0.01270 | 0.01052 | | | |
| ERAF | 0.16934 | 0.16934 | 0.16934 | 0.16934 | 0.16074 | 0.16762 | | | |
| Total | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 1.00000 | 0.09625 | 0.04125 | 0.04026 |
| Property Tax Redistributed to the County General Fund | | | | | | | | | 0.09625 |
| Property Tax Redistributed to the City General Fund | | | | | | | | | 0.04125 |
| Property Tax Redistributed to the Fire Authority | | | | | | | | | 0.04026 |

¹ The reallocation of property taxes away from counties, cities, and other agencies to the Educational Revenue Augmentation Fund (ERAF) is based on certain formulas; the allocations to the various funds shown above represent allocations after ERAF reduction factors were applied.

² Assumes (i) the current County General Fund distribution for future development would be allocated as follows: 70% to the County, 30% to the City, and 0% to the Fire Authority; and (ii) distributions from the County Fire Service and Salida Fire Funds would be allocated as follows: 0% to the County, 0% to the City, and 100% to the Fire Authority.

Table A-4
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Revenue Assumptions (Case Study Method)

| <u>Secured Property Tax</u> | <u>County</u> | <u>City</u> | <u>Authority</u> |
|---|------------------|------------------|------------------|
| Property Tax Allocation (post-ERAF) | 9.63% | 4.13% | 4.03% |
| <hr/> | | | |
| <u>Unsecured Property Tax</u> | | | |
| Unsecured Property Tax as a Percentage of Residential Secured Property Tax | | | 1.00% |
| Unsecured Property Tax as a Percentage of Non-Residential Secured Property Tax | | | 10.00% |
| <hr/> | | | |
| <u>Real Property Transfer Tax</u> | | | |
| Rate = \$1.10 per \$1,000 | <u>County</u> | <u>City</u> | <u>Authority</u> |
| Percentage Allocation | 50.0% | 50.0% | n/a |
| <hr/> | | | |
| <u>Sales and Use Tax</u> | | | |
| Base Sales Tax Rate | | | 1.00% |
| Countywide and Statewide Pooled Tax Revenue as a Percentage of Base Sales Tax Revenue | | | 15.48% |
| | <u>County</u> | <u>City</u> | <u>Authority</u> |
| Sales Tax and Pooled Revenue Allocation | 5.0% | 95.0% | n/a |
| Public Safety (Prop. 172) Sales Tax Rate | | | 0.50% |
| | <u>County</u> | <u>City</u> | <u>Authority</u> |
| Public Safety Sales Tax Revenue Allocation | 95.9% | 2.1% | n/a |
| <hr/> | | | |
| <u>Taxable Sales per Improved Square Foot</u> | | | |
| C-1 & C-2 (Neighborhood & General Commercial) | | | \$250 |
| IBP (Industrial Business Park) | | | \$5 |
| <hr/> | | | |
| <u>Property Tax In-Lieu of Vehicle License Fee (VLF)</u> | | | |
| | <u>County</u> | <u>City</u> | <u>Authority</u> |
| Net Assessed Value 2012-13 Tax Roll | \$33,477,879,886 | \$11,477,968,039 | n/a |
| Property Tax In-Lieu of VLF for 2012-13 | \$43,137,966 | \$11,661,456 | n/a |
| <hr/> | | | |
| <u>Salida Fire Assessment Rates</u> | | | |
| R-1 (Low Density Residential) - per Unit | | | \$45 |
| R-2 (Medium Density Residential) - per Unit | | | \$45 |
| R-3 (Multiple-Family Residential) - per Unit | | | \$35 |
| C-1 & C-2 (Neighborhood & General Commercial) - per Parcel (assumes 15 acres/parcel) | | | \$90 |
| IBP (Industrial Business Park) - per Parcel (assumes 15 acres/parcel) | | | \$150 |
| PI (Planned Industrial) - per Parcel (assumes 15 acres/parcel) | | | \$300 |
| <hr/> | | | |
| <u>Existing Salida Revenue Allocation Upon Annexation</u> | | | |
| Avg Assessed Value (FY 05-06 thru 12-13) | | | \$949,552,205 |
| Avg Annual Base Sales Tax Collected (2008-2011) | | | \$1,145,792 |
| | <u>County</u> | <u>City</u> | <u>Authority</u> |
| Estimated Avg Annual Property Tax Allocation | \$1,131,284 | n/a | \$276,346 |
| Estimated Avg Annual Base and Pooled Sales Tax Allocation | \$66,156 | \$1,256,965 | n/a |
| Estimated Avg Annual Prop. 172 Sales Tax Allocation | \$549,497 | \$11,838 | n/a |
| Avg Annual Transient Occupancy Tax Collected (FY 04-05 thru 11-12) ¹ | n/a | \$475,002 | n/a |
| Avg Existing Salida Fire Assessments (FY 05-06 thru 12-13) | n/a | n/a | \$244,373 |
| Avg Existing Salida Lighting (FY 05-06 thru 12-13) | n/a | \$93,371 | n/a |

¹ Adjusted to account for the City's 9% transient occupancy tax rate; the County's transient occupancy tax rate is 8%.

APPENDIX B

COUNTY FISCAL IMPACT ANALYSIS TABLES

Table B-1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical County General Fund Revenue Assumptions (Multiplier Method)

| | Average Revenue | Fiscal Year | | | | | | | |
|---|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Transient Occupancy Tax ^{1,2} | \$716,108 | \$585,000 | \$609,000 | \$609,000 | \$854,860 | \$902,000 | \$786,000 | \$622,000 | \$761,000 |
| Licenses, Permits and Franchises ^{1,3} | \$547,847 | N/A | N/A | N/A | \$687,782 | \$471,544 | \$510,083 | \$521,977 | N/A |
| Penalties | \$3,993,750 | \$25,000 | \$2,000,000 | \$2,000,000 | \$5,000,000 | \$6,400,000 | \$6,425,000 | \$6,100,000 | \$4,000,000 |
| Charges for Services | \$423,027 | \$1,147,190 | \$22,606 | \$0 | \$521,405 | \$701,670 | \$0 | \$0 | \$991,347 |
| Miscellaneous | \$151,100 | \$400,000 | \$100,000 | \$100,000 | \$181,800 | \$163,000 | \$166,000 | \$98,000 | \$0 |
| Road Maintenance Revenues ^{1,4} | \$480,000 | N/A | \$480,000 |

¹ Upon annexation, these revenue sources do not continue to accrue to the County.

² Average revenue is used to estimate a multiplier for new development only; transient occupancy taxes (TOT) associated with the existing Salida area are based on the average historical TOT revenue generated from the five hotels/motels within the Salida area, as shown in Table A-4.

³ Includes franchise revenue from AT&T and Charter as well as the gas component of PG&E; full year revenues are not available for FY 2005-06 thru FY 2007-08 and FY 2012-13. The average revenue estimate is based on an average of franchise revenue for FY 2008-09 thru FY 2011-12

⁴ Includes estimated annual revenue associated with Highway Users Tax (\$170,000), RSTP (\$190,000), and LTF funds (\$120,000). These current year revenues are specific to the existing Salida area and do not represent countywide or total unincorporated area costs.

Table B-2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County General Fund Revenue Assumptions (Multiplier Method)

| | Average Revenue | Average Revenue per Unincorporated Area | | | Average Revenue per County | | |
|---|-----------------|---|----------|---------------|----------------------------|----------|---------------|
| | | Resident | Employee | Person Served | Resident | Employee | Person Served |
| Transient Occupancy Tax ^{1,2} | \$716,108 | -- | \$41.28 | -- | -- | -- | -- |
| Licenses, Permits and Franchises ¹ | \$547,847 | -- | -- | \$3.93 | -- | -- | -- |
| Penalties | \$3,993,750 | -- | -- | -- | \$7.64 | -- | -- |
| Charges for Services | \$423,027 | -- | -- | -- | -- | -- | \$0.68 |
| Miscellaneous | \$151,100 | -- | -- | -- | -- | -- | \$0.24 |
| Road Maintenance Revenues ^{1,3} | \$480,000 | \$34.55 | -- | -- | -- | -- | -- |

¹ Upon annexation, these revenue sources do not continue to accrue to the County.

² Multiplier applies to new development only; estimated TOT revenue associated with the existing Salida area is based on the average historical revenue generated from the five hotels/motels within the Salida area, as shown in Table A-4.

³ The revenue multiplier for road maintenance in Salida is calculated based on the number of residents served in the existing Salida area.

Table B-3.1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County Expenditure Calculation Methodology

| Item | Modeling Methodology |
|---|---|
| GENERAL FUND ¹ | |
| General Government | |
| Board of Supervisors | |
| <i>Board of Supervisors</i> | Multiplier - 75% of County Persons Served |
| <i>Board of Supervisors - Community Support</i> | Multiplier - 75% of County Persons Served |
| Board of Supervisors - Clerk of the Board | Multiplier - 75% of County Persons Served |
| Chief Executive Office (CEO) | |
| <i>Chief Executive Office - Airport</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - Appropriations for Contingencies</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - C.A.R.E. Unit</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - Capital Improvement Finance Authority</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - County Facilities</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - Economic Development Bank</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - Operations and Services</i> | Multiplier - 75% of County Persons Served |
| <i>Chief Executive Office - Risk Management Division</i> | Multiplier - 75% of County Persons Served |
| County Counsel | Multiplier - 75% of County Persons Served |
| Clerk-Recorder-Elections | Multiplier - 75% of County Persons Served |
| Finance | |
| <i>Assessor</i> | Multiplier - 75% of County Persons Served |
| <i>Auditor-Controller</i> | Multiplier - 75% of County Persons Served |
| <i>Tax Collector</i> | Multiplier - 75% of County Persons Served |
| General Services Agency | |
| <i>General Services Agency - Administration</i> | Multiplier - 75% of County Persons Served |
| <i>General Services Agency - Facilities Maintenance Division</i> | Multiplier - 75% of County Persons Served |
| <i>General Services Agency - Purchasing Division</i> | Multiplier - 75% of County Persons Served |
| <i>General Services Agency - 12th Street - Office Building/Parking Gara</i> | Multiplier - 75% of County Persons Served |
| <i>General Services Agency - Fleet Services Division</i> | Multiplier - 75% of County Persons Served |
| Protective Inspection | |
| Agricultural Commissioner | Multiplier - County Persons Served |
| Parks and Recreation | |
| Parks and Recreation | Multiplier - Unincorporated Residents |
| Parks and Recreation - Parks Master Plan | Multiplier - Unincorporated Residents |
| Parks and Recreation - Tuolumne River Regional Park | Multiplier - Unincorporated Residents |
| Judicial | |
| Grand Jury | Multiplier - County Persons Served |
| District Attorney | |
| <i>District Attorney - Criminal Division</i> | Multiplier - County Persons Served |
| <i>District Attorney - Spousal Abuser Prosecution</i> | Multiplier - County Persons Served |
| <i>District Attorney - Vertical Prosecution Block Grant</i> | Multiplier - County Persons Served |
| <i>District Attorney - Victim Services Program</i> | Multiplier - County Persons Served |
| <i>District Attorney - Violence Against Women Program</i> | Multiplier - County Persons Served |
| <i>District Attorney - Grants Correction</i> | Multiplier - County Persons Served |
| <i>District Attorney - Real Estate Fraud</i> | Multiplier - County Persons Served |
| Integrated County Justice Information System | Multiplier - County Persons Served |
| Public Defender | Multiplier - County Persons Served |
| Sheriff - Court Security | Multiplier - County Persons Served |
| Chief Executive Office - County Court Funding | Multiplier - County Persons Served |
| Detention & Correction | |
| Chief Executive Office - Jail Medical | Multiplier - County Persons Served |
| Probation | |
| <i>Probation - Administration</i> | Multiplier - County Persons Served |
| <i>Probation - Casework/Field Services</i> | Multiplier - County Persons Served |
| <i>Probation - Institutional Services</i> | Multiplier - County Persons Served |
| Sheriff - Detention | Multiplier - County Persons Served |

