

**City of Rialto's North Rialto Islands
Annexation Plan for Service and Fiscal
Impact Analysis**

Attachment 5

North Rialto Islands Annexation Plan for Service and Fiscal Impact Analysis City of Rialto

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SRHA Job #1305

CERTIFICATION

The City of Rialto hereby certifies that this document presents the data and information required for the Plan for Service and Fiscal Impact Analysis for the *North Rialto Islands Annexation* to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE _____

SIGNATURE OF APPLICANT

Mike Story, City Administrator
City of Rialto, California

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EXECUTIVE SUMMARY

This report provides an assessment by Stanley R. Hoffman Associates (SRHA) of public service delivery capabilities of the City of Rialto and other agencies or special districts affected by annexation of five North Rialto Islands into the City of Rialto. The North Rialto Islands are located within the City's sphere of influence in unincorporated San Bernardino County, as shown in Figure 1. Appendix A includes detailed maps of each Island area.

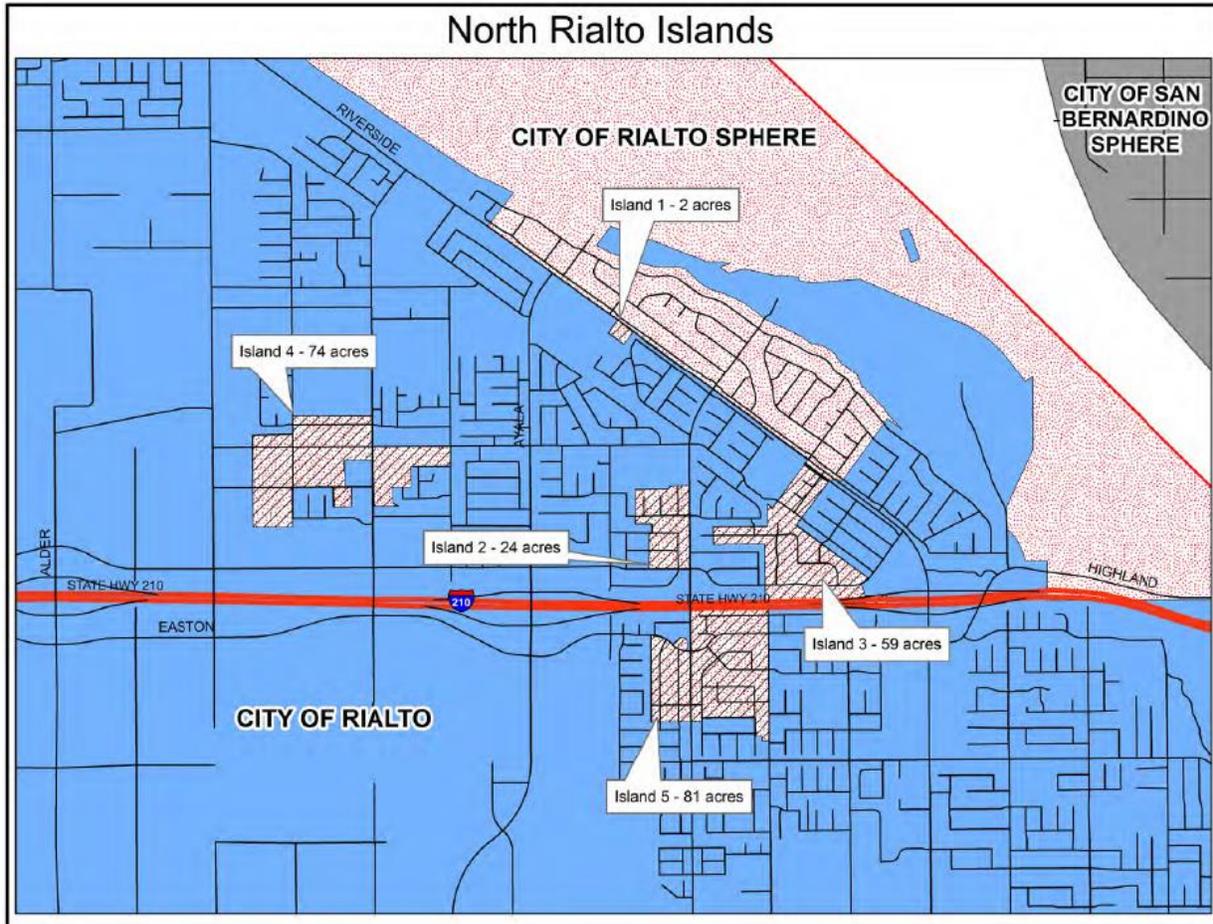
This report is being submitted to the County of San Bernardino Local Agency Formation Commission (LAFCO) as a "Plan for Service" required by California Government Code Section 56653. Currently, the City of Rialto provides fire protection services to the island annexation areas through a mutual aid agreement where the County provides fire protection services to the southern part of Rialto to offset the City services provided to the unincorporated island areas. Upon annexation of the island areas, the City will continue to provide fire protection to the annexation islands and the mutual aid agreement for fire protection with the County is assumed to no longer be applicable, and the City may incur additional costs for reimbursement of County fire protection services in the southern part of Rialto. The County of San Bernardino provides many other services to the unincorporated areas, including general government, development services, sheriff patrol, public library, regional parks and recreation, street lighting, transportation, flood control and drainage, and countywide services, such as law and justice, and health and welfare.

