



MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT

"To provide responsive service to our growing community that exceeds expectations at a fair value."

STAFF REPORT

AGENDA TITLE: Review Incorporation Feasibility Analysis and Consider Preparing Resolution of Application for Submittal to the San Joaquin Local Area Formation Commission

MEETING DATE: October 14, 2020

PREPARED BY: Steven J. Pinkerton, General Manager

RECOMMENDATION:

Staff recommends that the Board of Directors direct the General Manager to prepare a resolution of application for incorporation and bring it back to the Board of Directors for its consideration.

BACKGROUND:

The Board of Directors appointed an ad-hoc committee in 2015 to review the feasibility of Mountain House becoming an incorporated city.

At the Board meeting of February 10, 2016, the Incorporation Committee presented an overview of the process of becoming a city. On March 9, 2016, the Board directed staff to allocate staff resources to prepare a preliminary financial analysis. In addition, staff retained the services of an economic development consultant to review the potential amount of commercial development revenue that could be generated. Both the staff and consultant studies reviewed the District's current costs and revenues along with the costs and revenues at build-out of the community.

The findings of the report were presented at a Board Study Session held on March 15, 2017. This preliminary study indicated that there would likely be sufficient revenues at build-out to support a fiscally feasible operation as an incorporated city.

Subsequently, the District has included the possibility of incorporation in its Strategic Plan. However, due to a shortage of staffing resources, no additional work was done until this year.

Earlier this year, the Board of Directors approved a contract with Berkson Associates to perform an Initial Fiscal Analysis (IFA).

DISCUSSION:

The purpose of the IFA is to provide the District and the community with clear and objective information about the incorporation proposal, its service cost and tax revenue implications. The report describes potential benefits and goals of incorporation. While the previous study focused

on the finances at build-out, LAFCO requires a report which focuses on initial startup and costs of operation over the first ten years of incorporation.

This report demonstrates the short-term and long-term fiscal viability of incorporation and provides a basis for subsequent review and discussion and decisions by the public, the County and LAFCO.

Executive Summary of the Findings

The new City's budget forecast shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than MHCS D service levels. The forecast shows the accumulation of contingency and reserve funds that can pay for short-term cash flow requirements, emergency repairs or other unforeseen events, and to increase capital improvement funding.

No significant additional capital improvements are anticipated to result from incorporation, other than improvements already planned by MHCS D. MHCS D currently programs revenues towards current and future operations, capital repair, replacement and expansion of facilities; those costs will be unaffected by incorporation.

As a City, the community will qualify for additional revenues and grants specific to cities, for example, gas taxes, Measure K and other road-related revenues, and CDBG grants. The additional annual City revenues exceed the additional annual expenditures resulting from City formation.

Next Steps

The results indicate that incorporation could be very beneficial to the community. If the Board wishes to move forward, the next step in the process is to submit an application for submittal to the San Joaquin Local Area Formation Commission (LAFCo). To do so, the Board would need to first adopt a resolution of application, and staff could then submit the application.

While the IFA provides much of the information needed for LAFCo consideration, a Comprehensive Fiscal Analysis (CFA) must be prepared under LAFCo's direction. The IFA should allow for streamlining of the timing and cost of preparing the required CFA.

TIMING:

The attached IFA includes a detailed timeline of the incorporation process. The **CRA** and future approvals would likely take another 12-18 months. Completing the process in less than 18 months would allow for the consideration of the incorporation at the Primary Election in 2022.

FISCAL IMPACT:

The next step in the process would be prepared by staff. There is no financial cost to prepare the application. There would be costs associated with pursuing the application, and they will be identified when the resolution of application is submitted to the Board.

STRATEGIC PLAN:

The Incorporation Feasibility Analysis will help staff achieve the following Finance Department Strategic Plan goal and objective:

Goal FIN-G: Identify and secure new sources of revenue

ACTION FOLLOWING BOARD APPROVAL:

Prepare an incorporation application for submittal to LAFCo.

ATTACHMENTS:

Attachment A: Incorporation Feasibility Analysis

c: District Counsel

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DRAFT REPORT

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT:

INCORPORATION FEASIBILITY ANALYSIS (IFA)

Prepared by BERKSON ASSOCIATES

October 2, 2020

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1. INTRODUCTION

MOUNTAIN HOUSE COMMUNITY SERVICES DISTRICT (MHCS D)

MHCS D was formed in 1996 with the County Board of Supervisors serving as its Board of Directors. The District's population reached and exceeded 1,000 registered voters and in 2008 MHCS D became an independent district governed by its own elected board.

Upon formation of the District, it was contemplated that Mountain House would someday incorporate and it was structured to provide and fund a broad range of services that eventually would be provided by a city. The Mountain House Master Plan and its three specific plans direct that essential public services, including streets, storm drainage, water and sewer, are to be provided by the District. MHCS D established an existing governance structure for managing the majority of services that would be provided by a future city following incorporation.

In 2015, MHCS D began investigating the feasibility of incorporating as a city to expand its control over local services and to increase revenues to improve services; following a presentation in March 15, 2017 by the Staff to the Board, the item was included in the District's Strategic Plan. The current Study provides a basis for a more detailed evaluation of incorporation feasibility, its implications for services, costs and revenues. If the MHCS D Board decides to proceed towards cityhood, a number of additional steps will be required including application to the San Joaquin Local Agency Formation Commission (LAFCO) for review and approval of the incorporation, which would then require majority approval by voters in the proposed City boundaries.

METHODOLOGY

This Incorporation Feasibility Analysis (IFA) is based on a review of relevant MHCS D planning and financial documents, information provided by MHCS D staff, and input from other MHCS D consultants, as well as discussions with public agencies about potential future City operations. The IFA format and analysis is consistent with State incorporation codes and with past State Auditor reviews of other incorporation studies. Assumptions and calculations are described in the report and further documented in the appendices.

The current report is intended to help guide the MHCS D Board and the residents of Mountain House in deciding whether to proceed with the incorporation process, and to identify issues requiring further analysis during the LAFCO incorporation review. Actual development activity, revenues and expenditures will vary from the forecasts in this report depending on future economic conditions and decisions to be made by MHCS D and other agencies.

2. EXECUTIVE SUMMARY

FEASIBILITY OF INCORPORATION

The new City's budget forecast shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than MHCS D service levels. The forecast shows the accumulation of contingency and reserve funds that can pay for short-term cash flow requirements, emergency repairs or other unforeseen events, and to increase capital improvement funding.

No significant additional capital improvements are anticipated to result from incorporation, other than improvements already planned by MHCS D. MHCS D currently programs revenues towards current and future operations, capital repair, replacement and expansion of facilities; those costs will be unaffected by incorporation.

As a City, the community will qualify for additional revenues and grants specific to cities, for example, gas taxes, Measure K and other road-related revenues, and CDBG grants. The additional annual City revenues exceed the additional annual expenditures resulting from City formation.

FISCAL IMPACTS ON OTHER AGENCIES

The current analysis estimates that the County's net costs to serve Mountain House will be reduced as a result of the incorporation.

Incorporation will transfer a portion of County property taxes to the new City and re-allocate certain road-related revenues from the County to the City, including gas taxes and Measure K revenues.

These County revenue reductions are more than offset by County expenditure reductions. Reduced County expenditures include Sheriff protection costs, which currently are billed to MHCS D without allocations for County regional services and overhead. This IFA assumes that the new City will pay a Sheriff contract cost that includes all costs that are standard in city Sheriff contracts.

A Comprehensive Fiscal Analysis (CFA) will be prepared during the LAFCO incorporation process which will determine impacts based on an updated and detailed analysis. The CFA's findings and revenue neutrality negotiations with the County will specify revenue neutrality payments from the new City to the County, if required.

INCORPORATION PROCESS AND MILESTONES

FIGURE A-1 in APPENDIX A illustrates the incorporation process, targeting a March 2022 election and City effective date of July 1, 2022. The schedule is relatively short and assumes the process advances without delay. The schedule depends on LAFCO's timing for various tasks and meetings. The date when the new

City becomes effective could be later than shown in the illustrative schedule to allow time following the election for certification of results and related filings.

1. **Incorporation Feasibility Analysis (IFA)** – MHCS D reviews and accepts IFA. The IFA will inform the decision by MHCS D and the public about City financial feasibility and incorporation benefits and costs so they can decide whether to proceed.
2. **Initiate Incorporation Process** – A resident petition and application to LAFCO can initiate the process, or MHCS D can submit the incorporation application. If initiated by residents,¹ MHCS D could approve a resolution in support of incorporation and contribute funding for LAFCO fees and charges for the application.
3. **Preparation of Comprehensive Fiscal Analysis (CFA)** – Following receipt of an incorporation application, LAFCO will issue a consultant Request for Proposals (RFP) and commission a CFA, which is a more detailed version of the current IFA. The purpose of the CFA is to document the financial feasibility of the proposed new City and to determine financial impacts, if any, on other agencies. The CFA provides the basis for establishing a transfer of property tax from the County to the new City and for specifying revenue neutrality payments, if required, from the City to the County or other agencies.

The Public Services Allocation Agreement (PSAA) between the County and MHCS D, amended in 2003,² recognizes that State statutes require the County to pay the costs of incorporation,³ but the PSAA states that in the case of a Mountain House incorporation, MHCS D shall pay all costs associated with the preparation of the Comprehensive Fiscal Analysis (CFA) required for incorporation.

The CFA should be completed during the fiscal year following the release of County financial information for the prior fiscal year. If the CFA process extends into another fiscal year, there is a risk that its data will require updating, creating additional costs and causing delays.

4. **Revenue Neutrality Negotiations** – Meetings will occur between the incorporation applicants and the County to agree upon revenue neutrality mitigations, if required, and other transition

¹ A petition may be submitted by “...Not less than 25 percent of the registered voters residing in the area to be incorporated” pursuant to Gov. Code 56764 (a).

² Amended and Restated Public Services Allocation Agreement between the County of San Joaquin and Mountain House Community Services District Relating to the Development Known as Mountain House Community, Section 6. Comprehensive Fiscal Analysis, A-03-951, Nov. 18, 2003.

³ Gov. Code Sec. 56802 requires the County to pay the cost of the CFA notwithstanding the PSAA.

and Cityhood issues that may affect the County and the new City. The negotiations may also include the nature and payment for ongoing transition year services provided by the County.

5. **LAFCO Hearings** – LAFCO will hold a series of hearings to review the application, the CFA, and the LAFCO Staff Report. If the proposal is approved, LAFCO approval will be accompanied by a set of “Terms and Conditions” applicable to the incorporation. For example, terms will specify the amount of property tax sharing between the County and the City. Public input will be received during these meetings.
6. **Election** – Incorporation requires majority approval of the voters within the new City’s boundaries. The election ballot may include an election for council members, or the council may be elected on a separate ballot (but before the effective date of incorporation).
7. **Formation** – LAFCO’s Terms and Conditions will specify the “effective date” of the new city, typically at the start of a new fiscal year on July 1. This date could be extended if necessary to allow time for certification of election results, required filings, and other transition actions.
8. **Transition Year** – If requested by the new City, the County is required to continue to provide services for the remainder of the City’s first fiscal year. This transition allows time for the new City to hire staff and enter into contracts for services, and to begin receiving City revenues which may require a filing process which could delay the receipt of new City revenues. The new City will be required to repay the County for any County services provided during the transition year (which are not otherwise reimbursed by revenues retained by the County during the transition period). The transition year is an opportunity for the new City to accrue reserves for future cash flows and contingencies.

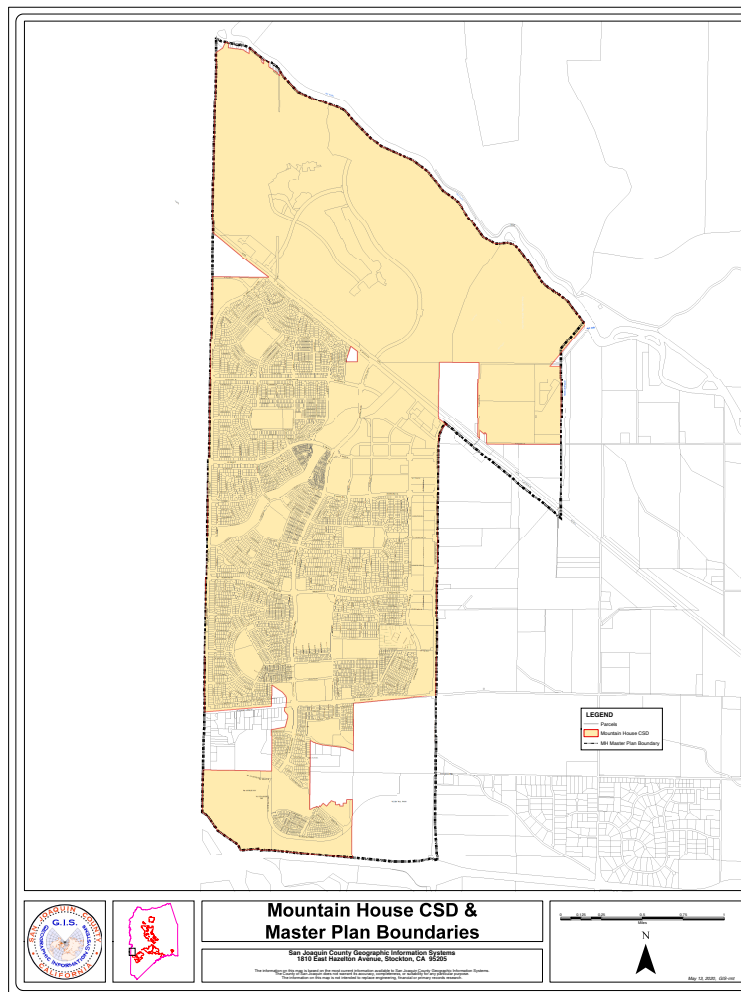
The timeline described above and illustrated in APPENDIX A will be more fully detailed by LAFCO, and will depend on issues raised during the incorporation process. For example, an affected party may call for review of the CFA by the State Auditor’s Office, which could delay the process by several months.

3. THE INCORPORATION PROPOSAL

The new City's boundaries and Sphere of Influence (SOI)⁴ are assumed to coincide with the MHCSD Master Plan boundaries as shown in **FIGURE 1**. LAFCO will determine the new City's boundaries and may consider a number of factors including existing and planned development patterns. An SOI will be established within one year of the start of the new City.

No change in planned development is expected to result from incorporation, although City economic development programs could facilitate business activity.

Figure 1 MHCSD Boundary and Sphere of Influence (Master Plan Boundary)



⁴ The City's SOI is the area of ultimate expansion of boundaries.

EXISTING AND NEW PUBLIC INFRASTRUCTURE, FACILITIES AND SERVICES

Incorporation is not expected to incur any changes to existing facilities or plans for new facilities different from current MHCS D plans. Some additional staff will be needed to handle increased City responsibilities, but Town Hall facilities should be adequate to house the new City's additional staff.

FUNDING OF PUBLIC INFRASTRUCTURE, FACILITIES AND SERVICES

No significant change is assumed to the current methods of funding facilities and services; special taxes will continue as currently charged and collected.

In addition to revenues currently collected by MHCS D, the new City will receive a share of County property tax revenues generated within Mountain House, and will also gain other new revenues that MHCS D does not currently receive, e.g., gas taxes and other road-related taxes, sales taxes, property transfer taxes, and hotel taxes (if transient facilities are constructed in Mountain House and the City adopts a hotel tax).

DEBTS AND OBLIGATIONS

The analysis assumes that all MHCS D debts, obligations and assets will transfer to the new City. LAFCO approval will include Terms and Conditions to transfer all rights, duties and obligations of MHCS D to the new City. No adverse impact on current MHCS D obligations or the City's future ability to issue new debt is anticipated.

4. LAND USE AND DEMOGRAPHICS

MOUNTAIN HOUSE MASTER PLAN

The Mountain House Master Plan was adopted as an amendment to the County General Plan in 1993. The Master Plan includes approximately 2,619 acres of residential development of varying densities, 674 acres of commercial and industrial uses, and approximately 760 acres of open space, recreation and resource conservation areas (in addition to roads and public facilities) within the Master Plan area shown in FIGURE 1. When fully built out, Mountain House is intended to provide approximately 15,700 units of housing and services for approximately 44,000 people⁵ at buildout forecast for 2040.⁶

Presently, the District boundary encompasses 3,471 acres, or about 72.6 percent of the 4,784 acre (approximately 7.5 square mile) Master Plan area.⁷ The Master Plan Area boundary represents the LAFCO-designated Sphere of Influence (SOI) area of ultimate buildout of the District.

FIGURE 2 shows the Master Plan land use designations and boundary. The Municipal Services Review (MSR) prepared and accepted by LAFCO in 2017 determined that the District has the ability to provide adequate infrastructure and services within its current boundary and could fund expanded capacity needed to serve its ultimate buildout.⁸ As described in this IFA, incorporation will maintain or improve current services and facilities.

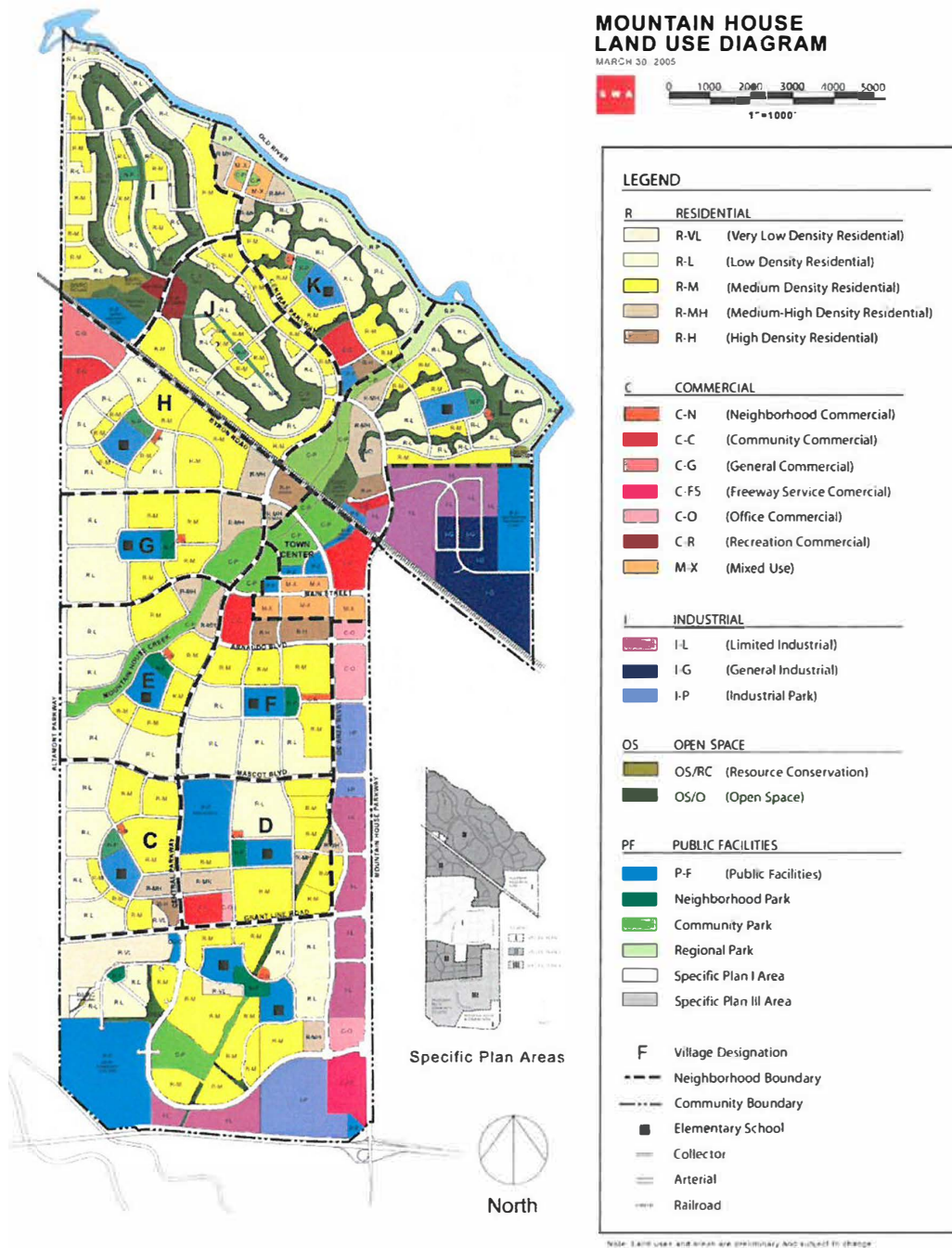
⁵ Official Statement, Mountain House Financing Authority, Utility Systems Revenue Bonds, Dec. 12, 2019, pg. 20.

⁶ Mountain House Revenue Projection Study, HdL/ECONsolutions, 2017.

⁷ Current MHCSd acres from map titled "Mountain House Community Service District Annexation Area", 4/8/2020. Total acres from MHCSd MSR 2017, pg. 2.

⁸ Mountain House Community Services District (MHCSd) Municipal Services Review (MSR) and Sphere of Influence (SOI) Plan, Final, January 2017, prepared for MHCSd by San Joaquin LAFCO.

Figure 2 Mountain House Master Plan Land Uses



RESIDENTIAL UNITS AND POPULATION

New residential development will increase population which in turn generates a need for new and expanded facilities and services. The value of new development and other public tax revenues will help fund future public expenditures. This new development is expected to occur even without incorporation, however, the new City will have access to additional sources of revenue.

Residential Units

Following the 2008 Great Recession, new residential development in Mountain House recovered and continued to increase. Between 2013 and 2020 developers completed an average of 416 units annually.⁹ The IFA budget forecast conservatively assumes an average of 300 building permits issued annually over the forecast period. This reduced rate of development is consistent with current MHCS D budget forecasts showing reduced growth in the near-term due to COVID-19 impacts.

Population

The estimate of current Mountain House population is based on the 2010 census and 3,252 new units added since 2010 for a total population of 23,504 in FY19-20. The overall average 3.4 persons per household is higher than the 3.04 persons/unit from a 2006 special census noted in the MHCS D MSR, and higher than the range of 2.0 to 3.12, depending on housing density, utilized in the 2016 Urban Water Management Plan and in the 1994 FEIR. The increased density of 3.73 persons per unit¹⁰ for units built since 2010 largely accounts for the overall increased household size.