¹ Some expenditures are not within the General Fund; however, only the portion of the expenditures funded by a General Fund transfer is evaluated in this analysis.

Table B-3.2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County Expenditure Calculation Methodology (Cont.)

| Item | Modeling Methodology |
|---|---|
| GENERAL FUND ¹ | |
| Fire Protection | |
| Chief Executive Office - County Fire Service Fund | Multiplier - County Persons Served |
| Police Protection | |
| Sheriff - Operations | Multiplier - Unincorporated Persons Served |
| Sheriff - Administration | Multiplier - Unincorporated and County Persons Served (50/50) |
| Sheriff - Contract Cities | Not Impacted by New Development |
| Ray Simon Training Center | Multiplier - Unincorporated Persons Served |
| Public Assistance | |
| AAA - Veterans Services | Multiplier - County Residents |
| Public Defender - Indigent Defense | Multiplier - County Residents |
| Other Unincorporated Area Public Services | |
| Chief Executive Office - OES/Fire Warden | Multiplier - Unincorporated and County Persons Served (25/75) |
| Planning & Community Development | Multiplier - Unincorporated Persons Served |
| Chief Executive Office - Economic Development | Multiplier - Unincorporated Persons Served |
| Public Works Administration | Multiplier - Unincorporated Persons Served |
| Animal Services | Multiplier - Unincorporated Residents |
| Other County Wide Public Services | |
| LAFCO | Multiplier - County Persons Served |
| Stanislaus Council of Governments | Multiplier - County Persons Served |
| Environmental Resources | |
| <i>Environmental Resources</i> | Multiplier - County Persons Served |
| <i>Environmental Resources - Abandoned Vehicles</i> | Multiplier - County Persons Served |
| Education | |
| Library | |
| <i>Library</i> | Multiplier - County Residents |
| <i>Law Library</i> | Multiplier - County Residents |
| Cooperative Extension | Multiplier - County Residents |
| Health Services | |
| Behavioral Health and Recovery Services | |
| <i>BHRS</i> | Multiplier - County Residents |
| <i>BHRS - Alcohol and Drug</i> | Multiplier - County Residents |
| <i>BHRS - Managed Care</i> | Multiplier - County Residents |
| <i>BHRS - Prop 63</i> | Multiplier - County Residents |
| <i>BHRS - Public Guardian</i> | Multiplier - County Residents |
| <i>BHRS - Stanislaus Recovery Center</i> | Multiplier - County Residents |
| <i>BHRS - Stanislaus Behavioral Health Center</i> | Multiplier - County Residents |
| Children's Services | |
| <i>CSA - General Assistance</i> | Multiplier - County Residents |
| <i>CSA - Public Economic Assistance</i> | Multiplier - County Residents |
| <i>CSA - Seriously Emotionally Disturbed Children</i> | Multiplier - County Residents |
| <i>CSA - Services and Support</i> | Multiplier - County Residents |
| <i>CSA - IHSS Public Authority</i> | Multiplier - County Residents |
| Health Services Agency and Other | |
| <i>Area Agency on Aging</i> | Multiplier - County Residents |
| <i>Chief Executive Office - DOJ Drug & Alcohol</i> | Multiplier - County Residents |
| <i>Health Services Agency - Indigent Health Care</i> | Multiplier - County Residents |
| <i>Health Services Agency - Public Health</i> | Multiplier - County Residents |
| <i>Health Services Agency - Clinic and Ancillary Services</i> | Multiplier - County Residents |
| <i>HSA Deficit Repayment</i> | Multiplier - County Residents |
| Modesto Revenue Sharing Agreement | Multiplier - Unincorporated Residents |
| Road Maintenance | |
| Road Maintenance | Multiplier - Salida Persons Served |

¹ Some expenditures are not within the General Fund; however, only the portion of the expenditures funded by a General Fund transfer is evaluated in this analysis.

Table B-4.1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical County General Fund Expense Assumptions

| | Average Expenditure ¹ | Fiscal Year | | | | | | | |
|---|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| General Government | | | | | | | | | |
| Board of Supervisors | | | | | | | | | |
| <i>Board of Supervisors</i> | \$933,042 | \$808,218 | \$905,671 | \$994,925 | \$1,031,654 | \$956,283 | \$960,095 | \$878,853 | \$928,636 |
| <i>Board of Supervisors - Community Support</i> | N/A | \$45,000 | \$45,000 | \$45,000 | \$43,650 | \$20,000 | \$0 | \$0 | \$0 |
| Board of Supervisors - Clerk of the Board | N/A | \$388,349 | \$502,841 | \$523,900 | \$522,739 | \$464,294 | \$0 | \$0 | \$0 |
| Chief Executive Office (CEO) ² | | | | | | | | | |
| <i>CEO - Airport</i> ³ | \$229,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$229,000 |
| <i>CEO - Appropriations for Contingencies</i> | \$6,805,571 | \$8,847,680 | \$9,827,050 | \$9,741,050 | \$8,537,899 | \$4,000,000 | \$4,649,163 | \$4,420,864 | \$4,420,864 |
| <i>CEO - C.A.R.E. Unit</i> | N/A | \$79,723 | \$80,633 | \$83,476 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <i>CEO - Capital Improvement Finance Authority</i> | \$204,167 | \$241,429 | \$241,429 | \$241,429 | \$234,186 | \$206,084 | \$187,511 | \$140,633 | \$140,633 |
| <i>CEO - County Facilities</i> ⁴ | \$519,508 | \$697,691 | \$447,691 | \$447,691 | \$434,260 | \$294,149 | \$368,162 | \$370,122 | \$1,096,294 |
| <i>CEO - Economic Development Bank</i> | N/A | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <i>CEO - Operations and Services</i> | \$4,233,069 | \$2,988,464 | \$4,096,677 | \$4,472,718 | \$4,919,673 | \$4,482,091 | \$4,411,251 | \$3,453,333 | \$5,040,343 |
| <i>CEO - Risk Management Division</i> | \$325,023 | \$204,485 | \$289,384 | \$342,034 | \$426,030 | \$379,391 | \$345,273 | \$264,057 | \$349,532 |
| County Counsel | \$1,147,554 | \$952,440 | \$977,476 | \$1,354,065 | \$1,462,798 | \$1,304,755 | \$1,187,272 | \$901,959 | \$1,039,668 |
| Clerk-Recorder-Elections | \$1,910,344 | \$1,002,430 | \$1,458,099 | \$3,438,098 | \$2,431,306 | \$1,807,817 | \$1,645,120 | \$1,517,897 | \$1,981,986 |
| Finance | | | | | | | | | |
| Assessor | \$4,225,586 | \$3,744,900 | \$4,585,636 | \$4,487,546 | \$4,606,965 | \$4,177,446 | \$4,252,905 | \$3,850,727 | \$4,098,566 |
| Auditor-Controller | \$1,371,204 | \$1,128,398 | \$1,301,965 | \$1,421,231 | \$1,660,883 | \$1,582,816 | \$1,440,367 | \$1,071,886 | \$1,362,089 |
| Tax Collector | \$1,060,181 | \$932,994 | \$992,657 | \$1,103,046 | \$1,141,747 | \$1,029,716 | \$1,024,405 | \$800,903 | \$1,455,978 |
| General Services Agency (GSA) | | | | | | | | | |
| <i>GSA - Administration</i> | \$333,767 | \$0 | \$318,365 | \$508,489 | \$544,020 | \$490,275 | \$446,129 | \$362,860 | \$0 |
| <i>GSA - Facilities Maintenance Division</i> | N/A | \$2,577,251 | \$2,729,673 | \$3,023,948 | \$0 | \$0 | \$0 | \$0 | \$0 |
| <i>GSA - Purchasing Division</i> | \$155,653 | \$205,450 | \$139,168 | \$181,954 | \$208,973 | \$192,672 | \$175,341 | \$141,669 | \$0 |
| <i>GSA - 12th Street - Office Building/Parking Garage</i> | \$119,924 | \$0 | \$463,041 | \$343,934 | \$77,633 | \$33,875 | \$14,046 | \$9,362 | \$17,504 |
| <i>GSA - Fleet Services Division</i> | N/A | \$0 | \$300,000 | \$300,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total ¹ | \$23,573,594 | \$21,754,579 | \$26,044,309 | \$29,078,210 | \$27,718,027 | \$20,937,370 | \$21,107,040 | \$18,185,125 | \$22,161,093 |
| Protective Inspection | | | | | | | | | |
| Agricultural Commissioner | \$1,288,099 | \$858,936 | \$1,190,408 | \$1,444,206 | \$1,410,240 | \$1,315,438 | \$1,295,544 | \$886,650 | \$1,903,373 |
| Total | \$1,288,099 | \$858,936 | \$1,190,408 | \$1,444,206 | \$1,410,240 | \$1,315,438 | \$1,295,544 | \$886,650 | \$1,903,373 |

¹ If a service includes no budget for at least the last two years of the analysis (2011-12 and 2012-13), it is assumed that the service has been discontinued or subsumed into another budget line item.

