

**EXHIBIT “K”**

**FISCAL ANALYSIS – ANNEXATION TO CITY OF  
SACRAMENTO**

## Memorandum

TO: Peter Brundage, Sacramento County LAFCo

FROM: Carlos Villarreal and Eric Nickell

DATE: April 30, 2010

SUBJECT: Arden Arcade – City of Sacramento Contract Services

Under section 56301 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, when a new government entity is proposed, LAFCo must consider whether existing agencies or a single purpose agency can feasibly provide the needed services in a more efficient and accountable manner. Due to the immediate proximity of the City of Sacramento (“City”) to the proposed incorporation boundaries, LAFCo requested an analysis of the fiscal impact of the City of Sacramento providing certain contract services to proposed new city (“Study Area”). This memorandum summarizes the methodology and findings of the requested analysis.

This analysis evaluates the feasibility of the incorporation should the City of Sacramento provide **development services** and **police services** on a contract basis by projecting cost and revenue impacts on the new city’s General Fund and Road Fund. All assumptions used in the Final Draft CFA are used here, with the exception of the cost of providing development services and police services.

This analysis finds that the City of Sacramento may be able to provide development and police services to the Study Area more efficiently than currently provided by the County Sheriff, or a contract staffing firm. The April 30 Final Draft CFA shows that the Study Area may feasibly incorporate without contracting for services to be provided by the City of Sacramento. This analysis reaches the same conclusion about the feasibility of incorporation in the event that the new city contracts with the City of Sacramento for police protection and development services.

### ***Base Year Budget and Memo Organization***

The sections below detail the findings of the analysis by describing land use assumptions and estimates of contract costs for police and development services. Included with the analysis are the backup calculations for the results of the fiscal analysis.

### ***Overall Method***

Fiscal impact analysis is a commonly used method to estimate a local government’s ability to afford the services associated with new development or changes in government organization. The analysis uses fiscal data from the County’s Fiscal Year 2008-09 Actuals and the City of Sacramento’s Fiscal Year 2008-09 Amended Budget to estimate future revenues generated by, and costs associated with, the incorporation of the Study Area. For all but police and development services costs, this analysis uses cost and revenue factors described in the Final Draft CFA.

All model results are provided in real (2009 constant) dollars. All revenue and cost factors are based on 2009 estimates and held constant over the planning horizon. This approach implicitly assumes that revenue and cost factors are subject to the same rate of inflation. The only exception is estimates of property values due to limits imposed by Proposition 13, which incorporates assumptions of inflation and property appreciation (above inflation).

**Land Use Scenario**

Two boundary alternatives were examined in this analysis, Scenario 1 and Scenario 2. Scenario 2 is contiguous with the County's Arden Arcade Community Plan and is generally bounded on the south by the American River, while Scenario 1 removes the area south of Fair Oaks Boulevard from the proposed new city boundaries. Equivalent assumptions for absorption, service population, market values, and occupant densities are also used.

**Police Services Costs**

The assumed cost of the City of Sacramento providing police services at the level currently provided by the County is as follows:

1. Total City of Sacramento police services costs for each division of the department were divided by the FTEs for each division to determine a cost per FTE.
2. The average cost per FTE was calculated for the entire department.
3. The County of Sacramento identified the current level of service for each boundary scenario in terms of FTEs assigned to each boundary.
4. The average City of Sacramento cost per FTE was applied to number of FTEs identified by County to determine the cost for the City of Sacramento to provide police services to each scenario.
5. The costs identified in step 4 are increased annually relative to service population growth and include an annual one percent (1%) real cost increase (one percent above inflation) to reflect regional salary and benefit trends.

The calculation of the City of Sacramento cost per FTE, and the total costs to serve each Arden Arcade boundary scenario are shown in **Table 1**.

**Table 1: Police Costs (\$2009)**

Department	Population	FTE	FTE per 1,000 Capita	Cost per FTE	Cost of Service <sup>1</sup>
<u>City of Sacramento</u>					
Office of the Chief	481,097	26.00	0.05	\$ 193,000	\$ 5,011,567
OES/HS	481,097	10.00	0.02	43,000	430,192
Office of Invenstigations	481,097	230.00	0.48	127,000	29,187,992
Office of Operations	481,097	567.66	1.18	105,000	59,410,844
Support Services	481,097	262.70	0.55	148,000	38,887,244
Total Costs		1,096.36	2.28	\$ 121,000	\$ 132,927,839
<u>Arden Arcade - Scenario 1</u>	92,006	70.00	0.05	\$ 121,000	\$ 8,470,000
<u>Arden Arcade - Scenario 2</u>	98,401	72.00	0.05	\$ 121,000	\$ 8,712,000

<sup>1</sup> From City of Sacramento FY 2008-09 Amended Budget.

**Development Services Costs**

The assumed cost of the City of Sacramento providing development services (including planning, community development, and code enforcement) at the level currently provided by the County is as follows:

1. Total City of Sacramento costs for each of the development services departments were divided by the FTEs for each department to determine a cost per FTE.
2. The average cost per FTE was calculated for all of the development services departments.
3. The staffing plan from the CFA (Table 4.1 in CFA) establishes the development services staffing necessary to maintain the County's current level of service.
4. City of Sacramento cost per FTE was applied to number of FTEs identified in the staffing plan to determine the cost for the City of Sacramento to provide development services to each scenario
5. The costs identified in step 4 are increased annually based on the staffing plan and include a one percent (1%) real cost increase (one percent above inflation) to reflect regional salary and benefit trends.

The calculation of City of Sacramento cost per FTE, and the total costs to serve each Arden Arcade boundary scenario are shown in **Table 2**.

**Table 2: Development Services Cost per FTE**

Department	FTEs	Expenditures (2008-2009)		Cost per FTE
			Estimated Actual)	
<u>Community Development</u>				
Administration	30.5	\$	5,410,255	\$ 177,385
Building	61.0		7,938,676	130,142
Planning	45.0		5,138,794	114,195
Customer Service	29.0		2,599,928	89,653
<u>Planning</u>	32.0		2,731,842	85,370
<u>Code Enforcement</u>	94.5		10,356,271	109,590
Average Development Services Cost per FTE				\$ 102,594
Arden Arcade Development Services FTEs <sup>1</sup>				21.00
Arden Arcade Development Services Costs <sup>2</sup>				\$ 2,154,000

Note: Transportation department excluded from calculation because the department receives large portions of funding from non-General Fund sources.

