

PUBLIC REVIEW DRAFT

COMPREHENSIVE FISCAL ANALYSIS (CFA) OF THE PROPOSED RANCHO CORDOVA INCORPORATION

Prepared for:

Sacramento Local Agency Formation Commission

Prepared by:

Economic & Planning Systems, Inc.

July 27, 2001

EPS #9293

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**Public Review Draft
Comprehensive Fiscal Analysis (CFA)
of the Proposed Rancho Cordova Incorporation
July 27, 2001**

This Public Review Draft CFA of the Proposed Rancho Cordova Incorporation was prepared by Economic & Planning Systems, Inc., (EPS) a firm that specializes in real estate economics, regional economics, public finance, and land use policy. The report (EPS Project # 9293) was commissioned by Sacramento Local Agency Formation Commission.

Walter Kieser served as principal-in-charge and oversaw all aspects of the assignment. Jamie Gomes, EPS senior associate and project manager, conducted the analysis.

The analyses, opinions, recommendations, and conclusions of this report are EPS's informed judgement based on market and economic conditions as of the date of this report. Changes in the market conditions and/or the economy could change or invalidate the conclusions contained herein. The contents of this report are based, in part, on data from secondary sources. While it is believed that these sources are accurate, EPS cannot guarantee their accuracy. The findings herein are based on economic considerations and, therefore, should neither be construed as a representation nor opinion that government approvals for development can be secured. Conclusions and recommended actions contained within this report should not be relied upon as sole input for final business decisions regarding current and future development and planning, nor utilized for purposes beyond the scope and objectives of the current study.

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I. INTRODUCTION AND CONCLUSIONS

INTRODUCTION

This Draft Comprehensive Fiscal Analysis (CFA) for the proposed Rancho Cordova incorporation was prepared by Economic & Planning Systems (EPS) under the direction of the Sacramento County Local Agency Formation Commission (LAFCO). This CFA was prepared in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. This act, among other powers granted to LAFCO, specifies the procedures to be followed in response to a petition for incorporation. Specifically, Government Code Section 56800 states that upon receipt of a petition for incorporation, the LAFCO Executive Officer “shall prepare, or cause to be prepared by contract, a comprehensive fiscal analysis.” Sacramento County LAFCO retained the services of EPS to assist in the preparation of the CFA for the proposed Rancho Cordova incorporation.

The goals of the incorporation effort are similar to those of other communities seeking incorporation. Incorporation proponents have a strong desire for local control over planning and land use control as well as the provision of public services. Proponents also seek to promote more citizen participation and involvement in the local civic affairs of Rancho Cordova. Local control and active citizen participation would ensure that decisions that affect the community’s future are made within the community.

Map 1 shows the proposed boundary for incorporation for the Petition Boundary Alternative. **Figure 1** is a legal description of the Incorporation Petition Boundary. Following review and a public hearing, LAFCO has the authority to approve, deny, or modify the incorporation proposal (as defined in the petition) and must in all cases impose specific terms and conditions regarding the transition of governance to a municipality. If LAFCO approves the proposal, and if no formal majority protest as specified in the law occurs, an election would be held. Majority voter approval is required to create the incorporated City of Rancho Cordova.

Financial feasibility is a key finding that must be made by LAFCO; however, LAFCO itself is instrumental in determining financial feasibility since it imposes conditions that directly affect costs and revenues accruing to the new City. These conditions include the following:

- Timing of incorporation (date of the election and effective date of the new City)
- Boundaries of the new City
- Property tax transfer
- Mitigation Agreement related to “revenue neutrality”
- Related governmental boundary changes, such as dissolutions of, or detachments from, special districts

**Map 1
Incorporation Petition Boundary**

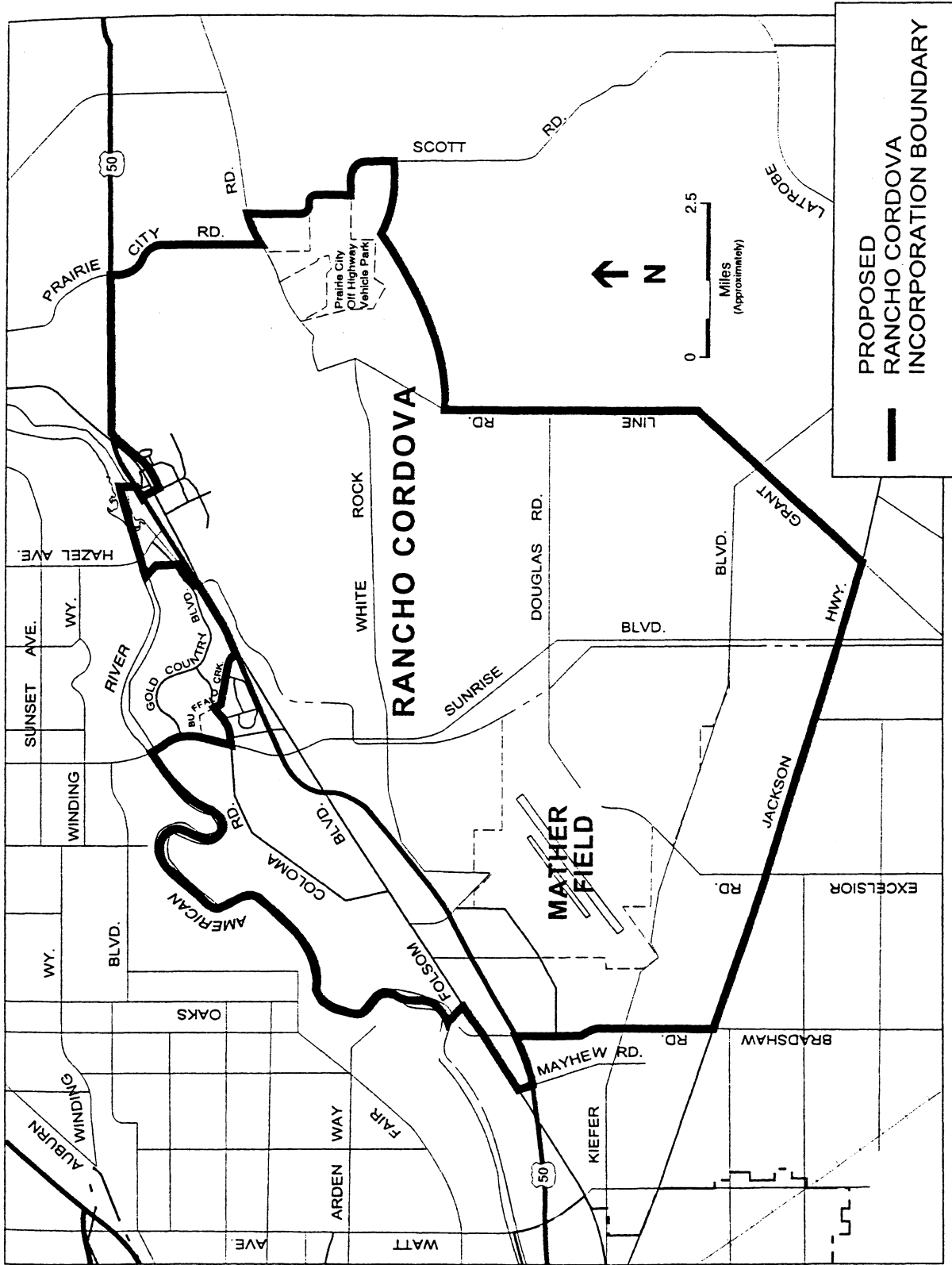


Figure 1
Incorporation Petition Boundary Description

Boundary Description: "Beginning at the intersection of the city limits line of the City of Folsom and the centerline of Prairie City Road, side point being situate in Section 12, Township 9 North, Range 7 East, M.D.B.&M.; thence from said point of beginning southerly along the centerline of Prairie city Road to its intersection with the centerline of White Rock Road, said point being situate on the west line of Section 19, Township 9 North Range 8 East, M.D.B.&M.; thence southerly along the west line of said Section 19 to the southwest corner thereof thence easterly along the south line of said Section 19&30 to the North $\frac{1}{4}$ corner of Section 30, said Township and Range; thence southerly along the north-south center section line of said Section 30 to the center of Section 30; thence easterly along the east-west center section line of said Section 30 to the northeast corner of the West $\frac{1}{2}$ of the Southeast $\frac{1}{4}$ of said Section 30; thence southerly along the east line of the West $\frac{1}{2}$ of said Southeast $\frac{1}{4}$ to a point on the south line of said Section 30; thence westerly along said south line to the northeast corner of Parcel B, as shown on that certain Parcel Map filed in the office of the Recorder of Sacramento County, California in Book 22 of parcel Maps, at page No. 2; thence South $00^{\circ}24'16''$ East 2648.52 feet; thence South $89^{\circ}18'12''$ West 1314.55 feet to a point on the east line of Section 36, Township 9 North, Range 7 East, M.D.B.&M.; thence southerly along the east line of said Section 36 to the southeast corner thereof thence along the south line of said Section 36 and the south line of Section 35, said Township and Range to the northeast corner of the West 297.00 feet of the Northeast $\frac{1}{4}$ of Section 2, Township 8 North, Range 7 East, M.D.B.&M.; thence southerly along the east line of said West 297.00 feet to the southeast corner thereof, thence westerly along the east-west center section line of said Section 2 to its intersection with the centerline of Grant Line Road; thence southerly along the centerline of Grant Line Road to its intersection with the centerline of Jackson Highway; thence northwesterly along the centerline of Jackson Highway to its intersection with the centerline of Bradshaw Road; thence northerly along the centerline of Bradshaw Road to its intersection with United States Highway 50, commonly referred to as the El Dorado Freeway; thence westerly along the centerline of the United States Highway 50 to its intersection with the centerline of Mayhew Road and the northerly production thereof to its intersection with the northerly right of way line of Folsom Boulevard; thence northeasterly along said northerly right of way line to the most southeasterly corner of Parcel 2 of Parcel Map 5-30; thence northerly along the east line of Parcel 2 to its' most northerly corner, thence continuing northeasterly production to the centerline of the American River; thence upstream following the meanderings of the centerline of the American River to its intersection with the centerline of Sunrise Boulevard; thence southerly along said centerline of Sunrise Boulevard to its intersection with the centerline of Coloma Road; thence easterly along said centerline of Coloma Road to its intersection with Buffalo Creek; thence southeasterly along said centerline of Buffalo Creek to its intersection with United States Highway 50, commonly referred to as the El Dorado Freeway; thence easterly along the centerline of United States Highway 50 to its intersection with the Folsom South Canal; thence northeasterly along said centerline of Folsom South Canal to its intersection with Gold Country Boulevard; thence northerly from said intersection of Gold Country Boulevard on the eastern boundary of Por, Gold River Unite No.14, R.M. Bk.200, Pg.4, S. $\frac{1}{2}$ Sec. 17 & POR, N. $\frac{1}{2}$ Sec. 20, T.9N, R.7E, M.-D.B.&M. AS PROJ. INTO THE RANCHO RIO DE LOS AMERICANOS; thence northerly on said eastern boundary to the northeastern corner of Gold River Unit No 14; thence northwest 45% from said northeastern corner to the centerline of the American River; thence upstream following the meanderings of the centerline of the American River to its intersection with the centerline of Nimbus Dam; thence continuing easterly following the centerline of the American River in Lake Natoma to its intersection with the city limits line of the City of Folsom thence southeasterly along said city limits line to its intersection with the centerline of Folsom Boulevard; thence easterly along said city limits line to the point of beginning."

The CFA evaluates the feasibility of a new City government in Rancho Cordova, taking into account the land use changes expected to occur, the legal requirements imposed by LAFCO (terms and conditions), the proposed municipal government described in the incorporation petition, and a projection of municipal costs and revenues. The CFA also evaluates the potential impacts of incorporation upon agencies presently providing services to Rancho Cordova (e.g., Sacramento County). Five Boundary Alternatives, provided by LAFCO, also are evaluated in the CFA.

CONCLUSIONS

THE INCORPORATION PETITION PROPOSAL

1. *The City of Rancho Cordova, as described in the Incorporation Petition, is fiscally feasible PRIOR TO making fiscal mitigation payments.*

The Petition Proposal and related public service plan described in this CFA is fiscally feasible prior to addressing fiscal impacts upon Sacramento County through fiscal mitigation payments or other means. **Figure 2** shows annual General Fund surpluses prior to any such fiscal mitigation payments. Based on annual General Fund revenue surpluses prior to mitigation, the proposed City could accumulate General Fund reserves. As shown in **Figures 2 and 3**, the City's General Fund reserve would increase in each year during the nine-year budget period.

After the first fiscal year (transition year), the proposed City is shown to experience annual fiscal surpluses ranging from \$12.6 million to \$13.2 million during its first nine years of operation. Detailed calculations of all fund revenues by source and expenditures by department are shown in **Figure 3**.

Following completion of the transition year and the second year (Fiscal Years 2002-03 and 2003-04) the proposed City of Rancho Cordova would have a projected fund balance of \$33.2 million, prior to mitigation payments. Projected fiscal surpluses may be used to increase the fund balance, provide for capital improvements and/or increased service levels, or allow for unforeseen contingencies.

Due to the potential variance in a number of key assumptions, a sensitivity analysis was prepared and its results are included in **Appendix B**. The results of the sensitivity analysis show the proposed City would experience annual fiscal surpluses ranging from \$13.2 to \$13.8 million during its first nine years of operation (excluding the transition year). Key assumptions modified in the sensitivity analysis are described in the Key Issues Influencing Feasibility section of this report.

It is important to note that indicated annual revenue surpluses do not take account of fiscal mitigation payments from the City to the County needed to offset a substantial imbalance between revenues and expenditures transferred from Sacramento County to the proposed City. The substantial imbalance is based upon the calculated amount of revenue neutrality presented in the CFA.

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Figure 2
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition Boundary Alternative

Item	Fiscal Year Ending										
	2003	2004	2005	2006	2007	2008	2009	2010	2011		
GENERAL FUND											
Total General Fund Revenues	\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708		
Total General Fund Expenditures	\$3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919		
General Fund Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788		
Prior to Mitigation [1]	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Less Mitigation Payment to County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Net Annual Balance After Mitigation Payments	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788		
ROAD MAINTENANCE FUND											
Road Fund Revenues	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257		
Road Fund Expenses	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257		
Road Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
OTHER RESTRICTED FUND											
Other Restricted Fund Revenues	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562		
Other Restricted Fund Expenditures	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562		
Other Restr. Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
All Funds Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788		

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[1] General fund operating surplus (deficit) is prior to mitigation payment to County (if required).

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Figure 3
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Detailed Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition	Boundary
Alternative	Alternative

Item	Fiscal Year Ending									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
General Fund Revenues										
Property Taxes [1]	\$0	\$4,685,702	\$4,846,292	\$5,039,577	\$5,191,625	\$5,343,229	\$5,506,170	\$5,672,316	\$5,821,322	
Sales Tax [2]	\$11,879,700	\$15,998,360	\$16,157,120	\$16,315,880	\$16,491,440	\$16,667,000	\$16,842,560	\$17,018,120	\$17,193,680	
Utility User Tax	\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690	
Real Property Transfer Tax	\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$279,223	\$286,729	
Unitary Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transient Occupancy Tax	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
Franchise Fees	\$188,693	\$193,957	\$199,221	\$204,495	\$209,770	\$216,076	\$222,176	\$227,450	\$233,136	
Business License Tax	\$171,727	\$175,203	\$178,679	\$182,201	\$185,724	\$189,246	\$192,768	\$196,291	\$199,813	
Building Permit Fees (Fund Transfer In)	\$0	\$136,238	\$136,238	\$136,238	\$175,163	\$167,378	\$136,238	\$175,163	\$136,238	
Planning Fees	\$0	\$314,969	\$404,823	\$436,188	\$438,019	\$439,859	\$441,709	\$443,567	\$445,435	
Fines and Penalties	\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$65,164	\$67,160	\$68,845	\$70,685	
Jail Booking Reimbursement	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
State Motor Vehicle License Fees	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,503,794	\$3,571,257	
Investment Earnings	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Total General Fund Revenues	\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708	
General Fund Expenditures										
City Council	\$79,000	\$74,000	\$75,000	\$76,000	\$77,000	\$78,000	\$79,000	\$80,000	\$81,000	
Elections	\$21,649	\$0	\$23,592	\$0	\$25,036	\$0	\$26,450	\$0	\$27,680	
City Manager	\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$451,039	\$452,894	\$454,759	
City Clerk	\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291	
City Attorney	\$550,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081	\$574,343	\$585,830	
Finance	\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876	
Administrative Services	\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169	
Property Tax Administration	\$140,843	\$143,089	\$147,993	\$153,896	\$158,539	\$163,168	\$168,144	\$173,218	\$177,768	
LAFCo Cost Share	\$16,290	\$16,697	\$17,114	\$17,542	\$17,981	\$18,430	\$18,891	\$19,363	\$19,847	
Law Enforcement	\$0	\$14,293,129	\$14,707,315	\$15,121,501	\$15,542,079	\$16,050,602	\$16,536,123	\$16,952,856	\$17,397,270	
Animal Control	\$0	\$98,147	\$100,997	\$103,846	\$106,696	\$110,203	\$113,579	\$116,429	\$119,540	
Planning	\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870	
Public Works Administration	\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233	
Non-Departmental [3]	\$991,444	\$1,241,566	\$1,202,099	\$978,421	\$1,002,371	\$1,020,402	\$1,042,257	\$1,062,431	\$1,069,075	
Contingency	\$155,059	\$927,586	\$964,143	\$978,458	\$1,007,039	\$1,036,467	\$1,066,893	\$1,091,166	\$1,116,710	
Loan Re-payment to County [4]	\$0	\$902,989	\$880,965	\$859,478	\$838,515	\$818,064	\$0	\$0	\$0	
Total General Fund Expenditures	3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919	
General Fund Operating Surplus (Deficit) [5]	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	
Less Mitigation Payment to County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Annual Balance After Mitigation Payments	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	

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Figure 3
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Detailed Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
 Boundary
 Alternative

Item	Fiscal Year Ending										2011	
	2003	2004	2005	2006	2007	2008	2009	2010				
Road Maintenance Fund Revenues												
Gas Taxes	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,316,817	\$1,341,935
Measure A	\$901,277	\$928,227	\$955,178	\$982,128	\$1,009,078	\$1,042,251	\$1,074,175	\$1,101,125	\$1,130,555	\$1,162,271	\$1,193,335	\$1,216,312
Road Fund Property Tax	\$34,676	\$35,229	\$36,437	\$37,890	\$39,033	\$40,173	\$41,398	\$42,647	\$43,767	\$45,000	\$46,250	\$47,500
Total Road Maintenance Fund Revenues	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,571,149	\$2,604,312	\$2,637,464	\$2,670,617	\$2,703,770
Road Maintenance Fund Expenditures												
Road Maint. Expenditures (100% of rev.'s)	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,571,149	\$2,604,312	\$2,637,464	\$2,670,617	\$2,703,770
Road Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Restricted Revenues												
Building and Permit Fees (100% Cost Portion)	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	\$1,167,750	\$1,167,750	\$908,250
Public Works - Site Development Services	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,224,782	\$1,256,229	\$1,287,676	\$1,319,123
Total Other Restricted Revenues	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,461,085	\$2,424,029	\$2,461,085	\$2,124,562
Other Restricted Expenditures												
Building and Permit Fees (100% Cost Portion)	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	\$1,167,750	\$1,167,750	\$908,250
Public Works - Site Development Services	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,224,782	\$1,256,229	\$1,287,676	\$1,319,123
Total Other Restricted Expenditures	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,424,029	\$2,424,029	\$2,461,085	\$2,124,562
Other Restr. Funds Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Fund Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	\$12,750,000	\$12,661,000	\$12,572,000

"final_sum"

- [1] Sacramento County retains the first year of property tax until proper legal transfer can take place.
- [2] The County continues to collect sales tax during the first three months following incorporation. The City will receive nine months of sales tax revenue in the first fiscal year.
- [3] Non-Departmental includes office rent, supplies, insurance, and general plan and code development.
- [4] Loan repayment based on cost of services provided by County in first year of City operation. Amount of first year service cost borrowed by City is net of first year property tax revenues and one quarter's worth of sales tax revenue.
- [5] General fund operating surplus (deficit) prior to mitigation payments to County (if required).

Throughout the document, the term “revenue neutrality” means the difference between revenues and expenditures transferred from Sacramento County to the proposed City as calculated according to Government Code Section 56815. While used in the CFA, the term “revenue neutrality” is not defined in the statute; rather, the law states that revenues and expenditures transferred by an entity to the proposed City should be “substantially equal” or that actions should be taken to mitigate the loss. It is not the intent of the CFA to presuppose that the calculated amount of revenue neutrality exactly equal the amount of fiscal mitigation required.

2. *Revenues transferred to the new city for the proposed City of Rancho Cordova exceed expenditures transferred; however, how Government Code Section 56815 is applied to mitigate the revenue loss to the County will determine fiscal feasibility of the proposed City.*

Government Code 56815 states that LAFCO “shall not approve a proposal that includes an incorporation unless it finds that the following two quantities are substantially equal: (1) Revenues currently received by the local agency transferring the affected territory which, but for the operation of this section, would accrue to the local agency receiving the affected territory [and] (2) Expenditures currently made by the local agency transferring the affected territory for those services which will be assumed by the local agency receiving the affected territory.”

If the revenue loss is not substantially similar to the service cost savings for any entity, then the proposal must be denied, or, alternatively, action must be taken by LAFCO to mitigate the loss. Possible LAFCO actions, as defined in the Section, include: “1) the County and all of the subject agencies agree to the proposed transfer, or 2) the negative fiscal effect has been adequately mitigated by tax sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886.” LAFCO may impose such terms and conditions.

As defined in Government Code Section 56815 and calculated as a part of this CFA, the difference between revenues and expenditures transferred is a negative annual County General Fund impact of approximately \$14.3 million. This estimate represents the amount of funding that would need to be mitigated, all or in part, by agreement between the proponents and the County or as terms imposed by LAFCO, as required by the statute.

The analysis also shows a positive County Road Fund impact of \$1.1 million. The General Fund and Road Fund combine to produce a negative annual impact of \$13.2 million, although the mitigation negotiations will determine the extent to which a positive Road Fund outcome can offset other impacts (due to the restricted nature of Road Fund revenues).

3. *The fiscal feasibility of the new City of Rancho Cordova is dependent upon the amount, structure, and duration of fiscal mitigation.*

If the amount of “fiscal mitigation” equals the combined County General Fund and Road Fund impacts of \$13.2 million, the projected annual budget surpluses (in the range of \$13 million) would be fully committed, which would cause the proposed City to be considered marginally feasible. Even with conservative assumptions and contingencies reflected in the CFA budget model, it is prudent to reflect some surplus in the projected annual operating budget.

While the proposed City appears to be fiscally sound, with large annual surpluses prior to mitigation, Sacramento County’s position on “fiscal mitigation” is a key factor that would cause the City to be considered marginally feasible. The amount, structure, and duration of “fiscal mitigation,” if imposed at the amount calculated in Government Code Section 56815, would cause the proposed City to be considered marginally feasible.

Under the sensitivity analysis, if the amount of “fiscal mitigation” equals the combined County General Fund and Road Fund impacts of \$13.2 million, the projected annual budget surpluses of between \$13.2 and \$13.8 million would result in annual budget surpluses ranging from \$0 to \$600,000 after mitigation payments; thereby supporting fiscal feasibility findings for the proposed City.

As the revenue neutrality calculation is a snapshot in time, the actual amounts may be different depending upon the outcome of several factors. For example, assuming that the new City contracts for services with the County, certain potential impacts associated with staff reductions can be mitigated. Also, certain potential revenue losses and “reverse economies of scale” can also be avoided through contracts. The revenue neutrality calculation and its constituent factors are further discussed in **Chapter VI**.

In practice (in other recent incorporations in California), fiscal mitigation agreements have been reached through negotiations between the proponents and the respective county that agree to fiscal mitigation payments that are less than the full “revenue neutrality” amount calculated in the CFA. These agreements have also set total “caps” and time horizons on the required mitigation. These agreements have resulted in successful new cities and substantial reduction in the potential impacts upon the parent counties.

4. *A new City must be able to maintain or improve municipal service levels in Rancho Cordova.*

The General Fund costs upon which this analysis are based assume the proposed City of Rancho Cordova would provide service levels at the same level as those currently provided to the area by Sacramento County. **Chapter IV** discusses these

assumptions in more detail. Using this methodology, the CFA ensures that at least an equivalent level of services would be available following incorporation.

In some instances service levels may improve qualitatively despite little or no difference in expenditure; for example, with planning and building administration located within the community, residents will have more convenient access to these services as well as a greater degree of local control. In other instances, actual expenditures are assumed to be higher; for example, the cost of police protection, which the CFA assumes will be provided by the County Sheriff, exceeds existing expenditures, primarily due to the provision of additional officers for traffic enforcement. Under a law enforcement service contract, the presence and response time of officers will improve as compared to existing levels due to the greater number of patrol officers.

Based on estimated annual revenue surpluses following incorporation, the City may also have an opportunity to increase service levels, particularly after the County loan is repaid in Fiscal Year 2007-08 (See **Chapter VI** for a discussion of the County loan repayment). As long as revenue surpluses are available, the City has, at its discretion, the ability to increase funding levels and thus increase service levels.

Another area where service levels would likely be increased is road maintenance services. Dedicated revenues for road maintenance purposes within the Rancho Cordova boundaries would increase as a result of incorporation. **Chapter IV** discusses the increased revenues for road maintenance from gas tax revenues, the share of property tax currently allocated to the County Road Fund, and Measure A half-cent sales tax revenue. The increased revenues could result in increased spending levels and thus a higher level of road maintenance service.

BOUNDARY ALTERNATIVES

1. The Boundary Alternatives do not substantially alter the conclusions reached for the Petition Boundary.

All Boundary Alternatives are shown to be fiscally feasible, prior to making fiscal mitigation payments to the County. Like the Petition Boundary, the Boundary Alternatives assume that service levels similar to those already provided by the County will be maintained by the new city. The Alternatives are nearly equal the fiscal results of the Petition Boundary with the exception of Alternative One. Alternative One results in much smaller revenues and expenditures than the other Alternatives because its boundary encompasses a much smaller geographic area.

Figure 16 in Chapter VII details annual General Fund surpluses prior to fiscal mitigation payments in Fiscal Year 2003-2004 for each boundary alternative. The amount of the surpluses among the Boundary Alternatives range from \$5.6 million in Alternative One to \$13.6 million in Alternative Four. The difference in surplus

amounts is largely due to the size of the area encompassed by each Boundary Alternative. Each area drives a different set of demographic and development assumptions, which results in the range of fiscal outcomes.

Feasibility findings for the Petition Boundary under the sensitivity analysis are also similar across all Boundary Alternatives. The sensitivity analysis shows all Boundary Alternatives experience annual surpluses after mitigation and support findings of fiscal feasibility for each Boundary Alternative.

2. *The Boundary Alternatives may influence the feasibility of the new City in ways not reflected in the CFA.*

While altering the boundaries of the proposed City is not shown to have an effect upon fiscal feasibility, other considerations may need to be taken into account by LAFCO, including community identity and political support. LAFCO and the proponents will need to consider carefully these issues in finalizing the incorporation proposal. For a more thorough discussion of the Boundary Alternatives, including descriptions, methodologies, and issues specific to each, see Chapter VII.

KEY ISSUES INFLUENCING FEASIBILITY

The key conclusions of the CFA, that Rancho Cordova can be fiscally feasible and that a substantial gap exists between revenues and expenditures transferred from Sacramento County, are based on numerous assumptions, forecasts of future events, and the anticipated actions of LAFCO and other agencies. A realistic and conservative approach was taken in making necessary assumptions, forecasting future events, and anticipating the actions of involved agencies; however, there is no guarantee as to the ultimate accuracy of these assumptions. Key decisions affecting feasibility will be made by LAFCO and the Board of Supervisors.