² Excludes general fund match/support and other CEO budget items that are included in other categories in this table.

³ Assumed to be a new expense going forward; only those years in which the expense is budgeted are included in the average calculation.

⁴ The FY 2012-13 expense excludes \$4.1 million for the Probation HVAC project.

Table B-4.2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical County General Fund Expense Assumptions Cont.

| | Average Expenditure ¹ | Fiscal Year | | | | | | | |
|--|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Parks and Recreation | | | | | | | | | |
| Parks and Recreation | \$2,177,406 | \$1,899,473 | \$2,747,641 | \$2,665,849 | \$2,523,377 | \$2,156,137 | \$1,991,461 | \$1,452,254 | \$1,983,058 |
| Parks and Recreation - Parks Master Plan | N/A | \$63,081 | \$26,838 | \$13,410 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Parks and Recreation - TRRP | \$174,740 | \$171,766 | \$174,184 | \$218,081 | \$224,832 | \$192,740 | \$173,466 | \$121,426 | \$121,426 |
| Total ¹ | \$2,352,146 | \$2,071,239 | \$2,921,825 | \$2,883,930 | \$2,748,209 | \$2,348,877 | \$2,164,927 | \$1,573,680 | \$2,104,484 |
| Judicial | | | | | | | | | |
| Grand Jury | \$116,861 | \$119,490 | \$120,825 | \$120,214 | \$122,314 | \$107,722 | \$98,038 | \$106,511 | \$139,773 |
| District Attorney (DA) | | | | | | | | | |
| DA - Criminal Division | \$12,263,663 | \$10,762,154 | \$12,036,031 | \$12,752,106 | \$13,523,721 | \$13,194,795 | \$12,007,269 | \$11,487,826 | \$12,345,398 |
| DA - Spousal Abuser Prosecution | N/A | \$47,272 | \$50,478 | \$49,919 | \$46,109 | \$0 | \$0 | \$0 | \$0 |
| DA - Vertical Prosecution Block Grant | \$117,192 | \$123,112 | \$128,116 | \$131,346 | \$129,468 | \$114,074 | \$103,807 | \$103,807 | \$103,807 |
| DA - Victim Services Program | \$3,720 | \$3,883 | \$3,996 | \$4,079 | \$4,163 | \$3,657 | \$3,328 | \$3,328 | \$3,328 |
| DA - Violence Against Women Program | N/A | \$75,531 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DA - Grants Correction | N/A | \$220,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| DA - Real Estate Fraud | \$113,865 | \$0 | \$0 | \$0 | \$226,603 | \$197,951 | \$180,135 | \$153,115 | \$153,115 |
| Integrated County Justice Information System | N/A | \$81,400 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Public Defender | \$5,133,605 | \$4,568,646 | \$5,175,707 | \$5,455,635 | \$5,685,911 | \$5,514,626 | \$5,018,917 | \$4,780,824 | \$4,868,575 |
| Sheriff - Court Security | \$117,361 | \$90,330 | \$60,510 | \$104,114 | \$92,631 | \$119,972 | \$103,915 | \$151,434 | \$215,982 |
| Chief Executive Office - County Court Funding | \$2,289,478 | \$2,464,803 | \$2,366,743 | \$2,366,743 | \$2,474,751 | \$2,177,781 | \$2,075,000 | \$2,075,000 | \$2,315,000 |
| Total ¹ | \$20,155,744 | \$18,132,418 | \$19,891,928 | \$20,934,237 | \$22,259,562 | \$21,430,578 | \$19,590,409 | \$18,861,845 | \$20,144,978 |
| Detention & Correction | | | | | | | | | |
| Chief Executive Office - Jail Medical ² | \$7,980,012 | \$5,263,223 | \$5,674,655 | \$6,517,543 | \$6,864,585 | \$7,231,465 | \$7,600,000 | \$7,602,566 | \$7,980,012 |
| Probation | | | | | | | | | |
| Probation - Administration | \$2,285,823 | \$2,255,984 | \$2,668,422 | \$2,614,310 | \$2,605,967 | \$2,717,172 | \$1,951,300 | \$1,736,123 | \$1,737,303 |
| Probation - Casework/Field Services | \$6,913,305 | \$6,211,120 | \$6,811,629 | \$7,219,836 | \$7,701,658 | \$7,470,920 | \$6,798,530 | \$6,354,685 | \$6,738,063 |
| Probation - Institutional Services | \$7,018,667 | \$6,036,891 | \$6,478,713 | \$6,907,879 | \$7,648,184 | \$7,038,346 | \$6,926,195 | \$7,496,183 | \$7,616,944 |
| Sheriff - Detention | \$29,202,551 | \$27,139,736 | \$28,521,232 | \$29,743,469 | \$31,050,975 | \$28,824,349 | \$27,582,891 | \$29,095,265 | \$31,662,492 |
| Total | \$53,400,358 | \$46,906,954 | \$50,154,651 | \$53,003,037 | \$55,871,369 | \$53,282,252 | \$50,858,916 | \$52,284,822 | \$55,734,814 |

¹ If a service includes no budget for at least the last two years of the analysis (2011-12 and 2012-13), it is assumed that the service has been discontinued or subsumed into another budget line item.

² The annual expenditure for jail medical services is based on FY 2012-13 costs due to a contractual obligation; it does not reflect an 8-year average.

Table B-4.3
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical County General Fund Expense Assumptions Cont.

| | Average Expenditure ¹ | Fiscal Year | | | | | | | |
|---|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Fire Protection | | | | | | | | | |
| Chief Executive Office - County Fire Service Fund | \$336,427 | \$0 | \$300,000 | \$300,000 | \$291,000 | \$291,000 | \$264,810 | \$622,304 | \$622,304 |
| Total | \$336,427 | \$0 | \$300,000 | \$300,000 | \$291,000 | \$291,000 | \$264,810 | \$622,304 | \$622,304 |
| Police Protection | | | | | | | | | |
| Sheriff - Operations | \$25,667,726 | \$25,779,524 | \$28,395,226 | \$28,080,354 | \$29,000,574 | \$26,605,820 | \$23,162,464 | \$20,866,438 | \$23,451,410 |
| Sheriff - Administration | \$4,034,153 | \$2,920,934 | \$3,202,919 | \$4,927,022 | \$5,200,263 | \$4,181,690 | \$3,805,333 | \$3,440,184 | \$4,594,880 |
| Ray Simon Training Center | N/A | \$174,344 | \$174,344 | \$661,763 | \$668,978 | \$638,204 | \$0 | \$0 | \$0 |
| Total ¹ | \$29,701,879 | \$28,700,458 | \$31,598,145 | \$33,007,376 | \$34,200,837 | \$30,787,510 | \$26,967,797 | \$24,306,622 | \$28,046,290 |
| Public Assistance | | | | | | | | | |
| AAA - Veterans Services | \$265,887 | \$208,966 | \$264,308 | \$270,477 | \$325,735 | \$293,798 | \$267,407 | \$246,805 | \$249,602 |
| Public Defender - Indigent Defense | \$2,859,651 | \$1,995,876 | \$2,213,519 | \$2,728,074 | \$3,000,042 | \$3,385,042 | \$3,412,378 | \$3,071,140 | \$3,071,140 |
| Total | \$3,125,539 | \$2,204,842 | \$2,477,827 | \$2,998,551 | \$3,325,777 | \$3,678,840 | \$3,679,785 | \$3,317,945 | \$3,320,742 |
| Other Unincorporated Area Public Services | | | | | | | | | |
| Chief Executive Office - OES/Fire Warden | \$1,336,565 | \$1,012,744 | \$1,276,997 | \$1,383,224 | \$1,514,289 | \$1,436,561 | \$1,307,284 | \$1,140,886 | \$1,620,532 |
| Planning & Community Development | \$1,215,262 | \$1,180,314 | \$1,242,517 | \$1,313,739 | \$1,363,448 | \$1,238,057 | \$1,160,121 | \$996,896 | \$1,227,005 |
| Chief Executive Office - Economic Development | N/A | \$341,283 | \$311,552 | \$389,242 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Public Works Administration | N/A | \$0 | \$25,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Animal Services | \$1,409,952 | \$1,154,152 | \$1,388,356 | \$1,554,332 | \$1,648,813 | \$1,510,437 | \$1,374,445 | \$1,374,445 | \$1,274,632 |
| Total ¹ | \$3,961,778 | \$3,347,210 | \$3,907,870 | \$4,251,295 | \$4,526,550 | \$4,185,055 | \$3,841,850 | \$3,512,227 | \$4,122,169 |
| Other County Wide Public Services | | | | | | | | | |
| LAFCO | \$168,985 | \$155,298 | \$134,954 | \$155,298 | \$172,240 | \$172,240 | \$182,271 | \$182,271 | \$197,306 |
| Stanislaus Council of Governments | \$4,588 | \$4,607 | \$4,607 | \$4,457 | \$4,607 | \$4,607 | \$4,607 | \$4,607 | \$4,607 |
| Environmental Resources | | | | | | | | | |
| <i>Environmental Resources</i> | \$524,157 | \$453,777 | \$553,608 | \$628,120 | \$633,129 | \$571,783 | \$520,323 | \$416,258 | \$416,258 |
| <i>Environmental Resources - Abandoned Vehicles</i> | N/A | \$0 | \$159,043 | \$25,000 | \$24,250 | \$21,340 | \$19,419 | \$0 | \$0 |
| Total ¹ | \$697,730 | \$613,682 | \$693,169 | \$787,875 | \$809,976 | \$748,630 | \$707,201 | \$603,136 | \$618,171 |

¹ If a service includes no budget for at least the last two years of the analysis (2011-12 and 2012-13), it is assumed that the service has been discontinued or subsumed into another budget line item.

