

# EAST CONTRA COSTA FIRE PROTECTION DISTRICT

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*Report For:*

**Fiscal Impact Analysis for  
Future Development**

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# TABLE OF CONTENTS

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<b>Section 1   INTRODUCTION</b> .....	<b>1</b>
<b>Section 2   BACKGROUND</b> .....	<b>2</b>
Analysis Methodology.....	2
Current ECCFPD Persons Served .....	3
Future ECCFPD Persons Served.....	4
ECCFPD Fiscal Impact Factors .....	4
<b>Section 3   REVENUE ESTIMATE</b> .....	<b>5</b>
Property Tax Revenue .....	5
Other ECCFPD Revenue.....	7
Future Development Revenue Summary.....	8
<b>Section 4   EXPENDITURES ESTIMATE</b> .....	<b>10</b>
ECCFPD Expenditure per Person Served .....	10
Future Development Expenditure Summary .....	11
<b>Section 5   FUTURE DEVELOPMENT FISCAL IMPACT</b> .....	<b>12</b>
CFD Special Tax Revenue .....	12
Future Development Fiscal Impact Summary.....	13
<b>Section 6   FISCAL IMPACT FUNDING OPTIONS</b> .....	<b>14</b>
Community Facilities Districts.....	14
CFD Special Tax Recommendation.....	15

# LIST OF TABLES

---

Table 1. Current Persons Served .....	3
Table 2. Future Persons Served .....	4
Table 3. Persons Per Land Use Category .....	4
Table 4. Residential Secured Property Tax Revenue .....	6
Table 5. Non-Residential Secured Property Tax Revenue .....	7
Table 6. Other ECCFPD Revenue .....	7
Table 7. Other ECCFPD Revenue per Person Served .....	8
Table 8. Future Development Other ECCFPD Revenue .....	8
Table 9. Future Development ECCFPD Revenue .....	9
Table 10. ECCFPD Expenditures Summary .....	10
Table 11. ECCFPD Expenditures per Person Served .....	10
Table 12. Future Development ECCFPD Expenditures .....	11
Table 13. Present value of Future Development ECCFPD Expenditures .....	11
Table 14. Future Development Annual Fiscal Impact.....	12
Table 15. Overlapping CFD Special Tax Rates.....	13
Table 16. Future Development Fiscal Impact Summary.....	13
Table 17. Proposed CFD Special Tax Rates .....	15

# SECTION 1 | INTRODUCTION

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East Contra Costa Fire Protection District (“ECCFPD”) is undertaking a comprehensive review of the net fiscal impact that would be placed upon ECCFPD based upon the potential future development or redevelopment throughout ECCFPD. To summarize, our review of the anticipated revenues, which will be generated from future development, as compared with the additional costs ECCFPD will incur to provide fire services, will reveal that future development produces an overall negative fiscal impact for ECCFPD. To off-set the negative fiscal impacts produced from future development, ECCFPD should explore establishing a funding source to mitigate those negative fiscal impacts.

This fiscal impact report will provide background information, applicable financial information and analysis, and recommended actions for ECCFPD’s consideration. To accomplish this objective, the report includes the following information:

- **Background information.** The introductory portion of the report focuses on ECCFPD, as well as the public services and operations under review. Existing and future development information is also addressed in this section.
- **Revenues.** This section of the report identifies the various revenue sources and the potential recurring revenues produced from future development, given certain reasonable assumptions.
- **Expenditures.** The expenditure section of the report identifies the estimated recurring cost burden placed upon ECCFPD operations as a result of future development.
- **Fiscal Impact.** Using future development’s identified revenues and expenditures, this section of the report identifies the overall fiscal impact to ECCFPD operations resulting from future development. Fiscal impacts are addressed on a land use category basis and using either a per dwelling unit or per building square foot factor.
- **Recommendations.** Finally, the report concludes with a summary of fiscal analysis findings and recommendations for ECCFPD’s consideration.

## SECTION 2 | BACKGROUND

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New development can provide a significant benefit to a public agency. As part of the overall decision-making process to move forward with any proposed development, it is important to evaluate the contributions and demands that the future development will place upon a public agency's general operating fund. In this particular instance, ECCFPD needs to determine and ensure that developing and redeveloping projects, throughout ECCFPD, pay their fair share of any resulting fiscal burdens placed upon the ECCFPD's operational budget as a result of future development and redevelopment. To determine the anticipated fiscal impacts placed upon ECCFPD from future development or redevelopment, this fiscal impact analysis is designed to quantify the approximate cost of services provided by ECCFPD in order to fully serve the added population. This fiscal impact analysis assumes that future development will require ECCFPD services in a similar manner, and at similar levels, as similar existing development within ECCFPD.

