PUBLIC SERVICES AND PUBLIC FACILITIES FINANCING PLAN

SALINAS FUTURE GROWTH AREA

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Prepared for the

City of Salinas

Prepared by

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APPLIED DEVELOPMENT ECONOMICS

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SUMMARY OF THE PUBLIC SERVICES PLAN

This report analyzes and describes the public services and facilities impacts of the proposed annexation and development of 2,457 acres of General Plan Future Growth Area (FGA) in the City of Salinas. When fully developed, the FGA is projected to provide 11,609 dwelling units with a resident population of nearly 43,000, and 1,618,400 square feet of retail and office commercial space with an employment base of about 4,049 jobs. The report provides a financing plan for ongoing municipal services and maintenance functions as well as the construction or enhancement of infrastructure and facilities to support the FGA development.

MUNICIPAL SERVICE REQUIREMENTS

The City has established service level standards in its General Plan (Appendix A). It has also recently reviewed its service standards as part of its Measure V analysis (Appendix B). Based on these standards, and more detailed review of the development by City Departments, the following services will be required to serve the proposed annexation area.

General Government. This category includes the City Manager's Office, City Clerk, Human Resources, Community Safety and Neighborhood Services, Finance/Information Systems, and the City Attorney as well as Non-Departmental services. Total expenditures for these General government functions are about 12.9 percent of General Fund Departmental expenditures. Specific staff increases needed for the FGA include:

City Manager/City Clerk: Service Standard = *1 FTE*[1] */15,000 population.* FGA increases population by 43,000, requiring 3 new FTE.

Human Resources: *Service Standard = 1 FTE/100 City employees.* FGA requires 202 new City employees, requiring 2

[1] FTE refers to Full Time Equivalent City staff position.

new staff positions in Human Resources, for a total of 204 new positions.

Finance/Information Systems: *Service Standard: 1 FTE per 7,000 population.* FGA increases population by 43,000, requiring 6 new FTE.

City Attorney: *Service Standard: 1 FTE per 20,000 population.* FGA increases population by 43,000, requiring 2 new FTE.

Police. *Service Standard: 1.5 sworn officers per 1,000 population, plus civilian support personnel at a ratio of one-third of sworn officers, plus School Resource Officers.* With a population of 43,000, the FGA would require 65 additional sworn officers, and 22 civilian personnel.

Fire. *Service Standard: 4-6 minutes response time for engine company, primarily for residential fire protection; 8 minute response time for aerial ladder truck company for commercial property.* FGA requires one new fire station for the engine company onsite plus either a new station for the truck company within 8 minutes of the project or a larger, combined station on-site. Staffing requirements equal 24 firefighters.

Development and Engineering Services: *Service Standard: Process and check applicable plans and construction permits.* Staff requirements for FGA = 2 senior planners, 2 plan checker IIs, 1 senior permit clerk and 2 code enforcement officers.

Recreation: *Service Standard: 1 FTE per 5,000 population.* FGA population requires 9 FTE. FGA would need two new recreation centers, plus after school programs at selected school sites, of which there are eleven in the proposed development.

Parks: *Service Standard: 3 acres per 1,000 population.* FGA requirement would be 129 acres. The FGA specific plans propose 241 acres of parks in addition to 189 acres of open space.

Library. *Service Standard: 0.5 square feet of library space per capita and 1 FTE per 3,000 population.* FGA population would require a library of about 22,000 square feet, and a staff of 14 FTE.

Maintenance Services. This Department includes maintenance of City facilities, vehicle fleets, parks, and streets, as well as graffiti abatement and operation of the waste water system. *Service standard: Various maintenance standards result in combined staffing of 1 FTE per 900 population.* The FGA would require 48 FTE.

Housing: *Service Standard: Administer Inclusionary Housing program, ranging from 20 percent to 35 percent of housing units in the development.* FGA Staffing requirement: 2 FTE.

FUNDING FOR MUNICIPAL SERVICES

The cost of services to fund the plan outlined above is projected to be about $61.2 million annually in Year 20 of the development phase of the FGA (see Exhibit A next page), at which point the project is anticipated to be about 80 percent built out.[2] Of these costs, about $15.2 million would be funded by a Maintenance Assessment District, which would levy an assessment of $792 per Equivalent Dwelling Unit (in 2007 dollars) with an annual escalation for inflation. For the remaining services, the development is projected to generate $41.9 million per year in tax and fee revenue. Measure V funds would increase this amount by about $1.4 million, but Measure V is currently scheduled to sunset on April 1, 2016 and would not be available at project buildout unless it is renewed by the voters.

Thus, the general tax and fee revenues generated by the project would not be sufficient to fund the cost of municipal services for the project. This is due in part to the City's experience with service cost escalation, particularly for public safety personnel, and also in part to the need to construct and operate certain facilities before the project is completely built out, such as the fire station and the library.

The City will need to consider requiring the establishment of a Community Facilities District (CFD) to provide additional special taxes to meet the service demands of the project, in particular to cover projected deficits during the project

[2] These figures are reported here and in the rest of the report in future dollar terms unless otherwise indicated. However, Exhibit A also shows the costs and revenues in current 2007 dollar terms.

development phase and to cover deficits associated with fluctuations in City revenues such as Measure V. The analysis includes a projection of funding needs for operations from a CFD. The annual assessments would begin at about $1,014 per unit but could potentially decrease to about $210 per unit in year 20 (in 2007 dollars) as additional units are built to help support the costs. The financing analysis in the last chapter of this report indicates that these CFD assessments would be feasible for the FGA development.

EXHIBIT A
YEAR 20 FISCAL IMPACTS IN CURRENT AND FUTURE DOLLARS

	Year 20 (Current 2007 Dollars)	Year 20 (Future Dollars)
REVENUES		
Total Property Taxes	$10,116,284	$17,503,698
Total Sales Tax	$1,605,791	$2,778,420
Utility Users Tax	$1,221,154	$2,112,902
Property Transfer tax	$562,315	$972,945
Business License Tax	$220,665	$381,806
Franchise Fees (incl Royalty)	$592,981	$1,026,005
Licenses & Permits	$56,622	$97,971
Building permit fees	$898,869	$1,555,268
Fines & Penalties	$17,349	$30,018
Investment Earnings	$331,151	$572,975
Other Agencies	$312,027	$539,885
Motor Vehicle In-lieu	$6,924,789	$11,981,614
Fees for Services	$528,314	$914,115
Other Revenue	$18,126	$31,363
Gas Tax	$679,236	$1,175,248
Traffic Safety Fund (to Gen. Fund)	$167,989	$290,663
Measure V	$0	$0
Subtotal Taxes and Annual Fee Revenue	$24,253,662	$41,964,892
Proposed Maintenance Assessment District	$8,803,388	$15,232,060
Proposed Community Facilities District	$2,344,892	$4,057,249
TOTAL REVENUES	**$35,401,942**	**$61,254,201**
EXPENDITURES		
General Government	$3,030,270	$5,243,124
Police	$12,485,654	$21,603,299
Fire/EMS	$6,957,550	$12,038,299
Development & Engineering	$1,071,593	$1,854,124
Street Sweeping	$342,097	$591,914
Recreation - Parks	$1,246,964	$2,157,560
Library	$1,085,606	$1,878,369
Housing	$352,846	$610,512
Maintenance Services [a]	$8,803,388	$15,232,060
TOTAL EXPENDITURES	**$35,375,969**	**$61,209,260**
NET (COST)/REVENUE	**$25,974**	**$44,941**
CUMULATIVE (COST)/REVENUE	**$510,092**	**$882,586**

[a] Maintenance services include streets, parks, landscaping, storm drains, facilities and City fleet services.
Source: ADE, Inc.

FACILITIES FINANCING

The development would be subject to about $214.5 million in existing development impact fees, which includes City fees for traffic, sewer, storm drain, parks, and street trees, as well as Monterey Water Pollution Control Agency treatment plant fees and school district impact fees. In addition, it is anticipated that the development will pay as much as $91.6 million in new fees including $9.875 million for City government buildings, $52.7 for TAMC regional traffic impact fees, and $29.1 million in City offsite traffic fees, which are as yet not approved.

The project services plan calls for at least one new fire station, a new library, and two new recreation centers, which together are estimated to cost about $15.5 million and may be funded through new impact fees, through new property assessments, or through other means specified by the City. The development will also be subject to provisions regarding the required phasing for installation of these facilities, currently projected at Year 3 for the first fire station and Year 8 for the library

In addition to the impact fees, project engineers have identified $344.6 million in backbone infrastructure costs. The development would have the capacity to fund about $224.5 million in facilities costs through an assessment district or CFD. Any remaining infrastructure costs not covered by impact fees or assessments would be required to be paid directly by the project builders.

CONCLUSION

The total impact fees and backbone infrastructure identified to date total about $663.5 million, which represents about 12.4 percent of the projected total development value for the FGA. Typically, developments are able to support a maximum of 15 percent of value in such costs. This measure, combined with the positive net revenue shown in Exhibit A, indicates the public services plan for the FGA is financially feasible.

FISCAL IMPACT ANALYSIS

SETTING

Total City operating revenues for all funds for the 2007-2008 fiscal year are estimated at $127,205,050. Total expenditures are budgeted at $135,933,400, including use of reserves and accumulated capital projects funds for a variety of improvement projects as well as operating expenses.

This analysis pertains to a portion of the total City budget, as shown in Table 1, including primarily the General Fund as augmented by Measure V funds, gas taxes, and traffic safety revenues. Certain adjustments have been made to both revenues and expenditures in order to focus the analysis on the net cost of providing services with local revenues. On the revenue side, the adjustments are mainly outside grant funds that are not dependent on development growth in the City or they are certain incidental one-time fees that are only paid at the time a building project is approved and do not fund ongoing operation of City services. (Exceptions to this are the building permit and plan check fees which are included in the analysis).

On the expenditure side, these revenue adjustments are subtracted from budgeted service costs to calculate the net cost of providing services from annual local revenues. Expenditure adjustments also include capital expenditures, since the focus of this part of the analysis is on annual operating costs for City services. In addition, budget augmentations have been made to reflect City service standards that are as yet unfunded in the current City budget. The revised figures have been derived from the Measure V presentation dated May 11, 2007 (Appendix B). The budget additions by expenditure category are shown below.

General Government	$925,200
Police	$2,077,000
Fire	$147,500
Development and Eng.	$617,400
Maintenance Services	$265,900
Recreation	$859,700
Library	$421,512

TABLE 1
CITY BUDGET for Year: 2007-2008

REVENUES	BUDGET
GENERAL FUND	
Property Taxes	$26,340,000
Sales Tax	$24,700,000
Utility Users Tax	$8,550,000
Hotel - Motel Tax	$1,625,000
Property Transfer Tax	$425,000
Business License Tax	$4,000,000
Franchise Fees	$3,435,000
Licenses & Permits	$1,068,000
Fines & Penalties	$100,500
Investment Earnings	$1,283,000
Other Agencies	$1,820,500
Fees for Services	$3,935,000
Other Revenue	$120,000
SUBTOTAL GENERAL FUND	**$77,402,000**
Measure V	$10,300,000
Gas Tax to General Fund	$425,000
Traffic Safety to General Fund	$900,000
TOTAL RESOURCES	**$89,027,000**
EXPENDITURES	
General Government	$12,527,686
Police	$36,942,200
Fire	$14,256,500
Maintenance	$10,239,010
Library	$3,693,200
Parks/Recreation	$3,691,304
Development & Permit Services	$3,433,100
Development & Engineering	$2,396,400
SUBTOTAL GENERAL & MV FUNDS	**$87,179,400**
Fairways Golf Course	$750,000
Paramedic Program	$472,500
Downtown Parking	$300,000
Debt Service	$454,000
Grant Matches	$45,000
TOTAL EXPENDITURES	**$89,200,900**
SURPLUS (SHORTFALL)	**($173,900)**

Source: City of Salinas Adopted Operating Budget 2007-2008
[a] Revenue adjustments are made for revenue sources not projected in the impact analysis. Expenditure adjustments reflect the net between services funded by the revenue adjustments and budget augmentations to meet any City services standards that are currently unfunded.