Table B-4.4
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical County General Fund Expense Assumptions Cont.

| | Average Expenditure ¹ | Fiscal Year | | | | | | | | |
|--|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | |
| Education | | | | | | | | | | |
| Library | | | | | | | | | | |
| Library ² | \$491,810 | \$827,516 | \$827,516 | \$863,630 | \$863,327 | \$772,071 | \$702,585 | \$491,810 | \$491,810 | |
| Law Library | \$53,856 | \$52,448 | \$59,842 | \$59,842 | \$58,047 | \$58,047 | \$52,823 | \$44,900 | \$44,900 | |
| Cooperative Extension | \$406,187 | \$409,659 | \$422,963 | \$427,954 | \$462,483 | \$412,353 | \$375,248 | \$350,144 | \$388,692 | |
| Total | \$951,853 | \$1,289,623 | \$1,310,321 | \$1,351,426 | \$1,383,857 | \$1,242,471 | \$1,130,656 | \$886,854 | \$925,402 | |
| Health Services | | | | | | | | | | |
| Behavioral Health and Recovery Services (BHRS) | | | | | | | | | | |
| BHRS | \$1,123,327 | \$1,250,370 | \$1,277,429 | \$1,337,463 | \$1,335,140 | \$1,323,561 | \$811,933 | \$825,359 | \$825,359 | |
| BHRS - Alcohol and Drug | \$57,208 | \$48,638 | \$49,106 | \$50,039 | \$49,369 | \$89,492 | \$57,006 | \$57,006 | \$57,006 | |
| BHRS - Managed Care | N/A | \$81,547 | \$84,833 | \$112,054 | \$112,486 | \$24,864 | \$22,626 | \$0 | \$0 | |
| BHRS - Prop 63 | N/A | \$0 | \$0 | \$8,331 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| BHRS - Public Guardian | \$590,459 | \$521,542 | \$534,402 | \$552,416 | \$701,978 | \$633,601 | \$576,577 | \$576,577 | \$626,577 | |
| BHRS - Stanislaus Recovery Center | N/A | \$694,673 | \$418,622 | \$512,444 | \$518,251 | \$433,630 | \$394,603 | \$0 | \$0 | |
| BHRS - Stanislaus Behavioral Health Center | N/A | \$0 | \$0 | \$44,947 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Children's Services | | | | | | | | | | |
| CSA - General Assistance | \$642,069 | \$596,332 | \$596,332 | \$596,332 | \$578,442 | \$726,004 | \$751,204 | \$751,204 | \$540,703 | |
| CSA - Public Economic Assistance | \$2,821,828 | \$3,244,594 | \$3,244,594 | \$3,244,594 | \$3,147,256 | \$2,348,628 | \$2,378,151 | \$2,378,151 | \$2,588,652 | |
| CSA - Seriously Emotionally Disturbed Children | N/A | \$247,000 | \$247,000 | \$247,000 | \$239,590 | \$106,733 | \$238,238 | \$0 | \$0 | |
| CSA - Services and Support | \$3,405,404 | \$2,945,007 | \$2,988,422 | \$3,006,835 | \$3,215,563 | \$4,732,462 | \$3,404,289 | \$3,404,289 | \$3,546,368 | |
| CSA - IHSS Public Authority ³ | \$2,044,499 | \$0 | \$0 | \$0 | \$0 | \$0 | \$2,044,499 | \$2,044,499 | \$2,044,499 | |
| Health Services Agency (HSA) and Other | | | | | | | | | | |
| Area Agency on Aging | \$295,640 | \$238,581 | \$279,213 | \$323,783 | \$322,882 | \$321,892 | \$292,922 | \$292,922 | \$292,922 | |
| Chief Executive Office - DOJ Drug & Alcohol | \$70,008 | \$36,396 | \$113,320 | \$113,320 | \$69,359 | \$61,036 | \$55,543 | \$55,543 | \$55,543 | |
| HSA - Indigent Health Care | \$2,116,833 | \$2,342,820 | \$2,347,674 | \$2,350,552 | \$2,302,094 | \$2,035,260 | \$1,852,087 | \$1,852,087 | \$1,852,087 | |
| HSA - Public Health | \$889,795 | \$926,075 | \$967,143 | \$986,412 | \$985,329 | \$884,039 | \$760,415 | \$804,475 | \$804,475 | |
| HSA - Clinic and Ancillary Services | \$4,792,426 | \$4,101,075 | \$6,255,618 | \$9,116,086 | \$4,617,204 | \$4,080,656 | \$2,741,977 | \$3,713,397 | \$3,713,397 | |
| HSA Deficit Repayment | \$1,953,687 | \$1,911,668 | \$2,009,610 | \$2,009,610 | \$2,078,850 | \$2,010,464 | \$1,913,182 | \$1,848,054 | \$1,848,054 | |
| Modesto Revenue Sharing Agreement | \$1,354,794 | \$1,200,000 | \$1,260,405 | \$1,849,330 | \$1,518,585 | \$1,518,585 | \$1,163,816 | \$1,163,816 | \$1,163,816 | |
| Total ¹ | \$22,157,975 | \$19,363,098 | \$21,923,268 | \$25,536,772 | \$20,922,051 | \$20,765,680 | \$18,803,601 | \$19,767,379 | \$19,959,458 | |
| Road Maintenance | | | | | | | | | | |
| General Roadway Maintenance in Salida ⁴ | \$506,000 | N/A | \$506,000 | |

¹ If a service includes no budget for at least the last two years of the analysis (2011-12 and 2012-13), it is assumed that the service has been discontinued or subsumed into another budget line item.

² Based on discussions with County staff, net library expenses going forward are anticipated to remain at FY 2012-13 levels. Consequently, the annual expenditure for library services is based on FY 2012-13 costs; it does not reflect an 8-year average.

³ Assumed to be a new expense going forward; only those years in which the expense is budgeted are included in the average calculation.

⁴ Current estimated costs are specific to the existing Salida area and do not represent countywide or total unincorporated area costs.

Table B-5.1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County General Fund Expense Assumptions

| | Average Expenditure | Average Expense per Unincorporated Area | | | Average Expense per County | | |
|--|------------------------|--|----------|---------------|-------------------------------|----------|---------------|
| | | Resident | Employee | Person Served | Resident | Employee | Person Served |
| General Government | | | | | | | |
| Board of Supervisors | \$933,042 | -- | -- | -- | -- | -- | \$1.49 |
| Board of Supervisors - Clerk of the Board | N/A | -- | -- | -- | -- | -- | -- |
| Chief Executive Office (CEO) ¹ | \$12,316,338 | -- | -- | -- | -- | -- | \$19.69 |
| County Counsel | \$1,147,554 | -- | -- | -- | -- | -- | \$1.83 |
| Clerk-Recorder-Elections | \$1,910,344 | -- | -- | -- | -- | -- | \$3.05 |
| Finance | \$6,656,972 | -- | -- | -- | -- | -- | \$10.64 |
| General Services Agency (GSA) | \$609,345 | -- | -- | -- | -- | -- | \$0.97 |
| Total | \$23,573,594 | -- | -- | -- | -- | -- | \$37.68 |
| Total General Government | \$23,573,594 | | | | | | |
| Services Impacted by New Growth ² | 75% | | | | | | |
| Net General Government | \$17,680,196 | -- | -- | -- | -- | -- | \$28.26 |
| Protective Inspection | | | | | | | |
| Agricultural Commissioner | \$1,288,099 | -- | -- | -- | -- | -- | \$2.06 |
| Total | \$1,288,099 | -- | -- | -- | -- | -- | \$2.06 |
| Parks and Recreation | | | | | | | |
| Parks and Recreation | \$2,177,406 | \$16.65 | -- | -- | -- | -- | -- |
| Parks and Recreation - Parks Master Plan | N/A | -- | -- | -- | -- | -- | -- |
| Parks and Recreation - TRRP | \$174,740 | \$1.34 | -- | -- | -- | -- | -- |
| Total | \$2,352,146 | \$17.98 | -- | -- | -- | -- | -- |

¹ Excludes general fund match/support and other CEO budget items that are included in other categories in this table.

² It is estimated that 25% of the activities under the General Government Administration expense category will not grow significantly, if at all, due to new development.

Table B-5.2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County General Fund Expense Assumptions Cont.

| | Average Expenditure | Average Expense per Unincorporated Area | | | Average Expense per County | | |
|---|------------------------|--|----------|---------------|-------------------------------|----------|---------------|
| | | Resident | Employee | Person Served | Resident | Employee | Person Served |
| Judicial | | | | | | | |
| Grand Jury | \$116,861 | -- | -- | -- | -- | -- | \$0.19 |
| District Attorney | \$12,498,440 | -- | -- | -- | -- | -- | \$19.98 |
| Integrated County Justice Information System | N/A | -- | -- | -- | -- | -- | -- |
| Public Defender | \$5,133,605 | -- | -- | -- | -- | -- | \$8.21 |
| Sheriff - Court Security | \$117,361 | -- | -- | -- | -- | -- | \$0.19 |
| Chief Executive Office - County Court Funding | \$2,289,478 | -- | -- | -- | -- | -- | \$3.66 |
| Total | \$20,155,744 | -- | -- | -- | -- | -- | \$32.22 |
| Detention & Correction | | | | | | | |
| Chief Executive Office - Jail Medical | \$7,980,012 | -- | -- | -- | -- | -- | \$12.76 |
| Probation | \$16,217,795 | -- | -- | -- | -- | -- | \$25.93 |
| Sheriff - Detention | \$29,202,551 | -- | -- | -- | -- | -- | \$46.68 |
| Total | \$53,400,358 | -- | -- | -- | -- | -- | \$85.36 |
| Fire Protection | | | | | | | |
| Chief Executive Office - County Fire Service Fund | \$336,427 | -- | -- | -- | -- | -- | \$0.54 |
| Total | \$336,427 | -- | -- | -- | -- | -- | \$0.54 |
| Police Protection | | | | | | | |
| Sheriff - Operations | \$25,667,726 | -- | -- | \$184.03 | -- | -- | -- |
| Sheriff - Administration (50% of Total) | \$2,017,077 | -- | -- | \$14.46 | -- | -- | -- |
| Sheriff - Administration (50% of Total) | \$2,017,077 | -- | -- | -- | -- | -- | \$3.22 |
| Ray Simon Training Center | N/A | -- | -- | -- | -- | -- | -- |
| Total | \$29,701,879 | -- | -- | \$198.49 | -- | -- | \$3.22 |
| Public Assistance | | | | | | | |
| AAA - Veterans Services | \$265,887 | -- | -- | -- | \$0.51 | -- | -- |
| Public Defender - Indigent Defense | \$2,859,651 | -- | -- | -- | \$5.47 | -- | -- |
| Total | \$3,125,539 | -- | -- | -- | \$5.98 | -- | -- |

Table B-5.3
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
County General Fund Expense Assumptions Cont.