To determine future development's fiscal impact, this fiscal analysis focuses on the estimated recurring revenue produced from future development compared to the increased demands that will be placed upon ECCFPD's recurring operational budget. Revenue estimates for this fiscal analysis do not include one-time development impact fees that are paid to offset additional burdens placed upon public infrastructure. Similarly, the expenditure side of the fiscal analysis may exclude certain government transfers or capital allocations directed towards public infrastructure.

### **Analysis Methodology**

The revenue portion of the fiscal impact analysis focuses on various taxes, fees, and other ECCFPD revenues needed to fund ongoing operational costs and the expenditures portion of the fiscal impact analysis includes recurring ECCFPD expenditures to provide ongoing services.

There are several industry-accepted methods for allocating a public agency's recurring revenues and expenditures to future development. This fiscal analysis largely focuses on two industry standard approaches: the case study approach and the multiplier approach. Both of the approaches are summarized below.

### **CASE STUDY APPROACH**

When data used in a fiscal impact analysis is specific to the analysis itself and is not dependent upon industry accepted generalized multipliers such as the number of residents, employees, etc., the case study approach is utilized. The case study approach relies on development-specific data to estimate the fiscal impacts created from development of a project. Data used in the case study approach may include assessed valuations, property turnover rates, residential and employee populations, household incomes, estimated sales, and taxable expenditures, as applicable to the fiscal analysis.

### **MULTIPLIER APPROACH**

The multiplier approach is used in a fiscal impact analysis when the relationship of the revenues or expenditures generated from the proposed development project are difficult to measure. This particular approach anticipates that certain revenues and expenditures are indicators of future anticipated revenues and expenditures, which can be quantified based upon changes in the number of persons served by the

public agency. To apply the multiplier approach, the fiscal analysis determines an average revenue or expenditure amount based upon a per person served basis. Depending on the type of revenue or expenditure, the type of person served can include a resident, employee, or a combination of both.

### Current ECCFPD Persons Served

In order to best apply the multiplier approach in the fiscal impact analysis, and to allocate applicable revenues and expenditures, ECCFPD population information is utilized. For purposes of this fiscal analysis, ECCFPD’s population includes both residential and employee population estimates.

Current ECCFPD population data used in this fiscal impact analysis was obtained from information included in the East Contra Costa Fire Protection District Development Impact Fee Study Final Report<sup>1</sup> (“Impact Fee Study”). According to the Impact Fee Study, ECCFPD’s 2019 total residential population is 128,377 residents and ECCFPD’s total employee population is 22,056 employees. When determining the total number of persons served, the relationship between the residential population and employee population is evaluated to determine if there are varying levels of services provided to each demographic group. For example, services provided by a municipality may include activities that focus on the well-being of only the residential population. In those particular instances, future changes to the employee population has very limited, if any, additional fiscal impacts upon that particular service category. To recognize any reduced impacts by the employee population, as compared to the residential population, the employee population would receive a reduced weighting. However, the Impact Fee Study notes that there is a similar and relatively uniform manner that ECCFPD’s services are provided to both the residential and employee population, which results in a 1:1 relationship between the residential and employee population. Therefore, for purposes of this fiscal analysis, the number of current persons served within ECCFPD is the same as the current population estimates and is provided in the table below.

**TABLE 1. CURRENT PERSONS SERVED**

<b>Current Residential Population</b>	<b>Current Employee Population</b>	<b>Current Persons Served</b>
128,377	22,056	150,433

Based upon ECCFPD’s current residential population and employee population estimates, the total number of persons currently served within ECCFPD is 150,433 persons.

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<sup>1</sup> Footnote: East Contra Costa Fire Protection District, Development Impact Fee Study Final Report, Prepared by NBS, March 6, 2020.

## Future ECCFPD Persons Served

Again, utilizing data from the Impact Fee Study, the future persons served can be identified. The Impact Fee Study estimates that by 2040 ECCFPD’s total residential population will increase to 198,853 residents and the total employee population will increase to 40,144 employees. This results in 238,997 persons served by ECCFPD in the future, as shown in the table below:

**TABLE 2. FUTURE PERSONS SERVED**

<b>Future Residential Population</b>	<b>Future Employee Population</b>	<b>Future Persons Served</b>
198,853	40,144	238,997

## ECCFPD Fiscal Impact Factors

This fiscal analysis will quantify the estimated fiscal impacts on a per person served basis. However, in order to determine the overall fiscal impacts that various residential and non-residential land use categories will have upon ECCFPD’s operational budget, fiscal impact factors are assigned. To accommodate the increases to ECCFPD’s estimated population, additional residential dwelling units and non-residential building square footage will be needed to support the anticipated growth. Therefore, this fiscal impact analysis will evaluate three residential land use categories: single-family residential, multi-family residential and mobile home, as well as three non-residential land use categories: commercial, office and industrial. Again, utilizing information from the Impact Fee Study, the number of persons per residential dwelling unit or number of employees per 1,000 gross square footage of building area were identified. The table below provides the number of persons per each residential and non-residential land use category.

