



MEMORANDUM
COUNTY EXECUTIVE OFFICE
OFFICE OF EMERGENCY SERVICES
County of Placer

TO: Board of Supervisors **DATE:** February 20, 2018

FROM: Todd Leopold, County Executive Officer
By: John McEldowney, Emergency Services Program Manager
Michele Kingsbury, Principal Management Analyst

SUBJECT: Conduct a Public Hearing and Adopt a Resolution approving the 2018 Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan

ACTION REQUESTED

Conduct a public hearing and adopt a resolution approving the 2018 Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan with the new fee being set at \$.59, \$.34, and \$.13 per square foot for new residential, commercial, and agricultural development respectively, and include an annual fee increase methodology based on the San Francisco region Construction Cost Index as reported in the Engineering News Record magazine and make findings as required by Government Code 66000 et. seq.

BACKGROUND

The focus of the Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan is to provide funding for 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 first 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. New development must pay for its fair share of system enhancements required due to increased demand for service. 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 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 Goodwin Consulting Group, 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 59,000 residents and employees which the study projects will grow to some 198,000 by the year 2060.

Significant Changes from the 2013 Fee Study:

On December 10, 2013, your Board provided direction to staff on the Placer Vineyards Specific Plan amendment, indicating that it was amendable to a shift from fully developer – delivered capital facilities and parks to a model whereby the County collects fees and then plans, designs and constructs the capital facilities. This direction ultimately shifted the responsibility for timing and the cost of facilities away from the development and to the County. During 2014, County staff met with the Placer Vineyards Owners Group and agreed to several changes to the assumptions contained in the 2013 Fee Study as described below. In January and March 2015, your Board approved an amendment to the Placer Vineyards and Riolo Vineyard Specific Plans which changed the delivery method for County facilities per your 2013 direction and required each development to pay the Placer County Fire Facilities Fee or an equivalent amount if the fee program was not effective. Two fire stations (East and West Stations) are required in the Placer Vineyards Specific Plan that will service Placer Vineyards and Riolo Vineyard areas. This proposed update of the Fire Fee Study would include both the Riolo Vineyard Specific Plan and the Placer Vineyards Specific plan in the fire facility fee service area.

Certain assumptions differ from those referenced in the 2013 Fee Study largely due to negotiations with the Placer Vineyards Owners Group in 2014. The significant changes include the following:

- The 2013 Fee Study assumes the fire service demand of an employee is equivalent to 0.69 of a resident; however, the Board of Supervisors adopted in April 2014 a revised employee weighting factor in which an employee's service demand equals 0.50 of a resident. The reduced employee weighting factor is based on a set of recommendations included in a peer review memo prepared by Economic and Planning Systems, Inc. This revised employee weighting factor reduces the estimated fire service demand for employees such that an employee is estimated to require 50% of the service that a resident does.
- Capital fire facilities planned to serve Placer Vineyards and Riolo Vineyard have been moved to the PCF Fire Fee program. Typically new development is required to construct said facilities at certain trigger points. This methodology was changed for Riolo and Placer Vineyards. It is important to note that the shift in responsibility to construct facilities in to serve this specific plan area falls to the County and funding from fees may not materialize when the need arises to construct the facility. As an example, approximately ½ of Placer Vineyards would need to construct and pay the fire facility fee before enough funds are available to construct the first fire station in Placer Vineyards unless the Board chooses to use fee program fund balance to move up the timing of construction facilities in lieu of constructing other facilities noted within the impact fee study.
- The average persons per dwelling unit assumption for residential land uses has been revised to reflect a weighted average of all future development within the Fire Fee Area, including Placer Vineyards, Riolo Vineyard, and remaining future development. The 2013 Fee Study assumes that all future development within the Fire Fee Area would generate an average of 2.6 persons per dwelling unit compared to an average of 2.3 persons per dwelling unit in this Fee Study.
- Existing fire facilities costs have been reevaluated by the County. The total value of existing facilities has decreased from \$27.2 million in the 2013 Fee Study to \$23.4 million in this Fee Study.
- Planned facilities costs for the Fire Fee Area have increased due to updated fire station costs. This Fee Study includes nearly \$53.4 million in planned facilities costs compared to approximately \$23.1 million in total planned facilities in the 2013 Fee Study.