PROJECT DESCRIPTION

The City of Salinas' General Plan, adopted September 17th, 2002, identifies 3,525 acres of unincorporated Monterey County land as Future Growth Area (FGA) for the City. This Fiscal Impact Analysis focuses on approximately 2,457 acres of that FGA, located north of East Boronda Road between San Juan Grade Road and Williams Road, outside the City Limits. The City intends to submit an application to the Local

Agency Formation Commission (LAFCO) to incorporate the FGA[3] acres on which this analysis focuses.

The FGA is divided into three (3) distinct areas:

1) Area 1 – West
2) Area 2 – Central
3) Area 3 – East

The FGA boundaries are Boronda Road (south/southeast), San Juan Grade Road (west), Russell Road/Old Stage Road[4] (north/northeast), and Williams Road (east/southeast). Area 1 – West is separated from Area 2 – Central by Natividad Road Area 3 – East begins at Constitution Blvd. and continues to the Williams Road boundary.

Table 2 details the FGA's projected land use mix. The table illustrates the net acreage for each land use in the entire FGA as well as each of its discrete areas.

TABLE 2
PROPOSED FGA LAND USE MIX (NET ACRES)

	Total FGA	Area 1 - West	Area 2 - Central	Area 3 - East
RESIDENTIAL				
Low Density	561	267	107	187
Medium Density	480	140	188	152
High Density	123	42	50	32
Mixed Use Residential	24	-	22	2
Residential Subtotal	1,188	449	367	372
COMMERCIAL				
Retail	30	17	13	-
Mixed Use Retail	31	26	3	2
Mixed Use Office	26	-	5	21
Commercial Subtotal	87	43	21	23
PUBLIC				
Open Space	213	22	27	164
Parks	230	66	108	55
Public/Semi-Public	213	92	42	79
Public Subtotal	656	180	177	298
TOTAL	**1,931**	**672**	**581**	**693**

Source: Project sponsors for each specific plan area. Acreages in mixed use areas have been prorated to the component land uses. Totals may not add due to rounding.

[3] From this point forward, the 2,457 acres of FGA on which this analysis focuses, will be referred to as "the FGA."

[4] A portion of the FGA lies north of Russell Rd. This portion is bounded by Natividad Rd to the east, Rogge Rd. to the north, a housing development (located between Russell, San Juan Grade, and Rogge Roads) to the west and Russell Rd to the south.

Almost sixty-two percent (1,188) of the net acres in the FGA are designated for residential land uses. The majority of the residential acres (561) are designated for Low-Density Residential land use. Four percent (87 acres) of the FGA is designated Commercial. Thirty acres are designated for Retail land use and 57 for Mixed Use[5]. About one-third of the acres (656) are reserved for parks, open space, and public/semi-public land uses[6].

Table 3 below illustrates the projected number of dwelling units that will be constructed in the FGA, as well as the number of people projected to inhabit those dwelling units, based upon the City's General Plan. The number of people projected to inhabit the new dwelling units represents the increase in the City's population expected to result from annexing and developing the FGA. In the aggregate, the FGA consists of the following types of residential dwelling units:

- Low Density
- Medium Density
- High Density
- Mixed Use Residential

Low Density dwelling units refer primarily to single-family detached homes. Medium Density residential developments are dominated by duplexes and town houses with between two and four dwelling units per structure, but may also include small-lot single-family units. High Density residential developments contain structures with five or more dwelling units, typically apartment complexes and condominiums. Mixed Use Residential refers to dwelling units constructed among Commercial spaces. These units are typically similar in size to higher density apartment units.

5 Mixed Use combines retail, office, or residential land uses on the same acres.

6 Public/Semi-Public land uses include schools and their playfields.

TABLE 3
HOUSING AND POPULATION GROWTH

	Total FGA		Area 1 - West		Area 2 – Central		Area 3 - East	
	Dwelling Units	Population	Dwelling Units	Population	Dwelling Units	Population	Dwelling Units	Population
Low Density	3,976	14,632	2,003	7,371	536	1,972	1,437	5,288
Medium Density	4,903	18,043	1,637	6,024	1,315	4,839	1,951	7,180
High Density	2,138	7,547	700	2,471	798	2,817	640	2,259
Mixed Use Res.	592	2,090	-	-	506	1,786	86	304
Total	**11,609**	**42,312**	**4,340**	**15,866**	**3,155**	**11,415**	**4,114**	**15,031**

Source: Applied Development Economics based upon information from the CA Dept of Finance and the City of Salinas; Totals may not add due to rounding.

As shown in Table 3, annexation and development of the FGA will lead to an 11,609 dwelling unit increase in the City's Housing Stock. About two-thirds of the new dwelling units (7,633) will be medium to high density.[7] Single family homes will account for 3,976 of the new dwelling units.

More than 42,000 new residents will populate the FGA's 11,609 new dwelling units. Nearly 28,000 of these new residents will live in Medium to High Density units.

Table 4 details the commercial square footage that will be developed and the number of jobs that developed square footage will support. The number of jobs the new commercial square footage will support represents the employment growth expected from annexing and developing the FGA.

TABLE 4
COMMERCIAL SPACE AND EMPLOYMENT GROWTH

	Total FGA		Area 1 - West		Area 2 - Central		Area 3 - East	
	Square Feet	Employment	Square Feet	Employment	Square Feet	Employment	Square Feet	Employment
Retail	295,200	590	170,000	340	125,200	250	-	-
Mixed Use Retail	713,800	1,428	609,000	1,218	20,000	40	84,800	170
Mixed Use Office	609,400	2,031	-	-	67,200	224	542,200	1,807
Total	**1,618,400**	**4,049**	**779,000**	**1,558**	**212,400**	**514**	**627,000**	**1,977**

Source: Applied Development Economics based upon information from the FGA developers; Totals may not add due to rounding.

Commercial Mixed Use accounts for more than 80 percent of the projected 1.6 million square feet of commercial space in

[7] For the purposes of this report, Mixed Use Residential dwelling units are considered Medium to High Density. These units are typically similar in size to apartments and are constructed in relatively dense clusters of commercial spaces.

the FGA. The most commercial development will occur in Area 1 – West; about 779,000 square feet, followed by Area 3 with 627,000 sq.ft. The remaining commercial building space would be in the Central Area, about 212,400 sq.ft.

Development of the new residential dwelling units and commercial space described above will increase the assessed value of the property in the FGA. At build-out, the FGA's assessed value will be more than $5.3 billion, with Residential land uses accounting for 95 percent. Table 5 details, by land use, the estimated assessed value of the FGA, and each of its individual sub-areas, at build-out. Build-out assessed value for each land use has been calculated using the following assumptions:

- Market Rate Residential
  - Low Density = $600,000-687,500 per Du
  - Medium Density = $390,000-500,000 per Du
  - High Density = $300,000-450,000 per Du
  - Mixed Use Residential = $300,000-450,000 per Du
- Inclusionary Housing[8]
  - Very Low Income = $93,705
  - Lower Income = $158,645
  - Moderate Income = $244,595
  - Workforce Housing = $331,760
- Commercial
  - Retail = $100 per square foot
  - Mixed Use Retail = $150 per square foot
  - Mixed Use Office = $200 per square foot

[8] Twenty-five percent of the housing is projected to be sold initially as inclusionary housing at the prices shown above. The projections of fiscal impacts assume that this housing will re-sell at market prices; however the assessed value figures shown in Table 5 reflect the initial inclusionary prices.

TABLE 5
BUILD-OUT ASSESSED VALUE OF FGA
($millions)

LAND USE	Total FGA	Area 1 – West	Area 2 – Central	Area 3 – East
RESIDENTIAL				
Low Density	$2,120	$1,116	$299	$706
Medium Density	$2,013	$755	$607	$651
High Density	$738	$265	$302	$170
Mixed Use Res.	$215	$0	$192	$23
Total Residential	$5,087	$2,136	$1,399	$1,551
NON-RESIDENTIAL				
Retail	$29	$17	$12	$0
Mixed Use Retail	$107	$91	$3	$13
Mixed Use Office	$122	$0	$13	$108
Total Non-Residential	$258	$108	$29	$121

Source: Applied Development Economics; Totals may not add due to rounding.

PROJECT IMPACTS: CITY OF SALINAS MUNICIPAL GENERAL GOVERNMENT REVENUES AND SERVICES

Annexation and development of the FGA will generate a number of revenues for the City of Salinas, including property taxes, sales taxes, and a variety of other taxes and fees.

Most of the major revenues included in the analysis have been projected using specific tax rates or methodologies that mirror the actual revenue generation for the City. These methodologies are described in the sections below. Other, minor revenues have been projected on a per capita basis and the methodology for that is explained at the end of this section.

PROPERTY TAX

The base property tax paid by property owners, equal to one percent of assessed value under Proposition 13, is allocated to a wide range of local taxing agencies, including County government, special service districts, local school districts and other agencies. The City of Salinas does not currently receive any tax from the Future Growth Areas, but when the property is annexed to the City, a portion of the tax that is currently allocated to some of the existing taxing agencies will shift to the City.

The City's share of the property tax would be subject in part to the tax sharing agreement between the City of Salinas and the County of Monterey. The tax sharing agreement specifies that, upon annexation, the City will receive 43.84 percent of the County's property tax share from the area. In addition, the City would receive the property tax share currently allocated to the County Library and the Salinas Rural Fire Protection District, since the City would commence providing these services when annexation occurs.

Table 6 provides the calculations of the City's property tax share. The annexation area includes portions of two Tax Rate Areas (TRAs) with slightly different tax allocations among the taxing agencies.[9] Generally speaking, the County's gross share of property tax is about 24 percent, of which 9.6 percent is shifted to the State's Education Revenue Augmentation Fund (ERAF), about 40 percent of the County's revenue. The City, on the other hand, loses 19 percent to ERAF, and this differential transforms the City's share of the tax from 43.8 percent to 36.6 percent, with the County retaining 63.4 percent. Thus, the County's 24 percent gets distributed 8.8 percent to the City and 15.2 percent to the County.