The IFA budget forecast assumes that population grows proportionate to residential unit growth with a relatively constant new unit household size of 3.73. Demographic and economic factors, as well as the types and sizes of future new units, will influence the number of persons per unit and no significant changes are assumed for the purpose of these estimates.

⁹ MHCS D Budget Workshop presentation, May 6, 2020.

¹⁰ The State of California estimated 3.73 persons per new unit since 2010 (S. Pinkerton, 5/27/2020).

COMMERCIAL LAND USES AND EMPLOYMENT

Kosmont Associates also identified 75 employees working living in Mountain House and working from home in addition to approximately 830 jobs in Mountain House according to the Census Bureau, in 2017.¹² Future employment depends on the timing, magnitude and type of commercial development and number of new employees, as well as recent increases and trends in employees working from home. Growth in commercial space and employment will influence future City costs and revenues.

Estimates of future development are based on recent analysis by Kosmont Associates.¹⁴ For purposes of this IFA analysis, the Kosmont estimates are assigned to specific years; the actual timing and magnitude of development will depend on future economic conditions.

Office

Kosmont Associates forecasts a total of 325,000 new square feet of office development, in addition to an existing 28,000 square feet, under a “Low Growth” scenario.

The initial 50,000 square feet of new office is projected to be completed in the short-term (0-5 years); the IFA budget forecast assumes the new development occurs by FY22-23. Medium-term (5-10 years) development of 125,000 additional office square feet is assumed to occur by FY27-28. Long-term, (10+ years), an additional 150,000 square feet is assumed to occur beyond FY31-32 and is not included in the time frame of the current analysis.

Employment estimates assume 300 square feet per office employee.

Retail

Kosmont Associates forecasts a total of 225,000 new square feet of retail development (in addition to the existing 1,500 square foot convenience store) under a “Low Growth” scenario.

Approximately 140,000 square feet of new retail development in the Town Center and Mustang Square are assumed to be completed in FY21-22, and FY22-23. Medium-term (5-10 years) development of 35,000 square feet of new retail is shown in FY27-28. Long-term, (10+ years), an additional 50,000 square feet is assumed to occur beyond FY31-32 and is not included in the time frame of the current analysis.

Employment estimates assume 400 square feet per retail employee.

¹² U.S. Census Bureau, OnTheMap Application, <https://onthemap.ces.census.gov>

¹⁴ Kosmont, 6/20/2020.

Hotel

Kosmont Associates forecasts a 110-room hotel in the medium-term, assumed to be FY27-28.

The hotel would serve residents and businesses in Mountain House, as well as capture a share of travel along I-580 and I-5. A new hotel will generate transient occupancy taxes, property taxes and special taxes to the new City.

Employment estimates assume 0.4 employees per hotel room.¹⁵

Industrial

Kosmont Associates forecasts a total of 2.9 million new square feet of industrial development (approximately 510,000 square feet is under construction) under a “Low Growth” scenario.

In addition to the 510,000 square feet under construction, an additional 100,000 square feet of new industrial is added in FY22-23. Medium-term (5-10 years) development of 800,000 square feet is added in FY27-28. Long-term, (10+ years), an additional 1,500,000 square feet is assumed to occur beyond FY31-32 and is not included in the time frame of the current analysis.

Employment estimates assume 3,000 square feet per industrial employee.

OTHER PUBLIC/NON-PROFIT LAND USES

Government and not-for-profit organizations account for a portion of current employment in Mountain House. No major new public or non-profit developments are foreseen. However, the analysis assumes continued growth in employment in this sector proportionate to population growth in Mountain House. The additional employees contribute to public service needs.

Lammersville Unified School District (LUSD)

LUSD serves approximately 6,300 students in seven K-8 schools (six in Mountain House) and one high school located in Mountain House. LUSD employs a teaching staff of approximately 250 in Mountain House schools; an additional 50 management and maintenance employees bring the total to about 300.¹⁶

San Joaquin Delta College

In August 2009 San Joaquin Delta College opened a satellite campus in Mountain House known as South Campus at Mountain House. Delta College, based in Stockton, was ranked fourth in the entire country as

¹⁵ The hotel employment estimate is lower than the Kosmont estimate of 0.8 rooms per employee which is more characteristic of a full-service hotel in a more urban setting.

¹⁶ MHCS and California State Dept. of Education and LUSD budget.

well as the top community college in the state, according to a 2019 review of 700 community colleges.¹⁷ The campus serves approximately 687 Full-time Equivalent (FTE) students and employs an estimated 25 staff.¹⁸

Mountain House CSD

MHCS D currently employs approximately 30 staff.¹⁹ This employment is projected to grow as the community grows and adds community facilities, programs and services. New city services will add employees, mostly through contracts with private firms.

¹⁷ WalletHub, August 19, 2019, <https://wallethub.com/edu/e/best-worst-community-colleges/15076/>

¹⁸ San Joaquin Delta Community College District Educational Plan, 2017, Mountain House forecasted enrollments, Fig.10, pg. 92. Employment estimated by BA based on enrollment.

¹⁹ MHCS D Fiscal Year 2019/2020 Operating and Capital Improvement Budget, pg. 15.

5. PUBLIC SERVICES PLAN AND COSTS

MHCSD was planned as a district that could eventually transition to cityhood and was assigned responsibility for many of the services provided by a city. As a city, Mountain House will have an increased role in providing various services such as planning and development approvals, currently primarily a County responsibility.

The new City could continue to contract with the County for services, or with other agencies or private entities, or the District could consider hiring additional City personnel. Ultimately, service decisions will be made by the elected city council following incorporation. The following sections describe services and options summarized in TABLE 1. This chapter also notes key funding sources which CHAPTER 6 describes in more detail.

GOVERNANCE AND MANAGEMENT

The new City will be governed by five city council members elected at large who will function similar to the current MHCSD Board. The new City will require a city manager. This manager will oversee all municipal operations comparable to the current MHCSD General Manager's responsibilities.

The new city will require a City Clerk. Currently the MHCSD Board is served by the District Clerk; it is assumed that this position will continue to provide similar functions to the city council.

ADMINISTRATIVE SERVICES

The new City will be supported by administrative functions currently provided by MHCSD staff and contractors, including finance, customer service, accounting, human resources, risk management, and legal services. Population growth and additional City functions will increase the need for additional staff and/or contracts to handle added City responsibilities.

The City budget forecast assumes the addition of two additional staff to assist with increased administrative and finance workloads due to increased Mountain House activity and a growing community; these staff will also help to handle added City responsibilities. Additional costs may be required for information systems for the new City's additional land use and permit approval functions.

ECONOMIC DEVELOPMENT

The new City is expected to fund economic development activities to facilitate growth in business activity in Mountain House, which in turn will support jobs and increase City tax revenues. Initially, this role may be filled by City management staff and contracts with private firms; as the City grows, revenues may support a full-time position and expenditures for economic development planning, business outreach, and marketing.

Table 1 Summary of Current and Proposed Service Providers

Service	Current Service Providers		Post-Incorporation Change in Services
	County of San Joaquin/Other	Mountain House CSD	
General Government Administration	County provides Countywide services; no change with incorporation.	MHCSD Board oversees all functions including administration (District manager, board clerk, attorney (contract), human resources, finance, risk management, IT).	New city continues all current management and administration of services, plus new land use regulatory functions.
Engineering, Planning and Development	County administers MHCSD development agreements; provides plan check/building permits, building inspection and building code enforcement.	MHCSD enforces CCRs and MHCSD ordinances; infrastructure planning and maintenance; administers impact fees; manages sewer and water contracts with private operators.	New city will be responsible for all planning and development services. City may contract with County or private firm, and receive revenues from permits and fees.
Economic Development	No Mountain House-specific economic development.	No MHCSD economic development programs.	New city can undertake economic development and participate in CDBG programs.
Animal Control	City of Stockton provides animal pickup in MHCSD per contract with County.	No MHCSD services.	New city could contract with neighboring city or County for animal control and shelter services.
Road Maintenance	No County services.	MHCSD is responsible for road maintenance.	No change. Increased development & roadways will create need for increased services. City will qualify for regional funding and gas taxes.
Transit	Regional agencies provide transit services.	MHCSD coordinates transit planning and provides vehicles and operational cost for local services.	New city will continue transit coordination and services, and may expand services using regional funding available to the city.
Police Protection	County Sheriff provides one deputy 24/7 per MHCSD contract. CHP provides enhanced patrol services per MHCSD contract and "base" level of service.	MHCSD funds County Sheriff contract and supplemental CHP traffic enforcement, and contracts for additional private security services.	County Sheriff contract could be continued, or City could contract with neighboring city, or form its own department.

Table 1 Summary of Current and Proposed Service Providers (cont'd)

Service	Current Service Providers		Post-Incorporation Change in Services
	County of San Joaquin/Other	Mountain House CSD	
Fire Protection	No County services.	MHCSD contracts with French Camp McKinley Rural County Fire Protection District for one station, two engines each with two personnel w/BLS capability.	No change. Increased growth and development may trigger need for new station, staff and equipment changes (study is underway to determine options).
Parks and Recreation	No local County services.	MHCSD organizes recreation events, oversees programs; maintains parks and landscaping (O&M Dept.).	No change. Increased growth and development will increase park maintenance and program costs for new facilities.
Libraries	Stockton-San Joaquin County Unified Library system provides staff, replaces & enhances the collection.	MHCSD provides library facilities and funds bldg & grounds maintenance.	No change. City will continue to maintain library building.
Wastewater	No County services.	MHCSD contracts with private operator for system operation.	No change. City will continue to maintain system through private contract. Rates cover costs.
Water	No County services.	MHCSD contracts with private operator for system operation. MHCSD purchases water from Byron Bethany Irrigation District (BBID).	No change. City will continue to maintain system through private contract. Rates cover costs.
Storm Water	No County services.	MHCSD manages and maintains flood control infrastructure.	No change. City will continue to maintain system through private contract.

9/23/20

COMMUNITY DEVELOPMENT

Currently, community development and planning functions in Mountain House are provided by both the County and MHCSO.

Current County Services²⁰

The County's Community Development Department provides building, planning, and land use development services to the unincorporated Mountain House community, including:

- County department management and technical support functions include Administration, Fire Prevention, Geographic Information Systems, and Information Systems.
- The County's Planning/Development Services Division processes building and development projects, including any necessary environmental review, and prepares reports for the Planning Commission and the Board of Supervisors. This Division also prepares, maintains, and implements the Mountain House Development Title and the County General Plan references to Mountain House.
- The County's Building Inspection Division regulates new building construction, inspects existing buildings, and reviews all new development projects.
- Planning/Development Services include code enforcement staff who are responsible for investigating complaints and providing enforcement services for violations of the County's Development Title applicable to Mountain House.

The County's Mountain House staff includes one principal planner, one associate planner, one administrative assistant, and a part-time senior planner. Annual staff costs with benefits total approximately \$1.06 million. Departmental expenses and overhead costs would add to the personnel costs.²¹

The District collects MHCSO development impact fees (e.g., CFF and TIF), and the County collects the Mountain House Affordable Housing fees, in addition to Countywide community facilities fees. The County is also responsible for administering development agreements with developers in MHCSO in consultation with MHCSO (in addition to MHCSO-administered agreements with developers).

County Community Development planning and permit fees charged to Mountain House developers are structured to cover the County's costs including building inspection. The County budgets \$175,000 for

²⁰ Description of Countywide Community Development Services is from the County of San Joaquin 2019-2020 Proposed Budget, pg. C-14.

²¹ Correspondence with John Funderburg, County of San Joaquin, 6/22/2020 and 7/9/2020.

services billed to developers in addition to building inspection which is covered by building permit fees.²² Building permit fee revenue is estimated at \$1.4 million in FY20.²³ The total revenue, including billed services, equals an estimated \$1.58 million.²⁴ The level of building activity that generated those revenues is about twice the assumed 300 permits per year in the conservative scenario evaluated in this IFA; the budget forecast includes approximately half the recent level of fee revenue to offset related Community Development costs.

Current MHCS D Services

Currently MHCS D's Public Works coordinates with the County's Community Development Department which has primary responsibility for the processing and approval of development projects. Following County environmental review and imposition of conditions of approval/final map approval, MHCS D reviews plans for consistency with MHCS D requirements, accepts offers of dedication, and reviews construction of improvements. The MHCS D FY20-21 budget reorganizes the Public Works Department and shifts personnel development-related functions to a new Community Development Department.

The MHCS D Community Development Department recently added a planner position. In total, CDD will have a director and 8 employees to handle planning, plan checking, construction and acceptance of privately funded projects, and the Department will also be responsible for Code Enforcement.

As described on the MHCS D website, the MHCS D Public Works Department (Community Development in FY20-21) reviews and makes recommendations on development applications and annexations, the Department checks plans to ensure compliance with current regulations, and identifies whether proposed development will have an impact on the surrounding environment. The Department also ensures proper enforcement of all standards, master restrictions as well as compliance with all MHCS D ordinances.

Proposed City Services

Administration and Technical Support – City administrative staff, supplemented by two additional Administrative Services staff noted above, will provide management and financial services to support the Community Development department as well as other departments. The City could continue to contract for data processing, GIS and mapping services from the County, or engage a private firm. Depending on how services are provided, the new City could acquire a permit tracking database system

²² Per MHCS D (S. Ragsdale) correspondence with County (Ray Hoo and Eric Merlo of SJ CDD), 4/21/2020.

²³ Building permit fee total includes building fees, electrical, plumbing, mechanical fees, and other building-related fees and charges; total does not include Countywide Facilities Fees, Mountain House Affordable Housing Fees, or General Plan Implementation Fees.

²⁴ Correspondence with John Funderburg, County of San Joaquin, 7/9/2020.

that would integrate with a range of other City functions (for example planning, economic development, finance).

Planning – Planning services include the preparation, periodic review, and revision as necessary, of the City’s General Plan, and for implementation of the general plan through application of the development provisions of the City’s Specific Plans, Zoning and Subdivision ordinances and other requirements. Planning will support the City’s Planning Commission, Council, and development and real estate professionals. Planning coordinates the review of development proposals by City departments, public safety agencies, school districts, and County, State, and Federal Agencies to ensure compliance with applicable development rules and regulations. The Planning Division is also responsible for ensuring that all development proposals are in compliance with the California Environmental Quality Act. These functions currently are largely provided by the County.

The City budget includes the planner position newly added in FY20-21, and assumes that the City will contract for additional planning services as needed. For example, this may include additional contract planner positions depending on the level of development activity and need for General Plan creation and update. The budget forecast includes \$500,000 spread over the City’s first three to four years to develop its General Plan, consolidating and augmenting existing Mountain House plans and policies.

Affordable Housing – The new City would oversee, and update as necessary, the Mountain House Affordable Housing Program adopted in 1994 by the Board of Supervisors. The County collects an Affordable Housing Impact Fee (AHF) that has accumulated to total \$6,457,745 in a trust fund intended solely for use within Mountain House.²⁵ The funds have not been utilized to-date.

Community Development Block Grants (CDBG) – CDBG is a funding source that helps address local housing and community development needs. Activities must first meet one of the following national objectives: address the needs of low-income persons; eliminate a slum or blighted condition; resolve an urgent need.

The new City will have the opportunity to participate in CDBG programs. Typically, smaller cities defer to County programs rather than undertake the substantial competitive grant process and compliance work on its own. Each year the County receives an annual allocation of CDBG, Home Investment Partnership (HOME), and Emergency Solutions Grant (ESG) funds from the U.S. Department of Housing and Urban Development. The amount that is available is dependent upon the amount of funds appropriated by Congress. Over the past few years, San Joaquin County has received an average of \$2.4 million per year of CDBG funds and \$700,000 of HOME funds. Approximately half of these funds are passed through to

²⁵ Correspondence from John Funderburg, County of San Joaquin, to Nader Shareghi, March 25, 2020. See also staff report re: Mountain House Master Plan amendments re: affordable housing requirements, ca. Dec. 2012.

the cities of Escalon, Lathrop, Manteca, Ripon, and Tracy, which then go through their own application process and allocate funds to projects approved by their city councils.²⁶

Development Services – The City will continue MHCSO functions and will take over responsibility for various development services currently provided by the County, including project review, permit processing, and building inspection. It is assumed that these services would be provided under a contract with a private firm that would provide a building official, inspectors, and permit technicians. Alternatively, the City could expand its staff, however, year-to-year fluctuations in the volume of permit activity helps to justify the contract approach.

The new City could contract for services based on a fee for a fixed number of staff. Another approach utilized by new cities involves payment of a “percent of fee revenue” that provides flexibility and reduced risk, particularly for cities with a high level of activity that can fluctuate annually. A “percent of fee revenue” approach typically involves a sliding scale ranging from 70 percent to 85 percent of fees paid to the contract firm, with the City retaining the balance to fund overhead and facilities. An example of services that could be provided under contract with a private firm is included in APPENDIX B.

Code Enforcement – MHCSO currently enforces Master Plan Codes and restrictions, and would take over the County’s role and enforce City planning and building ordinances. It is assumed these services would be provided by additional City staff as needed, and would be funded by fine revenue, fees for services, and general revenues.

Collection of Fees -- The City would continue to collect the Mountain House CFF and TIF, and would also collect the Affordable Housing Fees currently collected by the County during the development application process, as well as other plan and permit processing fees and charges for services. These charges will offset a significant portion of the City’s Community Development/Planning costs. The new City would also collect Countywide Facility Fees on behalf of the County and transmit them to the County.

REGIONAL PLANNING

The new City will have the opportunity to participate as a voting member of the San Joaquin Council of Governments (SJCOG), a joint-powers authority comprised of the County of San Joaquin and the cities of Stockton, Lodi, Manteca, Tracy, Ripon, Escalon, and Lathrop.

SJCOG’s Board of Directors is responsible for all policy decisions under the authority of SJCOG including authority as the designated Council of Governments, Regional Transportation Planning Authority, the

²⁶ CDBG description derived from San Joaquin County Community Development website, downloaded 4/28/2020, <https://www.sjgov.org/commdev/cgi-bin/cdyn.exe?grp=neighpresv&htm=grantsmanage>

Metropolitan Planning Organization, and the Airport Land Use Commission. SJCOG makes allocations of funding to build transportation improvements, and also establishes regional transportation policies and programs.²⁷

PUBLIC WORKS

Current County Services

The County does not provide Public Works services locally to the Mountain House community.

Current MHCS D Services

The MHCS D Public Works Department sets standards for the design, development and construction of streets, utilities, and other public infrastructure and public buildings. Public Works ensures that all public utilities and facilities are in place and maintained for the residents of Mountain House. The Public Works Department also coordinates transit services and related capital projects.

Proposed City Services

MHCS D will continue to provide services, including management and oversight of contracts with private firms, for all streets, utilities, park and landscape maintenance, and maintenance of other public infrastructure and public buildings. Ongoing transit services and capital planning will continue under City oversight.

Parks

The Mountain House Master Plan requires neighborhood, community and regional parks which MHCS D maintains and will become the City's responsibility. Currently the District maintains nearly 3 million square feet of park area.²⁸ The District has estimated costs associated with maintaining future new parks and landscape.²⁹

Special Tax #3 (Parks), in addition to other City general revenues that may be required, will continue to fund park maintenance.

Landscape

In addition to the park acreage described above, MHCS D will continue to maintain approximately 100 acres of other landscape, primarily within street medians, and to a lesser extent around public facilities

²⁷ See SJCOG website at <https://www.sicog.org/145/About>

²⁸ MHCS D Landscape Maintenance Cost Projections, park landscape sq.ft.

²⁹ MHCS D DPW estimates 9/30/2020 (file: " Incorporation -Trigger Points with Maintenance Costs (Updated Oct 2020).xlsx", Tabs 2 and 3).

and buildings.³⁰ The District has estimated costs associated with maintaining future new parks and landscape.³¹ MHCS D is preparing an analysis of projected future costs for residential tree maintenance and sidewalk repair which will refine future cost estimates.

Special Tax #3 (Parks), in addition to other City general revenues that may be required, will continue to fund landscape maintenance. MHCS D has recently formed assessment districts to supplement funds for landscape maintenance in three areas within the District; more districts are contemplated as significant expansion of development occurs, for example north of Byron Road.

Trees

For purposes of the current analysis, the costs for tree maintenance are included in the park and landscape costs. MHCS D currently is studying future costs for tree maintenance, including trees in residential areas.

Roads

The City will continue to maintain all roads and related facilities, including sidewalks, signage, and street lights, in the same manner currently provided by MHCS D primarily through contract services. Following is a summary of current roads in Mountain House.³²

<u>Road Type</u>	<u>Center-line Miles</u>	<u>Lane Miles</u>
Arterial	17.75	70.86
Collector	14.23	29.51
Residential/Local	<u>41.32</u>	<u>80.14</u>
Total	73.3	180.51

MHCS D forecasts road maintenance costs using its Pavement Management Program. The District's estimates for maintaining future new roads are included in the projected costs for the new City.

Special Tax #1 (Roads), in addition to other City general revenues that may be required, will continue to fund road-related services. In addition, the City will be entitled to various road funds allocated to cities including a per capita share of gas taxes and an allocation of Measure K Countywide ½ cent sales tax.

³⁰ MHCS D Landscape Maintenance Cost Projections, total landscape sq.ft. minus park landscape sq.ft.

³¹ MHCS D DPW estimates 9/17/2020 (file: " Incorporation -Trigger Points with Maintenance Costs (Updated Oct 2020).xlsx", Tabs 2 and 3).

³² Correspondence with MHCS D, Nader Shareghi, 3/26/2020.

Transit

MHCSD currently is evaluating options to expand transit services from Mountain House to major transit stations in the region, such as Vasco Road or Pleasanton/Dublin BART station.³³ The MHCSD budget forecast in this report assumes acquisition and operation of one vehicle in 2024; a second vehicle is shown in 2025 in the City budget as the City benefits from additional road-related and transit revenues. A new City will have access to significantly more transit and road-related revenues than the District, potentially up to \$2.5 million annually, to help fund transit services that MHCSD otherwise could not access. The following chapter describes these revenues in greater detail.

Public Works capital costs are funded by developers who are then reimbursed from TIF and CFF funds. Special Tax #1 (Roads), City gas taxes and road/transit-related funds would pay for annual operating costs.

