

**COUNTY OF SACRAMENTO
CALIFORNIA**

For the Agenda of:
February 1, 2005

To: Board of Supervisors

From: County Executive's Office
Municipal Services Agency

Subject: Mello-Roos Community Facilities District To Fund Sheriff Services

Contact: Geoff Davey, Chief Financial/Operations Officer, 874-5803
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Overview

During the FY 2004-05 Final Budget hearings last summer, your Board directed that the County Executive's Office report back at the Mid-Year Budget hearings regarding the possible implementation of a Mello-Roos Community Facilities District (CFD) in the unincorporated area to provide supplemental funding for Sheriff services to new developments. This report back includes a fiscal impact analysis (Study) that examines the impact of new residential development on the County's General Fund and recommends the formation of a CFD with the first two rezones in the North Vineyard Station Specific Plan area. Future rezones in the unincorporated area are proposed to be annexed into this CFD.

Recommendations

1. Direct the Municipal Services Agency to proceed with the formation of a CFD to provide funding for Sheriff services and bring a Resolution of Intention to form the CFD to the Board on March 15, 2005.
2. Direct the Municipal Services Agency to condition all future residential rezones in the unincorporated area to annex into the CFD.

Measures/Evaluation

Not applicable.

Fiscal Impact

The Study shows that the net negative fiscal impact of providing General Fund municipal services to new development in the unincorporated area is \$668 per unit. The recommended special tax rate to fund Sheriff services for the CFD is \$300 per single family home and \$220 per multi-family unit, which substantially reduces this impact but does not completely resolve the issue. For the North Vineyard Station Specific Plan, Elverta Specific Plan and Florin-Vineyard Gap areas alone, annual revenues from this CFD are estimated to be \$100,000 initially and more than \$6.4 million at buildout, in 2004 dollars.

BACKGROUND:

During the FY 2004-05 Final Budget hearings last summer, your Board directed that the County Executive's Office report back at the Mid-Year Budget hearings regarding the possible implementation of a CFD in the unincorporated area to provide supplemental funding for Sheriff services to new developments. Similar special taxes have been applied to residential development by the cities of Elk Grove and Rancho Cordova as a result of shortfalls in municipal revenue caused by the Education Revenue Augmentation Fund (ERAF) property tax shifts from local government to schools. In the County's case, the shortfall caused by ERAF has been exacerbated by slower growth in sales tax revenue. Since your Board directed the report back last summer, you have subsequently conditioned the approval of rezones in the North Vineyard Station Specific Plan area to form and participate in such a CFD.

In August of 1995, your Board considered the creation of County Service Areas to fund extended levels of Sheriff services in new growth areas. At that time, your Board was concerned about the equity of such additional taxation and service provision on such a limited, narrow basis, and your Board decided not to proceed with the proposal until after broader consideration is given to planning for community public safety.

DISCUSSION:

Currently, new residential development generates insufficient General Fund revenues to pay for the General Fund expenses of serving the area, including Sheriff services. The Sheriff services provided by the County today are provided at a level below the Sheriff Department's adopted service standard. Approval of new development without any additional revenue sources will only worsen the current situation, resulting in continued impact on the General Fund and possibly reducing the level of Sheriff services provided to the unincorporated area.

The proposal before you today is different than the 1995 proposal to provide a higher level of Sheriff services to new growth areas and levy a tax to fund the cost of providing those extended services. Today's proposal assumes that the same service level is provided to new and existing development, and recommends levying a special tax on new residential development to fund a portion of the cost to provide this service. The Sheriff services to be provided to new residential development will not supplant existing services because only limited Sheriff services are provided to these areas in the undeveloped state. Although the proposed special tax will only fund a portion of the Sheriff services, the special tax rate is based upon the negative impact of new residential development on all General Fund services. Thus, new development can make up for some or all of this negative impact with a special tax that will be authorized to fund a portion of the Sheriff services.

The County retained MuniFinancial to prepare the attached Study to measure the impact of new residential development on the County's General Fund. Fiscal impact analysis is commonly used to estimate a local government's ability to afford services to new development. The analysis uses current revenue and expenditure data to make projections of future revenues and expenses based on a development scenario. For this analysis, MuniFinancial examined the impact of the North Vineyard Station, Florin-Vineyard Gap, and Elverta Specific Plan developments as representative of residential growth throughout the unincorporated area.

The analysis examined two methods for calculating costs and revenue for the unincorporated area. First, the analysis examined costs generated by unincorporated area growth on that portion of the General Fund associated only with providing municipal services (sheriff patrol and investigation, animal control, planning, overhead, etc.). To calculate net fiscal impact this method deducted revenues generated by unincorporated area development (e.g. a portion of the property tax, all sales tax). Under this method the study estimated that the annual negative impact of residential development was \$668 per housing unit (\$702 for single family homes and \$520 for multi-family units).

Second, the analysis examined the total impact of residential development on the General Fund by adding the cost of countywide services (criminal justice, health and social services, overhead, etc.) to the municipal service costs discussed above. This method included all General Fund revenues generated by development including the revenues discussed above plus vehicle license fees and the County's entire property tax share. Under this method the net negative fiscal impact was reduced to \$475 per unit (at buildout).

The net negative fiscal impact of providing municipal services to unincorporated residential development is \$668 per unit. Substantially all of this negative impact could be attributed to sheriff services which are estimated to cost about \$700 per single family home. To partially reduce this negative impact staff recommends a special tax of \$300 for single family homes and \$220 for multi-family units, subject to an annual escalator, based on the following:

1. Applying current surplus countywide revenues such as vehicle license fees against this deficit reduces the negative impact to \$475 per unit at buildout. It is important to note that typically, over time as newer neighborhoods age, the incidence of countywide services costs tends to increase, as issues related to countywide services tend to be associated more with mature/older neighborhoods. The analysis of the credit available from projected net surplus from countywide services/revenues to offset the unincorporated area services/revenue deficit makes no adjustment for this possible outcome and the resulting smaller surplus in countywide service/revenues that might be ultimately available.
2. The unincorporated area will also see some limited nonresidential development such as neighborhood retail projects that would further reduce the negative impact of housing.
3. The County should consider the level of special taxes imposed by other communities for police protection as described below.

The neighboring cities of Elk Grove, Rancho Cordova and Roseville have already adopted similar special taxes. Elk Grove formed a CFD to fund police services in 2003 with a maximum tax rate of \$325 for single family homes. That same year, Rancho Cordova created a Special Police Tax Area (based upon Government Code Section 53978) and approved a maximum rate of \$250 per year. In 2004, the City of Roseville approved a CFD with a maximum tax rate of \$293 for single family homes to fund public services including police protection, fire protection and suppression, flood and storm protection services, and other services. Similar special taxes have been approved by other California cities with tax rates ranging from \$70 to \$400. In some

cities, including Elk Grove, a similar fiscal impact study was conducted to justify a special tax rate. In other Cities, the estimated cost of providing the services was used to justify the tax rate.