| | Average Expenditure | Average Expense per Unincorporated Area | | | Average Expense per County | | |
|---|------------------------|--|----------|---------------|-------------------------------|----------|---------------|
| | | Resident | Employee | Person Served | Resident | Employee | Person Served |
| Other Unincorporated Area Public Services | | | | | | | |
| Chief Executive Office - OES/Fire Warden (75% of Total) | \$1,002,423 | -- | -- | -- | -- | -- | \$1.60 |
| Chief Executive Office - OES/Fire Warden (25% of Total) | \$334,141 | -- | -- | \$2.40 | -- | -- | -- |
| Planning and Community Development | \$1,215,262 | -- | -- | \$8.71 | -- | -- | -- |
| Chief Executive Office - Economic Development | N/A | -- | -- | -- | -- | -- | -- |
| Public Works Administration | N/A | -- | -- | -- | -- | -- | -- |
| Animal Services | \$1,409,952 | \$10.78 | -- | -- | -- | -- | -- |
| Total | \$3,961,778 | \$10.78 | -- | \$11.11 | -- | -- | \$1.60 |
| Other County Wide Public Services | | | | | | | |
| LAFCO | \$168,985 | -- | -- | -- | -- | -- | \$0.27 |
| Stanislaus Council of Governments | \$4,588 | -- | -- | -- | -- | -- | \$0.01 |
| Environmental Resources | \$524,157 | -- | -- | -- | -- | -- | \$0.84 |
| Total | \$697,730 | -- | -- | -- | -- | -- | \$1.12 |
| Education | | | | | | | |
| Library | \$545,666 | -- | -- | -- | \$1.04 | -- | -- |
| Cooperative Extension | \$406,187 | -- | -- | -- | \$0.78 | -- | -- |
| Total | \$951,853 | -- | -- | -- | \$1.82 | -- | -- |
| Health Services | | | | | | | |
| Behavioral Health and Recovery Services | \$1,770,993 | -- | -- | -- | \$3.39 | -- | -- |
| Children's Services | \$8,913,800 | -- | -- | -- | \$17.05 | -- | -- |
| Health Services Agency and Other | \$10,118,388 | -- | -- | -- | \$19.35 | -- | -- |
| Modesto Revenue Sharing Agreement | \$1,354,794 | \$10.36 | -- | -- | -- | -- | -- |
| Total | \$22,157,975 | \$10.36 | -- | -- | \$39.78 | -- | -- |
| Road Maintenance | | | | | | | |
| General Roadway Maintenance in Salida ¹ | \$506,000 | -- | -- | \$29.29 | -- | -- | -- |
| Total | \$506,000 | -- | -- | \$29.29 | -- | -- | -- |

¹ The cost multiplier for road maintenance in Salida is calculated based on the number of persons served in the existing Salida area.

Table B-6
Salida Area / Stanislaus County
Fiscal Analysis Assuming NO Annexation
Summary of Annual Net Fiscal Impacts (Existing Development)
County General Fund

| Annual Revenues/Expenses ¹ | Total Annual Impacts | Percent of Total |
|---|----------------------------|---------------------|
| Revenues | | |
| Property Tax | \$1,131,284 | 21.0% |
| Real Property Transfer Tax ² | \$78,338 | 1.5% |
| Sales and Use Tax | \$1,323,121 | 24.5% |
| Public Safety Sales Tax | \$549,497 | 10.2% |
| Property Tax In-Lieu of VLF | \$1,223,547 | 22.7% |
| Transient Occupancy Tax ³ | \$422,224 | 7.8% |
| Licenses, Permits and Franchises | \$67,849 | 1.3% |
| Penalties | \$106,091 | 2.0% |
| Charges for Services | \$11,681 | 0.2% |
| Charges for Services | \$4,172 | 0.1% |
| Road Maintenance Revenue | \$480,000 | 8.9% |
| Subtotal | \$5,397,804 | 100.0% |
| Expenses | | |
| General Government | (\$488,203) | 6.1% |
| Protective Inspection | (\$35,568) | 0.4% |
| Parks and Recreation | (\$249,815) | 3.1% |
| Judicial | (\$556,560) | 7.0% |
| Detention & Correction | (\$1,474,544) | 18.4% |
| Fire Protection | (\$9,290) | 0.1% |
| Police Protection | (\$3,484,365) | 43.6% |
| Public Assistance | (\$83,028) | 1.0% |
| Other Unincorporated Area Public Services | (\$369,315) | 4.6% |
| Other County Wide Public Services | (\$19,266) | 0.2% |
| Education | (\$25,285) | 0.3% |
| Health Services | (\$696,512) | 8.7% |
| Road Maintenance | (\$506,000) | 6.3% |
| Subtotal | (\$7,997,752) | 100.0% |
| Net Fiscal Impact | (\$2,599,948) | |

¹ Excludes CSA 4 and Salida Lighting because annual revenues are assumed to equal annual services costs.

² Assumes an average turnover rate of 7.5%.

³ Average estimate of the actual TOT revenue collected between FY 04-05 thru 11-12, as shown in Table A-4.

Table B-7
Salida Area / Stanislaus County
Fiscal Analysis Assuming NO Annexation
Summary of Annual Net Fiscal Impacts (Future Development)
County General Fund

| Annual Revenues/Expenses | Annual Impacts | | | | | | Total Annual Impacts | Percent of Total |
|---|----------------------|----------------|----------------|-------------------|--------------|--------------|----------------------|------------------|
| | per Residential Unit | | | per 1,000 Bldg SF | | | | |
| | R-1 | R-2 | R-3 | C-1 & C-2 | IBP | PI | | |
| Revenues | | | | | | | | |
| Property Tax: Secured | \$516 | \$413 | \$241 | \$234 | \$206 | \$138 | \$5,544,438 | 24.6% |
| Property Tax: Unsecured | \$5 | \$4 | \$2 | \$23 | \$21 | \$14 | \$357,793 | 1.6% |
| Real Property Transfer Tax | \$41 | \$33 | \$10 | \$9 | \$8 | \$6 | \$300,122 | 1.3% |
| Sales and Use Tax | \$0 | \$0 | \$0 | \$2,887 | \$58 | \$0 | \$6,783,771 | 30.1% |
| Public Safety Sales Tax | \$0 | \$0 | \$0 | \$1,199 | \$24 | \$0 | \$2,817,325 | 12.5% |
| Property Tax In-Lieu of VLF | \$483 | \$387 | \$225 | \$219 | \$193 | \$129 | \$5,195,707 | 23.1% |
| Transient Occupancy Tax ¹ | \$0 | \$0 | \$0 | \$91 | \$68 | \$19 | \$762,506 | 3.4% |
| Licenses, Permits and Franchises | \$13 | \$11 | \$10 | \$4 | \$3 | \$1 | \$95,369 | 0.4% |
| Penalties | \$24 | \$22 | \$20 | \$0 | \$0 | \$0 | \$114,891 | 0.5% |
| Charges for Services | \$2 | \$2 | \$2 | \$1 | \$1 | \$0 | \$16,419 | 0.1% |
| Miscellaneous | \$1 | \$1 | \$1 | \$0 | \$0 | \$0 | \$5,865 | 0.0% |
| Road Maintenance Revenue | \$111 | \$100 | \$90 | \$0 | \$0 | \$0 | \$519,811 | 2.3% |
| Subtotal | \$1,196 | \$973 | \$600 | \$4,668 | \$582 | \$306 | \$22,514,016 | 100.0% |
| Expenses | | | | | | | | |
| General Government | (\$90) | (\$82) | (\$73) | (\$31) | (\$23) | (\$6) | (\$686,220) | 6.3% |
| Protective Inspection | (\$7) | (\$6) | (\$5) | (\$2) | (\$2) | (\$0) | (\$49,995) | 0.5% |
| Parks and Recreation | (\$58) | (\$52) | (\$47) | \$0 | \$0 | \$0 | (\$270,534) | 2.5% |
| Judicial | (\$103) | (\$93) | (\$84) | (\$36) | (\$26) | (\$7) | (\$782,303) | 7.2% |
| Detention & Correction | (\$273) | (\$248) | (\$222) | (\$94) | (\$70) | (\$20) | (\$2,072,622) | 19.1% |
| Fire Protection | (\$2) | (\$2) | (\$1) | (\$1) | (\$0) | (\$0) | (\$13,058) | 0.1% |
| Police Protection | (\$645) | (\$585) | (\$524) | (\$222) | (\$165) | (\$46) | (\$4,897,633) | 45.1% |
| Public Assistance | (\$19) | (\$17) | (\$16) | \$0 | \$0 | \$0 | (\$89,914) | 0.8% |
| Other Unincorporated Area Public Services | (\$75) | (\$68) | (\$61) | (\$14) | (\$10) | (\$3) | (\$470,793) | 4.3% |
| Other County Wide Public Services | (\$4) | (\$3) | (\$3) | (\$1) | (\$1) | (\$0) | (\$27,081) | 0.2% |
| Education | (\$6) | (\$5) | (\$5) | \$0 | \$0 | \$0 | (\$27,383) | 0.3% |
| Health Services | (\$160) | (\$145) | (\$130) | \$0 | \$0 | \$0 | (\$754,281) | 6.9% |
| Road Maintenance | (\$94) | (\$85) | (\$76) | (\$32) | (\$24) | (\$7) | (\$711,214) | 6.6% |
| Subtotal | (\$1,536) | (\$1,392) | (\$1,248) | (\$433) | (\$322) | (\$90) | (\$10,853,031) | 100.0% |
| Net Fiscal Impact | (\$340) | (\$419) | (\$647) | \$4,234 | \$259 | \$215 | \$11,660,985 | |

¹ Under the no annexation scenario, estimated TOT revenue associated with future development is based on the average annual TOT multiplier presented in Table B-2.

Table B-8
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Existing Development)
County General Fund

| Annual Revenues/Expenses | Total Annual Impacts | Percent of Total |
|---|----------------------------|---------------------|
| <u>Revenues</u> | | |
| Property Tax | \$1,131,284 | 36.1% |
| Real Property Transfer Tax ¹ | \$39,169 | 1.3% |
| Sales and Use Tax | \$66,156 | 2.1% |
| Public Safety Sales Tax | \$549,497 | 17.5% |
| Property Tax In-Lieu of VLF | \$1,223,547 | 39.1% |
| Transient Occupancy Tax ² | \$0 | 0.0% |
| Licenses, Permits and Franchises ² | \$0 | 0.0% |
| Penalties | \$106,091 | 3.4% |
| Charges for Services | \$11,681 | 0.4% |
| Miscellaneous | \$4,172 | 0.1% |
| Road Maintenance Revenue ² | \$0 | 0.0% |
| Subtotal | \$3,131,598 | 100.0% |
| <u>Expenses</u> | | |
| General Government | (\$488,203) | 14.7% |
| Protective Inspection | (\$35,568) | 1.1% |
| Parks and Recreation ² | \$0 | 0.0% |
| Judicial | (\$556,560) | 16.7% |
| Detention & Correction | (\$1,474,544) | 44.3% |
| Fire Protection | (\$9,290) | 0.3% |
| Police Protection | (\$55,698) | 1.7% |
| Public Assistance | (\$83,028) | 2.5% |
| Other Unincorporated Area Public Services | (\$27,680) | 0.8% |
| Other County Wide Public Services | (\$19,266) | 0.6% |
| Education | (\$25,285) | 0.8% |
| Health Services | (\$552,624) | 16.6% |
| Road Maintenance ² | \$0 | 0.0% |
| Subtotal | (\$3,327,746) | 100.0% |
| Net Fiscal Impact | (\$196,148) | |

¹ Assumes an average turnover rate of 7.5%.