<sup>1</sup> Full Development Services staffing is achieved in Year 4, and is assumed to be 21.00 FTEs for each scenario.

<sup>2</sup> Represents costs once full staffing is assumed in Year 4. Does not include 1% real cost increases. Annual real cost increases are included in Tables 3 and 4.

Source: City of Sacramento FY2010 Approved Budget; Willdan Financial Services.

## **Results**

**Tables 3 and 4** detail the revenues and expenditures to the proposed new city's General and Road Funds resulting from the incorporation. Cost estimates for services provided by the City of Sacramento are solely based on the FTE analysis described above, and may differ from contract costs that the City may decide to offer to the proposed City of Arden Arcade.

Per direction from Sacramento County LAFCo, estimated revenue neutrality payments have been included in the analysis in order to determine if the proposed incorporation would be viable during the ten years following the incorporation based on Sacramento LAFCo policies. The revenue neutrality payments begin in FY2012-13 and are equal to 90 percent of a given year's property tax revenue. Total amount owed is \$219,000,000. The payments will continue until the total amount owed to the county has been repaid. These revenue neutrality payment assumptions are consistent with the revenue neutrality agreement negotiated between the County and the incorporation proponents.

This analysis finds that the City of Sacramento may be able to provide development and police services to the Study Area more efficiently than currently provided by the County. The April 30 Final Draft CFA shows that the Study Area may feasibly incorporate without contracting for services to be provided by the City of Sacramento. This analysis reaches the same conclusion about the feasibility of incorporation in the event that the new city contracts with the City of Sacramento for police protection and development services.

Table 3: Net Revenue Summary - Scenario 1 (2009\$)

General Fund	FY Ending									
	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021
<b>Revenues</b>										
Property Taxes	\$ 4,742,000	\$ 6,586,000	\$ 6,544,000	\$ 6,494,000	\$ 6,445,000	\$ 6,398,000	\$ 6,349,000	\$ 6,304,000	\$ 6,259,000	\$ 6,214,000
Sales Tax	348,100	12,664,000	12,665,000	12,715,000	12,746,000	12,776,000	12,810,000	12,841,000	12,878,000	12,912,000
Property Transfer Tax	287,300	345,300	342,400	340,600	337,900	335,100	332,300	330,700	328,900	326,200
Business Licenses	1,388,000	267,500	267,700	268,000	268,400	268,700	269,000	269,400	269,800	270,100
Transient Occupancy Tax	2,616,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000
Utility User Tax	-	2,617,000	2,618,000	2,618,000	2,619,000	2,620,000	2,621,000	2,622,000	2,623,000	2,624,000
Franchise Fees	-	476,000	476,000	477,000	477,000	477,000	477,000	477,000	477,000	478,000
Fines and Penalties	-	686,000	686,000	686,000	686,000	687,000	687,000	687,000	687,000	687,000
Charges for Services	-	1,403,000	2,182,000	2,416,000	2,440,000	2,465,000	2,488,000	2,514,000	2,535,000	2,561,000
Vehicle License Fees	-	6,904,000	6,445,000	5,987,000	5,528,000	5,069,000	4,610,000	4,613,000	4,613,000	4,615,000
Use of Money & Property <sup>1</sup>	140,000	334,000	336,000	334,000	329,000	325,000	321,000	321,000	321,000	321,000
<b>Total Revenues</b>	\$ 14,102,400	\$ 33,690,800	\$ 33,980,100	\$ 33,733,600	\$ 33,274,300	\$ 32,818,800	\$ 32,361,300	\$ 32,376,100	\$ 32,388,700	\$ 32,406,300
<b>Costs</b>										
City Council	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000
City Manager	328,000	458,000	516,000	521,000	525,000	531,000	537,000	542,000	547,000	551,000
City Attorney	1,014,000	1,025,000	1,035,000	1,045,000	1,055,000	1,065,000	1,076,000	1,087,000	1,098,000	1,109,000
City Clerk	361,000	401,000	547,000	590,000	599,000	602,000	570,000	613,000	582,000	624,000
Administrative Services	491,000	752,000	1,378,000	1,448,000	1,463,000	1,476,000	1,482,000	1,508,000	1,523,000	1,537,000
Development Services - City of Sacramento	-	1,222,000	1,995,000	2,247,000	2,268,000	2,268,000	2,289,000	2,310,000	2,331,000	2,352,000
Police - City of Sacramento	-	8,562,000	8,651,000	8,741,000	8,832,000	8,925,000	9,018,000	9,113,000	9,208,000	9,305,000
Animal Control	-	388,000	389,000	389,000	389,000	389,000	389,000	389,000	389,000	389,000
Property Tax Administration <sup>2</sup>	-	201,000	200,000	200,000	197,000	195,000	194,000	192,000	191,000	190,000
Non-Departmental	344,000	507,000	774,000	762,000	808,000	812,000	815,000	818,000	821,000	824,000
Contingency @ 5 percent	137,000	715,000	841,000	841,000	850,000	859,000	866,000	876,000	882,000	892,000
Transition Year Repayment <sup>3</sup>	-	185,000	190,600	196,300	202,200	208,000	-	-	-	-
Annual Revenue Neutrality Payment <sup>4</sup>	-	5,936,400	5,889,600	5,844,600	5,800,500	5,758,200	5,714,100	5,673,600	5,633,100	5,592,600
<b>Total</b>	\$ 2,741,000	\$ 20,418,400	\$ 22,449,200	\$ 22,867,900	\$ 23,155,200	\$ 23,026,100	\$ 23,187,600	\$ 23,271,100	\$ 23,431,600	\$ 23,431,600
<b>Net Revenue</b>	\$ 11,361,400	\$ 13,272,400	\$ 11,530,900	\$ 10,865,700	\$ 10,289,600	\$ 9,663,600	\$ 9,335,200	\$ 9,188,500	\$ 9,118,600	\$ 8,974,700
<b>Net Revenue % Costs</b>	65%	51%	46%	45%	42%	41%	40%	39%	38%	36%
<b>General Fund Operating Reserve</b>	\$ 11,361,400	\$ 24,633,800	\$ 36,164,700	\$ 47,030,400	\$ 57,311,000	\$ 66,974,600	\$ 76,309,800	\$ 85,498,300	\$ 94,616,900	\$ 103,591,600
<b>Road/Maintenance Fund</b>										
<b>Revenues</b>										
Gas Tax	\$ 6,529,300	\$ 6,529,300	\$ 6,529,300	\$ 6,530,300	\$ 6,530,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300
Interest Earnings	193,000	66,000	66,000	61,000	61,000	61,000	61,000	61,000	61,000	49,000
<b>Total</b>	\$ 6,529,300	\$ 6,722,300	\$ 6,529,300	\$ 6,530,300	\$ 6,530,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300	\$ 6,533,300
<b>Costs</b>										
Road Maintenance	\$ -	\$ 4,297,000	\$ 4,297,000	\$ 4,298,000	\$ 4,298,000	\$ 4,298,000	\$ 4,299,000	\$ 4,299,000	\$ 4,300,000	\$ 4,300,000
Contingency @ 5 percent	-	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000	215,000
One-time Incorporation Costs	80,000	-	-	-	-	-	-	-	-	-
<b>County Repayment<sup>1</sup></b>	\$ 80,000	\$ 4,512,000	\$ 4,512,000	\$ 4,513,000	\$ 4,513,000	\$ 4,513,000	\$ 4,514,000	\$ 4,514,000	\$ 4,515,000	\$ 4,515,000
<b>Total Costs</b>	\$ 6,449,300	\$ 2,210,300	\$ 2,017,300	\$ 2,017,300	\$ 2,017,300	\$ 2,020,300	\$ 2,019,300	\$ 2,019,300	\$ 2,019,300	\$ 1,437,300
<b>Net Revenue</b>	\$ 6,449,300	\$ 6,659,600	\$ 10,676,900	\$ 12,694,200	\$ 14,711,500	\$ 16,731,800	\$ 18,751,100	\$ 20,187,400	\$ 21,623,700	\$ 23,061,000
<b>Net Revenue % Costs</b>	62%	50%	47%	45%	42%	41%	38%	36%	37%	37%
<b>Net Revenue</b>	\$ 17,810,700	\$ 15,482,700	\$ 13,548,200	\$ 12,863,900	\$ 12,297,900	\$ 11,663,900	\$ 11,354,500	\$ 10,624,800	\$ 10,554,900	\$ 10,412,000
<b>Net Revenue % Costs</b>	62%	50%	47%	45%	42%	41%	38%	36%	37%	37%