With approval of today's action, staff will bring a resolution of intention to form the CFD to your Board on March 15, 2005. The initial boundaries of the proposed CFD are the Vineyard Point and the Vineyard Creek subdivisions in the North Vineyard Station Specific Plan area, which will include 1,041 single-family units. Included in the resolution of intention will be a rate and method of apportionment, which will detail how the special tax will be apportioned and levied on residential development. The public hearing for the formation of the CFD is scheduled for May 3, 2005. After forming the CFD, a landowner election will be held in July on the question of authorizing the special tax. After the election your Board will canvass the results and if more than two thirds of the votes are cast in favor of the special tax, the special tax will be authorized. Staff has shared this report with the North Vineyard Station developers and the Building Industry Association and will conduct outreach with these groups prior to the formation of the CFD.

Today's actions also provide direction to condition every future residential rezone in the unincorporated area to annex into the CFD. As new development continues in the unincorporated area, the boundaries of the CFD will increase. Each annexation will require a resolution of intention, public hearing, resolution of annexation, and election. Given the amount of projects that will be required to annex to the CFD, this could require considerable Board and staff time to process the annexations.

FINANCIAL ANALYSIS:

Muni-Financial's Study confirms that new residential development generates insufficient General Fund revenues to pay for the General Fund expenses of serving the area. The proposed CFD will provide the County with additional funding for a portion of the Sheriff's service costs associated with new development so that new development provides less of an impact on the General Fund. Revenues from the special tax will not be significant at first but as more and more rezones are conditioned, revenues will increase every year. Based upon the absorption modeled in the study and the proposed special tax rate, annual revenues for North Vineyard Station, Elverta, and Florin Vineyard Gap areas are expected to be approximately \$100,000 in 2006 and over \$6.4 million at buildout (in 2004 dollars). This does not include rezones in other areas that would also be conditioned so overall revenues will be higher. Administrative costs will be funded by tax collections and the cost of processing annexations will be funded by the developers requesting annexation, possibly with an annexation fee.

CONCLUSION:

As mentioned above, your Board requested this report back on a CFD to provide supplemental funding for Sheriff services to new developments. This proposed CFD special tax would provide funding in the amount of \$300 per single family home and \$220 per multi-family unit. This tax would fund a portion of the cost of providing Sheriff services to new development and would partially mitigate the negative fiscal impact of new development on the County General Fund. Even with the proposed CFD and special tax, approval of new development will still negatively impact the General Fund and the County will need to find additional solutions to completely solve this problem. If your Board approves today's actions, staff will return in March with a resolution of intention and will begin to recommend appropriate conditions to all residential rezones.

Respectfully submitted,

Approved:

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Terry Schutten
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Geoff B. Davey,
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By: _____
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Attachment

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COUNTY OF SACRAMENTO FISCAL IMPACT ANALYSIS



JANUARY 27, 2004

FINAL



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EXECUTIVE SUMMARY

The County of Sacramento has experienced accelerated growth during the last decade. In this climate, the County's ability to provide services has become strained. Additional contributing factors include the general fiscal challenges facing the County during a time of mandated reallocations of county tax revenues. In an effort to decrease declining levels of service driven by rapid growth and unprecedented revenue shortfalls as well as to sustain the quality of life for its residents, the County of Sacramento seeks to identify and implement reliable, predictable and alternate funding stream in the unincorporated areas of the county.

This report summarizes a comprehensive analysis completed for the County of Sacramento to determine the fiscal impact of further development in unincorporated regions. This study was undertaken to determine whether or not development results in a negative impact on the County's ability to finance services funded by the County's General Fund; and if so, the amount of the fiscal impact. The County is considering the imposition of special taxes on new development in these unincorporated areas to offset the negative impacts of that development.

The Government Code establishes that certain services may be funded with special tax revenue, in addition to general administrative costs and overhead. These services include: police protection, fire protection and suppression, emergency services, recreational programs, library services, and operation/maintenance of public facilities such as schools, museums, parks, parkways, and open space.

Two different scenarios were used to analyze the fiscal impact. The first, referred in this report as "Unincorporated services", examined costs generated by unincorporated area growth on that portion of the General Fund associated only with providing municipal services (sheriff patrol and investigation, animal control, planning, overhead, etc.). The second, referred to as "Countywide," examined the total impact of residential development on the General Fund by adding the cost of countywide services (criminal justice, health and social services, overhead, etc.) to the municipal service costs discussed above. This method included all General Fund revenues generated by development including the revenues discussed above plus vehicle license fees and the County's entire property tax share.

The land use scenario used in the fiscal model is representative of the types of land uses associated with residential growth in the County of Sacramento, including single family and multi-family development.

Based on this analysis under the unincorporated services scenario, the estimated annual negative fiscal impact of residential development at buildout in the unincorporated areas of the County of Sacramento is \$668 per average unit. By housing type, the negative fiscal impacts are \$702 per single family residence and \$520 per multi-family residence. Under the Countywide scenario, the net negative fiscal impact was reduced to \$475 per average unit. Under this scenario, the estimated negative fiscal impact of residential

development is \$475 per average dwelling unit, with single family residences creating a negative fiscal impact of \$486 and multi-family units creating a negative impact of \$430. A description of the Community Facilities District formation process is included at the end of this document.

INTRODUCTION

Fiscal impact analysis is a commonly used method to estimate a local government's ability to afford services. The analysis is based on the County's current revenues and expenditures and utilizes this data to make projections of future revenues and expenses.

This study was undertaken to determine whether or not development results in a negative impact on the General Fund of the County of Sacramento. Residential development typically generates a negative fiscal impact. Because of diversions by the State of property tax revenue from the General Fund and declining levels of service, the County is considering the imposition of special taxes on new residential development in unincorporated areas to offset any negative impact.

The Government Code establishes that the following services, including the associated general administrative costs and overhead, may be funded with special tax revenue:

- ◆ Police protection services.
- ◆ Fire protection and suppression services
- ◆ Ambulance and paramedic services
- ◆ Recreation program services, library services, maintenance services for elementary and secondary school sites and structures, and the operation and maintenance of public use facilities, such as schools, museums, parks, parkways, and open space.

The fiscal impact analysis described here is based upon a fiscal model template constructed by MuniFinancial and customized to County of Sacramento conditions. This model template has been used extensively to evaluate the fiscal impacts of new development on a variety of City and County services throughout California.

METHODOLOGY AND ASSUMPTIONS

The fiscal impact model uses a variety of projection methods depending on the particular revenue or cost line item. The revenue and cost factors are applied to a land use scenario to estimate annual revenues and expenditure impacts on the County's General Fund. All estimates are in constant (2004) dollars.

Land Use Assumptions

To develop the land use scenario used in the fiscal model we had to characterize the types of land uses associated with growth in Sacramento. The land uses used for this purpose are:

- ◆ Single family residential development and
- ◆ Multi-family residential development

For the purpose of this analysis, land use absorption scenarios were developed for three of the county's unincorporated regions: North Vineyard Station, Florin-Vineyard, and Elverta. The scenarios are summarized in **Table 1**. Absorption is assumed to occur over a twenty five-year period. Absorption estimates are based on a review of development documents and discussions with county planning staff and developers.