**TABLE 3. PERSONS PER LAND USE CATEGORY**

<b>Description</b>	<b>Persons</b>	<b>Per</b>
Single-Family Residential (“SFR”)	3.10	Dwelling Unit
Multi-Family Residential (“MFR”)	2.20	Dwelling Unit
Mobile Home (“Mobile”)	2.10	Dwelling Unit
Commercial	2.10	1,000 Square Feet
Office	2.80	1,000 Square Feet
Industrial	1.40	1,000 Square Feet

## SECTION 3 | REVENUE ESTIMATE

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To carry out the goals and objectives of ECCFPD services, ECCFPD relies on revenue received from a variety of sources. The majority of ECCFPD’s operating revenue is primarily property tax revenue, including the Byron Bethany Irrigation District property tax revenue reallocations, with additional revenues from Measure H funding, fees for service, and revenue from existing Community Facilities Districts (“CFD”). To determine the estimated property tax revenue generated from future development, the case study approach is used in this fiscal analysis. The multiplier approach is then used to allocate certain types of other revenue that ECCFPD receives. It should be noted that ECCFPD receives CFD special tax revenues from specific areas within ECCFPD. Since these CFD special tax revenues are specific to certain areas within ECCFPD, and not collected on an agency-wide basis, these CFD special tax revenues are addressed separately in this fiscal analysis. The CFD special tax revenues addressed separately include:

- CFD 2004-1 (Fire Services). CFD No. 2004-1 is specific to the Cypress Lakes development project.
- CFD 2016-2 (Delta Coves). CFD 2016-2 includes two improvement areas and is specific to the Delta Coves development at Bethel Island.
- CFD 2018-1 (Fire Protection Services). CFD 2018-1 includes a future annexation area that is coterminous with the City of Oakley. As development occurs within the City of Oakley, property may voluntarily annex into CFD 2018-1. Once annexed, property will be subject to the special tax according to the provisions of the CFDs rate and method of apportionment.

### Property Tax Revenue

Under California law, non-exempt property pays an *ad valorem* property tax equal to 1% of the assessed value of the property. Any additional voter-approved taxes or assessments will result in a total property tax rate burden that can exceed 1% of the property’s assessed value. The property tax revenue received from the 1% *ad valorem* property tax rate is then allocated to various overlapping public agencies based upon their authorized allocation for each TRA. The boundaries of ECCFPD includes approximately 220 TRAs throughout the County, with ECCFPD receiving a varying percentage of the 1% *ad valorem* property tax revenue within each TRA. However, based upon the total annual amount of property tax revenue allocated to ECCFPD, ECCFPD receives approximately 7% of the 1% *ad valorem* property tax revenue on a district-wide basis.

### RESIDENTIAL DEVELOPMENT PROPERTY TAX

ECCFPD serves a diverse area that covers approximately 249 square miles and contains a variety of residential land uses. To estimate future ECCFPD property tax revenue received from residential property, values for the three residential land use categories need to be determined. Using median single-family and condo/townhome sales information obtained from the Contra Costa County General Plan Update<sup>2</sup> for unincorporated portions of Contra Costa County and recent sales information obtained from Zillow<sup>3</sup> for mobile home property, the total assessed value for the various residential dwelling units can be quantified.

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<sup>2</sup> Footnote: Contra Costa County General Plan Update Existing Conditions Technical Report: Market Overview, June 4, 2018.

<sup>3</sup> Footnote: Zillow.com: [https://www.zillow.com/contra-costa-county-ca/sold/mobile\\_type](https://www.zillow.com/contra-costa-county-ca/sold/mobile_type), retrieved, November 18, 2019.



The data sources indicated that the approximate median value for single-family homes is \$625,000, the median value for condos/townhomes is \$402,000, and the average sales price for mobile homes is approximately \$122,000. Applying this approximate value to each of the three residential dwelling unit types, the estimated value and secured property tax revenue from future residential development is quantified in the table below.