² Upon annexation, these revenues and expenses no longer apply to the County.

Table B-9
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Future Development)
County General Fund

| Annual Revenues/Expenses | Annual Impacts | | | | | | Total Annual Impacts | Percent of Total |
|---|----------------------|--------------|----------------|-------------------|--------------|--------------|----------------------|------------------|
| | per Residential Unit | | | per 1,000 Bldg SF | | | | |
| | R-1 | R-2 | R-3 | C-1 & C-2 | IBP | PI | | |
| Revenues | | | | | | | | |
| Property Tax: Secured | \$361 | \$289 | \$168 | \$164 | \$144 | \$96 | \$3,881,106 | 30.4% |
| Property Tax: Unsecured | \$4 | \$3 | \$2 | \$16 | \$14 | \$10 | \$250,455 | 2.0% |
| Real Property Transfer Tax | \$21 | \$17 | \$5 | \$5 | \$4 | \$3 | \$150,061 | 1.2% |
| Sales and Use Tax | \$0 | \$0 | \$0 | \$144 | \$3 | \$0 | \$339,189 | 2.7% |
| Public Safety Sales Tax | \$0 | \$0 | \$0 | \$1,199 | \$24 | \$0 | \$2,817,325 | 22.1% |
| Property Tax In-Lieu of VLF | \$483 | \$387 | \$225 | \$219 | \$193 | \$129 | \$5,195,707 | 40.7% |
| Transient Occupancy Tax ¹ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Licenses, Permits and Franchises ¹ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Penalties | \$24 | \$22 | \$20 | \$0 | \$0 | \$0 | \$114,891 | 0.9% |
| Charges for Services | \$2 | \$2 | \$2 | \$1 | \$1 | \$0 | \$16,419 | 0.1% |
| Miscellaneous | \$1 | \$1 | \$1 | \$0 | \$0 | \$0 | \$5,865 | 0.0% |
| Road Maintenance Revenue ¹ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Subtotal | \$896 | \$720 | \$423 | \$1,748 | \$384 | \$238 | \$12,771,017 | 100.0% |
| Expenses | | | | | | | | |
| General Government | (\$90) | (\$82) | (\$73) | (\$31) | (\$23) | (\$6) | (\$686,220) | 15.4% |
| Protective Inspection | (\$7) | (\$6) | (\$5) | (\$2) | (\$2) | (\$0) | (\$49,995) | 1.1% |
| Parks and Recreation ¹ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Judicial | (\$103) | (\$93) | (\$84) | (\$36) | (\$26) | (\$7) | (\$782,303) | 17.5% |
| Detention & Correction | (\$273) | (\$248) | (\$222) | (\$94) | (\$70) | (\$20) | (\$2,072,622) | 46.4% |
| Fire Protection | (\$2) | (\$2) | (\$1) | (\$1) | (\$0) | (\$0) | (\$13,058) | 0.3% |
| Police Protection | (\$10) | (\$9) | (\$8) | (\$4) | (\$3) | (\$1) | (\$78,289) | 1.8% |
| Public Assistance | (\$19) | (\$17) | (\$16) | \$0 | \$0 | \$0 | (\$89,914) | 2.0% |
| Other Unincorporated Area Public Services | (\$5) | (\$5) | (\$4) | (\$2) | (\$1) | (\$0) | (\$38,907) | 0.9% |
| Other County Wide Public Services | (\$4) | (\$3) | (\$3) | (\$1) | (\$1) | (\$0) | (\$27,081) | 0.6% |
| Education | (\$6) | (\$5) | (\$5) | \$0 | \$0 | \$0 | (\$27,383) | 0.6% |
| Health Services | (\$127) | (\$115) | (\$103) | \$0 | \$0 | \$0 | (\$598,458) | 13.4% |
| Road Maintenance ¹ | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Subtotal | (\$646) | (\$586) | (\$525) | (\$170) | (\$127) | (\$35) | (\$4,464,229) | 100.0% |
| Net Fiscal Impact | \$249 | \$134 | (\$102) | \$1,578 | \$257 | \$202 | \$8,306,789 | |

¹ Upon annexation, these revenues and expenses no longer apply to the County.

APPENDIX C

CITY FISCAL IMPACT ANALYSIS TABLES

Table C-1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical City General Fund Revenue Assumptions (Multiplier Method)

| | Average Revenue | Fiscal Year | | | | | | | |
|---|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Taxes | | | | | | | | | |
| Utility User Taxes | \$18,776,354 | \$16,694,128 | \$17,862,717 | \$20,238,990 | \$19,615,000 | \$19,000,000 | \$19,000,000 | \$18,900,000 | \$18,900,000 |
| Transient Occupancy Taxes | \$1,994,897 | \$2,217,721 | \$2,217,721 | \$2,301,737 | \$2,222,000 | \$2,050,000 | \$1,850,000 | \$1,600,000 | \$1,500,000 |
| Total | \$20,771,252 | \$18,911,849 | \$20,080,438 | \$22,540,727 | \$21,837,000 | \$21,050,000 | \$20,850,000 | \$20,500,000 | \$20,400,000 |
| Franchises | \$3,492,774 | \$2,587,501 | \$2,966,008 | \$3,116,342 | \$4,164,751 | \$3,902,106 | \$3,922,106 | \$3,666,690 | \$3,616,690 |
| Licenses and Permits | | | | | | | | | |
| Business Licenses | \$9,909,156 | \$10,078,122 | \$10,830,466 | \$11,155,380 | \$10,970,111 | \$8,947,462 | \$8,979,630 | \$8,971,045 | \$9,341,032 |
| Other Licenses and Permits | \$137,745 | \$94,440 | \$101,174 | \$91,761 | \$89,700 | \$485,782 | \$93,510 | \$78,242 | \$67,351 |
| Total | \$10,046,901 | \$10,172,562 | \$10,931,640 | \$11,247,141 | \$11,059,811 | \$9,433,244 | \$9,073,140 | \$9,049,287 | \$9,408,383 |
| Fines | \$867,558 | \$609,000 | \$546,835 | \$985,017 | \$1,290,000 | \$970,000 | \$905,000 | \$760,000 | \$874,610 |
| Intergovernmental | \$1,170,389 | \$1,027,200 | \$1,338,500 | \$1,399,711 | \$1,415,750 | \$890,750 | \$885,700 | \$1,079,700 | \$1,325,799 |
| Construction Related Fees | \$2,508,135 | \$3,637,560 | \$3,986,507 | \$3,193,558 | \$3,200,578 | \$1,832,698 | \$1,611,459 | \$1,644,153 | \$958,565 |
| Police and Fire Dept Charges | \$1,203,504 | \$1,332,014 | \$1,524,514 | \$1,590,500 | \$1,438,200 | \$1,055,600 | \$575,200 | \$498,200 | \$1,613,800 |
| Transfers In ¹ | \$1,850,806 | \$1,823,551 | \$1,240,579 | \$1,693,480 | \$2,601,642 | \$2,665,170 | \$1,757,223 | \$1,618,454 | \$1,406,345 |
| Recreation and Neighborhood Fees | | | | | | | | | |
| Commercial Landscape Fee | \$24,375 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$30,000 | \$15,000 | \$15,000 | \$15,000 |
| Other Recreation and Neighborhood Fees | \$542,223 | \$555,555 | \$556,834 | \$554,374 | \$638,770 | \$393,881 | \$471,165 | \$576,677 | \$590,528 |
| Total | \$566,598 | \$585,555 | \$586,834 | \$584,374 | \$668,770 | \$423,881 | \$486,165 | \$591,677 | \$605,528 |
| Other Fees and Charges | \$453,578 | \$184,372 | \$440,148 | \$545,078 | \$544,052 | \$529,865 | \$609,036 | \$763,525 | \$12,551 |
| Miscellaneous Revenue | \$432,159 | \$651,395 | \$531,016 | \$606,013 | \$510,148 | \$253,302 | \$463,003 | \$371,893 | \$70,500 |
| Gas Tax Fund ¹ | | | | | | | | | |
| Intergovernmental (Gas Tax) | \$4,140,194 | \$3,693,720 | \$3,510,000 | \$3,660,000 | \$3,842,096 | \$4,043,555 | \$3,106,108 | \$5,633,038 | \$5,633,038 |
| Other Gas Tax Revenues | \$1,796,213 | \$2,034,765 | \$1,347,070 | \$1,355,082 | \$987,411 | \$826,730 | \$3,418,766 | \$2,973,056 | \$1,426,827 |
| Total | \$5,936,408 | \$5,728,485 | \$4,857,070 | \$5,015,082 | \$4,829,507 | \$4,870,285 | \$6,524,874 | \$8,606,094 | \$7,059,865 |

¹ Excludes transfers between the general fund and gas tax fund.