Table 1: Absorption Scenario - Typical Subdivision

FY Ending	2006	2011	2016	2021	2026	Total
North Vineyard Station¹						
<i>Residential (dwelling units)</i>						
Single Family	329	329	329	-	-	4,931
Multi-family	-	75	75	75	-	1,119
Total	329	403	403	75	-	6,050
Florin - Vineyard¹						
<i>Residential (dwelling units)</i>						
Single Family	-	479	479	479	479	9,580
Multi-family	-	124	124	124	124	2,486
Total	-	603	603	603	603	12,066
Elverta¹						
<i>Residential (dwelling units)</i>						
Single Family	-	395	-	-	-	3,872
Multi-family	-	88	-	-	-	628
Total	-	483	-	-	-	4,500
Total	329	1,490	1,007	678	603	22,616

¹The County Board of Supervisors approved affordable housing requirements effective January 10, 2005. The 15% inclusionary requirement may require changes to the housing mix provided in these developments.

Sources: Sacramento County Planning; Elverta Specific Plan; North Vineyard Station Finance Plan; Lennar Communities; River West Investments; Ryan/Erdis Development; Thompson+Brown Realty; Howard Realty; MuniFinancial.

Table 2 summarizes other land use assumptions used in the analysis. Values are based on reasonable planning level estimates for development within the County of Sacramento. Density and vacancy assumptions are based on 2000 Census estimates and updated based on 2004 California Department of Finance estimates for the County of Sacramento. The turnover (holding period) rates reflect reasonable assumptions used in fiscal impact analysis and applicable to these areas. **Table 3** presents the projected service population based on Tables 1 and 2.

Table 2: Land Use Assumptions - New Units

Land Use Type	Assessed Value per Unit/Sq. Ft.	Density¹	Holding Period (years)	Vacancy	Occupancy
North Vineyard Station					
<i>Residential</i>					
Single Family	\$ 375,000	2.90	10	4.5%	95.5%
Multi-family	225,000	2.10	10	4.5%	95.5%
Florin - Vineyard					
<i>Residential</i>					
Single Family	\$ 350,000	2.90	10	4.5%	95.5%
Multi-family	210,000	2.10	10	4.5%	95.5%
Elverta					
<i>Residential</i>					
Single Family	\$ 325,000	2.90	10	4.5%	95.5%
Multi-family	195,000	2.10	10	4.5%	95.5%

¹ Persons per dwelling unit.

Source: 2000 Census Tables H-31, H-32, H-33; CA Department of Finance; MuniFinancial.

Table 3: Residents - Average Subdivision

FY Ending	2006	2011	2016	2021	2026	2029
North Vineyard Station						
<i>Residential (dwelling units)</i>						
Single Family	953	5,720	10,487	14,300	14,300	14,300
Multi-family	-	783	1,567	2,350	2,350	2,350
Total	953	6,503	12,053	16,650	16,650	16,650
Florin - Vineyard						
<i>Residential (dwelling units)</i>						
Single Family	-	4,167	11,113	18,058	25,004	27,782
Multi-family	-	783	2,088	3,393	4,699	5,221
Total	-	4,950	13,201	21,452	29,702	33,003
Elverta						
<i>Residential (dwelling units)</i>						
Single Family	-	6,643	11,229	11,229	11,229	11,229
Multi-family	-	580	1,319	1,319	1,319	1,319
Total	-	7,223	12,548	12,548	12,548	12,548
Total	953	18,676	37,802	50,649	58,900	62,200

Source: MuniFinancial

Per Capita Cost and Revenue Methodology

As further explained below, the fiscal model uses inputs of current revenues and expenditures per capita. Current countywide and unincorporated population and employment data was obtained from the California Department of Finance and the Council of Sacramento County Governments (SCOG), respectively. **Table 4** summarizes the current unincorporated County of Sacramento service population assumptions used in the model. Depending on the per capita factor, employment is weighted at different values compared to residents based on estimated revenue generation or service demand per employee (see discussion below).

Table 4: Unincorporated Sacramento County Current Service Population

2004	
Residents	601,700
Employees	<u>249,625</u>
Total	851,325

Sources: California Department of Finance (DOF); Sacramento Area Council of Governments (SACOG); MuniFinancial.

Tables 5 and 6 summarize the County's General Fund per capita assumptions included in the model for revenues and costs, respectfully. Model inputs for line items with "See Case Study Analysis" are described in subsequent sections.

The per capita modeling method is used for most of the model's cost and revenue factors. These factors represent current countywide averages that are not expected to vary substantially for future development.

Inputs are based on FY 2004-05 budgeted revenues and expenditures for the County and the current countywide resident and worker (employment) population shown in Table 4.

The per capita factors were calculated by weighting each revenue or expenditure line item by the appropriate service population. The service population includes the current residential and employment population in the unincorporated areas of the county, with employment weighted to varying degrees depending on the specific revenue or cost line item, as explained below.

- ◆ MuniFinancial has assumed a weighting of 0.24 for employment on most revenues and expenditures. This assumption is based on dividing the 168-hour week by the average employee 40-hour work week, resulting in a weighting of 24 percent or 0.24 (40 hours is 24 percent of 168 hours).
- ◆ An employment weighting of zero was given for revenues and expenditures not associated with employment.

- ◆ Based on our experience with other counties throughout the state, employment is weighted higher for transient occupancy and franchise taxes.
- ◆ The weighting for interest income and cash & short order is based on the average of all other revenues.

To calculate the per capita revenue and expenditures, the model multiplies the budget line item by either the resident or employment weighting factor and then divides by the resident weighting factor multiplied by the total residents added to the employment weighting factor multiplied by total employment.

For example, in the case of the resident per capita for county animal license fee revenue as shown in Table 5, the model multiplies \$684,507 by the resident weighting factor of 1.0 and then divides by the sum of the resident weighting factor of 1.0 multiplied by the resident population of 601,700 in unincorporated areas, and the employment weighting factor of 0.24 multiplied by the employment number of 249,625 in unincorporated areas. The outcome equals \$1.03.

$$(\$684,507 * 1.0) / ((1.0 * 601,700) + (0.24 * 249,625)) = \$1.03$$

The model multiplies these per capita revenue and expenditure factors by the service population associated with the land use scenario to calculate total revenues and costs associated with development. With the analysis on unincorporated services only, the per capita factors are drawn from the column listing the unincorporated allocation. For the countywide analysis, per capita factors are drawn from both the countywide and unincorporated allocations.