**TABLE 4. RESIDENTIAL SECURED PROPERTY TAX REVENUE**

Description	SFR Amount	MFR Amount	Mobile Amount
Approximate Value per Residential Dwelling Unit	\$625,000	\$402,000	\$122,000
Less: Homeowner's Exemption	(7,000)	(7,000)	(7,000)
<b>Estimated Taxable Value per Residential Dwelling Unit</b>	<b>\$618,000</b>	<b>\$395,000</b>	<b>\$115,000</b>
1% <i>Ad Valorem</i> Property Tax	\$6,180	\$3,950	\$1,150
ECCFPD Share of 1% <i>Ad Valorem</i> Property Tax <sup>(1)</sup>	7.00%	7.00%	7.00%
<b>Annual Residential Secured Property Tax Revenue</b>	<b>\$433</b>	<b>\$277</b>	<b>\$81</b>

(1) Approximate. Based upon property tax revenue totals for ECCFPD.

Based on the approximate value for each of the residential land use dwelling unit types, it is estimated that residential dwelling units will generate property tax revenue from \$80 to just over \$430 per residential dwelling unit for ECCFPD per year.

#### **NON-RESIDENTIAL DEVELOPMENT PROPERTY TAX**

In order to best calculate the potential property tax revenue to be generated from future non-residential development, estimated non-residential sales prices are considered. The average Contra Costa County sales price of retail, office and industrial development per building square foot was obtained from LoopNet.com<sup>4</sup>. Applying this approximate value per building square foot for each of the three non-residential land use types, the estimated value and secured property tax revenue from future non-residential development is quantified in the table below.

<sup>4</sup> Footnote: LoopNet.com. [https://www.loopnet.com/Brentwood\\_California\\_Market-Trends/?Trends=AskingPricesFS,SalePricesFS&PropertyTypes=Office,Industrial,Retail](https://www.loopnet.com/Brentwood_California_Market-Trends/?Trends=AskingPricesFS,SalePricesFS&PropertyTypes=Office,Industrial,Retail)

**TABLE 5. NON-RESIDENTIAL SECURED PROPERTY TAX REVENUE**

Description	Commercial Amount	Office Amount	Industrial Amount
Estimated Value per Building Square Foot	\$238	\$212	\$145
Non-Residential Gross Building Square Feet Factor <sup>(1)</sup>	1,000	1,000	1,000
<b>Total Non-Residential Estimated Taxable Value</b>	<b>\$238,000</b>	<b>\$212,000</b>	<b>\$145,000</b>
1% <i>Ad Valorem</i> Property Tax	\$2,380	\$2,120	\$1,450
ECCFPD Share of 1% <i>Ad Valorem</i> Property Tax	7.00%	7.00%	7.00%
<b>Annual Non-Residential Secured Property Tax Revenue</b>	<b>\$167</b>	<b>\$148</b>	<b>\$102</b>

(1) Fiscal impacts for non-residential land uses are based upon each 1,000 square feet of gross building area.

Based on the approximate value per 1,000 square feet of gross building area for each of the non-residential land use types, it is estimated that non-residential property will generate property tax revenue from \$100 to just over \$165 per 1,000 square feet of gross building area for ECCFPD per year.

### Other ECCFPD Revenue

While property tax revenue represents the majority of ECCFPD’s annual operating revenue, ECCFPD also receives operating revenue from several other sources. Other ECCFPD revenue sources include Measure H funding, fees for service, money from rentals, and special tax revenue from three existing CFDs. Using revenue budget information provided by ECCFPD, the table below presents the annual and 5-year average of estimated ECCFPD other revenues.

**TABLE 6. OTHER ECCFPD REVENUE**

Description	2020-2021 Budget Amount	2021-2022 Budget Amount	2022-2023 Budget Amount	2023-2024 Budget Amount	2024-2025 Budget Amount	5-Year Average Budget Amount
Restricted Donations (Measure H)	\$218,087	\$218,087	\$218,087	\$218,087	\$218,087	\$218,087
First Responder Fee	160,000	163,200	166,464	169,793	173,189	166,529
Fire Protection Fee	51,000	52,020	53,060	54,122	55,204	53,081
CFD Special Tax Revenue	194,440	225,198	243,820	254,674	273,767	238,380
Other Revenue	12,000	4,590	4,682	4,775	4,871	6,184
<b>Total Other ECCFPD Revenue</b>	<b>\$635,527</b>	<b>\$663,095</b>	<b>\$686,113</b>	<b>\$701,451</b>	<b>\$725,118</b>	<b>\$682,261</b>

The overall impact that future development will have on the other ECCFPD revenue sources is based upon the assumption that the current per capita revenue amounts will serve as the best indicator of future per capita revenue amounts. Therefore, to best allocate the other ECCFPD revenues to future development, the multiplier approach is utilized. Table 1 previously identified that the total numbers of persons currently served within ECCFPD is 150,433. Using the number of persons served, the amount of other ECCFPD

revenue per person can be determined. The total other ECCFPD revenue amounts, the total number of persons served, and the amount per person served are presented in the table below.