Listed below are issues that could affect the revenues, expenses, and conclusions shown in this analysis. As indicated, **Appendix B** contains a sensitivity analysis. This sensitivity analysis analyzes the cumulative impact of variations in two key CFA assumptions. Where applicable, variations to key assumptions for the sensitivity analysis are described in the following sections.

REVENUE NEUTRALITY AND FISCAL MITIGATION

As stated above, a substantial imbalance exists between revenues and expenditures transferred from Sacramento County to the proposed City. As calculated in this analysis, per Government Code Section 56815, the difference between revenues and expenditures transferred is a negative annual County General Fund impact of \$14.3 million. The analysis also shows a positive County Road Fund impact of \$1.1 million. The combined impact of the two funds is a negative annual amount of \$13.2 million,

although the mitigation terms will determine the extent to which a positive Road Fund outcome can offset other impacts (due to the restricted nature of Road Fund revenues).

If payments equaling this amount (\$14.3 million annually excluding any Road Fund credit) were required, the difference between mitigation payments and annual surpluses would range between \$1.1 million and \$1.7 million annually from Fiscal Year 2003-2004 to Fiscal Year 2010-2011. When considering the possible range between required fiscal mitigation payments and annual surpluses, it is critical to review factors that could influence both of these amounts. These factors are discussed below under two general categories: fiscal mitigation terms and municipal budget assumptions.

FISCAL MITIGATION TERMS

As the Government Code 56815 revenue neutrality calculation is a snapshot in time, the calculation may be different depending upon the results of several key factors. These key factors and their sensitivities are discussed below.

1. Sales Tax Revenue

The State Board of Equalization (SBE) provided the Fiscal Year 1999-2000 sales tax revenue estimate used in this CFA. As part of the revenue neutrality calculation, the CFA includes the amount of sales tax revenue transferred from the County to the City for the base fiscal year. In addition to the amount provided by SBE, the CFA includes an additional 12 percent of the SBE estimate for unallocated sales tax revenue. Unallocated sales tax revenue is a pool of sales tax revenue that cannot be distributed to jurisdictions by point of sale. This revenue pool is distributed to sales-taxing jurisdictions based on each jurisdiction's share of allocated sales tax revenues.

It is important to note that the SBE estimate used in this CFA was provided during a time that may be considered the peak of a multi-year economic cycle. Provision of the estimate during such a period could have a large affect on calculation of fiscal mitigation payments as sales tax revenues represent approximately 58 percent of revenues transferred from the County to the City. For example, if sales tax revenues were 10 percent lower than the current SBE estimate, the revenue neutrality amount would be lower by approximately \$1.5 million. Under the same scenario, city revenues would also be lower by approximately \$1.5 million.

A new City may have difficulties if fiscal mitigation were set using a high estimate of sales tax revenues, and, due to a recession or other general economic downturn, actual City sales tax revenue receipts were lower. This could be a concern as sales tax revenues are usually the first source of revenue to be affected when a recession occurs. It is also one of the most dramatically affected sources of revenue during a recession. One option to mitigate this risk is to tie fiscal mitigation payments to a percentage of sales tax revenues. This approach would have the County and new City share in the risk of fluctuating sales tax revenues.

2. *Utility User's Tax*

Unlike the sales tax revenue estimate, which was calculated by specific address strings within the Petition Boundary, the utility user's tax estimate could not be calculated specifically by address or zone within the Petition Boundary. Therefore, EPS and the County of Sacramento developed a utility user's tax estimate based on the estimated Rancho Cordova share of total County utility user's tax revenues.

Utility user's tax is generated by residential and non-residential users; therefore, it is important to factor each into the calculation of utility user's tax estimates. Other than for cable television, the CFA assumed Countywide utility user's tax revenue was divided evenly between residential and non-residential users. The CFA estimated the Rancho Cordova share of residential utility user's tax revenues based on the population in Rancho Cordova relative to the Countywide unincorporated area population. The Rancho Cordova share of non-residential utility user's tax was estimated using employment in Rancho Cordova relative to Countywide unincorporated employment. As Rancho Cordova contains a large percentage of businesses within the unincorporated County, the Rancho Cordova share of utility user's tax revenues is significant for the Incorporation Petition boundary.

As an alternative, the utility user's tax could have been calculated using a per-person-served methodology. In this methodology, total County utility user's tax revenues for Fiscal Year 1999-2000 are divided by the population plus 50 percent of the number of employees in the County unincorporated area. This calculation yields a per-person-served revenue amount which, multiplied by the estimated persons served of the new city, would result in a utility user tax estimate for the proposed City. If the per-person-served methodology had been employed, the utility user tax estimate would have been \$1.9 million, or approximately \$1.2 million lower than the estimate used in the CFA.

3. *Sheriff's Department Cost Estimate*

The Sacramento County Sheriff's Department provided the cost estimate used in the CFA. The Sheriff's Department provided direct as well as department-wide and Countywide indirect cost estimates. The indirect cost estimates were calculated using a reciprocal allocation method that allocates department-wide and Countywide indirect costs to each function within the Sheriff's Department. According to the Sheriff's Department, a change in the structuring of the Department made the calculation of these cost estimates difficult.

It is important to note that the Sheriff's Department cost estimate represents 98 percent of the costs of services transferred to the new City in the fiscal mitigation calculation. Because of the magnitude of this cost estimate, any increase or decrease in Sheriff's Department costs would have a significant effect on the revenue neutrality calculation.

4. Exclusion of Countywide Indirect Costs

In the revenue neutrality calculation, the CFA assumes expenditures to be taken on by the new City include department-specific direct and indirect costs. The CFA does not include Countywide indirect costs in the costs of services assumed by the new City. The CFA assumes the County will not experience a reduction in Countywide overhead costs as a result of incorporation; rather, the Countywide overhead costs will be allocated to other areas. The one exception to this practice is in the treatment of Countywide overhead costs allocated to the Sheriff's department.

Countywide A-87 costs allocated to the Sheriff's department are included as a revenue offset in the revenue neutrality calculation. The Sheriff's A-87 cost is treated in this manner as the proposed City anticipates contracting with Sacramento County for law enforcement services and the contract for such services would include a share of the Countywide A-87 costs. The amount is reflected as a revenue offset as it is not captured in the Sheriff expenses being transferred from the County to the City (consistent with calculation of other costs being transferred).

For the Incorporation Petition, the Countywide indirect cost excluded from the revenue neutrality calculation equals approximately \$500,000 (excluding the Sheriff's costs). Inclusion of this amount in the revenue neutrality calculation would reduce the calculation by the same amount.

MUNICIPAL BUDGET MODEL

As with the fiscal mitigation payment, several factors could cause annual revenue surpluses prior to mitigation to be higher or lower than estimated in the CFA. These factors and their sensitivities are discussed below.

1. Calculation of the "Auditor's Ratio" and Property Tax Exchange

Government Code Section 56810 describes the procedure to determine the share of property tax transferred from the County to the new City upon incorporation. The Sacramento County Auditor-Controller has provided an estimate of the property tax as a ratio of the total revenues available for general purposes (the "Auditor's Ratio"). The Auditor has estimated the Auditor's Ratio to be 31.88 percent.

Calculation of the Auditor's Ratio is important as it directly affects the future property tax revenue transferred from the County to the new City. In addition, as property tax revenue is transferred from the County to the City, the Auditor's Ratio also affects the CFA fiscal mitigation calculations. It is important to note that in some previous incorporation efforts, calculation of the Auditor's Ratio has become the subject of litigation.

2. *Development Assumptions*

In general, determining growth projections within a certain area is difficult based on the number of assumptions necessary to make such projections. It is important to note that the purpose of the CFA is to test the feasibility of the proposed City, not to precisely predict development trends or amounts.

As revenue and expenditure projections would vary under different development scenarios, the CFA development assumptions are generally conservative in order to test the feasibility of the City under a conservative scenario. However, real estate development is influenced by market conditions and general economic trends that are very difficult to predict accurately. Such conditions and trends may be partially accounted for by conservative assumptions used in the CFA.

To test the impact of different development assumptions, EPS conducted a sensitivity analysis on the baseline development schedule assumed in the CFA. The sensitivity analysis analyzed different combinations of reduced residential and non-residential development estimates. Assumptions of reduced development ranged between 50 and 100 percent of the baseline development schedule.

Each combination of reduced growth produced slightly different results, although generally within a very small range. In all cases, the proposed City maintains annual revenue surpluses prior to mitigation payments to the County. Using a development scenario that reduces revenues most significantly with minimal cost reductions (the least optimistic scenario), the proposed City's annual surpluses would decrease by approximately \$400,000 to \$900,000.

3. *Level and Growth of Sales Tax Revenues*

In the last year of the CFA analysis (Fiscal Year 2010-2011), sales tax revenues represent almost one-half (approximately 47 percent) of City General Fund Revenues. As discussed in **Chapter V**, CFA sales tax revenue projections are based on existing sales tax revenues, provided by the State Board of Equalization (SBE), and estimates of sales tax revenues from new development.

It is important to note that sales tax revenue projections in the CFA are largely dependent upon existing sales tax levels. For example, in Fiscal Year 2010-2011, existing sales tax revenues of \$15.5 million (in 2000 \$) represent approximately 90 percent of the total \$17.2 million in estimated sales tax revenues. Only 10 percent of estimated sales tax revenue in FY 2010-2011 is derived from new development.

As stated, in a general economic downturn, sales tax revenues are usually the first and one of the most significantly affected municipal revenue sources. Although not likely to last more than a few years, a severe economic downturn could reduce sales tax revenues to the City. If FY 1999-2000 SBE sales tax revenue estimates represent the peak of the current economic cycle, future sales tax revenues could be lower than currently estimated. To account for this, EPS examined the affect of a five percent

reduction in existing sales tax revenues assuming sales tax from new development remains constant. If existing sales tax revenues experienced a five percent reduction, holding all other assumptions constant, annual revenue surpluses would decrease by approximately \$775,000.

4. *Growth of property tax revenue*

Growth in property tax revenue will be dependent upon assessed value growth within the new City. Assessed value growth occurs through increases in values of existing development as well as assessed value increases associated with new development. The CFA conservatively assumes the assessed value growth of existing development would keep pace with inflation but that there would be no real growth in assessed value. The result of this assumption is a very conservative forecast of property tax revenue for the proposed City.

In the sensitivity analysis included in **Appendix B**, assessed value growth is assumed to experience an annual real growth rate of 0.5 percent per year. This assumption accounts for real increases in existing assessed value experienced through property turnover and property appreciation rates greater than inflation. Inclusion of an 0.5 percent real growth rate in existing assessed value results in increased property tax revenues between \$90,000 and \$220,000 annually (approximately 1.5 to 3.8 percent increase).

5. *Effective Date of Incorporation*

The effective date of the incorporation could affect the City's General Fund balance reserves. According to Government Code Section 57384, the County is responsible for providing "all services provided to the area prior to incorporation" for the remainder of the first fiscal year during which the incorporation became effective.

The CFA currently assumes the effective date of incorporation would be July 1, 2002. This results in Sacramento County providing services to the incorporated area through the Fiscal Year ending June 30, 2003. The result of this assumption is that the City is able to generate approximately \$20.3 million in fund balance reserves in its first fiscal year. If the effective date of the incorporation took place later in Fiscal Year 2002-03, the City would end up with less of a General Fund balance reserve at the end of its first fiscal year.

6. *The Willingness of the County or Other Entity to Enter into Service Contracts*

The CFA used information provided by the County Sheriff's Department estimating the FY 2000-2001 cost of providing law enforcement services (including traffic enforcement) to the incorporation area. The Sheriff figures used in this analysis are based on the department's actual expenditure estimate for Fiscal Year 1999-2000. For the first City Fiscal Year, the Sheriff Department's estimated FY 2000-2001 law enforcement cost was refined to include an estimate of traffic enforcement costs to the new City.

The Sacramento County Sheriff's Department is currently working to provide an estimated contract cost of providing law enforcement services to the new city. The contract cost estimate will account for a stand alone command and traffic enforcement. The CFA may be updated to reflect revised cost estimates.

The actual negotiated agreement for services may differ from the cost estimates. In addition, the associated levels of service are an important consideration both in the CFA and in subsequent deliberations on the incorporation proposal. Cost estimates by County agencies do not represent a commitment from the Board of Supervisors to enter into contracts at the estimated amounts. The Board may or may not authorize such contracts. The alternative to contracting with the County would be to contract with another entity such as the City of Sacramento for services, or provide the service in-house. However, the city's cost to form its own police department, especially during the first few years of operation, is likely to be higher than contracting for the service.

7. *Providing Adequate Financing for Planned Road and City Capital Improvements*

The new City would be required to meet the public facility demand generated as Rancho Cordova grows. The City would inherit the capital financing mechanisms established by other respective government entities for the relevant City services. As such, prior to the City taking any additional actions, the planned capital facilities funding would be the same whether the City or the current service provider is responsible. The City can alter the funding mechanisms in the future to the extent the facilities and funding are not contractually obligated by the existing service providers. However, it will also be essential that the accrued funds and authority to continue these financing instruments be effectively transferred to the new City.

Issues regarding capital financing would be negotiated by the County, proponents, and LAFCO with the recommendations included as part of the LAFCO Executive Officer's Terms and Conditions.

8. *Assumptions Used to Model City General Government and Other Service Costs*

The CFA based expenditure projections on an analysis of current Sacramento County costs within the proposed incorporation area boundary and estimates of the additional service costs that the new City would incur. CFA cost estimates assume the proposed City of Rancho Cordova would provide service levels at the same level as those currently provided to the area by Sacramento County. Some of the CFA cost estimates include contracts with existing County departments or other outside contracting entities and organizations; however, at this time, no negotiations regarding contracting for services has transpired and costs used in this analysis are related to the current cost of providing the service.

The CFA estimated cost and staffing of general government services based on a review of other cities' (local and statewide) general government staffing and service

costs. The CFA paid particular attention to a review of other new cities that have incorporated since 1987, having a population of between 50,000 and 90,000 people. Many of the cities reviewed were limited service cities generally not providing fire protection, water, sewer, and typically not parks and recreation services. The general government costs used in this analysis fall within the mid-range of the other limited service cities—some having a lower cost per capita and others having a higher cost per capita.

CFA estimates of general government and other service costs include a contingency allowance. The CFA calculated the contingency as five percent of the total annual General Fund expenditures. The CFA included this contingency to ensure a conservative assessment of the potential fiscal viability of the proposed City.

Although the CFA includes reasonable assumptions regarding general government and other service cost estimates, it can not anticipate the actions of the future City Council. Therefore, it is possible City general government and other service costs may be higher or lower than shown in this analysis. Higher service costs, without additional revenue sources, would reduce annual revenue surpluses prior to mitigation. Conversely, lower costs would increase annual revenue surpluses prior to mitigation.

9. *Willingness of the New City to Raise Taxes*

The CFA does not assume the increase of any taxes in the modeling of city revenues upon incorporation. City revenue items such as the business license, transient occupancy tax, and franchise fees have been modeled according to existing County methodologies for levying taxes.

Upon incorporation, however, the new city may choose to raise taxes to augment revenues. It is possible that such increases could be approved at the same time the incorporation election is held. Potential taxes that may be increased include the business license, transient occupancy, and utility user taxes.

Increased tax revenues could affect the fiscal viability of the new city in two ways. Additional revenues could be used towards the fiscal mitigation payment to the County. Alternatively, a higher source of revenues could also be used to pay for increased levels of service expenditures.

Note, however, that most, if not all, tax increases that might be contemplated by the city would be subject to Proposition 218 voter approval requirements. Increasing taxes may also act as a disincentive to business expansion in the new city, particularly with respect to increasing the business license tax.

10. Sheriff's Department and CHP Traffic Enforcement Cost Estimates for Providing Services to the New City

As stated above, the Sheriff's Department cost estimates are based on the Department's actual expenditure estimate for Fiscal Year 1999-2000. Based on discussions with the Sheriff's department, the CFA has estimated the annual law enforcement costs for the proposed City using Fiscal Year 1999-2000 cost estimates plus five percent. The five- percent increase is to account for anticipated increased costs associated with a stand-alone command structure for the proposed City. The stand-alone command model is similar to law enforcement services provided by the County Sheriff's Department to the City of Citrus Heights and proposed for the City of Elk Grove.

In addition, the CFA also includes a traffic enforcement cost estimate based on a previous estimate provided by the California Highway Patrol (CHP). Because the CHP provided the traffic enforcement estimate in 1998, the estimate was escalated by an inflation factor to Fiscal Year 1999-2000. The CFA modeled the costs of providing law enforcement services to the city based on these estimates.

In modeling law enforcement costs, both the Sheriff's Department and previous CHP estimates were inflated due to the fact that provision of these services would not be required until the second fiscal year of the City's operation. The actual costs may be higher or lower than these inflated amounts based on contract negotiations between the City and contract service provider.

By comparison to other similarly sized cities in California, the estimated costs of law enforcement (including traffic enforcement) for the proposed City are on the highest end of the scale. Many other similarly sized cities, both long-time and recently incorporated cities, provide law enforcement services at approximately 50 to 70 percent less, on a per capita basis, than would the proposed City.

The CFA sensitivity analysis includes a reduced Sheriff's cost assumption. The sensitivity analysis reduces the amount of load added to the Fiscal Year 1999-2000 cost estimate from five percent to two and a half percent. The reduced load factor could account for some economies of scale associated with the Sheriff's department providing both law and traffic enforcement services. The reduced load factor reduces total law enforcement costs by approximately \$300,000 to \$400,000 annually.

11. Contingency Assumptions

The CFA includes a contingency amount equal to five percent of total General Fund expenditures. The contingency amount was included to ensure the CFA conservatively estimated the proposed City's expenditures. Compared to other cities, a contingency fund equal to five percent of General Fund expenditures is lower than average in terms of the percentage amount of General Fund revenue and expenditure items. Other cities dedicate up to 15 percent of General Fund revenues or General Fund appropriations for use as a contingency, often referred to in practice

as a “Fund for Economic Uncertainties.” While the percentage of funds set aside for a Fund for Economic Uncertainties remains constant from year to year, the actual dollar amount would vary annually. The proposed city may choose to include a higher or lower set-aside for a contingency fund. The decision on how much to set aside will be dependent upon:

- The general economy;
- General Fund revenues and expenditures;
- General Fund balance; and,
- City policy regarding a contingency or economic uncertainty fund.

II. BACKGROUND

PROJECT PROPONENTS AND GOALS

The Rancho Cordova Incorporation Committee (Incorporation Committee) is an organization of community representatives who initiated the incorporation process for the community of Rancho Cordova.

Incorporation proponents seek to attain many goals with incorporation. As stated in the Rancho Cordova Incorporation Petition, some of the reasons for incorporation include the following:

- To enhance the character and identity of Rancho Cordova by establishing the community as a municipality.
- To increase local control over and accountability for decisions affecting Rancho Cordova by having an elected City council made of Rancho Cordova residents who serve as the community's primary local government representatives.
- To ensure that the comprehensive planning, zoning, and other regulatory land use decisions affecting Rancho Cordova are made in Rancho Cordova.
- To increase the accessibility of local government officials and staff members to the residents of Rancho Cordova.
- To increase the allocation of Federal and State revenues to Rancho Cordova to support local services and programs.
- To promote more citizen participation and involvement in the local civic affairs of Rancho Cordova.

Incorporation proponents have a strong desire for local land use and planning control. Local control would ensure that decisions which affect the community's future are made within the community. Local control and decision making would also increase the accountability of the decision-makers.

NAME OF THE NEW CITY

The Incorporation Petition identifies the name of the new City as "Rancho Cordova."

FORM OF GOVERNMENT

Rancho Cordova would be incorporated as a General Law city under the Constitution of the State of California. The proposed form of the new City would be the

“Council/Manager” form common to small and mid-sized cities throughout the State. Under the Council/Manager form, a five-person City Council, elected at-large, would retain a City manager who would be responsible for the day-to-day operations of the City with an appointed City Clerk.

BOUNDARY

Map 1 shows the municipal boundary proposed for Rancho Cordova as expressed in the Incorporation Petition. The proposed boundary includes a substantial commercial base that contributes to the City’s fiscal viability. Boundary Alternatives and accompanying maps are detailed in a subsequent chapter.

REORGANIZATION

No special district reorganizations are proposed.

SERVICE LEVELS

This CFA presumes and reflects municipal expenditures that maintain existing municipal service levels. The proposed service levels are discussed in greater detail in Chapter IV.

EFFECTIVE DATE

This CFA assumes July 1, 2002, as the effective date of incorporation. LAFCO, as a part of its deliberations, will establish the effective date.

GANN LIMIT

A provisional Gann Limit should be reflected in the LAFCO Resolution Making Determination and in the ballot question. Following incorporation, the citizens of Rancho Cordova will have to create a permanent Gann Limit by ballot measure. The Fiscal Analysis can provide the necessary technical documentation for selecting an appropriate provisional Gann Limit.

NEW TAXES

The Incorporation Petition does not indicate, and the CFA does not assume, that any new taxes would be levied. It is possible the City, permitted by law, may elect to raise certain taxes at its discretion. The existing assessments for lighting and landscaping improvements are assumed to continue.

CAPITAL IMPROVEMENTS

It is assumed that the City Council initially will adopt any impact fee ordinances currently enforced by the County to ensure a continual flow of existing fee revenues. This Public Review Draft CFA has not evaluated the need for capital improvements but addresses issues of fiscal feasibility.

DEMOGRAPHIC DATA AND PROJECTIONS

The baseline demographic data and development projections are important variables for the CFA model. Each factor affects the calculations of future revenues and expenditures for the proposed City. The baseline demographic data is based on the following sources:

- Sacramento Area Council of Governments (SACOG)
- California Department of Finance (DOF)

The CFA based its development projections on these sources as well as information from area developers and real estate agents.

BASELINE DEMOGRAPHIC DATA

Figure 4 shows the Base Year (Fiscal Year 1999-00) estimates for the proposed incorporation area. Population and employment estimates for the Base Fiscal Year are estimated as of January 2000.

Figure 4
2000 Estimated Population and Employment
Proposed City of Rancho Cordova
Petition Boundary Alternative

Item	January 2000 Estimate
Population	54,794
Employment	77,264

Source: Sacramento Area Council of Governments, and EPS.

In addition to the above, the Sacramento County Registrar of Voters estimated the count of registered voters for the proposed area at 24,766 as of October 2000. Based on this registered voter count and the 2000 estimated population, approximately 45 percent of the residents of the incorporation area are registered voters. This figure is significant, as under current law, the number of registered voters in the new City at the time of incorporation provides the basis for determining certain State subvention revenues, such as motor vehicle license fees and gas tax revenues for the first seven years of incorporation.

DEVELOPMENT PROJECTIONS

In general, determining growth projections within a certain area is difficult based on the number of assumptions necessary to make such projections. It is important to note that the purpose of the CFA is to test the feasibility of the proposed City, not to precisely predict development trends or amounts. As revenue and expenditure projections would vary under different development scenarios, the CFA estimates are generally conservative in order to test the feasibility of the City under a conservative scenario. The ability of a City to demonstrate feasibility early in the 10-year analysis period generally indicates that the proposed City’s feasibility is not dependent upon future growth. This fact is important in that future growth could be delayed or not occur for a number of reasons (e.g., a national economic downturn).

Figure 5 shows the baseline development and demographic projections used for the proposed incorporation. As shown, the CFA divides development projections into residential and non-residential development projections. Detailed backups of this summary table are shown in Figures A-6 and A-7 located in Appendix A.

**Figure 5
Rancho Cordova CFA
Development and Demographic Projections
through Fiscal Year 2010-11
Petition Boundary Alternative**

Item	2000	Estimated through 2010
Development Estimates		
New Residential Development [1]		6,100 units
New Non-Residential Development		11.1 million sq. ft.
Demographic Estimates		
Population Estimates	54,800	70,700
Employment Estimates	77,300	95,700

[1] Residential estimates include multi-family dwelling units (approximately 420 units through 2010).

Source: Sacramento Area Council of Governments and EPS.

III. CFA METHODOLOGY

This report is based upon the following information and assumptions:

- The use of 1999–2000 fiscal year data for the base year analysis. This method is consistent with Cortese-Knox-Hertzberg, which requires that the most recent fiscal year actual data available be used in the CFA to the extent available. Fiscal data from 1999–2000 is the most recent full year data that is available.
- In response to LAFCO requests for the incorporation proposal, the documentation regarding expenses and revenues was provided by the County, the State, and any other affected agencies. LAFCO sent letters to all potential affected agencies requesting expense and revenue estimates for the proposed incorporation area based on the most recent full fiscal year. Upon receipt of the requested figures, EPS and LAFCO scrutinized the methodologies used and independently assessed the validity of the responses. Where the methodology of LAFCO differs from the County or affected agency, the methodology and reason for the change will be explained. Although the individual methods each agency used to complete their information is not included in this report, LAFCO will provide that information to individual Commissioners and the public at their request.
- This CFA is based upon a model of the proposed new City's budget during its first nine years of operation. CFA law only requires estimates for the first three years of operation. However, a longer-term perspective affords the ability to measure the affects of growth, loan repayments, and state subvention revenue rules to test the longer-term viability of the City.

A complete model run is included as an **Appendix** to this report. All expenditure and revenue estimates are in constant 2000 dollars. Data and assumptions used in the model are conservative, and insofar as possible, represent what actually would transpire should incorporation occur. Many of the key growth and demographic assumptions used in the revenue and expenditure projections are shown in **Figures 4 and 5**. Figures A-3 through A-7 include supporting information for these summary tables.

- The CFA based expenditure projections on an analysis of current County costs within the proposed incorporation area boundary and estimates of the additional service costs that the new City would incur. Some of these costs include contracts with existing County departments or other outside contracting entities and organizations. However, at this time, no negotiations regarding contracting for services has transpired and costs used in this analysis are related to the current cost of providing the service.

- The CFA based revenue projections on the additional revenues that can be expected following incorporation. The specific amounts of each of these new revenues were estimated with the use of algorithms that reflect the State laws affecting the levy and distribution of local government revenues. Sales tax revenues are based upon estimates provided by the State Board of Equalization. These figures are updated with taxable sales projected from new retail and other non-residential development in the area.
- This fiscal analysis focuses largely on General Fund expenditures and revenues. Services being paid for by revenue from the General Fund are those which are subject to the most change as a result of incorporation. The main potential “difference” in service delivery involves the General Fund areas of general government, police, and planning. Because these services represent most of the major functions of the new City, most of the analysis will focus on the General Fund.

Other non-General Fund expenditures (i.e., public works, road maintenance, and building inspection) are partly or wholly funded by restricted funds derived from user fees, assessments, or other restricted revenues. The cost and level of the service would be paid for, and determined by, the users of that service, along with restricted use taxes, not general-purpose tax revenues. Expenditures and revenues that fall into this category are shown in the CFA as Other Restricted Fund Expenditures or Revenues.

- The costs upon which this analysis is based assumes that the proposed City of Rancho Cordova would provide service levels at least equal to those currently provided by the County of Sacramento to the area proposed for incorporation. The analysis does assume the City would fund from the General Fund some amount of public works administration cost. However, for the most part, if citizens are unhappy with their current level of services, the analysis assumes that greater expenditures would be necessary to raise the level of services. Using this methodology, LAFCO staff ensures that at least an equivalent level of services would be available as a result of the incorporation.
- Law enforcement costs are estimated based on continuation of current service levels. For law enforcement service, cost estimates are based on information provided by the Sacramento County Sheriff’s Department related to their current cost of providing services to the area. Traffic enforcement service costs are estimated by EPS as the California Highway Patrol (CHP) did not provide cost estimates for the proposed incorporation area. EPS based its traffic enforcement cost estimates on a per capita basis using information previously provided by the CHP for previous incorporation efforts. It is important to note that the projected law enforcement costs are only estimates. The actual costs would be the result of contract negotiations between the incorporation proponents, the chosen service provider (i.e., Sacramento County Sheriff) and LAFCO.

