

COUNTY OF FRESNO FISCAL IMPACT ANALYSIS



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TABLE OF CONTENTS

TABLE OF CONTENTS.....	I
EXECUTIVE SUMMARY.....	I
INTRODUCTION.....	1
METHODOLOGY AND ASSUMPTIONS	2
Land Use Assumptions	2
Per Capita Cost and Revenue Methodology	3
Property Valuation Case Study	8
Sales Tax Case Study	8
Motor Vehicle In-lieu Case Study	9
FISCAL IMPACT RESULTS	11
Model Calculations	11
Model Results	11
DISTRICT FORMATION.....	13
Phase I: Notice to Proceed to Resolution of Intention	13
Phase II: Resolution of Intention to Public Hearing	13
APPENDIX A: INCREASING SHERIFF SERVICE LEVELS	15
APPENDIX B: SUPPORTING TABLES.....	16

EXECUTIVE SUMMARY

The County of Fresno 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 Fresno 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 Fresno 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 has the option of imposing special taxes on new development in these unincorporated areas to offset some of the negative impacts of that development. This report is prepared for the purpose of providing additional information to decision-makers and the public. Net fiscal impact analysis does not serve as a direct basis for imposing a special tax or informing the rate at which it is to be set since it considers all General Fund revenues and costs.

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. **Appendix A** presents the actual costs for providing sheriff patrol services to the unincorporated County at both current (1.3 officers per 1,000 residents) and expanded (2.0 officers) service levels. These costs for a single-family household are \$438 and \$669 respectively. For multi-family households, costs are \$359 and \$548 respectively. These actual costs may serve as a basis for imposing a special tax.

This study examines the total impact of residential development in unincorporated areas 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 includes 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 unincorporated Fresno County. Specifically, this

includes three categories of single family residences: 1,800 square-foot homes, 2,100 square-foot homes, and 2,500 square-foot homes.

Based on this analysis, the estimated annual negative fiscal impact of residential development is currently \$475 and projected to rise to \$513 by 2020 in the unincorporated areas of Fresno County.

A description of the Community Facilities District formation process is included at the end of this document for your reference.

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 Fresno. 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 may decide to impose special taxes on new residential development in unincorporated areas to offset certain 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 Fresno 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 (2005) 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 unincorporated Fresno County. The predominant land use used for this purpose is single family residential. To increase the precision of the analysis, we considered the variance in impacts across three specific residence sizes:

- ◆ 1,800 square-foot homes
- ◆ 2,100 square-foot homes
- ◆ 2,500 square-foot homes

For the purpose of this analysis, land use absorption scenarios were developed for the county's unincorporated regions. The scenarios are summarized in Table 1. While this study considers anticipated impacts to the year 2020, best estimates of anticipated development patterns in the County suggest that absorption in a typical 300 unit subdivision will occur over a four-year period. Absorption estimates are based on discussions with county planning staff and developers.

Table 1: Absorption Scenario - Typical Subdivision

FY Ending	2005	2006	2007	2008	2009	2010	2020	Total
<i>Residential (dwelling units)</i>								
<i>Single Family Residence</i>								
1,800 SF Homes	-	15	40	30	15	-	-	100
2,100 SF Homes	-	15	40	30	15	-	-	100
2,500 SF Homes	-	15	40	30	15	-	-	100
	-	45	120	90	45	-	-	300

Sources: County of Fresno; MuniFinancial

Table 2 summarizes other land use assumptions used in the analysis. Values are based on reasonable estimates for typical new residential development within the County of

Fresno. Values were informed through Multiple Listing Service (MLS) research and a locally based real estate appraiser. Density and vacancy assumptions are based on 2000 Census estimates and updated based on 2005 California Department of Finance estimates for the County of Fresno. The turnover (holding period) rates reflect reasonable assumptions used in fiscal impact analysis and applicable to these areas. Table 3 presents the projected growth of the service population based on Tables 1 and 2.

Table 2: Land Use Assumptions - New Development

Land Use Type	Assessed Value per Unit	Density ¹	Holding Period (years)	Vacancy	Occupancy
<i>Residential (dwelling units)</i>					
<i>Single Family Residence</i>					
1,800 SF Homes	\$ 300,000	3.27	7	6.6%	93.4%
2,100 SF Homes	350,000	3.27	7	6.6%	93.4%
2,500 SF Homes	400,000	3.27	7	6.6%	93.4%

¹ Persons per dwelling unit.

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

Table 3: Cumulative Residents - Average Subdivision

FY Ending	2005	2006	2007	2008	2009	2010	2020
<i>Residents</i>							
<i>Phased Ownership</i>							
1,800 SF Homes	-	49	180	278	327	327	327
2,100 SF Homes	-	49	180	278	327	327	327
2,500 SF Homes	-	49	180	278	327	327	327
Total	-	147	540	834	981	981	981

Source: Tables 1, 2, and 3; 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 Fresno County Governments, respectively. Table 4 summarizes the

current countywide and unincorporated County of Fresno 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: Fresno County Current Service Population 2005

	Countywide	Unincorporated
Residents	864,676	170,538
Employees	354,700	68,600
Total	1,219,376	239,138

Sources: California Department of Finance (DOF); Council of Fresno County Governments; California State Employment Development Department, Report 400-C; County of Fresno General Plan, Table A-1, October 2000; MuniFinancial.