Study Summary:

The Study supports a mitigation fee of \$.59, \$.34, and \$.13 per square foot of new residential, commercial, and agricultural development respectively. The study further identifies an existing and projected deficit of \$10.9 million through 2060 for additional facilities and equipment. The figure was derived by comparing the total planned facilities cost of approximately \$53.4 million to future development's fair-share of the total fire facilities cost of approximately \$42.3 million, produces a funding shortfall of approximately \$11.1 million. However, Placer County Fire has approximately \$3.6 million in existing fire fee funds that could be used to offset a portion of the potential funding shortfall. The net funding shortfall is reduced to approximately \$7.4 million after accounting for fire fee fund balances.

Current system:

The County currently provides a suburban and rural level of 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 total County land area. 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, Dry Creek, and Sheridan. These full-time and volunteer stations currently serve approximately 52,000 residents.

Placer County Fire operates and maintains 62 County-owned fire engines and support vehicles and trailers. The County-owned property and equipment is estimated to have a value of over approximately \$23.4 million, and the County's annual contract with CAL FIRE is approximately \$12 million.

Proposed future system:

Placer County Fire anticipates a gradual transition from being primarily a "rural with some suburban" service" provider to being a provider of rural suburban and more urban focused services over the next few decades. 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 235 percent over the coming 47 years, with the majority of this growth occurring in urban density areas. The study addresses the addition of five fire stations to support the larger developments, three fire stations to support growth in the more rural areas of the County, an upgrade to Station 180 at Atwood to increase station capabilities, and a Regional Fire Facility to support system command, control and communications, training, maintenance, service and supply, storage and administration.

Supported fee and system deficit:

The Study supports a mitigation fee of \$.59, \$.34, and \$.13 per square foot of new residential, commercial, and agricultural development respectively.

Mitigation Fees		
	Current	Recommended
Residential	\$0.59/ft ²	\$0.59/ft ²
Non-residential	\$0.42/ft ²	\$0.34/ft ²
Non-Comm Ag Buildings	\$0.12/ft ²	\$0.13/ft ²

Capital Improvement Plan:

PCF has a current mitigation fund balance of \$3,635,258 and projects total FY 2017/18 mitigation fee revenues of approximately \$204,295. It also projects an FY 2018/19 increase in revenues of approximately \$408,591 due to projected development and the new fee structure. Mitigation fund expenditures for FY2017/18 total \$866,887 comprising \$261,487 for vehicle apparatus replacement, \$280,600 for County Interoperable Communications System, \$315,000 for SCBA purchase plan, and \$9,800 for the annual CIP and fire fee update. Expenditures for FY 2018/19 are projected to be \$587,932 comprising \$269,332 for

vehicle apparatus replacement, \$238,800 for County Interoperable Communications System, \$70,000 for SCBA purchase plan, and \$9,800 for the annual CIP and fire fee update.

FISCAL IMPACT

There is no net County cost to the General Fund as a result of this action.

ATTACHMENTS

Resolution

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

Goodwin Consulting Group Fire Facilities Impact Fee Study and Capital Improvement Plan 2017/2018 –
December 22, 2017

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

In the matter of:

Approving the 2018 Placer County Fire Facilities Impact Fee Study and Capital Improvement Plan Resolution No.: _____

The following Resolution was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held February 20, 2018, by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

Chair, 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 *Goodwin Consulting Group* 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 Fee Study and Capital Improvement Plan on February 20, 2018; and

WHEREAS as part of its review, Placer County Fire showed a current mitigation fee balance of \$3,635,258 and projects FY 17/18 and FY 18/19 mitigation fee revenues of \$250,795 and \$455,090 respectively, with expenditures of \$866,887 and \$587,932 respectively.

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 with a new, increased fee of \$.59 per square foot for residential development; decreased fee of \$.34 per square foot for commercial/industrial development; and increased fee of \$.13 per square foot for agriculture development is hereby approved.

BE IT FURTHER RESOLVED that the average of the San Francisco region Construction Cost Index as reported in the *Engineering News Record* magazine is approved for use as an annual cost escalator to be applied to the fee approved above.