

**PLACER COUNTY
OFFICE OF EMERGENCY SERVICES**

M E M O R A N D U M

To: Honorable Board of Supervisors

From: Thomas Miller, County Executive Officer
by: Rui Cunha, Emergency Services Program Manager

Date: March 25, 2008

Subject: **Adopt a Resolution approving the 2007/2008 Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan for 2007-2008, which sets a new capital mitigation fee for fire service at \$.55 and \$.41 per square foot for new residential and commercial development respectively, and includes an annual fee increase methodology based on the increase in the *Consumer Price Index for All Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose.***

ACTION REQUESTED

That your Board adopt a resolution approving the 2007/2008 Placer County Fire *Facilities Impact Fee Study and Capital Improvement Plan* which sets a new capital mitigation fee for fire service at \$.55 and \$.41 per square foot for new residential and commercial development respectively, and includes an annual fee increase methodology based on the increase in the *Consumer Price Index for All Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose.*

BACKGROUND

The focus of the Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan is to provide funding for the additional fire stations and apparatus (vehicles and equipment) that are required as a direct result of the increase in fire service demand brought on by new development. Placer County approved a capital facilities mitigation fee in 1996 based on growth that was projected at that time. The current study delineates new fees based on current projections of growth and the corresponding facilities and apparatus needed to meet increasing fire service demands. Any new fire facilities and apparatus necessary to provide fire protection services to new development must be achieved without negatively impacting current service levels, or at additional cost to current service recipients. Because the base property tax and special assessment revenue accruing to Placer County Fire is wholly devoted to current operations, fire facilities impact fees are needed to provide at least a portion of the funding needed for construction of new facilities and purchase of new apparatus.

Legal Authority/Guidelines

California Government Code 66000 *et seq* (CGC 66000) provides the authority and conditions by which local agencies may collect fees from new development to offset the impact of that new development on local services such as fire protection. In establishing a new Capital Mitigation Fee for Fire Service, CGC 66001 provides requirements and guidelines related to the

imposition of a fee, to include the preparation of a capital improvement plan (CIP). Some of the requirements of the CIP are to:

- Identify the purpose of the fee.
- Identify the specific use to which the fee is to be put
- Determine a reasonable relationship between the fee's use and the type of development on which the fee is imposed.
- Determine a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.
- Determine a reasonable relationship between the fee and the cost of the public facilities (or portion) attributable to the development.

Placer County Fire Facilities Impact Fee Study

Placer County retained the services of *MuniFinancial*, an experienced public sector financial consulting firm, to produce the Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan (Study). The Study addresses all legal requirements as established in CGC 66000-08.

Study Scope:

The Study covers the entire area for which Placer County Fire provides fire protection and emergency medical services. This area comprises 475 square miles of the central and western portions of unincorporated Placer County not covered by an independent Fire Protection District. The area has a current service population of approximately 52,500 which the study projects will grow to some 208,500 by the year 2030.

While the Study analyzes the entire service area, large developments (e.g., Placer Vineyards, Regional University, Riolo Vineyards, Bickford Ranch, etc.) are excluded from calculations inasmuch as facilities and apparatus needs of large developments will be mitigated through development agreements.

Study Summary:

The Study supports a mitigation fee of \$.64 and \$.48 per square foot of new residential and commercial development respectively. The study further identifies an existing and projected system deficit of \$13,370,000 through 2030 for additional facilities and equipment.

Current system:

The County currently provides rural level fire protection and all-hazard fire and emergency services on a year-round basis. Service is provided through a contract with California Department of Forestry and Fire Protection (CAL FIRE) doing business as Placer County Fire in a service area comprising nearly one third of the County. Service is provided by 60 full time firefighters out of eight fully staffed, 24-hour/day fire stations in Alta, Colfax, Bowman, North Auburn, Ophir, Lincoln, the Sunset Industrial Area, and Dry Creek. In addition, the system supports 100 active or semi-active community volunteer firefighters operating from stations in Dutch Flat, Fowler, Paige, Thermalands, Lone Star, and Sheridan.

Placer County Fire operates and maintains 51 County-owned fire engines and support vehicles. The County-owned property and equipment is estimated to have a value of over \$18,000,000, and the County's annual contract with CAL FIRE is approximately \$6,500,000.