Tables 5 and 6 summarize the County's General Fund per capita assumptions included in the model for revenues and costs, respectively. 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 2005-06 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 workweek, 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 redevelopment fund reimbursement revenue as shown in Table 5, the model multiplies \$2,900,000 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 170,538 in unincorporated areas, and the employment weighting factor of 0.24 multiplied by the employment number of 68,600 in unincorporated areas. The outcome equals \$16.

$$(\$2,900,000 * 1.0) / ((1.0 * 170,538) + (0.24 * 68,600)) = \$16$$

For the purposes of this analysis, only residential per capita rates were applied to the output of this model. While employment rates were calculated using the methodology described above, this exercise only assesses the impacts of residential developments in the unincorporated county areas.

Table 5: Fresno County - General Fund Per Capita Revenue

FY 2005-06 Adopted 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	Employee	Total Countywide Revenues	Per Resident	Per Emp- loyee	Total Unincor- porated Revenues	Per Resident	Per Emp- loyee	
Taxes											
Property Tax Unsecured	\$ 3,276,885				See Case Study Analysis						
Property Tax Secured	52,999,550				See Case Study Analysis						
Property Tax	60,493,823				See Case Study Analysis						
Property Transfer Tax	4,475,180				See Case Study Analysis						
Miscellaneous Tax	298,549	100%	0%	1.00	0.24	298,549	0	0	-	-	
Sales Tax & Use Tax	15,267,103				See Case Study Analysis						
In-Lieu Sales & Use Tax	4,165,886				See Case Study Analysis						
Motor Vehicle In-Lieu	42,675,052				See Case Study Analysis						
Redevelopment Fund Reimb.	2,900,000	0%	100%	1.00	0.24	-	-	-	2,900,000	16	
Penalties and Delinquent Tax	2,600,000				See Case Study Analysis						
Total	\$ 189,151,808					\$ 298,549	\$ 0	\$ 0	\$ 2,900,000	\$ 16	\$ 4
Licenses/Permits											
Permits	\$ 230,000	0%	100%	1.00	0.24	\$ -	\$ -	\$ -	\$ 230,000	1	0
Admin Fees	972,752	100%	0%	1.00	0.24	972,752	1	-	0	-	-
Franchise Fees	3,967,793	0%	100%	1.00	0.24	-	-	-	3,967,793	21	5
Total	\$ 5,170,545					\$ 972,752	\$ 1	\$ 0	\$ 4,197,793	\$ 22	\$ 5
Use of Assets (Money) - Interest											
Use of Property/Rents	\$ 1,992,000	100%	0%	1.00	0.24	\$ 1,992,000	\$ 2	\$ 1	\$ -	\$ -	\$ -
Interest Income	2,798,531	100%	0%	1.00	0.24	2,798,531	3	1	-	-	-
Total	\$ 4,790,531					\$ 4,790,531	\$ 5.04	\$ 1.21	\$ -	\$ -	\$ -
Intergovernmental											
Tobacco Settlement	\$ 2,085,303	100%	0%	1.00	-	\$ 2,085,303	\$ 2	\$ -	\$ -	\$ -	\$ -
Home Prop Tax Exemption	1,162,000					See Case Study Analysis					
Open Space - Williamson Act	5,700,000	0%	100%	1.00	-	-	-	-	5,700,000	33	-
State Aid-Cops	54,601,800	100%	0%	1.00	-	54,601,800	63	-	-	-	-
Motor Vehicle Licence Fee	600,000					See Case Study Analysis					
Federal Grants/Revenue	983,000	100%	0%	1.00	-	983,000	1	-	-	-	-
Other State	2,837,000	100%	0%	1.00	-	2,837,000	3	-	-	-	-
Total	\$ 87,968,103					\$ 60,507,103	\$ 70	\$ -	\$ 5,700,000	\$ 33	\$ -
Miscellaneous Revenue											
Recovery of Co Cost Allocation	\$ 1,453,875	100%	0%	1.00	0.24	\$ 1,453,875	\$ 2	\$ 0	\$ -	\$ -	\$ -
Use of Fund Balance ²	13,563,567	100%	0%	1.00	0.24	13,563,567	14	3	-	-	-
Use of Annual Leave	6,000,000	100%	0%	1.00	0.24	6,000,000	6	2	-	-	-
Designation Draw ²	8,503,328	100%	0%	1.00	0.24	8,503,328	9	2	-	-	-
Excess Food Stamp Sanction ²	1,788,517	100%	0%	1.00	0.24	1,788,517	2	0	-	-	-
Risk Management Reserve ²	1,000,000	100%	0%	1.00	0.24	1,000,000	1	0	-	-	-
Co. Overhead Realignment	1,500,000	100%	0%	1.00	0.24	1,500,000	2	0	-	-	-
Total	\$ 33,809,287					\$ 33,809,287	\$ 36	\$ 9	\$ -	\$ -	\$ -
Total Recurring Revenue	\$ 300,891,274					\$ 100,378,222	\$ 112	\$ 10	\$ 12,787,793	\$ 71	\$ 9

¹ These revenue sources are projected elsewhere in MuniFinancial Fiscal Impact Model.
² Sources identified as one-time revenues by the Fresno County Auditor-Controller \$5,500,000 in fund balances recurring revenue
 Sources: County of Fresno FY 2005-06 Annual Budget; MuniFinancial

