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## FINAL REPORT

# INITIAL FISCAL ANALYSIS (IFA) OF THE PROPOSED INCORPORATION OF CARMEL VALLEY

Prepared for:

Carmel Valley Property Owners' Association  
Ad Hoc Committee on Incorporation of Carmel Valley

Prepared by:

Economic & Planning Systems, Inc.

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EPS #10130

BERKELEY  
2501 Ninth St., Suite 200  
Berkeley, CA 94710-2515  
[www.epsys.com](http://www.epsys.com)

Phone: 510-841-9190  
Fax: 510-841-9208



SACRAMENTO  
Phone: 916-649-8010  
Fax: 916-649-2070

DENVER  
Phone: 303-575-8112  
Fax: 303-623-1294

# TABLE OF CONTENTS

---

	Page
I. INTRODUCTION .....	1
Methodology .....	3
II. CONCLUSIONS .....	4
Feasibility of Incorporation .....	4
Fiscal Impacts Upon Other Agencies.....	9
Reorganization Impacts.....	10
III. THE INCORPORATION PROPOSAL .....	11
Proposal for Incorporation .....	11
Name of the New City .....	11
Form of Government.....	11
City Boundary .....	11
Reorganization.....	11
Service Levels.....	11
Effective Date .....	12
Gann Limit.....	12
New Taxes .....	12
Capital Improvements .....	12
IV. PUBLIC SERVICES PLAN AND COST ASSUMPTIONS.....	13
City Council.....	15
City Administration and Finance.....	15
Police Protection .....	16
Public Works/Engineering .....	17

## TABLE OF CONTENTS (continued)

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	Page
IV. PUBLIC SERVICES PLAN AND COST ASSUMPTIONS (CONT'D)	
Planning, Community Development, and Building Services .....	19
Parks and Recreation .....	20
Library .....	20
Animal Control .....	20
Other City Expenditures .....	21
Local Government Services Not Provided by the City .....	22
V. MUNICIPAL REVENUE ESTIMATES .....	23
Growth and Development .....	23
Revenue Assumptions .....	23
Sensitivity Analysis .....	27
VI. IMPACTS UPON EXISTING AGENCIES .....	28
Monterey County .....	28
Fire Protection Districts .....	29
Other Agencies and Districts .....	31

TECHNICAL APPENDIX: Budget Model

## **LIST OF TABLES AND FIGURES**

---

	Page
Figure 1 -- Incorporation Boundaries	2
Table 1 -- Summary of Revenues and Expenditures	6
Table 2 -- Municipal Service Providers	14
Table 3 -- Change in Revenues and Expenses to Monterey County	30

## I. INTRODUCTION

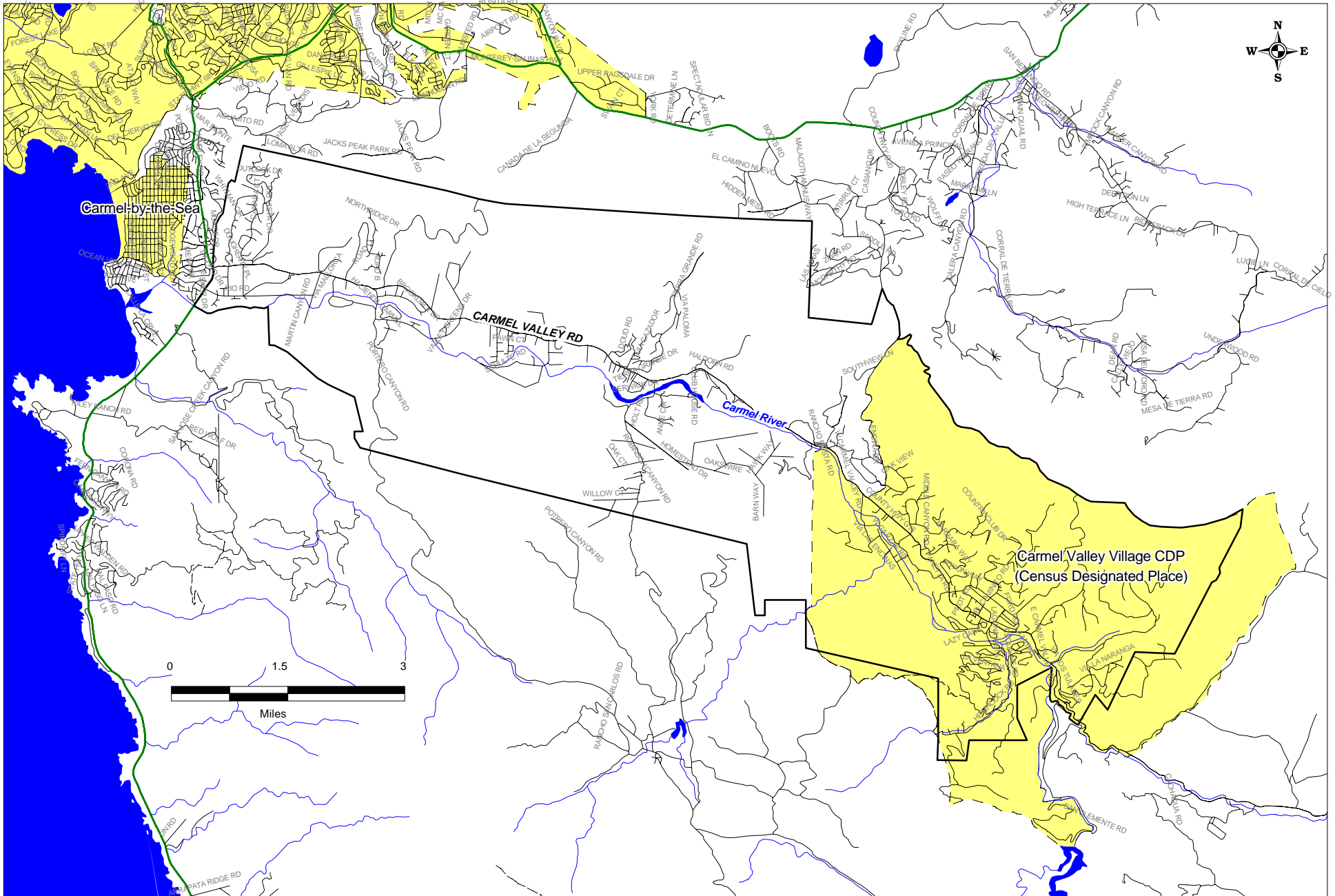
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This report presents an Initial Fiscal Analysis (IFA) of the incorporation of Carmel Valley as proposed by the Carmel Valley Property Owner's Association, a citizens group that is currently pursuing an incorporation petition. The IFA provides an initial evaluation of cityhood feasibility and potential impacts on the County. The IFA is intended to serve as a "fatal flaw" analysis of incorporation feasibility, and to identify issues requiring further research as part of a formal Comprehensive Fiscal Analysis (CFA) required by law.

The proposal incorporates approximately a 28,170-acre unincorporated area referred to as Carmel Valley. Carmel Valley is an unincorporated community in central Monterey County, east of the City of Carmel-by-the-Sea. The Carmel River runs through the middle of the proposed area boundary. Approximately 12,000 people reside within the IFA study area. The Carmel Valley is composed predominantly of single family residential units, though it includes a mix of residential unit types including apartments and townhouses, and single family units at a range of densities. The community also includes substantial commercial and hotel uses.

**Figure 1** identifies the only boundary option proposed to date. The proponents are considering including the Santa Lucia Preserve development, but are weighing the tradeoffs between the high value generated from the project and the extra expense of providing wildland fire protection to the area. Creating city boundaries is a policy decision involving many factors such as fiscal feasibility, community identity, and orderly land use patterns. A more inclusive city may have merit from the LAFCO perspective, including such general policies as avoiding enclaves substantially surrounded by cities and providing efficient, rational public services and accountability.

**Figure 1**  
**Proposed Carmel Valley Incorporation Area Boundary**



## **METHODOLOGY**

This IFA has been prepared in cooperation with LAFCO, the proponents and the County of Monterey. The IFA is a preliminary study conducted in advance of the CFA required by state statutes. The requirement for the CFA is established in the Cortese/Knox Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.) at Section 56800 (herein the "Statute").

The evaluation is based on a municipal budget model and forecast. Revenue estimates are based on specific mandated formulas (property tax), the development schedule (sales tax), and estimates of population growth (motor vehicle license fees). Costs estimates are based both on expected increases in the population, as well as on the incremental need for additional City staff. The increased need for City staff is based on population growth, adjusted to allow for efficiencies in the provision of services expected for cities of this size.

The CFA provides LAFCO with information necessary to make the determinations required by the statutes. LAFCO has the authority to approve, deny, or modify the incorporation proposal (as defined in the petition) and must in all cases impose specific terms and conditions regarding the transition of governance to a municipality. If LAFCO approves the proposal, and if no formal majority protest as specified in the law occurs, an election would be held. Majority voter approval is required to create the incorporated City of Carmel Valley.

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

- Timing of incorporation (date of the election and the effective date of the new City).
- Boundaries of the new City.
- Property tax transfer.
- Mitigation terms and conditions related to "fiscal neutrality."
- Related governmental boundary changes, such as dissolutions of or detachments from special districts.

The analysis evaluates the feasibility of a new City government, taking into account the land use buildout possible given limits on natural resources such as water supply, the legal requirements imposed by LAFCO (terms and conditions), the proposed municipal government, and a projection of municipal costs and revenues. The analysis also evaluates the potential impacts of incorporation upon agencies presently providing services to Carmel Valley (e.g., Monterey County and Fire Protection Districts).

Data and assumptions in the municipal budget model reflect review and analysis conducted by the Consultant in cooperation with LAFCO, Monterey County, and the Fire Protection Districts. Cost information reflects estimated budget numbers for the 2000-2001 fiscal year. As final year-end budget numbers became available, the actual 2000-2001 budget numbers will be used for future fiscal analysis, in accordance with the Statute.

The IFA includes a "sensitivity analysis," an effort to test the impacts of variations in key assumptions or data upon the base cost and revenue assumptions. This analysis is necessary because of the uncertainty regarding a number of key assumptions, e.g., existing population, growth rates, and amount of new development. This sensitivity analysis has been conducted to provide LAFCO with information to assist in its factual and policy determinations.

## II. CONCLUSIONS

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### FEASIBILITY OF INCORPORATION

*1. Carmel Valley can be financially feasible as a city.*

The conclusion that a City of Carmel Valley can be financially feasible is based upon the results of the Municipal Budget Model and forecast completed as a part of this analysis. The new city is able to accrue revenues and establish a fund balance in its first year as the County continues to fund ongoing services. The City's fiscal condition improves with each additional year. This conclusion does not consider potential fiscal mitigation payments to the County.

**Table 1** shows the estimated costs by major municipal function and revenues available to the new city government. The municipal General Fund budget (annual revenues minus annual expenditures) is projected to be approximately \$1 million by its second full year of operation, which is assumed to be 2003-04. Fund balances and contingencies could cover any nominal future year deficits, if they occur.

In the second full year, the Road Fund is projected to generate more revenues than expenditures given a \$200,000 transfer from the General Fund. Currently, the model includes street lighting expenditures, but not revenues for street lighting from County Service Areas (CSAs) within the proposed boundaries. The City would assume responsibility for several existing county obligations and liabilities not included in the current County budget, including deferred road maintenance costs and extension of the sewer system to the Carmel Valley Village area.

The IFA budget includes a contingency set-aside of 5 percent annually, in addition to any available annual fund balances; this contingency could cover unanticipated costs or applied towards capital improvements.

A revenue neutrality mitigation payment to the County is not shown; specific terms and amounts are to be negotiated between the proponents and the affected agencies. Any remaining revenue surpluses accruing in the General Fund, if they actually occur, could be available to improve service standards, to provide other maintenance activities, or to allow for discretionary improvements to community facilities and special project expenditures.