<sup>1</sup> % of General Fund revenue based on survey of budgets of other cities in Sacramento County.

<sup>2</sup> Property tax administration costs estimated at 3.05% of gross property tax revenue.

<sup>3</sup> Repayment cost accounts for animal services, development services, road maintenance (public works) and sheriff department services the County is obligated to provide for the first year of service. Includes 3% annual interest.

<sup>4</sup> Revenue neutrality payments based on negotiated revenue neutrality agreement. Payments are equal to 90% of a given year's property tax revenue. Total amount owed is \$219,000,000.

Sources: Tables 1 and 2; Proposed Arcata Incorporation (LAFC 07-03) Comprehensive Fiscal Analysis, Final Draft, William Financial Services.

Fiscal Analysis of the City of Sacramento providing Contract Services to the proposed City of Arden Arcade  
 April 30, 2010  
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Table 4: Net Revenue Summary - Scenario 2 (2009\$)

General Fund	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021
<b>Revenues</b>										
Property Taxes	\$ 4,791,000	\$ 6,849,000	\$ 6,794,000	\$ 6,740,000	\$ 6,688,000	\$ 6,638,000	\$ 6,588,000	\$ 6,538,000	\$ 6,481,000	\$ 6,444,000
Sales Tax	402,100	12,795,000	12,846,000	12,846,000	12,877,000	12,907,000	12,941,000	12,972,000	13,008,000	13,043,000
Property Transfer Tax	298,300	289,500	289,700	289,000	289,700	289,700	289,700	289,700	291,900	292,200
Business Licenses	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000
Transient Occupancy Tax	2,798,000	2,798,000	2,800,000	2,800,000	2,801,000	2,802,000	2,803,000	2,804,000	2,806,000	2,807,000
Utility User Tax	-	510,000	510,000	510,000	510,000	510,000	510,000	511,000	511,000	511,000
Franchise Fees	-	742,000	743,000	743,000	743,000	743,000	744,000	744,000	745,000	745,000
Fines and Penalties	-	1,403,000	2,182,000	2,416,000	2,440,000	2,465,000	2,485,000	2,514,000	2,535,000	2,561,000
Charges for Services	4,921,000	7,384,000	6,893,000	6,403,000	5,912,000	5,421,000	4,930,000	4,432,000	4,535,000	4,936,000
Vehicle License Fees	145,000	345,000	348,000	345,000	340,000	336,000	331,000	331,000	331,000	331,000
Use of Money & Property <sup>1</sup>	\$ 14,744,400	\$ 34,904,900	\$ 35,198,200	\$ 34,874,700	\$ 34,379,300	\$ 33,887,900	\$ 33,388,500	\$ 33,421,000	\$ 33,421,000	\$ 33,434,700
<b>Total Revenues</b>	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000	\$ 66,000
<b>Costs</b>										
City Council	326,000	456,000	516,000	521,000	525,000	531,000	537,000	542,000	547,000	551,000
City Manager	1,014,000	1,025,000	1,035,000	1,045,000	1,055,000	1,065,000	1,075,000	1,085,000	1,095,000	1,105,000
City Attorney	361,000	405,000	447,000	484,000	529,000	574,000	617,000	657,000	692,000	728,000
City Clerk	491,000	752,000	1,378,000	1,448,000	1,463,000	1,476,000	1,482,000	1,508,000	1,523,000	1,537,000
Administrative Services	-	1,222,000	1,985,000	2,226,000	2,247,000	2,268,000	2,289,000	2,310,000	2,331,000	2,352,000
Development Services - City of Sacramento	-	9,402,000	9,498,000	9,567,000	9,687,000	9,799,000	9,901,000	10,005,000	10,111,000	10,217,000
Police - City of Sacramento	-	416,000	416,000	416,000	416,000	416,000	416,000	416,000	416,000	417,000
Animal Control	-	208,000	207,000	206,000	204,000	202,000	201,000	199,000	198,000	197,000
Property Tax Administration <sup>2</sup>	344,000	507,000	774,000	762,000	809,000	812,000	815,000	821,000	824,000	824,000
Non-Departmental	137,000	761,000	865,000	868,000	897,000	907,000	914,000	925,000	931,000	942,000
Contingency @ 5 percent	-	276,000	283,000	291,000	300,000	309,000	318,000	327,000	336,000	345,000
Transition Year Repayment <sup>3</sup>	-	6,164,100	6,114,600	6,066,000	6,019,200	5,974,200	5,929,200	5,885,100	5,841,900	5,799,600
Annual Revenue Neutrality Payment <sup>4</sup>	\$ 2,741,000	\$ 21,661,100	\$ 23,694,600	\$ 24,126,000	\$ 24,256,200	\$ 24,432,200	\$ 24,206,200	\$ 24,378,100	\$ 24,465,900	\$ 24,639,600
Total	\$ 12,003,400	\$ 13,243,800	\$ 11,484,600	\$ 10,748,700	\$ 10,123,100	\$ 9,485,700	\$ 9,192,300	\$ 9,030,200	\$ 8,955,100	\$ 8,795,100