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

Expenditures Adopted FY 2005-06	Allocation By Service Area		Allocation By Service Population		Countywide Allocation Per Capita Cost			Unincorporated Allocation Per Capita Cost			
	County-wide	Unincorporated	Resident	Employee	Total County-wide Costs	Per Resident	Per Employee	Total Unincorporated Costs	Per Resident	Per Employee	
Finance and Administration											
Board Of Supervisors	\$ 1,523,572	70%	30%	1.00	0.24	\$ 1,068,500	\$ 1	\$ 0	\$ 457,072	\$ 2	\$ 1
CAO	1,255,510	80%	20%	1.00	0.24	1,007,889	1	0	247,621	1	0
CAO Economic Development	301,733	100%	0%	1.00	0.24	301,733	0	0	-	-	-
Auditor-Controller	5,218,911	80%	20%	1.00	0.24	4,187,992	4	1	1,028,919	6	1
Assessor-Recorder	4,618,095	100%	0%	1.00	0.24	4,618,095	5	1	-	-	-
County Counsel	2,046,619	80%	20%	1.00	0.24	1,642,969	2	0	403,650	2	1
Misc Expenditures	8,671,235	80%	20%	1.00	0.24	5,355,483	8	1	1,315,752	7	2
County Clerk	4,012,430	100%	0%	1.00	0.24	4,012,430	4	1	-	-	-
County Adv. Resources	325,148	100%	0%	1.00	0.24	325,148	0	0	-	-	-
Librarian	319,844	100%	0%	1.00	0.24	319,844	0	0	-	-	-
Contingencies	1,307,572	100%	0%	1.00	0.24	1,307,572	1	0	-	-	-
Total	\$ 27,598,667					\$ 24,145,653	\$ 25	\$ 6	\$ 3,453,014	\$ 18	\$ 4
Human Services											
Substance Abuse Services	43,732	100%	0%	1.00	-	\$ 43,732	\$ 0	\$ -	\$ -	\$ -	\$ -
Employ & Temp Asst.	681,696	100%	0%	1.00	-	681,696	1	-	-	-	-
Veterans' Serv Officer	165,621	100%	0%	1.00	-	165,621	0	-	-	-	-
Comm. Health Services	1,509,909	100%	0%	1.00	-	1,509,909	2	-	-	-	-
Behavioral Health	274,727	100%	0%	1.00	-	274,727	0	-	-	-	-
Children & Fam Services	333,925	100%	0%	1.00	-	333,925	0	-	-	-	-
County Med Services	54,034,804	100%	0%	1.00	-	54,034,804	62	-	-	-	-
Calworks	541,626	100%	0%	1.00	-	541,626	1	-	-	-	-
Dependent Child-Foster Care	19,334,673	100%	0%	1.00	-	19,334,673	22	-	-	-	-
Adoptions	712,387	100%	0%	1.00	-	712,387	1	-	-	-	-
General Relief	3,098,284	100%	0%	1.00	-	3,098,284	4	-	-	-	-
Total	\$ 80,731,364					\$ 80,731,364	\$ 93	\$ -	\$ -	\$ -	\$ -
General County Services											
General Services	\$ 905,093	100%	0%	1.00	0.24	\$ 905,093	\$ 1	\$ 0	\$ -	\$ -	\$ -
Facility Services	9,481,159	100%	0%	1.00	0.24	9,481,159	10	2	-	-	-
Purchasing	507,051	100%	0%	1.00	0.24	507,051	1	0	-	-	-
Personnel	1,451,233	100%	0%	1.00	0.24	1,451,233	2	0	-	-	-
Total	\$ 12,324,536					\$ 12,324,536	\$ 13	\$ 3	\$ -	\$ -	\$ -
Justice											
Court Ancillary Services	\$ 7,029,169	100%	0%	1.00	0.24	\$ 7,029,169	\$ 7	\$ 2	\$ -	\$ -	\$ -
District Attorney	15,803,213	100%	0%	1.00	0.24	15,803,213	17	4	-	-	-
Welfare Fraud/Ch Abduction	1,110,166	100%	0%	1.00	0.24	1,110,166	1	0	-	-	-
Grand Jury	41,047	100%	0%	1.00	0.24	41,047	0	0	-	-	-
Alternate Indigent Defense	3,025,220	100%	0%	1.00	0.24	3,025,220	3	1	-	-	-
Public Defender	9,130,524	100%	0%	1.00	0.24	9,130,524	10	2	-	-	-
Sheriff Patrol	25,070,572	0%	100%	1.00	0.24	-	-	-	25,070,572	134	07
Sheriff - Investigations & Admin. ¹	35,000,000	0%	100%	1.00	0.24	-	-	-	35,000,000	187	45
Sheriff - Main Jail	37,358,631	100%	0%	1.00	0.24	37,358,631	39	9	-	-	-
Probation	14,554,556	100%	0%	1.00	0.24	14,554,556	15	4	-	-	-
Prob - Juv. Hall	17,757,001	100%	0%	1.00	0.24	17,757,001	19	4	-	-	-
Probation Juvenile Camp	1,921,350	100%	0%	1.00	0.24	1,921,350	2	0	-	-	-
Coroner	2,275,192	100%	0%	1.00	0.24	2,275,192	2	1	-	-	-
Total	\$ 170,078,641					\$ 110,008,069	\$ 116	\$ 28	\$ 60,070,572	\$ 321	\$ 77
Land Use											
Dept. of Agriculture	1,863,271	20%	80%	1.00	0.24	\$ 372,654	\$ 0	\$ 0	\$ 1,490,617	\$ 8	\$ 2
Public Works and Planning	5,337,063	10%	90%	1.00	0.24	533,706	1	0	4,803,357	26	6
Parks and Recreation	2,334,492	100%	0%	1.00	0.24	2,334,492	2	1	-	-	-
LAFCO	161,859	100%	0%	1.00	0.24	161,859	0	0	-	-	-
Cooperative Extension	463,581	20%	80%	1.00	0.24	92,718	0	0	370,865	2	0
Total	\$ 10,160,066					\$ 3,495,228	\$ 4	\$ 1	\$ 6,664,838	\$ 36	\$ 9
Total Operating Expenditures	\$ 300,891,274					\$ 230,702,850	\$ 251	\$ 38	\$ 70,188,424	\$ 375	\$ 90