Public Facilities and Buildings

The City will continue to maintain MHCSD buildings and future new public buildings. Current and future facilities include the following:

- **Town Hall and Library** – this facility was completed and occupied in FY19-20.
- **Police Station** – A new police station will be constructed when residential building permits total 7,500 which could occur by FY25. The facility will be constructed using developer funds, however MHCSD and the new City will be responsible for ongoing building and grounds maintenance.
- **Fire Station(s)** – MHCSD currently pays for fire services operating from one station in Mountain House. MHCSD is studying whether a second fire station will be required to maintain service levels. For purposes of the current study, additional staff and equipment are added in FY25 and annual fire service costs are increased \$500,000; actual facilities and staff, cost and timing will be determined by the forthcoming study.
- **Community Center/Pool** – A new community and recreation center is anticipated within about three to five years, as well as other neighborhood and community facilities that will be maintained by DPW. Operating costs are described under “Recreation”, below.

Operation and maintenance of these facilities and property, including landscape maintenance, will continue to be funded by current special taxes which the new City will continue to receive, in addition to user fees and other City general revenues that may be required. The capital costs of new facilities will be derived from developer funding.

³³ MHCSD Fiscal Year 2020/2021 Proposed Budget, pg. 118.

Utilities

The new City will continue MHCS D's current management and oversight of contracts with private operators of the water and wastewater utilities. Utilities will continue to be funded by user fees and charges. Past operating subsidies required by utility operations in prior years are eliminated in the FY20-21 budget with the exception of about \$600,000 from the General Fund for water capital improvements.³⁴

Stormwater and Drainage

MHCS D maintains the "state of the art" stormwater collection system that collects, filters, conveys, and treats runoff from within the master planned SOI area.³⁵ The District is responsible for meeting requirements of its NPDES permit³⁶ to minimize environmental impacts on waterways.

The new City will continue to be responsible for stormwater and drainage services, funded by Special Tax #4 (Public Works) and the utilities' charge for stormwater, in addition to other City general revenues that may be required.

RECREATION

MHCS D's Recreation Department includes one staff person who conducts registration activities, oversees the rental of District facilities to residents, oversees youth programs, and manages event budgets. The District is preparing a strategic plan to guide recreation facilities, operations and programs.

The District plans to build a new community center with recreation facilities including a swimming pool, in addition to neighborhood and community parks. The facilities are planned for completion in FY24 and FY25 and will require an increase in MHCS D staff and program costs (net of fee revenues). The analysis assumes the number of personnel growing over time by 20 recreation staff at an additional annual cost of approximately \$1.1 million (including expenses) phased beginning in FY24 and growing to a total \$1.6 million by FY29 (including current expenditures). By comparison, the City of Lathrop (population 25,000) currently spends about \$1.6 million.

The new City will continue to fund recreation services using Special Tax #3 (Parks) in addition to fees and charges for recreation services and other City general revenues that may be required.

³⁴ MHCS D 2020/2021 Proposed Budget, pg. 9.

³⁵ Mountain House Community Services District (MHCS D) Municipal Services Review (MSR) and Sphere of Influence (SOI) Plan, Final, January 2017, prepared for MHCS D by San Joaquin LAFCO, pg. 42.

³⁶ NPDES (National Pollutant Discharge Elimination System) Storm Water Discharge permit issued from the Central Valley Regional Water Quality Control Board (Regional Board (Order No. RS-2013-0004 and NPDES No. CA0084271).

LIBRARY

MHCSD recently completed its new Town Hall complex that includes a new library building. The two new buildings share a common conditioned lobby and courtyard, as well as a multi-purpose room and conference rooms accessible to the community. The library is a branch operated by the Stockton-San Joaquin County Unified Library system, which provides staff and replaces and enhances the library collection which originally was provided by MHCSD. The District is responsible for grounds and building maintenance and repair.

The new City will continue to support the ongoing operations of the library and provide for building and ground maintenance.

Special Tax #3 (Parks), in addition to other City general revenues that may be required, will continue to fund library building-related expenses.

POLICE

MHCSD has a contract with the San Joaquin County Sheriff who provides one patrol deputy 24/7 plus community policing, management and administrative support staff. Total staff represent 7.0 FTE (Full-time Equivalent) positions at a cost of \$1.8 million in FY20-21. The Sheriff's Department uses an administrative office within the MHCSD office building as a substation. The California Highway Patrol provides is responsible for traffic enforcement and provides enhanced services under contract to MHCSD (\$50,000 in FY20-21). The District also contracts for private security services (approximately \$580,000 in FY20-21), and funds a Community Services Officer (CSO).

The amounts paid to the County supplement the base level of service provided by the County to all unincorporated areas. In accord with the Public Services Allocation Agreement between the County and MHCSD, it is the County's responsibility to provide the base level of service to MHCSD.³⁷

The new City will continue to be responsible for funding police services and may consider a number of options including contract services with the County for patrol and traffic enforcement, or a contract with a neighboring city such as Tracy, and some level of ongoing private security, or establish a new City police department. The new City may also continue to contract with CHP for traffic enforcement. Expansion of current service levels is likely as Mountain House grows, depending on future community needs and available funding.

³⁷ Amended and Restated Public Services Allocation Agreement between the County of San Joaquin and Mountain House Community Services District Relating to the Development Known as Mountain House Community, Section 3.A.11, A-03-951, Nov. 18, 2003.

In FY24 following the initial year of incorporation, the projected police budget assumes an increase of about \$3.8 million annually to total \$6.6 million, generally comparable to the City of Lathrop's contract with the County. This projection assumes that sheriff contract costs increase about four percent annually in addition to inflation, reflecting increases in population and an overall increase in Sheriff patrol staffing.

The additional costs include regional Sheriff services such as management and administration, overhead, jail booking charges, as well as Sheriff traffic enforcement and other Sheriff services. The City contract would provide for more officers than currently provided to MHCSO; the resulting per capita levels of service would be more similar to Lathrop. No private security costs are assumed. Future costs are increased four percent annually (in addition to inflation). The actual cost will depend on future service needs and contract options available to the new City, as well as revenues available to the City. During the City's initial year, or "transition", the forecast assumes that the County Sheriff continues to provide service at current levels and cost structure while the City negotiates a new contract.

The Mountain House Master Plan provides for a new police station when total building permits equal 7,500 which is assumed to occur in 2024.

Special Tax #2 (Public Safety) will provide funding for police protection, in addition to other City general revenues that may be required.

ANIMAL CONTROL

Animal Control field services in Mountain House are provided by San Joaquin County Animal Services, which contracts with the City of Stockton for animal shelter and other animal control services.

The new city will be responsible for animal control and could investigate ongoing contracts with the County, City of Stockton, or other neighboring city such as Tracy, which provides its own animal control field and shelter services. The estimated cost, increased with population growth, is based on the City of Lathrop's costs.

MHCSO Special Tax #2 (Public Safety) will provide funding for animal control and shelter services, in addition to fee and fine revenues and other City general revenues that may be required.

FIRE PROTECTION AND EMS

As described in the MHCSO MSR, fire and emergency medical services (Fire and EMS) are managed by the Mountain House Fire Department (MHFD) through a contract with the French Camp McKinley Fire District (FCMFD) since September 13, 2015. Emergency Medical Services are provided through a combination of expanded scope Basic Life Support (Expanded Scope BLS provides additional life saving measures beyond BLS) through MHFD with transport provided primarily by American Medical Response (AMR) with Advanced Life Support (ALS) services.

MHFD operates out of Fire Station 98. The station staffs four personnel, 24 hours a day, seven days a week and handles approximately 500 calls for service per year.³⁸ The fire station is located at 911 Tradition Street in Mountain House. MHCSO is studying the need for a new fire station located north of Byron Road to determine whether a total of two stations will be needed as development occurs north of Byron Highway, or whether the existing station can be moved and still meet service standards throughout the community.

For purposes of the current study, additional staff and fire equipment are added in FY25 and fire service costs are increased \$500,000 and further increased another \$350,000 after FY28; actual facilities and staff, cost and timing will be determined by the pending study.

The new City will continue to fund fire protection services to Mountain House. MHCSO Special Tax #2 (Public Safety) will provide funding for fire protection and EMS services, in addition to other City general revenues that may be required.

OTHER CITY EXPENDITURES

Long-Term Debt

MHCSO's primary long-term debt and financial obligations are attributable to "pledged notes payable" and revenue bonds issued for the acquisition of MHCSO utility systems and other public facilities constructed by Trimark, the original master developer of Mountain House, and other master developers. At the end of FY19 these obligations were \$99.1 million (governmental activities) and \$219.9 million (utility enterprises) for a total of \$319 million.³⁹

The governmental activity obligations are payable solely from specific dedicated revenues, including development impact fees consisting of Community Facility Fees (CFF) and Transportation Improvement Fees (TIF). The utility enterprises (or "business-type activities") use a "pledged facility component" of utility revenues, collected on ratepayer bills, to repay the notes and bonds that funded water, wastewater, and stormwater facilities.

The new City would continue to collect the dedicated impact fees and pledged facility component revenues for repayment of the long-term obligations. The new City would continue to serve as the board of the financing authority formed in 2019.⁴⁰

³⁸ Mountain House Community Services District (MHCSO) Municipal Services Review (MSR) and Sphere of Influence (SOI) Plan, Final, January 2017, prepared for MHCSO by San Joaquin LAFCO, pg. 28.

³⁹ MHCSO Audited Financial Statements, June 30, 2019, Note E – Long-term Liabilities, pg. 36.

⁴⁰ Official Statement, Mountain House Financing Authority, Utility Systems Revenue Bonds, Dec. 12, 2019.

New Long-Term Debt

No new long-term debt is assumed in the forecast as a direct result of incorporation. MHCS D and the new City may issue future debt secured by pledged revenues or utility revenues, but this will not affect General Fund operations of MHCS D or the new City.

Capital Expenditures

No significant increase above existing average annual General Fund capital expenditures is assumed in the budget forecast for the new City. Current expenditures will be ongoing, and will vary each year depending on specific projects. Future capital projects funded by developer sources (including CFF and TIF funds) should have no impact on MHCS D or the new City's General Fund.

Pension Obligations

MHCS D participates in the defined benefit pension plan administered by the San Joaquin County Employees' Retirement Association (SJ CERA). As of June 30, 2019, the District reported a net pension liability in the amount of \$7,469,538.⁴¹

The new City would assume these liabilities and continue to fund the pension obligations.

Other Post-Employment Benefit (OPEB) Obligations

MHCS D has no OPEB obligations that would transfer to the new City.

OTHER MUNICIPAL, PUBLIC AND UTILITY SERVICES

No significant changes are anticipated to the provision of other public services by other agencies. The new City will continue to collaborate with other agencies, for example, the school district, in planning expansions and new facilities, shared facilities and activities, and other joint planning actions.

Other public utilities will continue to be provided without change, for example, electricity, cable and internet. The new City will, in some cases, oversee utility providers and collect franchise fees for the use of public rights-of-way, and may have opportunities to modify services, for example, in the case of waste collection.

The new City may evaluate the possibility of providing electricity as a municipal enterprise; this option is not evaluated in this report.

⁴¹ MHCS D Audited Financial Statements, June 30, 2019, Note H – Pension Plan, pg. 39.

6. CITY REVENUE ESTIMATES

The new City generally will continue to collect the same revenues MHCS D currently receives, including property tax, special taxes, and various charges for services. As a new City, its revenues will increase as it will be entitled to a share of property taxes shifted from the County, and the new City will be entitled to receive new revenues not available to MHCS D including property transfer taxes, sales taxes, planning and building fees, hotel taxes (if and when a new hotel in Mountain House is built), and various other revenues such as gas taxes and road-related revenues currently unavailable to MHCS D.

These increased revenues will help to offset additional City service responsibilities, and will fund new services such as economic development to further enhance local revenues. CHAPTER 7 compares revenues to costs to determine the financial feasibility of the new City.

GROWTH AND DEVELOPMENT

CHAPTER 4 provides an overview of land use and development activity. Depending on future levels of new development, City revenues will correspondingly increase. For purposes of the current analysis, the residential growth scenario assumes 300 new units annually.

New commercial development is generally assumed to follow residential trends. CHAPTER 4 summarizes expectations for commercial/industrial development over the next several years based on analysis prepared for MHCS D.⁴²

SPECIAL TAXES

Currently MHCS D collects four special taxes that generate nearly \$12.7 million annually, or almost two-thirds of the District's non-utility revenue. Special taxes budgeted in FY20-21 include:

Special Tax No. 1: Roads, Transportation and Community Services	\$ 7,516,000
Special Tax No. 2: Public Safety	\$ 3,806,000
Special Tax No. 3: Parks	\$ 701,000
Special Tax No. 4: Public Works	<u>\$ 711,000</u>
Total	\$ 12,734,000

The special taxes will continue post-incorporation with the same caps on maximum amounts; increases are limited to a maximum of four percent annually – the forecast assumes the increases keep pace with inflation.

⁴² Kosmont Associates, 6/20.

The special taxes will increase as new development occurs. The amount collected will depend on the square feet of building area and parcel area of each new development.

PROPERTY TAX

Currently MHCS D receives approximately 15.9 percent of each property tax dollar generated from one percent of assessed value, or about \$5.6 million annually. This amount is nearly thirty percent of revenues, excluding utility fees and charges.

Assessed value is equal to the sales price of residential property, and is increased by CPI but no more than two percent annually (unless sold again at a new price). Commercial property is assessed by the County Assessor based on its value, and similarly increases no more than two percent annually.

In addition the current MHCS D property tax, upon incorporation the County will transfer an ongoing share of its property tax to the new City proportionate to the net cost of services shifted from the County to the City. The proportion transferred is termed the “Auditor’s Ratio”, which is the ratio of total County property taxes to total “revenues available for general purposes” (including property taxes). This ratio is estimated to be about 50 percent.

The precise amount of property tax to the new City will vary each year, and will also consist of a share of the “supplemental roll” which includes transactions and property value added during the year.

Unsecured property (e.g., commercial furnishings and fixtures, computers, machinery and other equipment) is also taxed and will add to revenues. The additional supplemental and unsecured property tax revenues are uncertain at this point in time and have not been estimated.

PROPERTY TRANSFER TAX

Currently the County receives a tax on the sale of real property equal to \$1.10 per one thousand dollars of the transaction. This is collected upon the sale of new property and the resale of existing property.

Following incorporation, the new City will share half of the transfer tax and receive \$0.55 per one thousand dollars of each transaction.

SALES TAX

The County currently receives one percent of taxable transactions. Following incorporation the new City will receive this one percent. The new City will also receive a share of Countywide, voter-approved 1/2 cent sales tax Measure K allocated by SJCOG for transportation purposes (see “Road-Related Revenues”, below).

Only a portion of sales in grocery stores is taxable; the amount received from other retail activity will depend upon the level of sales activity which will vary by store type and by business. Services are not taxed, although certain types of businesses, for example hair salons, may sell taxable items ancillary to

their primary businesses. Some types of office and industrial businesses can generate taxable “point-of-sale” transactions, however, the number of such businesses and their taxable sales volume can be difficult to predict, and therefore are excluded from the present analysis.

FRANCHISE FEES

Cities and counties are allowed to adopt franchise fees which are collected from refuse collectors, cable television companies and utilities for the use of city rights-of-way. Some franchise charges are limited by statute.

Although MHCS D is not a city, it does receive various fees comparable to franchise fees from utility providers.

<u>Utility</u>	<u>Rate</u>	<u>FY21 MHCS D</u>	<u>Comments</u>
Modesto Irrigation District (electric) ⁴³	1.5% of receipts	\$ 168,000	Encroachment agreement
Tracy Delta ⁴⁴ (solid waste)	15% of receipts	\$ 779,000	inc. West Valley Commercial permit expires 6/30/2023
Charter ⁴⁵ (cable)	5% of receipts	\$ 130,000	Franchise expires 2027 (25 yrs) inc. automatic 10-yr extension
PG&E	2% of receipts	\$ 35,000	Encroachment agreement
PacBell	5% of receipts	\$ 11,000	Franchise

The County currently receives franchise fees from water, gas, electric and cable service providers from unincorporated areas outside of MHCS D.

The new City will continue to receive franchise fees in similar amounts, however, it is possible that re-negotiation of certain agreements may occur, particularly as they expire.

Revenue from these fees is assumed to generally increase as population and business activity increases in Mountain House. Revenues will vary depending on the specific fees and amounts charged, as well as levels of utility consumption by residents by different types of businesses.

⁴³ MHCS D Encroachment Agreement A-99-190, April 23, 1999.

⁴⁴ MHCS D Board Order B-08-498 Extending the permit of Tracy Delta Solid Waste Management, Inc., 5/13/08.

⁴⁵ Franchise Agreement A-02-296 to Provide Cable Services Between MHCS D and Marcus Cable Associates, LLC dba Charter Communications, April 16, 2002.

TRANSIENT OCCUPANCY TAX (TOT)

Transient Occupancy Tax (TOT), also known as Hotel Tax, is a tax collected on revenues from transient lodging facilities. The current rate in unincorporated San Joaquin County is eight percent. In cities the rate varies; for example, in the City of Tracy the TOT rate is 10 percent.

Currently there are no hotels in Mountain House. The analysis assumes that one new hotel could be constructed in the next five to ten-year period assuming reasonably strong economic growth. The hotel would serve residents and businesses in Mountain House, as well as capture a share of travel along I-580 and I-5.

FEES AND CHARGES

The new City will continue to collect various fees and charges currently received by MHCSD, as well as a range of other fees for new City activities such as planning and development. These fees and charges are required by law to not exceed the cost of providing the services.

Currently the County reviews and processes applications for business licenses,⁴⁶ and routes Mountain House applications to MHCSD along with a portion of the business license fees to cover the costs of review.

The new City would charge business license fees and review business license applications to assure consistency with local ordinances and environmental regulations.

FINES AND PENALTIES

The new City will receive fine and penalty revenue for infractions of City ordinances, for example, parking fines, late fees, etc. The amount is likely to be relative minor, and is not included in the City budget forecast.

⁴⁶ San Joaquin County Ordinance §7-1000.

ROAD-RELATED REVENUES

The new City will be entitled to a share of gas taxes allocated by the State, as well as revenues allocated by SJCOG for transit and road-related purposes. Revenues include:

- **Gas Taxes** – approximately \$40 per resident would go to the new City for road maintenance and improvements.
- **Measure K** – Funds for the construction and maintenance of the street system from a 1/2-cent sales tax approved by voters in 1990 and levied for that purpose by San Joaquin County. In 2006 the tax was extended by voters for an additional 30 years.

The new city would share in the 32.5 percent portion of the total Measure K taxes designated for “congestion relief”; 40 percent of the congestion relief is designated for regional arterials on a population basis between cities and the County.

35 percent of the total tax is allocated to local street repair and safety on a “2010 base” (50% to the County, 50% to the cities, inflated annually) plus a population growth allocation; the estimates assume the County retains its 50 percent and that Mountain House shares in the amount allocated among cities proportionate to city population.

- **Local Transportation Funds (LTF)** – This revenue derives from a State ¼ percent sales tax. The majority goes to the San Joaquin Regional Transit District that includes Stockton and a portion of adjoining unincorporated territory; the balance is distributed among all cities (except Stockton) relative to population. A small percentage for bicycle and pedestrian purposes is allocated to all cities and the unincorporated County relative to population. The estimates assume that the RTD and Stockton continue to receive their current allocation, and Mountain House shares in the remainder divided between cities (except Stockton) on a population basis.

The amounts potentially allocated to a new City have been estimated; the actual distributions depend on a number of factors, including potential impacts on the County, RTD and other agencies; changes to allocation percentages and formulas, and agreements between agencies (e.g., the County and RTD regarding LTF funds); the amount of available funds; use of funds for continuing services to Mountain House.

OTHER REVENUES

Interest and Investment Earnings

The new City will continue to accrue interest earnings on its reserves and cash flows. The budget forecast assumes no significant increase, although as cash flows and reserves increase, interest earnings will grow.

7. CITY BUDGET FORECAST & FISCAL FEASIBILITY

SUMMARY OF CITY BUDGET FORECAST

The new City's budget forecast shows adequate positive cash flows and reserves to fund service levels at least equal to or greater than current service levels. The forecast shows the accumulation of contingency and reserve funds, in addition to those of MHCSO, that can pay for any short-term cash flow shortfall due to major new facilities, or to fund emergency repairs or other unforeseen events.

No significant capital improvements are anticipated to result directly from incorporation other than those already planned by MHCSO. The MHCSO currently programs revenues towards current and future capital repair, replacement and expansion, which will be unaffected by incorporation. As a City, the community will qualify for additional grants and other revenues described in this report specific to cities, for example, gas taxes, Measure K and other road-related revenues, and CDBG grants.

APPENDIX B includes key assumptions and calculations. The budget forecasts are comprised of an MHCSO base forecast which shows existing revenues and expenditures with any applicable "real" increases above inflation; a second forecast table adds anticipated increases attributable to new development, new facilities, and additional MHCSO staff; a third table shows a City budget forecast that summarizes the base MHCSO revenues and expenditures that will continue with the new City, and adds additional revenues and expenditures specific to the new City.

The IFA's projected City budget consolidates revenues and expenditures. The budget forecast assumes that the new City continues to track transfers of special taxes between funds as currently done by the MHCSO and assures that funds are utilized consistent with special tax ordinances and resolutions. The forecast excludes enterprise funds which are intended to be self-supporting and which will not be affected by incorporation. No additional capital costs funded by General Funds and special taxes are assumed (other than ongoing increases above inflation). Impact fees (e.g., CFF and TIF) are not affected by incorporation and are not shown in the budget forecast, nor are corresponding costs for major capital facilities and reimbursements.

Contingencies and Reserves

State guidelines and "best practices" require that a new City plan for contingencies and reserves. Current MHCSO reserves are adequate for ongoing MHCSO operations and creation of a new City is anticipated to increase these reserves.

These contingencies and reserves create a cushion to fund any unforeseen cost increases that may be associated with major new facilities (e.g., recreation facilities), and to deal with unanticipated expenses or emergencies. The reserves may also be used to improve current levels of service and fund additional capital improvements.

Revenue Neutrality Payments

The City's budget forecast does not include annual revenue neutrality payments as described further in CHAPTER 8 because County revenue reductions are more than offset by County expenditure reductions, thus there is no adverse financial impact. The actual impact depends on detailed data collection to be conducted in the CFA, and will be specified in "revenue neutrality" negotiations to occur during the CFA process.