TABLE 6
SALINAS FUTURE GROWTH AREA ANNEXATIONS
PROPERTY TAX RATES AND ALLOCATION METHODOLOGY

	TRA 051-002	TRA 122-001
Monterey County-Wide Rate	0.242301	0.239837
City Share [a]	36.64%	36.64%
City Share	0.088779	0.087876
Remaining County Share	**0.153522**	**0.151961**
Special District Tax Rates to City		
County Library (Service provided by City)	0.022359	0.022132
Rural Fire District (Service provided by City)	0.108145	0.107046
City Tax Rate	0.219283	0.217054
Less: 19% City ERAF Loss	-0.041683	-0.041254
City Net Property Tax Rate	**0.177600**	**0.175800**

[a] The City share is a function of the existing tax sharing agreement which allocates the City 43.84% and adjustments to account for the ERAF shift.
Source: Julie Aguero, Property Tax Manager, County of Monterey.

In addition, the County Library receives about 2.2 percent of the base tax and the Salinas Rural Fire Protection District

[9] In reviewing the parcel maps forte FGA, we believe that the west area is entirely within TRA 122-001 and the East area is entirely within TRA 51-002. The Central area is divided about 15 percent to TRA 122-001 and 85 percent to TRA 51-002. The resulting assessed value distribution is about two-thirds to TRA 051-002 and one-third to TRA 122-001.

receives nearly 11 percent. Combined with the tax share the City would receive from the County, the total tax share for the City would be about 22 percent. However, a portion of the City's tax share is also shifted to the ERAF, reducing the net effective tax share to about 17.6 percent (average between the two TRAs).

In current 2007 dollar terms, the FGA is projected to increase total assessed values of $5.2 billion at buildout, which would generate $9.2 million per year in property tax revenues for the City under the formula discussed above.[10] The County of Monterey would receive nearly $5 million per year in new property taxes at full buildout of the project (about 9.2 percent of the 1 percent base tax after the ERAF shift), which would help to fund County services to the new population such as criminal justice and public health.

The development will require more than 20 years to build out, however, so in order to calculate the year to year tax projections, it is necessary to account for changes in assessed valuation. Under Proposition 13, assessed value may only increase 2 percent per year unless the property is sold, at which time it may be reassessed at the current market value, or sales price. In this analysis, it is assumed that residential units will resell on average every seven years, and the calculations are done on the basis of 14 percent (one-seventh) of the units reselling every year after their initial sale. We assume market prices will increase 5 percent per year. For non-residential property, we project a resale of the entire property 15 years after its initial development, with no incremental annual interim sales.

Based on previous County Assessor policy, we have assumed that the inclusionary units in the development would be assessed at their lower, affordable prices. However, the City's program permits an equity recapture and resale and market prices after the initial sale of the units. We anticipate the assessor will re-assess the properties at whatever sales price is obtained at the time of the resale, which may be market rate.

[10] The existing tax base from the property would continue to be shared by existing taxing agencies.

Sales Tax and Measure V Funds

Salinas receives base sales tax at the rate of 1 percent of taxable sales within the City jurisdiction. In addition, the voters passed Measure V, which established a 0.5 percent tax override for ten years to help fund City services. The FGA includes about 1,009,000 square feet of retail commercial space, which should generate about $201 million in taxable sales per year at full buildout ($2007).[11] This would result in about $2 million per year in base sales tax for the City and about $1 million in Measure V funds per year (if Measure V is extended beyond the initial ten year sunset period). This is approximately equal to the projected spending of the residents in the FGA, so the revenue projections for the project have been tied to the growth in residential population rather than the development schedule for the commercial space. It is possible the new commercial could further boost overall retail capture in Salinas if the new stores offer shopping opportunities not currently available elsewhere in the City. At this point, there is not sufficient information to make this assumption, so the analysis is based on the more conservative assumption that the new retail space will serve the local residents primarily.

Property Transfer Tax

The City receives transfer tax on each real estate transaction in the amount of $0.55 per $1,000 in sales value. This revenue is calculated both for the initial sale of the residential units and commercial space and also as these properties re-sell during the twenty year analysis period. The sales price and market escalation assumptions are the same as those used to calculate the property tax.

Building Permit/Plan Check Fees

These fees are paid only once when each residential unit and commercial building is built, so the revenues would occur only during the build-out phase of the project and they would help support the additional city staff in the Planning and Building Division, needed to process the development.

[11] $200 in taxable sales per square foot.

MOTOR–VEHICLE–IN LIEU

This is a state subvention of vehicle registration fees to local government. However, the State now pays this subvention (at a two-thirds level) in the form of added property tax revenues. Future increases in the revenues to local government are based on annual changes to assessed value. The FGA development would increase the City's assessed value substantially, and future increases in Motor-vehicle-in-lieu revenues for the City have been projected as a function of this increase in assessed value.

INVESTMENT EARNINGS

The City receives a small amount of interest on its bank accounts. This revenue is calculated in this analysis as about 1.65 percent of annual revenues in each year.

PER CAPITA REVENUES

Other revenues in the analysis have been projected on a per capita basis, on the assumption that future population and businesses will generates these revenues at about the same rate as the existing population. Many of these revenues are essentially charges for services or purchases of permits, and DE has used a service population approach that allocates two-thirds of the service activity to the residential population and one-third to the business sector. This follows the assumption that service demands for the residential population generally occur during non-working hours (16 hours per day) while the employment base occupies an eight-hour shift. Exceptions to this approach include the gas tax, which is allocated 100 percent to residential population, the utility tax, which is divided 50/50 between residences and businesses, and the Transportation Safety Fund revenues, which are projected 75 percent residential and 25 percent business.

SERVICE EXPENDITURES

The City has undergone a period of significant fiscal constraints for the past 5-6 years, brought about by state budgetary policies, increasing service costs and an economic slowdown that reduced local revenues. In the past year, the voters in the City passed Measure V, which is a sales tax override that now adds about $10 million in new revenues to the City budget. Using these funds, the City has been able to partially restore its desired service levels, but still falls short in more service functions. It is the City's intent, however, to plan for an adequate level of service for new development as it occurs, to avoid future shortfalls in service capacities.

The City has established service level standards in its General Plan (Appendix A) and has recently conducted a more detailed service level analysis for Measure V (Appendix B). Based on these standards, and more detailed review of the development by City Departments, the following services will be required to serve the proposed annexation area.

General Government. This category includes the City Manager's Office, City Clerk, Human Resources, Community Safety and Neighborhood Services, Finance/Information Systems, and the City Attorney as well as Non-Departmental services. Total expenditures for these General government functions are about 12.9 percent of General Fund Departmental expenditures. Specific staff increases needed for the FGA include:

City Manager/City Clerk: Service Standard = *1 FTE[12]/15,000 population.* FGA increases population by 43,000, requiring 3 new FTE.

Human Resources: *Service Standard = 1 FTE/100 City employees.* FGA requires 202 new City employees, requiring 2 new staff positions in Human Resources, for a total of 204 new positions.

Finance/Information Systems: *Service Standard: 1 FTE per 7,000 population.* FGA increases population by 43,000, requiring 6 new FTE.

City Attorney: *Service Standard: 1 FTE per 20,000 population.* FGA increases population by 43,000, requiring 2 new FTE.

Police. *Service Standard: 1.5 sworn officers per 1,000 population, plus civilian support personnel at a ration of one-third of sworn officers, plus School Resource Officers.* With a population of 43,000, the

[12] FTE refers to Full Time Equivalent City staff position.

FGA would require 65 additional sworn officers, and 22 civilian personnel.

Fire Department: *Service Standard: 4-6 minutes response time for engine company, primarily for residential fire protection; 8 minute response time for aerial ladder truck company for commercial property.*

The City Fire Department cannot currently meet either standard at the FGA with its existing stations. In order to meet the engine company response time, the FGA project has sited a new station #7 within the development near Boronda Road. This station would require twelve new fire fighters to operate the engine company 24 hours/7 days per week. In addition, this station should be designed to house either a transport capable ambulance or rescue. The service costs for the fire department shown in Table 12 below include costs for ambulance service, which is operated out of the City's EMS Fund.

A new truck company could be located either at a new station #8 in the northern portion of the City, perhaps on Boronda Rd. further west from the FGA near the interchange at US 101, or in an expanded version of station #7 within the FGA. The truck company in either location would also require twelve additional fire fighters.

The City also anticipates needing to move the existing station #6 to a location on Russell Rd. to further improve response times in the northern portion of the City.

In terms of phasing for the station(s), the engine company should be operational once 10 percent of the homes are built (about 1,200 of proposed 11,609 total DUs). This is projected to occur in year 3 after development commences. The truck company should be operational once 25 percent of the commercial space is developed (400,000 sq.ft. of proposed 1.6 million total sq.ft.). This is projected to occur in year 7 after development commences.

Development and Engineering Services. *Service Standard: Process and check applicable plans and construction permits.* Staff requirements for FGA = 2 senior planners, 2 plan checker IIs, 1 senior permit clerk and 2 code enforcement officers.

Recreation. *Service Standard: 1 FTE per 5,000 population.* FGA population requires 9 FTE. FGA would need two new recreation centers, plus after school programs at selected school sites, of which there are eleven in the proposed development.

Parks. *Service Standard: 3 acres per 1,000 population.* FGA requirement would be 129 acres. The FGA specific plans propose 241 acres of parks in addition to 189 acres of open space.

Library. *Service Standard: 0.5 square feet of library space per capita and 1 FTE per 3,000 population.* FGA population would require a library of about 22,000 square feet, and a staff of 14 FTE. The City will require that the new library be operational when 30 percent of the dwelling units have been competed. This is projected to occur in year 8 after development commences.

Maintenance Services. This Department includes maintenance of City facilities, vehicle fleets, parks, and streets, as well as graffiti abatement and operation of the waste water system. *Service standard: Various maintenance standards result in combined staffing of 1 FTE per 900 population.* The FGA would require 48 FTE.

Housing. *Service Standard: Administer Inclusionary Housing program, ranging from 20 percent to 35 percent of housing units in the development.* FGA Staffing requirement: 2 FTE.

Operating Capital Expenditures. In addition to the increased staffing levels, the City will need to purchase vehicles and equipment. The following table outlines the assumption used in developing costs for these items. Most of these costs have been incorporated into the figures shown in Table 12 below. The fire station vehicles, however, are included in the capital finance section (see Table 22), while the portions of the maintenance equipment costs have been included in the Maintenance District analysis shown in Table 8 below.

TABLE 7
CITY OF SALINAS FUTURE GROWTH AREA OPERATING CAPITAL OUTLAY

Cost Item	Twenty-year One-time Cost	Three-year Replacement	Five-year Replacement	Seven-year Replacement
Police Cars				
One Car for Three Officers				
24 hours service (Three Shifts)				
$50,000 per vehicle (includes computer)				
66 Officers/22 cars @ $50,000		$1,100,000		
Fire Engine				
$700,000 per truck company				$700,000
$450,000 per engine				$450,000
Computer System				
New Computer System: $2.5 million				
FGA 30%	$750,000			
PC & Printers				
198 new employees @ $2,500			$495,000	
Workstations				
198 new employees @ $6,000	$1,188,000			
Staff Vehicles				
$25,000 per vehicle @ 20 vehicles			$500,000	
Finance 2				
Legal 1				
Fire 2				
Police 5				
D & E 2				
Recreation 5				
Library 3				
Maintenance Equipment				
Maintenance Assessment District		$900,000		
Wastewater Enterprise Fund		$825,000		
Totals	$1,938,000	$2,825,000	$995,000	$1,150,000
Years to amortize	20	3	5	7
Total Annual = $1,401,852	$96,900	$941,667	$199,000	$164,286

Source: Applied Development Economics based on data supplied by Tom Kever, Salinas Finance Director, the Salinas Maintenance Services Department, and Salinas Fire Chief Edward Montez.