¹ Investigations and Administration includes homicide, narcotics, gang enforcement, domestic violence, elder abuse, sex crimes, child abuse, vice, intelligence, anti-terrorism, computer crimes, Megan's law, dispatch, fleet, forensic services, training, watch command, range, air support, auto theft, business office, IT, personnel, civil processes and other services

Sources: County of Fresno FY 2005-06 Annual Budget; MuniFinancial

PROPERTY VALUATION CASE STUDY

The County of Fresno provided the property tax rate used in this study. Property transfer tax revenue equals the rate of \$1.10 per \$1,000 multiplied by the sales value of properties sold in a given year. Since all sales calculated in this model assume sale of properties in the unincorporated County, the full amount of property transfer tax goes to the County.

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 2005 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

	Percent
<u>County Property Tax (Share of 1% of A.V.)</u>	13.7218%
<u>Property Transfer Tax (Share of Sales Price)</u>	0.1100%

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

SALES TAX CASE STUDY

The revenue estimates for taxable retail spending are expressed as per-resident averages. These estimates were developed using 2005 data from the County of Fresno. MuniFinancial developed estimates based on consultation the Fresno County Treasurer and Tax Collector. Estimates take 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 State countywide sales tax pool.

Based on our analysis, current average sales tax revenue per resident is not an accurate predictor 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 Assumptions (constant dollars)

	2005
Adopted 05-06 Sales Tax	\$ 15,267,103
Unincorporated Residents	170,538
Per capita Sales Tax	\$ 90
B to B Sales Factor ¹	20%
Leakage ²	50%
Adjusted per capita Sales Tax	\$ 36

¹Business to business sales excluded from per capita residential estimates.

²Estimated leakage to incorporated areas of the County.

Source: County of Fresno; 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.

Table 9: Motor Vehicle In-lieu Assumptions

Land Use Type	
<i>Property Tax In-Lieu</i>	
Total Countywide Gross Assessed Value (2004-05)	\$ 44,200,837,000
Countywide VLF Property Tax In-lieu Revenue (FY 2004-05) ¹	40,510,829
VLF Property Tax In-lieu Per \$1000 Assessed Value	\$ 0.92

¹Fresno County Account 3509

Source: California State Board of Equalization, *Assessed Value of State and County Assessed Property subject to General Property Taxes*, Table 5; Fresno 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. The revenue calculations for the property tax, sales tax, property transfer tax, and motor vehicle in-lieu fee are described in the studies above. Revenues and costs are calculated by multiplying the average per capita revenue or cost per resident (combining both unincorporated and countywide totals) shown at the bottom of Tables 5 and 6 by the proposed service population in Table 3.

Table 10: General Fund Net Revenue

FY Ending	2005	2006	2007	2008	2009	2010	2015	2020
Revenue								
Property Tax	\$ -	\$ 21,612	\$ 79,064	\$ 121,655	\$ 142,370	\$ 141,430	\$ 138,475	\$ 137,173
Property Transfer Tax	-	2,475	9,075	14,025	16,500	16,500	16,500	16,500
Sales Tax	-	5,269	19,320	29,857	35,126	35,126	35,126	35,126
Motor Vehicle In-lieu	-	14,500	53,000	81,600	95,500	94,800	92,800	92,000
Per Capita Revenue	-	<u>26,976</u>	<u>98,911</u>	<u>152,862</u>	<u>179,838</u>	<u>179,838</u>	<u>179,838</u>	<u>179,838</u>
Subtotal	\$ -	\$ 70,832	\$ 259,369	\$ 400,000	\$ 469,335	\$ 467,694	\$ 462,740	\$ 460,638
Expense								
Per Capita Cost	-	<u>92,197</u>	<u>338,057</u>	<u>522,452</u>	<u>614,650</u>	<u>614,650</u>	<u>614,650</u>	<u>614,650</u>
Subtotal	\$ -	\$ 92,197	\$ 338,057	\$ 522,452	\$ 614,650	\$ 614,650	\$ 614,650	\$ 614,650
Net Revenue	\$ -	\$ (21,366)	\$ (78,688)	\$ (122,452)	\$ (145,315)	\$ (146,955)	\$ (151,910)	\$ (154,012)
Dwelling Units		<u>45</u>	<u>165</u>	<u>255</u>	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>
Net Revenue per Dwelling Unit	\$	(475)	(477)	(480)	(484)	(490)	(506)	(513)

Source: Tables 1-3, 5-9; 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 \$513 per average dwelling unit at the end of the _____ in 2020. These results are based on the land use scenario shown in Table 1 and the assumptions and methodologies presented in this report. The analysis includes costs generated by unincorporated area growth on the General Fund.