**TABLE 7. OTHER ECCFPD REVENUE PER PERSON SERVED**

Description	5-Year Average Budget Amount	Persons Served	Annual Amount per Person Served
Restricted Donations (Measure H)	\$218,087	150,433	\$1.45
First Responder Fee	166,529	150,433	1.11
Fire Protection Fee	53,081	150,433	0.35
CFD Special Tax Revenue	238,380	N/A	N/A
Other Revenue	6,184	N/A	N/A
<b>Totals</b>	<b>\$682,261</b>		<b>\$2.91</b>

The total amount of other ECCFPD revenue amount allocated to each person served is \$2.91. It should be noted that the amount of revenue per person amount excludes CFD special tax revenue that is specific to certain areas within ECCFPD. The CFD special tax revenue is addressed in Section 5 of this fiscal analysis. Further, the other ECCFPD revenue amount per person excludes revenues that are not impacted by changes in the ECCFPD population. Those excluded revenues include amounts received from rental income and reimbursements. In order to determine the amount of other ECCFPD revenue allocated to future development, the other ECCFPD revenue amount per person is multiplied by the number of persons served per residential dwelling unit or the number of person served per 1,000 square feet of gross non-residential building area, as shown in the table below.

**TABLE 8. FUTURE DEVELOPMENT OTHER ECCFPD REVENUE**

Description	SFR Amount	MFR Amount	Mobile Amount	Commercial Amount	Office Amount	Industrial Amount
Other ECCFPD Revenue per Person Served	\$2.91	\$2.91	\$2.91	\$2.91	\$2.91	\$2.91
Persons Served	3.10	2.20	2.10	2.10	2.80	1.40
<b>Total Other ECCFPD Revenue</b>	<b>\$9</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$8</b>	<b>\$4</b>

### Future Development Revenue Summary

ECCFPD’s future development will generate revenue from several different sources including property taxes, other taxes and fees that will go towards funding recurring operations and services. A portion of the anticipated future revenue was calculated based upon the case study approach and the remaining other ECCFPD revenue was calculated for future development using the multiplier approach. A summary of the estimated ECCFPD revenue generated from future development is presented in the table below.

**TABLE 9. FUTURE DEVELOPMENT ECCFPD REVENUE**

<b>Description</b>	<b>SFR Total Revenue</b>	<b>MFR Total Revenue</b>	<b>Mobile Total Revenue</b>	<b>Commercial Total Revenue</b>	<b>Office Total Revenue</b>	<b>Industrial Total Revenue</b>
Property Tax Revenue	\$433	\$277	\$81	\$167	\$148	\$102
Other ECCFPD Revenue	9	6	6	6	8	4
<b>Total Annual Future Development Revenue<sup>(1)</sup></b>	<b>\$442</b>	<b>\$283</b>	<b>\$87</b>	<b>\$173</b>	<b>\$156</b>	<b>\$106</b>

(1) Excludes overlapping CFD special tax revenue, if applicable.

Future residential development within ECCFPD will generate between \$87 and \$442 per residential dwelling unit of annual operating revenue per year. Non-residential development will generate annual operating revenue between \$106 and \$173 per 1,000 square feet of gross building area for ECCFPD per year. It should be noted that these total revenue amounts do not include additional revenues that will be generated from CFD special taxes that are specific to certain areas within ECCFPD. Revenues related to those CFD special taxes are further discussed in Section 5 of this fiscal analysis.

## SECTION 4 | EXPENDITURES ESTIMATE

The revenue previously identified in Section 3 of this fiscal analysis is intended to pay for the recurring expenditures related to ECCFPD ongoing operations. Certain ECCFPD expenditures that are not considered in this fiscal analysis include costs associated with infrastructure acquisition/improvement costs, special fund expenditures, and expenses supported by one-time development fees. For purposes of determining the overall fiscal impact of future development, and similar to the assignment of the other revenue amounts, ECCFPD expenditures are based upon the 2039-2040 projected operating expenditures. The annual budget estimate includes the anticipated operational costs to staff nine total fire stations. The annual projected budget amount is provided in the table below.