Table C-2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
City General Fund Revenue Assumptions (Multiplier Method)

| | Average Revenue | Average Revenue per City | | |
|---|-----------------|--------------------------|----------|---------------|
| | | Resident | Employee | Person Served |
| Taxes | | | | |
| Utility User Taxes | \$18,776,354 | -- | -- | \$72.65 |
| Transient Occupancy Taxes | \$1,994,897 | -- | -- | \$7.72 |
| Total | \$20,771,252 | -- | -- | \$80.36 |
| Franchises | \$3,492,774 | -- | -- | \$13.51 |
| Licenses and Permits | | | | |
| Business Licenses | \$9,909,156 | -- | \$89.68 | -- |
| Other Licenses and Permits | \$137,745 | -- | -- | \$0.53 |
| Total | \$10,046,901 | -- | \$89.68 | \$0.53 |
| Fines | \$867,558 | -- | -- | \$3.36 |
| Intergovernmental | \$1,170,389 | -- | -- | \$4.53 |
| Construction Related Fees | \$2,508,135 | -- | -- | \$9.70 |
| Police and Fire Dept Charges | \$1,203,504 | -- | -- | \$4.66 |
| Transfers In | \$1,850,806 | -- | -- | \$7.16 |
| Recreation and Neighborhood Fees | | | | |
| Commercial Landscape Fee | \$24,375 | -- | \$0.22 | -- |
| Other Recreation and Neighborhood Fees | \$542,223 | \$2.67 | -- | -- |
| Total | \$566,598 | \$2.67 | \$0.22 | -- |
| Other Fees and Charges | \$453,578 | -- | -- | \$1.75 |
| Miscellaneous Revenue | \$432,159 | -- | -- | \$1.67 |
| Gas Tax Fund | | | | |
| Intergovernmental (Gas Tax) | \$4,140,194 | \$20.37 | -- | -- |
| Other Gas Tax Revenues | \$1,796,213 | -- | -- | \$6.95 |
| Total | \$5,936,408 | \$20.37 | -- | \$6.95 |

Table C-3
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical City General Fund Expense Assumptions

| | Average Expenditure ¹ | Fiscal Year | | | | | | | |
|--|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| General Government | | | | | | | | | |
| City Council | \$343,556 | \$213,253 | \$220,240 | \$208,136 | \$482,063 | \$442,776 | \$430,153 | \$371,673 | \$380,154 |
| City Manager | \$1,310,620 | \$1,119,812 | \$1,215,985 | \$1,319,994 | \$1,189,443 | \$1,188,773 | \$1,458,750 | \$1,491,139 | \$1,501,060 |
| Personnel/Human Resources | \$1,399,206 | \$1,424,308 | \$1,533,775 | \$1,801,796 | \$1,712,260 | \$1,105,418 | \$1,299,898 | \$1,029,554 | \$1,286,642 |
| City Attorney | \$2,043,139 | \$1,806,534 | \$1,804,258 | \$2,099,775 | \$2,131,027 | \$1,868,062 | \$2,194,815 | \$2,051,285 | \$2,389,356 |
| City Clerk | \$531,491 | \$508,834 | \$703,606 | \$715,184 | \$402,275 | \$356,087 | \$397,493 | \$796,066 | \$372,383 |
| Information Technology | N/A | \$66,550 | \$66,500 | \$66,500 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Finance | \$5,494,098 | \$5,860,772 | \$6,261,297 | \$6,663,346 | \$6,623,815 | \$4,418,579 | \$4,461,784 | \$4,821,398 | \$4,841,790 |
| Auditor | \$174,889 | \$0 | \$0 | \$0 | \$437,427 | \$314,365 | \$316,079 | \$167,487 | \$163,756 |
| Total | \$11,296,999 | \$11,000,063 | \$11,805,661 | \$12,874,731 | \$12,978,310 | \$9,694,060 | \$10,558,972 | \$10,728,602 | \$10,935,141 |
| Public Safety | | | | | | | | | |
| Police Department | \$50,144,930 | \$48,510,855 | \$51,888,031 | \$54,739,375 | \$54,072,560 | \$51,347,585 | \$46,271,713 | \$47,223,960 | \$47,105,361 |
| Fire Department | \$25,338,345 | \$23,960,376 | \$25,735,655 | \$27,962,667 | \$26,996,800 | \$24,284,038 | \$24,215,296 | \$25,093,361 | \$24,458,566 |
| Total | \$75,483,275 | \$72,471,231 | \$77,623,686 | \$82,702,042 | \$81,069,360 | \$75,631,623 | \$70,487,009 | \$72,317,321 | \$71,563,927 |
| Transfers Out/Non-Departmental ² | \$3,877,320 | \$3,320,846 | \$6,147,366 | \$5,717,794 | \$4,890,497 | \$3,116,477 | \$1,876,862 | \$2,894,624 | \$3,054,093 |
| Community and Economic Development | \$5,993,933 | \$5,525,049 | \$6,313,766 | \$6,654,885 | \$7,768,797 | \$5,558,387 | \$5,078,184 | \$5,298,823 | \$5,753,576 |
| Parks, Recreation, and Neighborhoods | \$11,449,714 | \$11,693,456 | \$12,057,046 | \$13,141,396 | \$12,003,419 | \$11,333,495 | \$10,192,702 | \$10,464,407 | \$10,711,788 |
| Public Works | N/A | \$2,357,877 | \$6,713,599 | \$7,227,431 | \$4,373,829 | \$310,781 | \$304,161 | \$0 | \$0 |
| Gas Tax Services ² | \$8,762,960 | \$11,112,950 | \$8,234,060 | \$8,163,295 | \$9,122,743 | \$8,227,099 | \$8,910,188 | \$7,979,861 | \$8,353,485 |

¹ If a service includes no budget for at least the last two years of the analysis (2011-12 and 2012-13), it is assumed that the service has been discontinued or subsumed into another budget line item.

² Excludes transfers between the general fund and gas tax fund.

Table C-4
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
City General Fund Expense Assumptions

| | Average Expenditure | Average Expense per City | | |
|--|------------------------|-----------------------------|----------|---------------|
| | | Resident | Employee | Person Served |
| General Government | | | | |
| City Council | \$343,556 | -- | -- | \$1.33 |
| City Manager | \$1,310,620 | -- | -- | \$5.07 |
| Personnel/Human Resources | \$1,399,206 | -- | -- | \$5.41 |
| City Attorney | \$2,043,139 | -- | -- | \$7.90 |
| City Clerk | \$531,491 | -- | -- | \$2.06 |
| Information Technology | N/A | -- | -- | -- |
| Finance | \$5,494,098 | -- | -- | \$21.26 |
| Auditor | \$174,889 | -- | -- | \$0.68 |
| Total | \$11,296,999 | -- | -- | \$43.71 |
| Total General Government | \$11,296,999 | | | |
| Services Impacted by New Growth ¹ | 75% | | | |
| Net General Government | \$8,472,749 | -- | -- | \$32.78 |
| Public Safety | | | | |
| Police Department | \$50,144,930 | -- | -- | \$194.01 |
| Fire Department | \$25,338,345 | -- | -- | \$98.03 |
| Total | \$75,483,275 | -- | -- | \$292.05 |
| Transfers Out | \$3,877,320 | -- | -- | \$15.00 |
| Community and Economic Development | \$5,993,933 | -- | -- | \$23.19 |
| Parks, Recreation, and Neighborhoods | \$11,449,714 | \$56.34 | -- | -- |
| Public Works | N/A | -- | -- | -- |
| Gas Tax Services | \$8,762,960 | -- | -- | \$33.90 |

¹ It is estimated that 25% of the activities under the General Government Administration expense category will not grow significantly, if at all, due to new development.

Table C-5
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Existing Development)
City General Fund

| Annual Revenues/Expenses | Total Annual Impacts | Percent of Total |
|---|----------------------------|---------------------|
| Revenues | | |
| Property Tax | \$0 | 0.0% |
| Real Property Transfer Tax ¹ | \$39,169 | 0.8% |
| Sales and Use Tax | \$1,256,965 | 25.2% |
| Public Safety Sales Tax | \$11,838 | 0.2% |
| Property Tax In-Lieu of VLF | \$0 | 0.0% |
| Salida Lighting Assessment | \$93,371 | 1.9% |
| Taxes: Transient Occupancy Tax | \$475,002 | 9.5% |
| Taxes: Utilities Users Tax | \$1,254,849 | 25.2% |
| Franchises | \$233,427 | 4.7% |
| Licenses and Permits | \$615,726 | 12.3% |
| Fines | \$57,980 | 1.2% |
| Intergovernmental | \$78,219 | 1.6% |
| Construction Related Fees | \$167,622 | 3.4% |
| Police and Fire Dept Charges | \$80,432 | 1.6% |
| Transfers In | \$123,692 | 2.5% |
| Recreation and Neighborhood Fees | \$38,558 | 0.8% |
| Other Fees and Charges | \$30,313 | 0.6% |
| Miscellaneous Revenue | \$28,882 | 0.6% |
| Gas Tax Fund | \$403,067 | 8.1% |
| Subtotal | \$4,989,112 | 100.0% |
| Expenses | | |
| General Government | (\$566,245) | 7.4% |
| Public Safety (Police & Fire) | (\$5,044,650) | 66.0% |
| Transfers Out | (\$259,127) | 3.4% |
| Community and Economic Development | (\$400,583) | 5.2% |
| Parks, Recreation, and Neighborhoods | (\$782,703) | 10.2% |
| Public Works | \$0 | 0.0% |
| Gas Tax Services | (\$585,641) | 7.7% |
| Subtotal | (\$7,638,948) | 100.0% |
| Net Fiscal Impact | (\$2,649,836) | |

¹ Assumes an average turnover rate of 7.5%.

Table C-6
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Future Development)
City General Fund