MAINTENANCE DISTRICT ANALYSIS

A portion of the maintenance services described above is proposed to be funded through a separate maintenance assessment district, rather than through general tax and fee revenues. According to portions of the Landscaping and Lighting Act of 1972, the Act permits the establishments of assessment districts by agencies to provide public improvements, which include maintenance, construction, and services regarding public landscaping, lights and facilities. The City has estimated annual maintenance costs of about $8.25 million dollars to provide this function for the FGA (including administrative expenses). This section of the report details these maintenance costs and indicates how an annual assessment could be structured to pay for maintenance services.

Table 8 shows the comprehensive totals of the cost associated with the maintenance district and the annual collection per residential home in FGA. The table shows the direct costs for the maintenance functions and also the administrative costs for operating the assessment district and collecting the annual assessments. The anticipated annual assessment per dwelling will be around $792 dollars per equivalent dwelling unit.[13] The detailed line items in Table 8 are described below.

Direct Costs:

Landscape Maintenance – Shall include all schedule landscape maintenance, water, electrical, sprinkler repair and replacement, tree and plant replacement.

Supplies and Materials – Includes all supplies and materials necessary for street maintenance, utilities and waste water treatment, parks, fleet, and landscape area maintenance.

Storm Drain Maintenance – Includes maintenance of storm drains in the streets. Figures for detention basin maintenance are not yet available.

Fleet – Includes labor costs at $10,000 per employee

Parks – Includes labor costs for 22 workers and two supervisors.

Street Maintenance – Includes personnel/labor costs for street maintenance of the West, Central, and East areas.

Capital Cost – Includes capital equipment costs for landscape area maintenance, fleet, parks, street maintenance and administration necessary for maintenance improvements.

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[13] EDUs equal 1,000 sq.ft. of non-residential space.

TABLE 8
MAINTENANCE DISTRICT

Maintenance District Annual Collection Budget Item	Amount
Direct Costs	
Landscape Maintenance Contract Cost	$3,938,880
Storm Maintenance	$401,225
Supplies and Materials	$855,058
Fleet	$246,528
Parks	$1,721,953
Street Maintenance (CIP Reserve)	$635,875
Capital Cost (one- time)	**$900,000**
3 yr schedule	**$300,000**
Direct Cost Subtotal	**$8,099,550**
Administration Costs	
Agency Administration Expenses	$152,577
City's Collection Fee	$132,274
Administrative Subtotal	**$284,851**
Levy Breakdown	
Total Direct and Admin. Costs	$8,384,401
Operating Reserve	$2,096,100
Subtotal Levy Collection	$10,480,502
Deficit from Previous Year	$0
Estimated Interest Earnings	$0
Subtotal Levy Reduction	$0
Balance to Levy	$10,480,502
Number of Units (EDUs) within District	13,227
Annual Collection Fee Per Unit	$792

Source: Applied Development Economics, and Larry Oda, City of Salinas Fleet Manager

Administration Costs:

Agency Administration Expenses – Personnel costs includes one deputy and one secretary.

City's Collection Fee – ADE estimates a $10 dollar collection fee per dwelling unit.

LEVY BREAKDOWN:

Total Direct and Administrative Costs – Sum of all direct costs and administration costs. Direct costs: landscape maintenance contract cost, supplies and material, fleet, parks and street maintenance. Admin costs: agency administration expenses and City's collection fees.

Capital Improvement Reserve Collection – ADE has not anticipated any reserve collection costs at this present time.

Deficit from Previous Year – As the FGA proceeds through its development process, annual assessments may lag the actual cost to maintain facilities that have been installed prior to full buildout of the development. However, in this analysis we assume the City will manage expenditures to match available assessment revenues.

Balance to Levy – Includes all direct, capital, administrative, as well as deficit cost totals.

Table 9 indicates how the costs and assessments would be distributed by land use at full buildout of the development in current dollar terms. Table 10 then projects the operations of the district during the first 20 years of FGA development.

TABLE 9
MAINTENANCE DISTRICT PROJECT IMPACT BY LAND USE

	Total	Low Density	Medium Density	High Density	Mixed Use Res.	Retail	Mixed Use Retail	Mixed Use Office
Maintenance District Fund								
Landscape Maintenance								
Contract Cost	$3,938,880	$1,183,977	$1,460,020	$636,656	$176,286	$87,905	$212,556	$181,468
Supplies and Materials	$855,058	$257,019	$316,943	$138,206	$38,268	$19,083	$46,142	$39,393
Storm Maintenance	$401,256	$120,612	$148,733	$64,856	$17,958	$8,955	$21,653	$18,486
Fleet	$246,528	$74,103	$91,380	$39,847	$11,033	$5,502	$13,304	$11,358
Parks	$1,721,953	$517,597	$638,274	$278,326	$77,067	$38,429	$92,923	$79,332
Street Maintenance	$635,875	$191,136	$235,699	$102,779	$28,459	$14,191	$34,314	$29,295
Capital Cost	$300,000	$90,176	$111,201	$48,490	$13,427	$6,695	$16,189	$13,821
Admin/Collection	$284,851	$85,623	$105,585	$46,042	$12,749	$6,357	$15,372	$13,123
Operating Reserve	$2,096,100	$630,061	$776,959	$338,800	$93,812	$46,779	$113,113	$96,569
Levy amount	$10,480,501	$3,150,304	$3,884,794	$1,694,002	$469,059	$233,896	$565,565	$482,846
Est. Annual Collection	$10,480,501	$3,150,304	$3,884,794	$1,694,002	$469,059	$233,896	$565,565	$482,846
Net	**$0**							

Source: Applied Development Economics

PROJECTED MAINTENANCE DISTRICT IMPACT OVER TIME

Depending on the schedule for infrastructure development and maintenance requirements, the district may show annual deficit in the early years. In Table 10, we have attempted to project maintenance services increasing in proportion to the development, and therefore, matching available assessment revenues.[14] When more detailed phasing plans become available, the City can review the actual schedule for maintenance cost expenditures that will be needed.

14 All costs and assessments are projected to escalate at 3 percent per year.

TABLE 10
MAINTENANCE DISTRICT PROJECT IMPACT OVER TIME – YEARS 1-10

MAINTENANCE DISTRICT FUND	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES										
Total Residential	$385,072	$796,514	$1,249,106	$1,726,406	$2,215,168	$2,694,960	$3,201,546	$3,791,647	$4,414,272	$5,069,809
Total per 1,000 sq. ft. Non-Residential	$30,861	$63,574	$98,222	$189,091	$285,323	$345,091	$408,188	$463,261	$521,272	$582,346
Subtotal	$415,934	$860,088	$1,347,328	$1,915,497	$2,500,491	$3,040,051	$3,609,734	$4,254,908	$4,935,544	$5,652,155
EXPENDITURES										
Landscape Maintenance Contract Cost	$156,320	$323,246	$506,366	$719,900	$939,758	$1,142,540	$1,356,644	$1,599,119	$1,854,922	$2,124,246
Supplies and Materials	$33,934	$70,171	$109,923	$156,277	$204,004	$248,024	$294,502	$347,139	$402,669	$461,134
Storm Maintenance	$15,924	$32,929	$51,584	$73,337	$95,734	$116,391	$138,202	$162,903	$188,962	$216,398
Fleet	$9,784	$20,231	$31,693	$45,057	$58,818	$71,510	$84,910	$100,086	$116,097	$132,953
Parks	$68,338	$141,313	$221,367	$314,717	$410,832	$499,482	$593,082	$699,084	$810,913	$928,653
Street Maintenance/Lighting	$25,236	$52,183	$81,745	$116,217	$151,710	$184,447	$219,010	$258,155	$299,450	$342,929
Capital Cost	$11,906	$24,620	$38,567	$54,830	$71,576	$87,020	$103,327	$121,795	$141,278	$161,791
Admin/Collection	$11,305	$23,376	$36,619	$52,062	$67,961	$82,626	$98,109	$115,645	$134,144	$153,621
Operating Reserve	$83,187	$172,018	$269,466	$383,099	$500,098	$608,010	$721,947	$850,982	$987,109	$1,130,431
Prior Year		$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	$415,934	$860,088	$1,347,328	$1,915,497	$2,500,491	$3,040,051	$3,609,734	$4,254,908	$4,935,544	$5,652,155
NET (COST)/REVENUE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

TABLE 10 CONT'
MAINTENANCE DISTRICT PROJECT IMPACT OVER TIME – YEARS 11-20

MAINTENANCE DISTRICT FUND	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUES										
Total Residential	$5,762,834	$6,479,717	$7,181,332	$7,919,212	$8,663,741	$9,477,910	$10,333,131	$11,174,823	$12,057,717	$12,983,527
Total per 1,000 sq. ft. Non-Residential	$646,615	$727,159	$811,953	$881,632	$954,761	$1,217,686	$1,495,526	$1,733,414	$1,984,229	$2,248,533
Subtotal	$6,409,449	$7,206,876	$7,993,285	$8,800,844	$9,618,502	$10,695,595	$11,828,657	$12,908,237	$14,041,946	$15,232,060
EXPENDITURES										
Landscape Maintenance Contract Cost	$2,408,859	$2,708,556	$3,004,111	$3,307,616	$3,614,916	$4,019,719	$4,445,557	$4,851,295	$5,277,376	$5,724,655
Supplies and Materials	$522,919	$587,977	$652,137	$718,022	$784,731	$872,607	$965,048	$1,053,126	$1,145,621	$1,242,717
Storm Maintenance	$245,392	$275,922	$306,030	$336,948	$368,253	$409,491	$452,871	$494,204	$537,609	$583,173
Fleet	$150,767	$169,524	$188,022	$207,018	$226,252	$251,588	$278,240	$303,635	$330,302	$358,297
Parks	$1,053,077	$1,184,094	$1,313,302	$1,445,984	$1,580,326	$1,757,293	$1,943,456	$2,120,832	$2,307,101	$2,502,637
Street Maintenance/Lighting	$388,875	$437,257	$484,970	$533,967	$583,576	$648,925	$717,671	$783,171	$851,956	$924,163
Capital Cost	$183,468	$206,294	$228,804	$251,921	$275,326	$306,157	$338,590	$369,493	$401,945	$436,011
Admin/Collection	$174,203	$195,877	$217,251	$239,199	$261,423	$290,697	$321,493	$350,835	$381,648	$413,994
Operating Reserve	$1,281,890	$1,441,375	$1,598,657	$1,760,169	$1,923,700	$2,139,119	$2,365,731	$2,581,647	$2,808,389	$3,046,412
Prior Year	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Expenditures	$6,409,449	$7,206,876	$7,993,285	$8,800,844	$9,618,502	$10,695,595	$11,828,657	$12,908,237	$14,041,946	$15,232,060
NET (COST)/REVENUE	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Source: Applied Development Economics

PROJECTED FISCAL IMPACT

We have projected the annual increase in municipal revenues and service costs based on the absorption schedules provides by each specific plan developer, and based on preliminary indications from City staff about the necessary phasing of City facilities. The development absorption assumptions for the first 20 years are shown in Tables 11A through 11D. During this period, the developers anticipate building just over 9,300 units, or about 80 percent of the total planned development. We have shown the phasing in five year increments in order to project the development of inclusionary housing. We have assumed the developers will choose the 25 percent inclusionary housing option available under the City's new housing program. This allows them to build 90 percent of the market rate housing in each phase, prior to commencing the inclusionary housing. We have made the arbitrary assumption that each phase would be five years for purposes of projecting the development of the inclusionary units.