- Major capital costs for facilities are not included in the analysis. Sacramento LAFCO Policies and State law require the examination of operating costs and revenues associated with maintaining a city. Capital budgets and expenditures are not included. Thus, if the City wants a new City Hall, it would have to determine a revenue source to pay for such a building. However, the CFA does account for rent costs associated with the space needs of city staff and operations.
- Some capital costs for basic road maintenance and overhead capital costs are built into the cost estimates supplied by County departments, (i.e., the Sheriff's department factored into their analysis the costs of cars, equipment, etc., in their service cost estimate). Looking at capital and operating expenditures separately is consistent with most City practices, State law, LAFCO Policies, and other LAFCOs throughout the State. As is the case with Cities and Counties everywhere, if the new City of Rancho Cordova requires new buildings and/or infrastructure, it would have to find a way to fund them, such as Mello-Roos districts, assessments, and developer fees, etc.

IV. PUBLIC SERVICES DELIVERY PLAN AND EXPENDITURE ANALYSIS

PROPOSED CITY SERVICES

The first step in the preparation of a fiscal analysis involves determining which services would become the responsibility of the new City. Certain services must, by law, be assumed by the new City upon incorporation and, therefore, must be transferred from County government and other agencies. A new city must also create a “general government” to administer the services that it would undertake.

Those services that must be transferred include:

- Law Enforcement (including traffic control and accident investigation currently supplied by the California Highway Patrol);
- Planning and Land Use Regulation;
- Building Inspection; and,
- Maintenance, Engineering, and Construction of streets and highways currently maintained by the County.

In addition, there are a series of other services that may be transferred to the new City, although none of these is required by law to be shifted. These services include:

- Animal Control;
- Park and Recreation;
- Fire Protection;
- Libraries;
- Flood Control;
- Water;
- Solid Waste;
- Sanitation and Sewer Services;
- Landscape Maintenance;
- Street lighting; and,
- Others.

Services currently provided to the incorporation area and the existing service providers are shown in **Figure 6**. For each service, **Figure 6** shows the proposed service provider for the incorporation proposal. Each of the services to be provided by the new City would be provided either by direct staff or through a contract with an outside agency or private company.

Most newly incorporated cities in the 1980's and the 1990's have been "limited service" cities rather than "full service" cities, where often a number of key services are provided by contract with other public or private service providers. In fact, many southern California cities have contracted for service with their underlying counties or other cities well beyond their initial years of incorporation.

These contracts for service are patterned after the first city to function in this manner, Lakewood, California. If, in the future, the new city desires additional service responsibilities, it could initiate such actions through the City Council or, if necessary, request the service transfer and funding shift through the traditional Cortese-Knox-Hertzberg LAFCO process.

With respect to the proposed services provided, the Rancho Cordova petition represents the incorporation of a "limited service" city. The only service to be provided beyond those required by law will be Animal Control, and this service will be provided through a contract with Sacramento County. The new City would not provide services such as water, sewer, and library services that many older cities provide. It is likely the new city would also rely on contracts to provide required services such as law enforcement and planning, which is commonly done by other newly incorporated cities.

CITY SERVICES ASSUMED FROM THE COUNTY OF SACRAMENTO

Sacramento County would no longer provide services that it would transfer to the new City upon incorporation. For services assumed by the City, Government Code Section 56810 specifies that the "total net cost" must be determined. The "total net cost" is the "total direct and indirect costs which were funded by general purpose revenues" which excludes any service funded by other non-general purpose revenues such as fees, charges, or assessments.

Direct costs are those costs actually incurred by the Sacramento County Departments that would be transferring services. The indirect costs are comprised of two components. The first is department specific indirect costs within those County Departments that would be transferring services to the new City. The second component is indirect costs for County services that would be assumed by the new City but not transferred from the County. Examples of these costs include County Counsel, Board of Supervisors Auditor-Controller, and General Services costs. Although the new City assumes the responsibility for providing these types of services, the County does not transfer these services to the new City.

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Figure 6
 Rancho Cordova
 Municipal Service Providers
 Existing and Proposed After Incorporation

		Service Provision	
Service	Present Provider	After Incorporation	Method
General Government			
Governing Board	Sacramento County	City of Ranch Cordova	City Council
Manager	Sacramento County	City of Ranch Cordova	City Staff
Attorney	Sacramento County	City of Ranch Cordova [1]	City Staff or Contract
Finance Clerk/Administrative Services	Sacramento County	City of Ranch Cordova	City Staff
Public Protection			
Police Protection	Sacramento County Sheriff's Department	City of Ranch Cordova [1]	Contract with County Sheriff or Other Contract Provider
Fire Protection	Sacramento Metropolitan Fire District	No Change	As is Currently Provided
Animal Control	Sacramento County Animal Control Division	City of Ranch Cordova [1]	Contract with County
Traffic Control/Accident Investigation	California Highway Patrol	City of Ranch Cordova [1]	Contract with County Sheriff or Other Contract Provider
Public Works/Public Utilities			
Road and Street Construction and Maintenance	Sacramento County Public Works Department	City of Ranch Cordova [1]	City Staff or Contract
Waste Collection	Sacramento County Waste Management and Recycling	No Change	As is Currently Provided
Public Works Administration	Sacramento County Public Works Department	City of Ranch Cordova [1]	City Staff or Contract
Flood Control and Drainage Maintenance	Sacramento County Water Agency	City of Ranch Cordova [1]	As is Currently Provided
Domestic Water	Sacramento County Water Agency	No Change	As is Currently Provided
Waste Water Treatment/Disposal	Sacramento County Public Works Water Quality Division	No Change	As is Currently Provided
Solid Waste Management/Disposal	Sacramento County	No Change	As is Currently Provided
Street Lighting	County Service Area No. 1 (CSA #1)	No Change	As is Currently Provided
Land Use and Planning			
Engineering and Site Development Services	Sacramento County Public Works Department	City of Ranch Cordova [1]	City Staff or Contract
Building Inspection	Sacramento County Building Inspection Division	City of Ranch Cordova [1]	City Staff or Contract
Planning and Land Use Control	Sacramento County Planning and Community Development	City of Ranch Cordova [1]	City Staff or Contract
Public Education			
Schools	Independent School Districts	No Change	Schools are funded independently from counties and cities
College	Community College	No Change	Schools are funded independently from counties and cities
Community Service			
Library	Sacramento Public Library Authority	No Change	As is Currently Provided
Parks and Recreation	Cordova Recreation and Park District	No Change	As is Currently Provided
Other Services			
Electricity	Sacramento Municipal Utilities District, Pacific Gas and Electric	No Change	As is Currently Provided
Gas	Pacific Gas and Electric	No Change	As is Currently Provided
Cable Television	AT&T Broadband	No Change	As is Currently Provided
Public Transit	Regional Transit	No Change	As is Currently Provided
Other Special Districts			
	No proposed changes	No Change	As is Currently Provided

[1] Alternatives for City to provide service include: contract with the County, contract with a private entity, or form a city department.

Figure 7 shows the base year total and net costs of services to be assumed by the proposed City of Rancho Cordova. The costs and revenues shown are based on actual Fiscal Year 1999–2000 data as prescribed in Government Code Section 56810.

The net county cost equals the difference between the gross county cost plus indirect costs less any offsetting revenues from restricted revenue sources. Each affected Sacramento County Department provided direct cost information. Each department also provided indirect cost information when the County allocated and charged the indirect costs to each department. In cases where the indirect cost was not charged to a department, the CFA calculated the indirect costs based on the County's preliminary OMB A-87 Cost Allocation Plan for Fiscal Year 2002-2003, which is based on actual Fiscal Year 1999-2000 actual costs (this is the most recent information available).

This calculation of the net cost of services assumed by the City is an important figure in the calculation of the future property tax transfer from the County to the new City. The net cost calculation is also important for the fiscal neutrality calculation.

The following section provides a brief description of the proposed City services. This section also discusses the cost estimation methodology used for each service to be provided by the new City. Unless otherwise noted, annual expenditures by department or category for each service provided by the new City are shown in **Figure C-1** in the **Appendix**.

GENERAL GOVERNMENT AND OTHER CITY EXPENDITURES

GENERAL GOVERNMENT

General government administration for the area proposed for incorporation is currently provided by Sacramento County. General government administration includes all of the support functions necessary for the delivery of municipal services to the new City. Upon incorporation, the new City would be responsible for providing general government services. The general government services and other general expenditures initially assumed by the proposed City of Rancho Cordova are shown in **Figure 8**.

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Figure 7
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Calculation of Net General Fund Cost by Department - Govt. Code Section 56810

Petition Boundary Alternative

Item	Direct Cost	Indirect Cost Above Cost Est.	Total Cost	Offsetting Revenue	Net General Fund Cost
County Departments Transferring Services/Costs to New City					
Sheriff [4]	\$12,007,663	\$221,898	\$12,229,561	\$247,130	\$11,982,431
Animal Control	\$134,464	\$2,777	\$137,241	\$44,575	\$92,666
Planning and Community Development					
Application Processing	\$209,905	\$4,914	\$214,819	\$188,915	\$25,904
Code Enforcement	\$317,584	\$6,816	\$324,400	\$243,422	\$80,978
General Plan	\$13,500	\$317	\$13,817	\$0	\$13,817
Specific Plans/Specific Projects	\$129,400	\$3,170	\$132,570	\$53,668	\$78,902
Subtotal	\$670,389	\$15,217	\$685,606	\$486,005	\$199,601
Public Works					
General Services	\$12,841	\$371	\$13,212	\$13,212	\$0
Building Inspection	\$1,360,000	\$340,000	\$1,700,000	\$1,700,000	\$0
Site Development	\$425,000	\$106,000	\$531,000	\$531,000	\$0
Technical Services	\$119,200	\$2,800	\$122,000	\$122,000	\$0
Infrastructure Finance	\$380,856	\$0	\$380,856	\$380,856	\$0
Subtotal	\$2,297,897	\$449,171	\$2,747,068	\$2,747,068	\$0
Property Tax Assessment and Collection by County Depts.	Included in total cost		\$122,667	\$0	\$122,667
Booking Fees	Included in total cost		\$264,100	\$0	\$264,100
Subtotal [5]	\$15,110,413	\$689,063	\$16,186,243	\$3,524,778	\$12,661,465
County General Purpose Support of Other Functions					
Board of Supervisors	\$85,901	\$11,166	\$97,067	\$20,368	\$76,700
Subtotal	\$85,901	\$11,166	\$97,067	\$20,368	\$76,700
Total Gen. Purpose Costs of Services Provided to Area [5]	\$15,196,315	\$700,229	\$16,283,310	\$3,545,146	\$12,738,165

[1] Direct cost includes department direct and indirect (department allocated) costs.
 [2] Indirect cost above the gross cost equals the countywide A-87 indirect cost allocated to each department or department function.
 [3] Offsetting revenues include restricted revenues received by the County, some of which does not transfer to the new City.
 [4] The majority of offsetting revenues were netted out of the Sheriff's Department's gross cost estimate. Offsetting revenues shown include additional offsetting revenues not explicitly shown in the Sheriff's Department's data request response.
 [5] Subtotals may not add to totals due to aggregation of some cost and revenues.

Source: Sacramento County Sheriff, Animal Care & Regulation, Planning, Public Works, and Finance Departments.

Figure 8
Proposed General Government
Services and Expenditures

City Council
City Manager
City Clerk
City Attorney
Finance Department
Administrative Services
Property Tax Administration
Non-Departmental
 Office Rent/Supplies
 Insurance
 General Plan and Code Development
Contingency
County Loan Repayment

The expenditures associated with each of these general government categories are summarized in **Figure 9**. Please see **Figures C-1 through C-7** in the **Appendix** for detailed calculations of the annual general governmental expenditures by department.

The cost and staffing of general government services were estimated based on a review of other cities' general government staffing and service costs. The CFA paid particular attention to a review of other new cities that have incorporated since 1987, having a population of between 50,000 and 90,000 people. Many of the cities reviewed were limited service cities generally not providing fire protection, water, sewer, and typically not parks and recreation services. The general government costs used in this analysis fall within the mid-range of the other limited service cities – some having a lower cost per capita and others having a higher cost per capita.

Two items of general government require additional focus. The first is the contingency. The CFA calculated the contingency as five percent of the total annual General Fund expenditures. This contingency is built into the revenue and expenditure analysis to ensure a conservative assessment of the potential fiscal viability of the proposed City.

The second category of general government worth noting is the County loan repayment. This payment repays the County for services, which it continues to provide to the new City for the remainder of the first fiscal year following incorporation. For example, if the effective date of incorporation is July 1, 2002, the County of Sacramento would continue providing services to the new City until June 30, 2003. For this year of services provided by the County, the new City has five years to pay for the borrowed service costs. This analysis assumes incorporation would take place on or shortly after July 1, 2002, thus providing the City a full year's worth of County provided services during the transition. Under this assumption, the county loan repayment is anticipated to be completed by the 2007-08 fiscal year.

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Figure 9
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Annual Expenditure Estimate (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
 Boundary
 Alternative

Item	Note [1]	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
GENERAL FUND EXPENDITURES											
City Council	1	\$79,000	\$74,000	\$75,000	\$76,000	\$77,000	\$78,000	\$79,000	\$80,000	\$81,000	
Elections	2	\$21,649	\$0	\$23,592	\$0	\$25,036	\$0	\$26,450	\$0	\$27,680	
City Manager	3	\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$451,039	\$452,894	\$454,759	
City Clerk	4	\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291	
City Attorney	5	\$550,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081	\$574,343	\$585,830	
Finance	6	\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876	
Administrative Services	7	\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169	
Property Tax Administration	8	\$140,843	\$143,089	\$147,993	\$153,896	\$158,539	\$163,168	\$168,144	\$173,218	\$177,768	
LAFCo Cost Share	9	\$16,290	\$16,697	\$17,114	\$17,542	\$17,981	\$18,430	\$18,891	\$19,363	\$19,847	
Law Enforcement	10	\$0	\$14,293,129	\$14,707,315	\$15,121,501	\$15,542,079	\$16,050,602	\$16,536,123	\$16,952,856	\$17,397,270	
Animal Control	11	\$0	\$98,147	\$100,997	\$103,846	\$106,696	\$110,203	\$113,579	\$116,429	\$119,540	
Planning	12	\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870	
Public Works Administration	14	\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233	
Non-Departmental											
Office Rent/Supplies	16	\$335,520	\$407,520	\$344,520	\$302,520	\$305,520	\$302,520	\$304,520	\$306,520	\$296,520	
Insurance	17	\$346,203	\$346,203	\$361,615	\$371,815	\$382,768	\$394,179	\$405,912	\$415,218	\$425,303	
Jail Booking Fees	18	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
Gen. Plan and Code Dev	19	\$30,000	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	
Total Non-Departmental		\$991,444	\$1,241,566	\$1,202,099	\$978,421	\$1,002,371	\$1,020,402	\$1,042,257	\$1,062,431	\$1,069,075	
Contingency	20	\$155,059	\$927,586	\$964,143	\$978,458	\$1,007,039	\$1,036,467	\$1,066,893	\$1,091,166	\$1,116,710	
County Loan Repayment	21	\$0	\$902,989	\$880,965	\$859,478	\$838,515	\$818,064	\$0	\$0	\$0	
Total General Fund Expenditures		\$3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919	
ROAD MAINTENANCE EXPENDITURES											
Road Maintenance Expenditures Total	22	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
OTHER RESTRICTED FUND EXPENDITURES											
Building and Permit Fees (100% Cost Portion)	13	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services [3]	15	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Fund Expenditures		\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
TOTAL ALL FUND EXPENDITURES		\$5,614,606	\$24,684,632	\$25,486,907	\$25,822,901	\$26,724,748	\$27,338,391	\$27,013,276	\$27,736,153	\$28,091,738	

"exp_summary"

[1] Reference Notes are included in Figure C-2.
 [2] Portion of Site Development Services which is funded by General Fund Revenues
 [3] Equals portion of Site Development Services funded by restricted revenues.

City Council

The City Council would be the governing body of the City and would include five council members in accordance with the Incorporation Petition. The City Council would hire the City manager and Attorney, make service and budget decisions, enter into agreements with other governmental entities, and regulate land use within Rancho Cordova.

The CFA assumes that council members would be paid a minimal monthly stipend, and other travel and membership costs would be incurred. The actual stipend will be decided as part of the City's formal budgetary process. The "membership" expenses include membership in organizations such as the League of California Cities and other professional organizations. The "travel/meeting" expenses include costs related to conference and meeting attendance.

City Administration and Finance

The City would be administered by a City Manager and a professional staff, including a Finance Director. Administrative and service decisions would be focused on the City Manager, who would carry out the policy directives of the City Council. Specific activities of Administration and Finance would include City Clerk and elections, budget preparation and administration, personnel, and contract administration.

City Manager's Office

The City Manager's Office, responsible for overseeing City operations, will include a City Manager, an Assistant City Manager, a secretary, and an administrative assistant. The Assistant City Manager position will be introduced in the second year of City operations, and the administrative assistant position will become full-time in the third year of operations.

Finance Department

The Finance Department, responsible for financial oversight and budgeting, will include a Finance Manager, two accountant/budget analysts, three accounting technicians, and one secretarial/clerical position.

Administrative Services

Administrative Services includes human resources functions and information services. The latter is assumed to be provided by contract initially. Start-up costs include computer hardware and software systems.

City Attorney

The City will initially contract with an attorney to provide legal expertise. The cost of this expertise, set to \$550,000 annually beginning the initial year, is assumed to increase at two percent per annum, in real terms. This amount should provide adequate amounts to deal with city start-up costs and potential lawsuits.

City Clerk's Office

The City Clerk's Office, responsible for a number of City administrative duties, will include a City Clerk and assistant. There will be one full-time and one part-time employee in the first year, with two full-time positions by the third year. Other costs include the cost of legal notices as well as supplies and materials.

OTHER CITY EXPENDITURES

Law Enforcement

Currently, law enforcement is provided by the Sacramento County Sheriff's Department. In addition, the California Highway Patrol (CHP) provides traffic patrol services within the area as well as all other unincorporated areas throughout the State. After incorporation, the City would assume the burden of all law enforcement activity, including traffic enforcement. The requirement to provide law enforcement service can be met through either the existing provider, (the County Sheriff), the City of Sacramento Police Department, or some other public or private agency. Following incorporation, the CHP would continue to patrol the State highways (Highway 50) within the incorporation area boundaries. In addition, the CHP would provide traffic enforcement for all roads in Rancho Cordova free of charge for the first fiscal year in which the City is incorporated.

This analysis used information provided by the County Sheriff's Department to estimate the cost of providing base year law enforcement services (including traffic enforcement) to the incorporation area. The CFA includes a law enforcement cost estimate based on the estimated Fiscal Year 1999-2000 cost of providing that service. As discussed, actual contract costs for law enforcement services may exceed the cost of service currently provided to the area. To account for any unanticipated costs associated with a law enforcement contract, as well as the likelihood of a "stand alone" command structure, the CFA assumes a five percent increase over the base year cost estimate.

The City's estimated total law enforcement costs also include a cost for traffic enforcement. The California Highway Patrol was not able to quantify the cost of providing traffic enforcement services in the proposed incorporation area. As a result, the CFA has based the traffic enforcement costs on an estimate provided by the CHP for the 1998 Rancho Cordova Incorporation Feasibility Study inflated to 2000 dollars. For total annual law enforcement costs, the fiscal analysis assumes the future costs will increase by population growth and inflation.

Planning and Land Use Regulation

Currently, land use planning and regulation is performed by the Sacramento County Planning Department. Land use planning and zoning is a major regulatory power of local government. Under state law, land use and zoning power shifts to the new City Council upon incorporation. However, the County General Plan and all entitlements remain in place for 120 days after which time the City Council may adopt its own

General Plan or it may adopt the County's General Plan. In either case, LAFCO staff recommends that current granted entitlement with all terms, conditions, and mitigation that were placed on the entitlement be maintained if the Commission approves the incorporation. Ultimately, the new City Council would be responsible for all land-use and zoning decisions within its corporate boundary.

Making sound decisions on land requires that qualified staff properly analyze the consequences of each requested land use change. As stated above, a General Plan for the jurisdiction must be prepared and approved, which takes both time and money. As with police services, control of land-use planning is a critical issue to the incorporation proponents and is one of their major goals of incorporation.

The CFA based planning department expenditures on the estimated current level of service provided to the area as calculated by the Sacramento County Planning Department as well as staffing levels of similarly sized cities that have recently incorporated. Staffing levels for the proposed City are also dependent upon the anticipated development activity for the area. Planning services included in the cost estimate include application processing, code enforcement, general plan development, and specific plan/special project review.

Although Sacramento County received fee revenue equal to approximately 70 percent of total costs, the CFA assumes City planning department costs will be 50 percent offset by fee revenues. The CFA assumes a lower fee revenue offset to account for the amount of advance planning the City will likely perform. Much of this advance planning work is not offset by fee revenues.

Animal Control

Currently, the County Public Health Department provides animal control in the proposed incorporation area. Animal control is a service that the new City would likely provide by contract. The City is likely to contract with the County for the continued provision of animal control services. State law does not require the City to deliver the service, but neither does State law require the County provide the service in incorporated areas.

Expenditures for animal control services are calculated by multiplying the City's estimated population by the current net cost per capita for animal control services. The net cost per capita estimate was calculated based on overall Countywide budget information provided by the Sacramento County Public Health Department. Estimated future expenditures assume the same cost per capita as the current rate.

Building Inspection

State Law requires a new city to provide building inspection services. Currently, the Sacramento County Public Works Department provides this service to the proposed incorporation area. The County currently collects fee revenue to fully offset its costs of building inspection services.

This analysis assumes that the new City's Building Inspection Department would levy fees to entirely fund any costs for the provision of these services. In addition, the analysis assumes that fees collected for building inspection services would exceed the direct building inspection department costs by 10 percent. The additional fee revenue is used to offset the overhead cost of other department's cost for support of the building inspection department. For purposes of this analysis, the additional fee revenue is accounted for by showing a transfer to the General Fund.

Site Development Services

State Law requires a new city to provide site development services. Currently, the Sacramento County Department of Public Works provides this service to the proposed incorporation area. The County experiences no net county cost for its site development services. As such, the CFA currently assumes the same.

Public Works – Road Maintenance

The Sacramento County Department of Public Works currently provides road maintenance to the proposed incorporation area. Upon incorporation, State law requires that this service become a responsibility of the new City.

Road maintenance includes routine maintenance (e.g., pothole repair); special maintenance (e.g., chip sealing), reconstruction of roads damaged by wear and tear; safety maintenance (e.g., road stripping and maintenance of signs); storm maintenance (e.g., removal of debris after storms); and traffic signal maintenance. Street maintenance is largely funded through the State Gas Tax (Street and Highway Code Section 2104 to 2107.5), the County Road Fund portion of property taxes, and TDA revenues available for road maintenance.

Based on Sacramento County Department of Transportation data, the County expended approximately \$2.3 million in road maintenance costs in Fiscal Year 1999-2000. Department of Transportation based this cost estimate on road maintenance experience in Rancho Cordova as well as in the City of Citrus Heights. The CFA adjusted Department of Transportation estimates to remove road maintenance costs that were funded from non-Road Fund funding sources (e.g., landscaping and lighting assessment districts).

The CFA conservatively estimates annual road maintenance expenditures will equal estimated road maintenance revenues. Road Fund revenues are projected to be between \$2.4 and \$2.5 million (in 2000 \$). This assumption results in an increase of approximately \$100,000 to \$200,000 annually for road maintenance services. If the City chose to fund road maintenance services at the current spending level (approximately \$2.3 million annually) the City may be able to build up a small reserve fund for road-related emergency purposes.

SERVICES NOT TRANSFERRED TO THE NEW CITY

This section discusses those services that would not be provided by the new City. **Figure 6** shows the current and future service provider for the incorporation area.

FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES

The Sacramento Metropolitan Fire District currently provides fire protection and emergency medical services to the proposed incorporation area. Upon incorporation, the District would continue to provide fire protection and emergency medical services to the new city. The City of Rancho Cordova would not be responsible for any fire protection services. In the future the city may wish to establish its own fire department to provide these services should its fiscal health allow such an agency to be established.

WATER AND SEWER SERVICE

Water service is currently provided by Sacramento County Water Agency and sewer service is currently provided by the Sacramento County Regional Sanitation District (SCRSD) and the Sacramento County Sanitation District 1 (CSD-1). The CFA service plan assumes these agencies would continue to provide water and sewer services to the new City.

LIBRARY SERVICES

Library services for the proposed incorporation area are provided by the Sacramento County Library and are not proposed to transfer to the new City upon incorporation.

FLOOD CONTROL AND DRAINAGE

Currently, flood and drainage services are provided by the Sacramento County Water Agency (SCWA). The agency has two assessment districts (Zones 12 and 13), a drainage fee zone (Zone 11A), and a storm drainage maintenance district (Sacramento County Stormwater Utility). The Water Resources Division of the Sacramento County Public Works Agency manages each of these entities. Each entity within the Water Resources Division has a specific task in the control of flood, storm water runoff, or other urban drainage, and each maintains its own funding source, which allows it to provide its own unique or geographically based services.

The entities managed by the WRD that provide services to the proposed incorporation are:

- **Sacramento County Stormwater Utility** – This utility funds all drainage maintenance efforts along with the capital improvement program, stormwater quality program, flood response efforts, and portions of the National Flood

Insurance Program (NFIP) and drainage master planning programs. The Stormwater Utility Service Fee and an allocation of property taxes are the primary revenue sources for these activities.

- **Sacramento County Water Agency – Zone 11A.** This zone primarily funds construction of new trunk drainage improvements (facilities that drain over 30 acres). These activities are funded by a drainage development fee.
- **Sacramento County Water Agency – Zone 13.** This zone funds long-range planning efforts, drainage master plans, and some NFIP programs. These activities are funded by a special benefit assessment.

The County of Sacramento also holds a National Pollution Discharge Elimination System permit, approved by the Regional Water Quality Control Board. The County of Sacramento is currently a co-permittee with the Cities of Sacramento, Folsom, Galt, and Citrus Heights under this permit. All new municipalities formed within the County of Sacramento will be required to become co-permittees under the Regional Board's NPDES permit. As a result, the proposed City of Rancho Cordova will be required to become a co-permittee with the aforementioned cities should incorporation occur.

The transfer of land use control to the new City and the development that occurs will impact flooding and storm water drainage within the proposed City and outside the boundaries of the proposed City. The development and its consequences will occur with or without incorporation. However, if the new City dramatically alters land use patterns, it is hoped that a dialogue will develop between the new City and the Sacramento County Water Agency and an agreement be formed which would ensure the new City's land use policies take into account certain critical policies that the Agency employs to control runoff and flooding.

LAFCO staff recommends that current storm water and flooding provider continue to provide service to the area and that the SCWA continue to receive the revenue and assessments associated with the flood control and storm water runoff activities.

SEWAGE

SCRSD CSD No. 1 provides sewage treatment and sewer collection service to the proposal territory. No change in service purveyor is recommended for this service. Sewage rates as well as new construction and development hook-ups will be established by the Sacramento Regional County Sanitation District and CSD No. 1 Boards, respectively. LAFCO staff recommends no change in sewer service providers.

STREET LIGHTING

Street lighting is currently provided by County Service Area No. 1 (CSA No. 1). CSA No. 1 is a special district that provides street lighting services to the entire unincorporated area of the County. Funding for CSA No. 1 is derived from a very small

share of the property tax and an assessment on real property. There are two components to street lighting: highway safety lighting and street lighting.