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Fiscal Year									
	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$812,839	\$835,803	\$858,831	\$881,923	\$905,080	\$928,303	\$951,592	\$974,948	\$998,371
Sales Tax	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667
Real Property Transfer Tax	\$26,699	\$27,325	\$27,953	\$28,583	\$29,215	\$29,848	\$30,483	\$31,120	\$31,759	\$32,400
Franchise Fees	\$225,324	\$229,653	\$231,095	\$232,538	\$233,981	\$235,424	\$236,867	\$238,309	\$239,752	\$241,195
Transient Occupancy Tax	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732
Planning and Building Inspection Fees	\$318,908	\$601,461	\$604,213	\$606,979	\$609,759	\$612,553	\$615,360	\$618,182	\$621,018	\$623,868
Public Works/Eng. Fees	\$39,353	\$45,519	\$45,747	\$45,975	\$46,205	\$46,436	\$46,668	\$46,902	\$47,136	\$47,372
Fines and Penalties	\$13,168	\$13,251	\$13,334	\$13,418	\$13,501	\$13,584	\$13,667	\$13,751	\$13,834	\$13,917
State Motor Vehicle License Fees	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$614,062	\$617,780	\$621,498
Investment Earnings	\$56,149	\$67,215	\$67,496	\$67,778	\$68,060	\$68,344	\$68,628	\$66,233	\$66,556	\$66,880
<b>Total</b>	\$5,671,056	\$6,788,719	\$6,817,098	\$6,845,559	\$6,874,101	\$6,902,726	\$6,931,434	\$6,689,551	\$6,722,183	\$6,754,900
<b>General Fund Expenses</b>										
City Council	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Elections	\$11,863	\$0	\$12,013	\$0	\$12,163	\$0	\$12,313	\$0	\$12,463	\$0
City Manager	\$252,450	\$283,561	\$284,979	\$286,403	\$287,835	\$289,275	\$290,721	\$292,175	\$293,635	\$295,104
City Clerk	\$80,500	\$113,616	\$114,084	\$114,554	\$115,027	\$115,502	\$115,980	\$116,460	\$116,942	\$117,427
City Attorney	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	\$201,690	\$302,827	\$304,341	\$305,862	\$307,392	\$308,929	\$310,473	\$312,026	\$313,586	\$315,154
Administrative Services	\$171,550	\$363,816	\$164,988	\$165,813	\$166,642	\$167,475	\$168,312	\$169,154	\$169,999	\$170,849
Police	\$0	\$1,672,780	\$1,689,508	\$1,706,403	\$1,723,467	\$1,740,702	\$1,758,109	\$1,775,690	\$1,793,447	\$1,811,381
Animal Control	\$0	\$24,804	\$24,928	\$25,052	\$25,178	\$25,303	\$25,430	\$25,557	\$25,685	\$25,813
Planning and Building Inspection	\$531,513	\$1,127,434	\$1,132,022	\$1,136,632	\$1,016,265	\$1,020,921	\$1,025,601	\$1,030,304	\$1,035,030	\$1,039,780
Public Works Administration	\$157,410	\$182,076	\$182,986	\$183,901	\$184,821	\$185,745	\$186,673	\$187,607	\$188,545	\$189,488
Office Rent/Supplies	\$318,000	\$322,000	\$252,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000
Insurance	\$67,949	\$148,257	\$141,601	\$142,085	\$139,797	\$140,541	\$142,032	\$142,796	\$144,317	\$145,104
Contingency	\$113,249	\$247,096	\$236,001	\$236,808	\$232,994	\$234,234	\$236,719	\$237,994	\$240,529	\$241,839
Transfer to Road Fund	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Repayment of First-Year Services	\$0	\$193,151	\$193,151	\$193,151	\$193,151	\$193,151	\$0	\$0	\$0	\$0
<b>Total</b>	\$2,646,174	\$5,730,416	\$5,490,780	\$5,508,208	\$5,425,825	\$5,452,614	\$5,313,136	\$5,340,670	\$5,395,426	\$5,423,731
<b>Net Balance</b>	\$3,024,883	\$1,058,303	\$1,326,318	\$1,337,350	\$1,448,276	\$1,450,112	\$1,618,297	\$1,348,880	\$1,326,757	\$1,331,169
<b>General Fund Operating Surplus (Deficit)</b>	\$3,024,883	\$1,058,303	\$1,326,318	\$1,337,350	\$1,448,276	\$1,450,112	\$1,618,297	\$1,348,880	\$1,326,757	\$1,331,169
Mitigation Payment										
<b>Net Balance after Mitigation Payment</b>										

-----TO BE DETERMINED-----

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Fiscal Year									
	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>Road Fund Revenues</b>										
Gas Taxes	\$337,218	\$337,010	\$336,807	\$336,607	\$336,412	\$336,220	\$336,032	\$236,608	\$237,804	\$239,003
Transfer from General Fund	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>
<b>Total</b>	\$537,218	\$537,010	\$536,807	\$536,607	\$536,412	\$536,220	\$536,032	\$436,608	\$437,804	\$439,003
<b>Road Fund Expenditures</b>										
Road Maintenance		\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174
Repayment of First-Year Services		<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>			
<b>Total</b>	\$0	\$362,772	\$362,772	\$362,772	\$362,772	\$362,772	\$293,174	\$293,174	\$293,174	\$293,174
<b>Road Fund Operating Surplus (Deficit)</b>	\$537,218	\$174,238	\$174,034	\$173,835	\$173,639	\$173,447	\$242,858	\$143,434	\$144,630	\$145,829

**2. *Municipal service levels will be at least equal to existing levels.***

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

**3. *The feasibility of incorporation is not significantly sensitive to assumptions regarding tax-generating uses.***

The rate of future growth and development will affect the future finances of the City. The IFA has tested a scenario in which population growth is reduced by 50 percent to an annual rate of less than 0.50 percent (0.30 percent) to determine the sensitivity of the conclusions to this variable; the analysis indicates that the City remains viable.

It is also important to assess how an economic downturn could adversely affect the new city, which relies heavily on transient occupancy tax (TOT) and sales tax for approximately 60 percent of its General Fund revenue in the second year of operation. The forecast shows an annual surplus of \$1 million (before mitigation payments), which would allow for approximately a 25 percent reduction in TOT and sales tax.

## FISCAL IMPACTS UPON OTHER AGENCIES

1. *Revenues transferred to the new City are not “substantially equal” with expenditures transferred.*

The incorporation is shown not to be “revenue neutral.” As defined in Government Code Section 56815 and calculated in this analysis, the difference between revenues transferred and expenditures transferred is a negative County General Fund impact of \$3.2 million based on 2000-01 projected costs and revenues. The impact estimate assumes that the City contracts with the County, partially mitigating impacts. This estimate represents the amount of funding that would need to be mitigated, all or in part, by agreement between the proponents and the County as required by the statute. The analysis also shows a positive County Road Fund impact of approximately \$300,000, although depending on further research into specific Road Fund revenues this outcome could change.

The analysis demonstrates an adverse impact on one or both of the Fire Districts as State Responsibility Areas are converted to Local Responsibility Areas. It is assumed that the new City would remain in the Cypress and Mid-Carmel Valley Fire Districts and that any property and sales taxes will continue to be collected by the County and be passed directly to the Districts. However, one or both Districts will have to assume the cost of providing wildland protection services to these areas either by contracting with the California Department of Forestry (CDF) or providing the wildland protection services themselves.

The revenue neutrality calculation is further discussed in **Chapters V and VI**. Because the new City will contract for sheriff and other services with the County, certain potential cost impacts on the County could be mitigated. Certain potential revenue losses and “reverse economies of scale” can also be avoided through the service contracts.

2. *The terms of payments needed to mitigate anticipated fiscal impacts have yet to be determined by the County and negotiated with the proponents.*

In subsequent phases of the incorporation process, the County of Monterey, as well as other affected agencies and the proponents will establish principles and procedures for the revenue neutrality negotiations in order to offset potential fiscal impacts of incorporation upon Monterey County and Fire Districts. The objective is to negotiate a Mitigation Agreement that sets forth an amount expressed in nominal dollars (including inflation) and/or percent of revenues, to be paid out by the new City in the years following incorporation, or other terms the parties deem appropriate.

**3. *Other agencies serving the Carmel Valley area will not be significantly affected by the incorporation.***

As assumed for the preliminary analysis, other public and private agencies serving the Carmel Valley area, including the Park Districts, School Districts, the Water and Sanitation Districts, and utility providers will not be significantly affected by the incorporation. Growth in Carmel Valley, whether the area is incorporated or not, will affect demand for services from these districts. It is assumed that the Monterey Peninsula Regional Park District and local Carmel Valley Recreation and Park District, which serve various community and regional parks and designated open spaces in the Study Area, will continue to serve the area. It is assumed that park and most other service provider expenditures and revenues will remain the same whether or not the area incorporates.

## **REORGANIZATION IMPACTS**

No special district reorganizations, other than possible detachments from County Service Areas (CSAs), are assumed in the IFA. The impact of reorganization on the CSAs responsible for storm drain and street lighting maintenance will need to be examined in more detail in the CFA. LAFCO may, at its discretion, include special district changes as a part of its approval.

### III. THE INCORPORATION PROPOSAL

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#### **PROPOSAL FOR INCORPORATION**

The following sections describe the Carmel Valley municipal government as assumed by the proponents and the consultants.

#### **NAME OF THE NEW CITY**

The name of the new City is assumed to be "Carmel Valley."

#### **FORM OF GOVERNMENT**

Carmel Valley is assumed to be incorporated as a General Law city under the Constitution of the State of California. The proposed form of the new city would be the "Council/Manager" form common to small and mid-sized cities throughout the State. Under the Council/ Manager form, a five-person City Council, elected at-large, would retain a City manager who would be responsible for the day-to-day operations of the City with an appointed City Clerk.

#### **CITY BOUNDARY**

**Figure 1** shows the preliminary municipal boundary proposed for Carmel Valley. The proposed boundary includes high value residential development, as well as a substantial commercial and hotel base that contributes to the City's fiscal viability.

#### **REORGANIZATION**

No special district reorganizations other than possible detachments from County Service Areas are assumed for this option.

#### **SERVICE LEVELS**

This IFA presumes and reflects municipal expenditures that maintain existing municipal service levels. The proposed service levels are discussed in **Chapter IV**.

## **EFFECTIVE DATE**

This IFA assumes July 1, 2003 as the effective date, assuming a successful November 2002 election.

## **GANN LIMIT**

Local agencies in California that receive proceeds of taxes are required to have a limit on how much tax money they can spend. It is called the Gann Limit.

Under State law, the LAFCO resolution of approval and the ballot question before the voters must identify a provisional Gann Limit . Following incorporation, the city council will place on a future ballot a permanent Gann Limit for voter approval.

## **NEW TAXES**

The IFA assumes no new taxes will be imposed by the city and shows that no new municipal taxes are required.

The existing assessments imposed by County Service Areas are assumed to be continued by the city government.

## **CAPITAL IMPROVEMENTS**

It is assumed that the city council initially will adopt all impact fee ordinances currently enforced by the County to ensure a continual flow of existing fee revenues. While this IFA addresses issues of fiscal feasibility, it has not evaluated the need for or financing of future capital improvements except to assume ongoing funding resulting from established dedications and fees.

## IV. PUBLIC SERVICES PLAN AND COST ASSUMPTIONS

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A municipal Public Service Plan was developed to assess the feasibility of incorporation. **Table 2** presents a list of existing and proposed municipal services in Carmel Valley. The Public Service Plan is preliminary, reflecting the proponents' informal incorporation proposal and judgment of the Consultant. In actuality, decisions made by LAFCO, the future Carmel Valley City Council, and the Board of Supervisors will determine how public services are provided in Carmel Valley.

As with all new cities, the municipal government in Carmel Valley will evolve over time. Initially, many services are likely to be provided by contract with the County or other entities. Over time, these services may be provided directly by the City. Upon its incorporation the City of Carmel Valley could become responsible for the following municipal services currently provided by either Monterey County or County-governed special districts.

The following services are assumed to be the responsibility of the city initially; the City may provide additional types of services in the future:

- City Council to make policy, and to advocate for the community.
- City Administration, Finance, and Legal Counsel.
- Police Protection including traffic law enforcement.
- Public Works (including engineering, road and local drainage maintenance, street lighting, parks and other maintenance).
- Land Use Planning and Regulation, and Building Inspection Services.
- Animal Control.

The following paragraphs describe the municipal services provided by the new City. Actual levels of service would be established by the City Council through the budget process. Cost projections are based on estimates of the service costs that the new City would incur because of its responsibility to provide certain public services. Level of service and staffing decisions reflect the judgment of the Consultant based on current service levels, services and staffing suggested by the proponents and staffing and expenditure levels for cities of comparable size. Detailed cost assumptions are included in the **Technical Appendix**.

**Table 2  
Municipal Service Providers  
Existing and Proposed**

Service	Service Provision		
	Present Provider	After Incorporation	Method
<b>General Government</b>			
Governing Board	County of Monterey	New City	City Council
Manager	County of Monterey	New City	City Staff
Attorney	County of Monterey	New City	Contract
Finance/Clerk/Administrative Services	County of Monterey	New City	City Staff
<b>Public Protection</b>			
Law Enforcement	County of Monterey	New City	Contract with County Sheriff
Traffic Control/Accident Investigation	California Highway Patrol	New City	Contract with County Sheriff
Fire Protection	Mid-Carmel Valley and Cypress Fire Districts	No Change	As is currently provided
Animal Control	County of Monterey	New City	Contract with County
<b>Land Use and Planning</b>			
Regulation & Planning	County of Monterey	New City	City Staff
Building Inspection	County of Monterey	New City	City Staff or Contract with County
<b>Community Services</b>			
Recreation Programs	Private/Non-Profit Organizations	No Change	As is currently provided
Local Parks/Recreation Facilities	Monterey Peninsula Reg. Park Dist./Carmel Valley Rec. & Park Dist.	No Change	As is currently provided
Library	County of Monterey	County of Monterey	As is currently provided
<b>Public Works/Public Utilities</b>			
Public Works Administration	County of Monterey	New City	City Staff
Roads, Local Drainage, Bridges, Signals	County of Monterey	New City	Contract with County
Domestic Water	CA American Water Co./Mont. Pen. Water Mangmt. Dist.	No Change	As is currently provided
Waste Water Treatment/Disposal	CSA 388, 389, 390	No Change	As is currently provided
Solid Waste Management/Disposal	Monterey Regional Waste Management District	No Change	As is currently provided
Flood Control	Monterey County Water Resource Agency/CSA 50	No Change	As is currently provided
Street Lighting	County of Monterey/CSA 23, 25, 47	New City	City Staff/Contract with County or Private Firm
<b>Public Education</b>			
K-12 Grade Levels	School Districts	No Change	As is currently provided
College	Community College	No Change	As is currently provided
<b>Other Services</b>			
Electricity	Pacific, Gas & Electric	No Change	Franchise Agreement w/New City
Gas	Pacific, Gas & Electric	No Change	Franchise Agreement w/New City
Cable Television	AT&T Broadband	No Change	Franchise Agreement w/New City
Public Transit	Monterey-Salinas Transit District	No Change	As is currently provided

The following sections provide an overview of the city departments. Salary levels are assumed to increase at 0.5 percent per annum in real terms (unless otherwise noted). Actual salaries will depend on the negotiation of employment contracts and city staffing practices. Other costs generally include supplies and materials and will vary by year depending on need. The method of service provision, staffing levels, and contract services are illustrative; actual methods may include some variation of in-house staff and contract services. The City Council ultimately will determine the method of service provision based on consideration of numerous factors including cost and availability of contractors.

## **CITY COUNCIL**

The City Council will be the governing body of the City and will include five council members elected in accordance with the petition. The City Council will hire a City Manager and City Attorney, make service and budget decisions, enter into agreements with other governmental entities, and regulate land use within the City boundaries and represent the community.

The unincorporated area is governed by the Board of Supervisors. The majority of Carmel Valley falls within the Fifth Supervisorial District, but a small section near Laureles Grade, including some 900 voters, is in the Second Supervisorial District. Incorporations commonly increase local involvement in government because citizens gain more direct access and ballot box control over local elected officials, and through these elected officials, the land use, public service, and taxation decisions that affect their lives.