Net Revenue	\$ 12,003,400	\$ 25,247,200	\$ 36,711,800	\$ 47,460,500	\$ 57,583,600	\$ 67,039,300	\$ 76,231,600	\$ 85,261,800	\$ 94,216,900	\$ 103,012,000
Net Revenue % Costs		61%	48%	45%	42%	39%	38%	37%	37%	36%
<b>General Fund Operating Reserve</b>										
<b>Road Maintenance Fund</b>										
Revenues	\$ 7,037,300	\$ 7,099,300	\$ 7,099,300	\$ 7,100,300	\$ 7,102,300	\$ 7,102,300	\$ 7,103,300	\$ 7,103,300	\$ 7,103,300	\$ 7,103,300
Gas Tax	-	211,000	71,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Interest Earnings	7,037,300	7,310,300	7,099,300	7,100,300	7,102,300	7,102,300	7,103,300	7,103,300	7,103,300	7,103,300
Total	\$ 7,037,300	\$ 7,310,300	\$ 7,099,300	\$ 7,100,300	\$ 7,102,300	\$ 7,102,300	\$ 7,103,300	\$ 7,103,300	\$ 7,103,300	\$ 7,103,300
Costs	\$ -	\$ 4,709,000	\$ 4,709,000	\$ 4,709,000	\$ 4,710,000	\$ 4,710,000	\$ 4,711,000	\$ 4,711,000	\$ 4,712,000	\$ 4,712,000
Road Maintenance	-	235,000	235,000	235,000	236,000	236,000	236,000	236,000	236,000	236,000
Contingency @ 5 percent	80,000	-	-	-	-	-	-	-	-	-
One-time Incorporation Costs	-	-	-	-	-	-	-	-	-	-
County Repayment <sup>5</sup>	\$ 80,000	\$ 4,944,000	\$ 4,944,000	\$ 4,944,000	\$ 4,945,000	\$ 4,946,000	\$ 4,947,000	\$ 4,947,000	\$ 4,948,000	\$ 4,948,000
Total Costs	\$ 7,017,300	\$ 2,365,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300	\$ 2,156,300
Net Revenue	\$ 7,017,300	\$ 9,383,600	\$ 11,538,900	\$ 13,695,200	\$ 15,851,500	\$ 16,007,800	\$ 20,164,100	\$ 21,697,400	\$ 23,229,700	\$ 24,765,000
Net Revenue % Costs		48%	44%	44%	44%	44%	44%	44%	44%	44%
<b>Road Fund Operating Reserve</b>										
Net Revenue All Funds	\$ 19,020,700	\$ 15,610,100	\$ 13,619,900	\$ 12,279,400	\$ 11,612,000	\$ 10,563,500	\$ 10,487,400	\$ 10,563,500	\$ 10,487,400	\$ 10,330,400
Net Revenue % Costs		59%	48%	44%	42%	39%	38%	37%	37%	36%

<sup>1</sup> 1% of General Fund revenue based on survey of budgets of other cities in Sacramento County.  
<sup>2</sup> Property tax administration costs estimated at 3.05% of gross property tax revenue.  
<sup>3</sup> Payment cost accounts for animal services, development services, road maintenance (public works) and sheriff department services the County is obligated to provide for the first year of service. Includes 3% annual interest.  
<sup>4</sup> Revenue neutrality payments based on negotiated revenue neutrality agreement. Payments are equal to 90% of a given year's property tax revenue. Total amount owed is \$219,000,000.  
<sup>5</sup> Revenue neutrality payments based on negotiated revenue neutrality agreement. Payments are equal to 90% of a given year's property tax revenue. Total amount owed is \$219,000,000.  
 Sources: Tables 1 and 2, Proposed Arden Arcade Incorporation (AFC 07-03) Comprehensive Fiscal Analysis, Final Draft, Wildland Financial Services.

## Memorandum

**TO:** Peter Brundage, Sacramento County LAFCo

**FROM:** Carlos Villarreal and Eric Nickell

**DATE:** March 17, 2010

**SUBJECT:** Arden Arcade Annexation Analysis

Under section 56301 of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, when a new government entity is proposed, LAFCo must consider whether existing agencies or a single purpose agency can feasibly provide the needed services in a more efficient and accountable manner. Due to the immediate proximity of the City of Sacramento ("City") to the proposed incorporation boundaries, LAFCo requested an analysis of the fiscal impact of annexation of the unincorporated Arden Arcade area ("Study Area") to the City. This memorandum summarizes the methodology and findings of the requested analysis.

The boundaries of the Study Area are defined by the two boundary alternatives for the proposed incorporation of the area as a new city. This analysis utilizes land use scenarios for each boundary alternative that are equivalent to the land use scenarios used in the Arden Arcade Comprehensive Fiscal Analysis (CFA), also prepared by Willdan Financial Services. Given the urbanized nature of the area, this is appropriate.