The County (through the County Service Area) will continue to provide services during the first year of incorporation (with reimbursement). The County will continue to collect the assessments and provide street lighting services. Staff recommends, on the advice of legal counsel, that during the first year, the new City Council analyze the street lighting issue and either detach from County Services Area No. 1, and form their own street lighting assessment district or act to continue as a part of CSA No. 1. Either action will require a similar assessment on property to finance the activity. This course of action allows for a more orderly and sound decision to be made on how to most cost effectively provide for lighting services.

TRANSIT

Currently, the Sacramento Regional Transit District (RT) provides transit and paratransit services. RT was established under a Joint Powers Authority (JPA) between Sacramento County and the cities located within the County.

Upon incorporation, the City would have the option to provide transit services on its own or join RT. If the City elects to join RT, the JPA would provide transit services to the new city. If the new City elects to provide such services on its own, the new City would be eligible to receive its share of Transportation Development Act (TDA) funds. However, this option would cause the City to be responsible to provide all current transit services as well as new services determined to be “unmet transit needs” that are reasonable to meet.

The CFA assumes the new City would request to join the JPA and continue to have transit services provided by RT.

SCHOOLS

The provision of schools would be unaffected by the incorporation. Grammar, middle, and high schools would continue to be the responsibility of the existing school districts. LAFCO does not review the provision of school services or the reorganization of school district boundaries; these matters are the prerogative of the State and local school boards.

A LAFCO condition of approval for the proposed incorporation should include a provision protecting the continued collection of development fees to fund schools.

UTILITIES

The incorporation should have no impact on the provision of telephone, electric, gas, or cable television services. Upon incorporation, the only change would be the recipient of utility users tax and franchise fee revenues. The “Franchise Fees” sections in **Chapter V** of this report discuss these topics.

PARKS AND RECREATION SERVICES

Currently, the Cordova Recreation and Park District provide parks and recreation services. Upon incorporation, the District would continue to provide these services.

OTHER SERVICES

The above list is not all-inclusive. Several other services such as judicial and detention services as outlined in **Figure 6** in **Chapter IV**, remain unaffected by the proposed incorporation. There would be no financial impact on any of these services or districts.

CAPITAL COSTS

ROAD CONSTRUCTION

Currently, the County builds most new roads in the project area. All road construction activities are funded through a number of dedicated revenue sources of State, Federal, or local origin. Each of these revenues is a dedicated revenue that can only be spent for the purpose received -- road construction.

Although road construction financing is discussed here, from a City fiscal analysis standpoint, the funding source for these capital projects does not directly change as either the new City or the County would continue to collect the fees and special taxes to provide the new construction. Under either course, new construction activities would continue to be financed by restricted revenue sources. As is the current case, fees and special taxes must entirely offset the expense required for road construction. This service should not be a net cost to the General Fund because roads should only be constructed if revenues are available to build them.

OTHER CAPITAL COSTS

As discussed, cities typically do not fund capital costs through General Fund revenues. Instead, capital costs are typically funded if there is some special revenue source available to construct capital facilities. Revenues typically come from developers, as conditions of approval for development, through Mello-Roos Districts, or through projects which have their own revenue stream (e.g. golf courses). In some cases, voter-

approved general obligation bonds can finance capital projects. In these cases, General Fund monies guarantee repayment of bonds, but only through a two-thirds vote of the citizens.

In any event, revenues for capital expenditures would not affect General Fund budgets and should be examined separately from ongoing revenues and expenditures. However, over time, the City may choose to reserve a portion of any General Fund surpluses that do occur to fund a part of any new capital cost.

V. REVENUE ANALYSIS

This section is divided into several parts: General Fund revenues, which can be spent for any purpose; Road Fund revenues, which are restricted to road maintenance; and, Other Restricted Revenues, such as building inspection and site development fees.

The General Fund, Road Fund, and other restricted use funds have different limitations on use by the new City. Restricted revenues must be spent for specific purposes and can not be spent on activities such as roads or parks. Further, when the issue of revenue neutrality is analyzed later in the report, the separation of limited use funds will become very important.

A summary of the projected revenues by source for the proposed City of Rancho Cordova for each fiscal year from 2002-03 to 2010-11 is provided in **Figure 10**. Notes and calculation methodologies for all revenue projections are included in **Figure B-2** in the **Appendix**.

GENERAL FUND REVENUES

The most important category of revenue for most new cities is General Fund revenue. Monies contained in this fund are totally discretionary and finance such essential services as general government, law enforcement, and planning. General Fund revenue comes from the following sources:

- Property tax
- Sales tax
- Utility Users tax
- Property transfer tax
- Transient Occupancy tax
- Franchise fees
- Business License tax
- Planning fees
- Fines
- Jail booking reimbursement
- Motor vehicle in lieu taxes (MVIL)
- Investment earnings

Of these sources of revenues, property tax, sales tax, utility user tax, transient occupancy tax, and MVIL revenues are the five major sources of revenue. These revenues account for approximately 95 percent of the new City's General Fund revenues. Four of these five major General Fund revenues are transferred from the County upon incorporation.

DRAFT

Figure 10
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Annual Revenue Estimate (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Item	Note [1]	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
GENERAL FUND REVENUES											
Property Taxes [2]	1	\$0	\$4,685,702	\$4,846,292	\$5,039,577	\$5,191,625	\$5,343,229	\$5,506,170	\$5,672,316	\$5,821,322	
Sales Tax [3]	2	\$11,879,700	\$15,998,360	\$16,157,120	\$16,315,880	\$16,491,440	\$16,667,000	\$16,842,560	\$17,018,120	\$17,193,680	
Utility User Tax	3	\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690	
Real Property Transfer Tax	4	\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$286,729	\$294,641	
Unitary Tax	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transient Occupancy Tax	6	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
Franchise Fees	7	\$188,693	\$193,957	\$199,221	\$204,495	\$209,770	\$216,076	\$222,176	\$227,450	\$233,136	
Business License Tax	8	\$171,727	\$175,203	\$178,679	\$182,201	\$185,724	\$189,246	\$192,768	\$196,291	\$199,813	
Building and Permit Fees (Fund Transfers In)	9	\$0	\$136,238	\$136,238	\$136,238	\$175,163	\$167,378	\$136,238	\$175,163	\$136,238	
Planning Fees	10	\$0	\$314,969	\$404,823	\$436,188	\$438,019	\$439,859	\$441,709	\$443,567	\$445,435	
Fines and Penalties	12	\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$65,164	\$67,160	\$68,845	\$70,685	
Jail Booking Reimbursement	13	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
State Motor Vehicle License Fees	14	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,503,794	\$3,571,257	
Investment Earnings	15	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Total General Fund Revenues		\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708	
OTHER RESTRICTED FUND REVENUES											
Building and Permit Fees (100% Cost Portion)	9	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services	11	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Fund Revenues		\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
ROAD MAINTENANCE FUND REVENUES											
Gas Taxes	16	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,316,817	\$1,341,935	
Road Fund Property Tax	17	\$34,676	\$35,229	\$36,437	\$37,890	\$39,033	\$40,173	\$41,398	\$42,647	\$43,767	
Measure A Revenues	18	\$901,277	\$928,227	\$955,178	\$982,128	\$1,009,078	\$1,042,251	\$1,074,175	\$1,101,125	\$1,130,555	
Total Road Fund Maintenance Revenues		\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
TOTAL ALL FUND REVENUES		\$25,874,846	\$37,653,336	\$38,204,788	\$38,744,674	\$39,537,124	\$39,977,627	\$40,242,808	\$40,653,259	\$40,930,526	

"rev_sum"

[1] Reference Notes are included in Figure B-2.
 [2] Sacramento County retains property tax revenues for the first fiscal year of incorporation, or until proper legal transfer of the revenue can take place.
 [3] Sacramento County receives the first three months worth of sales tax revenue following the incorporation of a city.

Figure 11 shows the base year revenue transfer amount as a result of incorporation. The transfer amount is revenue the County would lose and the City would gain upon incorporation.

**Figure 11
Base Year 1999–2000 Revenue Transfer Amount
from Sacramento County to
the City of Rancho Cordova
Petition Boundary Alternative**

Revenue Transferred	Fiscal Year 1999-2000
Property Tax	\$ 4,060,975
Sales Tax [1]	\$15,522,080
Real Property Transfer Tax	\$ 229,698
Utility User Tax	\$ 3,081,047
Transient Occupancy Tax	\$ 3,779,469
Unitary Tax [2]	\$ 0
Franchise Fees	\$ 141,174
Business License Tax	\$ 107,533
Fines	\$ 0
Total Revenues Transferred	\$26,921,975

[1] Based on sales tax estimate by the State Board of Equalization through June 30,2000. Estimate also includes 12 percent for unallocated sales tax.
[2] Not estimated.

As shown later in this analysis, the total base year revenue transfer amount is a key component used for the “fiscal mitigation” payment.

In addition to revenues gained from the County, the new City would collect State shared revenues, some of which are available for general purposes. State shared revenues available to the new City following incorporation are MVIL revenues and gas taxes. MVIL revenues are available for general purposes and go into the City’s General Fund. State shared gas taxes are dedicated funds available for road maintenance and construction purposes only.

MVIL revenues accrue to the new City based on the City’s “official population.” State law outlining the determination of the City’s “official population” benefits the new City for the first seven years following incorporation. As a result of incorporation, the County experiences no loss of MVIL revenues and only a very small loss of gas tax revenues.

PROPERTY TAX

Property Tax from Sacramento County

The amount of property tax that a new City receives as a transfer from the County is based upon a formula in the Government Code. This formula is as follows:

$$\begin{array}{rclcl}
 \text{Total Net} & & \text{Countywide} & & \\
 \text{Cost of General Fund} & \times & \text{Property Tax} & = & \text{Property Tax} \\
 \text{Services Transferred} & & \text{Countywide} & & \text{Transfer} \\
 & & \text{General Purpose Revenue} & &
 \end{array}$$

The first part of the formula is derived by estimating the net cost of services that would be transferred to the new City from County General Fund revenue. Inclusion of those services funded by general purpose revenues in the formula is quite explicit in State law.

In the case of Rancho Cordova, these services include law enforcement, planning, public works, and animal control. State law requires use of the most recent actual fiscal year completed for calculation of the net cost of services, which for this CFA is Fiscal Year 1999–2000. The total base year net cost of providing these services is \$12,738,165. **Figure 9 in Chapter IV** provides a full breakdown of the net County costs of providing services to the incorporation area.

The second part of the formula, the “Auditor’s Ratio,” is a ratio developed by the Sacramento County Auditor-Controller. This ratio indicates the amount of property tax revenue collected in proportion to the amount of all general purpose revenue collected by the County. This ratio, as calculated and produced by the Auditor-Controller is 0.3188 as shown in **Figure B-5 in the Appendix**. This means that property tax collections represent 31.88 percent of the County’s total general purpose revenue. Using the formula, the base year property tax transfer amount is:

$$\begin{array}{rclcl}
 \text{Net Cost} & \times & \text{Auditor’s Ratio} & = & \text{Property Tax Transfer} \\
 \$12,738,165 & \times & 0.3188 & = & \$4,060,975
 \end{array}$$

The base year property tax transfer amount is used to determine the future tax collection for the new City. The percentage of total property tax accruing to the proposed City of Rancho Cordova each year is calculated by dividing the base year property tax transfer amount (calculated above) by the total property tax collected within the incorporation area boundaries. As shown in **Figure 12**, the new City’s share of base year property tax collected in the area would be \$4,060,975. The base property transfer amount, escalated to FY 2002-03 by assessed value growth, would be \$4,581,901. The remainder of property tax collected is split between Sacramento County (which still must provide jail, health, court, and other countywide services), schools, and other special districts.

**Figure 12
Base Year 1999–2000 Property Tax Transfer Amount
and Calculation of Annual Property Tax
Allocation Percentage
Petition Boundary Alternative**

Property Tax Transfer	Totals from County
Total Expenditures Subject to Transfer County's Auditor's Ratio	\$12,738,165 31.88%
Property Tax Transferred from County	\$4,060,975
Calculation of Tax Allocation Percentage	
Fiscal Year 2002-2003 Base Year Incorporation Area Assessed Value	\$4,268,554,058
Total Property Tax Collected (@ 1% of A.V.)	\$42,685,541
Fiscal Year 2002-2003 Property Tax Transferred From County	\$4,581,901
Annual Property Tax Allocation Percentage	10.73%

Source: Sacramento County

SALES TAX

One cent of the total 7.25 cents per dollar that are currently collected by the State on retail sales returned to the local jurisdiction's General Fund where the sale was generated. Thus, a new city benefits from all retail transactions that take place within its boundaries. Sales tax revenue within the proposed incorporation boundaries is currently received by the County since the area is unincorporated. Upon incorporation, the sales tax is lost to the County and gained by the new City.

The amount of sales tax (1999–2000 situs generation) that would accrue to the new City in the base year FY 1999–2000 would be \$15,522,080. The CFA based the amount on FY 1999-2000 information supplied by the State Board of Equalization (SBE) in December 2000. In addition to the SBE estimate, the FY 1999-2000 total includes 12 percent for an estimate of unallocated sales tax.

Rancho Cordova taxable sales in FY 1999-2000 were approximately \$28,300 per capita based on sales tax information provided by the State Board of Equalization. This figure is significantly above the calendar year 1999 average per capita taxable sales for Sacramento County at approximately \$12,400 and State of California average of approximately \$11,600.

The CFA used a conservative methodology to estimate sales tax revenues through Fiscal Year 2010-2011. Such a methodology was used to account for the uncertainty inherent in the sales tax as a revenue source, since it is the municipal revenue source most sensitive to negative economic conditions.

The CFA estimates that taxable sales per capita will decrease over time to about \$23,900 per capita. The decrease is due to use of conservative sales per square foot and development assumptions and an increasing population over time. The CFA estimates approximately 750,000 square feet of new retail square footage and 10.4 million square feet of other non-residential development between 2000 and 2010. **Figure A-6** in the **Appendix** shows detailed forecasts of retail and other non-residential square footage anticipated in the incorporation area.

Sales tax revenues in the City could be lower than estimated in the CFA. The CFA conducted a sensitivity analysis to show the impact of a 5 percent reduction in sales tax revenues. Under this scenario, the annual fiscal surpluses would decrease by approximately \$775,000 per year by 2011.

PROPERTY TRANSFER TAX

The property transfer tax is a Countywide tax imposed by the County on the sale of real property at the rate of \$1.10/\$1000 in value. After incorporation, Rancho Cordova would be entitled to receive one-half of the transfer tax collected within its boundaries. In 1999-2000, it is estimated the County would lose \$230,000 in property transfer tax generated within the Rancho Cordova area. Estimates of future property transfer tax are based on the percentage growth in assessed value in the new city.

UTILITY USER'S TAX

Currently, the County levies a 2.5 percent tax on utility bills on both residential and commercial customers in the unincorporated area. The tax is not levied across the board and has several unique characteristics. For example, a baseline usage amount is exempted for residential users to help alleviate the pressures on low-income users. Further, there are rate differentials for different categories of consumers. This CFA estimates a base year loss of approximately \$3.1 million in utility user's tax to the County.

The utility user's tax will not automatically transfer to the new City upon incorporation. The utility user's tax is a discretionary tax that the County Board of Supervisors has

chosen to impose on unincorporated area utility consumers. This CFA has assumed the issue of the utility user's tax would be included on the ballot with the incorporation issue as a condition of incorporation.

UNITARY TAX

The unitary tax is a tax collected Countywide on state-owned property and property owned by public utilities. Upon incorporation, the City would be entitled to receive the portion of unitary tax previously accruing to the County within the proposed incorporation area. However, the CFA does not include an estimate of the unitary tax the new City will receive due to difficulty estimating the unitary tax transfer. The amount is not expected to be significant and would not have a meaningful effect on the fiscal mitigation payment amount or annual city revenue estimates.

TRANSIENT OCCUPANCY TAX

The transient occupancy tax (TOT) is charged to all hotels located within a particular jurisdiction's boundaries. Transient occupancy tax is collected at the rate of 12 percent of the total room rate revenues of a hotel. There are several hotels within the proposed boundary of the new city, making the transient occupancy tax a significant source of revenue accruing to the City. Currently, there are no hotels located within the proposed incorporation area boundaries. EPS estimated the base year transient occupancy tax loss to the County at approximately \$3.8 million. To be conservative, the CFA does not assume any new hotels will be constructed that would provide additional transient occupancy tax revenue.

FRANCHISE FEES

Currently, the utility companies pay a fee for having the ability to operate in the County. There are two sources of franchise fees within the proposed incorporation area boundaries -- cable television and gas and electric utilities. Prior to incorporation, these fees were paid to the County.

Upon incorporation, the ability to impose a franchise fee is the prerogative of the new City as monies derived from franchise fees would go to the City.

PLANNING FEES

The new City would collect planning fees to offset the cost of providing planning services. Although Sacramento County received revenues equal to approximately 70 percent of its total costs in this area, the CFA estimates that planning fees would equal approximately 50 percent of the cost of providing planning services. This estimate is more conservative to account for the increased amount of advance planning that would be required within the new City.

FINES

Sacramento County did not identify any General Fund fine revenues that would transfer to the City. However, most cities typically receive some amount of fine and penalty revenue related to their operations. Fine revenue is primarily associated with fines for minor infractions. The CFA has conservatively estimated the City would receive \$1.00 per capita in fine revenue.

JAIL BOOKING REIMBURSEMENT

This CFA assumes the new city would be eligible for 100 percent reimbursement of jail booking costs per Assembly Bill 1662, which was approved and signed in 1999. Jail booking reimbursement revenue in this CFA utilizes current County booking fee rates and a number of bookings based on the incorporation boundary area's share of Sheriff's Department calls for service.

MOTOR VEHICLE IN LIEU

As a State shared revenue, a large percentage of the vehicle registration fees that Californians pay is returned to cities and counties through a state subvention in the form of MVIL revenues. The State formula for local government distribution essentially splits the money into two Statewide pools.

One is a Statewide County pool for which each County receives a per capita distribution based upon the number of persons residing within its borders. The population count includes residents of both the unincorporated and incorporated parts of the County. Thus, Sacramento County would continue to receive a major portion of its share of revenues regardless of the incorporation proposal outcome.

The second pool is distributed only to cities and is also allocated per capita, based on total population. The formation of new cities marginally affects the total city "pool" of MVIL revenue. As new cities incorporate, respective shares among all cities Statewide are minimally affected.

Under current State law, all State monies allocated on the basis of population allow a new city to use, for subvention purposes, either actual population count or a "proxy population" (three times the number of registered voters at the time of incorporation) to determine distribution of State subvention revenues. In this instance, the proposed City of Rancho Cordova is estimated to have 25,469 registered voters at the time of incorporation. Multiplying the number of registered voters by three (76,407) results in a favorable "official population" for the new City.

Figure A-7 in the **Appendix** shows detailed estimates of registered voters and the City's "proxy population". The City is allowed to collect State subvention revenues based on its proxy population for up to seven years following incorporation. This State law,

which has been in existence for many years, is designed to allow the City to collect additional revenue in its early stages of development.

It is important to note the new City would receive revenue associated with the higher “proxy” population figure for its first seven years of operation. After that, official census figures would be used to determine subvention revenues. This would likely result in a drop in MVIL revenue in following year seven of operation. The City of Rancho Cordova would be able to withstand the recalculation of State subvention revenues as the projected population growth in Rancho Cordova begins to approach the “proxy” population calculation after approximately the tenth year of operation.

OTHER GENERAL FUND REVENUES

In this analysis, the General Fund receives revenue from building and permit fees collected by the new City to cover General Fund overhead costs associated with the provision of these services. The new City is assumed to collect building and permit fees at 110 percent of the building inspections department’s direct cost of providing these services. The additional 10 percent fee revenue collected is used to offset the cost of General Fund departments’ overhead cost for supporting the building inspection department.

Additionally, the City would accrue investment earnings on funds retained in the General Fund throughout the year. Investment earnings are calculated using the treasury pool rate of 5.50 percent on the annual fund balance up to the maximum amount.

ROAD FUND REVENUES

All road fund revenue estimates and estimating techniques are shown in **Figure B-2** in the **Appendix**. Road fund revenues include gas taxes, the road fund property tax, and Measure A half-cent sales tax revenues available for road maintenance.

GAS TAXES

Currently, the State of California levies a gasoline tax on each gallon of gasoline sold at the pump. This money funds most road maintenance activities across the State. A large portion of the tax is distributed back to local entities in the form of State shared revenues according to a series of complex formulas, most of which are based upon population. These gas tax monies are restricted in that they can only be spent on projects associated with road maintenance or construction. These monies can not fund police, planning, libraries, or other General Fund services.

All but one of the State shared revenues accruing to the City would not reduce revenues accruing to the County. In other words, following incorporation the County would

continue to receive its full share of State shared gas tax revenues from all but one source. The Section 2106c revenue component is the only one that would be affected by incorporation. As identified in the Road Fund fiscal mitigation calculation in **Chapter IV**, Sacramento County would lose approximately \$275,000 in gas tax revenues annually as a result of incorporation.

ROAD FUND PROPERTY TAX

Property tax that would accrue to the City's road fund would come from a transfer of Road Fund Property Tax from Sacramento County. The CFA calculates the Road Fund Property Tax transferred from the County using an average of the contribution rate from all of the tax rate areas in the incorporation area boundaries. The average road fund property tax collected is .083 percent of the total property tax collected in the new City. The base year Road Fund property tax loss to the County is estimated at approximately \$30,000.

MEASURE A HALF-CENT SALES TAX REVENUE

In Sacramento County, the citizens have elected to levy an additional one-half cent sales tax on their purchases to fund transportation improvements. This money (commonly referred to as Measure A revenue after the ballot measure), is earmarked for certain identified transportation projects, as well as to help augment road construction and maintenance activities.

The Measure did not, as drafted, directly account for the incorporation of new cities in its allocation formulas. Given this, the County Public Works Agency and LAFCO staff assume the new City would be treated similarly to Citrus Heights and Elk Grove in that it would receive a share of Measure A funds based on its population.

The amount of Measure A funds available is based on a per capita allocation using the proposed City's total population. This analysis assumes the new City will receive Measure A funds based on the following calculation. Out of 44 percent of total net revenues available for road maintenance, the proposed City of Rancho Cordova would receive its share of these revenues based on the City's population relative to the County's remaining unincorporated population, and the populations of the Cities of Sacramento and Citrus Heights. Although not guaranteed, it is assumed that this is the methodology that will be employed to determine the new City's share of Measure A revenues.

Additionally, this is not a guarantee that the proposed City will receive Measure A revenue. In fact, the City Council must complete several required steps before the City is eligible for the receipt of Measure A funds. If this revenue does accrue to the new City of Rancho Cordova as expected, it is a restricted revenue source and can only be spent on specific road maintenance and construction activities.

Finally, the estimate of Measure A revenues assumes the Measure A sales tax revenue collection, which is set to sunset in 2008, would continue in a similar manner beyond its current expiration date.

TRANSPORTATION DEVELOPMENT ACT FUNDS

Transportation Development Act (TDA) funds are used to offset system-wide transit costs provided by RT. The funds are distributed by SACOG.

There are two pots of TDA monies that would be available to the new city. The first pot is State Transit Assistance (STA). STA funds are available for mass transportation and transportation purposes only. STA funds cannot be used for road maintenance.

The second TDA pot is the Local Transportation Fund (LTF). LTF monies must first be used for transit needs within a jurisdiction, including any “unmet transit needs” as required by law. After all transit needs have been met, the remaining funds may be used for road maintenance. Rancho Cordova would be eligible for about \$1.6 million in LTF funds. The city may choose to join RT, a Joint Powers Authority, or contract for transit services with RT. In both cases, the city would assign their LTF allocation to RT for the provision of transit service within its jurisdiction. Citrus Heights has contracted for transit service and provided RT with its full LTF allocation. Cities may also choose to keep the LTF allocation and be responsible for providing transit service within its jurisdiction. Should Rancho Cordova decide to assume responsibility for providing transit service, the city would be eligible for approximately \$1.6 million in LTF funds. However, the likely cost of the city providing transit service would be much greater than the amount of LTF funding it would receive.

For these reasons, the CFA has not assumed any road maintenance revenues from TDA funds. Thus, road maintenance revenues have been calculated based on gas taxes, the road fund property tax, and Measure A revenues.

OTHER RESTRICTED FUND REVENUES

BUILDING INSPECTION AND SITE DEVELOPMENT FEES

Building inspection and other construction related permit fees are established by the Sacramento County Board of Supervisors. These fees are set and changed by County ordinance. The fees are designed to recover the cost of providing the services, including all direct and indirect expenses.

It is assumed that the new City Council would also adopt a similar fee schedule to recover costs for these services. Recovery of this cost through fees to the applicants is practiced in almost all jurisdictions and is viewed as a fair and equitable way to provide the service in that those who benefit and use the services pay for the services.

VI. INCORPORATION IMPACT TO COUNTY AND DISTRICTS AND CALCULATION OF “REVENUE NEUTRALITY”

BACKGROUND ON REVENUE NEUTRALITY

In September of 1992, the Governor signed AB 3027 into law, which requires that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies.

This bill has generally been construed to mean that an incorporation should be "revenue neutral," although that exact terminology was never defined. In sum, the cost of services to be transferred should be "substantially equal" to the amount of revenue to be transferred.

According to Government Code Section 56815, if the revenue loss is greater than the service loss for any entity, then the proposal should be denied, or action should be taken by LAFCO to mitigate the loss. Possible actions include; "1) the County and all of the subject agencies agree to the proposed transfer, or 2) the negative fiscal effect has been adequately mitigated by tax sharing agreements, lump-sum payments, payments over a fixed period of time, or any other terms and conditions pursuant to Section 56886."

CALCULATION OF REVENUE NEUTRALITY: IMPACT UPON THE SACRAMENTO COUNTY GENERAL FUND

The incorporation of Rancho Cordova would change the operating budget of Sacramento County in both the short term and long term. The extent of these impacts is dependent upon what services the City would provide and the manner in which the services and revenues are transferred to the City, some of which is dependent upon the determinations made by LAFCO. The assumptions and forecasts in the CFA estimate these effects.

In general, Sacramento County would lose revenue, but also realize a reduction in expenditures. To the extent that the revenue producing aspects being transferred to the City (e.g., property tax base and sales tax base) exceed the costs of services being transferred to the new City, the County would realize a long-term fiscal impact.

SACRAMENTO COUNTY GENERAL FUND

Figure 13 summarizes the comparison of General Fund revenues and services lost by Sacramento County upon incorporation of Rancho Cordova. More detailed presentations of these calculations are located in **Figure D-1** in the **Appendix**. **Figure 16** represents the financial impacts of incorporation on the Sacramento County General Fund based on base Fiscal Year 1999–2000 information. The revenue neutrality amount

is calculated using the base year revenue and expenditure estimates provided by Sacramento County and other agencies, as discussed in **Chapter V**.

Figure 13
Base Fiscal Year 1999–2000 Change in GENERAL FUND
Revenues and Expenses to Sacramento County [1]

Item	FY 1999-2000 Total
Total Revenues Transferred	\$26,921,975
Total Net Cost of Services Transferred	\$12,034,806
County Surplus or (Deficit)	(\$14,887,169)
Future County Revenues (Tax Admin. Fees)	\$608,665
County Surplus or (Deficit)	(\$14,278,504)

[1] Calculations based on actual revenues and expenses for Fiscal Year 1999–2000.

Interpreting this chart for the base Fiscal Year 1999–2000, indicates the following:

- The County would lose approximately \$26.9 million in general purpose revenue as a result of incorporation. These revenues are those transferred to the new City upon incorporation. The City would have other revenue sources in addition to these sources that are transferred from the County.
- The County would lose approximately \$12.0 million in net General Fund service responsibility costs as a result of the incorporation. The provision of these services becomes the responsibility of the new City.
- The net impact on the County's General Fund after accounting for additional future revenues is a loss of approximately \$14.3 million more in revenues than in service responsibility costs.