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

## **CITY ADMINISTRATION AND FINANCE**

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

### CITY MANAGER'S OFFICE

The City Manager's Office, responsible for overseeing City operations, will include a City Manager, a part-time secretary, and a full-time administrative assistant in the first year of operation. The secretary position will become full-time in the second year.

### FINANCE DEPARTMENT

The Finance Department, responsible for financial oversight and budgeting, will include a Finance Manager, a secretarial/clerical staff person, and a part-time accounting technician starting in the first year. The accounting technician will become full-time, and an accountant/budget analyst will be added in the second year of operation.

### ADMINISTRATIVE SERVICES

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

### CITY ATTORNEY

The City initially will contract with an attorney or municipal law firm to provide legal expertise. The cost of this expertise, set to \$450,000 annually beginning the initial year, is assumed to increase at 2 percent per annum, in real terms. This amount should provide adequate amounts to deal with city start-up costs.

### CITY CLERK'S OFFICE

The City Clerk's Office, responsible for a number of City record-keeping and administrative duties, will include a City Clerk becoming full-time in the second year of operation. Other costs include the cost of legal notices as well as supplies and materials.

## **POLICE PROTECTION**

At present, the County provides law enforcement services, and the California Highway Patrol provides traffic control services. After incorporation, the City will contract with the County Sheriff Department to provide both law enforcement and traffic control services.

Police protection is one of the most important responsibilities of municipal government and typically the most costly for small cities. It is assumed that police protection will be provided initially by a contract with the Monterey County Sheriff's Department.

The County Sheriff's Department provided cost estimates for the current provision of services to the entire Carmel Valley area, which did not include a contract cost nor the cost of traffic enforcement currently provided by the California Highway Patrol. Consequently, the consultant increased the Sheriff's actual cost estimate based on the assumptions of \$140,000 per deputy and one deputy per 1,000 residents. For the Final CFA it will be important for the Sheriff's Department to provide the consultant with a contract cost including indirect costs associated with departmental overhead, and the cost of providing local traffic enforcement.

No significant initial start-up costs will be necessary, since the County Sheriff is currently equipped to serve the area. The new city would be eligible for various grants, however, it is assumed that any grants received would be utilized to purchase equipment or services over and above the level shown in the budget, due to typical grant funding "maintenance of effort" requirements and restricted uses.

## **PUBLIC WORKS/ENGINEERING**

The Public Works Department would provide engineering services to the City and would manage capital improvement and maintenance activities. The major activities will include maintenance for roads and landscaping as well as conducting engineering review of development proposals. Most likely, much of the engineering and maintenance activity would be conducted by the County through a contract; after that time, the City could continue to contract with the County, increase its in-house staff, and/or utilize private consulting engineers and contractors. At the direction of the City Manager and City Council, the City Engineer would coordinate with the County Public Works Department including the County Surveyor.

The Public Works Department is assumed to include a Public Works Director, and secretarial support. The secretarial position will become full-time in the second year.

## **STREET LIGHTING**

Street lighting most likely would become the responsibility of the City Public Works Department. The analysis assumes that any existing assessments levied by CSAs for street lighting will be collected by the City, leaving the City with responsibility for the difference between actual costs and the assessments, if any. The revenues likely to accrue to the City from the street lighting assessments are not included in the forecast model. The costs for street lighting, however, are accounted for in the average maintenance cost per road mile described below. Further, research would be conducted in the CFA in order to account for the revenues.

## ROAD MAINTENANCE

The City's Road Fund revenues cover the current cost of repair and maintenance for pavement, hardscape repairs, drainage, bridges, traffic signals, and street lighting of \$363,000. Currently the Fund shows a \$175,000 surplus in its second year of operation, because of the \$200,000 transfer from the General Fund. Revenues from street lighting assessments, not currently accounted for, may improve the current status of the Road Fund as well. Projected expenditures were estimated based on the number of road miles in the proposed incorporation boundaries and the current average Road Fund expenditures per road mile provided by the County Public Works Department. For the CFA, further research would be conducted regarding grants available to the Fund. The analysis assumes that the County will continue to provide services under contract at essentially the same level and cost (plus increases assumed to occur at the rate of inflation). Expenditures to address current deferred maintenance are not assumed; however, to the extent that the City has financial resources available, it could address this problem.

The City would assume responsibility for road maintenance costs, prevention of pavement degradation, and serviceability preservation of the roads. There are several funded capital improvement projects on County roads in the proposed incorporation area that are now in the design or environmental review stage and are scheduled for construction over the next several years. Figures in this IFA do not reflect either the pavement degradation/preservation costs or these capital improvement projects.

## NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES)

The City will be responsible for implementing a variety of programs in accordance with Phase 2 of the National Pollution Discharge Elimination System (NPDES). Minimum program requirements include public education and outreach on storm water impacts; public involvement/participation; illicit discharge detection and elimination; construction site storm water runoff control; post construction storm water management in new development and redevelopment; and pollution prevention and "good housekeeping" for municipal operations. Cost estimates for this program are being developed by the County through the Monterey Regional Water Pollution Control Agency, with a cooperative program encompassing the entire Monterey Peninsula, including the Carmel River watershed. The County thus plans the program, but the recurring costs will need to be included in the City's budget. Costs are not expected to be high through such a cooperative program, although the City may also implement additional pollution control and monitoring measures, depending on funding availability and priorities.

## **PLANNING, COMMUNITY DEVELOPMENT, AND BUILDING SERVICES**

The existing County Zoning Ordinance most likely will be adopted as land use policy by the first City Council. It is assumed that beginning in its second year, the City would begin to develop a new general plan and zoning ordinance. Consultant contracts would be used for these services. A Planning Commission would be appointed and would begin to update the General Plan and supporting planning documents and policies.

### PLANNING AND BUILDING INSPECTION DEPARTMENT

#### **Functions and Staffing**

The Planning and Building Inspection Department is responsible for General Plan preparation, code enforcement, development services, and building inspection. General Plan preparation will occur during the early years of the City's operation, and code enforcement will be ongoing, most intensively prior to buildout. The IFA includes consultant costs related to General Plan preparation. According to the County, 60 percent of department costs are recovered through charges for services. This has been assumed for the new City as well.

The Planning and Building Inspection Department is assumed to include the following staff positions starting in the second year of operation:

<b>Positions</b>	<b>FTEs</b>
Planning & Building Inspection Director	1
Planners	3
Building/Grading Inspectors	3
Plan Check Engineer	1
Counter Technicians	2
Secretary/Clerical	4

#### **Other Costs**

It is assumed that planning consultants will play a significant role in General Plan preparation as well as providing other consulting services over time. Mapping reproduction costs are associated with General Plan preparation and other City needs for maps. Actual costs will depend on the extent of use and implementation of a GIS system and the exact geographic boundaries covered. The Planning Commission expense includes costs related to the preparation of the General Plan and Code Enforcement, including costs such as materials and supplies, report production, travel, and meetings.

### **Affordable Housing and Economic Development**

The City could coordinate with the County until completion of current programs' contracts. Depending on the ultimate size of the new city, it may choose to handle these functions (e.g., administering HUD programs, facilitating housing development). If handled in-house, various grants programs for housing would cover administration related costs.

### **PARKS AND RECREATION**

Currently, there are no County operated park and recreation facilities within the proposed incorporation boundaries. The Monterey Peninsula Regional Park District operates and maintains various community and regional parks, as well as open space in the Carmel Valley area. In addition, the Carmel Valley Recreation and Park District operates and maintains a local community center, pool and park in the area funded through a parcel tax. For purposes of this analysis, it is assumed that there is no change in the current provision of park services. Additional recreation facilities are assumed to be provided by private not-for-profit organizations in the Monterey Peninsula area. At some point, the City may want to construct additional park or recreation facilities, e.g., through the use of the funds available after payment of all service costs (and any mitigation or other payments to the County), additional operating costs will be incurred that have not been estimated in this analysis.

### **LIBRARY**

The Carmel Valley Branch Library is currently operated by Monterey County, assumed to be funded by the County General Fund contribution. The analysis assumes the County would continue to fund the library and, therefore, have no net financial impact on the City.

### **ANIMAL CONTROL**

At present, the County provides animal control and shelter services to the unincorporated community of Carmel Valley. A portion of these costs is covered by charges for services. After incorporation, the IFA assumes the City will contract with the County or the Society for Prevention of Cruelty to Animals (SPCA) for these services. It was assumed that the per hour net cost to the City of contracting these services would be based on the current level of service being provided to the area. The actual cost will depend upon a variety of factors that include inflation, employee "cost of living" increases, cost allocations of a planned new shelter, and State mandates for animal retention and the spaying/neutering of all dogs and cats adopted from the shelter. The estimated per hour cost was applied to the total service hours generated within the incorporation area to determine the costs of animal control. For the CFA, further

research would be conducted to assess the additional costs to the City associated with operating and maintaining the shelter.

## **OTHER CITY EXPENDITURES**

### OFFICE RENT AND SUPPLIES

The new City will require office space, supplies, and equipment to conduct its operations. It is expected that the City will rent workspace for its staff and for a council chamber. The number of City staff during the period of this study is expected to stabilize at about 20 persons. Space rental cost estimates are based on the assumption that the City will rent sufficient space for 23 persons to include space for contract employees and a 2,000-square-foot space for the council chamber, for a total of approximately 6,600 square feet. Rent is assumed to be \$2.50 per square foot per month. Annual supplies and initial computer and furnishing costs are estimated using an average cost per employee method.

### INSURANCE

The City will carry insurance. Insurance costs were estimated at about three percent of total General Fund expenses, excluding non-departmental costs.

### CONTINGENCY

A number of unforeseen costs may occur that will have to be borne by the City. The cost estimates include a contingency allowance estimated at 5 percent of total General Fund costs to account for unforeseen costs or cost increases above the projected amounts in the IFA budget. If the contingency funds aren't required, they could provide a reserve that could be strategically applied to specific purposes, e.g., capital improvements.

### COUNTY REPAYMENT

The County will most likely continue to provide a number of services to the City for the first fiscal year of City operation after incorporation, fiscal year 2002-2003. Services that will continue to be provided most likely will include sheriff, animal control, land use planning and code enforcement, and road maintenance. It is assumed the County will request repayment of its first year expenses to provide services. The costs would be repaid by the City over a five-year period in accordance with State law; the interest rate is negotiable but is assumed to be six percent per year in the analysis. The analysis assumes a credit against the initial year's service cost equal to property tax revenue retained by the County due to the timing of the filing deadline.

## REVENUE NEUTRALITY MITIGATION PAYMENTS

This IFA does not include any assumptions regarding revenue neutrality mitigation payments. The nature, amount, and terms of mitigation are to be negotiated, and the outcome will be included in a final CFA.

## PUBLIC FACILITIES

A few major public facilities such as the Carmel Valley Branch Library, and all dedicated County roads could be conveyed to the new city. For purposes of this analysis, however, the Branch Library is assumed to remain under County ownership. For any additional facilities that are constructed by the City, additional capital and maintenance costs will be incurred. These assumptions are for purposes of analysis as a part of the IFA and may be revised depending on the outcome of the revenue neutrality negotiations.

## **LOCAL GOVERNMENT SERVICES NOT PROVIDED BY THE CITY**

A variety of other services, including fire protection, parks and recreation, public utilities, water and waste water, flood control, library, public health, and environmental health, will continue to be provided by existing service providers. The City may wish to improve or enhance these services over time through cooperative arrangements with existing agencies or businesses.

## V. MUNICIPAL REVENUE ESTIMATES

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The IFA evaluates a City of Carmel Valley as proposed by the proponents, elaborated upon as necessary by the Consultant. This Fiscal Analysis is based upon a Municipal Budget Model that reflects a hypothetical City budget during its first ten years of municipal operations.

Data and assumptions used in the model are realistic, and insofar as possible, represent what could occur following incorporation. However, the structure of the municipal government and decisions reflecting staffing, level of service, and funding are ultimately at the discretion of the City Council. Key features of the Fiscal Analysis include the following:

- Revenue projections are based upon the revenues that can be expected by the City following incorporation. The specific amounts of these new revenues were estimated by considering current and expected development, State laws, and procedures affecting the levy and distribution of local government revenues, and tax-sharing formulas imposed by State law.
- The analysis is presented in “constant dollars,” that is, dollars of constant 2001 purchasing power. In actuality, inflation will affect both costs and revenues during the projection period. “Constant dollar” percentage increases were included in budget line items to reflect increases in costs above general inflation.

## GROWTH AND DEVELOPMENT

In subsequent analysis, the study will assume conformance with the land uses projected in the Carmel Valley Master Plan. However, for purposes of the development forecast in this analysis, an annual population growth of 0.60 percent was used. The “Sensitivity Analysis” section of this report describes the implications of faster or slower rates of growth. The analysis conducted by EPS suggests that the proposed City will continue to develop steadily. As a conservative approach, no growth in commercial and industrial development is assumed, and according to the Planning and Building Inspection Department, there are no major development projects currently under consideration.

## REVENUE ASSUMPTIONS

### PROPERTY TAX

The property tax transfer from the County to the new City will be determined in accordance with Government Code, Section 56810, as amended. This statute requires that property tax base and increment factor be created in the following manner:

- (a) Determine the percentage of property taxes in the County's budget of "revenues available for general purposes." For this analysis, this amount was estimated by the County Auditor-Controller's Office. Property taxes total \$42.2 million, and total revenues available for general purposes total \$94.3 million, to produce an "auditor's ratio" of approximately 42 percent.
- (b) Determine the existing net County cost of providing municipal services to the area to be incorporated in the year prior to the LAFCO action. In Carmel Valley, these services could include sheriff, animal control, public works, and land use planning and enforcement. General government services were not included, as the establishment of the new City will not have a measurable impact on the County's overall budget for general government. Net costs were determined based upon estimates provided by the affected County departments.
- (c) Multiply [a] times [b]. This amount becomes the property tax revenue base transferred to the new City in the first year of operations. A City Tax Allocation Factor (TAF) was estimated based on this amount (inflated to the first year of the City) and an estimate of the total property tax generated within the City's boundaries in the first year of City operations. In the following years, this TAF is then applied to the increase (increment) in the City's total property tax base to estimate the increase in property tax revenues accruing to the City.