Table 5: Sacramento County - General Fund Per Capita Revenue

	FY 2004-05 Total Discretionary Revenue	Allocation By Service Area		Allocation By Service Population		Countywide Allocation			Unincorporated Allocation		
		County- wide	Unincor- porated	Resident	Emp- loyee	Total Countywide Revenues	Per Capita Revenue		Total Unincor- porated Revenues	Per Capita Revenue	
							Per Resident	Per Emp- loyee		Per Resident	Per Emp- loyee
Taxes											
Property Tax Current Secured	\$ 148,850,000					--- See Case Study Analysis ---					
Prop Tax Unitary	4,900,000					--- See Case Study Analysis ---					
Property Tax Unsecured	7,423,000					--- See Case Study Analysis ---					
Prop Tax Penalties	1,640,000					--- See Case Study Analysis ---					
Property Tax Current Supplemental	7,000,000					--- See Case Study Analysis ---					
Property Tax Prior Supplemental	1,990,000					--- See Case Study Analysis ---					
PY-Sales Tax & Use Tax	61,601,750					--- See Case Study Analysis ---					
Documentary Transfer Tax	12,000,000					--- See Case Study Analysis ---					
Utility User Tax	15,000,000					--- See Case Study Analysis ---					
Prop Tax In-Lieu of Vehicle License Fee	50,466,000					--- See Case Study Analysis ---					
In Lieu-Local Sales and Use Tax	17,841,250					--- See Case Study Analysis ---					
Total	\$ 328,712,000	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	\$15,000,000	\$ 22.67	\$ 5.44
Licenses/Permits											
County Animal Licenses	\$ 684,507	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	684,507	1.03	0.25
Franchise Fees	3,700,000	0%	100%	1.00	0.24	-	-	-	3,700,000	5.59	1.34
All other Licenses/Permits	6,116,746	100%	0%	1.00	0.24	6,116,746	4.19	1.01	-	-	-
Total	\$ 10,501,253					\$ 6,116,746	\$ 4.19	\$ 1.01	\$ 4,384,507	\$ 6.63	\$ 1.59
Use of Assets (Money) - Interest											
Use of Property	\$ 313,460	100%	0%	1.00	0.24	\$ 313,460	\$ 0.21	\$ 0.05	\$ -	\$ -	\$ -
Interest Income	12,340,270	100%	0%	1.00	0.24	12,340,270	8.46	2.03	-	-	-
Total	\$ 12,653,730					\$ 12,653,730	\$ 8.67	\$ 2.08	\$ -	\$ -	\$ -
Intergovernmental											
Cig Tax Unincorp	\$ 1,606,106	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	\$ 1,606,106	\$ 2.43	\$ 0.58
Home Prop Tax Rel	3,045,000	--- See Case Study Analysis ---									
Mot Veh In Lieu Tax	31,334,000	100%	0%	1.00	0.24	31,334,000	21.48	5.16	-	-	-
Williamson Act Tax R	500,000	0%	100%	1.00	0.24	-	-	-	500,000	0.76	0.18
State Aid-Other	5,733,804	100%	0%	1.00	0.24	5,733,804	3.93	0.94	-	-	-
In Lieu Taxes-Other	15,000	100%	0%	1.00	0.24	15,000	0.01	0.00	-	-	-
Aid Local Gov Ag	11,587,457	100%	0%	1.00	0.24	11,587,457	7.94	1.91	-	-	-
Rev Neut Payments	9,000,000	100%	0%	1.00	0.24	9,000,000	6.17	1.48	-	-	-
Welf Admin St	93,750,285	100%	0%	1.00	0.24	93,750,285	64.27	15.42	-	-	-
Welf Svc St	55,135,511	100%	0%	1.00	0.24	55,135,511	37.80	9.07	-	-	-
Welf St	241,883,753	100%	0%	1.00	0.24	241,883,753	165.81	39.80	-	-	-
Welf St	3,728,126	100%	0%	1.00	0.24	3,728,126	2.56	0.61	-	-	-
State Aid-Cops	445,000	100%	0%	1.00	0.24	445,000	0.31	0.07	-	-	-
Ccs-Administration	4,306,162	100%	0%	1.00	0.24	4,306,162	2.95	0.71	-	-	-
Ccs-Treatment/Therapy	1,196,587	100%	0%	1.00	0.24	1,196,587	0.82	0.20	-	-	-
Medi-Cal Admin State	68,055,783	100%	0%	1.00	0.24	68,055,783	46.65	11.20	-	-	-
VLF Mental Health	65,609,910	100%	0%	1.00	0.24	65,609,910	44.98	10.79	-	-	-
Other Health State	2,533,628	100%	0%	1.00	0.24	2,533,628	1.74	0.42	-	-	-
Agriculture St	1,620,151	100%	0%	1.00	0.24	1,620,151	1.11	0.27	-	-	-
Public Safety Svc St	96,739,836	100%	0%	1.00	0.24	96,739,836	66.32	15.92	-	-	-
Veterans Affairs	58,000	100%	0%	1.00	0.24	58,000	0.04	0.01	-	-	-
Realignment Sales Tax	176,132,930	100%	0%	1.00	0.24	176,132,930	120.74	28.98	-	-	-
State Aid Other Misc Programs	49,320,324	100%	0%	1.00	0.24	49,320,324	33.81	8.11	-	-	-
Welf Admin Fed	101,466,680	100%	0%	1.00	0.24	101,466,680	69.56	16.69	-	-	-
Welf Svc Fed	64,175,160	100%	0%	1.00	0.24	64,175,160	43.99	10.56	-	-	-
Welf Fed	63,148,643	100%	0%	1.00	0.24	63,148,643	43.29	10.39	-	-	-
Welf Fed	4,255,014	100%	0%	1.00	0.24	4,255,014	2.92	0.70	-	-	-
Health Federal	74,004,624	100%	0%	1.00	0.24	74,004,624	50.73	12.18	-	-	-
Planning Fed	56,250	100%	0%	1.00	0.24	56,250	0.04	0.01	-	-	-
Welf Fed	21,602,603	100%	0%	1.00	0.24	21,602,603	14.81	3.55	-	-	-
Total	\$1,252,046,327					\$ 1,246,895,221	\$ 854.76	\$ 205.14	\$ 2,106,106	\$ 3.18	\$ 0.76

Table 5: Sacramento County - General Fund Per Capita Revenue (cont'd)