An alternate scenario was also run to estimate the net fiscal impact for multi-family households. In the multi-family run, the same absorption schedule was used with all

units at a sales price of \$250,000. Density per household was computed at 2.68 based on California Department of Finance data. The net result was nearly identical with a current year negative impact of \$478 and \$506 in year 2020.

The net negative fiscal impact increases over time slightly in both scenarios due to the property tax limitations imposed by Proposition 13 which caps annual assessed valuation growth at 2%.

DISTRICT FORMATION

The following presents 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

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. 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, perform the following:

1. Record the boundary map with the appropriate local official and the county recorder.
2. Preparation of CFD Report

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.

APPENDIX A: INCREASING SHERIFF SERVICE LEVELS

As presented in the Fiscal Impact Results, the estimated negative fiscal impact of residential development is currently \$475 and \$513 by 2020 per average dwelling unit. This number represents the results of the current scenario of 1.3 officers per thousand for the unincorporated areas of the County.

Table A1 reflects the estimated impact of raising the number of patrol officers to 2.0 per thousand residents. The table presents the gross cost of Sheriff patrol services per capita and computes a total gross cost for both single and multi-family households.

Table A1: Sheriff Patrol Cost Scenarios

	Annual Cost per Household	
	1.3 Officers	2.0 Officers ¹
<i>Single Family</i>		
Gross Cost for Sheriff Patrol per capita	\$ 134	\$ 205
Household Density	3.27	3.27
Gross Cost for Sheriff Patrol per Household	\$ 438	\$ 669
<i>Multi-Family</i>		
Gross Cost for Sheriff Patrol per capita	\$ 134	\$ 205
Household Density	2.68	2.68
Gross Cost for Sheriff Patrol per Household	\$ 359	\$ 548

¹ The estimated increased General Fund cost to increase the level to 2.0 officers per thousand residents is \$13,200,000.

Note: Sheriff Patrol does not include any administration, investigations, or other patrol support services.

Source: Fresno County Sheriff Department; Table 6.

APPENDIX B: SUPPORTING TABLES

Table B1: Cumulative Market Value (current dollars)

FY Ending	Fresno County							
	2005	2006	2007	2008	2009	2010	2015	2020
<i>Residential (dwelling units)</i>								
<i>Phased Ownership</i>								
1,800 SF Homes	\$ -	\$ 4,635,000	\$ 17,504,850	\$ 27,864,539	\$ 33,765,264	\$ 34,778,222	\$ 40,317,491	\$ 46,739,022
2,100 SF Homes	-	5,407,500	20,422,325	32,508,628	39,392,808	40,574,593	47,037,073	54,528,860
2,500 SF Homes	-	6,180,000	23,339,800	37,152,718	45,020,352	46,370,963	53,756,655	62,318,697
Total	\$ -	\$ 16,222,500	\$ 61,266,975	\$ 97,525,885	\$ 118,178,425	\$ 121,723,778	\$ 141,111,220	\$ 163,586,579

Source: MuniFinancial

Table B2: Assessed Value (current dollars)

FY Ending	Fresno County							
	2005	2006	2007	2008	2009	2010	2015	2020
<i>Residential (dwelling units)</i>								
<i>Phased Ownership</i>								
1,800 SF Homes	\$ -	\$ 4,635,000	\$ 17,465,121	\$ 27,679,763	\$ 33,364,879	\$ 34,138,754	\$ 38,749,438	\$ 44,498,907
2,100 SF Homes	-	5,407,500	20,375,975	32,293,057	38,925,692	39,828,547	45,207,678	51,915,392
2,500 SF Homes	-	6,180,000	23,286,829	36,906,350	44,486,505	45,518,339	51,665,917	59,331,876
Total	\$ -	\$ 16,222,500	\$ 61,127,925	\$ 96,879,170	\$ 116,777,075	\$ 119,485,640	\$ 135,623,033	\$ 155,746,175

Source: MuniFinancial

Table B3: General Fund Property Tax Revenue

FY Ending	2005	2006	2007	2008	2009	2010	2015	2020
Residential (dwelling units)								
<i>Phased Ownership</i>								
1,800 SF Homes	\$ -	6,175	22,590	34,759	40,677	40,408	39,564	39,192
2,100 SF Homes	-	7,204	26,355	40,552	47,457	47,143	46,158	45,724
2,500 SF Homes	-	8,233	30,119	46,345	54,236	53,878	52,752	52,257
Total	\$ -	21,612	79,064	121,655	142,370	141,430	138,475	137,173

Source: MuniFinancial

Table B4: Property Transfer Tax Revenue

FY Ending	2005	2006	2007	2008	2009	2010	2015	2020
Residential (dwelling units)								
<i>Phased Ownership</i>								
1,800 SF Homes	\$ -	707	2,593	4,007	4,714	4,714	4,714	4,714
2,100 SF Homes	-	825	3,025	4,675	5,500	5,500	5,500	5,500
2,500 SF Homes	-	943	3,457	5,343	6,286	6,286	6,286	6,286
Total	\$ -	2,475	9,075	14,025	16,500	16,500	16,500	16,500

Source: MuniFinancial

Item #15
27-06

Mello-Roos Community Facilities District

- 2000 General Plan Update – Policy PF-G.2
Strive to maintain a minimum level of law enforcement services at 2 sworn officers per 1000 residents.
- Sept. 14, 2004 – Mello-Roos Community Facilities District Policy set by BOS for all subdivisions under the Subdivision Map Act.
- Feb. 1, 2005 – Board direction to look at a methodology of placing a cost evenly across the County looking at the value of services provided rather than at the home value.
- Feb. 7, 2006 – Presentation of MuniFinancial Fiscal Impact Analysis of subdivision construction in the unincorporated areas of Fresno County.