The decision on final fiscal mitigation payment amounts still needs to be determined as a result of negotiations between the proponents for cityhood, the County, and LAFCO. The County of Sacramento and the proponents have begun negotiations to offset potential fiscal impacts of incorporation upon Sacramento County. The objective is to negotiate a Mitigation Agreement that sets forth an amount expressed in nominal dollars (including inflation), to be paid out by the new City in the years following incorporation, or other terms the parties deem appropriate.

While meetings regarding fiscal mitigation have taken place, the County and the proponents have not reached an agreement. It is possible that the two parties may not reach an agreement. In such circumstances, LAFCO may impose fiscal mitigation conditions upon the proposed incorporation.

SACRAMENTO COUNTY ROAD FUND

Figure 14 summarizes the comparison of Road Fund revenues and services lost by Sacramento County upon incorporation of Rancho Cordova. Unlike the General Fund, the Road Fund experiences an annual fiscal surplus from incorporation. **Figure D-3** in the **Appendix** contains a more detailed Road Fund mitigation calculation.

**Figure 14
Base Fiscal Year 1999–2000 Change in ROAD FUND
Revenues and Expenses to Sacramento County [1]**

Item	FY 1999-2000 Total
Total Revenues Transferred	\$1,183,051
Total Net Cost of Services Transferred	\$2,269,268
County Surplus or (Deficit)	\$1,086,217

[1] Calculations based on actual revenues and expenses for Fiscal Year 1999–2000.

Interpreting this chart for the base Fiscal Year 1999–2000, indicates the following:

- The County would lose approximately \$1.2 million in Road Fund revenue as a result of incorporation. These revenues are those transferred to the new City upon incorporation. The City would have other revenue sources in addition to these sources that are transferred from the County.
- The County would lose approximately \$2.3 million in net Road Fund service responsibility costs as a result of the incorporation. The provision of these services becomes the responsibility of the new City.
- The net impact on the County’s Road Fund is a gain of approximately \$1.1 million.

The decision on how the Road Fund fiscal surplus is addressed still needs to be determined as a result of negotiations between the proponents for cityhood, the County, and LAFCO.

NET IMPACT ON SACRAMENTO COUNTY

Figure 15 summarizes the potential net fiscal impact of the General Fund deficit and Road Fund surplus on Sacramento County. It is important to note that negotiations will determine the extent to which a positive Road Fund outcome can offset other impacts (due to the restricted nature of Road Fund revenues).

Figure 15
Base Fiscal Year 1999–2000 NET Change in
Revenues and Expenses to Sacramento County [1]

Item	FY 1999-2000 Total
General Fund Deficit	(\$14,278,504)
Road Fund Surplus	\$1,086,217
Net County Surplus or (Deficit)	(\$13,192,287)

[1] Calculations based on actual revenues and expenses for Fiscal Year 1999–2000

Interpreting this chart for the base Fiscal Year 1999–2000, indicates the following:

- The County would lose approximately \$14.3 million in General Fund as a result of incorporation. These revenues are those transferred to the new City upon incorporation.
- The County would experience a net savings of approximately \$1.1 million in it's Road Fund because of a reduction in service responsibility costs as a result of the incorporation. The provision of these services becomes the responsibility of the new City.
- The combined net impact on the County is a loss of approximately \$13.2 million.

SHORT-TERM FISCAL IMPACT UPON SACRAMENTO COUNTY

Sacramento County experiences a short-term fiscal effect following incorporation as a result of services it is obligated to provide during the initial (transition) year of the City. By law, the County must continue to provide services to the newly incorporated City for the remainder of the Fiscal Year in which the City incorporates. The CFA assumes incorporation would occur July 1, 2002. With this incorporation date, Sacramento County would continue to provide services to the new City until June 30, 2003.

The CFA assumes the County would expend approximately \$12.6 million for services to the new city during the transition year. This amount is net of offsetting department service revenues and three months of sales tax revenues that would be retained by Sacramento County immediately following incorporation.

The amount the County would have to spend on services is reduced further since the CFA assumes the city will be unable to meet the SBE filing deadline to transfer property tax revenues that will accrue during the first fiscal year of operation. Selected prior incorporations have not been able to meet the SBE filing deadline. The CFA assumes the County will retain all of the first year property tax due the city. The City is assumed to borrow the remaining amount of transition-year service costs from the County. The CFA recommends the LAFCO terms and conditions of incorporation include language to address this potential issue.

The CFA shows the approximately \$4.3 million (in 2002/03 \$) for transition-year County services being paid back over a five year period, with interest. The CFA estimates that payments from the City to the County during the repayment period would be between \$800,000 to \$900,000 per year. The precise terms of the service and repayment agreement are not final and would be the result of negotiations between the new City and Sacramento County.

VII. INCORPORATION BOUNDARY ALTERNATIVES

The preceding chapters of the CFA analyzed the Rancho Cordova incorporation proposal assuming the boundaries described in the Incorporation Petition. In this chapter, the CFA reviews Alternatives to the Incorporation Petition boundaries.

DESCRIPTION OF ALTERNATIVES

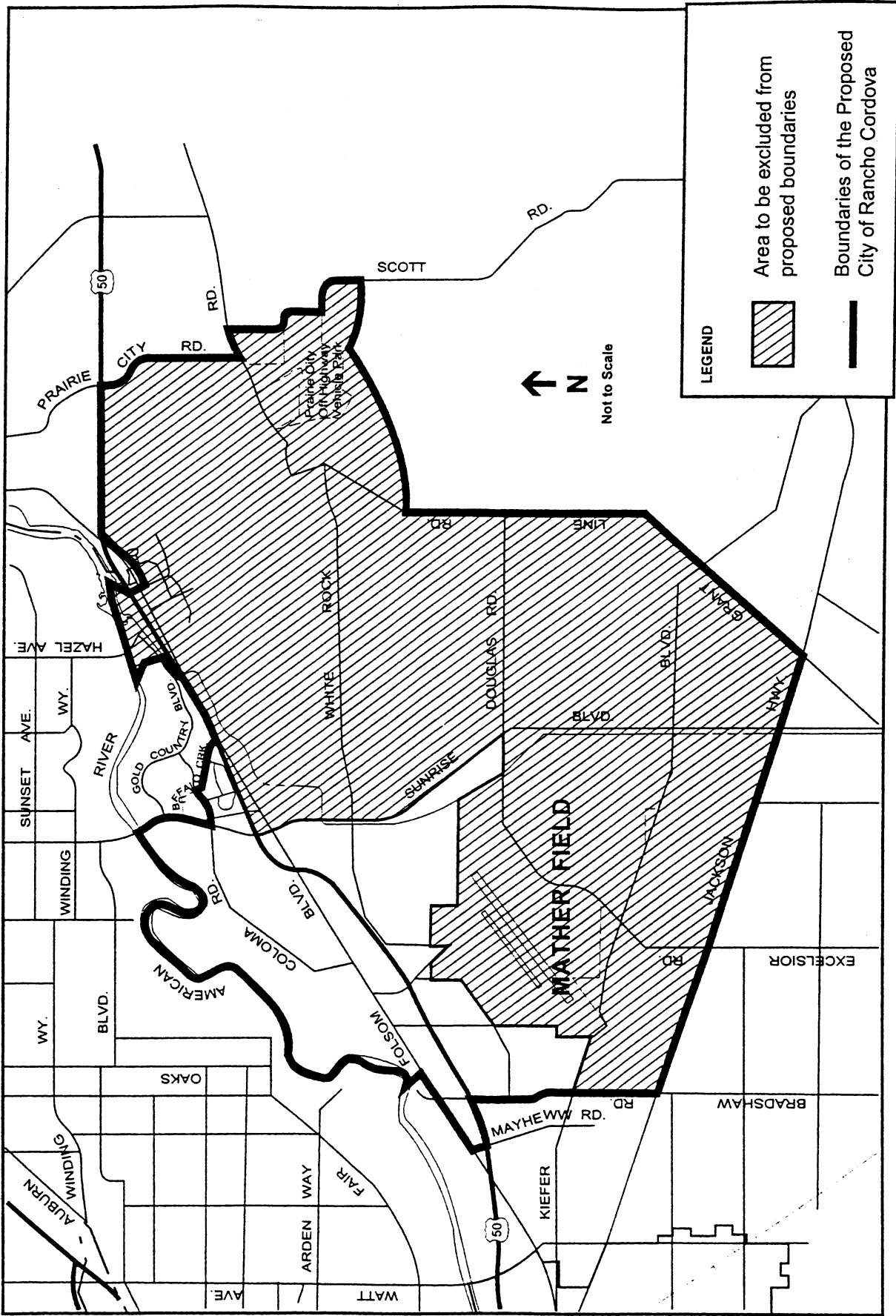
- Alternative One (**Map 2**) excludes the Mather Field Redevelopment Project Area, and all areas east of Highway 50/Sunrise Boulevard and west of Grant Line Road/Prairie City Road from the incorporation area. It also excludes the northern portion of the Gold River area included in the Petition Boundary Alternative.
- Alternative Two (**Map 3**) excludes the Gold River area included in the Petition Boundary Alternative as well as the Aerojet property bordered by Highway 50, Sunrise Boulevard Douglas Road, Grant Line Road, and Prairie City Road.
- Alternative Three (**Map 4**) excludes the Mather Field Redevelopment Project Area as well as area south of Mather Field down to the Jackson Highway.
- Alternative Four (**Map 5**) excludes the area east of Sunrise Boulevard and west of Grant Line Road from Douglas Road on the north to the Jackson Highway on the south.
- Alternative Five (**Map 6**) excludes the Gold River areas included in the Petition Boundary Alternative.
- Alternative Six excludes a small strip of area bordered by Highway 50, Folsom Boulevard, Mayhew Road, and Bradshaw Road. Because exclusion of this area represents a negligible change to the Incorporation Petition boundaries, no map of it has been provided.

CFA METHODOLOGIES FOR BOUNDARY ALTERNATIVES

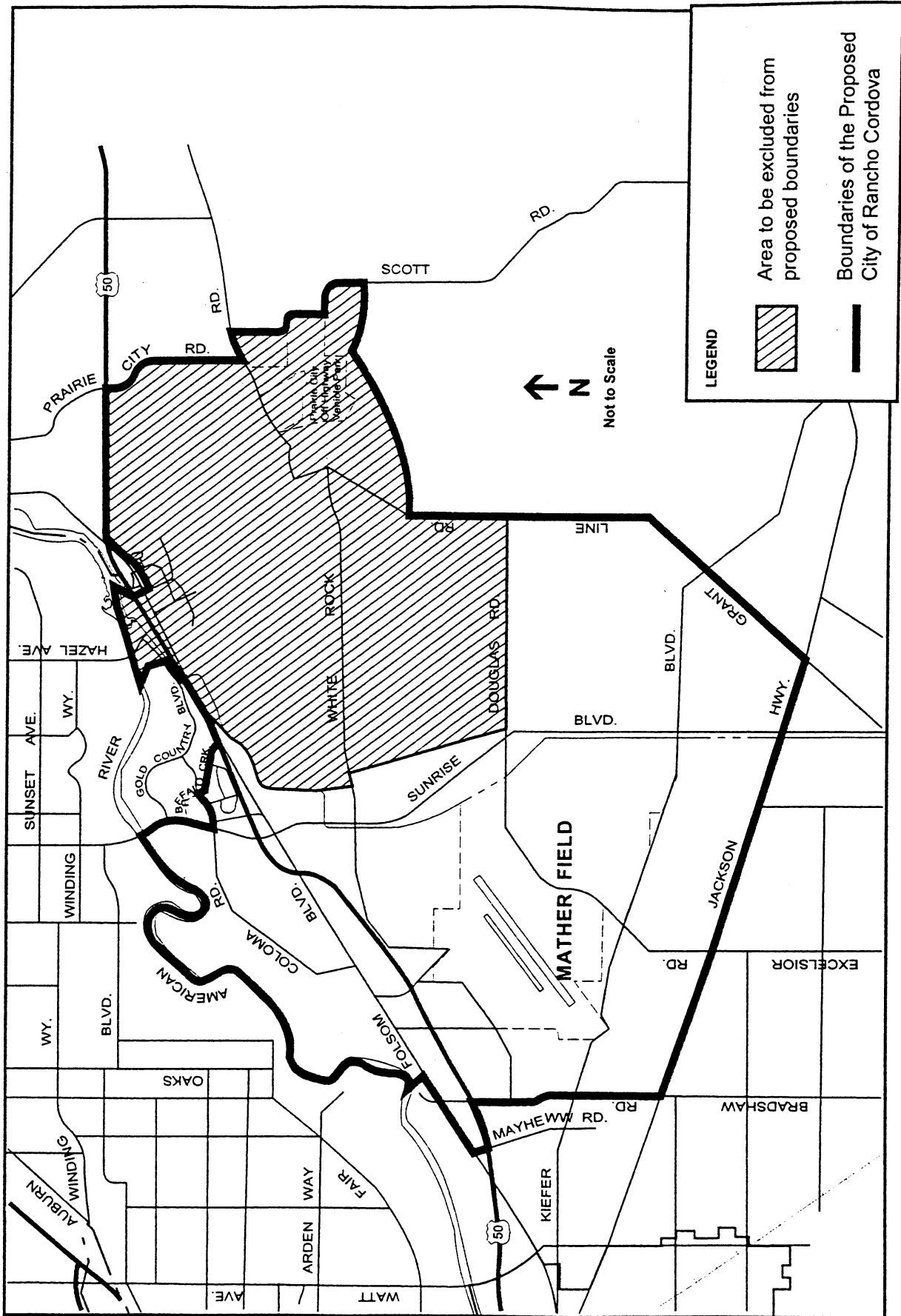
Analysis of alternatives to the Incorporation Petition boundaries includes the same methodologies used the Incorporation Petition CFA. As described in previous chapters, revenue estimates were based on specific mandated formulas (property tax), the development schedule (sales tax), and estimates of population growth (motor vehicle in lieu). Cost estimates were based on expected increases in population, as well as on the incremental need for additional City staff.

Where the Alternatives differ in size from the Incorporation Petition, the CFA used different demographic and development assumptions to estimate revenues and

Map 2
 Alternative 1 - Exclusion of Mather Field and Areas East of Sunrise Boulevard Alternative

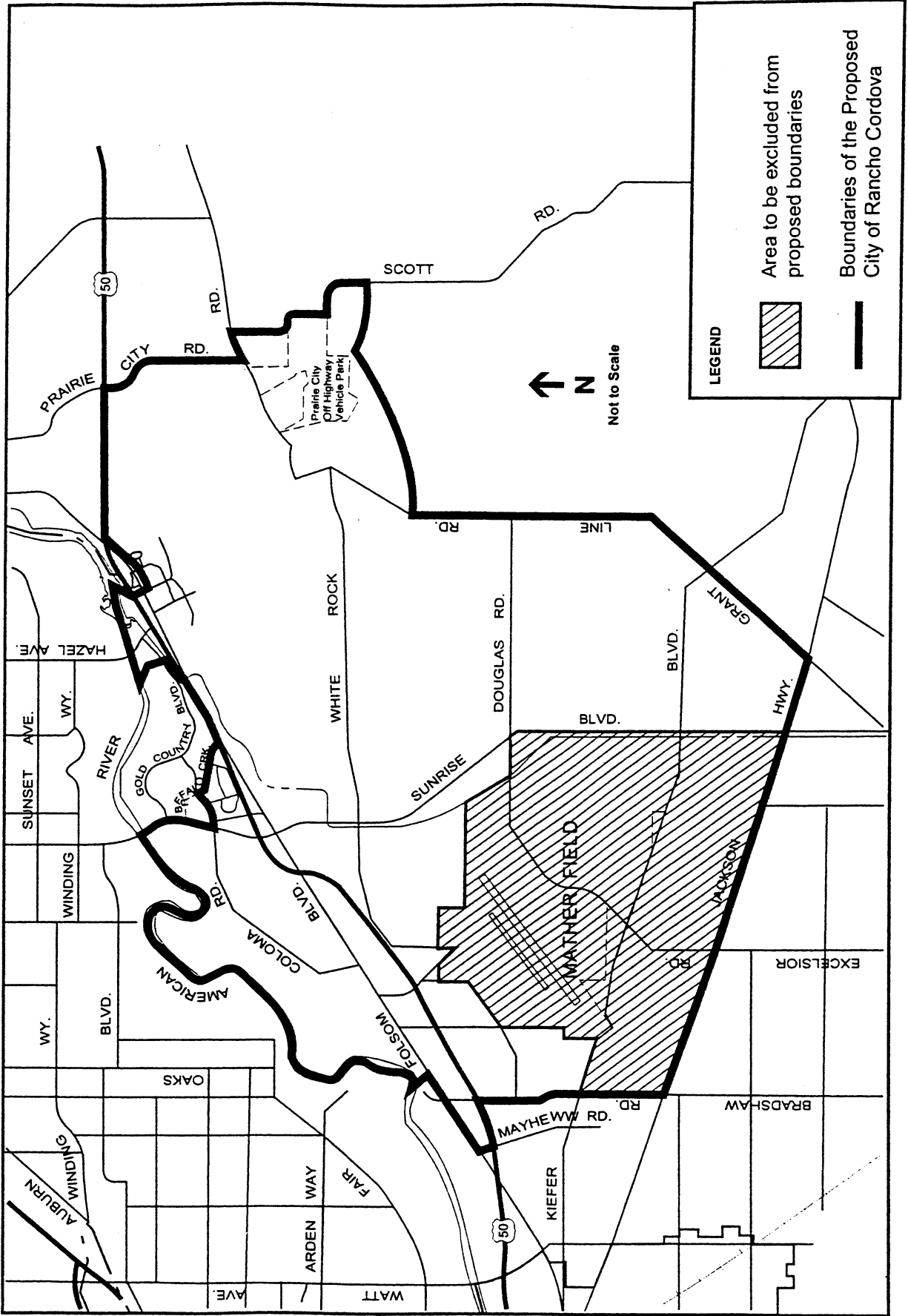


Map 3
Alternative 2 - Aerojet Property Exclusion Alternative



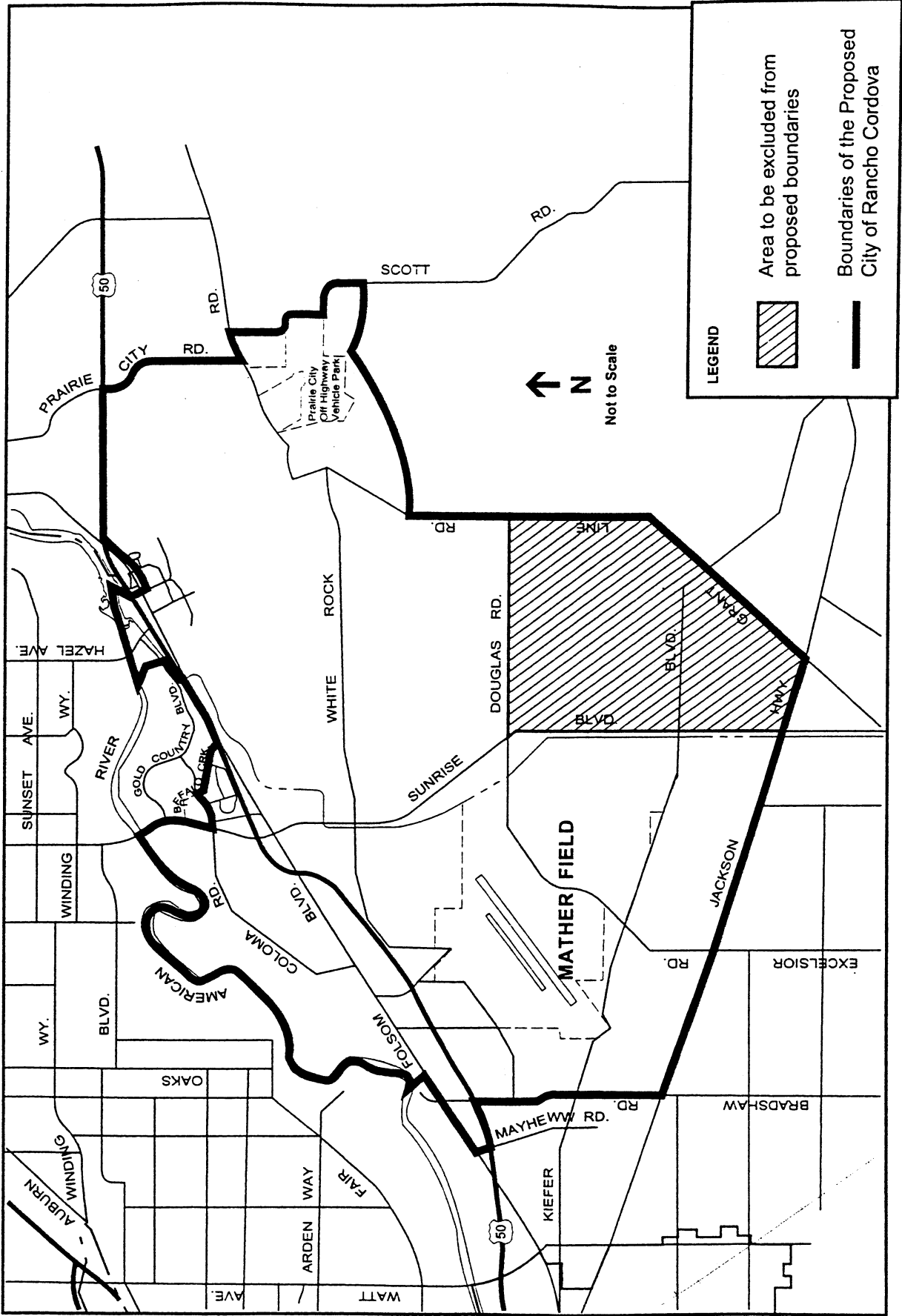
SOURCE: Sacramento County Planning and Community Development, 2000 and Environmental Science Associates, 2001. Rancho Cordova Incorporation / 2001.38

Map 4
 Alternative 3 - Mather Field Exclusion Alternative



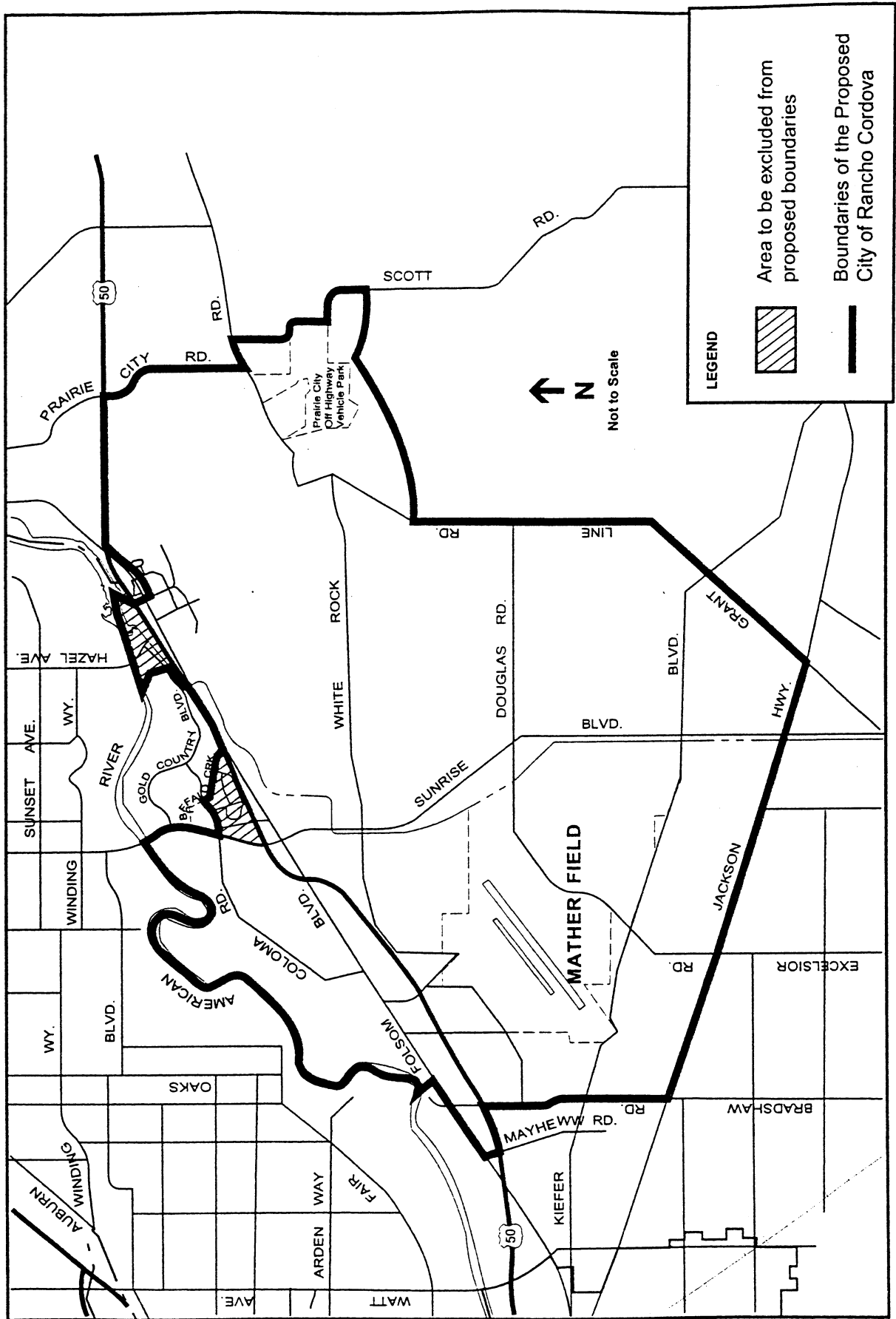
SOURCE: Sacramento County Planning and Community Development, 2000 and Environmental Science Associates, 2001. Rancho Cordova Incorporation / 2001.38

Map 5
 Alternative 4 - Exclusion of Sunrise-Douglas Planning Area Alternative



SOURCE: Sacramento County Planning and Community Development, 2000 and Environmental Science Associates, 2001. Rancho Cordova Incorporation / 2001.38

Map 6
 Alternative 5 - Boundary Excluding Areas East of Sunrise Boulevard and North of Highway 50



expenditures, and to calculate “revenue neutrality.” For example, since the boundaries of Alternative One encompass a smaller area than the Incorporation Petition boundaries, the CFA used lower population and employment projections.

FISCAL RESULTS

All of the alternatives generate fiscally positive returns; that is, the proposed City generates annual revenue surpluses prior to mitigation payments. As expected, the Alternatives analysis implies that costs and revenues change as the size of the proposed City changes, as illustrated in **Figure 16**. For Boundary Alternatives excluding Alternative One, the relative magnitude of revenues and expenditures does not differ greatly from the Incorporation Petition boundary. As Alternative One excludes major portions of the Incorporation Petition boundary, it also excludes many of the revenue and costs for the proposed City. Similar to each of the Boundary Alternatives, Alternative One results in a similar difference between annual revenue surpluses prior to mitigation and fiscal mitigation payments.

ISSUES

In general, the issues regarding each Alternative are the same as the issues regarding the Incorporation Petition, as detailed in **Chapter I**. Such issues include “fiscal mitigation payments,” effective date of incorporation, and willingness of County or other entity to enter into contracts for certain services. In addition, the following issue affects each of the boundary Alternatives, some more specifically than others.