The property tax increment represents the annual increase in the total property tax generated. It is derived by subtracting estimates of the total property tax generated in the current fiscal year from total property tax generated in the prior year. The application of the TAF to the property tax increment indicates the City's share of the additional property tax revenues. This share is then added to the City's prior year property tax revenue allocation to estimate the City's current year revenues. The total property tax generated within the City's boundaries is estimated based on total assessed value. Total assessed value is determined by the market value of new development and the presence and turnover of existing development.

The property tax calculations used in the Municipal Budget Model do not model tax delinquencies nor prior year accounts, although they do include the "supplemental" roll, which includes changes in assessed value that occur only during the year.

## SALES TAX

Estimates of the sales tax accruing to the City were based on the sales tax rate and an estimate of taxable sales. Estimates of taxable retail sales generated within City boundaries after incorporation were based on existing taxable sales, and an estimate "unallocated sales tax" provided by the County. The IFA projects no new square feet of commercial development.

"Unallocated taxable sales" include taxable sales unrelated to retail permits within the incorporation area boundaries. These sales include mail order and Internet sales and are

distributed Statewide proportionate to situs sales tax. These taxable sales were estimated as a proportion of the allocable taxable sales in the City based on the County's current ratio. No real growth in sales tax (above inflation) is assumed.

### PROPERTY TRANSFER TAX

Property transfer tax revenues accruing to the City are based on the assessed value of units sold and the tax rate accruing to the City of \$0.55 per 1,000 of assessed value. The assessed value that turns over each year includes the sale of existing and new development. It was assumed that 6.3 percent of existing residential units and two percent of commercial assessed value turn over every year. If the IFA were to assume growth in new commercial development, no transfer tax would be assumed, assuming that most commercial property is built and held for investment purposes, or is owner-occupied.

### FRANCHISE FEES

Franchise fees that are collected in the area include cable, electric, gas, and refuse collection. The fees were projected based on per capita estimates derived from existing County revenues.

### TRANSIENT OCCUPANCY TAX (TOT)

TOT revenues are based on current County revenues. The same 10 percent rate is assumed to apply within the new City.

### PLANNING AND BUILDING REVENUES

Based on the Planning and Building Inspection Department's estimates, revenues from the provision of planning and building services, including permit and plan check fees, offset 60 percent of the costs of providing these services under contract.

### PUBLIC WORKS / ENGINEERING

Fees can be charged for a variety of activities conducted by the Public Works Department. Based on standard charge to cost ratios in other cities, it is assumed that about 25 percent of costs could be recouped through charges for services.

## FINES AND PENALTIES

The average fines and penalties per resident accruing to the City were based on an EPS estimate from similar analysis.

## STATE MOTOR VEHICLE LICENSE TAX

The State Motor Vehicle License Tax accruing to the City was based on the current per capita tax allocation, the proxy population during the first seven full years of City operation (plus the first partial year), and the projected population in the years following the seventh full year. The per capita State Motor Vehicle License Tax accruing to the City is based on information for 2000-01 from the State Controller's Office. In actuality, this rate will change over time. The current rate is used as a best estimate. The proxy population equals three times the number of registered voters in the first year of City operations and remains constant over time. The proxy population, in this case, is greater than the projected population in the first seven years of operation. As a result, in the eighth year of City operation, when the actual population is used to estimate revenues accruing to the City, the revenue receipts fall.

## INVESTMENT EARNINGS

Investment earnings will be accumulated on one percent of annual revenues. This assumes earnings from reserve and fund balances.

## ROAD FUND

### **Gas Tax**

Gas taxes are the primary source of Road Fund revenues. The City would receive gas tax revenues via a number of different highway user taxes. The State Controllers Office provided current estimates of lump sum and per capita rates that would accrue to the City. The per capita rates were applied to the projected population and added to the annual lump-sum payments to estimate the gas tax revenues accruing to the City each year.

### **Road Fund Sales Tax**

Currently, the County does not have a sales tax for the road fund.

### **Grants**

For the CFA, further research would be conducted regarding grants provided to the Road Fund.

### **Other Revenue**

For the CFA, further research would be conducted to assess what other revenues will accrue to the new City from CSA assessments for street lighting. For purposes of this analysis, it is assumed the Road Fund receives a \$200,000 transfer from the General Fund as well.

## **SENSITIVITY ANALYSIS**

The effect of a slower rate of population growth of about 0.30 percent (e.g., 50 percent slower than otherwise projected) was tested, and did not have a significant impact upon the fiscal results since population-dependent revenues are a relatively small proportion of the total budget and are based on the initial year "proxy" population (registered voters). Reductions in revenue (e.g., lower property tax) are offset by minor population-driven cost reductions.

The affect of an economic downturn on the new city was also assessed. The city relies heavily on transient occupancy tax (TOT) and sales tax, revenue sources highly sensitive to changes in economic conditions. These two sources of revenue account for approximately 60 percent of its General Fund revenue (in the second year of operation). In the second year, the forecast shows an annual surplus of \$1 million (before mitigation payments), which would allow for a 25 percent reduction in TOT and sales tax.

The new 20,000-acre Santa Lucia Preserve development may be included within the study boundaries. The impact of the development on the budget model was tested as well. The proposed development of 370 units generates 1,100 new residents at buildout and will generate an additional \$775,000 surplus (before mitigation payments) in year ten, totaling an approximate \$2.1 million in surplus. This analysis does not include, however, any mitigation payment negotiated to cover the cost to the Mid-Carmel Valley Fire Protection District of protecting the SRAs within the Santa Lucia Preserve. Although the property tax revenues accruing to the District from the Santa Lucia Preserve development are not affected by incorporation, it is important to note that additional revenues from development will be available to the District to help cover wildland protection costs.

## VI. IMPACTS UPON EXISTING AGENCIES

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A variety of services, including the court system, public health, social services, fire protection, water supply and wastewater disposal, flood control, library and environmental health services will continue to be provided by existing service providers. The City may wish to improve or enhance these services over time through cooperative arrangements with existing agencies or businesses.

### MONTEREY COUNTY

The incorporation of Carmel Valley will change the operating budget of Monterey County in both the short term and long term. In general, Monterey County will lose revenue but will also realize a reduction in expenditures. Insofar as the revenue-producing aspects of Carmel Valley (e.g., property tax base and sales tax base) exceed the costs of services provided to the area, a fiscal impact on the County will occur if not mitigated.

The concern for fiscal impacts of incorporations is reflected in the Cortese Knox Local Government Reorganization Act at Section 56815 established the noted "revenue neutrality" standard. The exact language of the statute, at Section 56815(a), is "similar exchange"; at 56815(b) the exact language is "substantially equal." These terms refer to revenues and costs subsequently defined in sub-sections (1) and (2). Revenues are those "revenues currently received by the local agency. . ." that would "accrue to the local agency receiving the affected territory." Costs are "expenditures currently made by the local agency. . .for services which will be assumed by the local agency receiving the affected territory."

### SHORT-TERM FISCAL IMPACT UPON MONTEREY COUNTY

The short-term fiscal effect upon Monterey County government from services provided in the initial (transition) year of the City is assumed to be compensated by payments for services and by payments made as a part of the State-allowed repayment for first-year services, and revenue neutrality mitigation. However, these payments are yet to be negotiated.

### REVENUE NEUTRALITY

This IFA has estimated the potential impacts on the County, as summarized in **Table 3**. Principles related to the definition of revenue neutrality, and the approach to establishing mitigation payments, will be discussed and negotiated. When payment terms are established, they will be incorporated into the CFA analysis. For purposes of this analysis, the cost reductions to the County are based upon the County's 2000-01

costs of service (less indirect cost allocations) estimated for the purpose of the property tax transfer calculation. The revenue reductions to the County are estimated based on the 2000-01 revenues shifted from the County to the City. The current costs of services, and the impacts on the County, will continue to be refined as this IFA is revised and the revenue neutrality negotiations proceed.

## **FIRE PROTECTION DISTRICTS**

### MID-CARMEL VALLEY FIRE PROTECTION DISTRICT

The District would continue to provide fire protection services to areas within their respective boundaries, and possibly assume additional responsibility and associated cost for wildland fire protection of all SRA land included in their boundaries without receiving additional revenues (see **Table 3**). If the District becomes responsible for the SRAs, it could provide the wildland protection services themselves or contract with CDF to provide the services. For purposes of this analysis, it is assumed the District contracts with CDF at a significant cost savings to the District. It is likely, however, that property taxes will continue to be collected by the County and allocated directly to the Mid-Carmel Valley Fire Protection District.

### CYPRESS FIRE PROTECTION DISTRICT

As with the Mid-Carmel Valley Fire District, the District would continue to provide fire protection services to areas within their respective boundaries, and possibly assume additional responsibility and associated cost for wildland fire protection of all SRA land included in their boundaries without receiving additional revenues (see **Table 3**). If the District becomes responsible for the SRAs, it could provide the wildland protection services themselves or contract with CDF to provide the services. For purposes of this analysis, it is assumed the District contracts with CDF at a significant cost savings to the District. It is likely, however, that property and sales taxes will continue to be collected by the County and allocated directly to the Cypress Fire Protection District.

**Table 3**  
**Change in Revenues and Expenses to Monterey County**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	FY 2000/2001	Notes
<b><u>General Fund Revenues and Expenditures</u></b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$693,717	
Sales Tax	\$1,320,875	includes unallocated sales
Transient Occupancy Tax	\$2,801,732	
Real Property Transfer Tax	\$26,842	
Franchise Fees	\$225,324	
Law Enforcement Revenues	\$0	no loss of grants or Prop 172
Animal Control	\$28,326	
Land Use Planning & Enforcement	\$676,461	
<b>Subtotal</b>	<b>\$5,773,277</b>	
<b>Expenditures for Services Transferred to the City</b> (1)		
Sheriff Department	\$1,366,600	
Animal Control	\$37,859	
Land Use Planning & Enforcement	\$1,127,434	
<b>Subtotal</b>	<b>\$2,531,893</b>	
<b>Net County General Fund Gain or (loss)</b>	<b>(\$3,241,385)</b>	
<b><u>County Road Fund</u></b>		
<b>Revenues Transferred to the City</b>		
Gas Tax: Highway User Tax 2106c	\$3,146	
Subtotal	\$3,146	
<b>Expenditures for Services Transferred to the City</b>		
Road Maintenance	\$293,174	
<b>Net County Road Fund Gain or (loss)</b>	<b>\$290,028</b>	
<b><u>Fire Protection District</u></b> (2)		
<b>Revenues Transferred or Lost</b>	<b>\$0</b>	
<b>Expenditures Transferred to the Districts</b> (3)		
Contract Cost for Wildland Protection	\$76,106	
<b>Fire Protection District Gain or (loss)</b>	<b>(\$76,106)</b>	

(1) Excludes indirect cost allocation

(2) Includes Mid-Carmel Valley and Cypress Fire Protection Districts

(3) Based on estimated contract cost of \$8.43 per acre in 1999 for a total of 9,028 acres of State Responsibility Area (SRA) that would become Local Responsibility Area following incorporation. This does not include the Santa Lucia Preserve SRAs.

## OTHER AGENCIES AND DISTRICTS

Other agencies serving the incorporation area, including park districts, school districts, water, and sanitation districts, and electrical, natural gas and telephone utilities will not be significantly affected by the incorporation. Growth in Carmel Valley, whether the area is incorporated or not, will affect demand for services from these public and private agencies.

- **California-American Water Company.** The private California-American Water Company supplies water to the Monterey area. The Monterey District distribution system contains in excess of 507 miles of main. No change in this relationship is proposed or has been advocated by the LAFCO staff or Commission.
- **Monterey Peninsula Water Management District.** The Monterey Peninsula Water Management District (MPWMD) provides service to various incorporated areas, as well as to portions of unincorporated Monterey County including Pebble Beach and Carmel Valley. MPWMD manages the production of water from two specific sources in order to augment the water supply through integrated management of ground and surface water resources. No change in this District is proposed or has been advocated by the LAFCO staff or Commission.
- **Monterey Regional Waste Management District.** The Monterey Regional Waste Management District (MRWMD) encompasses a 853-square-mile area in the central portion of Monterey County providing waste management service to a population of 170,000. No change in this District is proposed or has been advocated by the LAFCO staff or Commission.
- **County Sanitation Districts.** Carmel Valley is comprised of three County Sanitation Districts (CSDs) including CSD 388, 389, and 390. No change in these Districts is proposed or has been officially recommended by the LAFCO staff or Commission.
  1. CSD #388. This CSD provides sewage collection, treatment and disposal to the Carmel Valley Sanitation Zone 1.
  2. CSD #389. This CSD provides community septic service to the Carmel Valley Sanitation Zone 1.
  3. CSD #390. This CSD currently provides community septic service to the Carmel Valley Sanitation Zone 3.
- **County Service Areas.** The County Service Areas (CSAs) that provide street lighting are assumed to be the most affected by Carmel Valley incorporation, as the city most likely would assume the street lighting duties, as well as receive the assessments levied to provide these service. The CSAs potentially affected by incorporation include the following:

1. CSA #23. This CSA provides storm drain maintenance and street lighting services to seven lights in the Carmel Rancho area. The city could assume the street lighting duties and collect any street lighting assessments.
2. CSA #25. This CSA provides storm drain maintenance and street lighting services to 10 lights in the Carmel Valley Golf Club and Canada Woods area. The city could assume the street lighting duties and collect any street lighting assessments.
3. CSA #47. This CSA provides storm drain maintenance and street lighting services to 58 lights in the Carmel Views and Mar Vista area. The city could assume the street lighting duties and collect any street lighting assessments.
4. Other CSAs. There are various other CSAs providing storm maintenance, flood control, and open space maintenance services to the Carmel Valley area. No change to these service areas is proposed in this analysis.