Repayment to County for Transition Year Services

The new City may request that the County continue to provide services during the new City's initial Transition Year, and the City will be required to repay the County for the cost of these services. Based on the current forecast, no loan for interim County services is required; however, the CFA will provide a more detailed transition-year analysis based on the timing of specific revenues to determine the need for repayment, and terms will be negotiated as part of revenue neutrality discussions. The timing of specific revenues to the new City will depend on the timing of required filings necessary to receive certain revenues directly from the State; the County may receive those revenues on behalf of the City and credit them towards transition year services or revenue neutrality if required.

Table 2 Summary of City Budget Forecast

Item	Factor	Real Increase	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
REVENUES			Transition Yr									
Property Tax			6,387,928	\$6,696,028	\$7,004,128	\$7,312,228	\$7,620,328	\$8,098,278	\$8,406,378	\$8,714,478	\$9,022,578	\$9,350,428
Special Taxes			13,898,474	14,388,911	14,879,348	15,369,785	15,860,222	16,995,175	17,485,612	17,976,049	18,466,486	18,956,923
Other			<u>9,501,707</u>	<u>9,812,847</u>	<u>9,883,788</u>	<u>9,919,171</u>	<u>9,954,554</u>	<u>9,993,969</u>	<u>10,710,925</u>	<u>10,746,308</u>	<u>10,781,691</u>	<u>10,817,074</u>
Subtotal MHCS D Base Revenues			29,788,109	\$30,897,785	\$31,767,264	\$32,601,184	\$33,435,104	\$35,087,422	\$36,602,915	\$37,436,835	\$38,270,755	\$39,124,424
New City Revenues												
Additional Property Tax (from Cnty)	Table B-7, Note 1		1,609,950	\$1,691,775	\$1,773,599	\$1,855,424	\$1,937,248	\$2,064,181	\$2,146,005	\$2,227,830	\$2,309,654	\$2,396,724
Sales Tax	Table B-7, Note 2		290,784	290,784	290,784	290,784	290,784	360,784	360,784	360,784	360,784	500,784
Transient Occupancy Tax	Table B-7, Note 3		0	0	0	0	0	300,121	300,121	300,121	300,121	300,121
Real Property Transfer Tax	Table B-7, Note 4		206,240	211,602	216,965	222,327	227,690	236,008	241,371	246,733	252,096	257,802
Gas Taxes	\$41.11 per cap		1,104,128	1,150,124	1,196,121	1,242,118	1,288,115	1,334,111	1,380,108	1,426,105	1,472,102	1,518,098
Other Road Revenues	Table B-14b, Table B-14c		1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007
Building and Inspection Fees & Charges	\$2,500 per unit		750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Business Permits	\$27.02 per emp		<u>49,629</u>	<u>50,602</u>	<u>51,539</u>	<u>52,441</u>	<u>53,311</u>	<u>76,169</u>	<u>76,981</u>	<u>77,767</u>	<u>78,529</u>	<u>79,268</u>
Subtotal, New City Revenues			5,571,738	\$5,705,895	\$5,840,015	\$5,974,101	\$6,108,155	\$6,682,382	\$6,816,378	\$6,950,348	\$7,084,293	\$7,363,804
Total Base & New City Revenues			35,359,846	\$36,603,680	\$37,607,279	\$38,575,285	\$39,543,258	\$41,769,804	\$43,419,293	\$44,387,182	\$45,355,048	\$46,488,229
EXPENDITURES												
Subtotal MHCS D Base Expenditures			28,521,919	\$30,061,766	\$31,692,847	\$31,849,250	\$32,244,215	\$33,143,785	\$34,127,544	\$34,305,285	\$34,488,874	\$35,914,556
New City Expenditures												
Additional Police Contract (above MHCS D)	3,376,370	4.0%	transition	\$3,797,957	\$3,949,875	\$4,107,870	\$4,272,185	\$4,443,073	\$4,620,795	\$4,805,627	\$4,997,852	\$5,197,766
Animal Control	\$13.49	0.0%	362,463	377,563	392,663	407,762	422,862	437,962	453,062	468,162	483,262	498,361
Economic Development	300,000	0.0%	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Expanded Transit	200,000	0.0%		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
General Plan			50,000	150,000	150,000	150,000	0	0	0	0	0	0
Permits & Building Inspection	70% of fees		525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
Building Code Compliance	274,743	0.0%	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>
Subtotal New City Expenditures			1,512,206	\$5,625,263	\$5,792,281	\$5,965,376	\$5,994,790	\$6,180,778	\$6,373,600	\$6,573,532	\$6,780,857	\$6,995,871
Total Base & New Expenditures			30,034,125	\$35,687,029	\$37,485,128	\$37,814,626	\$38,239,005	\$39,324,562	\$40,501,144	\$40,878,817	\$41,269,731	\$42,910,426
ANNUAL NET SURPLUS (SHORTFALL)			\$5,325,721	\$916,651	\$122,151	\$760,659	\$1,304,253	\$2,445,242	\$2,918,149	\$3,508,365	\$4,085,317	\$3,577,802

See notes on following page

10/1/20

Notes to Table 2

- (1) "New City Revenues" are those revenues received by virtue of cityhood, over & above current and future MHCS D revenues. Change in enterprise revenues and expenditures not forecasted.
- (2) New revenues include Gas Taxes and Road-related revenues restricted to road and transit purposes.
- (3) "New City Expenditures" are those expenditures attributable to a new City. MHCS D could undertake some of these activities
e.g., expanded police protection, regardless of whether a new city is formed. Change in enterprise revenues and expenditures not forecasted.
- (4) Additional police costs assume sheriff contract comparable to current Lathrop Sheriff contract cost per capita of \$249 (adjusted for inflation and population growth).
- (5) Animal control cost based on Lathrop cost per capita.
- (6) Economic development assumes hiring of an economic development coordinator plus marketing expenses.
- (7) Additional transit vehicle and service is in addition to the costs assumed in the base MHCS D budget.
- (8) Planning services assumed to be handled by MHCS D planner to be hired in FY20-21. Additional costs are included for General Plan and related consulting and studies.
- (9) Permit & Bldg. Inspection assumes contract with private firm on a % basis.
- (10) Building Code compliance assumes private contract.

10/1/20

8. IMPACTS ON EXISTING AGENCIES

SUMMARY OF IMPACTS ON THE COUNTY OF SAN JOAQUIN

Revenue Neutrality

The current analysis estimates no adverse annual fiscal impact on the County as a result of the incorporation. The County will experience losses primarily attributable to re-allocations of road-related revenues, including gas taxes and Measure K revenues. These revenue losses are more than offset by County expenditure reductions since the County will no longer be required to provide Sheriff services at a cost less than a full-cost contract applicable to cities for similar levels of service.⁴⁷ The County will also no longer be required to provide a “base” level of Sheriff service at its own cost.

The CFA will calculate a more detailed estimate of the potential impact on the County resulting from a reduction in revenues due to incorporation, net of County cost reductions.

The actual amount of the revenue neutrality payments, if required, will depend on the County impacts calculated in the CFA and on repayment terms to be negotiated between the County and the proposed new City. Negotiated terms can differ from a fixed annual payment; for example, the number of years of repayment can be limited, and the amounts of the payments can vary according to a negotiated schedule.

Transition Year Services

State law provides for continued County services to the new City during the City’s initial “transition year”. The new City will be required to repay the County for any costs during the year that are not otherwise reimbursed by revenues retained by the County (which otherwise will accrue to the City in future years).

No significant transition year repayment is included in the analysis, since the current services provided by the County are minimal, or are reimbursed through contract payments (e.g., Sheriff services and administrative services including processing of payroll and accounts payable, health benefits management, and information systems) and fees for services (e.g., development and building services). However, the CFA will provide a more detailed transition-year analysis based on the timing of specific revenues to determine the need for repayment, and terms will be negotiated as part of revenue neutrality discussions.

IMPACTS ON OTHER AGENCIES

No significant impacts on other agencies are anticipated.

⁴⁷ The full-cost contract was approximated by 50 percent of the City of Lathrop Sheriff contract to reflect current MHCSO levels of service but at full-cost; current MHCSO costs for CHP services are deducted.

APPENDIX A

PRELIMINARY INCORPORATION SCHEDULE

Task	2020					2021												July 1, 2022
	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Effective Date of Cityhood
Incorporation Feasibility Analysis (IFA)																		
Completion/Acceptance of IFA by MHCS		+																
Initiate Incorporation Process																		
Petition/Application Submitted by Residents				+														
Submittal of IFA with Incorporation Application				+														
MHCS Resolution in Support of Application				+														
LAFCO prepares/adopts Incorporation Policies				+														
Comprehensive Fiscal Analysis																		
LAFCO issues RFP/engages CFA consultant					+		+											
County releases recent year budget data		+																
Consultant distributes Requests for Information							+											
Consultants receive responses/followup								+										
County Auditor determines Property Tax Ratio									+									
LAFCO determines boundary scenarios																		
Admin Draft CFA prepared												+						
Admin Draft CFA previewed w/Proponents,												+						
LAFCO releases Public Review CFA													+					
Public Hearing CFA Prepared/Released														+				
Revenue Neutrality/Transition Negotiations																		
Proponents meet with County																		
Revenue Neutrality Agreement Finalized														+				
Other Actions																		
Proponents prepare legal description																		
LAFCO prepares environmental review																		
LAFCO staff report w/Terms & Conditions,														+				
LAFCO Hearings																		
LAFCO Hearing on Public Review CFA															+			
LAFCO Hearing on Incorporation Proposal*																+		
Election Process																		
County calls for an election																	+	Election Date
Election (at least 88 days later)																		March 8, 2022
Cityhood																		
Effective Date of City: July 1, 2022**																		Effective Date
Transition Period (continued County services)																		July 1, 2022
- July 1, 2022 through June 30, 2023																		
<p>Note: schedule is preliminary overview and subject to further review/revision by LAFCO.</p> <p>* Multiple LAFCO hearings may be required; schedule assumes that State Controller review of the CFA is not requested, which could delay the process up to 3 months.</p> <p>** Start Date of new city will depend on certification of election results and required filings.</p>																		
2020-09-25																		

APPENDIX B

BUDGET ESTIMATES AND FISCAL ASSUMPTIONS

List of Incorporation Feasibility Tables

Mountain House Incorporation Feasibility (IFA) (constant 2020 \$'s)

Table B-1	Public Services Before and After City Incorporation
Table B-2a	Current and Projected Land Uses
Table B-2b	Current and Projected Population and Employment Kosmont forecasts/IFA Annualized Estimates
Table B-3	Assessed Value
Table B-4a	MHCS D Budget - Base Expenditures with Real Cost Increases
Table B-4b	MHCS D Budget - Base Expenditure Growth and New Costs
Table B-4c	MHCS D Budget - Total Expenditures (Base plus New)
Table B-5a	MHCS D Budget - Base Revenues
Table B-5b	MHCS D Budget - Special Tax Revenues
Table B-5c	MHCS D Budget - Special Tax Rates and Estimates per Unit and per Sq.Ft.
Table B-6	City Budget Forecast
Table B-6a	City Budget Forecast Summary
Table B-7	City Revenue Notes
Table B-8	City Property Tax Summary
Table B-9	Change in County Costs and Revenues
Table B-10	Property Tax Transfer from County to the City of Mountain House
Table B-11	Base Year Net County Cost for Services Transferred (FY20)
Table B-12	County Auditor's Ratio: Countywide Property Tax % of General Purpose Revenue
Table B-13	County Budget Detail
Table B-14a	Road Revenues - Gas Tax
Table B-14b	Road Revenues - Measure K
Table B-14c	Road Revenues - Local Transportation Funds
Table B-15	Review of Comparable Cities - Selected Costs and Revenues

Table B-1
Public Services Before and After City Incorporation

Service	Current Service Providers		Post-Incorporation Change in Services
	County of San Joaquin/Other	Mountain House CSD	
General Government Administration	County provides Countywide services; no change with incorporation.	MHCSD Board oversees all functions including administration (District manager, board clerk, attorney (contract), human resources, finance, risk management, IT).	New city continues all current management and administration of services, plus new land use regulatory functions.
Engineering, Planning and Development	County administers MHCSD development agreements; provides plan check/building permits, building inspection and building code enforcement.	MHCSD enforces CCRs and MHCSD ordinances; infrastructure planning and maintenance; administers impact fees; manages sewer and water contracts with private operators.	New city will be responsible for all planning and development services. City may contract with County or private firm, and receive revenues from permits and fees.
Economic Development	No Mountain House-specific economic development.	No MHCSD economic development programs.	New city can undertake economic development and participate in CDBG programs.
Animal Control	City of Stockton provides animal pickup in MHCSD per contract with County.	No MHCSD services.	New city could contract with neighboring city or County for animal control and shelter services.
Road Maintenance	No County services.	MHCSD is responsible for road maintenance.	No change. Increased development & roadways will create need for increased services. City will qualify for regional funding and gas taxes.
Transit	Regional agencies provide transit services.	MHCSD coordinates transit planning and provides vehicles and operational cost for local services.	New city will continue transit coordination and services, and may expand services using regional funding available to the city.
Police Protection	County Sheriff provides one deputy 24/7 per MHCSD contract. CHP provides enhanced patrol services per MHCSD contract and "base" level of service.	MHCSD funds County Sheriff contract and supplemental CHP traffic enforcement, and contracts for additional private security services.	County Sheriff contract could be continued, or City could contract with neighboring city, or form its own department.

Table B-1
Public Services Before and After City Incorporation

Service	Current Service Providers		Post-Incorporation Change in Services
	County of San Joaquin/Other	Mountain House CSD	
Fire Protection	No County services.	MHCSD contracts with French Camp McKinley Rural County Fire Protection District for one station, two engines each with two personnel w/BLS capability.	No change. Increased growth and development may trigger need for new station, staff and equipment changes (study is underway to determine options).
Parks and Recreation	No local County services.	MHCSD organizes recreation events, oversees programs; maintains parks and landscaping (O&M Dept.).	No change. Increased growth and development will increase park maintenance and program costs for new facilities.
Libraries	Stockton-San Joaquin County Unified Library system provides staff, replaces & enhances the collection.	MHCSD provides library facilities and funds bldg & grounds maintenance.	No change. City will continue to maintain library building.
Wastewater	No County services.	MHCSD contracts with private operator for system operation.	No change. City will continue to maintain system through private contract. Rates cover costs.
Water	No County services.	MHCSD contracts with private operator for system operation. MHCSD purchases water from Byron Bethany Irrigation District (BBID).	No change. City will continue to maintain system through private contract. Rates cover costs.
Storm Water	No County services.	MHCSD manages and maintains flood control infrastructure.	No change. City will continue to maintain system through private contract.

9/23/20

POLICY & ACTION ITEM 9.4
ATTACHMENT A

Table B-2a

Current and Projected Land Uses

Low Growth Scenario

Mountain House Incorporation Feasibility (IFA)

Item	Factor	Base FY19-20	Transition Yr											
			0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<u>Residential Units</u>														
New Units (occupied during year)		673	300	300	300	300	300	300	300	300	300	300	300	300
Cumulative Units (1)	5,960	6,633	6,933	7,233	7,533	7,833	8,133	8,433	8,733	9,033	9,333	9,633	9,933	10,233
			4.5%	4.3%	4.1%	4.0%	3.8%	3.7%	3.6%	3.4%	3.3%	3.2%	3.1%	3.0%
<u>Commercial (2)</u>														
Office		28,000	0	0	50,000	0	0	0	0	125,000	0	0	0	
Cumulative sq.ft.		28,000	28,000	28,000	78,000	78,000	78,000	78,000	78,000	203,000	203,000	203,000	203,000	203,000
Retail		1,500	0	41,308	98,550	0	0	0	0	35,000	0	0	0	
Cumulative sq.ft.		1,500	1,500	42,808	141,358	141,358	141,358	141,358	141,358	176,358	176,358	176,358	176,358	176,358
Hotel		0	0	0	0	0	0	0	0	110	0	0	0	0
Cumulative Hotel Rooms		0	0	0	0	0	0	0	0	110	110	110	110	110
Cumulative sq.ft.	550	0	0	0	0	0	0	0	0	60,500	60,500	60,500	60,500	60,500
Industrial/Other		0	513,087	0	100,000	0	0	0	0	800,000	0	0	0	
Cumulative sq.ft.		0	513,087	513,087	613,087	613,087	613,087	613,087	613,087	1,413,087	1,413,087	1,413,087	1,413,087	1,413,087
TOTAL Commercial sq.ft. (cumulative)		29,500	542,587	583,895	832,445	832,445	832,445	832,445	832,445	1,852,945	1,852,945	1,852,945	1,852,945	1,852,945
				7.6%	42.6%	0.0%	0.0%	0.0%	0.0%	122.6%	0.0%	0.0%	0.0%	0.0%

(1) Persons per unit (PPU) and population from estimates provided by MHCSD, S.Pinkerton, 5/27/2020. PPU from State estimate for new units.

7/10/20

Units in FY20 based on population/persons per unit/occupied units.

(2) Kosmont, 6/20/2020. Additional 1,500 sq.ft. of existing retail has been added.

POLICY & ACTION ITEM 9.4
ATTACHMENT A

Table B-2b

Current and Projected Population and Employment - Low Growth Scenario
Mountain House Incorporation Feasibility (IFA)

		Transition Yr												
		Base	0	1	2	3	4	5	6	7	8	9	10	11
Item	Factor	FY19-20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
<u>Population</u>														
New Residents (1)	3.73	2,510	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119	1,119
Cumulative Residents	20,994	23,504	24,623	25,742	26,861	27,980	29,099	30,218	31,337	32,456	33,575	34,694	35,813	36,932
<u>Employees (2)</u>														
New Employees		93	171	103	446	0	0	0	0	815	0	0	0	
Public/Non-Profit		<u>280</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>11</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>8</u>
Total New		373	184	115	458	11	11	10	10	824	9	9	9	8
Cumulative Employees		373	557	672	1,130	1,142	1,152	1,163	1,173	1,997	2,006	2,015	2,024	2,032
<u>Service Population</u>														
Residents	100%	23,504	24,623	25,742	26,861	27,980	29,099	30,218	31,337	32,456	33,575	34,694	35,813	36,932
Employees (24/7 equivalent)	25%	<u>93</u>	<u>139</u>	<u>168</u>	<u>283</u>	<u>285</u>	<u>288</u>	<u>291</u>	<u>293</u>	<u>499</u>	<u>502</u>	<u>504</u>	<u>506</u>	<u>508</u>
Total		23,597	24,762	25,910	27,144	28,265	29,387	30,509	31,630	32,955	34,077	35,198	36,319	37,440

(1) Persons per new unit provided by MHCSD, S.Pinkerton, 5/27/2020; current population from Board meeting 8/20/2020.

9/23/20

(2) Kosmont, 5/28/2020 (hotel employment factor reduced slightly). Public/Non-Profit estimated by Berkson Associates.

POLICY & ACTION ITEM 9.4

ATTACHMENT A

KOSMONT ASSOCIATES

LOW SCENARIO		Jobs / Tax Assumptions				Development / Absorption Assumptions			
Project	Type	SF / Empl	Property Assessment / SF	Taxable Sales / SF	TOT / Room	Short 0-5 years	Medium 5-10 years	Long-term 10+ years	Notes
Childcare Facility	Neighborhood Commercial	400	\$250			7,962			~Opening Spring 2021
Cordes Village Plaza (possible pizza, karate school)	Neighborhood Commercial	400	\$250	\$125		11,663			~End of Summer 2020
Mustang Square	Retail: Restaurant	400	\$250	\$350		7,000			~Spring / Summer
Mustang Square	Retail: Restaurant w/ Drive Thru	400	\$250	\$350		4,800			2021
Mustang Square	Retail: Convenience/Gas, Restaurant, Drive Thru	400	\$250	\$350		6,750			~Spring / Summer 2021
Mustang Square	Retail: Car Wash	400	\$250			3,133			~Spring / Summer
(Along MH Parkway, North of Grant Line)	Industrial: R&D / Flex	3,000	\$100			100,000			
Town Center	Retail: Grocery	400	\$250	\$120		55,000			~Jan / Feb 2022
Town Center	Retail: Convenience / Gas	400	\$250	\$350		3,000			~Jan / Feb 2022
Town Center	Retail: Multitenant	400	\$250	\$250		25,550			~Leasing 2021 / 2022
Town Center	Retail: Multitenant (Phase 2)	400	\$250	\$250			10,000		
Pannatoni Industrial	Industrial	3,000	\$100			513,087			Built/ seeking tenants
Mountain House Business Park	Retail: General / Restaurant	400	\$250	\$250		15,000			
Future Retail	Retail: General / Restaurant	400	\$250	\$250			25,000	50,000	
Future Office (Commercial)	Office	300	\$150			50,000	125,000	150,000	
Existing Office	Office	300	\$150			28,000			
Future Industrial	Industrial	3,000	\$100				800,000	1,500,000	
Hotel	Hotel: Select Service*	0.4	\$200,000		\$2,728		110		
Future Retail: Additional Grocer	Retail: Grocery	400	\$250	\$120					

LOW	Short-Term	Medium-Term	Long-Term	TOTAL
Retail	139,858	35,000	50,000	224,858
Industrial	613,087	800,000	1,500,000	2,913,087
Office	78,000	125,000	150,000	353,000
Hotel	-	110	-	110

*BA revised Kosmont hotel jobs from 0.8 to 0.4

employees per room.....they use 0.8 rooms per employee

POLICY & ACTION ITEM 9.4

ATTACHMENT A

KOSMONT ASSOCIATES

Project Description (based on Kosmont)