In terms of phasing major public facilities, the fire engine company is operational in Year 3 and the truck company in Year 7. The library would be fully operational in Year 8.

As discussed earlier, certain maintenance services would be separately funded by a Maintenance Assessment District, so those costs are not shown in Table 12 below. However, we have shown street sweeping and storm drain maintenance costs that would need to be funded by the general fund, or by gas taxes.

Building permit revenues and costs for permit services staff reflect the annual construction activity in each year and are not cumulative, unlike the other revenues and costs.

Also, we have assumed that Measure V would not be reinstated for another ten year term, and therefore ends in Year 8, assuming the development begins in the next year or so.

All costs and revenues are escalated at 3 percent per year, except for public safety personnel costs, which are escalated at 6 percent per year. Also the property tax revenues are escalated based on the formulas and assumptions described earlier under methodology.

Table 12 also shows a proposed assessment for a Community Facilities District (CFD) to augment municipal revenues for public services. Without this assessment, the development would show a negative fiscal impact for many of the years during the 20-year development phase. As discussed in the next chapter, the CFD can also be used to issue public bonds to help fund the construction of major infrastructure for the project. However, the overall assessments for ongoing services, plus debt service on any bonds and other property-based levies must not exceed two percent of the property value of the project on an annual basis. The amount of the CFD levy in Table 12 fluctuates as additional facilities come on line while at the same time additional units become available to help pay for them. The assessment tops out at 0.2 percent of assessed value, which is roughly equivalent to an annual assessment of $1,000 per EDU in 2007 dollar terms.

TABLE 11A
PROJECT ABSORPTION BY YEAR – SUMMARY

LAND USE	PHASE I					PHASE II				
Summary	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RESIDENTIAL UNITS										
Low Density	167	164	164	164	164	164	164	164	164	164
Medium Density	177	177	177	177	177	177	177	177	177	177
High Density	109	109	109	109	109	109	109	109	109	109
Mixed Use Res.	33	40	60	58	40	0	0	57	57	56
Total Residential	486	490	510	508	490	450	450	507	507	506
NON-RESIDENTIAL SQ. FT.										
Retail	8,500	8,500	8,500	71,100	71,100	8,500	8,500	8,500	8,500	8,500
Mixed Use Retail	30,450	30,450	30,450	30,450	30,450	30,450	30,450	35,450	35,450	35,450
Mixed Use Office	0	0	0	0	0	16,800	16,800	0	0	0
Total Non-Residential	38,950	38,950	38,950	101,550	101,550	55,750	55,750	43,950	43,950	43,950
PUBLIC USES ACRES										
Open Space	0	3	0	3	0	3	0	3	0	3
Parks	0	6	6	6	6	6	6	6	6	6
Public/Semi Public	0	0	6	0	0	6	0	0	6	0

TABLE 11A CONT'
PROJECT ABSORPTION BY YEAR – SUMMARY

LAND USE	PHASE III					PHASE IV				
Summary	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
RESIDENTIAL UNITS										
Low Density	164	163	163	163	163	163	163	163	163	163
Medium Density	177	177	177	177	177	176	176	176	176	176
High Density	109	109	109	109	83	67	67	67	67	67
Mixed Use Res.	58	47	0	0	0	43	43	0	0	0
Total Residential	508	496	449	449	423	449	449	406	406	406
NON-RESIDENTIAL SQ. FT.										
Retail	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Mixed Use Retail	35,450	30,450	30,450	30,450	30,450	72,850	72,850	30,450	30,450	30,450
Mixed Use Office	0	16,800	16,800	0	0	108,440	108,440	108,440	108,440	108,440
Total Non-Residential	43,950	55,750	55,750	38,950	38,950	189,790	189,790	147,390	147,390	147,390
PUBLIC USES ACRES										
Open Space	0	3	0	3	0	3	0	3	0	0
Parks	6	6	6	6	6	6	6	6	6	0
Public/Semi Public	0	6	0	0	6	0	6	0	0	6

Source: Project sponsors for each specific plan area.

TABLE 11B
PROJECT ABSORPTION BY YEAR – AREA 1 WEST

LAND USE	PHASE I					PHASE II				
Area 1 West	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RESIDENTIAL UNITS										
Low Density	103	100	100	100	100	100	100	100	100	100
Medium Density	82	82	82	82	82	82	82	82	82	82
High Density	35	35	35	35	35	35	35	35	35	35
Mixed Use Res.										
Total Residential	220	217	217	217	217	217	217	217	217	217
NON-RESIDENTIAL SQ. FT.										
Retail	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Mixed Use Retail	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450
Mixed Use Office										
Total Non-Residential	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950
PUBLIC USES ACRES										
Open Space										
Parks										
Public/Semi Public										

TABLE 11B CONT'
PROJECT ABSORPTION BY YEAR – AREA 1 WEST

LAND USE	PHASE III					PHASE IV				
Area 1 West	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
RESIDENTIAL UNITS										
Low Density	100	100	100	100	100	100	100	100	100	100
Medium Density	82	82	82	82	82	82	82	82	82	82
High Density	35	35	35	35	35	35	35	35	35	35
Mixed Use Res.										
Total Residential	217	217	217	217	217	217	217	217	217	217
NON-RESIDENTIAL SQ. FT.										
Retail	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Mixed Use Retail	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450	30,450
Mixed Use Office										
Total Non-Residential	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950
PUBLIC USES ACRES										
Open Space										
Parks										
Public/Semi Public										

Source: Project sponsors for each specific plan area.

TABLE 11C
PROJECT ABSORPTION BY YEAR – AREA 2 CENTRAL

LAND USE	PHASE I					PHASE II				
Area 2 Central	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RESIDENTIAL UNITS										
Low Density	22	22	22	22	22	22	22	22	22	22
Medium Density	53	53	53	53	53	53	53	53	53	53
High Density	32	32	32	32	32	32	32	32	32	32
Mixed Use Res.	33	40	60	58	40			57	57	56
Total Residential	140	147	167	165	147	107	107	164	164	163
NON-RESIDENTIAL SQ. FT.										
Retail				62,600	62,600					
Mixed Use Retail								5,000	5,000	5,000
Mixed Use Office						16,800	16,800			
Total Non-Residential	0	0	0	62,600	62,600	16,800	16,800	5,000	5,000	5,000
PUBLIC USES ACRES										
Open Space		3		3		3		3		3
Parks		6	6	6	6	6	6	6	6	6
Public/Semi Public			6			6			6	

TABLE 11C CONT'
PROJECT ABSORPTION BY YEAR – AREA 2 CENTRAL

LAND USE	PHASE III					PHASE IV				
Area 2 Central	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
RESIDENTIAL UNITS										
Low Density	22	21	21	21	21	21	21	21	21	21
Medium Density	53	53	53	53	53	52	52	52	52	52
High Density	32	32	32	32	32	32	32	32	32	32
Mixed Use Res.	58	47								
Total Residential	165	153	106	106	106	105	105	105	105	105
NON-RESIDENTIAL SQ. FT.										
Retail										
Mixed Use Retail	5,000									
Mixed Use Office		16,800	16,800							
Total Non-Residential	5,000	16,800	16,800	0	0	0	0	0	0	0
PUBLIC USES ACRES										
Open Space		3		3		3		3		
Parks	6	6	6	6	6	6	6	6	6	
Public/Semi Public		6			6		6			6

Source: Project sponsors for each specific plan area.

TABLE 11D
PROJECT ABSORPTION BY YEAR – AREA 3 EAST

LAND USE	PHASE I					PHASE II				
Area 3 East	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
RESIDENTIAL UNITS										
Low Density	42	42	42	42	42	42	42	42	42	42
Medium Density	42	42	42	42	42	42	42	42	42	42
High Density	42	42	42	42	42	42	42	42	42	42
Retail Res.										
Mixed Use Res.										
Total Residential	126	126	126	126	126	126	126	126	126	126

TABLE 11D CONT'
PROJECT ABSORPTION BY YEAR – AREA 3 EAST

LAND USE	PHASE III					PHASE IV				
Area 3 East	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**
RESIDENTIAL UNITS										
Low Density	42	42	42	42	42	42	42	42	42	42
Medium Density	42	42	42	42	42	42	42	42	42	42
High Density	42	42	42	42	16					
Retail Res.										
Mixed Use Res.						43	43			
Total Residential	126	126	126	126	100	127	127	84	84	84
NON-RESIDENTIAL										
Retail										
Mixed Use Retail						42,400	42,400			
Mixed Use Office						108,440	108,440	108,440	108,440	108,440
Total Non-Residential						150,840	150,840	108,440	108,440	108,440
PUBLIC USES										
Open Space										
Parks										
Public/Semi Public										

Source: Project sponsors for each specific plan area.