The analysis finds that, based on the City's current level of services, the annexation of the Study Area to the City would result in a net deficit to the City's General Fund unless new sources of revenue were identified or the City provided a lower level of service to the Study Area than to residents within the current boundaries of the City. Moreover, this finding does not take into account any revenue sharing with the County of Sacramento that would be required under Revenue and Taxation code section 99. If property, sales, and/or transient occupancy taxes were shared with the County based on a revenue tax sharing agreement, the fiscal impact on the City would be even more negative.

### ***Base Year Budget and Memo Organization***

In this analysis considers only the fiscal impacts on the City's General Fund and Road Funds to determine the feasibility of annexing the Study Area to the City. Other City Funds provide services that are self-supporting and therefore service levels typically would not be affected by development or annexation.

Based on land use, economic, and fiscal conditions particular to the City of Sacramento, fiscal impacts have been estimated by applying Amended Fiscal Year (FY) 2008-09 revenue sources and services levels to the project area. Service levels were calculated using the City's service population as of January 1, 2009. The selection of FY2008-09 as the base year budget corresponds to the CFA's selection of the same year for actual revenue and cost data for estimates of County impacts in the event of incorporation.

This memorandum details the findings of the analysis by describing the land use scenario, estimates of per capita cost and revenue factors, and case study revenue projections for property tax, sales tax, and vehicle license fees. The final section provides the backup calculations for the results of the fiscal analysis.



### **Overall Method**

Fiscal impact analysis is a commonly used method to estimate a local government's ability to afford the services associated with new development. The analysis uses current fiscal data to estimate future revenues generated by, and costs associated with, a reorganization of government services. For most revenues and costs, the analysis uses current average per capita factors applied to population and employment generated by the reorganization. For certain revenues and costs that could vary substantially from current averages, the analysis uses a case study approach based on information specific to the governance scenario.

All model results are provided in real (2009 constant) dollars. All revenue and cost factors are based on 2009 estimates and held constant over the planning horizon. This approach implicitly assumes that revenue and cost factors are subject to the same rate of inflation. The only exception is estimates of property values due to limits imposed by Proposition 13, which incorporates assumptions of inflation and property appreciation (above inflation).

### **Land Use Scenario**

Two boundary alternatives were examined in this analysis, Scenario 1 and Scenario 2. Scenario 2 is contiguous with the County's Arden Arcade Community Plan and is generally bounded on the south by the American River, while Scenario 1 removes the area south of Fair Oaks Boulevard from the proposed new city boundaries. Equivalent assumptions for absorption, service population, market values, and occupant densities are also used.

### **Per Capita Factors**

The fiscal model uses inputs of current City revenues and expenditures per capita. FY 2008-09 estimates of residents and employees used in the per capita model are drawn from the California Department of Finance and the California Employment Development Department (EDD), respectively.

A per capita modeling method is used for most of the model's expenditure and revenue factors. These factors represent citywide per capita averages that are not expected to vary for residents and employees of the Study Area if similar levels of service are provided by the City.

The per capita factors were calculated by dividing each revenue or expenditure line item by the appropriate service population. The service population includes the current residential and employment population, with employment weighted to varying degrees depending on the specific revenue or cost line item. The model multiplies these per capita revenue and expenditure factors by the projected number of residents and employees to calculate total existing revenues and costs.

**Table 1** displays the per capita costs derived from Amended FY 2008-09 data from the City of Sacramento's Approved FY 2009-10 Budget. **Table 2** displays the per capita revenues derived from the same source.

**Table 1: City of Sacramento General Fund Cost per Capita**

<b>Department</b>	<b>Service Population</b>	<b>Amended FY08-09</b>	<b>Per Capita - Amended FY08-09</b>
Residents:			481,097
Employees:			522,810
Residents + Weighted Employees			643,168
Lane Miles			3,034
Mayor and City Council	Residents + Weighted Workers	2,861,811	4.45
City Attorney	Residents + Weighted Workers	4,466,841	6.95
City Clerk	Residents + Weighted Workers	1,384,826	2.15
City Manager	Residents + Weighted Workers	2,842,505	4.42
City Treasurer	Residents + Weighted Workers	1,962,852	3.05
Code Enforcement	Residents + Weighted Workers	10,419,523	21.66
Community Development	Residents + Weighted Workers	22,034,974	45.80
Convention, Culture & Leisure	Residents + Weighted Workers	5,709,975	11.87
Economic Development	Employees	5,248,129	10.04
Finance	Residents + Weighted Workers	6,326,788	13.15
General Services (Includes Animal Care)	Residents	15,045,209	31.27
Human Resources	Residents + Weighted Workers	3,175,574	6.60
Information Technology	Residents + Weighted Workers	7,285,277	15.14
Labor Relations	Residents + Weighted Workers	813,305	1.69
Neighborhood Services	Residents + Weighted Workers	1,366,140	2.84
Planning	Residents + Weighted Workers	2,731,842	5.68
Police	<b>Service Level - FTE per 1,000 capita</b>		
Transportation	Residents + Weighted Workers	10,763,340	22.37
Non-Departmental	Residents + Weighted Workers	37,408,795	77.76

Sources: City of Sacramento FY2010 Approved Budget; Willdan Financial Services.

**Table 2: General Fund Per Capita Revenues**

Source	Service Population	Amended FY08-09	Per Capita Amended FY08-09
Residents:			481,097
Employees:			522,810
Employees + Weighted Workers			643,168
<u>Taxes</u>			
Property Tax	Case Study		
Sales Tax	Case Study		
Real Property Transfer Tax	Case Study		
Utility Users Tax	Residents + Weighted Workers	60,320	93.79
Transient Occupancy Tax	Case Study		
Business Operations Taxes	Employees	7,500	14.35
<u>Licenses And Permits</u>	Residents + Weighted Workers	15,053	23.40
<u>Fines, Forfeitures, Penalties</u>	Residents + Weighted Workers	11,048	17.18
<u>Interest, Rents, Concessions</u>	Residents + Weighted Workers	2,798	4.35
<u>Intergovernmental</u>	Residents + Weighted Workers	50,049	77.82
<u>Charges, Fees And Services</u>	Residents + Weighted Workers	1,323	2.06
<u>Contributions From Other Funds</u>	Residents + Weighted Workers	23,514	36.56
<u>Miscellaneous Revenue</u>	Residents + Weighted Workers	-	-

Sources: City of Sacramento FY2010 Approved Budget; Willdan Financial Services.