FY 2004-05 Total Discretionary Revenue	Allocation By Service Area		Allocation By Service Population		Countywide Allocation Per Capita Revenue			Unincorporated Allocation Per Capita Revenue			
	County- wide	Unincor- porated	Resident	Emp- loyee	Total Countywide Revenues	Per Resident	Per Emp- loyee	Total Unincor- porated Revenues	Per Resident	Per Emp- loyee	
<u>Charges for Services</u>											
Special Assesment	\$ 679,000	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	\$ 679,000	\$ 1.03	\$ 0.25
Vital Statistic Fees	1,617,737	100%	0%	1.00	0.24	1,617,737	1.11	0.27	-	-	-
Adoption Fees	75,000	100%	0%	1.00	0.24	75,000	0.05	0.01	-	-	-
Candidate Filing Fee	10,000	100%	0%	1.00	0.24	10,000	0.01	0.00	-	-	-
Process Svc Fees	765,000	100%	0%	1.00	0.24	765,000	0.52	0.13	-	-	-
Estate/Pub Adm Fees	590,000	100%	0%	1.00	0.24	590,000	0.40	0.10	-	-	-
Cert/Recording Fees	7,666,704	100%	0%	1.00	0.24	7,666,704	5.26	1.26	-	-	-
Collection Fees	5,931,340	100%	0%	1.00	0.24	5,931,340	4.07	0.98	-	-	-
Aud/Acct Fees	659,510	100%	0%	1.00	0.24	659,510	0.45	0.11	-	-	-
Court/Legal Fees	9,517,999	100%	0%	1.00	0.24	9,517,999	6.52	1.57	-	-	-
Election Svc Chgs	990,000	100%	0%	1.00	0.24	990,000	0.68	0.16	-	-	-
Personnel Svc Fees	25,647,132	100%	0%	1.00	0.24	25,647,132	17.58	4.22	-	-	-
Planning Svc Fees	460,214	0%	100%	1.00	0.24	-	-	-	460,214	0.70	0.17
Plan Check Fees	440,725	0%	100%	1.00	0.24	-	-	-	440,725	0.67	0.16
Jail Booking Fees	3,021,000	100%	0%	1.00	0.24	3,021,000	2.07	0.50	-	-	-
Recreation Svc Chgs	1,623,531	0%	100%	1.00	0.24	-	-	-	1,623,531	2.45	0.59
Transcript Copy Fees	95,700	100%	0%	1.00	0.24	95,700	0.07	0.02	-	-	-
Landscaping Maint Ch	979,199	0%	100%	1.00	0.24	-	-	-	979,199	1.48	0.36
Treatment Chgs	10,000	0%	100%	1.00	0.24	-	-	-	10,000	0.02	0.00
Medical Care Indigent Patients	500,000	100%	0%	1.00	0.24	500,000	0.34	0.08	-	-	-
Medical Care Private Patients	170,000	100%	0%	1.00	0.24	170,000	0.12	0.03	-	-	-
Mental Health Private	615,000	100%	0%	1.00	0.24	615,000	0.42	0.10	-	-	-
Alcohol Svc Fees	30,000	100%	0%	1.00	0.24	30,000	0.02	0.00	-	-	-
Medical Care Other	150,000	100%	0%	1.00	0.24	150,000	0.10	0.02	-	-	-
Institutional Care Adult	16,753,629	100%	0%	1.00	0.24	16,753,629	11.48	2.76	-	-	-
Institutional Care Juv	475,950	100%	0%	1.00	0.24	475,950	0.33	0.08	-	-	-
Institutional Care State	9,500	100%	0%	1.00	0.24	9,500	0.01	0.00	-	-	-
Work Furlough Chgs	5,363,741	100%	0%	1.00	0.24	5,363,741	3.68	0.88	-	-	-
Aud/Contr Svc	467,461	100%	0%	1.00	0.24	467,461	0.32	0.08	-	-	-
Cemetery Svc	30,000	100%	0%	1.00	0.24	30,000	0.02	0.00	-	-	-
Humane Services	255,210	0%	100%	1.00	0.24	-	-	-	255,210	0.39	0.09
Law Enforcement Svc	1,082,771	0%	100%	1.00	0.24	-	-	-	1,082,771	1.64	0.39
Svc Fees Other	21,941,539	100%	0%	1.00	0.24	21,941,539	15.04	3.61	-	-	-
Total	\$ 108,624,592					\$ 103,093,942	\$ 70.67	\$ 16.96	\$ 5,530,650	\$ 8.36	\$ 2.01
<u>Fines, Forfeitures & Penalties</u>											
Fine-Traffic Motor Vehicle MC	\$ 7,781,546	100%	0%	1.00	0.24	\$ 7,781,546	\$ 5.33	\$ 1.28	\$ -	\$ -	\$ -
Forfeit/Penalties	816,894	0%	100%	1.00	0.24	-	-	-	816,894	1.23	0.30
Civil Penalties	6,100	100%	0%	1.00	0.24	6,100	0.00	0.00	-	-	-
St Asset Foreitures	642,973	100%	0%	1.00	0.24	642,973	0.44	0.11	-	-	-
Other Court Fines	13,500,000	100%	0%	1.00	0.24	13,500,000	9.25	2.22	-	-	-
Total	\$ 22,747,513					\$ 21,930,619	\$ 15.03	\$ 3.61	\$ 816,894	\$ 1.23	\$ 0.30
<u>Miscellaneous Revenue</u>											
Aid Pmt Recoveries	\$ 2,150,000	100%	0%	1.00	0.24	\$ 2,150,000	\$ 1.47	\$ 0.35	\$ -	\$ -	\$ -
Donations/Contributions	602,124	100%	0%	1.00	0.24	602,124	0.41	0.10	-	-	-
Insurance Proceeds	2,126,939	100%	0%	1.00	0.24	2,126,939	1.46	0.35	-	-	-
Assessment Fees	3,341,466	100%	0%	1.00	0.24	3,341,466	2.29	0.55	-	-	-
Ch Sup Recoveries	1,615,500	100%	0%	1.00	0.24	1,615,500	1.11	0.27	-	-	-
County Wide Cost Plan	8,412,418	100%	0%	1.00	0.24	8,412,418	5.77	1.38	-	-	-
Miscellaneous Other Revenues	30,878,698	100%	0%	1.00	0.24	30,878,698	21.17	5.08	-	-	-
Prior Year	892,748	100%	0%	1.00	0.24	892,748	0.61	0.15	-	-	-
Total	\$ 50,019,893					\$ 50,019,893	\$ 34.29	\$ 8.23	\$ -	\$ -	\$ -
Total Recurring Revenue	\$ 1,785,305,308					\$ 1,440,710,151	\$ 987.62	\$ 237.03	\$ 27,838,157	\$ 42.08	\$ 10.10

¹ These revenue sources are projected elsewhere in MuniFinancial Fiscal Impact Model.

Sources: County of Sacramento FY 2004-05 Annual Budget; MuniFinancial.