LOW SCENARIO		Base	Transition Yr											
		-	1	2	3	4	5	6	7	8	9	10	11	12
Project	Type	FY19-20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Childcare Facility	Neighborhood Commercial			7,962										
Cordes Village Plaza (possible pizza, karate school)	Neighborhood Commercial			11,663										
Mustang Square	Retail: Restaurant			7,000										
Mustang Square	Retail: Restaurant w/ Drive Thru			4,800										
Mustang Square	Retail: Convenience/Gas, Restaurant, Drive Thru			6,750										
Mustang Square	Retail: Car Wash			3,133										
(Along MH Parkway, North of Grant Line)	Industrial: R&D / Flex				100,000									
Town Center	Retail: Grocery				55,000									
Town Center	Retail: Convenience / Gas				3,000									
Town Center	Retail: Multitenant				25,550									
Town Center	Retail: Multitenant (Phase 2)									10,000				
Pannatoni Industrial	Industrial		513,087											
Mountain House Business Park	Retail: General / Restaurant				15,000									
Future Retail	Retail: General / Restaurant									25,000				50,000
Future Office (Commercial,	Office				50,000					125,000				150,000
Existing Office	Office	28,000												
Future Industrial	Industrial									800,000				1,500,000
Hotel	Hotel: Select Service*									110				
Future Retail: Additional Grocer	Retail: Grocery													-
LOW				Short -Term				Medium-Term				Long-Term		
Retail		-	-	41,308	98,550					35,000				50,000
Industrial		-	513,087	-	100,000					800,000				1,500,000
Office		28,000	-	-	50,000					125,000				150,000
Hotel					-					110				-

POLICY & ACTION ITEM 9.4

ATTACHMENT A

KOSMONT ASSOCIATES

New Employees (based on Kosmont)

		Base		Transition Yr											
LOW SCENARIO		-	1	2	3	4	5	6	7	8	9	10	11	12	
Project	Type	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Childcare Facility	Neighborhood Commercial			20											
Cordes Village Plaza (possible pizza, karate school)	Neighborhood Commercial			29											
Mustang Square	Retail: Restaurant			18											
Mustang Square	Retail: Restaurant w/ Drive Thru			12											
Mustang Square	Retail: Convenience/Gas, Restaurant, Drive Thru			17											
Mustang Square	Retail: Car Wash			8											
(Along MH Parkway, North of Grant Line)	Industrial: R&D / Flex				33										
Town Center	Retail: Grocery				138										
Town Center	Retail: Convenience / Gas				8										
Town Center	Retail: Multitenant				64										
Town Center	Retail: Multitenant (Phase 2)									25					
Pannatoni Industrial	Industrial		171		-										
Mountain House Business Park	Retail: General / Restaurant				38										
Future Retail	Retail: General / Restaurant									63				125	
Future Office (Commercial,	Office				167					417				500	
Existing Office	Office	93			-										
Future Industrial	Industrial									267				500	
Hotel	Hotel: Select Service*				-					44				-	
Future Retail: Additional Grocer	Retail: Grocery														
LOW				Short -Term					Medium-Term					Long-Term	
Retail		-	-	103	246					88				125	
Industrial		-	171	-	33					267				500	
Office		93	-	-	167					417				500	
Hotel		-	-	-	-					44				-	
		93	171	103	446	-	-	-	-	815	-	-	-	1,125	
		93	264	368	814	814	814	814	814	1,629	1,629	1,629	1,629	2,754	

POLICY & ACTION ITEM 9.4

ATTACHMENT A

KOSMONT ASSOCIATES

New Assessed Value (based on Kosmont)

LOW SCENARIO		Base	Transition Yr											
		-	1	2	3	4	5	6	7	8	9	10	11	12
Project	Type	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Childcare Facility	Neighborhood Commercial			1,990,500										
Cordes Village Plaza (possible pizza, karate school)	Neighborhood Commercial			2,915,750										
Mustang Square	Retail: Restaurant			1,750,000										
Mustang Square	Retail: Restaurant w/ Drive Thru			1,200,000										
Mustang Square	Retail: Convenience/Gas, Restaurant, Drive Thru			1,687,500										
Mustang Square	Retail: Car Wash			783,250										
(Along MH Parkway, North of Grant Line)	Industrial: R&D / Flex				10,000,000									
Town Center	Retail: Grocery				13,750,000									
Town Center	Retail: Convenience / Gas				750,000									
Town Center	Retail: Multitenant				6,387,500									
Town Center	Retail: Multitenant (Phase 2)									2,500,000				
Pannatoni Industrial	Industrial		51,308,700		-									
Mountain House Business Park	Retail: General / Restaurant				3,750,000									
Future Retail	Retail: General / Restaurant									6,250,000				12,500,000
Future Office (Commercial,	Office				7,500,000					18,750,000				22,500,000
Existing Office	Office	4,200,000			-									
Future Industrial	Industrial									80,000,000				150,000,000
Hotel	Hotel: Select Service*				-					22,000,000				-
Future Retail: Additional Grocer	Retail: Grocery													
LOW					Short -Term					Medium-Term			Long-Term	
Retail		-	-	10,327,000	24,637,500					8,750,000				12,500,000
Industrial		-	51,308,700	-	10,000,000					80,000,000				150,000,000
Office		4,200,000	-	-	7,500,000					18,750,000				22,500,000
Hotel		-	-	-	-					22,000,000				-

New Taxable Sales (based on Kosmont)

POLICY & ACTION ITEM 9.4

ATTACHMENT A

KOSMONT ASSOCIATES

New TOT (based on Kosmont)

LOW SCENARIO		Transition Yr													
		-	1	2	3	4	5	6	7	8	9	10	11	12	
Project	Type	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	
Childcare Facility	Neighborhood Commercial														
Cordes Village Plaza (possible pizza, karate school)	Neighborhood Commercial														
Mustang Square	Retail: Restaurant														
Mustang Square	Retail: Restaurant w/ Drive Thru														
Mustang Square	Retail: Convenience/Gas, Restaurant, Drive Thru														
Mustang Square	Retail: Car Wash														
(Along MH Parkway, North of Grant Line)	Industrial: R&D / Flex														
Town Center	Retail: Grocery														
Town Center	Retail: Convenience / Gas														
Town Center	Retail: Multitenant														
Town Center	Retail: Multitenant (Phase 2)														
Pannatoni Industrial	Industrial														
Mountain House Business Park	Retail: General / Restaurant														
Future Retail	Retail: General / Restaurant														
Future Office (Commercial,	Office														
Existing Office	Office														
Future Industrial	Industrial														
Hotel	Hotel: Select Service*				-					300,080				-	
Future Retail: Additional Grocer	Retail: Grocery														
LOW		Short -Term						Medium-Term					Long-Term		
Retail				-											
Industrial															
Office															
Hotel				-						300,080				-	

Short -Term

Medium-Term

Long-Term

Table B-3
Assessed Value
Mountain House Incorporation Feasibility (IFA)

(cont'd)

Item	Factor (3)	Base Year FY19-20	0 FY21	Transition Yr						
				1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28
Residential Assessed Value	new units:	673	300	300	300	300	300	300	300	300
Cumulative Residential A.V. (start of yr)		2,906,271,000	3,101,271,000	3,296,271,000	3,491,271,000	3,686,271,000	3,881,271,000	4,076,271,000	4,271,271,000	4,466,271,000
New Residential A.V.	\$650,000	437,450,000	195,000,000	195,000,000	195,000,000	195,000,000	195,000,000	195,000,000	195,000,000	195,000,000
Commercial										
Cumulative Office A.V. (start of yr)		4,200,000	4,200,000	4,200,000	11,700,000	11,700,000	11,700,000	11,700,000	11,700,000	30,450,000
New Office A.V.	\$150		0	0	7,500,000	0	0	0	0	18,750,000
Cumulative Retail A.V. (start of yr)		375,000	375,000	10,702,000	35,339,500	35,339,500	35,339,500	35,339,500	35,339,500	44,089,500
New Retail A.V.	\$250		0	10,327,000	24,637,500	0	0	0	0	8,750,000
Cumulative Hotel A.V.			0	0	0	0	0	0	0	22,000,000
New Hotel A.V.	\$125,000		0	0	0	0	0	0	0	22,000,000
Cumulative Industrial/Other A.V. (start of yr)		0	51,308,700	51,308,700	61,308,700	61,308,700	61,308,700	61,308,700	61,308,700	141,308,700
New Industrial/Other A.V.	\$100		51,308,700	0	10,000,000	0	0	0	0	80,000,000
Total Cumulative Commercial A.V.										
Cumulative A.V.		4,575,000	55,883,700	66,210,700	108,348,200	108,348,200	108,348,200	108,348,200	108,348,200	215,848,200
New A.V.		0	51,308,700	10,327,000	42,137,500	0	0	0	0	129,500,000
TOTAL ASSESSED VALUE										
Total Assessed Value (start of year) (1)		2,765,990,845	3,157,154,700	3,362,481,700	3,599,619,200	3,794,619,200	3,989,619,200	4,184,619,200	4,379,619,200	4,682,119,200
New A.V.		437,450,000	246,308,700	205,327,000	237,137,500	195,000,000	195,000,000	195,000,000	195,000,000	324,500,000
Other (unsecured % of total)	0.12%	3,956,161	4,203,183	4,406,145	4,738,288	4,927,069	5,167,889	5,408,708	5,649,528	6,183,036
Adjustment for FY20 (2)		<u>-37,284,666</u>								
TOTAL, End of Year	\$2,765,990,845	3,170,112,340	3,407,666,583	3,572,214,845	3,841,494,988	3,994,546,269	4,189,787,089	4,385,027,908	4,580,268,728	5,012,802,236

(1) FY19 and FY20 total (start of year) assessed values are from Auditor-Controller, Stan Lawrence, 3/25/2020; total includes Homeowners Exemption (HOX).

(2) FY19 "Adjustment" included to reflect increases due to resales; subsequent years assume increases due to resales equals inflation.

(3) Values per sq.ft., and per hotel room, based on Kosmont estimates.

Table B-3
Assessed Value
Mountain House Incorporation Feasibility (IFA)

Item	Factor (3)	8 FY29	9 FY30	10 FY31	11 FY32
<u>Residential Assessed Value</u>					
new units:		300	300	300	300
Cumulative Residential A.V. (start of yr)		4,661,271,000	4,856,271,000	5,051,271,000	5,246,271,000
New Residential A.V.	\$650,000	195,000,000	195,000,000	195,000,000	195,000,000
<u>Commercial</u>					
Cumulative Office A.V. (start of yr)		30,450,000	30,450,000	30,450,000	30,450,000
New Office A.V.	\$150	0	0	0	
Cumulative Retail A.V. (start of yr)		44,089,500	44,089,500	44,089,500	56,589,500
New Retail A.V.	\$250	0	0	0	12,500,000
Cumulative Hotel A.V.		22,000,000	22,000,000	22,000,000	22,000,000
New Hotel A.V.	\$125,000	0	0	0	0
Cumulative Industrial/Other A.V. (start of yr)		141,308,700	141,308,700	141,308,700	141,308,700
New Industrial/Other A.V.	\$100	0	0	0	
Total Cumulative Commercial A.V.					
Cumulative A.V.		215,848,200	215,848,200	215,848,200	228,348,200
New A.V.		0	0	0	12,500,000
TOTAL ASSESSED VALUE					
Total Assessed Value (start of year) (1)		4,877,119,200	5,072,119,200	5,267,119,200	5,474,619,200
New A.V.		195,000,000	195,000,000	195,000,000	207,500,000
Other (unsecured % of total)	0.12%	6,263,927	6,504,746	6,745,566	7,017,260
Adjustment for FY20 (2)					
TOTAL, End of Year	\$2,765,990,845	5,078,383,127	5,273,623,946	5,468,864,766	5,689,136,460

(1) FY19 and FY20 total (start of year) assessed

(2) FY19 "Adjustment" included to reflect increa

(3) Values per sq.ft., and per hotel room, based

9/23/20

Table B-4a

MHCSD Budget - Base Expenditures with Real Cost Increases
(constant 2020 \$'s)

Item	Annual Real Cost Increase	Adopted Budget FY19-20	Adopted Budget FY20-21	1 FY22	Transition Yr 2 FY23	3 FY24	4 FY25	5 FY26	6 FY27
BASE EXPENDITURES (before OH cost allocations)									
Administration	0.0%	1,452,308	1,487,687	1,487,687	1,487,687	1,487,687	1,487,687	1,487,687	1,487,687
Finance	0.0%	1,831,834	2,686,255	2,686,255	2,686,255	2,686,255	2,686,255	2,686,255	2,686,255
Community Development									
Planning	0.0%		1,227,521	1,227,521	1,227,521	1,227,521	1,227,521	1,227,521	1,227,521
Regulatory & Compliance Division	0.0%		417,535	417,535	417,535	417,535	417,535	417,535	417,535
Impact Fee Programs Division	0.0%		160,000	160,000	160,000	160,000	160,000	160,000	160,000
Code Enforcement Division	0.0%		<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>
Subtotal, Community Development		0	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729
Public Works									
Engineering and Maintenance	0.0%	1,082,823	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175
Other Public Works		<u>1,682,572</u>	<i>shifted to Community Development</i>						
Subtotal, Public Works		2,765,395	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175
<u>Operations and Maintenance (O&M) (1)</u>									
Roads and Bridges									
Maintenance (2)	0.0%	720,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000
Utilities-street lighting and signals	0.0%	172,850	192,660	192,660	192,660	192,660	192,660	192,660	192,660
Parks & Landscape (inc. trees) (3)		2,151,670	2,535,651	2,535,651	2,535,651	2,535,651	2,535,651	2,535,651	2,535,651
Other O&M Division (Bldgs, Utilities, etc.)	0.0%	6,800,406	6,986,002	6,986,002	6,986,002	6,986,002	6,986,002	6,986,002	6,986,002
Transit	0.0%	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Recreation	0.0%	276,969	361,844	361,844	361,844	361,844	361,844	361,844	361,844
Library	0.0%	185,431	225,122	225,122	225,122	225,122	225,122	225,122	225,122
Law Enforcement	3.0%	2,018,338	2,478,080	2,552,422	2,628,995	2,707,865	2,789,101	2,872,774	2,958,957
Fire and EMS	0.0%	2,301,350	2,304,920	2,304,920	2,304,920	2,304,920	2,304,920	2,304,920	2,304,920
Emergency Preparedness	0.0%	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Subtotal Expenditures (before Debt and CIP)		20,751,551	23,751,125	23,825,467	23,902,040	23,980,910	24,062,146	24,145,819	24,232,002
Capital Projects (non-TIF, non-CFF) (4)	1.0%	4,340,180	3,886,436	3,925,300	3,964,553	4,004,199	4,044,241	4,084,683	4,125,530
SUBTOTAL BASE EXPENDITURES (before debt)		25,091,731	27,637,561	27,750,768	27,866,593	27,985,109	28,106,387	28,230,502	28,357,532
Debt Service (debt revenues offset debt service)		18,109,295	18,430,534	<i>existing and future debt service offset by debt revenues</i>					
TOTAL (5)		\$43,201,026	\$46,068,095						
(less) Developer Allocation			-\$900,000						
Revenues		\$42,246,982	\$46,363,308						
NET CHANGE IN FUND BALANCES		-\$954,044	\$1,195,213						

ATTACHMENT A

Table B-4a

**MHCSD Budget - Base Expenditures with Real Cost Increases
(constant 2020 \$'s)**

Item	Annual Real Cost Increase	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
BASE EXPENDITURES (before OH cost allocations)						
Administration	0.0%	1,487,687	1,487,687	1,487,687	1,487,687	1,487,687
Finance	0.0%	2,686,255	2,686,255	2,686,255	2,686,255	2,686,255
Community Development						
Planning	0.0%	1,227,521	1,227,521	1,227,521	1,227,521	1,227,521
Regulatory & Compliance Division	0.0%	417,535	417,535	417,535	417,535	417,535
Impact Fee Programs Division	0.0%	160,000	160,000	160,000	160,000	160,000
Code Enforcement Division	0.0%	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>	<u>467,673</u>
Subtotal, Community Development		2,272,729	2,272,729	2,272,729	2,272,729	2,272,729
Public Works						
Engineering and Maintenance	0.0%	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175
Other Public Works						
Subtotal, Public Works		1,017,175	1,017,175	1,017,175	1,017,175	1,017,175
<u>Operations and Maintenance (O&M) (1)</u>						
Roads and Bridges						
Maintenance (2)	0.0%	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000
Utilities-street lighting and signals	0.0%	192,660	192,660	192,660	192,660	192,660
Parks & Landscape (inc. trees) (3)		2,535,651	2,535,651	2,535,651	2,535,651	2,535,651
Other O&M Division (Bldgs, Utilities, etc.)	0.0%	6,986,002	6,986,002	6,986,002	6,986,002	6,986,002
Transit	0.0%	50,000	50,000	50,000	50,000	50,000
Recreation	0.0%	361,844	361,844	361,844	361,844	361,844
Library	0.0%	225,122	225,122	225,122	225,122	225,122
Law Enforcement	3.0%	3,047,726	3,139,158	3,233,332	3,330,332	3,430,242
Fire and EMS	0.0%	2,304,920	2,304,920	2,304,920	2,304,920	2,304,920
Emergency Preparedness	0.0%	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Subtotal Expenditures (before Debt and CIP)		24,320,771	24,412,203	24,506,377	24,603,377	24,703,287
Capital Projects (non-TIF, non-CFF) (4)	1.0%	4,166,785	4,208,453	4,250,538	4,293,043	4,335,974
SUBTOTAL BASE EXPENDITURES (before debt)		28,487,556	28,620,656	28,756,915	28,896,420	29,039,261
Debt Service (debt revenues offset debt service)						
TOTAL (5)						
(less) Developer Allocation						
Revenues						
NET CHANGE IN FUND BALANCES						

POLICY & ACTION ITEM 9.4
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Notes to Table B-4a

- (1) O&M budget detail for FY20 is from FY20 budget dept. detail, pg. 70; for FY21 see pg. 71 of budget.
- (2) Future increases in road-related expenditures shown in Table B-4b and are added to current FY21 costs for total Base plus New Expenditures.
- (3) In FY20, landscape total budget (in O&M Dept.) of \$1,890,570 is added to park maintenance equip., structures and grounds of \$261,100.
In FY21, landscape total budget (in O&M Dept.) of \$2,213,441 is added to park maintenance equip., structures and grounds of \$322,210.
(see also File: "Parks & Aterial Landscape Maint Cost and SqFt.pdf" for more detailed % breakdown of parks vs. landscape sq.ft.)
- (4) No increase (above current FY21) in existing General Fund capital expenditures assumed (except real cost increase of 1.0%).
- (5) Total FY21 costs equal Expenditures, Total Funds (pg. 44) adjusted for Developer Allocation and \$160,000 expenditures added to Proposed Budget.

POLICY & ACTION ITEM 9.4
ATTACHMENT A

Table B-4b
MHCS D Budget - Base Expenditure Growth and New Costs
(constant 2020 \$'s)

Item	New Expenditure Items	Factor	Transition Yr						
			1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28
EXPENDITURES (Base with real cost increases)									
Subtotal Base Expenditures (before debt)	adjusted for real cost growth		27,750,768	27,866,593	27,985,109	28,106,387	28,230,502	28,357,532	28,487,556
New MHCS D Expenditures									
Administration Department	1 fte @ 7,500 units	\$95,000	0	95,000	95,000	95,000	95,000	95,000	95,000
Finance Department	1 fte @ 7,500 units	\$95,000	0	95,000	95,000	95,000	95,000	95,000	95,000
Community Development	No change in existing services								
Engineering Department (Public Works)	No change in existing services								
Operations & Maintenance Department									
Roads/Bridges (maintenance, landscape, signals) (1)	DPW Forecast 6/16/2020		4,320	4,320	400,128	684,448	684,448	684,448	1,136,217
Parks and Public Facilities (2)	DPW Forecast 6/16/2020		90,351	90,351	311,906	374,362	374,362	607,882	1,532,052
Other (Communications, Security Phase Two) (1)	DPW Forecast 6/16/2020	\$280,000				280,000	280,000	280,000	280,000
Transit and Park & Ride Lots (1)	DPW Forecast 6/16/2020				200,000	200,000	200,000	200,000	225,000
Rec. Dept. Expansion (10-15 add'l staff & expenses) (3)	50% FY25, 100% FY28	\$1,600,000				800,000	800,000	800,000	1,600,000
Library Services	No City cost except bldg. maint.		0	0	0	0	0	0	0
Law Enforcement Services	No change in existing services								
Fire & Emergency Medical Services	Second station assumed; study pending.					500,000	500,000	500,000	500,000
Emergency Preparedness	No change in existing services								
Subtotal New Baseline Expenditures (before debt)			94,671	284,671	1,102,035	3,028,810	3,028,810	3,262,330	5,463,269
New Capital (above existing levels)									
New Debt Service (non-rate secured, above existing)									
SUBTOTAL New MHCS D Expenditures			94,671	284,671	1,102,035	3,028,810	3,028,810	3,262,330	5,463,269
TOTAL Expenditures: Base & New Expenditures			27,845,439	28,151,265	29,087,143	31,135,197	31,259,312	31,619,862	33,950,825
TOTAL Revenues (exc. revenues for debt)			28,642,326	29,726,680	30,721,833	31,715,854	32,549,876	33,383,898	35,192,286
CHANGE IN FUND BALANCES (inc. new expenditures)			796,886	1,575,415	1,634,689	580,657	1,290,564	1,764,035	1,241,460

(1) MHCS D DPW estimates 9/17/2020 (file: "Incorporation -Trigger Points with Maintenance Costs (Final - Sept 2020).xlsx", tab: "3- TIF").

(2) MHCS D DPW estimates 9/17/2020 (file: "Incorporation -Trigger Points with Maintenance Costs (Final - Sept 2020).xlsx", tab: "2- CIF").

(3) Additional recreation staff and expenses phased-in with new facilities. Staff and costs (net of fees) based on Lathrop (\$1.3 mill. net of fee revenue).