Proposed future system:

Placer County Fire anticipates a 20 year gradual transition from being primarily a "rural service" provider to being a provider of both rural and urban services. The future fire protection system described in the Study is based on levels of service defined in the Placer County General Plan for urban, suburban and rural service areas.

The population within the entire PCF service area is expected to grow by 400% over the coming 20 years, with the majority of this growth occurring in urban density areas. During the same timeframe, population in rural service areas is expected to grow by nearly 30%. The total system growth, if unmitigated, would significantly impact the existing fire service delivery system. The study addresses the addition of six fire stations to support the larger developments, three fire stations to support growth in the more rural areas of the County and a Regional Fire Facility to support system command, control and communications, training, maintenance, storage and administration. With the addition of vehicles and equipment, the study forecasts \$102,000,000 in required costs to mitigate growth and ensure that fire and emergency medical services are sustained. Approximately \$75,000,000 of that total is designated for larger developments and urban service levels and approximately \$27,000,000 earmarked for rural and suburban service level areas.

Supported fee and system deficit:

The Study supports a mitigation fee of \$.64 and \$.48 per square foot of new residential and commercial development respectively. However, County staff, working in cooperation with CAL FIRE, acknowledges that costs associated with the establishment of this fee require further analysis, and that this analysis will impact any fee increase request. There are three primary cost drivers associated with this plan: (1) the proposed regional fire facility (a maintenance, training, storage, administration, and service center), (2) a new station at the current Atwood Road station site, and (3) a new station in the North Lincoln area (approximately \$17,000,000 of the \$27,000,000). While the need for these facilities has been verified in prior studies, none of these facilities have undergone a spatial needs analysis and in the case of the Regional Fire Facility (planned for the 2018 timeframe), staff has not explored all options to enable essential functions associated with this facility.

The Study identifies an existing and long term PCF system deficit of approximately \$13,370,000. This deficit is significantly influenced by the items discussed above and will be reduced through a detailed spatial needs analysis. In addition, staff will seek alternative funding sources and partnerships to further reduce the anticipated deficit.

Current and Future Fee Comparison:

The existing load-based fee structure, shown below, while incentivizing the use of sprinklers, is confusing. The multi-faceted nature of the fee structure requires fee collectors to maintain a thorough understanding of building codes, differences in business types, and detailed knowledge of both the service area and the fire protection systems. In addition, if annual CPI-U adjustments were to be made, any increases would be more pronounced in areas already being charged the most (commercial/industrial) rather than perhaps to areas in which the most development is occurring.

Existing Rates (\$/ft²) in all Placer County Fire Areas

Western Placer, Dry Creek, Dutch Flat, Sheridan, Sunset Industrial Area, and Zone 137		
	<i>With Sprinklers</i>	<i>Without Sprinklers</i>
Areas with Hydrants		
Residential	.16	.21
Light Commercial	.16	.21
Moderate Industrial	.25	.38
Heavy Industrial	.38	NA
Areas without Hydrants		
Residential	.23	.43
Light Commercial	.23	.43
Moderate Industrial	.38	.57
Heavy Industrial	NA	NA
North Auburn/Ophir Fire		
Areas with Hydrants		
Residential/Light Commercial	.21	.41
Moderate Commercial/Industrial	.41	.82
Heavy Commercial/Industrial	.62	1.37
Areas without Hydrants		
Residential/Light Commercial	.26	.51
Moderate Commercial/Industrial	.51	1.06
Heavy Commercial/Industrial	.76	1.51
Morgan Creek Development (Per terms of Development Agreement)		
Residential	.286 Flat rate	

*An extract of the existing fee structures in the fire protection districts currently collecting fire mitigation fees is attached for comparative purposes only.

Due to the uncertainty of detailed spatial needs analysis and any alternative funding sources and partnerships discussed above, the proposed rates shown below, \$.55 and \$.41 are less than the rates supported by the Study. The proposed rates allow for any adjustments that may be supported by the additional spatial need analysis discussed above. In fact, maximum rates could go down, but whatever the existing rates, they remain subject to the annual CPI-U adjustment. The new rates will be applied across all geographical areas shown in the table above and better reflects the primary source of demand for service – service population.