Table 6: Sacramento County - General Fund Countywide Per Capita Costs

	Expenditures FY 2004-05	Allocation By Service Area		Allocation By Service Population		Countywide Allocation Per Capita Cost			Unincorporated Allocation Per Capita Cost		
		County- wide	Unincor- porated	Resident	Employee	Total County wide Costs	Per Resident	Per Emp- loyee	Total Unincor- porated Costs	Per Resident	Per Emp- loyee
General Government											
Board of Supervisors	\$ 3,656,385	54%	46%	1.00	0.24	\$ 1,977,161	\$ 1.36	\$ 0.33	1,679,224	\$ 2.54	0.61
Executive Office	3,653,678	54%	46%	1.00	0.24	1,975,697	1.35	0.33	1,677,981	2.54	0.61
Finance											
Assessor	14,277,565	100%	0%	1.00	0.24	14,277,565	9.79	2.35	-	-	-
Department of Finance	22,165,267	54%	46%	1.00	0.24	11,985,689	8.22	1.97	10,179,578	15.39	3.69
Non-departmental	12,509,978	54%	46%	1.00	0.24	6,764,670	4.64	1.11	5,745,308	8.68	2.08
County Counsel	4,689,164	54%	46%	1.00	0.24	2,535,628	1.74	0.42	2,153,536	3.25	0.78
Personnel											
Human Resources & Risk Mgt.	25,028,208	54%	46%	1.00	0.24	13,533,802	9.28	2.23	11,494,406	17.37	4.17
Civil Service Commission	287,556	54%	46%	1.00	0.24	155,494	0.11	0.03	132,062	0.20	0.05
Employment Records and Training	4,798,680	54%	46%	1.00	0.24	2,594,848	1.78	0.43	2,203,832	3.33	0.80
Office of Labor Relations	729,869	54%	46%	1.00	0.24	394,671	0.27	0.06	335,198	0.51	0.12
Elections	12,245,061	100%	0%	1.00	0.24	12,245,061	8.39	2.01	-	-	-
Communication	1,231,002	54%	46%	1.00	0.24	665,654	0.46	0.11	565,348	0.85	0.21
Property Management											
Veterans Facility	16,300	100%	0%	1.00	0.24	16,300	0.01	0.00	-	-	-
Other General											
Financing Transfers	3,290,006	54%	46%	1.00	0.24	1,779,044	1.22	0.29	1,510,962	2.28	0.55
Neighborhood Services	851,811	0%	100%	1.00	0.24	-	-	-	851,811	1.29	0.31
Data Processing-Payroll	385,945	54%	46%	1.00	0.24	208,697	0.14	0.03	177,248	0.27	0.06
Data Processing-Property Data Base	1,332,540	54%	46%	1.00	0.24	720,560	0.49	0.12	611,980	0.92	0.22
Data Processing-Fiscal/Mgt Systems	7,128,882	54%	46%	1.00	0.24	3,854,885	2.64	0.63	3,273,997	4.95	1.19
Data Processing-AM/GIS	330,300	54%	46%	1.00	0.24	178,607	0.12	0.03	151,693	0.23	0.06
Revenue Recovery	4,026,697	54%	46%	1.00	0.24	2,177,404	1.49	0.36	1,849,293	2.80	0.67
Total	\$ 122,634,894					\$ 78,041,436	\$ 53.50	\$ 12.84	\$ 44,593,458	\$ 67.40	\$ 16.18
Public Protection											
Contribution to Law Library	\$ 728,584	100%	0%	1.00	0.24	\$ 728,584	\$ 0.50	\$ 0.12	\$ -	\$ -	\$ -
Court/Non-Trial Court Funding	15,189,930	100%	0%	1.00	0.24	15,189,930	10.41	2.50	-	-	-
Court/County Contribution	30,683,407	100%	0%	1.00	0.24	30,683,407	21.03	5.05	-	-	-
Conflict Criminal Defenders	7,655,984	100%	0%	1.00	0.24	7,655,984	5.25	1.26	-	-	-
Sacramento Grand Jury	185,133	100%	0%	1.00	0.24	185,133	0.13	0.03	-	-	-
Ct Paid County Services	(109,405)	100%	0%	1.00	0.24	(109,405)	(0.07)	(0.02)	-	-	-
Criminal Justice Cabinet	69,259	100%	0%	1.00	0.24	69,259	0.05	0.01	-	-	-
District Attorney	52,789,850	100%	0%	1.00	0.24	52,789,850	36.19	8.69	-	-	-
Public Defender	20,372,933	100%	0%	1.00	0.24	20,372,933	13.97	3.35	-	-	-
Sheriff's Department	160,427,800	0%	100%	1.00	0.24	-	-	-	160,427,800	242.48	58.20
Coroner	5,908,904	100%	0%	1.00	0.24	5,908,904	4.05	0.97	-	-	-
Probation	85,744,372	100%	0%	1.00	0.24	85,744,372	58.78	14.11	-	-	-
Care Homes/Juvenile	1,983,987	100%	0%	1.00	0.24	1,983,987	1.36	0.33	-	-	-
Sheriff-Detention and Correction	90,949,766	100%	0%	1.00	0.24	90,949,766	62.35	14.96	-	-	-
Animal Care and Regulation	4,721,216	0%	100%	1.00	0.24	-	-	-	4,721,216	7.14	1.71
Agricultural Commissioner	2,975,852	100%	0%	1.00	0.24	2,975,852	2.04	0.49	-	-	-
Wildlife Services	81,659	100%	0%	1.00	0.24	81,659	0.06	0.01	-	-	-
Human Rights/Fair Housing Contribution	84,529	100%	0%	1.00	0.24	84,529	0.06	0.01	-	-	-
Dispute Resolution Program	433,029	100%	0%	1.00	0.24	433,029	0.30	0.07	-	-	-
Data Processing-Law & Justice	6,263,645	100%	0%	1.00	0.24	6,263,645	4.29	1.03	-	-	-
Contribution to LAFCO	195,000	0%	100%	1.00	0.24	-	-	-	195,000	0.29	0.07
Environmental Review and Assessment	3,235,244	0%	100%	1.00	0.24	-	-	-	3,235,244	4.89	1.17
Planning Department and Commission	10,935,531	0%	100%	1.00	0.24	-	-	-	10,935,531	16.53	3.97
Emergency Services	6,744,200	0%	100%	1.00	0.24	-	-	-	6,744,200	10.19	2.45
Total	\$ 508,250,409					\$ 321,991,418	220.73	52.97	\$ 186,258,991	\$ 281.52	\$ 67.57
Public Ways and Facilities											
Contribution To Paratransit	\$ 66,600	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	66,600	\$ 0.10	\$ 0.02
Health											
HIPPA	15,409	100%	0%	1.00	0.24	15,409	0.01	0.00	-	-	-
Environmental Management	-	100%	0%	1.00	0.24	-	-	-	-	-	-
Health and Human Services	417,791,597	100%	0%	1.00	0.24	417,791,597	286.40	68.74	-	-	-
Juvenile Medical Services	8,953,199	100%	0%	1.00	0.24	8,953,199	6.14	1.47	-	-	-
IHSS Provider Payments	46,850,267	100%	0%	1.00	0.24	46,850,267	32.12	7.71	-	-	-
Health-Medical Treatment Payments	40,150,575	100%	0%	1.00	0.24	40,150,575	27.52	6.61	-	-	-
Correctional Health Services	28,338,132	100%	0%	1.00	0.24	28,338,132	19.43	4.66	-	-	-
Total	\$ 542,165,779					\$ 542,099,179	\$ 371.61	\$ 89.19	\$ 66,600	\$ 0	\$ 0

Table 6: Sacramento County - General Fund Countywide Per Capita Costs (cont'd)