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Table B-4b
MHCS D Budget - Base Expenditure Growth and New Costs
(constant 2020 \$'s)

Item	New Expenditure Items	Factor	8 FY29	9 FY30	10 FY31	11 FY32
EXPENDITURES (Base with real cost increases)						
Subtotal Base Expenditures (before debt)	adjusted for real cost growth		28,620,656	28,756,915	28,896,420	29,039,261
<u>New MHCS D Expenditures</u>						
Administration Department	1 fte @ 7,500 units	\$95,000	95,000	95,000	95,000	95,000
Finance Department	1 fte @ 7,500 units	\$95,000	95,000	95,000	95,000	95,000
Community Development	No change in existing services					
Engineering Department (Public Works)	No change in existing services					
Operations & Maintenance Department						
Roads/Bridges (maintenance, landscape, signals) (1)	DPW Forecast 6/16/2020		1,136,217	1,136,217	1,136,217	1,559,692
Parks and Public Facilities (2)	DPW Forecast 6/16/2020		1,893,704	1,893,704	1,893,704	2,607,007
Other (Communications, Security Phase Two) (1)	DPW Forecast 6/16/2020	\$280,000	280,000	280,000	280,000	280,000
Transit and Park & Ride Lots (1)	DPW Forecast 6/16/2020		225,000	225,000	225,000	225,000
Rec. Dept. Expansion (10-15 add'l staff & expenses) (3)	50% FY25, 100% FY28	\$1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Library Services	No City cost except bldg. maint.		0	0	0	0
Law Enforcement Services	No change in existing services					
Fire & Emergency Medical Services	Second station assumed; study pending		500,000	500,000	500,000	500,000
Emergency Preparedness	No change in existing services					
Subtotal New Baseline Expenditures (before debt)			5,824,921	5,824,921	5,824,921	6,961,699
New Capital (above existing levels)						
New Debt Service (non-rate secured, above existing)						
SUBTOTAL New MHCS D Expenditures			5,824,921	5,824,921	5,824,921	6,961,699
TOTAL Expenditures: Base & New Expenditures			34,445,577	34,581,836	34,721,342	36,000,960
TOTAL Revenues (exc. revenues for debt)			36,687,880	37,521,902	38,355,923	39,209,695
CHANGE IN FUND BALANCES (inc. new expenditures)			2,242,303	2,940,065	3,634,582	3,208,735

(1) MHCS D DPW estimates 9/17/2020 (file: "Incorporation -Trigger Points with Maintenance Cc

9/9/20

(2) MHCS D DPW estimates 9/17/2020 (file: "Incorporation -Trigger Points with Maintenance Cc

(3) Additional recreation staff and expenses phased-in with new facilities. Staff and costs (net

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Table B-4c

MHCSD Budget - Total Expenditures (Base plus New)
(constant 2020 \$'s)

Item	New Expenditure Items	Factor	Annual Real Cost Increase	Adopted Budget FY19-20	Adopted Budget FY20-21	Transition Yr				
						1 FY22	2 FY23	3 FY24		
TOTAL MHCSD EXPENDITURES (Base plus New)										
Administration Department	1 fte @ 7,500 units	\$95,000	0%	1,452,308	1,487,687	1,487,687	1,582,687	1,582,687		
Finance Department	1 fte @ 7,500 units	\$95,000	0%	1,831,834	2,686,255	2,686,255	2,781,255	2,781,255		
Community Development	No change in existing services			1,682,572	2,272,729	2,272,729	2,272,729	2,272,729		
Engineering Department (Public Works)	No change in existing services			1,082,823	1,017,175	1,017,175	1,017,175	1,017,175		
Operations & Maintenance Department				9,844,926	10,842,313	10,936,984	10,936,984	11,554,348		
Transit and Park & Ride Lots (1)	DPW Forecast 6/16/2020			50,000	50,000	50,000	50,000	250,000		
Rec. Dept. Expansion (10-15 add'l staff & expenses) (3)	50% FY25, 100% FY28	\$1,600,000	0%	276,969	361,844	361,844	361,844	361,844		
Library Services	No City cost except bldg. maint.			185,431	225,122	225,122	225,122	225,122		
Law Enforcement Services	No change in existing services			2,018,338	2,478,080	2,552,422	2,628,995	2,707,865		
Fire & Emergency Medical Services	Second station assumed; study pending.			2,301,350	2,304,920	2,304,920	2,304,920	2,304,920		
Emergency Preparedness	No change in existing services			<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>		
Subtotal Expenditures (before debt)				20,751,551	23,751,125	23,920,139	24,186,711	25,082,945		
Capital (existing levels; non-TIF, non-CFF)				Assume real growth	1%	4,340,180	3,886,436	3,925,300	3,964,553	4,004,199
TOTAL EXPENDITURES (before debt)						25,091,731	27,637,561	27,845,439	28,151,265	29,087,143

(1) MHCSD DPW estimates 9/16/2020 (file: "Incorporat (1) MHCSD DPW estimate (1) MHCSD D (1) MHCSD I (1) MHCSD I (1) MHCSD I (1) MHCSD DPW estimates 9/16/2020)
(2) MHCSD DPW estimates 9/17/2020 (file: "Incorporat (2) MHCSD DPW estimate (2) MHCSD D (2) MHCSD I (2) MHCSD I (2) MHCSD I (2) MHCSD DPW estimates 9/17/2020)
(3) Additional recreation staff and expenses phased-in with new facilities. Staff and costs (net of fees) based on Lathrop (\$1.3 mill. net).

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Table B-4c

MHCSD Budget - Total Expenditures (Base plus New)
(constant 2020 \$'s)

Item	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
TOTAL MHCSD EXPENDITURES (Base plus New)								
Administration Department	1,582,687	1,582,687	1,582,687	1,582,687	1,582,687	1,582,687	1,582,687	1,582,687
Finance Department	2,781,255	2,781,255	2,781,255	2,781,255	2,781,255	2,781,255	2,781,255	2,781,255
Community Development	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729	2,272,729
Engineering Department (Public Works)	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175	1,017,175
Operations & Maintenance Department	12,181,123	12,181,123	12,414,643	13,790,582	14,152,234	14,152,234	14,152,234	15,289,012
Transit and Park & Ride Lots (1)	250,000	250,000	250,000	275,000	275,000	275,000	275,000	275,000
Rec. Dept. Expansion (10-15 add'l staff & expenses) (3)	1,161,844	1,161,844	1,161,844	1,961,844	1,961,844	1,961,844	1,961,844	1,961,844
Library Services	225,122	225,122	225,122	225,122	225,122	225,122	225,122	225,122
Law Enforcement Services	2,789,101	2,872,774	2,958,957	3,047,726	3,139,158	3,233,332	3,330,332	3,430,242
Fire & Emergency Medical Services	2,804,920	2,804,920	2,804,920	2,804,920	2,804,920	2,804,920	2,804,920	2,804,920
Emergency Preparedness	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Subtotal Expenditures (before debt)	27,090,956	27,174,629	27,494,332	29,784,040	30,237,124	30,331,299	30,428,299	31,664,986
Capital (existing levels; non-TIF, non-CFF)	4,044,241	4,084,683	4,125,530	4,166,785	4,208,453	4,250,538	4,293,043	4,335,974
TOTAL EXPENDITURES (before debt)	31,135,197	31,259,312	31,619,862	33,950,825	34,445,577	34,581,836	34,721,342	36,000,960

(1) MHCSD DPW estimates 9/16/2020 (file: "IncorporatD (file: "Incorporation -Trigger Points with Maintenance Costs (Final - Sept 2020).xlsx", tab: "3- TIF").

(2) MHCSD DPW estimates 9/17/2020 (file: "IncorporatD (file: "Incorporation -Trigger Points with Maintenance Costs (Final - Sept 2020).xlsx", tab: "2- CIF").

(3) Additional recreation staff and expenses phased-in \

9/23/20

POLICY & ACTION ITEM 9.4

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Table B-5a

MHCSO Budget - Base Revenues

(constant 2020 \$'s)

Item		Factor	Adopted Budget FY19-20	Adopted Budget FY20-21	1 FY22	Transition Yr 2 FY23	3 FY24	4 FY25	5 FY26
GENERAL REVENUES (1)									
Property Tax	see Table B-8		4,659,200	5,651,976	6,013,250	6,387,928	6,696,028	7,004,128	7,312,228
License/permits-plan check	per new unit	\$26.67	7,000	8,000	8,000	8,000	8,000	8,000	8,000
Franchises	per service pop.	\$13.88	285,000	343,754	357,355	372,889	388,423	403,957	419,492
Interest Income	change not est'd		135,000	200,000	135,000	135,000	135,000	135,000	135,000
Rents/Concessions	change not est'd		3,690	8,490	3,690	3,690	3,690	3,690	3,690
West Valley Commercial	per com'l sf	\$0.65	221,000	351,750	351,750	378,529	539,660	539,660	539,660
Utility Services Fee-Solid Waste	per capita	\$17.34	368,000	427,001	446,406	465,811	485,217	504,622	524,027
Charges for Services	per capita	\$0.49	15,000	12,000	12,545	13,091	13,636	14,181	14,727
Recreation Fees (new facilities)	% New Rec Dept Expend	20.0%			0	0	0	160,000	160,000
Other Misc.	change not est'd		2,000	2,000	2,000	2,000	2,000	2,000	2,000
Fees, Charges (Builders, TIF, CFF)	change not est'd (offset by CIP)		<u>452,800</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>
Total General Revenues			6,148,690	7,318,123	7,643,149	8,080,090	8,584,806	9,088,390	9,431,975
% increase				19.0%	4.4%	5.7%	6.2%	5.9%	3.8%
SPECIAL ASSESSMENT REVENUES see Table B-5b									
Special Tax No. 1: Roads	per unit, & comm'l sqft		6,470,000	7,515,650					
Special Tax No. 2: Public Safety	per unit, & comm'l sqft		3,250,000	3,806,430					
Special Tax No. 3: Parks	per unit, & comm'l sqft		596,000	701,471					
Special Tax No. 4: Public Works	per unit, & comm'l sqft		<u>615,000</u>	<u>710,984</u>					
Total Special Assessments	per unit, & comm'l sqft		10,931,000	12,734,535	13,251,061	13,898,474	14,388,911	14,879,348	15,369,785
ENTERPRISE REVENUES (O&M) (3)									
Water	change not est'd (offsets costs)		3,676,000	3,978,332					
Wastewater	change not est'd (offsets costs)		2,243,400	2,724,420					
Stormwater	change not est'd (offsets costs)		<u>938,700</u>	<u>949,571</u>					
Subtotal Enterprise Revenues			6,858,100	7,652,323	7,652,323	7,652,323	7,652,323	7,652,323	7,652,323
RESTRICTED REVENUES (4)									
L&LD 2008	change not est'd		55,127	56,621					
L&LD 2016	change not est'd		<u>38,850</u>	<u>39,172</u>					
Subtotal, L&LD Revenues	change not est'd		93,977	95,793	95,793	95,793	95,793	95,793	95,793
TOTAL REVENUES (before debt service revenues)			24,031,767	27,800,774	28,642,326	29,726,680	30,721,833	31,715,854	32,549,876
				15.7%	3.0%	3.8%	3.3%	3.2%	2.6%
DEBT SERVICE REVENUES (TFF, CFF, Enterprise Debt Service Revenues)									
Debt revenues (offset debt service)			18,215,215	18,562,534	18,562,534	18,562,534	18,562,534	18,562,534	18,562,534
TOTAL REVENUES (5)			42,246,982	46,363,308	47,204,860	48,289,214	49,284,367	50,278,388	51,112,410

Table B-5a

MHCS D Budget - Base Revenues

(constant 2020 \$'s)

Item		Factor	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
GENERAL REVENUES (1)								
Property Tax	see Table B-8		7,620,328	8,098,278	8,406,378	8,714,478	9,022,578	9,350,428
License/permits-plan check	per new unit	\$26.67	8,000	8,000	8,000	8,000	8,000	8,000
Franchises	per service pop.	\$13.88	435,026	450,560	466,094	481,628	497,162	512,697
Interest Income	change not est'd		135,000	135,000	135,000	135,000	135,000	135,000
Rents/Concessions	change not est'd		3,690	3,690	3,690	3,690	3,690	3,690
West Valley Commercial	per com'l sf	\$0.65	539,660	539,660	1,201,233	1,201,233	1,201,233	1,201,233
Utility Services Fee-Solid Waste	per capita	\$17.34	543,432	562,837	582,243	601,648	621,053	640,458
Charges for Services	per capita	\$0.49	15,272	15,817	16,363	16,908	17,453	17,999
Recreation Fees (new facilities)	% New Rec Dept Expend	20.0%	160,000	320,000	320,000	320,000	320,000	320,000
Other Misc.	change not est'd		2,000	2,000	2,000	2,000	2,000	2,000
Fees, Charges (Builders, TIF, CFF)	change not est'd (offset by CIP)		<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>	<u>313,152</u>
Total General Revenues			9,775,560	10,448,994	11,454,152	11,797,737	12,141,321	12,504,656
% increase			3.6%	6.9%	9.6%	3.0%	2.9%	3.0%
SPECIAL ASSESSMENT REVENUES see Table B-5b								
Special Tax No. 1: Roads	per unit, & comm'l sqft							
Special Tax No. 2: Public Safety	per unit, & comm'l sqft							
Special Tax No. 3: Parks	per unit, & comm'l sqft							
Special Tax No. 4: Public Works	per unit, & comm'l sqft							
Total Special Assessments	per unit, & comm'l sqft		15,860,222	16,995,175	17,485,612	17,976,049	18,466,486	18,956,923
ENTERPRISE REVENUES (O&M) (3)								
Water	change not est'd (offsets costs)							
Wastewater	change not est'd (offsets costs)							
Stormwater	change not est'd (offsets costs)							
Subtotal Enterprise Revenues			7,652,323	7,652,323	7,652,323	7,652,323	7,652,323	7,652,323
RESTRICTED REVENUES (4)								
L&LD 2008	change not est'd							
L&LD 2016	change not est'd							
Subtotal, L&LD Revenues	change not est'd		95,793	95,793	95,793	95,793	95,793	95,793
TOTAL REVENUES (before debt service revenues)			33,383,898	35,192,286	36,687,880	37,521,902	38,355,923	39,209,695
			2.6%	5.4%	4.2%	2.3%	2.2%	2.2%
DEBT SERVICE REVENUES (TFF, CFF, Enterprise Debt Service Revenues)								
Debt revenues (offset debt service)			18,562,534	18,562,534	18,562,534	18,562,534	18,562,534	18,562,534
TOTAL REVENUES (5)			51,946,432	53,754,820	55,250,414	56,084,436	56,918,457	57,772,229

POLICY & ACTION ITEM 9.4

ATTACHMENT A

Notes to Table B-5a

- (1) General Revenues, see Proposed FY21 Budget, pg. 36.
- (2) Special Taxes, see Proposed FY21 Budget, pg. 38 (includes interest). Forecast based on rates and development (interest not included).
- (3) See Proposed FY21 Budget, pg. 39.
- (4) See Proposed FY21 Budget, pg. 41.
- (5) Total FY21 revenues in table equal "Revenues, Total Funds" (Budget, pg. 44); no increase in existing debt service revenues or CFF, TFF shown)

POLICY & ACTION ITEM 9.4
ATTACHMENT A

Table B-5b

MHCS D Budget - Special Tax Revenues
(constant 2020 \$'s)

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Item	Avg. Tax	Base Year	Budget	Transition Yr									
		Budget FY19-20	0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29		
<u>Special Tax No. 1: Roads, Transit and Community Services</u>													
Residential	\$964.94 per unit			289,482	289,482	289,482	289,482	289,482	289,482	289,482	289,482		
Office	\$37.25 per 100 sqft			0	18,624	0	0	0	0	46,561	0		
Retail	\$37.25 per 100 sqft			15,387	36,708	0	0	0	0	13,037	0		
Hotel	\$37.25 per 100 sqft			0	0	0	0	0	0	22,535	0		
Industrial/Other	\$37.25 per 100 sqft			0	37,248	0	0	0	0	297,988	0		
Subtotal, New Dev. Special Tax 1: Roads				304,869	382,063	289,482	289,482	289,482	289,482	669,603	289,482		
Cumulative, Special Tax 1: Roads				6,470,000	7,515,650	7,820,519	8,202,582	8,492,064	8,781,546	9,071,028	9,360,510	10,030,113	10,319,595
<u>Special Tax No. 2: Public Safety</u>													
Residential	\$494.90 per unit			148,470	148,470	148,470	148,470	148,470	148,470	148,470	148,470		
Office	\$19.08 per 100 sqft			0	9,538	0	0	0	0	23,844	0		
Retail	\$19.08 per 100 sqft			7,880	18,799	0	0	0	0	6,676	0		
Hotel	\$19.08 per 100 sqft			0	0	0	0	0	0	11,541	0		
Industrial/Other	\$19.08 per 100 sqft			0	19,075	0	0	0	0	152,604	0		
Subtotal, New Dev. Special Tax 2: Public Safety				156,349	195,882	148,470	148,470	148,470	148,470	343,135	148,470		
Cumulative, Special Tax 2: Public Safety				3,250,000	3,806,430	3,962,779	4,158,661	4,307,131	4,455,600	4,604,070	4,752,540	5,095,674	5,244,144
<u>Special Tax No. 3: Parks</u>													
Residential	\$84.77 per unit			25,432	25,432	25,432	25,432	25,432	25,432	25,432	25,432		
Office	\$3.31 per 100 sqft			0	1,657	0	0	0	0	4,143	0		
Retail	\$3.31 per 100 sqft			1,369	3,266	0	0	0	0	1,160	0		
Hotel	\$3.31 per 100 sqft			0	0	0	0	0	0	2,005	0		
Industrial/Other	\$3.31 per 100 sqft			0	3,315	0	0	0	0	26,516	0		
Subtotal, New Dev. Special Tax 3: Parks				26,801	33,670	25,432	25,432	25,432	25,432	59,256	25,432		
Cumulative Special Tax 3: Parks				596,000	701,471	728,272	761,942	787,373	812,805	838,237	863,668	922,925	948,356
<u>Special Tax No. 4: Public Works</u>													
Residential	\$90.18 per unit			27,053	27,053	27,053	27,053	27,053	27,053	27,053	27,053		
Office	\$3.52 per 100 sqft			0	1,759	0	0	0	0	4,398	0		
Retail	\$3.52 per 100 sqft			1,453	3,467	0	0	0	0	1,231	0		
Hotel	\$3.52 per 100 sqft			0	0	0	0	0	0	2,129	0		
Industrial/Other	\$3.52 per 100 sqft			0	3,519	0	0	0	0	28,148	0		
Subtotal, New Dev. Special Tax 4: Public Works				28,507	35,799	27,053	27,053	27,053	27,053	62,960	27,053		
Cumulative Special Tax 4: Public Works				615,000	710,984	739,491	775,290	802,343	829,397	856,450	883,503	946,463	973,517
Total Special Assessments				10,931,000	12,734,535	13,251,061	13,898,474	14,388,911	14,879,348	15,369,785	15,860,222	16,995,175	17,485,612

(1) FY21 taxes based on budget, and include Pannattoni industrial (513,087sf) and Existing Office (28,000sf) from Kosmont 5/28.

Special taxes assume avg. home is 2650sf and 4000sf parcel; comm'l/industrial assume avg. 0.42 FAR.

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Table B-5b

MHCS D Budget - Special Tax Revenues

(constant 2020 \$'s)

(cont'd)

Item	Avg. Tax	9 FY30	10 FY31	11 FY32
<u>Special Tax No. 1: Roads, Transit and Community</u>				
Residential	\$964.94 per unit	289,482	289,482	289,482
Office	\$37.25 per 100 sqft	0	0	0
Retail	\$37.25 per 100 sqft	0	0	0
Hotel	\$37.25 per 100 sqft	0	0	0
Industrial/Other	\$37.25 per 100 sqft	0	0	0
Subtotal, New Dev. Special Tax 1: Roads		289,482	289,482	289,482
Cumulative, Special Tax 1: Roads		10,609,077	10,898,559	11,188,041
<u>Special Tax No. 2: Public Safety</u>				
Residential	\$494.90 per unit	148,470	148,470	148,470
Office	\$19.08 per 100 sqft	0	0	0
Retail	\$19.08 per 100 sqft	0	0	0
Hotel	\$19.08 per 100 sqft	0	0	0
Industrial/Other	\$19.08 per 100 sqft	0	0	0
Subtotal, New Dev. Special Tax 2: Public Safety		148,470	148,470	148,470
Cumulative, Special Tax 2: Public Safety		5,392,614	5,541,083	5,689,553
<u>Special Tax No. 3: Parks</u>				
Residential	\$84.77 per unit	25,432	25,432	25,432
Office	\$3.31 per 100 sqft	0	0	0
Retail	\$3.31 per 100 sqft	0	0	0
Hotel	\$3.31 per 100 sqft	0	0	0
Industrial/Other	\$3.31 per 100 sqft	0	0	0
Subtotal, New Dev. Special Tax 3: Parks		25,432	25,432	25,432
Cumulative Special Tax 3: Parks		973,788	999,220	1,024,651
<u>Special Tax No. 4: Public Works</u>				
Residential	\$90.18 per unit	27,053	27,053	27,053
Office	\$3.52 per 100 sqft	0	0	0
Retail	\$3.52 per 100 sqft	0	0	0
Hotel	\$3.52 per 100 sqft	0	0	0
Industrial/Other	\$3.52 per 100 sqft	0	0	0
Subtotal, New Dev. Special Tax 4: Public Works		27,053	27,053	27,053
Cumulative Special Tax 4: Public Works		1,000,570	1,027,624	1,054,677
Total Special Assessments		17,976,049	18,466,486	18,956,923

(1) FY21 taxes based on budget, and include Pann

Special taxes assume avg. home is 2650sf and

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Table B-5c

MHCSD Budget - Special Tax Rates and Estimates per Unit and per Sq.Ft.
(constant 2020 \$'s)

Special Tax/Rate	Factor	\$ Rate per Unit or SqFt
Roads, Reso. R-2019-34, June 12, 2019		
	avg home:	
\$34.97 /100 net sf bldg.	2,650	\$926.59
\$0.96 /100 sf parcel	4,000	<u>\$38.35</u>
		\$964.94
	comm'l factor:	
\$34.97 /100 sf total bldg.	100	\$34.97
\$0.96 /100 sf parcel	238	<u>\$2.28</u>
0.42 FAR	avg/100 bldg sf	\$37.25
Public Safety Reso. R-2019-35, June 12, 2019		
	avg home:	
\$17.98 /100 sf total bldg.	2,650	\$476.54
\$0.46 /100 sf parcel	4,000	<u>\$18.36</u>
		\$494.90
	comm'l factor:	
\$17.98 /100 sf total bldg.	100	\$17.98
\$0.46 /100 sf parcel	238	<u>\$1.09</u>
0.42 FAR	avg/100 bldg sf	\$19.08
Parks Reso. R-2019-36, June 12, 2019		
	avg home:	
\$3.00 /100 net sf bldg.	2,650	\$79.47
\$0.13 /100 sf parcel	4,000	<u>\$5.30</u>
		\$84.77
	comm'l factor:	
\$3.00 /100 sf total bldg.	100	\$3.00
\$0.13 /100 sf parcel	238	<u>\$0.32</u>
0.42 FAR	avg/100 sf bldg (inc. p:	\$3.31
Public Works Reso. R-2019-37, June 12, 2019		
	avg home:	
\$3.20 /100 net sf bldg.	2,650	\$84.87
\$0.13 /100 sf parcel	4,000	<u>\$5.30</u>
		\$90.18
	comm'l factor:	
\$3.20 /100 sf total bldg.	100	\$3.20
\$0.13 /100 sf parcel	238	<u>\$0.32</u>
0.42 FAR	avg/100 bldg sf	\$3.52