**TABLE 10. ECCFPD EXPENDITURES SUMMARY**

Description	2039-2040 Budget Amount
Salaries and Benefits	\$66,999,800
Services and Supplies	10,803,696
City/County Charges	993,836
Capital Reserve Charges	3,741,587
Periodic Charges	169,961
<b>Totals</b>	<b>\$82,708,880</b>

The overall fiscal impact that future development will have on ECCFPD expenditures is based upon the assumption that per capita expenditure amounts will serve as the best indicator of future expenditures. Therefore, to best allocate the other ECCFPD expenditures to future development, the multiplier approach is utilized.

### ECCFPD Expenditure per Person Served

As previously noted in Table 2, the total number of future persons to be served in ECCFPD is 238,997. Utilizing the multiplier approach, the number of persons served within each ECCFPD expenditure category is applied to the expenditure line item to determine the allocable expenditure per person. The table below provides the expenditure per person for each of the expenditure categories.

**TABLE 11. ECCFPD EXPENDITURES PER PERSON SERVED**

Description	2039-2040 Budget Amount	Persons Served	Annual Amount per Person Served
Salaries and Benefits	\$66,999,800	238,997	\$280.34
Services and Supplies	10,803,696	238,997	45.20
City/County Charges	993,836	238,997	4.16
Capital Reserve Charges	3,741,587	238,997	15.66
Periodic Charges	169,961	238,997	0.71
<b>Total Expenditures per Person Served</b>	<b>\$82,708,880</b>		<b>\$346.07</b>

Based upon the 2039-2040 projected budget amount and the number of future persons served, the additional demands that the increased population will place upon ECCFPD services results in an expenditure amount of \$346.07 per person served.

### Future Development Expenditure Summary

In order to determine the total amount of ECCFPD expenditures allocated to future development, the total expenditures per person served is multiplied by the number of residents per each of the residential land uses or the number of employees per 1,000 square feet of gross building area for each non-residential land use. Applying the total ECCFPD expenditures amount of \$346.07 per person served to each land use category, the expenditure fiscal impact is provided in the table below.

**TABLE 12. FUTURE DEVELOPMENT ECCFPD EXPENDITURES**

Description	SFR Amount	MFR Amount	Mobile Amount	Commercial Amount	Office Amount	Industrial Amount
ECCFPD Expenditures per Person Served	\$346.07	\$346.07	\$346.07	\$346.07	\$346.07	\$346.07
Future Persons Served	3.10	2.20	2.10	2.10	2.80	1.40
<b>Total Annual Future Development Expenditures</b>	<b>\$1,073</b>	<b>\$761</b>	<b>\$727</b>	<b>\$727</b>	<b>\$969</b>	<b>\$484</b>

Future residential development within ECCFPD will account for approximately \$727 to \$1,073 per residential dwelling unit of operating expenditures per year. Non-residential development will account for operating expenditures between \$484 and \$969 per 1,000 square feet of gross building area per year.

### PRESENT VALUE OF FUTURE DEVELOPMENT ECCFPD EXPENDITURES

It should be noted that the future development expenditures for each land use category are based upon 2039-2040 projected expenditures. To determine the present value of those future development expenditures, the future development expenditure amounts have been discounted to 2020-21 values, based upon a discount rate of 2%. The table below sets forth the present value of the annual future development expenditures presented in Table 12:

**TABLE 13. PRESENT VALUE OF FUTURE DEVELOPMENT ECCFPD EXPENDITURES**

Description	SFR Amount	MFR Amount	Mobile Amount	Commercial Amount	Office Amount	Industrial Amount
Total Annual Future Development Expenditures <sup>(1)</sup>	\$737	\$522	\$499	\$499	\$665	\$332

(1) 2020-21 present value of Table 12 amounts using a 2% discount rate.

## SECTION 5 | FUTURE DEVELOPMENT FISCAL IMPACT

Based on future development’s estimated total revenue determined in Table 9 and future development’s present value of total allocated expenditures presented in Table 13, future development will result in an overall negative fiscal impact for ECCFPD. The table below sets forth the total anticipated fiscal impact for the various residential and non-residential land uses.

**TABLE 14. FUTURE DEVELOPMENT ANNUAL FISCAL IMPACT**

Description	SFR Amount	MFR Amount	Mobile Amount	Commercial Amount	Office Amount	Industrial Amount
Future ECCFPD Revenue	\$442	\$283	\$87	\$173	\$156	\$106
Future ECCFPD Expenditures	737	522	499	499	665	332
<b>Annual Fiscal Impact<sup>(1)</sup></b>	<b>(\$295)</b>	<b>(\$239)</b>	<b>(\$412)</b>	<b>(\$326)</b>	<b>(\$509)</b>	<b>(\$226)</b>

(1) Per dwelling unit for residential land use classes and per 1,000 square feet of gross building area for non-residential land use classes.