MATHER FIELD REDEVELOPMENT PROJECT

Following closure of Mather Air Force Base, Sacramento County, as the Local Redevelopment Authority for the former base, formed the Mather Redevelopment Project (Redevelopment Project). The Redevelopment Project is administered by the Sacramento Housing and Redevelopment Agency (SHRA). SHRA is a joint powers agency that is governed by the Sacramento County Board of Supervisors and Sacramento City Council. SHRA acts as the redevelopment agencies of both the County and City of Sacramento.

The Redevelopment Project is within the Incorporation Petition boundary and various boundary Alternatives (Alternatives 2, 4, 5, and 6). SHRA and Sacramento County have expressed concern over inclusion of the Redevelopment Project within the proposed City. Each have cited concern over the difficulties with incorporating another governing jurisdiction into the complex set of agreements already established between multiple county, federal, and other jurisdictions.

Inclusion or exclusion of the Redevelopment Project could potentially affect the CFA in two ways. One way is regarding property tax revenues received by the City and the other is regarding increased general government costs incurred by the City.

For the Incorporation Petition and other boundary alternatives that include the Redevelopment Project, the CFA does not include the assessed value or property tax revenue from the Redevelopment Project. The CFA does not include this revenue as the City would only receive a portion (approximately 10 percent based on the property tax exchange discussed in **Chapter V**) of the existing property tax increment and a similar percentage of the County's share of pass-through revenue coming from the Redevelopment Project. As there was very little assessed value in the Redevelopment Project at formation, and is currently very little tax increment flow, each of the aforementioned City revenue sources would be very minimal.

Should the Redevelopment Project be included within the proposed City, the City would have several options as to how to administer the Redevelopment Project. City options include:

- Form a City Redevelopment Agency;
- Contract with SHRA or others to administer; or,
- Jointly administer the Project with SHRA or others.

While the costs of administering the Redevelopment Project are funded through tax increment revenues, grants, or other non-General Fund revenue sources, the CFA has not included any General Fund costs associated with administration of the Redevelopment Project. Depending upon the extent of City involvement, the City may incur increased general government costs resulting from administration of the Redevelopment Project. For example, the City Manager, Attorney, Finance, Clerk, and Council functions could experience increased work should the City assume full responsibility for the Redevelopment Project. As the decisions whether the Redevelopment Project is within the proposed City and how the proposed City will administer the Redevelopment Project can not be determined at this time, the CFA does not assume any related General Fund expenditures.

Figure 16

Rancho Cordova Incorporation Comprehensive Fiscal Analysis

Summary of Revenues and Expenditures in Second Year (2004) by Alternative (All Figures in Constant 2000 \$'s)

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Fiscal Year
2003-2004

Item	Petition Boundary Alternative	Alternative One	Alternative Two	Alternative Three	Alternative Four	Alternative Five
GENERAL FUND REVENUES						
Property Taxes	\$4,685,702	\$4,154,476	\$4,486,208	\$4,557,187	\$4,522,946	\$4,639,049
Sales Tax	\$15,998,360	\$9,788,184	\$14,867,076	\$15,682,240	\$15,998,360	\$14,999,544
Utility User Tax	\$3,194,283	\$2,513,124	\$2,925,753	\$3,099,726	\$3,191,431	\$3,008,718
Real Property Transfer Tax	\$239,505	\$123,249	\$224,125	\$235,794	\$238,176	\$226,403
Unitary Tax	\$0	\$0	\$0	\$0	\$0	\$0
Transient Occupancy Tax	\$3,779,469	\$1,917,178	\$3,638,649	\$3,779,469	\$3,779,469	\$3,779,469
Franchise Fees	\$193,957	\$170,626	\$185,011	\$187,428	\$190,643	\$184,995
Business License Tax	\$175,203	\$96,849	\$99,648	\$155,112	\$175,203	\$175,983
Building and Permit Fees (Fund Transfers In)	\$136,238	\$32,438	\$136,238	\$136,238	\$32,438	\$136,238
Planning Fees	\$314,969	\$197,384	\$314,969	\$246,378	\$314,969	\$314,969
Fines and Penalties	\$58,035	\$53,285	\$56,110	\$56,201	\$56,786	\$55,566
Jail Booking Reimbursement	\$287,843	\$270,312	\$288,707	\$280,193	\$277,900	\$288,963
State Motor Vehicle License Fees	\$3,787,428	\$3,650,023	\$3,750,103	\$3,691,363	\$3,786,833	\$3,784,157
Investment Earnings	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Total General Fund Revenues	\$33,350,992	\$23,467,127	\$31,472,596	\$32,607,329	\$33,065,153	\$32,094,053
GENERAL FUND EXPENDITURES						
City Council	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000	\$74,000
Elections	\$0	\$0	\$0	\$0	\$0	\$0
City Manager	\$379,189	\$379,189	\$379,189	\$379,189	\$379,189	\$379,189
City Clerk	\$187,359	\$187,359	\$187,359	\$187,359	\$187,359	\$187,359
City Attorney	\$510,000	\$510,000	\$510,000	\$510,000	\$510,000	\$510,000
Finance	\$374,365	\$332,557	\$332,557	\$332,557	\$332,557	\$332,557
Administrative Services	\$427,504	\$398,108	\$427,504	\$427,504	\$427,504	\$427,504
Property Tax Administration	\$143,089	\$126,867	\$136,997	\$139,165	\$138,119	\$141,664
LAPCo Cost Share	\$16,697	\$11,680	\$15,793	\$16,416	\$16,690	\$16,069
Law Enforcement	\$14,293,129	\$12,323,113	\$14,005,975	\$13,631,376	\$13,575,434	\$14,162,256
Animal Control	\$98,147	\$90,114	\$94,892	\$95,045	\$96,035	\$93,972
Planning	\$629,938	\$394,768	\$629,938	\$492,755	\$629,938	\$629,938
Public Works Administration	\$176,731	\$176,731	\$176,731	\$176,731	\$176,731	\$176,731
Non-Departmental	\$1,241,566	\$1,060,322	\$1,212,126	\$1,146,395	\$1,187,011	\$1,215,588
Contingency	\$927,586	\$803,240	\$909,153	\$880,425	\$886,528	\$917,341
County Loan Repayment	\$902,989	\$1,017,792	\$946,163	\$820,052	\$840,069	\$935,406
Total General Fund Expenditures	\$20,382,288	\$17,885,838	\$20,038,375	\$19,308,968	\$19,457,163	\$20,199,573
General Fund Operating Surplus (Deficit)	\$12,968,704	\$5,581,289	\$11,434,221	\$13,298,360	\$13,607,990	\$11,894,479
Less Mitigation Payment to County	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Balance After Mitigation Payments	\$12,968,704	\$5,581,289	\$11,434,221	\$13,298,360	\$13,607,990	\$11,894,479

"Summ"

APPENDIX A

Incorporation Petition Boundary

Fiscal Impact Summary and Assumption Tables

- A-1 Summary of Revenues and Expenses
- A-2 Detailed Summary of Revenues and Expenses (2 pages)
- A-3 Demographic Assumptions
- A-4 General Assumptions
- A-5 Land Use Assumptions
- A-6 Development Schedule
- A-7 Population and Employment Projections
- A-8 Assessed Value Calculation

Revenue Estimating Tables

- B-1 Annual Revenue Estimate
- B-2 Revenue Estimate Notes (3 pages)
- B-3 Calculation of Property Tax Transfer
- B-4 Calculation of Net General Fund Cost by Department
- B-5 County Property Tax as a Percentage of Revenue Available for General Purposes

Expenditure Estimating Tables

- C-1 Annual Expenditure Estimate
- C-2 Expenditure Estimate Notes (2 pages)
- C-3 City Manager and City Clerk Cost Estimates
- C-4 Finance Department Cost Estimates
- C-5 Administrative Services Cost Estimates
- C-6 Planning Department Cost Estimates
- C-7 Public Works and Site Development Cost Estimates

Revenues and Expenses to Fresno County

- D-1 Change in General Fund Revenues and Expenses to Sacramento County
- D-2 Calculation of Cost Savings to County for Services Transferred to New City
- D-3 Change in Road Fund Revenues and Expenses to Sacramento County

DRAFT

Petition
Boundary
Alternative

Figure A-1
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Item	Fiscal Year Ending									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
GENERAL FUND										
Total General Fund Revenues	\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708	
Total General Fund Expenditures	\$3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919	
General Fund Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	
Prior to Mitigation [1]										
Less Mitigation Payment to County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Annual Balance After Mitigation Payments	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	
ROAD MAINTENANCE FUND										
Road Fund Revenues	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
Road Fund Expenses	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
Road Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
OTHER RESTRICTED FUND										
Other Restricted Fund Revenues	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
Other Restricted Fund Expenditures	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
Other Restr. Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Funds Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	

"abb_sum"

[1] General fund operating surplus (deficit) is prior to mitigation payment to County (if required).

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Figure A-2

Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Detailed Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Item	Fiscal Year Ending									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
General Fund Revenues										
Property Taxes [1]	\$0	\$4,685,702	\$4,846,292	\$5,039,577	\$5,191,625	\$5,343,229	\$5,506,170	\$5,672,316	\$5,821,322	
Sales Tax [2]	\$11,879,700	\$15,998,360	\$16,157,120	\$16,315,880	\$16,491,440	\$16,667,000	\$16,842,560	\$17,018,120	\$17,193,680	
Utility User Tax	\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690	
Real Property Transfer Tax	\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$279,223	\$286,729	
Unitary Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transient Occupancy Tax	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
Franchise Fees	\$188,693	\$193,957	\$199,221	\$204,495	\$209,770	\$216,076	\$222,176	\$227,450	\$233,136	
Business License Tax	\$171,727	\$175,203	\$178,679	\$182,201	\$185,724	\$189,246	\$192,768	\$196,291	\$199,813	
Building Permit Fees (Fund Transfer In)	\$0	\$136,238	\$136,238	\$136,238	\$175,163	\$167,378	\$136,238	\$175,163	\$136,238	
Planning Fees	\$0	\$314,969	\$404,823	\$436,188	\$438,019	\$439,859	\$441,709	\$443,567	\$445,435	
Fines and Penalties	\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$65,164	\$67,160	\$68,845	\$70,685	
Jail Booking Reimbursement	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
State Motor Vehicle License Fees	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,503,794	\$3,571,257	
Investment Earnings	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Total General Fund Revenues	\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708	
General Fund Expenditures										
City Council	\$79,000	\$74,000	\$75,000	\$76,000	\$77,000	\$78,000	\$79,000	\$80,000	\$81,000	
Elections	\$21,649	\$0	\$23,592	\$0	\$25,036	\$0	\$26,450	\$0	\$27,680	
City Manager	\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$451,039	\$452,894	\$454,759	
City Clerk	\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291	
City Attorney	\$550,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081	\$574,343	\$585,830	
Finance	\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876	
Administrative Services	\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169	
Property Tax Administration	\$140,843	\$143,089	\$147,993	\$153,896	\$158,539	\$163,168	\$168,144	\$173,218	\$177,768	
LAFCo Cost Share	\$16,290	\$16,697	\$17,114	\$17,542	\$17,981	\$18,430	\$18,891	\$19,363	\$19,847	
Law Enforcement	\$0	\$14,293,129	\$14,707,315	\$15,121,501	\$15,542,079	\$16,050,602	\$16,536,123	\$16,952,856	\$17,397,270	
Animal Control	\$0	\$98,147	\$100,997	\$103,846	\$106,696	\$110,203	\$113,579	\$116,429	\$119,540	
Planning	\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870	
Public Works Administration	\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233	
Non-Departmental [3]	\$991,444	\$1,241,566	\$1,202,099	\$978,421	\$1,002,371	\$1,020,402	\$1,042,257	\$1,062,431	\$1,069,075	
Contingency	\$155,059	\$927,586	\$964,143	\$978,458	\$1,007,039	\$1,036,467	\$1,066,893	\$1,091,166	\$1,116,710	
Loan Re-payment to County [4]	\$0	\$902,989	\$880,965	\$859,478	\$838,515	\$818,064	\$0	\$0	\$0	
Total General Fund Expenditures	3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919	
General Fund Operating Surplus (Deficit) [5]	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	
Less Mitigation Payment to County	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Net Annual Balance After Mitigation Payments	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	

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Figure A-2
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Detailed Summary of Revenues and Expenses (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
 Boundary
 Alternative

Item	Fiscal Year Ending									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Road Maintenance Fund Revenues										
Gas Taxes	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,316,817	\$1,341,935	
Measure A	\$901,277	\$928,227	\$955,178	\$982,128	\$1,009,078	\$1,042,251	\$1,074,175	\$1,101,125	\$1,130,555	
Road Fund Property Tax	\$34,676	\$35,229	\$36,437	\$37,890	\$39,033	\$40,173	\$41,398	\$42,647	\$43,767	
Total Road Maintenance Fund Revenues	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
Road Maintenance Fund Expenditures										
Road Maint. Expenditures (100% of rev.'s)	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
Road Fund Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Restricted Revenues										
Building and Permit Fees (100% Cost Portion)	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Revenues	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
Other Restricted Expenditures										
Building and Permit Fees (100% Cost Portion)	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Expenditures	\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
Other Restr. Funds Operating Surplus (Deficit)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Fund Operating Surplus (Deficit)	\$20,260,240	\$12,968,704	\$12,717,881	\$12,921,773	\$12,812,376	\$12,639,236	\$13,229,532	\$12,917,106	\$12,838,788	

"fiscal_sum"

- [1] Sacramento County retains the first year of property tax until proper legal transfer can take place.
- [2] The County continues to collect sales tax during the first three months following incorporation. The City will receive nine months of sales tax revenue in the first fiscal year.
- [3] Non-Departmental includes office rent, supplies, insurance, and general plan and code development.
- [4] Loan repayment based on cost of services provided by County in first year of City operation. Amount of first year service cost borrowed by City is net of first year property tax revenues and one quarter's worth of sales tax revenue.
- [5] General fund operating surplus (deficit) prior to mitigation payments to County (if required).

**Table A-3
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Demographic Assumptions**

Petition Boundary Alternative
--

Item	Value
<u>Proposed City of Rancho Cordova</u>	
<u>2000 Estimates</u>	
Population [1]	54,794
Retail Employment [2]	8,928
Other Employment [2]	60,610
Government/Education	7,726
Total Employment	77,264
Persons Served [3]	93,426
Registered Voters [4]	24,766
Population [1]	54,794
Voters as % of Population	45.2%
Persons per Single Family Occupied Household / Unit [5]	2.7
Persons per Multi Family Occupied Household / Unit [5]	2.7
Persons per Mobile Home Occupied Household / Unit [5]	2.7
Occupancy Rate [5]	96.0%
Square Feet per Retail Employee [6]	450
Square Feet per Other Employee [6]	600
Square Feet per Other Employee (Redevelopment) [6]	1,000
<u>Sacramento County</u>	
<u>2000 Estimates</u>	
Unincorporated Population [7]	642,700
City Population [7]	566,800
Total County Population	1,209,500
Unincorporated Employment [2]	230,980
Unincorporated Persons Served [3]	758,190

dem_assmps"

- [1] Based on Sacramento Area Council of Governments (SACOG), and EPS estimates.
- [2] Based on SACOG projections updated February 1999.
- [3] Persons served equals the population plus 50% of the employees in the proposed city.
- [4] Registered voters as of August 16, 2000 from the Sacramento County Registrar's Office.
- [5] Based on SACOG and CA Department of Finance (DOF) estimates.
- [6] EPS estimates of square feet per employee assumptions.
- [7] Based on January 2000 CA DOF estimates.

Source: SACOG, CA Department of Finance, and EPS.

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Table A-4
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
General Assumptions

Petition
Boundary
Alternative

Item	Value
First Year of Operations - Fiscal Year Ending [1]	2003
Dollars Discounted to Fiscal Year	2000
% of FY 2002-2003 that City is incorporated	100%
Inflation (Discount) Rate [2]	2.5%
Property Appreciation Rate [3]	2.5%
Assessed Value Increase of Existing Development [4]	2.5%
Assessed Value Increase for New Development [5]	2.2%
Market Value per Dwelling Unit (existing) [6]	\$115,000
Market Value per Commercial Sq. Ft. (existing)	\$75
1999 Base Assessed Value within Proposed City [7]	\$3,783,252,914
Property Tax Rate	1.0%

"gen_assmps"

- [1] Single years are used to denote fiscal years. For example, 2003 refers to the fiscal year starting in July 2002 and ending in June 2003.
- [2] Discount rate is factor used in estimating present value of any inflated dollars.
- [3] Equal to inflation rate. Assumes no real market appreciation above inflation.
- [4] This percentage estimates the increase in annual A.V. which includes a 2% increase for properties not sold during a year, and a higher percent increase for properties sold during a year (the assessed value being set at the sales price / market value).
- [5] The assessed value of new development after it is developed is not assumed to keep pace with inflation because property assessed value can only increase 2% per year unless the property is sold, at which time the A.V. on the property is set at the market value.
- [6] Based on information obtained from real estate market information and information compiled by the Sacramento Bee.
- [7] Based on estimated assessed value for the proposed incorporation area as provided by the Sacramento County Assessor's Office

Source: Sacramento County Assessor's Office, Sacramento Bee, and EPS.

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Table A-5
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Land Use Assumptions

Petition Boundary Alternative
--

Land Use	Unit Measure	Sq. Ft. per Acre [1]	Value Per Unit [2]
Single Family [3]	dwelling unit	N.A.	\$190,000
Multi-Family	dwelling unit	N.A.	\$75,000
Mobile Homes	dwelling unit	N.A.	\$40,000
Retail	square foot	10,890	\$110
Other Non-Residential	square foot	13,068	\$70

"land_use_assmps"

[1] Assumed Floor Area Ratios are as follows: Retail equals 25%, other Non-Residential equals 30%

[2] Single family, multi-family, and commercial values estimated by EPS.

[3] Based on real estate market information and information compiled by the Sacramento Bee.

Source: Sacramento Bee and EPS

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Figure A-6
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Development Schedule

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Item	Calendar Year											2011	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		
New Residential Development [1]						<i>units</i>							
Single Family	50	50	125	525	525	525	525	525	525	525	525	525	525
Multi-Family	-	-	-	-	-	-	-	150	120	-	150	-	-
Mobile Homes	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	50	50	125	525	525	525	525	675	645	525	675	525	525
New Redevelopment Residential [1]													
Single Family	125	125	125	125	125	125	125	125	125	125	125	125	-
Multi-Family	-	-	-	-	-	-	-	-	-	-	-	-	-
Mobile Homes	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	125	125	125	125	125	125	125	125	125	125	125	125	35
Total New Residential Units	175	175	250	650	650	650	650	800	770	650	710	525	525
New Non-Residential Development						<i>square feet</i>							
Retail [2]	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000	63,000
Other Non-Residential [3]	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000	570,000
Subtotal	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000	633,000
New Redevelopment Non-Residential [4]													
Retail	-	-	-	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Other Non-Residential	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000
Subtotal	375,000	375,000	375,000	375,000	375,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000	385,000
Total New Non-Residential Development	1,008,000	1,008,000	1,008,000	1,008,000	1,008,000	1,018,000	1,018,000	1,018,000	1,018,000	1,018,000	1,018,000	1,018,000	1,018,000
Cumulative New Development Entire City						<i>units</i>							
Cumulative New Residential Development													
Single Family	175	350	600	1,250	1,900	2,550	3,200	3,850	4,500	5,150	5,710	6,235	
Multi-Family	-	-	-	-	-	-	-	150	270	270	420	420	
Mobile Homes	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cumulative Dwelling Units	175	350	600	1,250	1,900	2,550	3,200	4,000	4,770	5,420	6,130	6,655	
Cumulative New Non-Residential Development						<i>square feet</i>							
Retail	63,000	126,000	189,000	252,000	315,000	388,000	461,000	534,000	607,000	680,000	753,000	826,000	
Other Non-Residential	945,000	1,890,000	2,835,000	3,780,000	4,725,000	5,670,000	6,615,000	7,560,000	8,505,000	9,450,000	10,395,000	11,340,000	
Total New Non-Residential Development	1,008,000	2,016,000	3,024,000	4,032,000	5,040,000	6,058,000	7,076,000	8,094,000	9,112,000	10,130,000	11,148,000	12,166,000	

*dev_schedr

[1] Residential development estimates are based on SACOG and EPS projections.
 [2] Retail non-residential square feet of development based on employment projections for Rancho Cordova shown in Figure A-7, assuming 450 square feet per retail employee.
 [3] Other non-residential square feet of development based on employment projections for Rancho Cordova shown in Figure A-7, assuming 600 square feet per employee.
 [4] Redevelopment non-residential based on development schedule prepared by EPS for Mather Air Force Base tax increment projections.

Sources: Sacramento Area Council of Governments and EPS.

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Figure A-7
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Population and Employment Projections

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Item	Calendar Year											2011
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Population Projections												
New Population [1]	454	454	648	1,685	1,685	1,685	1,685	2,074	1,996	1,685	1,840	1,361
Cumulative Population [2]	55,248	55,702	56,350	58,035	59,720	61,405	63,090	65,164	67,160	68,845	70,685	72,046
Cumulative Registered Voters [3]	24,971	25,176	25,469	26,231	26,993	27,755	28,517	29,454	30,356	31,118	31,950	32,565
Proxy Population [4]	n/a	n/a	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	n/a	n/a
Annual Population Increase	0.83%	0.82%	1.16%	2.99%	2.90%	2.82%	2.74%	3.29%	3.06%	2.51%	2.67%	1.93%
Employment Projections												
New Employees [5]	140	140	140	140	140	140	140	140	140	140	140	140
Retail	950	950	950	950	950	950	950	950	950	950	950	950
Other Non-Retail	125	125	125	125	125	125	125	125	125	125	125	125
Government/Education [6]	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Subtotal	450	450	450	450	450	450	450	450	450	450	450	450
Redevelopment	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665
Total New Employees	9,068	9,208	9,348	9,488	9,628	9,768	9,908	10,048	10,188	10,328	10,468	10,608
Cumulative Employees	62,010	63,410	64,810	66,210	67,610	69,032	70,454	71,876	73,298	74,721	76,143	77,565
Retail	7,851	7,976	8,101	8,226	8,351	8,476	8,601	8,726	8,851	8,976	9,101	9,226
Other Non-Residential [7]	78,929	80,594	82,259	83,924	85,589	87,276	88,963	90,651	92,338	94,025	95,712	97,400
Government/Education [6]	94,713	95,999	97,480	99,997	102,515	105,043	107,572	110,489	113,329	115,858	118,541	120,746
Total Cumulative New Employees	3,58	3,63	3,66	3,63	3,60	3,58	3,55	3,51	3,47	3,45	3,42	3,42
Persons Served [8]	94,713	95,999	97,480	99,997	102,515	105,043	107,572	110,489	113,329	115,858	118,541	120,746
Total Jobs to Housing Ratio	3.58	3.63	3.66	3.63	3.60	3.58	3.55	3.51	3.47	3.45	3.42	3.42

pop_employ

- [1] New population based on estimated new housing units assuming 96% occupancy and 2.7 persons per occupied single- and multi-family household and 2.7 persons per mobile home household.
- [2] Population is as of the end of each calendar year. For example, the 2000 population is as of December 31, 2000. This population is used for estimating Fiscal Year 2000-2001 revenues and costs.
- [3] Voters are assumed to increase at 45.2% of the number of new residents, the 2000 ratio of registered voters to population.
- [4] Proxy population is three times the number of registered voters at the time of incorporation. Proxy population is the "official population" used to determine the distribution of State revenues for the first seven years after incorporation.
- [5] Employment estimates are less than those projected by SACOG.
- [6] Government/Education employment estimated at 10% of total employees. Some new Government/Education employees are included in the new Redevelopment employees category.
- [7] Includes growth in redevelopment new employees (450/year from 2001-2005 and 470/year from 2006-2012), including employees which would otherwise be counted in retail and or government/education.
- [8] Persons served is equal to the cumulative population plus 50% of the cumulative employment.

Sources: SACOG Projections 1999-2020 and EPS.

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Figure A-8
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Assessed Value Calculation - All Figures in \$000's

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Item	Fiscal Year Ending										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value Existing Development [1] (Inflated \$000's)	\$4,158,803	\$4,262,773	\$4,369,342	\$4,478,576	\$4,590,540	\$4,705,304	\$4,822,936	\$4,943,510	\$5,067,097	\$5,193,775	\$5,323,619
Assessed Value of New Development [2] (Inflated \$000's)											
New Development											
Single Family [3]	N.A.	\$9,500	\$9,738	\$24,952	\$107,420	\$110,105	\$112,858	\$115,679	\$118,571	\$121,536	\$124,574
Multi-Family	N.A.	-	-	-	-	-	-	-	\$13,373	\$10,966	-
Mobile Homes	N.A.	-	-	-	-	-	-	-	-	-	-
Retail	N.A.	\$6,930	\$7,103	\$7,281	\$7,463	\$7,649	\$7,841	\$8,037	\$8,238	\$8,444	\$8,655
Other Non-Residential	N.A.	\$39,900	\$40,898	\$41,920	\$42,968	\$44,042	\$45,143	\$46,272	\$47,429	\$48,614	\$49,830
Total A.V. from New Development	-	\$56,330	\$57,738	\$74,153	\$157,851	\$161,797	\$165,842	\$169,988	\$187,610	\$189,559	\$183,058
Cumulative A.V. from New Development	-	\$56,330	\$115,308	\$191,997	\$354,072	\$523,658	\$701,021	\$886,431	\$1,093,543	\$1,307,160	\$1,518,976
Total Assessed Value (Inflated \$000's)	\$4,158,803	\$4,319,103	\$4,484,650	\$4,670,573	\$4,944,612	\$5,228,962	\$5,523,957	\$5,829,941	\$6,160,640	\$6,500,935	\$6,842,595
Total Assessed Value (Constant \$000's)	\$4,158,803	\$4,213,759	\$4,268,554	\$4,337,091	\$4,479,574	\$4,621,640	\$4,763,291	\$4,904,526	\$5,056,324	\$5,205,483	\$5,345,424
Percentage Change in A.V. (Inflated \$000's)	N.A.	3.9%	3.8%	4.1%	5.9%	5.8%	5.6%	5.5%	5.7%	5.5%	5.3%
Percentage Change in A.V. (Constant \$000's)	N.A.	1.3%	1.3%	1.6%	3.3%	3.2%	3.1%	3.0%	3.1%	2.9%	2.7%

assess_value

[1] Existing assessed value is assumed to increase at 2.5% per year. This annual increase accounts for units that turn over during the year.
 [2] Assessed value for new development shown for fiscal year 2001-02 are based on the assessed value of new development occurring in calendar year 2000.
 [3] Total assessed value shown. Reductions for the Homeowner's Property Tax Relief (HOPTR) are not shown in this table.