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**POLICY & ACTION ITEM 9.4
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**Table B-6
City Budget Forecast - Low Growth Scenario
(constant 2020 \$'s)**

Item	Factor	Real Increase	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
REVENUES			Transition Yr									
MHCSD Base Revenues (exc. debt rev)	See Table B-5a		29,726,680	30,721,833	31,715,854	32,549,876	33,383,898	35,192,286	36,687,880	37,521,902	38,355,923	39,209,695
New City Revenues (1)												
Additional Property Tax (transfer from Cnty)	Table B-7, Note 1		1,609,950	1,691,775	1,773,599	1,855,424	1,937,248	2,064,181	2,146,005	2,227,830	2,309,654	2,396,724
Sales Tax	Table B-7, Note 2		290,784	290,784	290,784	290,784	290,784	360,784	360,784	360,784	360,784	500,784
Transient Occupancy Tax	Table B-7, Note 3		0	0	0	0	0	300,121	300,121	300,121	300,121	300,121
Real Property Transfer Tax	Table B-7, Note 4		206,240	211,602	216,965	222,327	227,690	236,008	241,371	246,733	252,096	257,802
Gas Taxes (see Table B-14a) (2)	\$41.11 per cap		1,104,128	1,150,124	1,196,121	1,242,118	1,288,115	1,334,111	1,380,108	1,426,105	1,472,102	1,518,098
Other Road Revenues (see Table B-14b, Table B-14c) (2)			1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007
Building and Inspection Fees and Charges	\$2,500 per unit		750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Business Permits	\$58.05 per emp		65,615	66,262	66,885	67,484	68,062	115,918	116,458	116,980	117,487	117,977
Subtotal, New Revenues (2)			5,587,724	5,721,555	5,855,361	5,989,144	6,122,906	6,722,131	6,855,855	6,989,561	7,123,251	7,402,514
Total Base & New City Revenues			35,314,404	36,443,387	37,571,215	38,539,020	39,506,803	41,914,417	43,543,735	44,511,463	45,479,174	46,612,209
EXPENDITURES												
MHCSD Expenditures (real cost increases & new expenditures)			28,151,265	29,087,143	31,135,197	31,259,312	31,619,862	33,950,825	34,445,577	34,581,836	34,721,342	36,000,960
New City Expenditures (3)												
Additional Police Contract (above MHCSD)(4)	3,376,370	3.0%	transition	3,689,451	3,800,134	3,914,138	4,031,562	4,152,509	4,277,084	4,405,397	4,537,559	4,673,686
Animal Control (5)	\$13.49	0.0%	362,463	377,563	392,663	407,762	422,862	437,962	453,062	468,162	483,262	498,361
Economic Development (6)	300,000	0.0%	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Transit (7)	200,000	0.0%		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Planning (8)			50,000	150,000	150,000	150,000	0	0	0	0	0	0
Permits & Building Inspection (9)	70%	of fees	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
Code Compliance (10)	274,743	0.0%	274,743	274,743	274,743	274,743	274,743	274,743	274,743	274,743	274,743	274,743
Subtotal New Expenditures			1,512,206	5,516,756	5,642,540	5,771,644	5,754,168	5,890,214	6,029,889	6,173,302	6,320,563	6,471,790
Total Base & New Expenditures			29,663,471	34,603,900	36,777,737	37,030,956	37,374,030	39,841,040	40,475,466	40,755,138	41,041,905	42,472,750
ANNUAL NET (Base & New)			5,650,933	1,839,488	793,479	1,508,064	2,132,773	2,073,377	3,068,269	3,756,325	4,437,269	4,139,459
Revenue Neutrality Payments (City to County)			0	0	0	0	0	0	0	0	0	0
Transition Year Loan Repay			<i>no transition year loan required</i>									
NET AFTER REV. NEUTRALITY & TRANSITION YEAR LOAN REPAYMENT			5,650,933	1,839,488	793,479	1,508,064	2,132,773	2,073,377	3,068,269	3,756,325	4,437,269	4,139,459
Cumulative			5,650,933	7,490,421	8,283,900	9,791,964	11,924,737	13,998,114	17,066,383	20,822,707	25,259,976	29,399,435
Cumulative % of Annual Expenditures (inc. Rev. Neutrality)			19.1%	21.6%	22.5%	26.4%	31.9%	35.1%	42.2%	51.1%	61.5%	69.2%

See notes on following page

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- (1) "New City Revenues" are those revenues received by virtue of cityhood, over & above current and future MHCSD revenues. Change in enterprise revenues and expenditures not forecasted.
- (2) New City revenues include Gas Taxes and Road-related revenues restricted to road and transit purposes.
- (3) "New City Expenditures" are those expenditures attributable to a new City. MHCSD could undertake some of these activities e.g., expanded police protection, regardless of whether a new city is formed. Change in enterprise revenues and expenditures not forecasted.
- (4) Additional police costs assume sheriff contract comparable to current Lathrop Sheriff contract cost per capita of \$249.
- (5) Animal control cost based on Lathrop cost per capita.
- (6) Economic development assumes hiring of an economic development coordinator plus marketing expenses.
- (7) Additional transit vehicle and service is in addition to the costs assumed in the base MHCSD budget.
- (8) Planning services assumed to be handled by MHCSD planner to be hired in FY20-21. Additional costs are included for General Plan and related consulting and studies.
- (9) Permit & Bldg. Inspection assumes contract with private firm on a "% of fee revenue" basis.

**POLICY & ACTION ITEM 9.4
ATTACHMENT A**

**Table B-6a
City Budget Forecast Summary - Low Growth Scenario
(constant 2020 \$'s)**

Item	Factor	Real Increase	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
REVENUES			Transition Yr									
Property Tax			6,387,928	\$6,696,028	\$7,004,128	\$7,312,228	\$7,620,328	\$8,098,278	\$8,406,378	\$8,714,478	\$9,022,578	\$9,350,428
Special Taxes			13,898,474	14,388,911	14,879,348	15,369,785	15,860,222	16,995,175	17,485,612	17,976,049	18,466,486	18,956,923
Other			<u>9,440,278</u>	<u>9,636,894</u>	<u>9,832,379</u>	<u>9,867,863</u>	<u>9,903,348</u>	<u>10,098,833</u>	<u>10,795,890</u>	<u>10,831,375</u>	<u>10,866,860</u>	<u>10,902,344</u>
Subtotal MHCSD Base Revenues			29,726,680	\$30,721,833	\$31,715,854	\$32,549,876	\$33,383,898	\$35,192,286	\$36,687,880	\$37,521,902	\$38,355,923	\$39,209,695
New City Revenues												
Additional Property Tax (from Cnty)	Table B-7, Note 1		1,609,950	\$1,691,775	\$1,773,599	\$1,855,424	\$1,937,248	\$2,064,181	\$2,146,005	\$2,227,830	\$2,309,654	\$2,396,724
Sales Tax	Table B-7, Note 2		290,784	290,784	290,784	290,784	290,784	360,784	360,784	360,784	360,784	500,784
Transient Occupancy Tax	Table B-7, Note 3		0	0	0	0	0	300,121	300,121	300,121	300,121	300,121
Real Property Transfer Tax	Table B-7, Note 4		206,240	211,602	216,965	222,327	227,690	236,008	241,371	246,733	252,096	257,802
Gas Taxes	\$41.11 per cap		1,104,128	1,150,124	1,196,121	1,242,118	1,288,115	1,334,111	1,380,108	1,426,105	1,472,102	1,518,098
Other Road Revenues	Table B-14b, Table B-14c		1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007	1,561,007
Building and Inspection Fees & Charges	\$2,500 per unit		750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Business Permits	\$58.05 per emp		<u>65,615</u>	<u>66,262</u>	<u>66,885</u>	<u>67,484</u>	<u>68,062</u>	<u>115,918</u>	<u>116,458</u>	<u>116,980</u>	<u>117,487</u>	<u>117,977</u>
Subtotal, New City Revenues			5,587,724	\$5,721,555	\$5,855,361	\$5,989,144	\$6,122,906	\$6,722,131	\$6,855,855	\$6,989,561	\$7,123,251	\$7,402,514
Total Base & New City Revenues			35,314,404	\$36,443,387	\$37,571,215	\$38,539,020	\$39,506,803	\$41,914,417	\$43,543,735	\$44,511,463	\$45,479,174	\$46,612,209
EXPENDITURES												
Subtotal MHCSD Base Expenditures			28,151,265	\$29,087,143	31,135,197	31,259,312	31,619,862	33,950,825	34,445,577	34,581,836	34,721,342	36,000,960
New City Expenditures												
Additional Police Contract (above MHCSD)	3,376,370	3.0%	<i>transition</i>	\$3,689,451	\$3,800,134	\$3,914,138	\$4,031,562	\$4,152,509	\$4,277,084	\$4,405,397	\$4,537,559	\$4,673,686
Animal Control	\$13.49	0.0%	362,463	377,563	392,663	407,762	422,862	437,962	453,062	468,162	483,262	498,361
Economic Development	300,000	0.0%	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Expanded Transit	200,000	0.0%		200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
General Plan			50,000	150,000	150,000	150,000	0	0	0	0	0	0
Permits & Building Inspection	70%	of fees	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000	525,000
Building Code Compliance	274,743	0.0%	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>	<u>274,743</u>
Subtotal New City Expenditures			1,512,206	\$5,516,756	5,642,540	5,771,644	5,754,168	5,890,214	6,029,889	6,173,302	6,320,563	6,471,790
Total Base & New Expenditures			29,663,471	\$34,603,900	36,777,737	37,030,956	37,374,030	39,841,040	40,475,466	40,755,138	41,041,905	42,472,750
ANNUAL NET SURPLUS (SHORTFALL)			5,650,933	\$1,839,488	\$793,479	\$1,508,064	\$2,132,773	\$2,073,377	\$3,068,269	\$3,756,325	\$4,437,269	\$4,139,459

See notes on following page

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POLICY & ACTION ITEM 9.4

ATTACHMENT A

Notes to Table B-6a

- (1) "New City Revenues" are those revenues received by virtue of cityhood, over & above current and future MHCS D revenues. Change in enterprise revenues and expenditures not forecasted.
- (2) New revenues include Gas Taxes and Road-related revenues restricted to road and transit purposes.
- (3) "New City Expenditures" are those expenditures attributable to a new City. MHCS D could undertake some of these activities
e.g., expanded police protection, regardless of whether a new city is formed. Change in enterprise revenues and expenditures not forecasted.
- (4) Additional police costs assume sheriff contract comparable to current Lathrop Sheriff contract cost per capita of \$249.
- (5) Animal control cost based on Lathrop cost per capita.
- (6) Economic development assumes hiring of an economic development coordinator plus marketing expenses.
- (7) Additional transit vehicle and service is in addition to the costs assumed in the base MHCS D budget.
- (8) Planning services assumed to be handled by MHCS D planner to be hired in FY20-21. Additional costs are included for General Plan and related consulting and studies.
- (9) Permit & Bldg. Inspection assumes contract with private firm on a % basis.
- (10) Building Code compliance assumes private contract.

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Table B-7

City Revenue Notes
(constant 2020 \$'s)

Item	Assumptions		Base Year FY19-20	Transition Yr						
	Amount or Factor	Notes		0 FY21	1 FY22	2 FY23	3 FY24	4 FY25	5 FY26	6 FY27
General Revenues										
Property Tax (1)										
Total Assessed Value (mill\$, start of year)	Table B-3		\$2,766 mill.	\$3,157 mill.	\$3,362 mill.	\$3,600 mill.	\$3,795 mill.	\$3,990 mill.	\$4,185 mill.	\$4,380 mill.
1% Property Tax (all agencies)			\$27,659,908	\$31,571,547	\$33,624,817	\$35,996,192	\$37,946,192	\$39,896,192	\$41,846,192	\$43,796,192
Growth in 1% Tax to all Agencies (Start of Yr vs. prior)				\$3,911,639	\$2,053,270	\$2,371,375	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000
Base Property Tax to City (prior yr)	Table B-8					\$7,523,695	\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651
Share of Tax Increment to City (change from prior yr)						<u>\$474,183</u>	<u>\$389,924</u>	<u>\$389,924</u>	<u>\$389,924</u>	<u>\$389,924</u>
Net Property Tax to City						\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651	\$9,557,576
Increase above MHCSD						\$1,609,950	\$1,691,775	\$1,773,599	\$1,855,424	\$1,937,248
Sales Tax (1)										
New Retail Sales from New Commercial			0	0	7,950,375	17,787,500	0	0	0	0
Prior Yr Retail Taxable Sales			<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>8,175,375</u>	<u>25,962,875</u>	<u>25,962,875</u>	<u>25,962,875</u>	<u>25,962,875</u>
Total Taxable Sales	\$225,000		\$225,000	\$225,000	\$8,175,375	\$25,962,875	\$25,962,875	\$25,962,875	\$25,962,875	\$25,962,875
1% Sales Tax to County/City			\$2,250	\$2,250	\$81,754	\$259,629	\$259,629	\$259,629	\$259,629	\$259,629
City share of unallocated pool	12%		\$270	\$270	\$9,810	\$31,155	\$31,155	\$31,155	\$31,155	\$31,155
(less) State admin. charges			<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>
Net Sales Tax to County/City			\$2,520	\$2,520	\$91,564	\$290,784	\$290,784	\$290,784	\$290,784	\$290,784
Transient Occupancy Tax (1)										
Hotel Rooms (cumulative)			0	0	0	0	0	0	0	0
Total Room Revenues	65%	\$115	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transient Occupancy Tax		10.0%							\$0	\$0
Real Property Transfer Tax										
New Residential Assessed Value	Table B-3					\$195,000,000	\$195,000,000	\$195,000,000	\$195,000,000	\$195,000,000
Transfer Tax from New A.V.		\$\$.55/\$1,000				\$107,250	\$107,250	\$107,250	\$107,250	\$107,250
Base A.V. (start of year)						\$3,599.6 mill.	\$3,794.6 mill.	\$3,989.6 mill.	\$4,184.6 mill.	\$4,379.6 mill.
Transfer Tax from Turnover	5%	\$.55/\$1,000				<u>\$98,990</u>	<u>\$104,352</u>	<u>\$109,715</u>	<u>\$115,077</u>	<u>\$120,440</u>
Total Transfer Tax to City						\$206,240	\$211,602	\$216,965	\$222,327	\$227,690

(1) Kosmont, 6/2020. Additional 1,500 sq.ft. of existing retail has been added by BA for sales tax estimates.

Table B-7

City Revenue Notes
(constant 2020 \$'s)

Item	Assumptions		7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
	Amount or Factor	Notes					
General Revenues							
Property Tax (1)							
Total Assessed Value (mill\$, start of year)		Table B-3	\$4,682 mill.	\$4,877 mill.	\$5,072 mill.	\$5,267 mill.	\$5,475 mill.
1% Property Tax (all agencies)			\$46,821,192	\$48,771,192	\$50,721,192	\$52,671,192	\$54,746,192
Growth in 1% Tax to all Agencies (Start of Yr vs. prior)			\$3,025,000	\$1,950,000	\$1,950,000	\$1,950,000	\$2,075,000
Base Property Tax to City (prior yr)		Table B-8	\$9,557,576	\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232
Share of Tax Increment to City (change from prior yr)			<u>\$604,883</u>	<u>\$389,924</u>	<u>\$389,924</u>	<u>\$389,924</u>	<u>\$414,920</u>
Net Property Tax to City			\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232	\$11,747,151
Increase above MHCSD			\$2,064,181	\$2,146,005	\$2,227,830	\$2,309,654	\$2,396,724
Sales Tax (1)							
New Retail Sales from New Commercial			6,250,000	0	0	0	12,500,000
Prior Yr Retail Taxable Sales			<u>25,962,875</u>	<u>32,212,875</u>	<u>32,212,875</u>	<u>32,212,875</u>	<u>32,212,875</u>
Total Taxable Sales	\$225,000		\$32,212,875	\$32,212,875	\$32,212,875	\$32,212,875	\$44,712,875
1% Sales Tax to County/City			\$322,129	\$322,129	\$322,129	\$322,129	\$447,129
City share of unallocated pool	12%		\$38,655	\$38,655	\$38,655	\$38,655	\$53,655
(less) State admin. charges			<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>	<u>(\$0)</u>
Net Sales Tax to County/City			\$360,784	\$360,784	\$360,784	\$360,784	\$500,784
Transient Occupancy Tax (1)							
Hotel Rooms (cumulative)			110	110	110	110	110
Total Room Revenues	65%	\$115	\$3,001,213	\$3,001,213	\$3,001,213	\$3,001,213	\$3,001,213
Total Transient Occupancy Tax		10.0%	\$300,121	\$300,121	\$300,121	\$300,121	\$300,121
Real Property Transfer Tax							
New Residential Assessed Value		Table B-3	\$195,000,000	\$195,000,000	\$195,000,000	\$195,000,000	\$195,000,000
Transfer Tax from New A.V.		\$.55/\$1,000	\$107,250	\$107,250	\$107,250	\$107,250	\$107,250
Base A.V. (start of year)			\$4,682.1 mill.	\$4,877.1 mill.	\$5,072.1 mill.	\$5,267.1 mill.	\$5,474.6 mill.
Transfer Tax from Turnover	5%	\$.55/\$1,000	<u>\$128,758</u>	<u>\$134,121</u>	<u>\$139,483</u>	<u>\$144,846</u>	<u>\$150,552</u>
Total Transfer Tax to City			\$236,008	\$241,371	\$246,733	\$252,096	\$257,802

(1) Kosmont, 6/2020. Additional 1,500 sq.ft. of existing

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Table B-8
City Property Tax Summary
(constant 2020 \$'s)

Item	Amount or Factor	Base Year FY19-20	0 FY21	1 FY22	Transition Yr				
					2 FY23	3 FY24	4 FY25	5 FY26	6 FY27
<u>MHCSD</u>									
Property Tax									
Total Assessed Value (mill\$, start of year)		\$2,766 mill.	\$3,157 mill.	\$3,362 mill.	\$3,600 mill.	\$3,795 mill.	\$3,990 mill.	\$4,185 mill.	\$4,380 mill.
1% Property Tax (all agencies)		\$27,659,908	\$31,571,547	\$33,624,817	\$35,996,192	\$37,946,192	\$39,896,192	\$41,846,192	\$43,796,192
Growth in 1% Tax to all Agencies (Increment Start of Yr vs. prior)			\$3,911,639	\$2,053,270	\$2,371,375	\$1,950,000	\$1,950,000	\$1,950,000	\$1,950,000
<u>Increment to MHCSD (share of change from prior)</u>									
MHCSD	15.80%		\$618,039	\$324,417	\$374,677	\$308,100	\$308,100	\$308,100	\$308,100
<u>Base Property Tax (prior yr)</u>									
MHCSD			<u>\$5,070,795</u>	<u>\$5,688,834</u>	<u>\$6,013,250</u>	<u>\$6,387,928</u>	<u>\$6,696,028</u>	<u>\$7,004,128</u>	<u>\$7,312,228</u>
Net Property Tax to MHCSD		\$5,070,795	\$5,688,834	\$6,013,250	\$6,387,928	\$6,696,028	\$7,004,128	\$7,312,228	\$7,620,328
<u>CITY</u>									
<u>Increment to City (share of change from prior)</u>									
from MHCSD	15.80%				\$374,677	\$308,100	\$308,100	\$308,100	\$308,100
from County Gen'l Fund	4.20%				\$99,506	\$81,824	\$81,824	\$81,824	\$81,824
Total	20.00%				\$474,183	\$389,924	\$389,924	\$389,924	\$389,924
<u>Base Property Tax (prior yr)</u>									
MHCSD					\$6,013,250	\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651
from County Gen'l Fund					<u>\$1,510,445</u>				
Total					\$7,523,695	\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651
Total (1)					\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651	\$9,557,576
Net Property Tax to City					\$7,997,878	\$8,387,802	\$8,777,727	\$9,167,651	\$9,557,576
Net to City vs. MHCSD					\$1,609,950	\$1,691,775	\$1,773,599	\$1,855,424	\$1,937,248

(1) Base year Total Property Tax Revenue from from Auditor-Controller, Stan Lawrence, 3/25/2020; total includes Homeowners Exemption (HOX).