	Expenditures FY 2004-05	Allocation By Service Area		Allocation By Service Population		Countywide Allocation Per Capita Cost			Unincorporated Allocation Per Capita Cost		
		County- wide	Unincor- porated	Resident	Employee	Total County wide Costs	Per Resident	Per Emp- loyee	Total Unincor- porated Costs	Per Resident	Per Emp- loyee
Public Assistance											
Human Assistance-Administration	\$ 241,797,712	100%	0%	1.00	0.24	\$ 241,797,712	\$ 165.75	\$ 39.78	- \$	-	-
Human Assistance-Aid Programs	387,203,980	100%	0%	1.00	0.24	387,203,980	265.43	63.70	- \$	-	-
Children Support Services	32,340,319	100%	0%	1.00	0.24	32,340,319	22.17	5.32	- \$	-	-
Total	\$ 661,342,011					\$ 661,342,011	\$ 453.36	\$ 108.81			
Education											
Agricultural Extension	\$ 344,679	100%	0%	1.00	0.24	344,679	0.24	0.06	- \$	-	-
Total	\$ 344,679					\$ 344,679	\$ 0.24	\$ 0.06	\$ -	\$ -	\$ -
Recreation & Cultural Services											
Regional Parks, Recreation & Open Space	9,425,178	100%	0%	1.00	0.24	9,425,178	6.46	1.55	- \$	-	-
Total	\$ 9,425,178					\$ 9,425,178	\$ 6.46	\$ 1.55	\$ -	\$ -	\$ -
Total Operating Expenditures	\$ 1,844,162,950					\$ 1,613,243,901	1,105.89	265.41	\$ 230,919,049	\$ 349.03	\$ 83.77

Sources: County of Sacramento FY 2004-05 Annual Budget; MuniFinancial.

Property Valuation Case Study

Property and property transfer taxes are calculated as follows:

- ◆ Unincorporated only property tax revenue equals the incremental difference between the average rate for unincorporated parcels vs. the tax rates for the incorporated portions of the county. The County’s share of the base property tax rate multiplied by the Proposition 13 limit of one percent of total assessed value (the County, schools, and special districts receive the remainder of the one percent rate).
- ◆ The Countywide analysis uses the average property tax rate for the County as a whole.
- ◆ Property transfer tax revenue equals the statewide statutory rate of \$0.055 per \$1,000 multiplied by the sales value of properties sold in a given year. Countywide, the rate increases to \$1.10 per \$1,000.

To project assessed value the model incorporates the Proposition 13 constraint of a maximum two percent annual increases in assessed value until properties are sold and re-assessed at market value. The “Holding Period” assumption in Table 2 reflects the length of time that the model assumes properties are held prior to re-sale. Assessed value is then discounted at six percent annually to calculate property tax revenues in constant 2004 dollars. This approach is also used to calculate property transfer tax based on the market value of properties re-sold each year.

Table 7 provides the property and property transfer tax rate assumptions used in this analysis. The amount shown is the share net of the County’s contribution to the Education Revenue Augmentation Fund (ERAF) mandated by the state since the recession of the early 1990s.

Table 7: Property-Related Tax Rates

	Tax Share
<u><i>UNINCORPORATED ONLY - Property Tax (Share of 1% of A.V.)</i></u>	
Unincorporated Average ¹	18.4804%
Less: Incorporated Average ¹	<u>15.5086%</u>
Tax Rate Allocated To Unincorporated Services	2.9718%
 <i>Property Transfer Tax (Share of Sales Price)</i>	
Tax Rate Allocated To Unincorporated Services	0.0550%
 <u><i>COUNTYWIDE - Property Tax (Share of 1% of A.V.)</i></u>	
Countywide Average	16.6796%
 <i>Property Transfer Tax (Share of Sales Price)</i>	
Tax Rate Allocated To Unincorporated Services	0.1100%

¹ Based on sample tax rates for each subdivision area.

Source: Sacramento County Auditor-Controller; County of Sacramento Assessor; Sacramento County Finance Department; MuniFinancial.

Sales Tax Case Study

The revenue estimates for taxable retail spending are expressed as per-resident and per-employee averages. These estimates were developed using 2003-04 County of Sacramento taxable sales data provided by MBIA MuniServices, the California Department of Finance, SCOG, and the U.S. Bureau of Labor Statistics. MuniFinancial developed a retail spending and sales tax sub-model that balanced the spending potential of local residents and businesses with retail sales in the County, by major retail sales category. The sub-model takes into account leakage of spending by local residents and businesses and capture of sales by local retail businesses. The sales tax estimates represent:

- ◆ Only spending within the unincorporated areas of the County and do not include spending of residents and businesses outside of the unincorporated County (leakage); and
- ◆ Include capture of spending from residents and businesses from outside the County as well as sales tax revenue from the countywide sales tax pool.

Based on our analysis, current average sales tax revenue per resident is not a good indicator of future sales tax revenue. Future residents are more likely to spend retail dollars in newer developing businesses located in adjacent cities. Therefore, we discounted the existing sales tax revenue per capita fifty percent, in order to represent this increased leakage rate. The estimated sales tax generation per capita fiscal impact analysis is summarized in **Table 8**.

Table 8: Sales Tax Generation Per Capita (2004)

	Sales Tax by Unic. County Residents	Sales Tax by Unic. County Business	Outside Capture & State and County Pool	Total Sales Tax
Sales Tax	\$ 35,595,389	\$ 12,282,735	\$ 17,110,509	\$ 64,988,633
Unic. County Residents	601,700			
Current Average Sales Tax Per Resident	\$ 59			
Adjust for Higher Leakage - New Households	50%			
Marginal Sales Tax Per Resident (Unincorp. County)	\$ 30			

¹ 2004 Estimated residents based on SCOG extrapolation.

Source: MBIA MuniServices; California Department of Finance; County of Sacramento; Council of Sacramento County Governments; U.S. Bureau of Labor Statistics; MuniFinancial.

Motor Vehicle In-lieu Case Study

Recent State legislation has modified the way in which cities and counties receive motor vehicle in-lieu fee revenues from the State. This revenue will be distributed as property tax in-lieu of the former motor vehicle fee revenues. The property tax in-lieu portion to the County will increase on an annual basis based on the increase of assessed value within the County. **Table 9** presents the motor vehicle fee assumptions used in the analysis. Since these revenues are allocated countywide, they were excluded from our calculation of revenues for the unincorporated services only.

Table 9: Motor Vehicle In-lieu Assumptions

Land Use Type	
<i>Property Tax In-Lieu</i>	
Total Countywide Gross Assessed Value (2004)	\$ 92,435,291,026
Countywide VLF Property Tax In-lieu Revenue (FY 2004-05) ¹	50,466,000
VLF Property Tax In-lieu Per \$1000 Assessed Value	0.55

¹ Sacramento County Adopted Budget

Source: Sacramento County Assessor; Sacramento County Adopted Budget 04-05; MuniFinancial.

FISCAL IMPACT RESULTS

This section presents the fiscal impact based on the assumptions described above.