- Mello-Roos allows special tax to pay full amount for new services for new development. Appendix A: Table A1 shows defensible amount of \$669 plus administrative fees per household.
- Table 2 shows Net Cost for Sheriff Patrol with revenue credit - \$538 per household.
- Table 3 shows Other Agencies' Annual Fees for Mello-Roos law enforcement services. Annual Fees range from \$250 to \$500.
- Staff recommends a total annual fee of \$450, with would include the administrative fees up to 13%.

APPENDIX A: INCREASING SHERIFF SERVICE LEVELS

As presented in the Fiscal Impact Results, the estimated negative fiscal impact of residential development is currently \$475 and \$513 by 2020 per average dwelling unit. This number represents the results of the current scenario of 1.3 officers per thousand for the unincorporated areas of the County.

Table A1 reflects the estimated impact of raising the number of patrol officers to 2.0 per thousand residents. The table presents the gross cost of Sheriff patrol services per capita and computes a total gross cost for both single and multi-family households.

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¹ The estimated increased General Fund cost to increase the level to 2.0 officers per thousand residents is \$13,200,000.
 Note: Sheriff Patrol does not include any administration, investigations, or other patrol support services.

Source: Fresno County Sheriff Department; Table 6.

Table 2: Sheriff Revenue Share

	Amount
Total General Fund Expenditures	\$ 300,891,274
Allocation of Expenditures to Sheriff Patrol	\$ 25,070,572
Sheriff Patrol % of Total Cost	8.33%
Estimated General Fund Net Revenue Per Household (2006)	\$ 1,574
Sheriff Patrol % of Revenues	8.33%
Allocation of Revenues per Household to Sheriff Patrol	\$ 131
Gross Cost for Sheriff Patrol per Household (2.0)	\$ 669
Less Allocation of Revenues per Household	(131)
Net Cost for Sheriff Patrol per Household (2.0)	\$ 538

Source: Fresno County

**Table 3: Other Agencies Annual Fee
(CFD Rate per Single Family Residence)**

Fresno County - Ventana	352
Fresno County - Bretz	230
Fresno County - Wildflower	279

Fees Shown Include Administrative Fees

Madera	311
Sacramento County	475
Palm Springs	350
Livingston	500
Hemet	269
Galt	385
Union City	493
Perris	250

Report Presentation

Fiscal Impact Study: County of Fresno



Joshua Polston, AICP
Marshall Eyerman
Fresno, California
February 7, 2006



MuniFinancial was retained by the County of Fresno to analyze the fiscal impact of new development

Establishing a Community Facilities District (Special Tax)

Optional Step

Fiscal Impact Study

Estimate the fiscal impact on the County General Fund of new development in the unincorporated area of the County.

Prepare Rate and Method of Apportionment

Resolution of Intention (Public Hearing)

Prepare Boundary Map

Fiscal Impact Analysis is a common tool used by jurisdictions to help estimate the cost impacts of development on government services