**Economic &  
Planning Systems**

*Real Estate Economics*

*Regional Economics*

*Public Finance*

*Land Use Policy*

# TECHNICAL APPENDIX: BUDGET MODEL

BERKELEY  
2501 Ninth St., Suite 200  
Berkeley, CA 94710-2515  
[www.epsys.com](http://www.epsys.com)

Phone: 510-841-9190  
Fax: 510-841-9208



SACRAMENTO  
Phone: 916-649-8010  
Fax: 916-649-2070

DENVER  
Phone: 303-575-8112  
Fax: 303-623-1294

**IFA Model  
Table of Contents**

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<b><u>Section</u></b>	<b><u>Table #</u></b>	<b><u>Table Title</u></b>
<b>Summary</b>	Table 1	Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)
<b>Assumptions</b>	Table A-1	Demographic Assumptions, Fiscal Year 2000/2001
	Table A-2	General Assumptions
<b>Projections</b>	Table A-3	Development Schedule
	Table A-4	Population Projections
	Table A-5	Assessed Value Calculation - All Figures in \$000's
<b>Revenues</b>	Table B	Annual Revenue Estimate (All figures in Constant 2001 \$'s)
	Table B-1	Revenue Estimate Notes
	Table B-2	Calculation of Property Tax Transfer
	Table B-3	County Property Tax as a Percentage of Revenue Available for General Purposes
	Table B-4	Inputs to Calculation of Property Tax Transfer
<b>Costs</b>	Table C	Expenditure Estimate (All figures in Constant 2001 \$'s)
	Table C-1	Expenditure Estimate Notes
<b>Departmental Worksheets</b>	Table C-2	City Manager and City Clerk Cost Estimates
	Table C-3	Finance Department Cost Estimates
	Table C-4	Planning & Building Inspection Department Cost Estimates
	Table C-5	Public Works Department Cost Estimates
	Table C-6	Net County Costs & Contract Costs for Sheriff Protection
<b>Fiscal Neutrality</b>	Table 3	Change in Revenues and Expenses to Monterey County

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**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Fiscal Year									
	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>General Fund Revenues</b>										
Property Taxes	\$0	\$812,839	\$835,803	\$858,831	\$881,923	\$905,080	\$928,303	\$951,592	\$974,948	\$998,371
Sales Tax	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667
Real Property Transfer Tax	\$26,699	\$27,325	\$27,953	\$28,583	\$29,215	\$29,848	\$30,483	\$31,120	\$31,759	\$32,400
Franchise Fees	\$225,324	\$229,653	\$231,095	\$232,538	\$233,981	\$235,424	\$236,867	\$238,309	\$239,752	\$241,195
Transient Occupancy Tax	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732
Planning and Building Inspection Fees	\$318,908	\$601,461	\$604,213	\$606,979	\$609,759	\$612,553	\$615,360	\$618,182	\$621,018	\$623,868
Public Works/Eng. Fees	\$39,353	\$45,519	\$45,747	\$45,975	\$46,205	\$46,436	\$46,668	\$46,902	\$47,136	\$47,372
Fines and Penalties	\$13,168	\$13,251	\$13,334	\$13,418	\$13,501	\$13,584	\$13,667	\$13,751	\$13,834	\$13,917
State Motor Vehicle License Fees	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$614,062	\$617,780	\$621,498
Investment Earnings	\$56,149	\$67,215	\$67,496	\$67,778	\$68,060	\$68,344	\$68,628	\$66,233	\$66,556	\$66,880
<b>Total</b>	\$5,671,056	\$6,788,719	\$6,817,098	\$6,845,559	\$6,874,101	\$6,902,726	\$6,931,434	\$6,689,551	\$6,722,183	\$6,754,900
<b>General Fund Expenses</b>										
City Council	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Elections	\$11,863	\$0	\$12,013	\$0	\$12,163	\$0	\$12,313	\$0	\$12,463	\$0
City Manager	\$252,450	\$283,561	\$284,979	\$286,403	\$287,835	\$289,275	\$290,721	\$292,175	\$293,635	\$295,104
City Clerk	\$80,500	\$113,616	\$114,084	\$114,554	\$115,027	\$115,502	\$115,980	\$116,460	\$116,942	\$117,427
City Attorney	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	\$201,690	\$302,827	\$304,341	\$305,862	\$307,392	\$308,929	\$310,473	\$312,026	\$313,586	\$315,154
Administrative Services	\$171,550	\$363,816	\$164,988	\$165,813	\$166,642	\$167,475	\$168,312	\$169,154	\$169,999	\$170,849
Police	\$0	\$1,672,780	\$1,689,508	\$1,706,403	\$1,723,467	\$1,740,702	\$1,758,109	\$1,775,690	\$1,793,447	\$1,811,381
Animal Control	\$0	\$24,804	\$24,928	\$25,052	\$25,178	\$25,303	\$25,430	\$25,557	\$25,685	\$25,813
Planning and Building Inspection	\$531,513	\$1,127,434	\$1,132,022	\$1,136,632	\$1,016,265	\$1,020,921	\$1,025,601	\$1,030,304	\$1,035,030	\$1,039,780
Public Works Administration	\$157,410	\$182,076	\$182,986	\$183,901	\$184,821	\$185,745	\$186,673	\$187,607	\$188,545	\$189,488
Office Rent/Supplies	\$318,000	\$322,000	\$252,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000
Insurance	\$67,949	\$148,257	\$141,601	\$142,085	\$139,797	\$140,541	\$142,032	\$142,796	\$144,317	\$145,104
Contingency	\$113,249	\$247,096	\$236,001	\$236,808	\$232,994	\$234,234	\$236,719	\$237,994	\$240,529	\$241,839
Transfer to Road Fund	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Repayment of First-Year Services	\$0	\$193,151	\$193,151	\$193,151	\$193,151	\$193,151	\$0	\$0	\$0	\$0
<b>Total</b>	\$2,646,174	\$5,730,416	\$5,490,780	\$5,508,208	\$5,425,825	\$5,452,614	\$5,313,136	\$5,340,670	\$5,395,426	\$5,423,731
<b>Net Balance</b>	\$3,024,883	\$1,058,303	\$1,326,318	\$1,337,350	\$1,448,276	\$1,450,112	\$1,618,297	\$1,348,880	\$1,326,757	\$1,331,169
<b>General Fund Operating Surplus (Deficit)</b>	\$3,024,883	\$1,058,303	\$1,326,318	\$1,337,350	\$1,448,276	\$1,450,112	\$1,618,297	\$1,348,880	\$1,326,757	\$1,331,169
Mitigation Payment										
<b>Net Balance after Mitigation Payment</b>										

-----TO BE DETERMINED-----

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Fiscal Year									
	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>Road Fund Revenues</b>										
Gas Taxes	\$337,218	\$337,010	\$336,807	\$336,607	\$336,412	\$336,220	\$336,032	\$236,608	\$237,804	\$239,003
Transfer from General Fund	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>	<u>\$200,000</u>
<b>Total</b>	\$537,218	\$537,010	\$536,807	\$536,607	\$536,412	\$536,220	\$536,032	\$436,608	\$437,804	\$439,003
<b>Road Fund Expenditures</b>										
Road Maintenance		\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174
Repayment of First-Year Services		<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>	<u>\$69,598</u>			
<b>Total</b>	\$0	\$362,772	\$362,772	\$362,772	\$362,772	\$362,772	\$293,174	\$293,174	\$293,174	\$293,174
<b>Road Fund Operating Surplus (Deficit)</b>	\$537,218	\$174,238	\$174,034	\$173,835	\$173,639	\$173,447	\$242,858	\$143,434	\$144,630	\$145,829

**Table A-1  
Demographic Assumptions, Fiscal Year 2000/2001  
Carmel Valley Incorporation Analysis  
Carmel Valley IFA Base Case**

<b>Item</b>	<b>Amount</b>
<b><u>Proposed City</u></b>	
Population (1)	11,713
Santa Lucia Preserve Population	1,110
Registered Voters (2)	5,857
Voters as % of Pop.	50%
Housing Units - Detached (4)	3,904
Housing Units - Attached (4)	<u>0</u>
Housing Units - Total	3,904
City-Maintained Lane Miles (3)	144
<b><u>Monterey County</u></b>	
Unincorp. Pop. (4)	105,673
Incorporation Pop. (4)	<u>293,631</u>
Total County Pop.	399,304
County maintained Road Miles	1,254
Uninc. Assessed Value	11.23 billion
Total Assessed Value	<u>23.43 billion</u>

- (1) EPS estimate
- (2) Assumed to be 50% of population estimate
- (3) Estimate of lane miles provided by Public Works Department 4/01
- (4) Department of Finance, 1/1/2000

**Table A-2**  
**General Assumptions**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Amount	
First Year of Operations	1	
Dollars Discounted to Fiscal Year (FY)	2001	
% of FY 2001-2002 City providing Services	100%	
Inflation (Discount) Rate	2.0%	
<u>EPS Estimate of Assessed Value</u>		
Assessed Value per Dwelling Unit (existing) (1)	\$125,000	
Assessed Value of Resid., FY2000-01 (1)	\$488,041,667	86%
Assessed Value of Comm., FY2000-01 (1)	<u>\$80,128,538</u>	<u>14%</u>
Total Assessed Value for FY2000-01 (2)	\$568,170,205	100%
<u>Assessor Office Data on Assessed Value</u>		
Total Assessed Value for FY2000-01 (2)	\$568,170,205	
Total Assessed Value for Redevelopment Area FY2000-01 (2)	\$0	
<u>Average Market Value by Land Use (3)</u>		
Detached (dwelling unit)	\$524,000	
Attached (dwelling unit)		
Apartment (dwelling unit)	\$145,000	
Retail (square foot)	\$150	
Hotel (square foot)	\$150	
Other Commercial (square foot)	\$120	

(1) EPS' estimate of residential assessed value includes single-family and multi-family units.

(2) Provided by Monterey County Assessor's Office

(3) EPS estimate

**Table A-3**  
**Development Schedule**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Note	Existing	Calendar Year											
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Development Schedule</b>														
New Residential Development														
Detached (dwelling unit)		25	25	25	25	25	25	25	25	25	25	25	25	25
Attached (dwelling unit)		0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Units		25	25	25	25	25	25	25	25	25	25	25	25	25
New Non-Residential Dev. (Sq. Ft.)														
Retail (square foot)			0	0	0	0	0	0	0	0	0	0	0	0
Hotel	(1)		0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial			0	0	0	0	0	0	0	0	0	0	0	0
Total New Sq. Ft.			0	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Sq. Ft. (2000+)			0	0	0	0	0	0	0	0	0	0	0	0
<b>Cumulative New Development Entire City</b>														
Residential Development														
Detached (dwelling unit)		3,904	3,929	3,954	3,979	4,004	4,029	4,054	4,079	4,104	4,129	4,154	4,179	4,204
Attached (dwelling unit)		0	0	0	0	0	0	0	0	0	0	0	0	0
Total Dwelling Units		3,904	3,929	3,954	3,979	4,004	4,029	4,054	4,079	4,104	4,129	4,154	4,179	4,204
New Non-Residential Dev. (Sq. Ft.)														
Retail (square foot)			0	0	0	0	0	0	0	0	0	0	0	0
Hotel			0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial			0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Res. Dev. Sq. Ft.			0	0	0	0	0	0	0	0	0	0	0	0
New Hotel Rooms (1)			0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Lane Miles (2)		144	144	145	146	146	147	147	148	148	149	149	149	150
Cumulative Street Lights		6	6	6	6	6	6	6	6	6	6	6	6	6

- (1) Average size of each room equals 600 sq.ft.  
(2) Increase in lane miles based on increase in residential development

**Table A-4  
Population Projections  
Carmel Valley Incorporation Analysis  
Carmel Valley IFA Base Case**

Item	Note	Calendar Year												
		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Population Projections</b>														
New Population			75	75	75	75	75	75	75	75	75	75	75	75
Cumulative Population		11,713	11,788	11,863	11,938	12,013	12,088	12,163	12,238	12,313	12,388	12,463	12,538	12,613
Cumulative Registered Voters		5,857	5,894	5,932	5,969	6,007	6,044	6,082	6,119	6,157	6,194	6,232	6,269	6,307
Proxy Population		--	--	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795

(1) Proxy population is three times the estimated number of registered voters at the time of incorporation. Proxy population is the "official population" used to determine the distribution of State revenues during the first seven years after incorporation.