| Annual Revenues/Expenses | Annual Impacts | | | | | | Total Annual Impacts | Percent of Total |
|--------------------------------------|----------------------|----------------|----------------|-------------------|--------------|--------------|----------------------|------------------|
| | per Residential Unit | | | per 1,000 Bldg SF | | | | |
| | R-1 | R-2 | R-3 | C-1 & C-2 | IBP | PI | | |
| Revenues | | | | | | | | |
| Property Tax: Secured | \$155 | \$124 | \$72 | \$70 | \$62 | \$41 | \$1,663,331 | 9.4% |
| Property Tax: Unsecured | \$2 | \$1 | \$1 | \$7 | \$6 | \$4 | \$107,338 | 0.6% |
| Real Property Transfer Tax | \$21 | \$17 | \$5 | \$5 | \$4 | \$3 | \$150,061 | 0.8% |
| Sales and Use Tax | \$0 | \$0 | \$0 | \$2,743 | \$55 | \$0 | \$6,444,583 | 36.2% |
| Public Safety Sales Tax | \$0 | \$0 | \$0 | \$26 | \$1 | \$0 | \$60,697 | 0.3% |
| Property Tax In-Lieu of VLF | \$381 | \$305 | \$178 | \$173 | \$152 | \$102 | \$4,096,667 | 23.0% |
| Taxes (UUT & TOT) | \$257 | \$233 | \$209 | \$89 | \$66 | \$18 | \$1,951,217 | 11.0% |
| Franchises | \$43 | \$39 | \$35 | \$15 | \$11 | \$3 | \$328,105 | 1.8% |
| Licenses and Permits | \$2 | \$2 | \$1 | \$198 | \$147 | \$41 | \$1,669,454 | 9.4% |
| Fines | \$11 | \$10 | \$9 | \$4 | \$3 | \$1 | \$81,497 | 0.5% |
| Intergovernmental | \$14 | \$13 | \$12 | \$5 | \$4 | \$1 | \$109,944 | 0.6% |
| Construction Related Fees | \$31 | \$28 | \$25 | \$11 | \$8 | \$2 | \$235,610 | 1.3% |
| Police and Fire Dept Charges | \$15 | \$14 | \$12 | \$5 | \$4 | \$1 | \$113,055 | 0.6% |
| Transfers In | \$23 | \$21 | \$19 | \$8 | \$6 | \$2 | \$173,862 | 1.0% |
| Recreation and Neighborhood Fees | \$9 | \$8 | \$7 | \$0 | \$0 | \$0 | \$44,215 | 0.2% |
| Other Fees and Charges | \$6 | \$5 | \$5 | \$2 | \$1 | \$0 | \$42,608 | 0.2% |
| Miscellaneous Revenue | \$5 | \$5 | \$4 | \$2 | \$1 | \$0 | \$40,596 | 0.2% |
| Gas Tax Fund | \$87 | \$79 | \$71 | \$8 | \$6 | \$2 | \$475,231 | 2.7% |
| Subtotal | \$1,061 | \$902 | \$664 | \$3,369 | \$537 | \$222 | \$17,788,072 | 100.0% |
| Expenses | | | | | | | | |
| General Government | (\$105) | (\$95) | (\$85) | (\$36) | (\$27) | (\$8) | (\$795,916) | 7.6% |
| Public Safety (Police & Fire) | (\$935) | (\$847) | (\$759) | (\$322) | (\$239) | (\$67) | (\$7,090,773) | 67.6% |
| Transfers Out | (\$48) | (\$44) | (\$39) | (\$17) | (\$12) | (\$3) | (\$364,229) | 3.5% |
| Community and Economic Development | (\$74) | (\$67) | (\$60) | (\$26) | (\$19) | (\$5) | (\$563,060) | 5.4% |
| Parks, Recreation, and Neighborhoods | (\$180) | (\$163) | (\$146) | \$0 | \$0 | \$0 | (\$847,621) | 8.1% |
| Public Works | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | 0.0% |
| Gas Tax Services | (\$108) | (\$98) | (\$88) | (\$37) | (\$28) | (\$8) | (\$823,178) | 7.9% |
| Subtotal | (\$1,450) | (\$1,314) | (\$1,178) | (\$437) | (\$325) | (\$91) | (\$10,484,777) | 100.0% |
| Net Fiscal Impact | (\$389) | (\$412) | (\$514) | \$2,932 | \$212 | \$131 | \$7,303,295 | |

APPENDIX D

FIRE AUTHORITY FISCAL IMPACT ANALYSIS TABLES

Table D-1
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical Fire Authority Revenue Assumptions (Multiplier Method)

| | Average Revenue | Fiscal Year | | | | | | | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|--------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| City ¹ | | | | | | | | | |
| City Contribution | <i>Incl in total</i> | \$23,388,509 | \$24,458,566 |
| Fees | <i>Incl in total</i> | \$729,443 | \$729,443 |
| Total City Revenues | \$25,307,599 | \$23,960,376 | \$25,735,655 | \$27,962,667 | \$26,996,800 | \$24,284,038 | \$24,215,296 | \$24,117,952 | \$25,188,009 |
| County ¹ | | | | | | | | | |
| County OES | \$1,387,987 | \$1,012,744 | \$1,276,997 | \$1,383,224 | \$1,514,289 | \$1,436,561 | \$1,307,284 | \$1,541,930 | \$1,630,868 |
| County General Fund | \$336,427 | \$0 | \$300,000 | \$300,000 | \$291,000 | \$291,000 | \$264,810 | \$622,304 | \$622,304 |
| Total County Revenues | \$1,724,414 | \$1,012,744 | \$1,576,997 | \$1,683,224 | \$1,805,289 | \$1,727,561 | \$1,572,094 | \$2,164,234 | \$2,253,172 |

¹ City and County revenues for FY 2005-06 through FY 2010-11 are estimated using each agency's budgeted expenditures for fire service. Estimated revenues for FY 2011-12 and FY 2012-13 are based on budgets for the Fire Authority.

Table D-2
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Fire Authority Revenue Assumptions (Multiplier Method)

| | Average Revenue | Average Revenue per Fire Authority | | |
|---------------|-----------------|------------------------------------|----------|---------------|
| | | Resident | Employee | Person Served |
| City | \$25,307,599 | -- | -- | \$91.78 |
| County | \$1,724,414 | -- | -- | \$6.25 |

Source: Goodwin Consulting Group, Inc.

2/6/2013

Table D-3
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Historical Fire Authority Expense Assumptions ¹

| | Average Expenditure | Fiscal Year | | | | | | | |
|---|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------|----------------------|
| | | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 |
| Salaries, Benefits, & Employee Costs | | | | | | | | | |
| Total City Expenses | <i>Incl in total</i> | \$23,960,376 | \$25,735,655 | \$27,962,667 | \$26,996,800 | \$24,284,038 | \$24,215,296 | <i>Incl in total</i> | <i>Incl in total</i> |
| Total County Expenses | <i>Incl in total</i> | \$1,012,744 | \$1,576,997 | \$1,683,224 | \$1,805,289 | \$1,727,561 | \$1,572,094 | <i>Incl in total</i> | <i>Incl in total</i> |
| Salida Fire Salaries, Benefits, & Employee Costs | <i>Incl in total</i> | \$1,040,650.00 | \$1,217,740.31 | \$1,304,798.17 | \$1,329,955.63 | \$1,369,238.00 | \$1,359,771.00 | <i>Incl in total</i> | <i>Incl in total</i> |
| Total | \$27,404,394 | \$26,298,620 | \$28,524,657 | \$30,938,690 | \$30,150,640 | \$27,333,940 | \$27,173,531 | \$24,040,051 | \$24,775,024 |
| Services, Supplies, & Internal Service Charges | \$1,367,746 | \$264,575 | \$274,020 | \$267,131 | \$288,875 | \$223,403 | \$270,405 | \$4,615,727 | \$4,737,833 |
| Other Charges & Contingencies | \$26,747 | \$20,275 | \$20,245 | \$20,870 | \$20,720 | \$20,700 | \$20,775 | \$0 | \$90,391 |

¹ Estimated costs for FY 2005-06 through FY 2010-11 are based on budgets for Salida Fire, the City, and the County. Estimated costs for FY 2011-12 and FY 2012-13 are based on budgets for the Fire Authority.

Table D-4
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Fire Authority Expense Assumptions

| | Average Expenditure | Average Expense per Fire Authority | | |
|---|------------------------|---------------------------------------|----------|---------------|
| | | Resident | Employee | Person Served |
| Salaries, Benefits, & Employee Costs | \$27,404,394 | -- | -- | \$99.39 |
| Services, Supplies, & Internal Service Charges | \$1,367,746 | -- | -- | \$4.96 |
| Other Charges & Contingencies | \$26,747 | -- | -- | \$0.10 |

Source: Goodwin Consulting Group, Inc.

2/6/2013

Table D-5
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Existing Development)
Fire Authority

| Annual Revenues/Expenses | Total Annual Impacts | Percent of Total |
|--|----------------------------|---------------------|
| <u>Revenues</u> | | |
| Property Tax | \$276,346 | 12.5% |
| Salida Fire Assessment | \$244,373 | 11.0% |
| City | \$1,585,385 | 71.6% |
| County | \$108,025 | 4.9% |
| Subtotal | \$2,214,129 | 100.0% |
| <u>Expenses</u> | | |
| Salaries, Benefits, & Employee Costs | (\$1,716,738) | 95.2% |
| Services, Supplies, & Internal Service Charges | (\$85,682) | 4.7% |
| Other Charges & Contingencies | (\$1,676) | 0.1% |
| Subtotal | (\$1,804,095) | 100.0% |
| Net Fiscal Impact | \$410,034 | |

Source: Goodwin Consulting Group, Inc.

2/6/2013

Table D-6
Salida Area / Stanislaus County
Fiscal Analysis Assuming Annexation to Modesto
Summary of Annual Net Fiscal Impacts (Future Development)
Fire Authority

| Annual Revenues/Expenses | Annual Impacts | | | | | | Total Annual Impacts | Percent of Total |
|--|----------------------|--------------|-------------|-------------------|-------------|-------------|----------------------|------------------|
| | per Residential Unit | | | per 1,000 Bldg SF | | | | |
| | R-1 | R-2 | R-3 | C-1 & C-2 | IBP | PI | | |
| Revenues | | | | | | | | |
| Property Tax: Secured | \$151 | \$121 | \$70 | \$68 | \$60 | \$40 | \$1,623,439 | 37.3% |
| Property Tax: Unsecured | \$2 | \$1 | \$1 | \$7 | \$6 | \$4 | \$104,764 | 2.4% |
| Salida Fire Assessment | \$45 | \$45 | \$35 | \$1 | \$1 | \$1 | \$238,288 | 5.5% |
| City | \$294 | \$266 | \$239 | \$101 | \$75 | \$21 | \$2,228,421 | 51.3% |
| County | \$20 | \$18 | \$16 | \$7 | \$5 | \$1 | \$151,841 | 3.5% |
| Subtotal | \$511 | \$451 | \$361 | \$184 | \$147 | \$68 | \$4,346,752 | 100.0% |
| Expenses | | | | | | | | |
| Salaries, Benefits, & Employee Costs | (\$318) | (\$288) | (\$258) | (\$110) | (\$81) | (\$23) | (\$2,413,051) | 95.2% |
| Services, Supplies, & Internal Service Charges | (\$16) | (\$14) | (\$13) | (\$5) | (\$4) | (\$1) | (\$120,435) | 4.7% |
| Other Charges & Contingencies | (\$0) | (\$0) | (\$0) | (\$0) | (\$0) | (\$0) | (\$2,355) | 0.1% |
| Subtotal | (\$334) | (\$303) | (\$272) | (\$115) | (\$86) | (\$24) | (\$2,535,841) | 100.0% |
| Net Fiscal Impact | \$177 | \$148 | \$90 | \$69 | \$62 | \$44 | \$1,810,911 | |

Source: Goodwin Consulting Group, Inc.

2/6/2013