Model Calculations

Table 10 presents the comprehensive revenue and expenditure detail for the fiscal impact analysis of the unincorporated services only. The revenue calculations for the property tax, sales tax, property transfer tax, and motor vehicle in-lieu fee are described in the studies above. Per capita revenue and costs is calculated by multiplying the average per capita revenue per resident and employee shown at the bottom of Tables 5 and 6 by the proposed service population in Table 3. **Table 11** presents the same analysis on a countywide basis.

Table 10: General Fund Net Revenue - UNINCORPORATED SERVICES ONLY

FY Ending	2006	2011	2016	2021	2026	2029 (Buildout)
Revenue						
Property Tax	\$ 36,635	\$ 618,581	\$ 1,178,811	\$ 1,510,992	\$ 1,689,564	1,748,832
Sales Tax	28,198	552,423	1,118,141	1,498,150	1,742,196	1,839,815
Property Transfer Tax	6,780	121,172	245,012	330,030	383,312	404,625
Motor Vehicle In-lieu						
Per Capita Revenue	<u>40,113</u>	<u>785,826</u>	<u>1,590,565</u>	<u>2,131,131</u>	<u>2,478,288</u>	<u>2,617,152</u>
Subtotal	\$ 111,726	\$ 2,078,002	\$ 4,132,528	\$ 5,470,303	\$ 6,293,361	6,610,424
Expense						
Per Capita Cost	<u>332,736</u>	<u>6,518,473</u>	<u>13,193,822</u>	<u>17,677,849</u>	<u>20,557,540</u>	<u>21,709,416</u>
Subtotal	\$ 332,736	\$ 6,518,473	\$ 13,193,822	\$ 17,677,849	\$ 20,557,540	21,709,416
Net Revenue	\$ (221,010)	\$ (4,440,471)	\$ (9,061,294)	\$ (12,207,545)	\$ (14,264,179)	(15,098,993)
Dwelling Units	<u>329</u>	<u>6,722</u>	<u>13,688</u>	<u>18,393</u>	<u>21,409</u>	<u>22,616</u>
Net Revenue per Dwelling Unit	\$ (672)	\$ (661)	\$ (662)	\$ (664)	\$ (666)	(668)

Source: MuniFinancial

Table 11: General Fund Net Revenue - COUNTYWIDE SERVICES

FY Ending	2006	2011	2016	2021	2026	2029 (Buildout)
Revenue						
Property Tax	\$ 205,618	\$ 3,471,843	\$ 6,616,182	\$ 8,480,579	\$ 9,482,830	\$ 9,815,480
Sales Tax	28,198	552,423	1,118,141	1,498,150	1,742,196	1,839,815
Property Transfer Tax	13,560	242,343	490,023	660,060	766,625	809,250
Motor Vehicle In-lieu	67,800	1,143,200	2,170,600	2,770,500	3,087,400	3,236,600
Per Capita Revenue	<u>981,636</u>	<u>19,230,769</u>	<u>38,924,351</u>	<u>52,153,105</u>	<u>60,648,756</u>	<u>64,047,016</u>
Subtotal	\$ 1,296,812	\$ 24,640,578	\$ 49,319,298	\$ 65,562,394	\$ 75,727,806	\$ 79,748,161
Expense						
Per Capita Cost	<u>1,387,012</u>	<u>27,172,309</u>	<u>54,998,555</u>	<u>73,690,256</u>	<u>85,694,272</u>	<u>90,495,879</u>
Subtotal	\$ 1,387,012	\$ 27,172,309	\$ 54,998,555	\$ 73,690,256	\$ 85,694,272	\$ 90,495,879
Net Revenue	\$ (90,200)	\$ (2,531,731)	\$ (5,679,258)	\$ (8,127,862)	\$ (9,966,466)	\$ (10,747,718)
Dwelling Units	<u>329</u>	<u>6,722</u>	<u>13,688</u>	<u>18,393</u>	<u>21,409</u>	<u>22,616</u>
Net Revenue per Dwelling Unit	\$ (274)	\$ (377)	\$ (415)	\$ (442)	\$ (466)	\$ (475)

Source: MuniFinancial

Model Results

The net fiscal impact is the sum of total General Fund revenues less total costs associated with development based on the land use scenario. As shown in Table 10, the estimated negative fiscal impact of residential development is \$668 per average dwelling unit. This result is based on the land use scenario shown in Table 1 and the assumptions and methodologies presented in this report. The analysis examined two scenarios for calculating costs and revenue for the unincorporated area. First, the analysis examined costs generated by unincorporated area growth on that portion of the General Fund associated only with providing municipal services (sheriff patrol and investigation, animal control, planning, overhead, etc.). To calculate net fiscal impact this method deducted revenues generated by unincorporated area development (e.g. a portion of the property tax, all sales tax). Under this method the study estimated that the annual negative impact of residential development was \$668 per average housing unit. Since the scenario in Table 1 includes both single-family and multi-family residences, the negative fiscal impact of \$668 represents an average rate. By housing type, the fiscal impact for a single-family residence is negative \$702 and the impact for a multi-family unit is negative \$520.

Our analysis also examined an alternate scenario that looked at costs and revenues on a Countywide basis as shown in Table 11. The analysis examined the total impact of residential development on the General Fund by adding the cost of countywide services (criminal justice, health and social services, overhead, etc.) to the municipal service costs. This method included all General Fund revenues generated by development including the revenues discussed above plus vehicle license fees and the County's entire property tax share. Under this method the net negative fiscal impact was reduced to \$475 per average unit. Under this scenario, the estimated negative fiscal impact of residential

development is \$475 per average dwelling unit, with single family residences creating a negative fiscal impact of \$486 and multi-family units creating a negative impact of \$430. The net negative fiscal impact increases over time due to the increasing population under the absorption assumptions.

DISTRICT FORMATION

The following present the next steps in establishing Community Facilities Districts (CFD).

Phase I: Notice to Proceed to Resolution of Intention

1. Prepare Rate and Method of Apportionment of Special Tax

MuniFinancial will prepare a rate and method of apportionment of special tax for the resolution of intention. It will discuss alternatives including the identification of improvement areas or tax rate zones. A description of various alternatives for structuring the special tax will be provided to the County and the consultant team and incorporated into the rate and method of apportionment based on comments received.

2. Research

Once a project has been identified, MuniFinancial will update research information related to the development, including number and type of unit. MuniFinancial shall determine whether there are any registered voters in the proposed boundaries of the district that would require a vote of the registered voters and verify the record owners of property that would constitute the eligible voters under the Community Facilities Act (if there are fewer than 12 registered voters).

3. Preparation of Boundary Map

MuniFinancial will prepare a boundary map of the proposed district that meets the requirements of the Community Facilities Act.

Phase II: Resolution of Intention to Public Hearing

As part of the second phase, MuniFinancial will perform the following:

1. Record the boundary map with the appropriate local official and the county recorder.

2. Preparation of CFD Report

MuniFinancial will prepare a preliminary CFD report that includes a description of the public improvements to be maintained, cost estimates, incidental expenses, the

rate and method of apportionment, and any other information necessary to meet the requirements of the Community Facilities Act.