TABLE 12
PROJECT IMPACT OVER TIME – YEARS 1-10

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUES										
Total Property Taxes	$458,462	$962,383	$1,520,312	$1,912,871	$2,348,161	$2,999,740	$3,703,369	$4,520,150	$5,149,890	$5,795,148
Total Sales Tax	$82,333	$170,262	$266,883	$368,788	$473,235	$575,991	$684,486	$810,502	$943,463	$1,083,457
Utility Users Tax	$54,997	$113,696	$178,008	$253,719	$331,768	$404,981	$482,289	$567,694	$657,789	$752,648
Property Transfer tax	$142,789	$171,034	$205,487	$175,346	$202,153	$282,367	$321,598	$381,141	$353,474	$380,565
Business License Tax	$4,189	$8,629	$13,332	$25,665	$38,727	$48,235	$58,280	$65,841	$73,804	$82,185
Franchise Fees (incl Royalty)	$28,384	$58,689	$91,938	$129,096	$167,300	$203,938	$242,625	$286,395	$332,573	$381,193
Licenses & Permits	$2,710	$5,604	$8,779	$12,327	$15,975	$19,474	$23,168	$27,347	$31,757	$36,399
Building permit fees	$736,424	$779,595	$851,912	$891,007	$902,478	$870,418	$913,939	$1,080,897	$1,134,942	$1,189,344
Fines & Penalties	$830	$1,717	$2,690	$3,777	$4,895	$5,967	$7,099	$8,379	$9,730	$11,153
Investment Earnings	$26,780	$43,274	$61,897	$75,612	$90,900	$111,358	$133,796	$161,549	$182,169	$204,222
Other Agencies	$14,936	$30,882	$48,378	$67,931	$88,033	$107,313	$127,669	$150,701	$175,000	$200,584
Motor Vehicle In-lieu	$313,862	$658,816	$1,040,691	$1,309,309	$1,607,201	$2,053,312	$2,535,062	$3,094,115	$3,525,035	$3,966,649
Fees for Services	$25,289	$52,288	$81,912	$115,018	$149,055	$181,698	$216,165	$255,162	$296,304	$339,622
Other Revenue	$868	$1,794	$2,810	$3,946	$5,114	$6,234	$7,416	$8,754	$10,166	$11,652
Gas Tax	$34,826	$72,020	$112,889	$155,994	$200,174	$243,639	$289,532	$342,835	$399,077	$458,293
Traffic Safety Fund (to Gen. Fund)	$8,212	$16,981	$26,607	$37,174	$48,028	$58,518	$69,594	$82,229	$95,559	$109,593
Measure V	$41,167	$85,131	$133,441	$184,394	$236,618	$287,995	$342,243	$0	$0	$0
Proposed Community Facilities District	$532,270	$586,693	$1,619,160	$1,969,975	$1,734,022	$845,158	$3,322,359	$3,873,604	$4,231,170	$4,566,370
TOTAL REVENUES	**$2,509,329**	**$3,819,487**	**$6,267,127**	**$7,691,948**	**$8,643,837**	**$9,306,337**	**$13,480,688**	**$15,717,296**	**$17,601,900**	**$19,569,076**
EXPENDITURES										
General Government	$287,276	$378,318	$724,384	$835,827	$948,546	$1,054,335	$1,549,055	$1,858,235	$2,041,275	$2,238,658
Police	$346,376	$737,038	$1,188,231	$1,717,062	$2,290,011	$2,872,824	$3,517,330	$4,272,794	$5,106,251	$6,023,220
Fire/EMS	$124,207	$249,335	$2,235,298	$2,369,416	$2,511,581	$2,662,276	$5,644,024	$5,982,666	$6,341,625	$6,722,123
Development & Engineering	$1,288,741	$1,337,005	$1,431,808	$1,467,565	$1,456,730	$1,376,881	$1,416,811	$1,642,120	$1,689,742	$1,735,322
Street Sweeping	$16,199	$33,492	$52,462	$73,857	$95,865	$116,888	$139,086	$164,095	$190,480	$218,261
Recreation - Parks	$63,935	$132,216	$207,246	$286,379	$367,487	$447,281	$531,532	$629,389	$732,638	$841,350
Library	$44,235	$91,473	$143,362	$198,848	$255,762	$311,409	$370,166	$1,317,450	$1,356,974	$1,397,683
Housing	$348,166	$358,611	$369,370	$380,451	$391,864	$403,620	$415,729	$428,201	$441,047	$454,278
TOTAL EXPENDITURES	**$2,519,135**	**$3,317,489**	**$6,352,160**	**$7,329,405**	**$8,317,846**	**$9,245,514**	**$13,583,732**	**$16,294,950**	**$17,900,032**	**$19,630,895**
NET (COST)/REVENUE	($9,806)	$501,999	($85,033)	$362,543	$325,991	$60,823	($103,044)	($577,654)	($298,132)	($61,819)
CUMULATIVE (COST)/REVENUE	($9,806)	$492,193	$407,160	$769,703	$1,095,694	$1,156,517	$1,053,473	$475,820	$177,688	$115,869
CFD Rate (% of AV)	0.200%	0.110%	0.200%	0.200%	0.150%	0.060%	0.200%	0.200%	0.200%	0.200%

Source: Applied Development Economics

TABLE 12 CONT'
PROJECT IMPACT OVER TIME – YEARS 11-20

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUES										
Total Property Taxes	$6,797,080	$7,845,006	$8,924,536	$9,749,478	$10,616,984	$11,996,788	$13,463,390	$14,973,020	$16,199,877	$17,503,698
Total Sales Tax	$1,231,444	$1,384,594	$1,534,803	$1,692,779	$1,852,384	$2,026,694	$2,209,794	$2,390,368	$2,579,787	$2,778,420
Utility Users Tax	$852,877	$960,419	$1,066,884	$1,174,147	$1,282,916	$1,441,192	$1,607,809	$1,767,900	$1,936,149	$2,112,902
Property Transfer tax	$512,487	$562,951	$610,182	$571,066	$613,463	$803,987	$877,254	$939,937	$908,995	$972,945
Business License Tax	$91,002	$103,699	$117,075	$126,739	$136,877	$184,895	$235,671	$281,790	$330,465	$381,806
Franchise Fees (incl Royalty)	$432,576	$486,765	$540,175	$595,098	$650,694	$721,882	$796,756	$869,475	$945,840	$1,026,005
Licenses & Permits	$41,306	$46,480	$51,580	$56,825	$62,133	$68,931	$76,080	$83,024	$90,316	$97,971
Building permit fees	$1,253,736	$1,285,393	$1,222,051	$1,283,153	$1,269,482	$1,414,677	$1,485,410	$1,410,674	$1,481,207	$1,555,268
Fines & Penalties	$12,656	$14,242	$15,804	$17,411	$19,038	$21,121	$23,311	$25,439	$27,673	$30,018
Investment Earnings	$236,845	$269,280	$300,995	$327,227	$354,661	$400,924	$446,955	$491,515	$530,392	$572,975
Other Agencies	$227,622	$256,136	$284,241	$313,141	$342,396	$379,855	$419,253	$457,518	$497,702	$539,885
Motor Vehicle In-lieu	$4,652,415	$5,369,742	$6,108,832	$6,673,586	$7,267,528	$8,211,934	$9,215,798	$10,249,350	$11,089,137	$11,981,614
Fees for Services	$385,402	$433,681	$481,267	$530,200	$579,734	$643,158	$709,866	$774,655	$842,693	$914,115
Other Revenue	$13,223	$14,879	$16,512	$18,191	$19,890	$22,066	$24,355	$26,578	$28,912	$31,363
Gas Tax	$520,890	$585,671	$649,208	$716,031	$783,542	$857,274	$934,724	$1,011,105	$1,091,227	$1,175,248
Traffic Safety Fund (to Gen. Fund)	$124,427	$139,979	$155,284	$171,133	$187,167	$206,756	$227,352	$247,441	$268,530	$290,663
Measure V	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Proposed Community Facilities District	$4,222,775	$3,814,659	$3,385,100	$3,711,753	$3,880,463	$3,650,639	$3,335,482	$2,926,811	$3,475,685	$4,057,249
TOTAL REVENUES	**$21,608,765**	**$23,573,577**	**$25,464,530**	**$27,727,959**	**$29,919,353**	**$33,052,771**	**$36,089,261**	**$38,926,598**	**$42,324,587**	**$46,022,141**
EXPENDITURES										
General Government	$2,453,810	$2,679,701	$2,897,680	$3,153,597	$3,410,534	$3,747,427	$4,097,355	$4,434,734	$4,823,662	$5,243,124
Police	$7,034,218	$8,145,935	$9,303,035	$10,547,452	$11,868,736	$13,550,722	$15,391,818	$17,285,838	$19,351,729	$21,603,299
Fire/EMS	$7,125,450	$7,552,977	$8,006,156	$8,486,525	$8,995,717	$9,535,460	$10,107,588	$10,714,043	$11,356,885	$12,038,299
Development & Engineering	$1,792,689	$1,801,195	$1,678,186	$1,726,854	$1,674,285	$1,828,464	$1,881,489	$1,751,088	$1,801,869	$1,854,124
Street Sweeping	$247,619	$278,674	$309,307	$340,694	$372,476	$414,141	$457,972	$500,452	$545,070	$591,914
Recreation - Parks	$956,268	$1,075,195	$1,191,839	$1,314,514	$1,438,454	$1,573,813	$1,715,998	$1,856,221	$2,003,313	$2,157,560
Library	$1,439,614	$1,482,802	$1,527,286	$1,573,105	$1,620,298	$1,668,907	$1,718,974	$1,770,543	$1,823,659	$1,878,369
Housing	$467,906	$481,944	$496,402	$511,294	$526,633	$542,432	$558,705	$575,466	$592,730	$610,512
TOTAL EXPENDITURES	**$21,517,575**	**$23,498,423**	**$25,409,892**	**$27,654,035**	**$29,907,134**	**$32,861,365**	**$35,929,898**	**$38,888,384**	**$42,298,918**	**$45,977,200**
NET (COST)/REVENUE	$91,190	$75,154	$54,638	$73,924	$12,219	$191,406	$159,363	$38,214	$25,669	$44,941
CUMULATIVE (COST)/REVENUE	$207,058	$282,212	$336,850	$410,774	$422,993	$614,399	$773,762	$811,976	$837,645	$882,586
CFD Rate (% of AV)	0.165%	0.135%	0.110%	0.115%	0.115%	0.100%	0.085%	0.070%	0.080%	0.090%

Source: Applied Development Economics

PUBLIC FACILITIES FINANCING PLAN

The previous discussion addressed ongoing revenues to fund operation and maintenance costs for public services and facilities. This chapter describes the facilities and services that will be financed through impacts fees, special assessments and developer equity, especially focusing on the ability to fund the backbone infrastructure of the FGA project plus required public facilities such as the fire station and library.

DEVELOPMENT IMPACT FEES

The development will be subject to a number of development impact fees to pay for mostly off-site infrastructure and improvements needed to mitigate project impacts on public services and facilities. In addition to existing fees adopted by the City and other agencies, several new fees are also proposed. This first section of this chapter outlines the current information about the fees that pertain to the project. The following section addresses additional facilities and operations costs.

As shown in Table 13, the FGA project would pay existing development impact fees totaling an estimated $214.5 million to the City and other jurisdictions. The specific calculations for these fees are shown in Tables 14-19. Regarding the City traffic impact fees (TIF), it should be noted that the adopted FGA fee is $405/trip; however, we have used the citywide base fee of $278/trip because the additional, FGA-specific traffic improvements are discussed later in the analysis along with other project-specific infrastructure improvements. The base fee of $278/trip addresses the project's impact on road improvement projects in the TIF. In addition, more than $29 million in offsite road impacts have been identified for the FGA.[15] These costs are shown as potential additional impact fees in Table 13.

[15] Mark Thomas & Company, Inc., *Salinas Future Growth Area, Offsite Roadways Project Contribution Cost Estimate Assessment.* October 2007.

Similarly, regarding the City sewer fees, P&D Consultants have estimated trunk line sewer and pump station costs for the project at $16.5 million. The City impact fee for these items would be $13.9 million; therefore, the fees have been credited against the actual installation of the infrastructure.

TABLE 13
SUMMARY OF DEVELOPMENT IMPACT FEES

Existing Fees	
City Traffic Impacts	$48,020,052
Sanitary Sewer (MRWPCA) [a]	$33,609,807
City Storm Drains	$14,839,170
City Street Trees	$1,467,843
City Parks	$24,657,516
City Annexation Fee	$1,228,500
Schools (Salinas Union, Alisal, Santa Rita Dists.)	$90,726,872
Subtotal	**$214,549,976**
Potential Fees	
City Gov't. Facilities Fee	$9,875,000
City Offsite Traffic Fee	$29,052,154
TAMC Reg'l Traffic	$52,730,256
Subtotal	**$91,657,410**
Total Impact Fees	**$306,207,386**

Source: Applied Development Economics, and City of Salinas
[a] City of Salinas sewer impact fees have been credited against sewer infrastructure costs shown in Table 23, and are not shown in Table 13 or 15 below.