**Case Studies**

For revenues that could vary substantially from current average per capita levels, a case study method is used. The case study method uses data associated with the Study Area rather than current countywide or unincorporated area averages. The method used may vary depending on the specific cost or revenue.

In this analysis the case study method is used for the property, sales, transient occupancy, property transfer tax and vehicle license fee revenue estimates. Table 3 details the assumptions and sources used in the case studies for revenue.

**Table 3: Case Study Revenues and Assumptions**

Revenue Source	Assumption	Source(s)
Property Tax	Tax Allocation Factor (post ERAF) estimated to be approximately 18.1% for each scenario	County Auditor Controller; Willdan Financial Services
Sales Tax	FY 2008-09 actual revenue approximately \$12.6 and \$12.8 million for Scenarios 1 and 2, respectively	CA SBOE
Real Property Transfer Tax	0.055% of sales price; Sales based on absorption assumptions and land value assumptions from CFA	Willdan Financial Services
Transient Occupancy Tax	FY 2008-09 actual revenue approximately \$1,388,000 for both scenarios	County Auditor Controller
Vehicle License Fees	VLF Property Tax In-lieu Per \$1000 Assessed Value assumed to be \$0.82, and per capita allocation assumed to be \$2.65	Willdan Financial Services; californiacityfinance.com

**Results**

Tables 4 and 5 detail the revenues and expenditures to the City's General and Road Funds resulting from the annexation of each boundary alternative. The analysis makes no assumptions regarding the final terms of revenue sharing between the City and County. The tables below show the municipal costs and revenues for each scenario.

In the event of annexation, the manner in which the property tax and other revenues are allocated between the City and County would be based on negotiations between the City and County. Based on the City's current levels of service, as defined by the FY 2009-09 City budget, the annexation of the Study Area would require additional revenue sources from the City to achieve fiscal neutrality. Furthermore, once County property, sales, and/or transient occupancy tax sharing requirements are determined, the City, in our opinion, would be required to find additional revenue to achieve fiscal neutrality.

Table 4: Net Revenue Summary - Scenario 1 (2009\$)