The correlation between the fire system's addition of fire stations and associated capability with population growth provides a stronger nexus than the previous load-based model. In addition the proposed rate structure recognizes that nonresidential development (commercial/industrial) does not place as high a demand for service as does residential development.

Proposed Rates (\$/ft²)

	2007-2008
Residential	.55
Nonresidential	.41

Capital Improvement Plan:

PCF has a current mitigation fund balance of \$3,772,848 and projects total Fiscal Year (FY) 2007-2008 mitigation fee revenues of approximately \$72,000. It also projects an FY 2008-2009 increase in revenues to approximately \$111,000 due to projected development and the new fee structure. Mitigation fund expenditures for this FY total \$641,000 comprising \$50,000 to add an engine bay to Station 100 in Dry Creek, \$285,000 for vehicles, \$294,000 for special equipment, and \$12,000 for planning services.

FISCAL IMPACT

There is no impact to the General Fund as a result of this action.

Available for Public Review at the Office of the Clerk of the Board:

MuniFinancial Fire Facilities Impact Fee Study and Capital Improvement Plan 2007/2008 dated October 22, 2007

Attachments:

Mitigation Fee Structure for Fire Protection Districts
Resolution

Current Mitigation Fee Structure by District

Fire Prot District & Type Structure	Fee (\$/Ft²)
Alpine Springs	
Residential	0.88
Industrial	1.28
Commercial	1.44
Office	1.84
Loomis	
Residential	0.42
Non-Residential	0.78
Northstar	
Residential	0.77
Office	0.77
North Tahoe	
Residential	0.77
Industrial	0.51
Commercial	0.57
Office	0.73
Placer Hills	
Non-sprinklered	0.67
Sprinklered	0.60
South Placer	
Residential (w/ sprinklers)	0.261
Residential (w/o sprinklers)	0.534
Commercial (Mod Load w/ sprinklers)	0.534
Commercial (Mod Load w/o sprinklers)	1.067
Commercial (Heavy Load w/sprinklers)	0.794
Commercial (Heavy Load w/o sprinklers)	NA
Squaw Valley	
Residential, Hotels & Condos	\$500/Bdrm (flat fee)
Commercial	1.08 (1000 Ft ² min)
Truckee	
Residential (Single family)	0.89
Residential (Multi-family)	1.18
Industrial	0.57
Commercial	0.80
Office	1.14

Before the Board of Supervisors County of Placer, State of California

In the matter of:

Resol. No: _____

A RESOLUTION APPROVING THE PLACER COUNTY FIRE FACILITIES IMPACT FEE STUDY AND CAPITAL IMPROVEMENT PLAN FOR FISCAL YEAR 2007/2008

The following **RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held **MARCH 25, 2008** by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chairman, Board of Supervisors

Attest:

Clerk of said Board _____

WHEREAS Government Code 66000 *et seq* allows local agencies to collect fees from new development to offset the impacts of that development on local services, the Placer County Board of Supervisors, on August 28, 1990, created the legal framework for fire protection districts to collect fees to mitigate development impacts on services. That legal framework is codified in the Placer County Code Chapter 15.36.010; and

WHEREAS the legal authority to levy fees rests with the Board of Supervisors, in order to collect mitigation fees fire protection districts must submit for Board of Supervisors approval a Capital Improvement Plan that among other things anticipates the impact of development on services, proposes use of fees, illustrates the relationship between the fees and the development, has a separate accounting system and an annual update, as well as noticed public meetings; and

WHEREAS Placer County Fire contracted the firm of *MuniFinancial* to update its fee calculation methodology and set a new baseline fee structure; and

WHEREAS proposed fee changes are based on current projections of increasing development, and the coincidental increase in costs of fire facilities and infrastructure, vehicles and apparatus; and

WHEREAS the Board of Supervisors held a properly noticed public hearing to review the Capital Improvement Plan on March 25, 2008; and

WHEREAS as part of its review, Placer County Fire showed a current mitigation fee balance of \$3,772,848 and forecasts mitigation fee revenues of \$72,000 for the current fiscal year, and projects a total of \$641,000 in expenditures comprising construction of an additional engine bay at Station 100 in Dry Creek, purchase of apparatus, vehicles and special equipment, and contracting for planning services.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the County of Placer that the Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan for 2007/2008 is hereby approved.