**Table A-5**  
**Assessed Value Calculation - All Figures in \$000's**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Fiscal Year												
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<u>Assessed Value of Existing Development</u>													
Resid. Assessed Value in City (Constant \$000's) (1)		\$488,042	\$492,922	\$497,851	\$502,830	\$507,858	\$512,937	\$518,066	\$523,247	\$528,479	\$533,764	\$539,102	\$544,493
Comm. Assessed Value in City (Constant \$000's) (1)		\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129
(less total existing redevelopment) (2)		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$568,170	\$573,051	\$577,980	\$582,958	\$587,987	\$593,065	\$598,195	\$603,375	\$608,608	\$613,893	\$619,230	\$624,621
<u>Assessed Value of New Development</u>													
A.V. from New Development (Constant \$000's)													
Detached (dwelling unit)	--	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
Attached (dwelling unit)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apartment (dwelling unit)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail (square foot)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Commercial	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resid. A.V. from New Dev. (Constant \$000's)	--	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
Comm. A.V. from New Dev. (Constant \$000's)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(less total new redevelopment) (2)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	--	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100	\$13,100
Cum. Resid. A.V. from New Dev. (Constant \$000's)	--	\$13,100	\$26,200	\$39,300	\$52,400	\$65,500	\$78,600	\$91,700	\$104,800	\$117,900	\$131,000	\$144,100	\$157,200
Cum. Comm. A.V. from New Dev. (Constant \$000's)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(less total new redevelopment) (2)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	--	\$13,100	\$26,200	\$39,300	\$52,400	\$65,500	\$78,600	\$91,700	\$104,800	\$117,900	\$131,000	\$144,100	\$157,200
<u>Total Assessed Value (Existing &amp; New Development)</u>													
Cumulative Resid. A.V. (Constant 2000 \$000's)	--	\$501,142	\$519,122	\$537,151	\$555,230	\$573,358	\$591,537	\$609,766	\$628,047	\$646,379	\$664,764	\$683,202	\$701,693
Cumulative Comm. A.V. (Constant 2000 \$000's)	--	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129
Subtotal	--	\$581,270	\$599,251	\$617,280	\$635,358	\$653,487	\$671,665	\$689,895	\$708,175	\$726,508	\$744,893	\$763,330	\$781,821
(less total redevelopment)	--	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	--	\$581,270	\$599,251	\$617,280	\$635,358	\$653,487	\$671,665	\$689,895	\$708,175	\$726,508	\$744,893	\$763,330	\$781,821

- (1) Residential assumes increase of 1%  
no real increase in comm'l assessed value assumed
- (2) No redevelopment areas within the proposed boundaries

**Table B**  
**Annual Revenue Estimate (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Note (1)	Fiscal Year									
		2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>General Fund Revenues</b>											
Property Taxes	1	\$789,938	\$812,839	\$835,803	\$858,831	\$881,923	\$905,080	\$928,303	\$951,592	\$974,948	\$998,371
Sales Tax	2	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667
Real Property Transfer Tax	3	\$26,699	\$27,325	\$27,953	\$28,583	\$29,215	\$29,848	\$30,483	\$31,120	\$31,759	\$32,400
Franchise Fees	4	\$225,324	\$229,653	\$231,095	\$232,538	\$233,981	\$235,424	\$236,867	\$238,309	\$239,752	\$241,195
Transient Occupancy Tax	5	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732
Planning and Building Inspection Fees	6	\$318,908	\$601,461	\$604,213	\$606,979	\$609,759	\$612,553	\$615,360	\$618,182	\$621,018	\$623,868
Fines and Penalties	8	\$13,168	\$13,251	\$13,334	\$13,418	\$13,501	\$13,584	\$13,667	\$13,751	\$13,834	\$13,917
State Motor Vehicle License Fees	9	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$614,062	\$617,780	\$621,498
Investment Earnings	10	\$56,149	\$67,215	\$67,496	\$67,778	\$68,060	\$68,344	\$68,628	\$66,233	\$66,556	\$66,880
<b>Total General Fund Revenues</b>		\$6,460,995	\$6,788,719	\$6,817,098	\$6,845,559	\$6,874,101	\$6,902,726	\$6,931,434	\$6,689,551	\$6,722,183	\$6,754,900
<b>Road Fund Revenues</b>											
Gas Taxes	15	\$337,218	\$337,010	\$336,807	\$336,607	\$336,412	\$336,220	\$336,032	\$236,608	\$237,804	\$239,003
Transfer from General Fund	16	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
<b>Total Road Fund Revenues</b>		\$537,218	\$537,010	\$536,807	\$536,607	\$536,412	\$536,220	\$536,032	\$436,608	\$437,804	\$439,003

(1) Reference Notes are included in Figure B-1.

**Table B-1**  
**Revenue Estimate Notes**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref #	Item	Assumption	Fiscal Year									
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>General Fund</b>												
1	Property Tax	See Figures A-5 and B-2										
	Total Property Tax @ 1% of AV		\$6,172,798	\$6,353,584	\$6,534,867	\$6,716,652	\$6,898,946	\$7,081,753	\$7,265,077	\$7,448,925	\$7,633,302	\$7,818,212
	Property Tax Increment		<u>\$0</u>	<u>\$180,785</u>	<u>\$181,283</u>	<u>\$181,786</u>	<u>\$182,294</u>	<u>\$182,807</u>	<u>\$183,325</u>	<u>\$183,848</u>	<u>\$184,376</u>	<u>\$184,910</u>
	Subtotal		\$0	\$180,785	\$181,283	\$181,786	\$182,294	\$182,807	\$183,325	\$183,848	\$184,376	\$184,910
	Property Tax Increment to City:	See Fig B-2										
	From County	12.21% TAF	\$0	\$22,073	\$22,134	\$22,195	\$22,257	\$22,320	\$22,383	\$22,447	\$22,512	\$22,577
	From Special Districts	0.00% TAF	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Total	12.21% TAF	\$0	\$22,073	\$22,134	\$22,195	\$22,257	\$22,320	\$22,383	\$22,447	\$22,512	\$22,577
	Gross Property Tax to City											
	Base		\$753,678	\$753,678	\$775,751	\$797,885	\$820,081	\$842,338	\$864,658	\$887,042	\$909,489	\$932,001
	Share of Tax Increment		\$0	\$22,073	\$22,134	\$22,195	\$22,257	\$22,320	\$22,383	\$22,447	\$22,512	\$22,577
	Total		\$753,678	\$775,751	\$797,885	\$820,081	\$842,338	\$864,658	\$887,042	\$909,489	\$932,001	\$954,577
	Property Tax Increment: Supplemental Role @50% of AV of New Dev.		\$7,997	\$7,997	\$7,997	\$7,997	\$7,997	\$7,997	\$7,997	\$7,997	\$7,997	\$7,997
	Prop. Tax Inc. to City: Suppl Role @4% of Tax due to turnover		<u>\$30,147</u>	<u>\$31,030</u>	<u>\$31,915</u>	<u>\$32,803</u>	<u>\$33,694</u>	<u>\$34,586</u>	<u>\$35,482</u>	<u>\$36,380</u>	<u>\$37,280</u>	<u>\$38,183</u>
	Property Tax to City Prior to Tax Admin. Fees		\$791,822	\$814,779	\$837,798	\$860,881	\$884,029	\$907,242	\$930,521	\$953,866	\$977,278	\$1,000,758
	Less Prop. Tax Admin. Fees	0.25% of gross A.V.	<u>(\$1,884)</u>	<u>(\$1,939)</u>	<u>(\$1,995)</u>	<u>(\$2,050)</u>	<u>(\$2,106)</u>	<u>(\$2,162)</u>	<u>(\$2,218)</u>	<u>(\$2,274)</u>	<u>(\$2,330)</u>	<u>(\$2,386)</u>
	Net General Fund Property Tax to City		\$789,938	\$812,839	\$835,803	\$858,831	\$881,923	\$905,080	\$928,303	\$951,592	\$974,948	\$998,371
2	Sales Tax	1%										
	New Cum. Retail Sq. Ft.	See Figure A-3	\$250	0	0	0	0	0	0	0	0	0
	Cumulative Hotel Rooms		\$22,000	0	0	0	0	0	0	0	0	0
	Retail Sales Tax	base=	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705	\$1,185,705
	Unallocated Sales Tax	11.4%	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170	\$135,170
	(less) State admin charge	1.0%	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>	<u>(\$13,209)</u>
	Total Sales Tax (General Fund)		\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667	\$1,307,667
3	Property Transfer Tax	<i>residential</i> <i>commercial</i>										
	Turnover of prior year base	6.3%      2%										
	Rate per \$1,000 market value	\$0.55										
	Base Resid A.V. fiscal year (constant \$000's)		\$537,151	\$555,230	\$573,358	\$591,537	\$609,766	\$628,047	\$646,379	\$664,764	\$683,202	\$701,693
	Prop. Tran. Tax from turnover of existing resid. units		\$18,612	\$19,239	\$19,867	\$20,497	\$21,128	\$21,762	\$22,397	\$23,034	\$23,673	\$24,314
	Base Comm'l A.V. fiscal year (constant \$000's)		\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129	\$80,129
	Prop. Tran. Tax from turnover of existing comm'l		\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881	\$881
	Prop. Tran. Tax from new residential development		\$7,205	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205	\$7,205
	Total Property Transfer Tax		\$26,699	\$27,325	\$27,953	\$28,583	\$29,215	\$29,848	\$30,483	\$31,120	\$31,759	\$32,400

**Table B-1**  
**Revenue Estimate Notes**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref #	Item	Assumption	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
4	Franchise Fees	\$2,032,843 Cnty FY 00-01 \$19.24 fee per resident	\$225,324	\$229,653	\$231,095	\$232,538	\$233,981	\$235,424	\$236,867	\$238,309	\$239,752	\$241,195	
5	Transient Occupancy Taxes	Base new	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	\$2,801,732	
	Total	\$150 10% rate 70% occ'y	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	\$0 \$2,801,732	
6	Planning & Building Inspection Fees	% of planning costs recaptured by fees	60%	\$318,908	\$601,461	\$604,213	\$606,979	\$609,759	\$612,553	\$615,360	\$618,182	\$621,018	\$623,868
7	Public Works/Engineering Fees	% of costs recaptured by fees	25%	\$39,353	\$45,519	\$45,747	\$45,975	\$46,205	\$46,436	\$46,668	\$46,902	\$47,136	\$47,372
8	Fines and Penalties	Per capita est. from EPS	\$1.11	\$13,168	\$13,251	\$13,334	\$13,418	\$13,501	\$13,584	\$13,667	\$13,751	\$13,834	\$13,917
9	State Motor Vehicle License Fees	Relevant population for calculation	17,795	17,795	17,795	17,795	17,795	17,795	17,795	17,795	12,388	12,463	12,538
	Per capita fees	\$49.57	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$882,058	\$614,062	\$617,780	\$621,498
10	Investment Earnings	Subtotal General Fund revenues, excl. invest. earnings	\$5,614,907	\$6,721,504	\$6,749,602	\$6,777,781	\$6,806,040	\$6,834,382	\$6,862,806	\$6,891,230	\$6,919,654	\$6,948,078	
	% of General Fund revenues	1%											
	Subtotal Interest Earnings		\$56,149	\$67,215	\$67,496	\$67,778	\$68,060	\$68,344	\$68,628	\$68,912	\$69,196	\$69,480	
<b>Road Fund</b>													
11	Road Fund - Gas Taxes												
	Highway User Tax 2105	Per Capita	\$6.23	\$110,860	\$110,860	\$110,860	\$110,860	\$110,860	\$110,860	\$110,860	\$77,177	\$77,644	\$78,112
	Highway User Tax 2106 (a)	Per Year	\$4,800	\$4,706	\$4,614	\$4,523	\$4,434	\$4,348	\$4,262	\$4,179	\$4,097	\$4,016	\$3,938
	Highway User Tax 2106 (c)	Per Capita	\$4.08	\$72,524	\$72,524	\$72,524	\$72,524	\$72,524	\$72,524	\$72,524	\$50,489	\$50,795	\$51,101
	Highway User Tax 2107	Per Capita	\$8.05	\$143,246	\$143,246	\$143,246	\$143,246	\$143,246	\$143,246	\$143,246	\$99,723	\$100,327	\$100,931
	Highway User Tax 2107.5 (c)	Per Year	\$6,000	\$5,882	\$5,767	\$5,654	\$5,543	\$5,434	\$5,328	\$5,223	\$5,121	\$5,021	\$4,922
	Total Gas Taxes		\$337,218	\$337,010	\$336,807	\$336,607	\$336,412	\$336,220	\$336,032	\$335,844	\$236,608	\$237,804	\$239,003
12	Transfer from General Fund		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	

**Table B-2  
 Calculation of Property Tax Transfer  
 Carmel Valley Incorporation Analysis  
 Carmel Valley IFA Base Case**

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**A. Transfer of Tax Base**

1. Total Expenditures Subject to Transfer	\$1,636,492	see Table B-3
2. County Auditor's Ratio 1999-2000	42.39%	
3. Property Tax Base Transferred from County:	\$693,717	
4. Property Tax Base Transferred		
from Special Districts:		
XXXX	\$0	based on avg. factor
Subtotal Special Districts:	\$0	
5. Total Property Tax Base:	\$693,717	

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**B. Calculation of Tax Allocation Factor (TAF)**

1. Assessed Value (FY 2000/2001):	\$568,170,205	
Assessed Value (FY 2002/2003):	\$617,279,843	see Figure A-5
Change from fy00-01 to fy02-03	8.6%	
2. Total Property Tax Collected '02-03(@1% AV):	\$6,172,798	
3. Property Tax Base Transferred from County:	\$693,717	
Base Transfer * change from fy00-01 to fy02-03	\$753,678	
4. Implied Tax Allocation Factor:	12.21%	
5. Tax Allocation Factors from Special Districts to City General Fund		
XXXX		
Subtotal Special Districts:	0.000%	
6. Property Tax Base Transferred from Spec. Dist.:	\$0	
	<u>\$0</u>	
	<u>\$0</u>	
Base Transfer * change from fy00-01 to fy02-03	\$0	
7. Implied Tax Allocation Factor: (#6/#2)	0.00%	
8. Total Tax Base Transferred 2002-03	\$753,678	
9. Implied Tax Allocation Factor: (#8/#2)	12.21%	

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**Table B-3  
County Property Tax as a Percentage of Revenue  
Available for General Purposes  
Carmel Valley IFA Base Case**

<b>Item</b>	
<b>PROPERTY TAX REVENUE</b>	
Current Secured	\$38,400,000
Current Unsecured	\$1,800,000
Current Secured ERAF Rebate	\$0
Prior Secured	\$680,000
Prior Unsecured	\$0
Supplemental Current	\$900,000
Supplemental Prior	\$38,000
State Aid - Homeowner's Exemption	\$520,000
<b>Total</b>	<b>\$42,338,000</b>
<b>OTHER GENERAL PURPOSE REVENUE</b>	
<b>General Purpose Revenues</b>	
State: Other	\$1,252,437
Sales and Use Tax	\$6,989,235
Transient Occupancy Tax	\$12,250,000
Race Horse Tax	\$200
Timber Yield Tax	\$0
Direct Assessment Tax	\$0
Tax Loss Reserve	\$0
Franchise	\$2,032,843
Penalty and Cost Delinquent Taxes	\$945,000
Interest Revenue	\$3,479,890
Rent: Land and Buildings	\$149,426
State Motor Vehicle In Lieu Taxes	\$21,300,000
State Open Space Subvention	\$881,768
State Off Highway Motor Vehicle License	\$60,000
Federal Grazing Fee	\$0
Federal In Lieu Taxes	\$0
Miscellaneous Revenue	\$273,301
Tobacco Settlement	\$5,560,160
State Dated Check	(\$2,040)
<b>Subtotal General Purpose Revenues</b>	<b>\$55,172,220</b>
<b>Other General Purpose Revenues</b>	
Property Transfer Tax	\$2,366,000
<b>Subtotal Other Gen. Purp. Rev.'s</b>	<b>\$57,538,220</b>
<b>Total Net Revenue Available for General Purposes</b>	<b>\$99,876,220</b>
Prop. Tax as % of General Purpose Revenues	42.39%