Department	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021
<b>Revenues</b>										
Property Tax	\$ 11,980,000	\$ 11,887,000	\$ 11,798,000	\$ 11,713,000	\$ 11,632,000	\$ 11,554,000	\$ 11,477,000	\$ 11,399,000	\$ 11,327,000	\$ 11,256,000
Sales Tax	12,668,000	12,712,000	12,753,000	12,814,000	12,878,000	12,946,000	13,011,000	13,079,000	13,150,000	13,222,000
Real Property Transfer Tax	354,100	351,300	348,400	345,800	341,100	337,700	333,900	330,000	326,000	322,000
Utility Users Tax	9,780,000	9,783,000	9,787,000	9,792,000	9,798,000	9,803,000	9,809,000	9,815,000	9,821,000	9,827,000
Transient Occupancy Tax	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000
Business Operations Taxes	1,496,000	1,497,000	1,497,000	1,498,000	1,499,000	1,500,000	1,501,000	1,502,000	1,503,000	1,504,000
Licenses, Permits	2,440,000	2,441,000	2,442,000	2,443,000	2,444,000	2,445,000	2,446,000	2,447,000	2,448,000	2,449,000
Inter-Governmental Revenues	8,114,000	8,117,000	8,120,000	8,125,000	8,129,000	8,134,000	8,139,000	8,143,000	8,148,000	8,154,000
Contributions from other funds	3,812,000	3,814,000	3,815,000	3,817,000	3,819,000	3,821,000	3,824,000	3,826,000	3,828,000	3,831,000
Vehicle License Fees	250,000	256,000	262,000	271,000	280,000	290,000	300,000	311,000	322,000	335,000
<b>Total - Revenue</b>	<b>\$ 52,282,100</b>	<b>\$ 52,246,300</b>	<b>\$ 52,210,400</b>	<b>\$ 52,206,600</b>	<b>\$ 52,208,900</b>	<b>\$ 52,223,100</b>	<b>\$ 52,234,300</b>	<b>\$ 52,249,700</b>	<b>\$ 52,273,900</b>	<b>\$ 52,302,200</b>
<b>Costs</b>										
Mayor and City Council	\$ 464,000	\$ 464,000	\$ 464,000	\$ 465,000	\$ 465,000	\$ 465,000	\$ 465,000	\$ 466,000	\$ 466,000	\$ 466,000
City Attorney	725,000	725,000	725,000	726,000	726,000	726,000	727,000	727,000	728,000	728,000
City Clerk	224,000	224,000	224,000	224,000	225,000	225,000	225,000	225,000	225,000	225,000
City Manager	461,000	461,000	461,000	461,000	462,000	462,000	462,000	463,000	463,000	463,000
City Treasurer	318,000	318,000	318,000	318,000	319,000	319,000	319,000	319,000	319,000	320,000
Code Enforcement	2,259,000	2,259,000	2,260,000	2,261,000	2,263,000	2,264,000	2,265,000	2,267,000	2,268,000	2,269,000
Community Development	4,776,000	4,777,000	4,779,000	4,782,000	4,784,000	4,787,000	4,790,000	4,793,000	4,796,000	4,799,000
Convention, Culture & Leisure	1,238,000	1,238,000	1,239,000	1,239,000	1,240,000	1,241,000	1,241,000	1,242,000	1,243,000	1,244,000
Economic Development	397,000	397,000	398,000	398,000	399,000	400,000	401,000	402,000	403,000	404,000
Finance	1,371,000	1,372,000	1,372,000	1,373,000	1,374,000	1,374,000	1,375,000	1,376,000	1,377,000	1,378,000
General Services (includes Animal Care)	2,878,000	2,878,000	2,879,000	2,880,000	2,881,000	2,882,000	2,883,000	2,884,000	2,885,000	2,886,000
Human Resources	688,000	688,000	689,000	689,000	689,000	690,000	690,000	691,000	691,000	692,000
Information Technology	1,579,000	1,579,000	1,580,000	1,581,000	1,582,000	1,582,000	1,583,000	1,584,000	1,585,000	1,586,000
Labor Relations	176,000	176,000	176,000	176,000	177,000	177,000	177,000	177,000	177,000	177,000
Neighborhood Services	296,000	296,000	296,000	297,000	297,000	297,000	297,000	297,000	297,000	298,000
Planning	592,000	592,000	593,000	593,000	593,000	594,000	594,000	594,000	595,000	595,000
Police	25,483,000	25,747,000	26,014,000	26,288,000	26,566,000	26,846,000	27,131,000	27,419,000	27,708,000	28,005,000
Transportation	2,333,000	2,333,000	2,334,000	2,336,000	2,337,000	2,338,000	2,340,000	2,341,000	2,342,000	2,344,000
Non-Departmental	7,611,000	7,614,000	7,616,000	7,621,000	7,625,000	7,629,000	7,634,000	7,638,000	7,643,000	7,647,000
<b>Total</b>	<b>\$ 53,869,000</b>	<b>\$ 54,139,000</b>	<b>\$ 54,417,000</b>	<b>\$ 54,709,000</b>	<b>\$ 55,004,000</b>	<b>\$ 55,298,000</b>	<b>\$ 55,599,000</b>	<b>\$ 55,905,000</b>	<b>\$ 56,212,000</b>	<b>\$ 56,526,000</b>
<b>Net Revenue</b>	<b>\$ (1,586,900)</b>	<b>\$ (1,891,700)</b>	<b>\$ (2,206,600)</b>	<b>\$ (2,502,400)</b>	<b>\$ (2,794,100)</b>	<b>\$ (3,074,900)</b>	<b>\$ (3,364,700)</b>	<b>\$ (3,655,300)</b>	<b>\$ (3,938,100)</b>	<b>\$ (4,223,800)</b>
<b>Net Revenue % Costs</b>	<b>(7%)</b>	<b>(3%)</b>	<b>(4%)</b>	<b>(5%)</b>	<b>(5%)</b>	<b>(6%)</b>	<b>(6%)</b>	<b>(7%)</b>	<b>(7%)</b>	<b>(7%)</b>
<b>General Fund Operating Reserve</b>	<b>\$ (1,586,900)</b>	<b>\$ (3,478,600)</b>	<b>\$ (5,685,200)</b>	<b>\$ (8,187,600)</b>	<b>\$ (10,981,700)</b>	<b>\$ (14,058,600)</b>	<b>\$ (17,421,300)</b>	<b>\$ (21,076,600)</b>	<b>\$ (25,014,700)</b>	<b>\$ (29,238,500)</b>
<b>Gas Tax/Measure A Fund</b>										
<b>Revenues</b>	\$ 2,979,000	\$ 2,980,000	\$ 2,982,000	\$ 2,982,000	\$ 2,983,000	\$ 2,984,000	\$ 2,985,000	\$ 2,987,000	\$ 2,987,000	\$ 2,989,000
<b>Costs</b>	\$ 2,979,000	\$ 2,980,000	\$ 2,982,000	\$ 2,982,000	\$ 2,983,000	\$ 2,984,000	\$ 2,985,000	\$ 2,987,000	\$ 2,987,000	\$ 2,989,000
<b>Net Revenue</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Revenue % Costs</b>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Road Fund Operating Reserve</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Revenue All Funds</b>	<b>\$ (1,586,900)</b>	<b>\$ (1,891,700)</b>	<b>\$ (2,206,600)</b>	<b>\$ (2,502,400)</b>	<b>\$ (2,794,100)</b>	<b>\$ (3,074,900)</b>	<b>\$ (3,364,700)</b>	<b>\$ (3,655,300)</b>	<b>\$ (3,938,100)</b>	<b>\$ (4,223,800)</b>
<b>Net Revenue % Costs</b>	<b>(7%)</b>	<b>(3%)</b>	<b>(4%)</b>	<b>(4%)</b>	<b>(5%)</b>	<b>(5%)</b>	<b>(6%)</b>	<b>(6%)</b>	<b>(7%)</b>	<b>(7%)</b>

Table 5: Net Revenue Summary - Scenario 2 (2009\$)