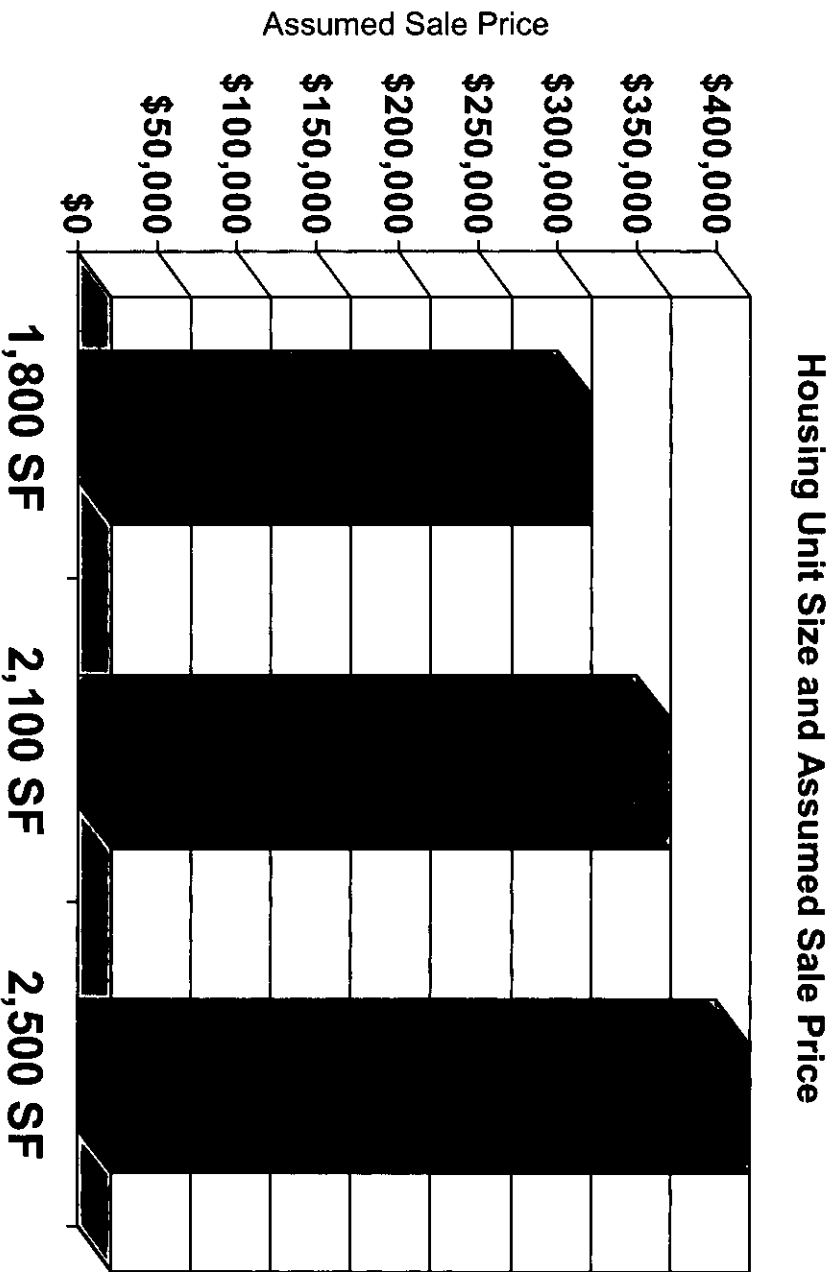
Examples of Fiscal Impact Analysis

Special Tax Studies
▶ Optional under the CFD legislation. Supports the establishment of a relationship between the special tax and costs to local government.

Annexations
▶ Examines the flow of tax revenues between different jurisdictions and relative costs.

Other Land-Use Policy Decisions
▶ Other uses for the analysis include urban growth boundary, land-use initiatives, and special studies.

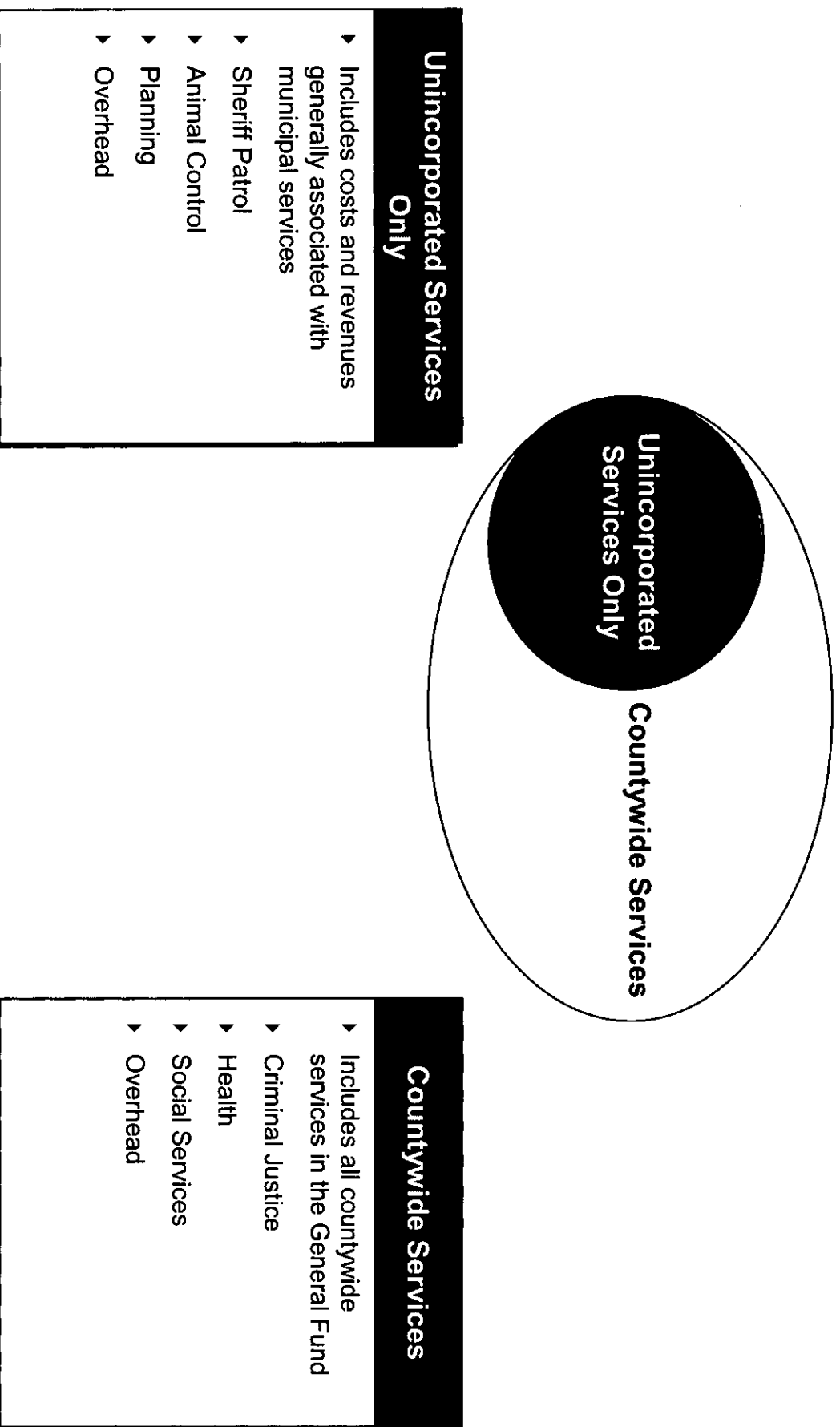
First, we loaded development assumptions for a typical subdivision of 300 units