Table B-8
City Property Tax Summary
(constant 2020 \$'s)

Item	Amount or Factor	7 FY28	8 FY29	9 FY30	10 FY31	11 FY32
<u>MHCSD</u>						
Property Tax						
Total Assessed Value (mill\$, start of year)		\$4,682 mill.	\$4,877 mill.	\$5,072 mill.	\$5,267 mill.	\$5,475 mill.
1% Property Tax (all agencies)		\$46,821,192	\$48,771,192	\$50,721,192	\$52,671,192	\$54,746,192
Growth in 1% Tax to all Agencies (Increment Start)		\$3,025,000	\$1,950,000	\$1,950,000	\$1,950,000	\$2,075,000
<u>Increment to MHCSD (share of change from prior)</u>						
MHCSD	15.80%	\$477,950	\$308,100	\$308,100	\$308,100	\$327,850
<u>Base Property Tax (prior yr)</u>						
MHCSD		<u>\$7,620,328</u>	<u>\$8,098,278</u>	<u>\$8,406,378</u>	<u>\$8,714,478</u>	<u>\$9,022,578</u>
Net Property Tax to MHCSD		\$8,098,278	\$8,406,378	\$8,714,478	\$9,022,578	\$9,350,428
<u>CITY</u>						
<u>Increment to City (share of change from prior)</u>						
from MHCSD	15.80%	\$477,950	\$308,100	\$308,100	\$308,100	\$327,850
from County Gen'l Fund	4.20%	\$126,933	\$81,824	\$81,824	\$81,824	\$87,070
Total	20.00%	\$604,883	\$389,924	\$389,924	\$389,924	\$414,920
<u>Base Property Tax (prior yr)</u>						
MHCSD		\$9,557,576	\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232
from County Gen'l Fund						
Total		\$9,557,576	\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232
Total (1)		\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232	\$11,747,151
Net Property Tax to City		\$10,162,458	\$10,552,383	\$10,942,307	\$11,332,232	\$11,747,151
Net to City vs. MHCSD		\$2,064,181	\$2,146,005	\$2,227,830	\$2,309,654	\$2,396,724

(1) Base year Total Property Tax Revenue from fr

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Table B-9
Change in County Costs and Revenues
(constant 2020 \$'s)

Item	FY21 Amount	Comments
Revenue Reductions		
Property Tax	\$1,510,445	Table B-10
Property Transfer Tax	206,240	Table B-7
Sales and Use Tax	2,520	Table B-7
Franchise Fees (1)	78,804	County unincorp. per capita
Business Licenses	<u>31,598</u>	County unincorp. per capita
Total Revenue Reductions	\$1,829,606	
Expenditure Reductions		
County Sheriff (2)	\$1,332,210	Estimated expenditures > costs
Community Development (3)	485,780	County unincorp. per capita (net)
Mtn. House Planning & Bldg. (4)	0	offset by fees and charges
Animal Care and Control	<u>418,030</u>	County unincorp. per capita
Total Expenditure Reductions	2,236,020	
Net Gain (or loss) to County General Fund	\$406,414	
Road Fund (5)(6)	(\$118,300)	Sec. 2106 Highway Users Tax (5)
	(114,160)	Measure K Regional Arterials
	(5,033)	LTF - 2% bikes/pedestrian
TOTAL Gain or (Loss) to County	\$168,921	

(1) County franchise fees from gas are the only franchises expected to be affected by incorporation.

Actual impacts will be determined in the Comprehensive Fiscal Analysis.

The new City could adopt a corresponding gas franchise fee.

(2) Reduction in Sheriff costs is the difference between the current MHCSO \$1.8 million contract and approximately 50% of Lathrop Sheriff contract (adjusting Lathrop contract by half to reflect one MHCSO beat).

(3) County's current Community Development (in addition to Mountain House-specific services) based on Countywide per capita cost.

(4) County Planning & Building costs vary each year depending on development activity; costs are assumed offset by fees for services.

(5) Sec. 2106 allocated between cities/county per unincorporated assessed value.

Estimated County impact assumes Mountain House is about 14% of County uninc. a.v.

County Sec. 2106 estimated at \$844,400 (FY20), or 10% greater than FY17 \$767,644.

(6) Road Revenues: see Table B-14b, Table B-14c, and Table B-14a

Table B-10
Property Tax Transfer from County to the City of Mountain House
(constant 2020 \$'s)

Item		Amount
A. Transfer of Property Tax Base		
A.1 Total Net Expenditures Subject to Transfer	(1)	\$2,236,020
A.2 County Auditor's Ratio	(2)	51.9%
A.3 Property Tax Transferred from County to City (A.1 * A.2)		\$1,160,644
A.4a Property Tax Transferred from Road Fund #5 to City	(3)	\$0
A.4b Property Tax Transferred from MHCS D	(4)	\$4,350,000
A.5 Total Property Tax Base		\$4,350,000
B. Estimate of Tax Allocation Factor		
B.1 Assessed Value (FY20)		\$2,765,990,845
B.2 Assessed Value (FY23) Transition Year		\$3,599,619,200
B.3 Change from FY20 to FY23 = (B.2 / B.1) - 1		30.1%
B.4 Property Tax FY20 Transferred from County to City = A.3		\$1,160,644
B.5a Cnty Property Tax Transferred Adjusted to Transition Year (FY23) = (1 + B.3) * B.4		\$1,510,445
B.5b Road Fund #5 Tax adjusted to Transition Year		0
B.6 Total Property Tax Collected (all agencies) F23_ = 1% * B.2		\$35,996,192
<u>Tax Allocation Factor</u>		
B.7 Estimated Tax Allocation Factor from County = B.5 / B.6		4.20%
B.8a Tax Allocation Factor from Road Fund #5		0.0%
B.8b Tax Allocation Factor from MHCS D	(5)	15.8%
B.9 Assumed Tax Allocation Factor = B.7 + B.8a + B.8b		20.0%

(1) See Table B-11.

(2) See Table B-12.

(3) No Road Fund increment in MHCS D TRAs.

(4) Excluding unsecured & SB813 supplemental.

(5) TAF varies by TRA.

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Table B-11
Base Year Net County Cost for Services Transferred (FY20)
(Constant 2020\$'s)

Department/Function	Total	Revenues		Net County Cost	Cost per Capita (1)	Mountain House Net County Cost (2)	Comments
		Fees & Charges	Other				
Community Development (3)	\$9,732,944	\$6,504,453		\$3,228,491	\$20.67	\$485,780	Includes CAP
Building Inspection							
Planning/Development Services							
Current Planning							
Advanced Planning							
Mountain House (4)	\$1,580,000	\$1,580,000		\$0	\$0.00	\$0	
Code Enforcement							
Other (admin., fire prevention, GIS, information systems)							
Sheriff (Mountain House) (5)	\$3,132,213		\$1,800,000	\$1,332,213	\$56.68	\$1,332,210	
Animal Care and Control	\$2,872,555		\$94,352	\$2,778,203	\$17.79	\$418,030	
TOTAL	\$17,317,712	\$8,084,453	\$1,894,352	\$7,338,907	\$95.13	\$2,236,020	

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(1) Unincorporated population 1/1/20 is 156,208.

(2) Mountain House population FY20 estimated to be 23,504.

(3) Amounts shown represent Countywide costs and revenues; includes cost allocation plan.

(4) Mountain House budget based on Building permit fee revenue estimated at \$1.4 million in FY20. The total revenue, including billed services, equals an estimated \$1.58 million (John Funderburg, County of San Joaquin, 7/9/2020). The level of building activity that generated those revenues is about twice the assumed 300 units per year in the conservative scenario evaluated in this IFA; the budget forecast includes approximately half the recent level of fee revenue to offset related Community Development costs. Assumes County costs equal revenues.

(5) Total current Sheriff cost estimated based on the similar cost for the Lathrop Sheriff contract reduced 50% to reflect one beat instead of two (net of MHCSO CHP cost) compared to the current MHCSO Sheriff contract.

Table B-12

**County Auditor's Ratio: Countywide Property Tax % of General Purpose Revenue
(Constant 2020\$'s)**

Item	FY19-20 Adopted Amount	Comments
A.1 Property Tax Revenue to the County (1)	\$159,797,162	Excludes "Property Tax in-lieu of VLF"
A.2 Other General Purpose Revenue	<u>\$148,057,522</u>	
A.3 Total Net Revenue Available for General Purposes (A.1 + A.2)	\$307,854,684	
A.4 Property Tax as % of Total Revenue Available for General Purposes (A.1 / A.3)	51.9%	

(1) "Property Tax in-Lieu of VLF" excluded from property tax per State Controller's Office Review of the Proposed Incorporation of the Town of Olympic Valley (Placer County), October 2015, which cited Revenue and Tax Code §93(b).

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Table B-13
County Budget Detail

FUND NAME	FINANCING SOURCE CATEGORY	FINANCING SOURCE ACCOUNT	2019-2020 ADOPTED BY BOARD OF		PROPERTY TAXES	REVS AVAIL FOR GEN'L PURPOSES
GENERAL FUNDS						
10001	GENERAL					
		SUBTOTAL, PROPERTY TAX	250,796,792		159,797,162	250,796,792
		SUBTOTAL, SALES TAXES	23,494,501			23,494,501
		SUBTOTAL, OTHER TAXES	6,085,826			6,085,826
	TOTAL		280,377,119			
	LICENSES, PERMITS AND FRANCHISES					
		SUBTOTAL, LICENSES	5,733,092			5,733,092
		SUBTOTAL, FRANCHISES	2,814,776			2,814,776
	TOTAL LICENSES, PERMITS AND FRANCHISES		8,547,868			
	FINES, FORFEITURES AND PENALTIES					
		SUBTOTAL, FINES	6,474,678			6,474,678
	REVENUE FROM USE OF MONEY AND PROPERTY					
		SUBTOTAL, USE OF MONEY AND PROPERTY	6,364,043			6,364,043
	INTERGOVERNMENTAL REVENUES - STATE					
		SUBTOTAL, INTERGOVERNMENTAL REVENUES - STATE	395,266,492			
	INTERGOVERNMENTAL REVENUES - FEDERAL					
			137,135,303			
	INTERGOVERNMENTAL REVENUES - OTHER					
		SUBTOTAL, INTERGOVERNMENTAL REVENUES - OTHER	5,524,304			
	CHARGES FOR SERVICES					
		SUBTOTAL, CHARGES FOR SERVICES	40,577,928			
	MISCELLANEOUS REVENUES					
		SUBTOTAL, MISCELLANEOUS REVENUES	2,111,904			
	TOTAL		882,379,639		159,797,162	307,854,684
		OTHER FINANCING SOURCES - TRANSFERS IN	62,920,856			
	GRAND TOTAL		945,300,495			

51.9%

Table B-14a
Road Revenues - Gas Tax

Item	Lathrop	
	FY19-20	Factor
<u>Gas Taxes</u>		
Section 2103 -- Excise Tax	200,000	\$8.02 per resident
Section 2106--New Construction	84,000	\$3.37 per resident
Section 2107--Maint/Construction	177,000	\$7.10 per resident
Section 2107.5 - Administration	5,000	
Section 2105--Proposition 111 Gas Tax	135,000	\$5.41 per resident
2032 Road & Maintenance Rehab (RMRA SB1)	429,000	\$17.20 per resident
Total	\$1,030,000	\$41.11 per resident

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Table B-14b

Road Revenues - Measure K

Item	Mountain House	Escalon	Lathrop	Lodi	Manteca	Ripon	Stockton	Tracy	SJ County	TOTAL
Population (2010) (1)		7,059	17,749	62,705	67,982	15,282	288,377	81,072	145,148	685,306
% of Total (1)		1.03%	2.59%	9.15%	9.92%	2.23%	42.08%	11.83%	21.18%	100%
Population (2020) (2)	23,504	7,478	26,833	67,930	84,800	15,930	318,522	95,931	156,208	797,136
% of Total (w/Mntn Hse)	2.95%	0.94%	3.37%	8.52%	10.64%	2.00%	39.96%	12.03%	19.60%	100%
% of Incorporated	3.67%	1.17%	4.19%	10.60%	13.23%	2.49%	49.70%	14.97%		100%
<u>Measure K Regional Arterials (3)</u>										
FY20-21 Alloc.(w/out MH)		\$74,332	\$186,912	\$660,327	\$715,896	\$160,932	\$3,036,783	\$853,734	\$1,528,495	\$7,217,411
FY20-21 Alloc.(w MH)	\$212,809	\$67,707	\$242,951	\$615,050	\$767,794	\$144,233	\$2,883,955	\$868,576	\$1,414,335	\$7,217,411
County Impact									-\$114,160	
<u>Local Street Repair and Safety (4)</u>										
Local Street Repair		\$258,000	\$369,187	\$1,021,107	\$1,237,495	\$258,000	\$4,793,637	\$1,408,001	\$9,345,426	\$18,690,853
Local Street Safety		<u>\$42,000</u>	<u>\$60,100</u>	<u>\$166,227</u>	<u>\$201,453</u>	<u>\$42,000</u>	<u>\$780,360</u>	<u>\$229,210</u>	<u>\$1,521,349</u>	<u>\$3,042,699</u>
Total (w/out MH)		\$300,000	\$429,287	\$1,187,334	\$1,438,948	\$300,000	\$5,573,997	\$1,637,211	\$10,866,775	\$21,733,552
		1.4%	2.0%	5.5%	6.6%	1.4%	25.6%	7.5%	50.0%	100%
with Mountain House:										
Local Street Repair	\$342,714	\$109,037	\$391,254	\$990,493	\$1,236,476	\$232,277	\$4,644,397	\$1,398,778	\$9,345,426	\$18,690,853
Local Street Safety	<u>\$55,791</u>	<u>\$17,750</u>	<u>\$63,693</u>	<u>\$161,243</u>	<u>\$201,287</u>	<u>\$37,813</u>	<u>\$756,065</u>	<u>\$227,708</u>	<u>\$1,521,349</u>	<u>\$3,042,699</u>
Total (w/MH)	\$398,505	\$126,788	\$454,947	\$1,151,736	\$1,437,763	\$270,089	\$5,400,462	\$1,626,487	\$10,866,775	\$21,733,552
% of Incorporated	3.67%	1.17%	4.19%	10.60%	13.23%	2.49%	49.70%	14.97%	No County Impact	100%
County Minimum									50.00%	

(1) %'s from SJCOG based on 2010 DOF estimates. The population numbers shown are 2010 DOF 4/1/2010, which may differ slightly from 1/1/2010 DOF estimates.

Measure K Renewal, 2019 Strategic Plan.

(2) City 2020 population from DOF 1/1/2020.

Mountain House estimate shown in Table B-2b.

(3) 32.5% of total Measure K is allocated to Congestion Relief, of which 40% is allocated to Regional Arterials further adjusted to 80% (programming target).

(4) Re-allocations between cities assumes that the County continues to receive 50% of total.

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Table B-14c

Road Revenues - Local Transportation Funds

Item	Mountain House	Escalon	Lathrop	Lodi	Manteca	Ripon	Stockton	Tracy	SJ County	TOTAL
Population Estimates (FY20-21) cities exc. Stockton										
San Joaquin Regional Transit District (1)										476,218
San Joaquin Regional Rail Commission										na
Cities (exc. Stockton) No MH	na	7,765	24,936	68,272	83,781	16,613	inc. in SJRTD	92,800	inc. in SJRTD	294,167
% of Total (no Mountain House)	na	2.6%	8.5%	23.2%	28.5%	5.6%		31.5%		100.0%
Cities (exc. Stockton) w/MH	24,623	7,765	24,936	68,272	83,781	16,613		92,800		318,790
% of Total	7.7%	2.4%	7.8%	21.4%	26.3%	5.2%		29.1%		100.0%
Population Estimates (FY20-21) w/County Unincorp.										
Cities & County (by population) No MH	na	7,765	24,936	68,272	83,781	16,613	316,410	92,800	159,808	770,385
% of Total (no Mountain House)	na	1.0%	3.2%	8.9%	10.9%	2.2%	41.1%	12.0%	20.7%	100.0%
Cities & Cnty (by population) w/MH	24,623	7,765	24,936	68,272	83,781	16,613	316,410	92,800	159,808	795,008
% of Total w/Mountain House	3.1%	1.0%	3.1%	8.6%	10.5%	2.1%	39.8%	11.7%	20.1%	100.0%
<u>Article 4 or 8 (Transit Operator/Contract, Street Repairs) by population</u>										
San Joaquin Regional Transit District										\$19,396,347
San Joaquin Regional Rail Commission										\$4,160,547
Cities (exc. Stockton) No MH	na	\$316,268	\$1,015,643	\$2,780,717	\$3,412,398	\$676,647	\$0	\$3,779,742	\$0	<u>\$11,981,415</u>
Total		2.6%	8.5%	23.2%	28.5%	5.6%	0.0%	31.5%		\$35,538,309
Cities w/Mountain House	\$925,432	\$291,840	\$937,196	\$2,565,937	\$3,148,828	\$624,384	\$0	\$3,487,799	\$0	\$11,981,415
	7.7%	2.4%	7.8%	21.4%	26.3%	5.2%	0.0%	29.1%	No Reg'l Transit/Rail impacts assumed	
<u>2% for Bike/Pedestrian Projects</u>										
All Cities & County, No MH	na	\$7,896	\$25,355	\$69,420	\$85,190	\$16,892	\$321,731	\$94,361	\$162,495	\$783,340
All Cities & County, with MH	\$24,262	\$7,651	\$24,570	\$67,270	\$82,551	\$16,369	\$311,766	\$91,438	\$157,463	\$783,340
Impact on County									-\$5,033	

(1) RTD includes Stockton and portion of County unincorporated in RTD; County provides 100% of unincorporated to RTD by agreement.

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Table B-15
Review of Comparable Cities - Selected Costs and Revenues

[illegible]

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Table B-15
Review of Comparable Cities - Se

	2019 Pop:	83,781	788 unit growth (2018 to 2019)			23,504
Item		Manteca Cost	Revenues	Net Cost	per capita	Mtn House Equivalent
<u>Expenditures</u>						
Animal Services	(6)	\$436,085	\$252,635	\$183,450	\$2.19	\$51,465
Public Safety (Police)		\$18,627,912		\$18,627,912	\$222.34	\$5,225,892
Community Development						
Planning		planning included below				\$0
Permits & Building Inspection	(7)	\$5,521,943	\$5,226,745	\$295,198	\$3.52	\$82,815
Code Compliance (0.5 FTE)			\$200,000			
Subtotal		\$5,521,943	\$5,426,745	\$95,198	\$1.14	\$26,707
Economic Development	(8)	350,395				\$0
Recreation						
<u>Selected Revenues</u>						
Business Licenses						
Fines, Forfeitures and Penalties						
Gas Tax			3,071,100		\$36.66	
State and Fed'I TDA						
Measure "K"	(9)		12,633,905		\$150.80	
Local Transporation Funds			829,000		\$9.89	
CDBG						

POLICY & ACTION ITEM 9.4
ATTACHMENT A

Table B-15
Review of Comparable Cities - Se

	2019 Pop:	26,489	70 unit growth			23,504
Item		Galt Cost	Revenues	Net Cost	per capita	Mtn House Equivalent
<u>Expenditures</u>						
Animal Services		\$0				\$0
Public Safety (Police)		\$6,367,848	\$20,303	\$6,347,545	\$239.63	\$5,632,251
Community Development						
Planning		339,162	170,984	\$168,178	\$6.35	\$149,226
Permits & Building Inspection		818,345	1,003,000	-\$184,655	-\$6.97	-\$163,847
Code Compliance (0.5 FTE)						
Subtotal						
Economic Development		116,489		\$116,489	\$4.40	\$103,362
Recreation						
<u>Selected Revenues</u>						
Business Licenses			110,000		\$4.15	\$97,604
Fines, Forfeitures and Penalties			57,500		\$2.17	\$51,020
Gas Tax			1,094,605		\$41.32	\$971,256
State and Fed'l TDA			1,039,968		\$39.26	\$922,776
Measure "K"						
Local Transportation Funds						
CDBG			150,000			

APPENDIX C

EXAMPLE OF DEVELOPMENT SERVICES BY CONTRACT WITH A PRIVATE FIRM

MOUNTAIN HOUSE BUILDING & SAFETY SCOPE OF SERVICES

Building Services Administration

Provide an International Code Council (ICC) Certified Building Official with a minimum of ____ years of public building department experience and is ICC certified to conduct inspections and plan reviews. The Building Official will respond to the City's needs for expert code interpretations and other staff support, including:

- Function as the City's Building Official and manage all Building Services functions
- Enforce and interpret building codes and other regulations
- Provide back-up property inspections
- Respond to concerns from residents, businesses, developers, and other parties as required
- Prepare various documentation such as reports and inventories
- Conduct process reviews and make recommendations for process improvements, if applicable
- Be available to provide testimony for administrative and legal proceedings
- Conduct training and public outreach programs
- Assist in the preliminary review of project development applications for general feasibility of construction
- Coordinate with Planning, Code Enforcement, Public Works and other City staff on all requirements for permit issuance including compliance with conditions of approval
- Issue Certificates of Use and Occupancy
- Provide technical assistance in Code Enforcement matters as related to building code compliance
- Assist with other related duties as assigned
- Be available 24/7 for emergency on-call services as needed.

Building Plan Check Services

Provide the plan review of any and all types of construction including, but not limited to, single family dwellings, multi-family dwellings, industrial and commercial buildings. Review for compliance with all local ordinances and State and Federal laws pertaining to Building Codes, and for compliance with the adopted Building Code, Plumbing Code, Electrical Code, Mechanical Code, Disabled Access requirements, Energy requirements, Erosion Control, and/or Fire Code. Plans shall be checked with applicable City conditions of approval to ensure that all permit requirements with City Departments have been incorporated.

ICC certified plan reviewers shall provide plan review of submitted construction documents for compliance with the following items, among others:

- ✓ Administrative Requirements
- ✓ Building Planning Requirements
- ✓ Occupant Needs Requirements
- ✓ Architectural
- ✓ Structural System and Material Requirements
- ✓ Mechanical, Plumbing, and Electrical System Requirements
- ✓ Energy
- ✓ Accessibility
- ✓ LEED
- ✓ Green Building Code Review

Building Inspection Services

Provide the inspection of structures under construction in the City for compliance with approved conditions all local ordinances, state and federal laws that pertain to Building and Safety and for compliance with the adopted California Building Code, California Residential Code, California Plumbing Code, California Electrical Code, California Mechanical Code, California Green Building Standards Code, State Accessibility, Energy Standards, floodplain (FIRM/FEMA) standards and NPDES requirements.

ICC certified inspectors shall be thoroughly trained on the codes in use and master the local amendments of each code and shall maintain a close working relationship with planning, code enforcement and public works personnel. Building Inspectors will provide building inspection services for both residential and non-residential projects during normal business hours, and will be available at all times to conduct urgent building inspections, should they arise.

Inspection services shall include erosion control, building, electrical, mechanical and plumbing work, including all work requiring a permit issued by the Building and Safety Division, as well as walls/fences, signs, parking lot striping, and other improvements shown on approved plans.

Building Counter Operations

Provide ICC Certified Permit Technician to provide assistance at the public counter, receive and review applications, issue permits, respond to in-person queries, be available for scheduled meetings, and provide assistance over the phone and via email to both City staff and the public as required. The Permit Technician shall provide the processing and issuance of Building permits including building, plumbing, electrical and mechanical permits, plan check submittals, data entry, scanning, reporting, and other related permit technician duties as assigned. The Permit Technician will be available to provide public counter service at the City, or at an alternative location provided by the City, during normal counter hours.

Permit Technician shall calculate and collect all necessary fees and permits for plan submission, permits, and inspections, and facilitates the collection of fees from other departments and/or agencies related to the issuance of a building permit. Daily logs of permit applications and inspections will be kept, and reports will be submitted monthly, quarterly and annually to the City.