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Figure B-1
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Annual Revenue Estimate (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

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Item	Note [1]	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
GENERAL FUND REVENUES											
Property Taxes [2]	1	\$0	\$4,685,702	\$4,846,292	\$5,039,577	\$5,191,625	\$5,343,229	\$5,506,170	\$5,672,316	\$5,821,322	
Sales Tax [3]	2	\$11,879,700	\$15,998,360	\$16,157,120	\$16,315,880	\$16,491,440	\$16,667,000	\$16,842,560	\$17,018,120	\$17,193,680	
Utility User Tax	3	\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690	
Real Property Transfer Tax	4	\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$279,223	\$286,729	
Unitary Tax	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Transient Occupancy Tax	6	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
Franchise Fees	7	\$188,693	\$193,957	\$199,221	\$204,495	\$209,770	\$216,076	\$222,176	\$227,450	\$233,136	
Business License Tax	8	\$171,727	\$175,203	\$178,679	\$182,201	\$185,724	\$189,246	\$192,768	\$196,291	\$199,813	
Building and Permit Fees (Fund Transfers In)	9	\$0	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	
Planning Fees	10	\$0	\$314,969	\$404,823	\$436,188	\$438,019	\$439,859	\$441,709	\$443,567	\$445,435	
Fines and Penalties	12	\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$65,164	\$67,160	\$68,845	\$70,685	
Jail Booking Reimbursement	13	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
State Motor Vehicle License Fees	14	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,503,794	\$3,571,257	
Investment Earnings	15	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	
Total General Fund Revenues		\$23,516,474	\$33,350,992	\$33,845,839	\$34,328,875	\$34,798,717	\$35,223,111	\$35,634,295	\$35,831,585	\$36,289,708	
OTHER RESTRICTED FUND REVENUES											
Building and Permit Fees (100% Cost Portion)	9	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services	11	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Fund Revenues		\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
ROAD MAINTENANCE FUND REVENUES											
Gas Taxes	16	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,316,817	\$1,341,935	
Road Fund Property Tax	17	\$34,676	\$35,229	\$36,437	\$37,890	\$39,033	\$40,173	\$41,398	\$42,647	\$43,767	
Measure A Revenues	18	\$901,277	\$928,227	\$955,178	\$982,128	\$1,009,078	\$1,042,251	\$1,074,175	\$1,101,125	\$1,130,555	
Total Road Fund Maintenance Revenues		\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,550	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
TOTAL ALL FUND REVENUES		\$25,874,846	\$37,653,336	\$38,204,788	\$38,744,674	\$39,537,124	\$39,977,627	\$40,242,808	\$40,653,259	\$40,930,526	

rev_sum

[1] Reference Notes are included in Figure B-2.
 [2] Sacramento County retains property tax revenues for the first fiscal year of incorporation, or until proper legal transfer of the revenue can take place.
 [3] Sacramento County receives the first three months worth of sales tax revenue following the incorporation of a city.

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Figure B-2
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Revenue Estimate Notes

Public Review Draft CFA - Dated July 27, 2001

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Ref #	Item	Assumption	Fiscal Year Ending											
			2003	2004	2005	2006	2007	2008	2009	2010	2011			
General Fund														
1	Property Tax	See Figures A-8 and B-3												
	Property Tax @ 1% of AV		\$42,685,541	\$43,370,914	\$44,795,744	\$46,216,405	\$47,632,907	\$49,045,263	\$50,563,242	\$52,054,827	\$53,454,241			
	Tax Increment		\$0	\$685,373	\$1,424,831	\$1,420,660	\$1,416,502	\$1,412,356	\$1,517,979	\$1,491,585	\$1,399,414			
	Total Property Tax Increment - Direct Roll		\$281,650	\$281,650	\$352,900	\$732,900	\$732,900	\$732,900	\$732,900	\$789,150	\$777,900			
	Total Property Tax Increment - Supplemental Roll													
	PROPERTY TAX INCREMENT TO CITY (Post ERAF-Shift)													
	DIRECT ROLL													
	From County	10.73%	\$0	\$73,569	\$152,942	\$152,495	\$152,049	\$151,603	\$162,941	\$160,108	\$150,214			
	From Special Districts	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
	Subtotal		\$0	\$73,569	\$152,942	\$152,495	\$152,049	\$151,603	\$162,941	\$160,108	\$150,214			
	SUPPLEMENTAL ROLL													
	From County	10.73%	\$30,233	\$30,233	\$37,881	\$78,670	\$78,670	\$78,670	\$78,670	\$78,670	\$84,708	\$83,500		
	From Special Districts	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
	Subtotal		\$30,233	\$30,233	\$37,881	\$78,670	\$78,670	\$78,670	\$78,670	\$78,670	\$84,708	\$83,500		
	Total Gross Property Tax Increment to City													
	Base Property Tax (Prior yr. Total plus increment from direct roll)		\$4,581,901	\$4,655,469	\$4,808,412	\$4,960,907	\$5,112,955	\$5,264,559	\$5,427,500	\$5,587,608	\$5,737,822			
	Shares of Tax Increment		\$30,233	\$30,233	\$37,881	\$78,670	\$78,670	\$78,670	\$78,670	\$78,670	\$84,708	\$83,500		
	Total Gross Property Tax to City		\$4,612,133	\$4,685,702	\$4,846,292	\$5,039,577	\$5,191,625	\$5,343,229	\$5,506,170	\$5,672,316	\$5,821,322			
2	Sales Tax	See Figure A-6												
	New Cum. Retail Sq. Ft.	See Figure A-6	126,000	189,000	252,000	315,000	388,000	461,000	534,000	607,000	680,000			
	New Cum. Other Sq. Ft.	See Figure A-6	1,890,000	2,835,000	3,780,000	4,725,000	5,670,000	6,615,000	7,560,000	8,505,000	9,450,000			
	Sales Tax at 1%													
	Existing Sales Tax (Estimated December 18, 2000) [1]		\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000	\$13,859,000			
	New Retail (On-Site)		\$189,000	\$283,500	\$378,000	\$472,500	\$582,000	\$691,500	\$801,000	\$910,500	\$1,020,000			
	New Other Space		\$94,500	\$141,750	\$189,000	\$236,250	\$283,500	\$330,750	\$378,000	\$425,250	\$472,500			
	Subtotal Sales Tax at 1%		\$14,142,500	\$14,284,250	\$14,426,000	\$14,567,750	\$14,724,500	\$14,881,250	\$15,038,000	\$15,194,750	\$15,351,500			
	Unallocated Sales Tax		\$1,697,100	\$1,714,110	\$1,731,120	\$1,748,130	\$1,766,940	\$1,785,750	\$1,804,560	\$1,823,370	\$1,842,180			
	Total Sales Tax (General Fund)		\$15,839,600	\$15,998,360	\$16,157,120	\$16,315,880	\$16,491,440	\$16,667,000	\$16,842,560	\$17,018,120	\$17,193,680			
	<i>Sales Tax per Capita</i>		\$281.09	\$275.67	\$270.55	\$265.71	\$261.40	\$255.77	\$250.78	\$247.19	\$243.24			
3	Utility User Tax													
	Base Residential Revenues		\$743,193	\$749,300	\$758,017	\$780,683	\$803,350	\$826,016	\$848,683	\$876,382	\$903,432			
	Base Non-Residential Revenues		\$2,394,472	\$2,444,983	\$2,495,495	\$2,546,006	\$2,596,517	\$2,647,027	\$2,698,888	\$2,750,073	\$2,801,258			
	Total		\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690			
4	Property Transfer Tax													
	Base Property Transfer Tax		\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$287,223	\$296,729			
	Total Property Transfer Tax		\$235,720	\$239,505	\$247,373	\$255,219	\$263,041	\$270,840	\$279,223	\$287,223	\$296,729			
	Total Utility User Tax		\$3,137,665	\$3,194,283	\$3,253,511	\$3,326,689	\$3,399,867	\$3,473,718	\$3,547,570	\$3,626,655	\$3,704,690			
	Percentage Growth in Assessed Valuation		2.6%	1.6%	3.3%	3.2%	3.1%	3.0%	3.1%	3.1%	2.7%			
	<i>FY 1999-2000 Actual</i>		\$229,698											

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Figure B-2
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Revenue Estimate Notes

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Ref #	Item	Assumption	Fiscal Year Ending								2011			
			2003	2004	2005	2006	2007	2008	2009	2010				
5	Unitary Tax County portion of Unitary Tax to New City		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Total Unitary Tax		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6	Transient Occupancy Tax 1999-00 Base Transient Occupancy Tax	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
	Total Transient Occupancy Tax		\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	\$3,779,469	
7	Franchise Fees Franchise - Cable Franchise - Other Total Franchise Fees	\$1,093,185 \$722,148	\$98,713 \$93,243 \$193,957	\$101,579 \$97,641 \$199,221	\$104,445 \$100,050 \$204,495	\$107,311 \$102,458 \$209,770	\$110,839 \$105,237 \$216,076	\$114,234 \$107,942 \$222,176	\$114,234 \$107,942 \$222,176	\$114,234 \$107,942 \$222,176	\$114,234 \$107,942 \$222,176	\$114,234 \$107,942 \$222,176	\$117,100 \$110,350 \$227,450	\$120,230 \$112,906 \$233,136
8	Business License Tax Incorp. Area FY 99-00 Renewing License Revenue Incorp. Area FY 99-00 Employees New Business Licenses Total Business License Tax	\$107,533 77,264	\$116,802	\$119,119	\$121,468	\$123,816	\$126,164	\$128,512	\$128,512	\$128,512	\$128,512	\$130,860	\$133,209	
			<i>Cumulative employees in incorporation area boundaries</i>											
			\$57,242	\$58,401	\$59,560	\$60,734	\$61,908	\$63,082	\$64,256	\$65,430	\$66,604	\$67,778	\$68,952	
			\$171,727	\$175,203	\$178,679	\$182,201	\$185,724	\$189,246	\$192,768	\$196,291	\$199,813	\$203,335	\$206,857	
9	Building and Permit Fees (Fund Transfer In) % of building inspection costs recaptured by fees Transfer In to General Fund Total Building and Permit Fees		\$0	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	\$908,250	
			\$0	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	\$136,238	
			\$0	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	\$1,044,488	
10	Planning Fees % of planning costs recaptured by fees		\$0	\$314,969	\$404,823	\$436,188	\$438,019	\$439,859	\$441,709	\$443,567	\$445,435	\$447,303	\$449,171	
11	Public Works (Site Development Services) % of total costs funded by Restricted Fund Revenues		\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	\$1,241,299	\$1,266,286	
12	Fines and Penalties Fines per Capita Total Fines and Penalties		\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$64,775	\$66,460	\$68,145	\$69,830	\$71,515	\$73,200	
			\$56,350	\$58,035	\$59,720	\$61,405	\$63,090	\$64,775	\$66,460	\$68,145	\$69,830	\$71,515	\$73,200	
13	Jail Booking Reimbursement [2] % of booking costs reimbursed by State		\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$349,567	\$358,441	\$367,315	
14	State Motor Vehicle License Fees Relevant population for calculation Per capita lic. fees provided by State Controller		76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	76,407	
			\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	\$3,787,428	
15	Investment Earnings Subtotal All General Fund Rev. (excl. invest. earnings)	Interest Rate Current Fiscal Year	\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165	\$36,667,455	
		5.50%	\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33,345,839	\$33,828,875	\$34,298,717	\$34,723,111	\$35,134,295	\$35,531,585	\$35,918,875	\$36,297,165		
			\$0	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000		
			\$23,516,474	\$32,850,992	\$33									

Ref #	Item	Assumption	Fiscal Year Ending																
			2003	2004	2005	2006	2007	2008	2009	2010	2011								
16	Road Fund - Gas Taxes																		
	Highway User Tax 2105	<i>FY 2000-01 Actuals</i>	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036	\$476,036
	Highway User Tax 2106 (a)	Per Capita	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800	\$4,800
	Highway User Tax 2106 (c)	Per Capita	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226	\$319,226
	Highway User Tax 2107	Per Capita	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05	\$8.05
	Highway User Tax 2107.5 (c) [3]	Per Year	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
	Total Gas Taxes		\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419	\$1,422,419
17	Road Fund - Property Tax to City																		
	Base Property Tax Transfer	<i>FY 1999-00 Actuals</i>	\$35,534	\$35,534	\$36,104	\$37,291	\$38,473	\$39,652	\$40,828	\$42,002	\$43,176	\$44,350	\$45,524	\$46,698	\$47,872	\$49,046	\$50,220	\$51,394	\$52,568
	Increase in Base Property Tax from County	0.083%	\$0	\$571	\$1,186	\$1,183	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	From Special Districts	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Base Property Tax Transfer		\$35,534	\$36,104	\$37,291	\$38,473	\$39,652	\$40,828	\$42,002	\$43,176	\$44,350	\$45,524	\$46,698	\$47,872	\$49,046	\$50,220	\$51,394	\$52,568	\$53,742
	Share of Supplemental Roll		\$234	\$234	\$294	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610	\$610
	Total Gross Property Tax to Road Fund		\$35,768	\$36,339	\$37,584	\$39,083	\$40,262	\$41,438	\$42,612	\$43,782	\$44,952	\$46,122	\$47,292	\$48,462	\$49,632	\$50,802	\$51,972	\$53,142	\$54,312
	Less Property Tax Admin. Costs	3.05% of gross prop. tax	\$1,092	\$1,110	\$1,148	\$1,194	\$1,230	\$1,265	\$1,300	\$1,335	\$1,370	\$1,405	\$1,440	\$1,475	\$1,510	\$1,545	\$1,580	\$1,615	\$1,650
	Total Net Property Tax to Road Fund		\$34,676	\$35,229	\$36,437	\$37,890	\$39,033	\$40,173	\$41,312	\$42,452	\$43,592	\$44,732	\$45,872	\$47,012	\$48,152	\$49,292	\$50,432	\$51,572	\$52,712
18	Measure A Road Maintenance Revenue		\$901,277	\$928,227	\$955,178	\$982,128	\$1,009,078	\$1,036,028	\$1,062,978	\$1,089,928	\$1,116,878	\$1,143,828	\$1,170,778	\$1,197,728	\$1,224,678	\$1,251,628	\$1,278,578	\$1,305,528	\$1,332,478
	Total Road Maintenance Funds Available		\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,498,624	\$2,526,718	\$2,554,812	\$2,582,906	\$2,610,999	\$2,639,093	\$2,667,187	\$2,695,280	\$2,723,374	\$2,751,468	\$2,779,562	\$2,807,656

Rev. notes

[1] Sales tax estimate from December 18, 2000 is through June 30, 2000.
 [2] Assumes new City of Rancho Cordova would be eligible for 100% reimbursement of jail booking costs per Assembly Bill 1662 approved and signed in 1999.
 [3] Section 2107.5 (c) based on city population. Annual amount equals \$7,500 for population between 50,000 and 99,999.

Figure B-3

Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Calculation of Property Tax Transfer

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Petition Boundary Alternative

A. Transfer of Tax Base

1. Total FY 1999-2000 Expenditures Subject to Transfer - See Figure B-4	\$12,738,165
2. County Auditor's Ratio FY 1999-2000	31.88%
3. FY 1999-2000 Property Tax Base Transferred from County	\$4,060,975
	Post-ERAF
	\$4,060,975
	Tax Base
	Transferred to:
4. Property Tax Base Transferred from Special Districts to General Fund or Other Fund	Post ERAF Shift
Special Districts (None Transferred)	General Fund \$0
County Roads	Road Fund \$31,494
Subtotal Special Districts:	\$31,494
5. Total Property Tax Base:	\$4,092,468

B. Calculation of Tax Allocation Factor (TAF)

1. Assessed Value (FY 1999-2000):	\$3,783,252,914
Assessed Value (FY 2002-2003):	\$4,268,554,058
Change from FY 1999-2000 to FY 2002-2003:	12.83%
2. Total Property Tax Collected FY 2002-2003 (@1% AV):	\$42,685,541
	Post-ERAF
3. FY 1999-2000 Property Tax Base Transferred from County	\$4,060,975
FY 2002-2003 Property Tax Base Transfer from County	\$4,581,901
(FY 99-00 Base escalated by A.V. Change from FY 99-2000 to FY 02-03)	
4. Implied FY 2002-2003 Tax Allocation Factor (Property Tax Base from County)	10.73%
5. Tax Allocation Factors from Special Districts to City General Fund	0.00%
6. Total Tax Allocation Factor to City General Fund (4 + 5)	10.73%
7. Tax Allocation Factors from Special Districts to City Road Fund	
County Roads	0.083%
FY 1999-2000 Road Fund Property Tax Base Transferred from County	\$31,494
FY 2002-2003 Road Fund Property Tax Base Transferred from County	\$35,534
Implied FY 2002-2003 Tax Allocation Factor to Road Fund:	0.083%

"prop_tax_xfer"

Source: Sacramento County Department of Auditor-Controller

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Figure B-4
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Calculation of Net General Fund Cost by Department - Govt. Code Section 56810

Petition
 Boundary
 Alternative

Item	Direct Cost	Indirect Cost Above Cost Est.	Total Cost	Offsetting Revenue	Net General Fund Cost
County Departments Transferring Services/Costs to New City					
Sheriff [4]	\$12,007,663	\$221,898	\$12,229,561	\$247,130	\$11,982,431
Animal Control	\$134,464	\$2,777	\$137,241	\$44,575	\$92,666
Planning and Community Development					
Application Processing	\$209,905	\$4,914	\$214,819	\$188,915	\$25,904
Code Enforcement	\$317,584	\$6,816	\$324,400	\$243,422	\$80,978
General Plan	\$13,500	\$317	\$13,817	\$0	\$13,817
Specific Plans/Specific Projects	\$129,400	\$3,170	\$132,570	\$53,668	\$78,902
Subtotal	\$670,389	\$15,217	\$685,606	\$486,005	\$199,601
Public Works					
General Services	\$12,841	\$371	\$13,212	\$13,212	\$0
Building Inspection	\$1,360,000	\$340,000	\$1,700,000	\$1,700,000	\$0
Site Development	\$425,000	\$106,000	\$531,000	\$531,000	\$0
Technical Services	\$119,200	\$2,800	\$122,000	\$122,000	\$0
Infrastructure Finance	\$380,856	\$0	\$380,856	\$380,856	\$0
Subtotal	\$2,297,897	\$449,171	\$2,747,068	\$2,747,068	\$0
Property Tax Assessment and Collection by County Depts.	Included in total cost		\$122,667	\$0	\$122,667
Booking Fees	Included in total cost		\$264,100	\$0	\$264,100
Subtotal [5]	\$15,110,413	\$689,063	\$16,186,243	\$3,524,778	\$12,661,465
County General Purpose Support of Other Functions					
Board of Supervisors	\$85,901	\$11,166	\$97,067	\$20,368	\$76,700
Subtotal	\$85,901	\$11,166	\$97,067	\$20,368	\$76,700
Total Gen. Purpose Costs of Services Provided to Area [5]	\$15,196,315	\$700,229	\$16,283,310	\$3,545,146	\$12,738,165

[1] Direct cost includes department direct and indirect (department allocated) costs.
 [2] Indirect cost above the gross cost equals the countywide A-87 indirect cost allocated to each department or department function.
 [3] Offsetting revenues include restricted revenues received by the County, some of which does not transfer to the new City.
 [4] The majority of offsetting revenues were netted out of the Sheriff's Department's gross cost estimate. Offsetting revenues shown include additional offsetting revenues not explicitly shown in the Sheriff's Department's data request response.
 [5] Subtotals may not add to totals due to aggregation of some cost and revenues.

Source: Sacramento County Sheriff, Animal Care & Regulation, Planning, Public Works, and Finance Departments.

Figure B-5
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
County Property Tax as a Percentage of Revenue
Available for General Purposes [1]

Petition Boundary Alternative

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Item	1999-2000 Revenues
PROPERTY TAX REVENUE	
Current Secured	\$95,851,349
Current Unsecured	\$5,808,782
Secured Delinquent	\$1,420,657
Unsecured Delinquent	\$178,000
Supplemental	\$3,294,277
Supplemental Delinquent	\$178,168
Property Tax Unitary	\$5,435,379
Penalty/Costs	\$392,005
Operating Transfer In - RDM PEN	\$5,372,233
State Aid - Homeowner's Exemption	\$2,814,143
Total	\$120,744,993
Other General Purpose Revenues	
Sales Tax	\$80,919,034
Utility Tax	\$15,652,811
Transient Occupancy Tax	\$8,415,049
Property Transfer Tax	\$6,745,688
Taxes - Livestock	\$0
Taxes - Sales	\$1,788
Franchise: Cable	\$1,093,185
Franchises - Other	\$722,148
Vehicle Code Fines	\$6,620,242
Other Court Fines	\$9,301,862
Forfeitures/Penalties	\$928,382
Civil Penalties	\$16,286,915
Interest Revenue	\$15,023,651
Rent: Buildings	\$706,125
Agricultural Leases	\$0
Recreational Concessions	\$54,798
Cigarette Tax - Unincorp	\$695,596
State Motor Vehicle In Lieu Taxes	\$66,303,795
Williamson Act - Tax Relief	\$516,175
State Subvention - ERAF	\$3,527,713
In Lieu Taxes - Others	\$17,328
Aid Local Gov AG	\$3,070,698
Revenue Neutrality Payments	\$3,394,016
Recording/Copies Fees	\$1,002,970
Utility Service Charges	\$2,268
Lease Property	\$25,202
In Lieu Assess Fees	\$25
Cash Overages	\$150
Aid Pmt Recoveries	\$3,116,992
Trans Reimbursement	\$0
Donations/Contributions	\$1,671,714
Insurance Proceeds	\$3,185,037
CH SUP Recoveries	\$1,031,432
Miscellaneous Other Revenues	\$2,971,396
In-Kind Match	\$21,901
Proceeds From Asset Sale - Other	\$2,062,919
Resales	\$36,291
Interfund Cost Recovery	\$2,873,683
Subtotal Other General Purpose Revenues	\$257,998,979
Total Net Revenue Available for General Purposes	\$378,743,972
Prop. Tax as % of General Purpose Revenues	31.88%

"AC_ratio"

[1] Ratio calculated by the County of Sacramento Auditor-Controller's office.
per a letter dated November 29, 2000.

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Figure C-1
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Annual Expenditure Estimate (All figures in Constant 2000 \$'s)

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Item	Note [1]	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
GENERAL FUND EXPENDITURES											
City Council	1	\$79,000	\$74,000	\$75,000	\$76,000	\$77,000	\$78,000	\$79,000	\$80,000	\$81,000	
Elections	2	\$21,649	\$0	\$23,592	\$0	\$25,036	\$0	\$26,450	\$0	\$27,680	
City Manager	3	\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$451,039	\$452,894	\$454,759	
City Clerk	4	\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291	
City Attorney	5	\$550,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081	\$574,343	\$585,830	
Finance	6	\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876	
Administrative Services	7	\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169	
Property Tax Administration	8	\$140,843	\$143,089	\$147,993	\$153,896	\$158,539	\$163,168	\$168,144	\$173,218	\$177,768	
LAFCo Cost Share	9	\$16,290	\$16,697	\$17,114	\$17,542	\$17,981	\$18,430	\$18,891	\$19,363	\$19,847	
Law Enforcement	10	\$0	\$14,293,129	\$14,707,315	\$15,121,501	\$15,542,079	\$16,050,602	\$16,536,123	\$16,952,856	\$17,397,270	
Animal Control	11	\$0	\$98,147	\$100,997	\$103,846	\$106,696	\$110,203	\$113,579	\$116,429	\$119,540	
Planning	12	\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870	
Public Works Administration	14	\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233	
Non-Departmental											
Office Rent/Supplies	16	\$335,520	\$407,520	\$344,520	\$302,520	\$305,520	\$302,520	\$304,520	\$306,520	\$296,520	
Insurance	17	\$346,203	\$346,203	\$361,615	\$371,815	\$382,768	\$394,179	\$405,912	\$415,218	\$425,303	
Jail Booking Fees	18	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253	
Gen. Plan and Code Dev	19	\$30,000	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0	
Total Non-Departmental	20	\$991,444	\$1,241,566	\$1,202,099	\$978,421	\$1,002,371	\$1,020,402	\$1,042,257	\$1,062,431	\$1,069,075	
Contingency	21	\$155,059	\$927,586	\$964,143	\$978,458	\$1,007,039	\$1,036,467	\$1,066,893	\$1,091,166	\$1,116,710	
County Loan Repayment		\$0	\$902,989	\$880,965	\$859,478	\$838,515	\$818,064	\$0	\$0	\$0	
Total General Fund Expenditures		\$3,256,234	\$20,382,288	\$21,127,958	\$21,407,102	\$21,986,342	\$22,583,875	\$22,404,763	\$22,914,479	\$23,450,919	
(EXCLUDES NEW CAPITAL)											
ROAD MAINTENANCE EXPENDITURES	22	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257	
Road Maintenance Expenditures Total											
OTHER RESTRICTED FUND EXPENDITURES											
Building and Permit Fees (100% Cost Portion)	13	\$0	\$908,250	\$908,250	\$908,250	\$1,167,750	\$1,115,850	\$908,250	\$1,167,750	\$908,250	
Public Works - Site Development Services [3]	15	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	
Total Other Restricted Fund Expenditures		\$0	\$1,916,469	\$1,944,916	\$1,973,363	\$2,267,877	\$2,249,674	\$2,070,521	\$2,361,085	\$2,124,562	
TOTAL ALL FUND EXPENDITURES		\$5,614,606	\$24,684,632	\$25,486,907	\$25,822,901	\$26,724,748	\$27,338,391	\$27,013,276	\$27,736,153	\$28,091,738	

"exp_summary"

[1] Reference Notes are included in Figure C-2.
 [2] Portion of Site Development Services which is funded by General Fund Revenues
 [3] Equals portion of Site Development Services funded by restricted revenues.