Based on revenue and expenditure estimates, future development creates a negative fiscal impact for ECCFPD’s operating fund. The negative fiscal impact for residential development ranges between \$239 and \$412 per dwelling unit per year, depending on the type of residential land use. The negative fiscal impact for non-residential land uses ranges between \$226 and \$509 per 1,000 square feet of gross building area per year, depending on the type of non-residential land use.

### CFD Special Tax Revenue

As previously noted in Section 3, ECCFPD receives revenue from sources that are specific to certain geographical areas. Therefore, to determine a property’s total fiscal impact, the anticipated revenue from these special revenues needs to be considered.

### OVERLAPPING CFD SPECIAL TAX REVENUE

As previously noted, there are currently three CFDs within the boundaries of ECCFPD. A special tax is levied annually to fund fire services within each of the three CFDs. Future development that occurs within the boundaries of the CFDs will be subject to the levy and collection of the existing CFD special tax. Each CFD has unique special tax formula, with the special tax being levied on either a per dwelling unit or per parcel basis. The table below provides the current estimated special tax rate for each CFD and the basis for which the special tax is levied.

**TABLE 15. OVERLAPPING CFD SPECIAL TAX RATES**

<b>Description</b>	<b>CFD Special Tax Rate</b>	<b>Levied Per</b>
CFD 2004-1 (Cypress Lakes)	\$222	Parcel
CFD 2016-2 (Delta Coves)	290	Residential Dwelling Unit
CFD 2018-1 (City of Oakley) <sup>(1)</sup>	290	Single-Family Parcel

(1) As development occurs within the City of Oakley, single-family property may voluntarily annex into the CFD. Rates for Condominium, Multi-Family and various Non-Residential land uses are as provided in the CFD rate and method of apportionment.

CFD 2018-1 is the only CFD that includes a future annexation area, with the boundaries of the future annexation area being coterminous with the City of Oakley. As property develops within the City of Oakley, the property may voluntarily annex into CFD 2018-1 and be subject to the levy and collection of the CFD 2018-1 special tax.

If development were to occur within one of these three overlapping CFDs, the property would pay the existing CFD special tax, which funds fire services. However, depending on the circumstances at the time of development, there could be an option for future development to detach from the existing CFD and establish a new CFD that fully mitigates future development’s fiscal impact. ECCFPD should evaluate future development within these overlapping CFDs on a case by case basis.

### **Future Development Fiscal Impact Summary**

The table below provides a summary of the fiscal impact for the various residential and non-residential land uses. The fiscal impacts for residential land uses are presented on a per dwelling unit basis and the fiscal impacts for non-residential land uses are presented on a per 1,000 square feet of gross building area basis.

**TABLE 16. FUTURE DEVELOPMENT FISCAL IMPACT SUMMARY**

<b>Description</b>	<b>SFR Amount</b>	<b>MFR Amount</b>	<b>Mobile Amount</b>	<b>Commercial Amount</b>	<b>Office Amount</b>	<b>Industrial Amount</b>
Annual Fiscal Impact	(\$295)	(\$239)	(\$412)	(\$323)	(\$509)	(\$226)

To mitigate any negative fiscal impacts from future residential and non-residential development, ECCFPD should consider the establishment of a Special Financing District (SFD). Alternatives for ECCFPD’s consideration are presented in Section 6 of this fiscal impact analysis.



## SECTION 6 | FISCAL IMPACT FUNDING OPTIONS

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To mitigate the negative fiscal impacts identified in Section 5 of this report, ECCFPD should consider the establishment of a SFD, which could include a special tax or a special assessment. Since the ECCFPD's negative fiscal impacts are attributable to the provision of general ECCFPD services, a special assessment may not be the most appropriate funding option for ECCFPD to mitigate those impacts. Special assessments require the identification and separation of general and special benefits. Special benefits can be assessed to property, but all general benefits must be funded by sources other than the special assessments. Therefore, a special assessment would not entirely alleviate the negative fiscal impact created by future development. Alternatively, ECCFPD could implement a special tax.

### Community Facilities Districts

A Community Facilities District, or CFD and also referred to as a Mello-Roos District, is a type of SFD that is established via the Mello-Roos Community Facilities District Act of 1982 ("1982 Act"). Through the levy and collection of a special tax, CFDs provide funding for authorized public improvements and/or public services. The CFD's Rate and Method of Apportionment includes procedures for identifying and classifying property within the CFD, establishing the initial maximum special tax rates, and the formula for calculating the annual special tax and assigning the special tax to taxable property within the CFD. Since CFDs authorize the levy and collection of a special tax, as opposed to a special assessment, there is no requirement to make a finding of special benefit for the property subject to the special tax. However, the special tax should be based on a benefit received by property, the cost of providing the facilities or services, or some other reasonable basis for assigning the special tax, as determined by the legislative body.