**Table B-4**  
**Inputs to Calculation of Property Tax Transfer**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

11,713 population

Department/Function	Gross Cost (00/01)	Indirect Cost (5)	Total	Offsetting Revenue	Net Cnty Cost	Rev. as % of Total reference
Animal Control	\$37,859	\$1,603	\$39,461	\$13,301	\$24,558	34% (1)
Land Use Planning & Enforcement	\$1,127,434	\$0	\$1,127,434	\$676,461	\$450,974	60% (2)
Public Works	\$293,174	\$12,411	\$305,585	\$272,652	\$32,933	93% (3)
Sheriff Department	<u>\$1,366,600</u>	<u>\$57,854</u>	<u>\$1,424,454</u>	<u>\$296,426</u>	<u>\$1,128,028</u>	22% (4)
<b>Total</b>	<b>\$2,825,067</b>	<b>\$71,868</b>	<b>\$2,896,935</b>	<b>\$1,258,840</b>	<b>\$1,636,492</b>	

(1) Animal Control: source Animal Control Program 4/01  
 893 hours of service in Carmel Valley area  
 8,057 total hours of service  
 11.1% percent of total (based on population ratio)  
 \$27.50 per service hour  
 \$403,578 Total County Budget

\$1.14 Dog License Fees per capita

(2) Land Use Planning & Enforcement: source Planning Department 4/01  
 Cost based on Department estimates of staffing needs  
 Revenues cover 60 percent of planning and building inspection costs

(3) Public Works:  
\$293,174 Gross Cost  
 68 Miles of Road  
 \$4,300 Cost per Mile  
 Offsetting revenues: % County Road Fund expenditures covered by General Fund transfer

Source: Department of Public Works 4/01

(4) Source: County Sheriff's Dept., 4/01 (see Table C-6 for additional detail)

(5) Cost Allocation 4.2% excluding direct billed and unallocated

**Table C**  
**Expenditure Estimate (All figures in Constant 2001 \$'s)**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	Note (1)	Fiscal Year									
		2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>GENERAL FUND EXPENDITURES</b>											
City Council	1	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
Elections	2	\$11,863	\$0	\$12,013	\$0	\$12,163	\$0	\$12,313	\$0	\$12,463	\$0
City Manager	3	\$252,450	\$283,561	\$284,979	\$286,403	\$287,835	\$289,275	\$290,721	\$292,175	\$293,635	\$295,104
City Clerk	4	\$80,500	\$113,616	\$114,084	\$114,554	\$115,027	\$115,502	\$115,980	\$116,460	\$116,942	\$117,427
City Attorney	5	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	6	\$201,690	\$302,827	\$304,341	\$305,862	\$307,392	\$308,929	\$310,473	\$312,026	\$313,586	\$315,154
Administrative Services	7	\$171,550	\$363,816	\$164,988	\$165,813	\$166,642	\$167,475	\$168,312	\$169,154	\$169,999	\$170,849
Library	8										
Police	9		\$1,672,780	\$1,689,508	\$1,706,403	\$1,723,467	\$1,740,702	\$1,758,109	\$1,775,690	\$1,793,447	\$1,811,381
Animal Control	10		\$24,804	\$24,928	\$25,052	\$25,178	\$25,303	\$25,430	\$25,557	\$25,685	\$25,813
Planning and Building Inspection	11	\$531,513	\$1,127,434	\$1,132,022	\$1,136,632	\$1,016,265	\$1,020,921	\$1,025,601	\$1,030,304	\$1,035,030	\$1,039,780
Public Works Administration	12	\$157,410	\$182,076	\$182,986	\$183,901	\$184,821	\$185,745	\$186,673	\$187,607	\$188,545	\$189,488
Non-Departmental											
Office Rent/Supplies	13	\$318,000	\$322,000	\$252,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000
Insurance	14	\$67,949	\$148,257	\$141,601	\$142,085	\$139,797	\$140,541	\$142,032	\$142,796	\$144,317	\$145,104
Contingency	15	\$113,249	\$247,096	\$236,001	\$236,808	\$232,994	\$234,234	\$236,719	\$237,994	\$240,529	\$241,839
Transfer to Road Fund	16	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
County Loan Repayment	17	<u>\$0</u>	<u>\$193,151</u>	<u>\$193,151</u>	<u>\$193,151</u>	<u>\$193,151</u>	<u>\$193,151</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total General Fund Expenditures</b>		\$2,646,174	\$5,730,416	\$5,490,780	\$5,508,208	\$5,425,825	\$5,452,614	\$5,313,136	\$5,340,670	\$5,395,426	\$5,423,731
<b>ROAD EXPENDITURES</b>											
Road Maintenance	18	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174
County Loan Repayment	18		\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598			
<b>Total Road Fund Expenditures</b>		\$293,174	\$362,772	\$362,772	\$362,772	\$362,772	\$362,772	\$293,174	\$293,174	\$293,174	\$293,174

**Table C-1**  
**Expenditure Estimate Notes**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref. Item	Department/Program	Estimating Cost		Fiscal Year										
		Factor	Cost Factor	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
1	City Council Expenses	Persons	5											
	Stipend	Per month	\$1,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
	Expenses (travel, meetings)		\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	Memberships		\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
	City Council Expenses			\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000	\$90,000
2	Elections													
	Assumes only general elections	\$2.00 per reg. voter	every other year	\$11,863	\$0	\$12,013	\$0	\$12,163	\$0	\$12,313	\$0	\$12,463	\$0	\$0
3	City Manager		See Figure C-2	\$252,450	\$283,561	\$284,979	\$286,403	\$287,835	\$289,275	\$290,721	\$292,175	\$293,635	\$295,104	
4	City Clerk		See Figure C-2	\$80,500	\$113,616	\$114,084	\$114,554	\$115,027	\$115,502	\$115,980	\$116,460	\$116,942	\$117,427	
5	City Attorney -- Contracted Service	\$450,000	Real Incr. 2%	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792	
6	Finance		See Figure C-3	\$201,690	\$302,827	\$304,341	\$305,862	\$307,392	\$308,929	\$310,473	\$312,026	\$313,586	\$315,154	
7	Administrative Services		See Figure C-3	\$171,550	\$363,816	\$164,988	\$165,813	\$166,642	\$167,475	\$168,312	\$169,154	\$169,999	\$170,849	
8	Library		funded by County											
9	Police													
	Initial Year Contract Cost	\$1,639,820												
	Subtotal		Real Inc. 1.0%		\$1,672,780	\$1,689,508	\$1,706,403	\$1,723,467	\$1,740,702	\$1,758,109	\$1,775,690	\$1,793,447	\$1,811,381	
10	Animal Control													
	Hourly Contracted Service	\$27.50	Charge per hour		\$24,804	\$24,928	\$25,052	\$25,178	\$25,303	\$25,430	\$25,557	\$25,685	\$25,813	
	Shelter Cost	893.00	Hours		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	Subtotal		Real Inc. 0.5%		\$24,804	\$24,928	\$25,052	\$25,178	\$25,303	\$25,430	\$25,557	\$25,685	\$25,813	
11	Planning & Building Inspection		See Figure C-4	531,513	1,127,434	1,132,022	1,136,632	1,016,265	1,020,921	1,025,601	1,030,304	1,035,030	1,039,780	
12	Public Works													
	Administration		See Figure C-5	\$157,410	\$182,076	\$182,986	\$183,901	\$184,821	\$185,745	\$186,673	\$187,607	\$188,545	\$189,488	

**Table C-1**  
**Expenditure Estimate Notes**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref. Item	Department/Program	Estimating Cost		Fiscal Year										
		Factor	Cost Factor	2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
13	Office Rent/Supplies													
	FTEs (Includes 3 additional spaces for contractual employees to use)													
	Finance, Planning, Public Works Depts.			8.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
	City Manager and City Clerk Offices			<u>3.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>	<u>4.00</u>
	Subtotal			11.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
	Plus Contractual per Dept (police, building insp.)			<u>1.00</u>	<u>2.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
	Total FTE			12.00	22.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00	23.00
	Total FTE Costs			1,395,113	2,373,329	2,183,398	2,193,165	2,077,981	2,087,846	2,097,760	2,107,724	2,117,738	2,127,802	
	Staff Capacity Required			23	23	23	23	23	23	23	23	23	23	23
	Office Space Required	200	sqft/employee	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600	4,600
	Council Chamber	2,000	sqft	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	Total Space			6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600	6,600
	Total Rent	\$2.50	/sqft/month	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000	\$198,000
	Annual Supplies	\$2,000	per FTE	\$24,000	\$44,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000	\$46,000
	Initial Computers, and Furnishin	\$8,000	per FTE	<u>\$96,000</u>	<u>\$80,000</u>	<u>\$8,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	Total Rent and Supplies			\$318,000	\$322,000	\$252,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000	\$244,000
14	Insurance		3% of GF expenses (exc. insurance & contingency)	\$67,949	\$148,257	\$141,601	\$142,085	\$139,797	\$140,541	\$142,032	\$142,796	\$144,317	\$145,104	
15	Contingency		5% of total GF expenses	\$113,249	\$247,096	\$236,001	\$236,808	\$232,994	\$234,234	\$236,719	\$237,994	\$240,529	\$241,839	
16	Transfer to Road Fund			\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
17	Repayment, 1st year costs (see Prop tax transfer)		6%	\$0	\$193,151	\$193,151	\$193,151	\$193,151	\$193,151	\$193,151	\$0	\$0	\$0	
	Total 1st yr costs	\$1,603,559	excludes road maintenance											
	Less 1st Year's PTax Rev.	(\$789,938)												
	Subtotal	\$813,621												
	Loan Repayment		5 years											
	See Table B-3													
<b>Road Fund</b>														
18	Road Fund Costs													
	Source: County Public Works, 4/5/01													
	68.18 Miles of road		NPDES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	\$4,300 Average cost per road mile		Road maintenance	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	<u>\$293,174</u>	
	Total Costs			\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	\$293,174	
	Amortization of first year (see note 18a for terms)			\$293,174	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	\$69,598	

**Table C-2**  
**City Manager and City Clerk Cost Estimates**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref. Item	Description	Assumptions			Fiscal Year									
					2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10
<b>City Manager Office</b>														
<b>City Manager</b>														
	Annual Salary	\$120,000	Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
	Benefits	35%			\$120,000	\$120,600	\$121,203	\$121,809	\$122,418	\$123,030	\$123,645	\$124,264	\$124,885	\$125,509
	Subtotal				\$42,000	\$42,210	\$42,421	\$42,633	\$42,846	\$43,061	\$43,276	\$43,492	\$43,710	\$43,928
					\$162,000	\$162,810	\$163,624	\$164,442	\$165,264	\$166,091	\$166,921	\$167,756	\$168,595	\$169,438
<b>Assistant City Manager - FTE</b>														
	Annual Salary	\$80,000	Real Inc.	0.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Benefits	35%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Community Services Director - FTE</b>														
	Annual Salary	\$50,000	Real Inc.	0.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Benefits	35%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Administrative Secretary - FTE</b>														
	Annual Salary	\$40,000	Real Inc.	0.5%	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%			\$20,000	\$40,200	\$40,401	\$40,603	\$40,806	\$41,010	\$41,215	\$41,421	\$41,628	\$41,836
	Subtotal				\$7,000	\$14,070	\$14,140	\$14,211	\$14,282	\$14,354	\$14,425	\$14,497	\$14,570	\$14,643
					\$27,000	\$54,270	\$54,541	\$54,814	\$55,088	\$55,364	\$55,640	\$55,919	\$56,198	\$56,479
<b>Administrative Assistant - FTE</b>														
	Annual Salary	\$30,000	Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%			\$30,000	\$30,150	\$30,301	\$30,452	\$30,605	\$30,758	\$30,911	\$31,066	\$31,221	\$31,377
	Subtotal				\$10,500	\$10,553	\$10,605	\$10,658	\$10,712	\$10,765	\$10,819	\$10,873	\$10,927	\$10,982
					\$40,500	\$40,703	\$40,906	\$41,111	\$41,316	\$41,523	\$41,730	\$41,939	\$42,149	\$42,359
	Personnel Subtotal				\$229,500	\$257,783	\$259,071	\$260,367	\$261,669	\$262,977	\$264,292	\$265,613	\$266,941	\$268,276
	Other Costs -Materials & Supplies	10%			\$22,950	\$25,778	\$25,907	\$26,037	\$26,167	\$26,298	\$26,429	\$26,561	\$26,694	\$26,828
	<b>Total City Manager Office Expenses</b>				\$252,450	\$283,561	\$284,979	\$286,403	\$287,835	\$289,275	\$290,721	\$292,175	\$293,635	\$295,104
<b>City Clerk Office</b>														
<b>City Clerk - FTE</b>														
	Members		1		0.5	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Annual Salary	\$60,000	Real Inc.	0.5%	\$30,000	\$60,300	\$60,602	\$60,905	\$61,209	\$61,515	\$61,823	\$62,132	\$62,442	\$62,755
	Benefits	35%			\$10,500	\$21,105	\$21,211	\$21,317	\$21,423	\$21,530	\$21,638	\$21,746	\$21,855	\$21,964
	Subtotal				\$40,500	\$81,405	\$81,812	\$82,221	\$82,632	\$83,045	\$83,461	\$83,878	\$84,297	\$84,719
<b>Other Costs</b>														
	Legal Notices	\$20,000	Real Inc.	0%	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
	Other Costs	15%			\$20,000	\$12,211	\$12,272	\$12,333	\$12,395	\$12,457	\$12,519	\$12,582	\$12,645	\$12,708
	Subtotal Other Costs				\$40,000	\$32,211	\$32,272	\$32,333	\$32,395	\$32,457	\$32,519	\$32,582	\$32,645	\$32,708
	<b>Total City Clerk Office Expenses</b>				\$80,500	\$113,616	\$114,084	\$114,554	\$115,027	\$115,502	\$115,980	\$116,460	\$116,942	\$117,427