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Figure C-2
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Expenditure Estimate Notes

Public Review Draft CFA - Dated July 27, 2001

Petition
 Boundary
 Alternative

Item	Description	Assumptions	Fiscal Year Ending								
			2003	2004	2005	2006	2007	2008	2009	2010	2011
1	City Council (incl. Mayor) Stipend Expenses (travel, meetings) Memberships Other Materials, Supplies City Council Expenses	5 persons \$400 per month \$20,000 \$15,000 \$15,000	\$24,000 \$20,000 \$15,000 \$20,000 \$79,000	\$24,000 \$20,000 \$15,000 \$17,000 \$74,000	\$24,000 \$20,000 \$15,000 \$16,000 \$75,000	\$24,000 \$20,000 \$15,000 \$17,000 \$76,000	\$24,000 \$20,000 \$15,000 \$18,000 \$77,000	\$24,000 \$20,000 \$15,000 \$19,000 \$78,000	\$24,000 \$20,000 \$15,000 \$20,000 \$79,000	\$24,000 \$20,000 \$15,000 \$21,000 \$80,000	\$24,000 \$20,000 \$15,000 \$22,000 \$81,000
2	Elections Number of Registered Voters Regular General Election Special Election [1] Total Elections	See Figure A-7 \$0.85 per registered voter \$4.00 per registered voter	25,469 \$21,649 \$21,649	26,993 \$0 \$0 \$0	27,755 \$23,592 \$23,592	28,517 \$0 \$0 \$0	29,454 \$25,036 \$25,036	30,356 \$0 \$0 \$0	31,118 \$26,450 \$26,450	31,950 \$0 \$0 \$0	32,565 \$27,680 \$27,680
3	City Manager	See Figure C-3	\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$451,039	\$452,894	\$454,759
4	City Clerk	See Figure C-3	\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291
5	City Attorney - Contracted Service [2]	\$500,000 Real Inc. 2.0%	\$550,000	\$510,000	\$520,200	\$530,604	\$541,216	\$552,040	\$563,081	\$574,343	\$585,830
6	Finance	See Figure C-4	\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876
7	Administrative Services	See Figure C-5	\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169
8	Property Tax Administration	3.05% of gross prop. tax	\$140,843	\$143,089	\$147,993	\$153,896	\$158,539	\$163,168	\$168,144	\$173,218	\$177,768
9	LAFCO Cost Share [3]	\$185,000 (All cities) \$15,127 8.18% of estimated FY 2000-2001 Costs	\$16,290	\$16,697	\$17,114	\$17,542	\$17,981	\$18,430	\$18,891	\$19,363	\$19,847
10	Law Enforcement Sheriff Traffic Enforcement (CHP) Total Law Enforcement	Base Year 1999-2000 FY 2003-04 Contract Cost \$11,982,431 \$12,581,553 \$850,000 \$927,526	n/a \$0 \$0 \$0	2.99% \$13,311,771 \$981,358 \$14,293,129	2.90% \$13,698,268 \$1,009,047 \$14,707,315	2.82% \$14,084,764 \$1,036,736 \$15,121,501	2.74% \$14,471,261 \$1,070,818 \$15,542,079	3.29% \$14,946,984 \$1,103,617 \$16,050,602	3.06% \$15,404,817 \$1,131,306 \$16,536,123	2.51% \$15,791,313 \$1,161,542 \$16,952,856	2.67% \$16,213,363 \$1,183,907 \$17,397,270
11	Animal Control (contract)	Net Cost per Capita Total Net Cost	\$0	\$98,147	\$100,997	\$103,846	\$106,696	\$110,203	\$113,579	\$116,429	\$119,540
12	Planning - Contract or Staff	See Figure C-6	\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870
13	Building Inspection - Contract or Staff Residential development Non-Residential development Total Building Inspection	\$1,730 per unit 50.0% of Res.	\$0 \$0 \$0	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375	\$908,250 \$454,125 \$1,362,375

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Figure C-2
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Expenditure Estimate Notes

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Ref.	Description	Assumptions	Fiscal Year Ending								
			2003	2004	2005	2006	2007	2008	2009	2010	2011
14	Public Works Administration	See Figure C-7	\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233
15	Site Development Services Restricted Revenue Funded Total Site Development Services	See Figure C-7 100% from Restricted Revenues	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312
16	Office Rent/Supplies Temporary Rental Capacity for 39.5 F.T.E's at 300 sq. ft. per employee	\$1.60 sq. ft./month 11,850 sq. ft. Real Inc. 0.0%	\$227,520	\$227,520	\$227,520	\$227,520	\$227,520	\$227,520	\$227,520	\$227,520	\$227,520
			9.00	22.5	28.5	30.0	31.5	32.5	33.5	34.5	34.5
	FTEs (excludes contract empl.)	per FTE	\$18,000	\$45,000	\$57,000	\$60,000	\$63,000	\$65,000	\$67,000	\$69,000	\$69,000
	Annual Supplies	per FTE	\$90,000	\$135,000	\$60,000	\$15,000	\$10,000	\$10,000	\$10,000	\$10,000	\$0
	Initial Computers, and Furnishings		\$335,520	\$407,520	\$344,520	\$302,520	\$305,520	\$302,520	\$304,520	\$306,520	\$296,520
17	Insurance	2.0%	\$346,203	\$346,203	\$361,615	\$371,815	\$382,768	\$394,179	\$405,912	\$415,218	\$425,303
18	Jail Booking Fees										
	Bookings - Intake	FY 1999-2000	\$248,919	\$256,146	\$263,373	\$270,600	\$279,496	\$288,057	\$295,284	\$303,176	\$309,014
	Bookings - Classification	1,458	\$30,803	\$31,697	\$32,591	\$33,486	\$34,586	\$35,646	\$36,540	\$37,517	\$38,239
	Fee Per Booking	877	\$279,721	\$287,843	\$295,964	\$304,086	\$314,082	\$323,703	\$331,824	\$340,693	\$347,253
	Total Jail Booking Fees	\$161.14 - Intake	\$30,000	\$200,000	\$200,000	\$0	\$0	\$0	\$0	\$0	\$0
19	General Plan and Code Development		\$155,059	\$927,586	\$964,143	\$978,458	\$1,007,039	\$1,036,467	\$1,066,893	\$1,091,166	\$1,116,710
20	Contingency	Based on 5% of total GF costs excluding contingency. 5.0%									
21	County Loan Repayment										
	Initial FY 2002-03 Services	FY 1999/00 Totals	\$11,982,431	\$218.68							
	Sheriff (includes traffic enforc.) [4]	Per Capita Costs	\$92,666	\$1.69							
	Animal Control (net of revenue)		\$199,601	\$3.64							
	Planning		\$0	\$0.00							
	Public Works		n/a	n/a							
	Less Property Tax (First Year)		n/a	n/a							
	Less Sales Tax (First 3 months)		n/a	n/a							
	Total		\$4,051,233								
		(Loan inflated to 2002 \$)	\$4,256,326								
	Loan Repayment	5 years	\$0	\$996,731	\$996,731	\$996,731	\$996,731	\$996,731	\$996,731	\$0	\$0
	Loan Repayment [4] (2000 \$)	5.50% real rate	\$0	\$902,989	\$880,965	\$859,478	\$838,515	\$818,064	\$0	\$0	\$0
22	Road Fund - Road Maintenance Expenditures Equal to Revenues	Net Road Maintenance Revenues	\$2,358,372	\$2,385,875	\$2,414,033	\$2,442,436	\$2,470,530	\$2,504,842	\$2,537,992	\$2,460,589	\$2,516,257

"cost_notes"

[1] Special election is required if cityhood election is not done during regularly scheduled election. Cost of Special Election is greater than a regular election.
 [2] Slightly higher costs for City Attorney services are expected during the first fiscal year of operation.
 [3] Based on Rancho Cordova's share of total City revenues within Sacramento County
 [4] No traffic enforcement cost is borrowed during the first year. The California Highway Patrol will provide up to 12 months of traffic enforcement without charge to a new city following incorporation.

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Figure C-3
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 City Manager and City Clerk Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

Description	Assumptions	Fiscal Year Ending										Petition Boundary Alternative		
		2003	2004	2005	2006	2007	2008	2009	2010	2011				
City Manager Office														
City Manager		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$105,000	\$105,000	\$105,525	\$106,053	\$106,583	\$107,116	\$107,651	\$108,190	\$108,731	\$109,274	\$109,817	\$110,360	\$110,903	\$111,446
Benefits	30%	\$31,500	\$31,658	\$31,816	\$31,975	\$32,135	\$32,295	\$32,457	\$32,619	\$32,782	\$32,945	\$33,108	\$33,271	\$33,434
Subtotal		\$136,500	\$137,183	\$137,868	\$138,558	\$139,251	\$139,947	\$140,647	\$141,350	\$142,057	\$142,764	\$143,471	\$144,178	\$144,885
Assistant to City Manager - FTE		0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$70,000	\$0	\$70,350	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849	\$73,212	\$73,574	\$73,937	\$74,300
Benefits	30%	\$0	\$21,105	\$21,211	\$21,317	\$21,423	\$21,530	\$21,638	\$21,746	\$21,855	\$21,963	\$22,071	\$22,180	\$22,289
Subtotal		\$0	\$91,455	\$91,912	\$92,372	\$92,834	\$93,298	\$93,764	\$94,233	\$94,704	\$95,175	\$95,646	\$96,117	\$96,588
Admin. Secretary - FTE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$38,000	\$38,000	\$38,190	\$38,381	\$38,573	\$38,766	\$38,960	\$39,154	\$39,350	\$39,547	\$39,744	\$39,941	\$40,138	\$40,335
Benefits	30%	\$11,400	\$11,457	\$11,514	\$11,572	\$11,630	\$11,688	\$11,746	\$11,805	\$11,864	\$11,922	\$11,981	\$12,040	\$12,099
Subtotal		\$49,400	\$49,647	\$49,895	\$50,145	\$50,395	\$50,647	\$50,901	\$51,155	\$51,411	\$51,665	\$51,920	\$52,175	\$52,430
Administrative Assistant - FTE		0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$32,000	\$0	\$16,080	\$32,321	\$32,482	\$32,645	\$32,808	\$32,974	\$33,141	\$33,308	\$33,476	\$33,644	\$33,812	\$33,980
Benefits	30%	\$0	\$4,824	\$9,696	\$9,745	\$9,793	\$9,842	\$9,891	\$9,940	\$9,989	\$10,038	\$10,087	\$10,136	\$10,185
Subtotal		\$0	\$20,904	\$42,017	\$42,227	\$42,438	\$42,650	\$42,862	\$43,074	\$43,286	\$43,498	\$43,710	\$43,922	\$44,134
FTE Summary		2.0	3.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Personnel Subtotal		\$185,900	\$299,189	\$321,693	\$323,301	\$324,918	\$326,543	\$328,168	\$329,793	\$331,418	\$333,043	\$334,668	\$336,293	\$337,918
Other Costs - Materials & Supplies		\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000	\$80,000
Total City Manager Office Expenses		\$265,900	\$379,189	\$401,693	\$403,301	\$404,918	\$406,543	\$408,168	\$409,793	\$411,418	\$413,043	\$414,668	\$416,293	\$417,918
City Clerk Office														
City Clerk - FTE		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$70,000	\$70,000	\$70,350	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849	\$73,212	\$73,574	\$73,937	\$74,300
Benefits	30%	\$21,000	\$21,105	\$21,211	\$21,317	\$21,423	\$21,530	\$21,638	\$21,746	\$21,855	\$21,963	\$22,071	\$22,180	\$22,289
Subtotal		\$91,000	\$91,455	\$91,912	\$92,372	\$92,834	\$93,298	\$93,764	\$94,233	\$94,704	\$95,175	\$95,646	\$96,117	\$96,588
Clerk/Secretary - FTE		0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$16,000	\$16,000	\$16,080	\$32,321	\$32,482	\$32,645	\$32,808	\$32,974	\$33,141	\$33,308	\$33,476	\$33,644	\$33,812	\$33,980
Benefits	30%	\$4,800	\$4,824	\$9,696	\$9,745	\$9,793	\$9,842	\$9,891	\$9,940	\$9,989	\$10,038	\$10,087	\$10,136	\$10,185
Subtotal		\$20,800	\$20,904	\$42,017	\$42,227	\$42,438	\$42,650	\$42,862	\$43,074	\$43,286	\$43,498	\$43,710	\$43,922	\$44,134
FTE Summary		1.5	1.5	2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Costs		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Legal Notices		\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
Other Costs		\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Subtotal Other Costs		\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000	\$275,000
Total City Clerk Office Expenses		\$211,800	\$187,359	\$208,929	\$209,599	\$252,710	\$253,599	\$254,492	\$255,389	\$256,291	\$257,193	\$258,095	\$258,997	\$259,899

"city_mgr"

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Figure C-4
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Finance Department Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

Petition
 Boundary
 Alternative

Description	Assumptions	Fiscal Year Ending												
		2003	2004	2005	2006	2007	2008	2009	2010	2011				
Finance Department														
Finance Director - FTE														
Annual Salary		\$90,000	\$90,450	\$90,902	\$91,357	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664				
Benefits	30%	\$27,000	\$27,135	\$27,271	\$27,407	\$27,544	\$27,682	\$27,820	\$27,959	\$28,099				
Subtotal		\$117,000	\$117,585	\$118,173	\$118,764	\$119,358	\$119,954	\$120,554	\$121,157	\$121,763				
Accountant/Budg. Analyst - FTE														
Annual Salary		\$42,000	\$42,210	\$42,421	\$42,633	\$42,846	\$42,846	\$42,846	\$42,846	\$42,846				
Benefits	30%	\$12,600	\$12,663	\$12,726	\$12,790	\$12,854	\$12,854	\$12,854	\$12,854	\$12,854				
Subtotal		\$54,600	\$54,873	\$55,147	\$55,423	\$55,700	\$55,700	\$55,700	\$55,700	\$55,700				
Accounting Technician - FTE														
Annual Salary		\$16,000	\$16,240	\$16,480	\$16,720	\$16,960	\$17,200	\$17,440	\$17,680	\$17,920				
Benefits	30%	\$4,800	\$4,872	\$4,944	\$5,016	\$5,088	\$5,160	\$5,232	\$5,304	\$5,376				
Subtotal		\$20,800	\$21,112	\$21,424	\$21,736	\$22,048	\$22,360	\$22,672	\$22,984	\$23,296				
Secretary/Clerical - FTE														
Annual Salary		\$15,000	\$15,150	\$15,300	\$15,450	\$15,600	\$15,750	\$15,900	\$16,050	\$16,200				
Benefits	30%	\$4,500	\$4,545	\$4,590	\$4,635	\$4,680	\$4,725	\$4,770	\$4,815	\$4,860				
Subtotal		\$19,500	\$19,695	\$19,890	\$20,085	\$20,280	\$20,475	\$20,670	\$20,865	\$21,060				
FTE Summary														
Personnel Subtotal		\$211,900	\$214,365	\$216,830	\$219,295	\$221,760	\$224,225	\$226,690	\$229,155	\$231,620				
Other Costs		\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000				
Total Finance Department Expenses		\$361,900	\$374,365	\$396,745	\$398,229	\$399,720	\$457,198	\$458,984	\$503,856	\$505,876				

"city_finance"

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Figure C-5
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Administrative Services Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Description	Assumptions	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
ADMINISTRATIVE SERVICES											
Human Resources											
Human Resources Director - FTE		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$72,000	\$36,000	\$72,360	\$73,085	\$73,451	\$73,818	\$74,187	\$74,558	\$74,931	\$74,931	
Benefits	30%	\$10,800	\$21,708	\$21,817	\$21,926	\$22,035	\$22,145	\$22,256	\$22,367	\$22,479	
Subtotal		\$46,800	\$94,068	\$94,538	\$95,011	\$95,486	\$95,964	\$96,443	\$96,926	\$97,410	
Admin. Analysts/H.R. Tech. - FTE		0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$35,000	\$0	\$17,588	\$35,351	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425	\$36,425	
Benefits	30%	\$0	\$5,276	\$10,605	\$10,658	\$10,712	\$10,819	\$10,873	\$10,927	\$10,927	
Subtotal		\$0	\$22,864	\$45,956	\$46,186	\$46,417	\$46,882	\$47,117	\$47,352	\$47,352	
Administrative Clerk - FTE		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Annual Salary	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Benefits	30%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Subtotal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Costs		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	
Human Resources Subtotal		\$71,800	\$141,932	\$165,494	\$166,197	\$166,903	\$167,612	\$168,326	\$169,042	\$169,762	
Information Services											
Information Services Manager - FTE		0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$65,000	\$0	\$65,325	\$65,652	\$65,980	\$66,310	\$66,641	\$66,975	\$67,309	\$67,646	
Benefits	30%	\$0	\$19,598	\$19,695	\$19,794	\$19,893	\$19,992	\$20,092	\$20,193	\$20,294	
Subtotal		\$0	\$84,923	\$85,347	\$85,774	\$86,203	\$86,634	\$87,067	\$87,502	\$87,940	
Information Services Technician - FTE		0.5	1.0	1.0	1.5	2.0	2.0	2.0	2.0	2.0	
Annual Salary	\$45,000	\$22,500	\$45,225	\$68,518	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664	\$93,664	
Benefits	30%	\$6,750	\$13,568	\$13,635	\$20,555	\$27,544	\$27,682	\$27,820	\$27,959	\$28,099	

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Figure C-5
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Administrative Services Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

Petition
Boundary
Alternative

Description	Assumptions	Fiscal Year Ending									
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
Subtotal		\$29,250	\$58,793	\$59,086	\$89,073	\$119,358	\$119,954	\$120,554	\$121,157	\$121,763	
Other Costs	\$60,000 Real Inc. 0.0%	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	
Information Services Subtotal		\$89,250	\$203,715	\$204,434	\$234,847	\$265,560	\$266,588	\$267,621	\$268,659	\$269,702	
General Services											
General Services Manager - FTE		0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$55,000	\$0	\$55,275	\$55,551	\$55,829	\$56,108	\$56,389	\$56,671	\$56,954	\$57,239	
Benefits	30%	\$0	\$16,583	\$16,665	\$16,749	\$16,832	\$16,917	\$17,001	\$17,086	\$17,172	
Subtotal		\$0	\$71,858	\$72,217	\$72,578	\$72,941	\$73,305	\$73,672	\$74,040	\$74,411	
Maintenance Technician - FTE		0.0	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$32,000	\$0	\$0	\$32,321	\$32,482	\$32,645	\$32,808	\$32,972	\$33,137	\$33,303	
Benefits	30%	\$0	\$0	\$9,696	\$9,745	\$9,793	\$9,842	\$9,892	\$9,941	\$9,991	
Subtotal		\$0	\$0	\$42,017	\$42,227	\$42,438	\$42,650	\$42,864	\$43,078	\$43,293	
Custodial Worker - FTE		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Annual Salary	\$28,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Benefits	30%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Subtotal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Other Costs	\$10,000 Real Inc. 0.0%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
General Services Subtotal		\$10,000	\$81,858	\$124,234	\$124,805	\$125,379	\$125,956	\$126,536	\$127,118	\$127,704	
ADMINISTRATIVE SERVICES TOTAL		\$171,050	\$427,504	\$494,162	\$525,849	\$557,842	\$560,156	\$562,482	\$564,820	\$567,169	
FTE Summary		1.0	4.5	6.0	6.5	7.0	7.0	7.0	7.0	7.0	

"city_admin"

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Figure C-6
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Planning Department Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

Petition
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Description	Assumptions	Fiscal Year Ending										
		2003	2004	2005	2006	2007	2008	2009	2010	2011		
Planning Department												
Planning Director - FTE [1]												
Annual Salary	Real Inc. 0.5%	\$45,000	\$90,450	\$90,902	\$91,357	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664		
Benefits	30%	\$13,500	\$27,135	\$27,271	\$27,407	\$27,544	\$27,682	\$27,820	\$27,959	\$28,099		
Subtotal		\$58,500	\$117,585	\$118,173	\$118,764	\$119,358	\$119,954	\$120,554	\$121,157	\$121,763		
Senior Planner - FTE												
Annual Salary	Real Inc. 0.5%	\$0	\$120,600	\$181,805	\$182,714	\$183,627	\$184,545	\$185,468	\$186,395	\$187,327		
Benefits	30%	\$0	\$36,180	\$54,541	\$54,814	\$55,088	\$55,364	\$55,640	\$55,919	\$56,198		
Subtotal		\$0	\$156,780	\$236,346	\$237,528	\$238,715	\$239,909	\$241,108	\$242,314	\$243,525		
Associate or Assistant Planners - FTE												
Annual Salary	Real Inc. 0.5%	\$0	\$135,675	\$181,805	\$228,392	\$229,534	\$230,682	\$231,835	\$232,994	\$234,159		
Benefits	30%	\$0	\$40,703	\$54,541	\$68,518	\$68,860	\$69,204	\$69,550	\$69,898	\$70,248		
Subtotal		\$0	\$176,378	\$236,346	\$296,909	\$298,394	\$299,886	\$301,385	\$302,892	\$304,407		
Secretary/Clerical - FTE												
Annual Salary	Real Inc. 0.5%	\$0	\$30,150	\$60,602	\$60,905	\$61,209	\$61,515	\$61,823	\$62,132	\$62,442		
Benefits	30%	\$0	\$9,045	\$18,180	\$18,271	\$18,363	\$18,455	\$18,547	\$18,640	\$18,733		
Subtotal		\$0	\$39,195	\$78,782	\$79,176	\$79,572	\$79,970	\$80,369	\$80,771	\$81,175		
FTE Summary												
Personnel Subtotal		\$58,500	\$489,938	\$669,647	\$732,377	\$736,039	\$739,719	\$743,417	\$747,134	\$750,870		
Other Costs												
Planning Consultants	Real Inc. 0.0%	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000		
Mapping Reproduction	Real Inc. 0.0%	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000		
Planning Commission Expense	Real Inc. 0.0%	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000		
Miscellaneous Other Costs	Real Inc. 0.0%	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000		
Other Cost Subtotal		\$110,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000	\$140,000		
Total Planning Department Expenses		\$168,500	\$629,938	\$809,647	\$872,377	\$876,039	\$879,719	\$883,417	\$887,134	\$890,870		

"Planning"

[1] Assumes Planning Director is hired with 6 months remaining in the first fiscal year of the City.

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Figure C-7
 Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Public Works and Site Development Cost Estimates

Public Review Draft CFA - Dated July 27, 2001

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Description	Assumptions	Fiscal Year Ending										
		2003	2004	2005	2006	2007	2008	2009	2010	2011		
Public Works Department - General Fund												
Public Works Director - FTE [1]		0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$82,000	\$41,000	\$82,410	\$82,822	\$83,236	\$83,652	\$84,071	\$84,491	\$84,913	\$85,338	\$85,761	\$86,184
Benefits	30%	\$12,300	\$24,723	\$24,847	\$24,971	\$25,096	\$25,221	\$25,347	\$25,474	\$25,601	\$25,728	\$25,855
Subtotal		\$53,300	\$107,133	\$107,669	\$108,207	\$108,748	\$109,292	\$109,838	\$110,387	\$110,939	\$111,491	\$112,043
Secretary/Clerical - FTE		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Annual Salary	\$30,000	\$15,000	\$15,075	\$15,150	\$15,226	\$15,302	\$15,379	\$15,456	\$15,533	\$15,611	\$15,688	\$15,765
Benefits	30%	\$4,500	\$4,523	\$4,545	\$4,568	\$4,591	\$4,614	\$4,637	\$4,660	\$4,683	\$4,706	\$4,729
Subtotal		\$19,500	\$19,598	\$19,695	\$19,794	\$19,893	\$19,992	\$20,092	\$20,193	\$20,294	\$20,395	\$20,496
FTE Summary (excludes site dev. emp.)		1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Personnel Subtotal		\$72,800	\$126,731	\$127,364	\$128,001	\$128,641	\$129,284	\$129,931	\$130,580	\$131,233	\$131,886	\$132,539
Other Costs	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total Public Works Dept. Expenses		\$122,800	\$176,731	\$177,364	\$178,001	\$178,641	\$179,284	\$179,931	\$180,580	\$181,233	\$181,886	\$182,539
Site Development Services												
Estimated Cost for Rancho Cordova Area	FY 1999/00 Estimate \$925,056	\$0	\$1,008,219	\$1,036,666	\$1,065,113	\$1,100,127	\$1,133,824	\$1,162,271	\$1,193,335	\$1,216,312	\$1,241,335	\$1,266,312

[1] Assumes Public Works Director is hired with 6 months remaining in the first fiscal year of the City.

"pub_works"

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Figure D-1
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Change in GENERAL FUND Revenues and Expenses to Sacramento County [1]

Item	Fiscal Year	
	1999-2000	Source
Revenues Transferred or Lost		
Property Taxes (Includes HOPTR)	\$4,060,975	Figure B-3 (EPS estimate)
Sales Tax [2]	\$15,522,080	State Board of Equalization based on 1999-2000 estimate
Transient Occupancy Tax	\$3,779,469	County of Sacramento based on 1999-2000 estimate
Utility User Tax	\$3,081,047	Figure B-2, Note 3 (EPS Estimate)
Real Property Transfer Tax	\$229,698	County of Sacramento based on 1999-2000 estimate
Unitary Tax	\$0	Revenue Loss Not Estimated
Franchise Fees	\$141,174	Figure B-2, Note 7 (EPS estimate)
Business License Tax	\$107,533	County of Sacramento based on 1999-2000 estimate
Fines	\$0	Revenue Loss Not Estimated
Total Revenues Transferred	\$26,921,975	
Expenses (Net of Revenue Offsets)		
Sheriff	\$11,760,533	Sacramento County Sheriff's Dept. estimate
Animal Control	\$89,889	Sacramento County Animal Care and Regulation Dept. est
Planning	\$184,384	Sacramento County Planning Dept. estimate
Public Works	\$0	Sacramento County Public Works Dept. estimate
Total Expenses Transferred	\$12,034,806	
County Surplus or (Deficit)	(\$14,887,169)	
Additional Future Revenues to County		
Property Tax Administration Fees	\$122,667	
Jail Booking Fees	\$264,100	
Sheriff Contract (A-87 indirect allocation) [3]	\$221,898	
Total	\$608,665	
County Surplus or (Deficit) after Additional Future Revenues	(\$14,278,504)	

"net_fiscal"

Source: Sacramento County Sheriff, Animal Care & Regulation, Planning, Public Works, and Finance Departments.

[1] Calculations are based on actual revenues and expenses for Fiscal Year 1999-2000.

[2] Based on sales tax estimate through June 30, 2000. Estimate also includes 12% for unallocated sales tax.

[3] Equal to Countywide A-87 indirect cost allocated to Sheriff's Department as shown in Figure D-2.

Figure D-2

Rancho Cordova Incorporation Comprehensive Fiscal Analysis
 Calculation of Cost Transferred to New City - Govt. Code Section 56815

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Fiscal Year 1999-2000 County Cost Estimates	Total Cost	Less		Direct Cost	Offsetting Revenue	Net Cost Transferred
		Countywide A-87 Indirect Cost				
Sheriff	\$12,229,561	\$221,898	[1]	\$12,007,663	\$247,130	\$11,760,533
Animal Control	\$137,241	\$2,777		\$134,464	\$44,575	\$89,889
Planning	\$685,606	\$15,217		\$670,389	\$486,005	\$184,384
Public Works	\$2,747,068	\$449,171		\$2,297,897	\$2,297,897	\$0
Total	\$15,799,476	\$689,063		\$15,110,413	\$3,075,607	\$12,034,806

"cost_xfer"

[1] Direct cost includes department direct and indirect (department allocated) costs.

[2] Includes revenues from fees, charges, or grants that the new City would be able to use to offset the cost of service. Does not include restricted revenues received by the County that would not be subject to transfer to the new City.

Source: Sacramento County Departments of Animal Care and Regulation, Planning, Public Works, and the County of Sacramento Sheriff.

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Figure D-3
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
Change in ROAD FUND Revenues and Expenses to Sacramento County [1]

Item	Fiscal Year	
	1999-2000	Source
Revenues Transferred or Lost		
Road Fund Property Tax	\$31,494	Figure B-3 (EPS estimate)
State Shared 2106c Revenues	\$275,167	EPS estimate
Measure A Revenue	\$876,390	SACOG estimate based on 1999-2000 data
Total Revenues Transferred	\$1,183,051	
Expenses (Net of Revenue Offsets)		
Road Maintenance	\$2,269,268	Sacramento County Dept. of Transp. estimate
County Surplus or (Deficit)	\$1,086,217	

"net_fiscal_roads"

[1] Calculations are based on actual revenues and expenses for Fiscal Year 1999-2000.

Source: Sacramento County Auditor-Controller, Department of Transportation, and Transportation Commission, and SACOG.

APPENDIX B

Incorporation Petition Boundary Sensitivity Analysis

Appendix B summarizes the results of the CFA sensitivity analysis. The CFA sensitivity analysis summary represents the cumulative impact of changes to two key CFA assumptions. Key assumptions modified in the CFA sensitivity analysis include:

- Growth in existing assessed value
- Sheriff – law enforcement contract cost estimate

The sensitivity analysis assumes existing assessed value within the proposed City would experience a real growth rate of 0.5 percent per year. Revision to this assumption results in increased annual property tax revenues between \$90,000 and \$220,000 annually.

The sensitivity analysis also assumes the Sheriff contract cost for law enforcement would be 2.5 percent higher than the Fiscal Year 1999-2000 cost of providing law enforcement services to the area. This assumption is reduced from 5.0 percent assumed in the base CFA analysis. Revision to this assumption results in decreased law enforcement costs between \$300,000 and \$400,000 annually.

Figure B-1 shows the results of the sensitivity analysis for selected years. If the amount of “fiscal mitigation” equals the combined County General Fund and Road Fund impacts of \$13.2 million, the sensitivity analysis shows the proposed City would experience annual budget surpluses, thereby supporting findings of fiscal feasibility.

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Figure B-1
Rancho Cordova Incorporation Comprehensive Fiscal Analysis
General Fund Summary - SENSITIVITY ANALYSIS

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Item	Fiscal Year Ending		
	2004	2008	2011
General Fund Revenues	\$33,419,982	\$35,385,710	\$36,522,497
General Fund Expenditures	\$20,035,255	\$22,198,972	\$23,044,761
Surplus/(Deficit) prior to Mitigation	\$13,384,726	\$13,186,738	\$13,477,736
Less Potential Mitigation Payments [1]	(\$13,192,287)	(\$13,192,287)	(\$13,192,287)
Surplus/(Deficit) following Mitigation	\$192,439	(\$5,549)	\$285,449

"sens_sum"

[1] Potential mitigation payments are currently shown equal to the Govt. Code Section 56815 fiscal mitigation calculation shown in Figure D-1 in the CFA less County Road Fund surpluses calculated in Figure D-3. Actual fiscal mitigation payments will be determined through negotiations between the County, the incorporation proponents, and LAFCO.