In order to establish a CFD, the 1982 Act requires a two-thirds approval of the registered voters, residing within the proposed CFD boundary, voting in the special tax election. If there are less than 12 registered voters within the proposed CFD boundaries, then a landowner special tax election can take place. In the case of a landowner special tax election, a two-thirds approval is still required and each landowner receives one vote per acre or portion of an acre of land owned. It should be noted that if a CFD is approved via a landowner special tax election, the CFD is only authorized to fund additional services. In *Building Industry Association of the Bay Area v. City of San Ramon*, the California Appellate Court held that a landowner-approved CFD can only fund the increase in demand for pre-existing services, so long as the special tax revenue is not available for general government purposes. The additional services funded by the CFD shall not replace services already available and provided within the boundaries of the CFD. Further, special tax revenue generated from the CFD can only be used to fund the authorized public services set forth in the 1982 Act. CFD authorized public services include fire protection services.

### FUTURE DEVELOPMENT SPECIFIC COSTS

In addition to using a CFD to mitigate future residential development's negative fiscal impacts, the CFD can also fund authorized CFD services that are intended to provide an enhanced level of service or services that are unique to future development. These services would be in addition to any previously identified negative fiscal impacts placed upon ECCFPD in providing the fire services. Funding for any enhanced and/or additional recurring public service costs, including repairs and replacements, reserves and administration can be accomplished through a CFD.

## BENEFITS TO ECCFPD

Through the formation of a CFD, ECCFPD can establish an ongoing funding source that mitigates the negative fiscal impacts created by future residential and non-residential development, as well as provide funding for new or enhanced services within ECCFPD. The CFD's maximum special tax rate can include an annual escalation factor, to keep pace with changing costs, that is based upon an annual fixed amount or an escalation factor that is tied to a specific inflation index. Further, the CFD special tax can be established without a sunset date so that the CFD special tax can be levied in perpetuity.

## CFD Special Tax Recommendation

In order for ECCFPD to continue to provide necessary services to their population base, the ECCFPD needs to ensure that developing property pays their fair share of any additional fiscal burdens placed upon ECCFPD's operational budget. It has been determined that both future residential and non-residential development will produce negative fiscal impacts. To mitigate those negative fiscal impacts, ECCFPD should consider establishing a CFD. The levy and collection of the special tax could generate sufficient revenue to offset the negative fiscal impacts to ECCFPD. Further, the CFD provides the flexibility to generate additional revenue to fund any enhanced or new project specific costs desired by future development. The CFD's Rate and Method of Apportionment establishes the special tax formula and sets the initial maximum special tax rates. A benefit of the CFD is that it allows for a great deal of flexibility in structuring the special tax formula so that the formula and maximum special tax rates best fit and accomplish specific needs. In this particular case, the CFD special tax rates could be sized to recover the annual negative fiscal impact on development, recover ongoing administrative costs related to the CFD, and be structured to create both a residential special tax rate and non-residential special tax rate.

## CFD SPECIAL TAX RATES

Based on the overall fiscal impacts created by future development, the proposed annual base CFD special tax rates for consideration are provided in the table below.

**TABLE 17. PROPOSED CFD SPECIAL TAX RATES**

Land Use Category	CFD Special Tax Rate
SFR <sup>(1)</sup>	\$295
MFR <sup>(1)</sup>	239
Mobile <sup>(1)</sup>	412
Commercial <sup>(2)</sup>	326
Office <sup>(2)</sup>	509
Industrial <sup>(2)</sup>	226

(1) Levied per residential dwelling unit.

(2) Levied per 1,000 square feet of gross building area.

The CFD special tax rates presented in Table 17 would represent the initial CFD maximum special tax rates to fund the identified negative fiscal impacts. ECCFPD could also increase the initial CFD maximum special tax rates to cover the added costs for administering the CFD, as well as establish any reserves or

contingency funds. Further, the CFD would be structured to include a special tax escalation factor, which would allow for an annual increase to the initial CFD maximum special tax rates. While the CFD maximum special tax rates would increase on an annual basis, ECCFPD is not required to levy the special tax at the CFD maximum special tax rates each year. In order to meet the CFD annual special tax requirement, authorized services and administrative costs, ECCFPD has the flexibility to levy a CFD special tax amount that is less than or equal to the CFD maximum special tax.