TABLE 14
TRAFFIC IMPACT FEES

Total Residential	11,609
Trip Rate per unit	10
Per Trip Fee [a]	$278.00
Total Residential Traffic Impact Fees	**$32,273,020**
Total Non Residential Sq. Ft. (000's)	1,618,400
Trip Rate per1000 sq.ft.	35
Per Trip Fee [a]	$278.00
Total Non Residential Traffic Impact Fees	**$15,747,032**
Total Traffic Impact Fees	**$48,020,052**

Source: Applied Development Economics, and City of Salinas
[a] This is the baseline City fee, which applies to improvements outside the FGA area itself. The additional $127/trip FGA fee included in the City TIF program has been credited against the roadway infrastructure costs shown in Table 23 and are not shown in Table 14 or Table 13 above.

TABLE 15
SANITARY SEWER FEES

MRWPCA Sanitary Sewer Fee (per unit)	$2,541
Total Residential Units	11,609
MRWPCA Fees	$29,498,469
City of Salinas Fee (per bedroom)	$384
Total Bedrooms based on average 3 per unit	35,283
City Fees	$13,373,568
Credit against infrastructure installed [a]	($13,373,568)
Total Residential Sanitary Sewer Fees	**$29,498,469**
Total Non Residential Sq. Ft. (000's)	1,618
MRWPCA Fees	$4,111,338
City of Salinas Fee (per 4,000 sq.ft.)	$514,928
Credit against infrastructure installed [a]	($514,928)
Total Non Residential Sanitary Sewer Fees	**$4,111,338**
Total Sanitary Sewer Fees	**$33,609,807**

Source: Applied Development Economics, and City of Salinas.
[a] City of Salinas sewer impact fees have been credited against sewer infrastructure costs shown in Table 23, and are not shown in Table 13 or 15 below.

TABLE 16
STORM DRAIN FEES

Total Bedrooms based on average 3 per unit	34,827
Fee per Bedroom	$413
Total Residential Storm Drain Fees	**$14,383,551**
Total Non Residential Acreage	87
Fee per Acre	$5,237
Total Non Residential Storm Drain Fees	**$455,619**
Total Storm Drain Fees	**$14,839,170**

Source: Applied Development Economics, and City of Salinas

TABLE 17
STREET TREE FEES

Lineal Footage Frontage	327,400
Lineal Footage Frontage/ 60'	5,457
Fee per Lineal Feet	$269
Total Street Tree Fees	**$1,467,843**

Source: Applied Development Economics, and City of Salinas

TABLE 18
PARK FEES

Total Bedrooms based on average 3 per unit	34,827
Fee per bedroom	$708
Total Park Fees	**$24,657,516**

Source: Applied Development Economics, and City of Salinas

TABLE 19
SCHOOL FEES

	Fees per Sq.ft.	
School District	**Residential**	**Non-Residential**
Salinas/Santa Rita School District	**$3.65**	**$0.42**
Salinas	*$0.81*	$0.13
Santa Rita	*$2.84*	$0.29
Salinas/Alisal School District	**$4.23**	**$0.39**
Salinas	*$1.21*	$0.19
Alisal	*$3.02*	$0.20
West		
TRA 051-002	**$31,682,000**	**$327,180**
East		
TRA 122-001	**$34,804,440**	**$244,530**
Central		
TRA 051-002	$19,576,775	$75,827
TRA 122-001	$4,003,695	$12,425
	$23,580,470	**$88,252**
Total Residential School Fees	**$90,066,910**	
Total Non-Residential School Fees	**$659,962**	
Total School Fees	**$90,726,872**	
Based on estimated 2,000 sq. ft. per unit		

Source: Applied Development Economics, and City of Salinas

Proposed Impact Fees

The project may be subject to additional impact fees that are as yet not adopted by the responsible agencies. The potential fees that have been identified through this analysis include a City fee to fund expansion of government facilities, particularly for police services, and a regional traffic impact fee by the Transportation Agency for Monterey County (TAMC). The following discussion provides estimates of the City facilities fee and the TAMC fee.

City Facilities

The FGA would require the addition of more than 200 new City staff in a variety of Departments. The current City Hall does not have space available to house these employees. Some of the staff would be housed in the proposed new fire station(s) and the library. The largest contingent of new staff is in the Police Department.

The City has acquired the old Amory building, which is across the street from the existing Police Department, and has made plans to replace that building with a new 60,000 sq.ft. Police Department. The existing 25,500 sq.ft. Police Department building would then become available for expansion of other City Departments. The cost of the new Police building is estimated at $29.3 million, for which the FGA would represent about 25 percent of the service demand for the expanded police Department in the new facility. The cost of renovating the existing police building to house new City staff is estimated at $100 per sq.ft., or $2.55 million total, for which the FGA would represent 100 percent of the service demand. The total obligation for the FGA for these facilities is then estimated at $9,875,000 [$29.3 mil. * 25 percent + $2.55 mil.].

In calculating the projected impact fee, we have used the assumption consistent with the public services analysis, that the non-residential development exerts 50 percent of the impact compared to the residential development, and calculated the total EDUs to be 12,418 [11,609 DUs + 1,618 (000's non-residential) *.5]. The fee per EDU is then $795 [$9.875 mil./12,418].

TAMC Regional Traffic Impact Fees and City Offsite Traffic Fees

TAMC has been studying the potential for a regional traffic fee to help fund regional transportation Improvement Plan projects. Currently, the Agency is considering a three-zone fee structure as reflected in the Table below. The fee would require approval of the cities and the County before it could be implemented, but it is reasonable that the fee would be imposed sometime within development timeframe for the FGA. If all the units in the FGA are subject to the fee structure currently under consideration, the total fee amount would be $52.7 million, as shown in Table 20 below.

TABLE 20
ESTIMATE OF PROPOSED TAMC FEES

Land Use	Fee	Units	Total
Residential	$3,771	11,609	$43,777,539
Retail	$5,908	1,009	$5,961,172
Office	$4,909	609	$2,991,545
Total			$52,730,256

Source: ADE, based on data provided by Kimley Horn and Associates, Inc.

The project traffic engineers, Mark Thomas & Company, have estimated the FGA would impact additional off-site roadways, at an estimated cost of $29.1 million. The City has not yet established an impact fee for these improvements, but it is anticipated that would be the most likely form of financing. This dollar amount has therefore been included in Table 13 above as a potential future impact fee.

FACILITIES FUNDED THROUGH PROPERTY ASSESSMENTS OR DEVELOPER INVESTMENTS

Facilities costs that are not covered by impact fees may be funded through public financing mechanisms. The following discussion estimates the funding capacity of the FGA.

Effective Tax Rate

The primary restriction on the amount of financing available is the total *effective tax rate* ("ETR") paid by a homeowner or property owner in the FGA. The ETR consists of the basic one percent ad valorem property tax levy, plus overrides from voter-approved bonded indebtedness and non-ad valorem taxes, assessments, and parcel charges (expressed as a percentage).

A maximum ETR of two percent has evolved as a standard for residential development throughout the State. It is thought that an amount higher than two percent may lead to market resistance by prospective homebuyers, or potential "taxpayer revolts" by overburdened homeowners.

One percent is already dedicated to the base property tax, which is allocated to a variety of taxing agencies for operational purposes. In addition, local school districts have floated a number of bonds for school facilities that currently occupy a portion of the funding capacity in the project area. Two more school bonds were recently approved and will show up on the tax bills later this year. Estimates of the tax rates for these bonds are shown in Table 21 under Upcoming or Proposed Commitments.

Two of the proposed commitments were discussed in the earlier section of the report: the Maintenance District and the Community Facilities District. These levies would both be for operations costs, but they count against the total ETR and therefore affect the funding capacity of the FGA for other infrastructure or facilities costs. In calculating the "tax rate" for these assessments, we have used the average per unit annual fee as a percent of the average assessed value for the residential units of about $438,000. For the CFD, we have shown a maximum assessment of 0.2 percent in Table 21. Earlier in Table 12, the assessment fluctuated from as low as .06 percent up to 0.2 percent. While there is some possibility that when the project is fully built, the fiscal impact will be carried better by general tax revenues and the CFD operations assessment could be reduced, with city costs escalating significantly, particularly for public safety functions, this cannot be determined at this time. Therefore, to be conservative, we have set 0.2 percent as the maximum anticipated rate for the CFD in Table 21.

The existing, approved, and proposed tax bill obligations would require use of 1.48 to 1.59 percent of the existing two percent ETR, which leaves 0.41 to 0.52 percent for infrastructure and facilities financing (Table 21). The available funding based on ETR is a maximum of $224,500,000, meaning that the FGA could issue bonds to fund this amount of infrastructure through a Community Facilities District or other type of assessment district within the available ETR.

TABLE 21
SALINAS FGA FUNDING CAPACITY

Land Value	Effective Tax Rate (ETR) [a]	
Financing Capacity		
Value of Land		$1,603,650,000
3:1 Lien Ratio		x33%
Maximum Debt Secured by Land		$529,204,500
Value of Final Development		$5,345,500,000
ETR		
TRA 051-002 (2/3rds of development value)		**$3,581,485,000**
County-Wide 1% Rate	1.000000%	$35,814,850
Alisal Un Sch Bonds 90 Ser BCD & 99 Ser ABCD	0.090820%	$3,252,705
Salinas Union High 2002 Ser A B & Refnding C	0.014500%	$519,315
Salinas Un Hi Middle Sch 2006 Refnding A	0.019760%	$707,701
Hartnell 2005 Refnding Bond & Ser B	0.020230%	$724,534
Total Existing Commitments - TRA 051-002	**1.145310%**	**$41,019,106**
Upcoming or Proposed Commitments		
Alisal $90 mil. 2006 - Approved bonds	0.029970%	$1,073,371
Salinas $19 mil. 2006 -Approved bonds to be issued	0.028480%	$1,020,007
Maintenance District	0.196061%	$7,021,882
Community Facilities District	0.200000%	$7,162,970
Additional Available Annual Assessments	**0.400179%**	**$14,332,364**
Additional Funding Capacity Available		**137,990,175**
Total Cap	2.000000%	
TRA 122-001 (1/3rd of development value)		**1,764,015,000**
County-Wide 1% Rate	1.000000%	$17,640,150
Santa Rita Union 96 Ser B & 2004 Refnding	0.031360%	$553,195
Salinas Union High 2002 Ser A B & Refnding C	0.014500%	$255,782
Hartnell 2005 Refnding Bond & Ser B	0.020230%	$356,860
Total Existing Commitments - TRA 122-001	**1.066090%**	**$18,805,988**
Upcoming or Proposed Commitments		
Salinas $19 mil. 2006 -Approved bonds to be issued	0.028480%	$502,391
Santa Rita $14.8 mil. 2006 -Approved bonds	0.000000%	$0
Maintenance District	0.196061%	$3,458,539
Community Facilities District	0.200000%	$3,528,030
Additional Available Annual Assessments	**0.524615%**	**$8,985,352**
Additional Funding Capacity Available		**$86,509,825**
Total Cap	2.000000%	
Total Available Funding based on ETR		**$224,500,000**

Source: ADE, Inc., City of Salinas Auditors and Assessors office, Cal Schools Dan Santos
Notes:
[a] A maximum of 2% is allowed by State Policy.
[b] Infrastructure funding capacity is based on the following bond assumptions: 30 yr term, 6.0% interest rate, 30% debt issuance costs.