Source: MuniFinancial



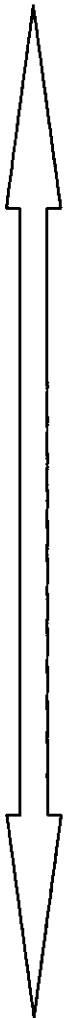
Next, we allocated costs and revenues to either the unincorporated area or on a countywide basis



Resulting in a net county cost of \$475 per average unit in the first year

Net Cost Per Unit
(\$475)

2006

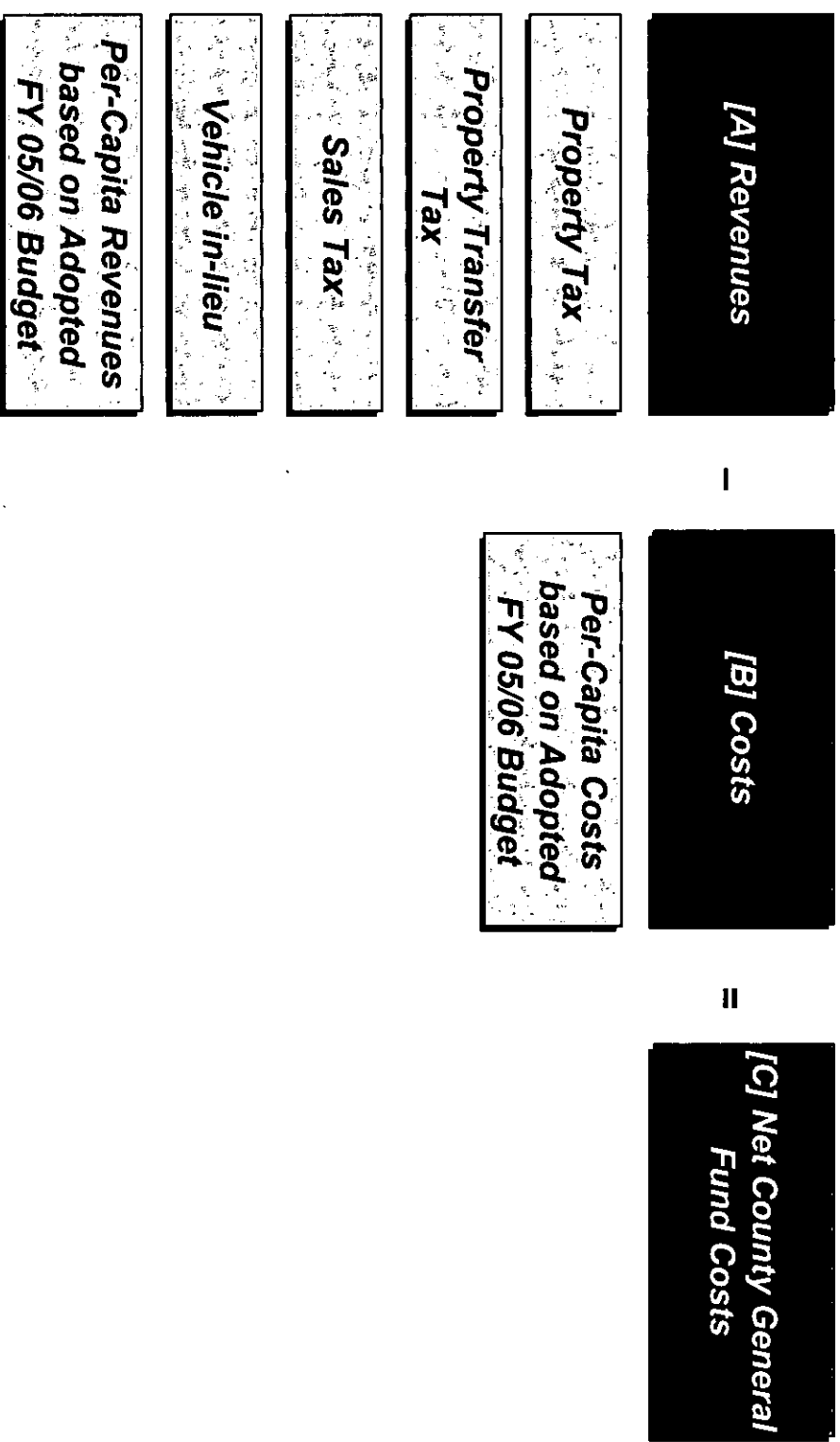


2020

Net Cost Per Unit
(\$513)

Growth in net county cost driven by the
property tax caps in Prop. 13

Net county costs incorporate all of the revenues as well as the costs an average unit would generate



[A - B = C]

Recommendations and questions.....