**Table C-3**  
**Finance Department Cost Estimates**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref. Item	Description	Assumptions	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Finance Department</b>													
<b>Finance Manager - FTE</b>													
	Annual Salary	\$75,000 Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%		\$75,000	\$75,375	\$75,752	\$76,131	\$76,511	\$76,894	\$77,278	\$77,665	\$78,053	\$78,443
	Subtotal			\$26,250	\$26,381	\$26,513	\$26,646	\$26,779	\$26,913	\$27,047	\$27,183	\$27,319	\$27,455
				\$101,250	\$101,756	\$102,265	\$102,776	\$103,290	\$103,807	\$104,326	\$104,847	\$105,372	\$105,898
<b>Accountant/Budget Analyst - FTE</b>													
	Annual Salary	\$44,000 Real Inc.	0.5%	0.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%		\$0	\$44,220	\$44,441	\$44,663	\$44,887	\$45,111	\$45,337	\$45,563	\$45,791	\$46,020
	Subtotal			\$0	\$15,477	\$15,554	\$15,632	\$15,710	\$15,789	\$15,868	\$15,947	\$16,027	\$16,107
				\$0	\$59,697	\$59,995	\$60,295	\$60,597	\$60,900	\$61,204	\$61,510	\$61,818	\$62,127
<b>Accounting Technician - FTE</b>													
	Annual Salary	\$35,000 Real Inc.	0.5%	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%		\$17,500	\$35,175	\$35,351	\$35,528	\$35,705	\$35,884	\$36,063	\$36,244	\$36,425	\$36,607
	Subtotal			\$6,125	\$12,311	\$12,373	\$12,435	\$12,497	\$12,559	\$12,622	\$12,685	\$12,749	\$12,812
				\$23,625	\$47,486	\$47,724	\$47,962	\$48,202	\$48,443	\$48,685	\$48,929	\$49,173	\$49,419
<b>Secretary/Clerical - FTE</b>													
	Annual Salary	\$32,000 Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits	35%		\$32,000	\$32,160	\$32,321	\$32,482	\$32,645	\$32,808	\$32,972	\$33,137	\$33,303	\$33,469
	Subtotal			\$11,200	\$11,256	\$11,312	\$11,369	\$11,426	\$11,483	\$11,540	\$11,598	\$11,656	\$11,714
				\$43,200	\$43,416	\$43,633	\$43,851	\$44,071	\$44,291	\$44,512	\$44,735	\$44,959	\$45,183
	Personnel Subtotal			\$168,075	\$252,356	\$253,617	\$254,885	\$256,160	\$257,441	\$258,728	\$260,021	\$261,322	\$262,628
	Other Costs	20%		\$33,615	\$50,471	\$50,723	\$50,977	\$51,232	\$51,488	\$51,746	\$52,004	\$52,264	\$52,526
	<b>Total Finance Department Expenses</b>			\$201,690	\$302,827	\$304,341	\$305,862	\$307,392	\$308,929	\$310,473	\$312,026	\$313,586	\$315,154
<b>Administrative Services</b>													
<b>Human Resources - FTE (or contract initially)</b>													
	Annual Salary	\$56,000 Real Inc.	0.5%	0.5	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Benefits	35%		\$28,000	\$56,280	\$56,561	\$56,844	\$57,128	\$57,414	\$57,701	\$57,990	\$58,280	\$58,571
	Subtotal			\$9,800	\$19,698	\$19,796	\$19,895	\$19,995	\$20,095	\$20,195	\$20,296	\$20,398	\$20,500
				\$37,800	\$75,978	\$76,358	\$76,740	\$77,123	\$77,509	\$77,897	\$78,286	\$78,677	\$79,071
<b>Information Services - FTE (or contract initially)</b>													
	Annual Salary	\$50,000 Real Inc.	0.5%	0.5	1.0	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Benefits	35%		\$25,000	\$50,250	\$50,501	\$50,754	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296
	Subtotal			\$8,750	\$17,588	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,303
				\$33,750	\$67,838	\$68,177	\$68,518	\$68,860	\$69,204	\$69,550	\$69,898	\$70,248	\$70,599
	Other Costs												
	Materials, Supplies & Services (inc. computers/software)		0%	\$100,000	\$220,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal Other Costs	30%		\$100,000	\$220,000	\$20,453	\$20,555	\$20,658	\$20,761	\$20,865	\$20,969	\$21,074	\$21,180
	<b>Total Administrative Services</b>			\$171,550	\$363,816	\$164,988	\$165,813	\$166,642	\$167,475	\$168,312	\$169,154	\$169,999	\$170,849

**Table C-4**  
**Planning & Building Inspection Department Cost Estimates**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Ref. Item	Description	Assumptions		Fiscal Year										
				2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Planning &amp; Building Inspection Department</b>														
<b>Planning &amp; Building Inspection Director - FTE</b>														
	Annual Salary	\$90,000	Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
	Benefits		35%		\$90,000	\$90,450	\$90,902	\$91,357	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664	\$94,132
	Subtotal				\$31,500	\$31,658	\$31,816	\$31,975	\$32,135	\$32,295	\$32,457	\$32,619	\$32,782	\$32,946
					\$121,500	\$122,108	\$122,718	\$123,332	\$123,948	\$124,568	\$125,191	\$125,817	\$126,446	\$127,078
<b>Planners (senior, associate) - FTE</b>														
	Annual Salary	\$55,000	Real Inc.	0.5%	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Benefits		35%		\$55,000	\$165,825	\$166,654	\$167,487	\$168,325	\$169,166	\$170,012	\$170,862	\$171,717	\$172,575
	Subtotal				\$19,250	\$58,039	\$58,329	\$58,621	\$58,914	\$59,208	\$59,504	\$59,802	\$60,101	\$60,401
					\$74,250	\$223,864	\$224,983	\$226,108	\$227,239	\$228,375	\$229,517	\$230,664	\$231,817	\$232,977
<b>Building/Grading Inspectors (senior, associate) - FTE</b>														
	Annual Salary	\$50,000	Real Inc.	0.5%	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	Benefits		35%		\$50,000	\$150,750	\$151,504	\$152,261	\$153,023	\$153,788	\$154,557	\$155,329	\$156,106	\$156,887
	Subtotal				\$17,500	\$52,763	\$53,026	\$53,291	\$53,558	\$53,826	\$54,095	\$54,365	\$54,637	\$54,910
					\$67,500	\$203,513	\$204,530	\$205,553	\$206,580	\$207,613	\$208,651	\$209,695	\$210,743	\$211,797
<b>Plan Check Engineer - FTE</b>														
	Annual Salary	\$55,000	Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits		35%		\$55,000	\$55,275	\$55,551	\$55,829	\$56,108	\$56,389	\$56,671	\$56,954	\$57,239	\$57,525
	Subtotal				\$19,250	\$19,346	\$19,443	\$19,540	\$19,638	\$19,736	\$19,835	\$19,934	\$20,034	\$20,134
					\$74,250	\$74,621	\$74,994	\$75,369	\$75,746	\$76,125	\$76,506	\$76,888	\$77,272	\$77,659
<b>Counter Technicians</b>														
	Annual Salary	\$38,000	Real Inc.	0.5%	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
	Benefits		35%		\$38,000	\$76,380	\$76,762	\$77,146	\$77,531	\$77,919	\$78,309	\$78,700	\$79,094	\$79,489
	Subtotal				\$13,300	\$26,733	\$26,867	\$27,001	\$27,136	\$27,272	\$27,408	\$27,545	\$27,683	\$27,821
					\$51,300	\$103,113	\$103,629	\$104,147	\$104,667	\$105,191	\$105,717	\$106,245	\$106,777	\$107,310
<b>Secretary/Clerical - FTE</b>														
	Annual Salary	\$27,000	Real Inc.	0.5%	1.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
	Benefits		35%		\$27,000	\$108,540	\$109,083	\$109,628	\$110,176	\$110,727	\$111,281	\$111,837	\$112,396	\$112,958
	Subtotal				\$9,450	\$37,989	\$38,179	\$38,370	\$38,562	\$38,754	\$38,948	\$39,143	\$39,339	\$39,535
					\$36,450	\$146,529	\$147,262	\$147,998	\$148,738	\$149,482	\$150,229	\$150,980	\$151,735	\$152,494
<b>Personnel Subtotal</b>					\$425,250	\$873,747	\$878,116	\$882,506	\$886,919	\$891,353	\$895,810	\$900,289	\$904,791	\$909,315
<b>Other Costs</b>														
	Planning Consultants (inc. Gen'l Plan)		Real Inc.	0%	\$0	\$125,000	\$125,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
	Planning Consultants (other)			0%	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
	Mapping Reproduction	\$10,000	Real Inc.	0%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	Planning Commission Expense	\$15,000	Real Inc.	0%	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
	Miscellaneous Other Costs		5% of personnel costs		\$21,263	\$43,687	\$43,906	\$44,125	\$44,346	\$44,568	\$44,791	\$45,014	\$45,240	\$45,466
	Other Cost Subtotal				\$106,263	\$253,687	\$253,906	\$254,125	\$254,346	\$254,568	\$254,791	\$255,014	\$255,240	\$255,466
<b>Total Planning Department Expenses</b>					\$531,513	\$1,127,434	\$1,132,022	\$1,136,632	\$1,016,265	\$1,020,921	\$1,025,601	\$1,030,304	\$1,035,030	\$1,039,780

**Table C-5  
Public Works Department Cost Estimates  
Carmel Valley Incorporation Analysis  
Carmel Valley IFA Base Case**

Ref. Item	Description	Assumptions		Fiscal Year										
				2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Public Works Department</b>														
<i>Public Works Director - FTE (or contract initially)</i>														
	Annual Salary	\$90,000	Real Inc.	0.5%	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits		35%		\$31,500	\$31,658	\$31,816	\$31,975	\$32,135	\$32,295	\$32,457	\$32,619	\$32,782	\$32,946
	Subtotal				\$121,500	\$122,108	\$122,718	\$123,332	\$123,948	\$124,568	\$125,191	\$125,817	\$126,446	\$127,078
<i>Engineer - FTE</i>														
	Annual Salary	\$60,000	Real Inc.	0.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Benefits		35%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Secretary/Clerical - FTE</i>														
	Annual Salary	\$32,000	Real Inc.	0.5%	0.50	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Benefits		35%		\$16,000	\$32,160	\$32,321	\$32,482	\$32,645	\$32,808	\$32,972	\$33,137	\$33,303	\$33,469
	Subtotal				\$21,600	\$43,416	\$43,633	\$43,851	\$44,071	\$44,291	\$44,512	\$44,735	\$44,959	\$45,183
	Personnel Subtotal				\$143,100	\$165,524	\$166,351	\$167,183	\$168,019	\$168,859	\$169,703	\$170,552	\$171,404	\$172,261
	Other Costs		10%		\$14,310	\$16,552	\$16,635	\$16,718	\$16,802	\$16,886	\$16,970	\$17,055	\$17,140	\$17,226
	<b>Total Public Works Department Expenses</b>				\$157,410	\$182,076	\$182,986	\$183,901	\$184,821	\$185,745	\$186,673	\$187,607	\$188,545	\$189,488

**Table C-6**  
**Net County Costs & Contract Costs for Sheriff Protection**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Law Enforcement Operations Cost	(less) Revenues			Subtotal	Net County Cost	Contract Estimate (1)	Indirect Portion
	172 Sales Tax	Grants	Chgs/Srvcs				
\$1,366,600	\$296,426	\$0	\$0	\$296,426	\$1,070,174	\$1,639,820	

(1) EPS estimate based on \$140,000 per sworn officer and one officer per 1000 residents.

Source: Sheriff Department 4/01

**Table 3**  
**Change in Revenues and Expenses to Monterey County**  
**Carmel Valley Incorporation Analysis**  
**Carmel Valley IFA Base Case**

Item	FY 2000/2001	Notes
<b><u>General Fund Revenues and Expenditures</u></b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$693,717	
Sales Tax	\$1,320,875	includes unallocated sales
Transient Occupancy Tax	\$2,801,732	
Real Property Transfer Tax	\$26,842	
Franchise Fees	\$225,324	
Law Enforcement Revenues	\$0	no loss of grants or Prop 172
Animal Control	\$28,326	
Land Use Planning & Enforcement	\$676,461	
<b>Subtotal</b>	<b>\$5,773,277</b>	
<b>Expenditures for Services Transferred to the City</b>		
Sheriff Department	\$1,366,600	(1)
Animal Control	\$37,859	
Land Use Planning & Enforcement	\$1,127,434	
<b>Subtotal</b>	<b>\$2,531,893</b>	
<b>Net County General Fund Gain or (loss)</b>	<b>(\$3,241,385)</b>	
<b><u>County Road Fund</u></b>		
<b>Revenues Transferred to the City</b>		
Gas Tax: Highway User Tax 2106c	\$3,146	
Subtotal	\$3,146	
<b>Expenditures for Services Transferred to the City</b>		
Road Maintenance	\$293,174	
<b>Net County Road Fund Gain or (loss)</b>	<b>\$290,028</b>	
<b><u>Fire Protection District</u></b>		
<b>Revenues Transferred or Lost</b>	<b>\$0</b>	<b>(2)</b>
<b>Expenditures Transferred to the Districts</b>		
Contract Cost for Wildland Protection	\$76,106	<b>(3)</b>
<b>Fire Protection District Gain or (loss)</b>	<b>(\$76,106)</b>	

(1) Excludes indirect cost allocation

(2) Includes Mid-Carmel Valley and Cypress Fire Protection Districts

(3) Based on estimated contract cost of \$8.43 per acre in 1999 for a total of 9,028 acres of State Responsibility Area (SRA) that would become Local Responsibility Area following incorporation. This does not include the Santa Lucia Preserve SRAs.