Department	Year 1 2012	Year 2 2013	Year 3 2014	Year 4 2015	Year 5 2016	Year 6 2017	Year 7 2018	Year 8 2019	Year 9 2020	Year 10 2021
<b>Revenues</b>										
Property Tax	\$ 13,883,000	\$ 13,774,000	\$ 13,669,000	\$ 13,568,000	\$ 13,472,000	\$ 13,377,000	\$ 13,285,000	\$ 13,193,000	\$ 13,106,000	\$ 13,020,000
Sales Tax	12,799,000	12,843,000	12,884,000	12,945,000	13,009,000	13,077,000	13,142,000	13,210,000	13,281,000	13,353,000
Real Property Transfer Tax	408,100	404,400	401,500	398,700	396,900	393,200	391,400	387,800	385,100	384,500
Utility Users Tax	10,440,000	10,440,000	10,440,000	10,452,000	10,456,000	10,454,000	10,470,000	10,476,000	10,483,000	10,489,000
Transient Occupancy Tax	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000	1,388,000
Business Operations Taxes	586,000	587,000	588,000	589,000	600,000	602,000	603,000	604,000	606,000	607,000
Licenses, Permits	2,905,000	2,607,000	2,607,000	2,608,000	2,609,000	2,611,000	2,612,000	2,614,000	2,615,000	2,617,000
Infer. Governmental Revenues	8,682,000	8,666,000	8,669,000	8,673,000	8,678,000	8,682,000	8,687,000	8,692,000	8,696,000	8,703,000
Contributions from other funds	4,069,000	4,071,000	4,072,000	4,074,000	4,077,000	4,079,000	4,081,000	4,084,000	4,086,000	4,089,000
Vehicle License Fees	268,000	273,000	280,000	288,000	298,000	308,000	318,000	328,000	341,000	354,000
<b>Total - Revenue</b>	<b>\$ 55,118,100</b>	<b>\$ 55,065,400</b>	<b>\$ 55,015,500</b>	<b>\$ 54,993,700</b>	<b>\$ 54,985,900</b>	<b>\$ 54,981,200</b>	<b>\$ 54,977,400</b>	<b>\$ 54,977,800</b>	<b>\$ 54,990,100</b>	<b>\$ 55,004,500</b>
<b>Costs</b>										
Mayor and City Council	\$ 495,000	\$ 485,000	\$ 466,000	\$ 496,000	\$ 496,000	\$ 496,000	\$ 496,000	\$ 497,000	\$ 497,000	\$ 497,000
City Attorney	774,000	774,000	774,000	774,000	775,000	775,000	775,000	776,000	776,000	777,000
City Clerk	239,000	239,000	239,000	239,000	240,000	240,000	240,000	240,000	240,000	240,000
City Manager	492,000	492,000	492,000	492,000	493,000	493,000	493,000	493,000	494,000	494,000
City Treasurer	339,000	339,000	340,000	340,000	340,000	340,000	340,000	340,000	341,000	341,000
Code Enforcement	2,411,000	2,411,000	2,413,000	2,413,000	2,414,000	2,415,000	2,417,000	2,418,000	2,419,000	2,421,000
Community Development	5,098,000	5,098,000	5,100,000	5,102,000	5,104,000	5,107,000	5,110,000	5,113,000	5,116,000	5,119,000
Convention, Culture & Leisure	1,321,000	1,321,000	1,322,000	1,322,000	1,323,000	1,324,000	1,324,000	1,325,000	1,326,000	1,327,000
Economic Development	417,000	417,000	418,000	418,000	419,000	420,000	421,000	422,000	423,000	424,000
Finance	1,464,000	1,464,000	1,464,000	1,465,000	1,466,000	1,466,000	1,467,000	1,468,000	1,469,000	1,470,000
General Services (Includes Animal Care)	3,078,000	3,078,000	3,079,000	3,079,000	3,080,000	3,081,000	3,082,000	3,083,000	3,085,000	3,086,000
Human Resources	735,000	735,000	735,000	735,000	736,000	736,000	736,000	737,000	738,000	739,000
Information Technology	1,685,000	1,685,000	1,686,000	1,686,000	1,687,000	1,688,000	1,689,000	1,690,000	1,691,000	1,692,000
Labor Relations	188,000	188,000	188,000	188,000	188,000	188,000	189,000	189,000	189,000	189,000
Neighborhood Services	316,000	316,000	316,000	316,000	317,000	317,000	317,000	317,000	317,000	317,000
Planning	632,000	632,000	632,000	633,000	633,000	633,000	634,000	634,000	634,000	635,000
Police	29,094,000	29,395,000	29,702,000	30,014,000	30,330,000	30,650,000	30,973,000	31,303,000	31,635,000	31,972,000
Transportation	2,490,000	2,491,000	2,491,000	2,492,000	2,493,000	2,494,000	2,496,000	2,497,000	2,498,000	2,500,000
Non-Departmental	8,655,000	8,655,000	8,659,000	8,662,000	8,666,000	8,671,000	8,676,000	8,681,000	8,686,000	8,691,000
<b>Total</b>	<b>\$ 59,923,000</b>	<b>\$ 60,225,000</b>	<b>\$ 60,545,000</b>	<b>\$ 60,866,000</b>	<b>\$ 61,200,000</b>	<b>\$ 61,534,000</b>	<b>\$ 61,875,000</b>	<b>\$ 62,223,000</b>	<b>\$ 62,574,000</b>	<b>\$ 62,930,000</b>
<b>Net Revenue</b>	<b>\$ (4,804,900)</b>	<b>\$ (5,159,600)</b>	<b>\$ (5,529,500)</b>	<b>\$ (5,872,300)</b>	<b>\$ (6,214,100)</b>	<b>\$ (6,552,800)</b>	<b>\$ (6,897,600)</b>	<b>\$ (7,245,200)</b>	<b>\$ (7,583,900)</b>	<b>\$ (7,925,500)</b>
<b>Net Revenue % Costs</b>	<b>(9%)</b>	<b>(9%)</b>	<b>(9%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(11%)</b>	<b>(11%)</b>	<b>(12%)</b>	<b>(12%)</b>	<b>(13%)</b>
<b>General Fund Operating Reserve</b>	<b>\$ (4,804,900)</b>	<b>\$ (9,964,500)</b>	<b>\$ (15,494,000)</b>	<b>\$ (21,366,300)</b>	<b>\$ (27,580,400)</b>	<b>\$ (34,133,200)</b>	<b>\$ (41,030,800)</b>	<b>\$ (48,276,000)</b>	<b>\$ (55,859,900)</b>	<b>\$ (63,785,400)</b>
<b>Gas Tax/Measure A Fund</b>										
<b>Revenues</b>										
Revenues	\$ 3,186,000	\$ 3,188,000	\$ 3,189,000	\$ 3,190,000	\$ 3,190,000	\$ 3,192,000	\$ 3,193,000	\$ 3,194,000	\$ 3,196,000	\$ 3,196,000
<b>Costs</b>										
Road Maintenance Costs	\$ 3,186,000	\$ 3,188,000	\$ 3,189,000	\$ 3,190,000	\$ 3,190,000	\$ 3,192,000	\$ 3,193,000	\$ 3,194,000	\$ 3,196,000	\$ 3,196,000
<b>Net Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Revenue % Costs</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
<b>Road Fund Operating Reserve</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Revenue All Funds</b>	<b>\$ (4,804,900)</b>	<b>\$ (5,159,600)</b>	<b>\$ (5,529,500)</b>	<b>\$ (5,872,300)</b>	<b>\$ (6,214,100)</b>	<b>\$ (6,552,800)</b>	<b>\$ (6,897,600)</b>	<b>\$ (7,245,200)</b>	<b>\$ (7,583,900)</b>	<b>\$ (7,925,500)</b>
<b>Net Revenue % Costs</b>	<b>(9%)</b>	<b>(9%)</b>	<b>(9%)</b>	<b>(9%)</b>	<b>(10%)</b>	<b>(10%)</b>	<b>(11%)</b>	<b>(11%)</b>	<b>(12%)</b>	<b>(12%)</b>