The final portion of the report details the costs for remaining facilities. The total cost of these facilities exceeds the maximum available funding capacity of $224.5 million calculated in Table 21 above; therefore, the City and the project sponsor will need to decide which infrastructure items should be financed and which need to be paid for directly by the project developers.[16]

[16] New facilities costs for the on-site library, fire station and recreation centers could also be funded through new impact fees.

Backbone infrastructure encompasses the physical improvements to the land that will be needed to serve the new community. This includes the roads and related grading, storm drainage, water, and sewer facilities. These facilities are expected to cost a total of about $344.6 million (in 2007 dollars).

New public facilities that would be needed to serve the project, in addition to those discussed under impact fees above, include a library, 1-2 fire stations and recreation facilities. Preliminary estimates indicate the library and fire station would cost the development about $14.45 million.[17] City staff indicates that recreation centers cost about $500,000 each.

TABLE 22
PRELIMINARY COST ESTIMATES BACKBONE INFRASTRUCTURE AND PUBLIC FACILITIES

Roadways and Drainage Crossings Construction	$300,649,500
Water	$27,470,203
Sewer	$16,523,615
Fire	$5,950,000
Library	$8,500,000
Recreation Centers	$1,000,000
Total	**$360,093,318**

Source: ADE, Inc., City of Salinas North Future Growth Area: Water, Sewer, Storm System Study prepared by P&D Consultants/ Mark Thomas and Company, City of Salinas Maintenance Services Department.

The known costs for infrastructure and facilities are about $360.1 million. Table 23 below lists in detail the potential public financing items in the FGA.

[17] The cost for the Library is from the City CIP. In the CIP, the City has identified the following costs for new Fire stations 7 and 8: #7 $3,575,000; #8 $3,600,000. Major equipment costs include $450,000 per engine company and $700,000 for a truck company, for $1,150,000 total. However, if a combined station is constructed instead, it is anticipated the cost would be $4.8 million (12,000 sq.ft. @ $400/ sq.ft.), with the same equipment costs. This estimate has been used in this analysis.

TABLE 23
SALINAS FGA - LIST OF BACKBONE INFRASTRUCTURE AND PUBLIC FACILITIES

Category	Location/ Segment	General Improvement	Improvement Item	Source	Length (feet)	Detailed Cost	Cost
Infrastructure							
	West SP area	Water	Pipe -12" @ $125 Unit Cost	[A]	58,423	$7,302,875	
			Preliminary Design	[A]		$146,058	
			PS&E	[A]		$730,287	
			Construction Staking	[A]		$292,115	
			Administration	[A]		$73,029	
				[A]		**Total**	**$8,544,364**
	Central SP area	Water	Pipe -12" @ $125 Unit Cost	[A]	57,961	$6,276,375	
			Pipe -16" @ $165 Unit Cost	[A]	2,471	$407,715	
			Preliminary Design	[A]		$133,682	
			PS&E	[A]		$668,409	
			Construction Staking	[A]		$267,364	
			Administration	[A]		$66,841	
				[A]		**Total**	**$7,820,386**
	East SP Area	Water	Pipe -12" @ $125 Unit Cost	[A]	25,937	$3,242,125	
			Pipe -16" @ $165 Unit Cost	[A]	28,771	$4,747,215	
			Pipe -24" @ $250 Unit Cost	[A]	6,010	$1,502,500	
			Preliminary Design	[A]		$189,837	
			PS&E	[A]		$949,184	
			Construction Staking	[A]		$379,674	
			Administration	[A]		$94,918	
						Total	**$11,105,453**
	West SP area	Sewer	Pipe -10" @ $135 Unit Cost	[B]	12,681	$1,711,935	
			Pipe -12" @ $145 Unit Cost	[B]	577	$83,665	
			Pipe -15" @ $175 Unit Cost	[B]	3,057	$534,975	
			Preliminary Design	[B]		$38,148	
			PS&E	[B]		$190,741	
			Construction Staking	[B]		$76,297	
			Administration	[B]		$19,074	
				[B]		**Total**	**$2,654,835**
	Central SP area	Sewer	Pipe -10" @ $135 Unit Cost	[B]	9,423	$1,272,105	
			Pipe -12" @ $145 Unit Cost	[B]	1,879	$272,455	
			Preliminary Design	[B]		$25,240	
			PS&E	[B]		$126,201	
			Construction Staking	[B]		$50,480	
			Administration	[B]		$12,620	
				[B]		**Total**	**$1,759,101**
	East SP Area	Sewer	Pipe -10" @ $135 Unit Cost	[B]	9,483	$1,280,205	
			Pipe -12" @ $145 Unit Cost	[B]	4,261	$617,845	
			Pipe -18" @ $225 Unit Cost	[B]	740	$166,500	
			Preliminary Design	[B]		$33,827	
			PS&E	[B]		$169,135	
			Construction Staking	[B]		$67,654	
			Administration	[B]		$16,913	
				[B]		**Total**	**$2,352,079**
		Sewer	Lake Pump Station	[B]	1	$3,600,000	$3,900,000
		Sewer	Downstream transmission pipes	[B]		$5,857,600	$5,857,600
		Road	Russell Road Extension - 4 lanes arterial from San Juan Grade Rd to Old Stage Rd	[C]	14,750		$46,433,000
		Road	Natividad Road Widening - 2 to 4 lanes between Boronda Rd to Rogge Rd	[C]	5,170		$15,363,500
		Road	El Dorado Drive Extension - 2 lane collector from Boronda Rd to Rogge Rd	[C]	5,140		$8,712,500
		Road	Mckinnon Street Extension - 2 lane collector from Boronda Rd. to Russell Rd	[C]	6,885		$12,882,600

TABLE 23
SALINAS FGA - LIST OF BACKBONE INFRASTRUCTURE AND PUBLIC FACILITIES

Category	Location/ Segment	General Improvement	Improvement Item	Source	Length (feet)	Detailed Cost	Cost
		Road	San Juan Grade Rd Widen to 4 lanes arterial between Boronda Rd to Rogge Rd	[C]	6,850		$12,804,300
		Road	Independence Blvd Extension - 2 lane collector from Boronda Rd to Russell Rd	[C]	2,730		$4,170,000
		Road	Hemingway Drive Extension - 2 lane minor arterial from Boronda Rd to Russell Rd	[C]	3,130		$7,938,550
		Road	East Constitution Boulevard Extension - 4 lane arterial from Boronda Rd to Old Stage Rd	[C]	5,535		$19,067,500
		Road	Old Stage Rd Widening - Upgrade from a 2 lane rural HWY to 2 lane arterial with left turn Lane between Williams Rd & E. Constitution and a 4 lane	[C]	9,365		$17,904,200
		Road	Boronda Road Extension - 6 lane between San Juan Rd and Williams Rd	[C]	23,210		$50,233,000
		Road	Sanborn Road Extension - 2 lane arterial with left turn lane from Boronda Rd to Old Stage Rd	[C]	6,090		$20,742,800
		Road	Williams Rd Extension - 4 lane arterial from Boronda Rd to Old Stage Rd	[C]	5,950		$12,685,100
		Road	West Specific Plan Area Collector Road (Road "C")	[C]	18,000		$19,578,000
		Road	West & Central Specific Plan Area Collector Road (Settrini Road)	[C]	8,900		$12,700,250
		Road	West & Central Specific Plan Area Collector Road (Road "B")	[C]	11,000		$15,527,200
		Road	West & Central Specific Plan Area Collector Road (Road "A")	[C]	19,000		$23,907,000
Facilities			Recreation Centers (2)				$1,000,000
			Fire Station 7				$5,950,000
			Library				$8,500,000
					Total		**$360,093,318**

Source: ADE, Inc.,
[A] City of Salinas North Future Growth Area: Water System Study prepared by P&D Consultants
[B] City of Salinas North Future Growth Area: Sewer System Study prepared by P&D Consultants
[C] Salinas Future Growth Area: Roadways and Drainage Crossing Opinion of Probable Cost for Inclusion in the Public Services and Facilities Report prepared by Mark Thomas & Company, Inc.
[D] The City of Salinas: Traffic Fee Program and Ordinance 2003 Update by Wood Rodgers

APPENDIX A: PROVISION OF PUBLIC SERVICES AND INFRASTRUCTURE

The following information is excerpted from the City of Salinas General Plan.

PROVISION OF PUBLIC SERVICES AND INFRASTRUCTURE

The plan for providing and financing services is required to address the public services and facilities identified in Table A-1. Necessary service and infrastructure expansion and improvements will be identified in the plan to show how the service standards identified in Table A-1 will be achieved. While these plans are not required for development outside the Future Growth Area, a development proposal received for any location within the community will be reviewed by the City to ensure that adequate public services and facilities are provided.

The plan for providing and financing services will also identify funding sources and other forms of development exaction to achieve the service standards. Currently, the City has policies and programs in place to ensure that new development pays its fair share of needed public improvements. The City will continue to collect and impose impact fees on new development to help pay for circulation improvements, sewer and storm drain infrastructure, parks and libraries. In addition, development in the Future Growth Area will participate in maintenance of certain facilities and services, such as lighting and landscaping.

The City will review and update these funding mechanisms on a regular basis to reflect the specific facilities required, including project costs of build out of the General Plan. The City will also complete and implement a Capital Financing Plan for the General Plan to address the funding of future infrastructure needs. The City may also participate in any regional funding programs for certain key facilities such as road improvements.

TABLE A-1
PUBLIC SERVICES AND FACILITIES SERVICE STANDARDS

Public Service/Facility	Service Standard
Fire Protection and Emergency Services	Fire protection facilities necessary to provide a 6-minute response from receipt of 911 call for arrival of first company 90 percent of the time.
Police Protection	Police facilities to provide an adequate level of service as determined by the City
Water Supply, Treatment, and Distribution	New development to provide its fair share of water improvements consistent with the adopted Water Master Plan and Urban Water Management Plan. If proposed development is not consistent with the Water Master Plan and/or Urban Water Management Plan, or if the Plans are out of date, the Plans will need to be updated to reflect the proposed project and identify necessary improvements. Project proponents will be responsible for paying their proportional cost of updating the Plan.
Landfill	Ten (10) years of capacity for any landfill(s) serving a proposed project.
Sewer Treatment and Distribution	New development to provide its fair share of sewer improvements consistent with the adopted Sewer and Drainage Master Plan. If proposed development is not consistent with the Sewer and Drainage Master Plan, or if the Plan is out of date, the Plan will need to be updated at the project proponent's expense to reflect the proposed project and identify necessary improvements.
Flood Control/Stormwater Drainage	New development to detain 100-year post-development flows while limiting discharge to 10-year pre-development flow, and new development to be consistent with the Storm Drain Master Plan and with the City Code Flood Damage Prevention requirements.
Education	School sites identified and donated concurrently with new development in compliance with SB 50 requirements and any applicable law.
Library	0.5 square feet of public use library space per capita and library services should be located within 2 miles of any residential use.
Parks	3.0 acres of developed community park per 1,000 population scheduled for construction within a 5-year period for development in Future Growth Area.
Circulation	Level of Service (LOS) D or better for all roadways and intersections determined by Vehicle Delay calculations in accordance with the latest version of the Highway Capacity Manual, Transportation Research Board.

Source: City of Salinas General Plan

APPENDIX B: MEASURE V LEVEL OF SERVICE ANALYSIS