After annexation, the City of Rialto would provide many of these services including general government, community development, fire and paramedic services, police protection, local parks and recreation, community services and public works services to the annexed area. The County of San Bernardino will continue to provide Countywide services such as regional parks and recreation, regional flood control and drainage, law and justice, and health and welfare.

Background

County of San Bernardino Local Agency Formation Commission (LAFCO) prepared a fiscal analysis of existing development in the North Rialto Islands Annexation. The LAFCO document is entitled *Agenda Item #7 – Presentation Required Pursuant to Section IV – Application Processing, Policy 11 – Island Annexation Pursuant to Government Code Section 56375.3 –*

Figure 1
Location of Annexation Islands
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto



Sources: Stanley R. Hoffman Associates, Inc.
 Local Agency Formation Commission for San Bernardino County, *Agenda Item #7--
 Presentation Required Pursuant to Section IV - Application Processing, Policy 11 –
 Island Annexation Pursuant to Government Code Section 56375.3*, December 8, 2015

Proposed Annexation to the City of Rialto and West Valley Water District of the Lytle Creek Ranch Specific Plan Anticipating the Development of more than 500 Units, December 8, 2015.

The LAFCO fiscal analysis for the North Rialto Islands Annexation provides the estimated existing households, population and assessed value for each Island area. LAFCO’s fiscal impacts are projected based on the development assumptions presented in their fiscal report and the fiscal assumptions used in the October 9, 2014 Lytle Creek fiscal analysis prepared by Stanley R. Hoffman Associates (SRHA).

Development Summary

Total households are estimated at 553 and existing population is estimated at 2,250 for the five North Rialto Islands, based on information provided by LAFCO and summarized in Table 1. The LAFCO fiscal analysis does not include estimated future growth for the island areas. Based on review of the County parcel file, the City designated density for the island areas and the existing average vacancy rate for the surrounding areas, future residential development is estimated at 97 households, resulting in estimated households of 650 after buildout of the five island areas. Based on the current average persons per household for the total island areas of 4.07 from the LAFCO analysis, population for the estimated incremental units is estimated at 395, resulting in an estimated buildout population of 2,645 for the total five North Rialto Islands.

Table 1
Development Description
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	North Rialto Islands Annexation Areas		
	Existing Development	Future Growth	Buildout
Estimated Units	595	104	699
Estimated Households (at 7% Vacancy Rate)	553	97	650
Estimated Population	2,250	395	2,645
<i>Average Persons per Household</i>	<i>4.07</i>	<i>4.07</i>	<i>4.07</i>
Estimated Retail/Commercial Site Total Square Feet	37,350	0	37,350
Estimated Building Square Feet (at .20 FAR)	7,470	0	7,470
Estimated Employment	10	0	10
Estimated Assessed Valuation ¹	\$93,374,249	\$37,024,000	\$130,398,249
<i>Average Value per Unit</i>	<i>\$156,932</i>	<i>\$356,000</i>	<i>\$186,550</i>

Note: 1. Estimated assessed valuation for existing development excludes exemptions as listed on the County APN file. The average value per unit for future development is estimated based on the average value per unit for the proposed units in the Lytle Creek annexation area.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

A review of the County parcel file shows an estimated 37,350 site square feet of retail/commercial uses. Assuming a floor area ratio of 0.20, building space is estimated at 7,470 square feet and 10 jobs are estimated in the North Rialto Islands Annexation.

Estimated assessed valuation for the existing development is about \$93.4 million, excluding homeowner and other exemptions. Based on the average value per unit of \$356,000 used for the Lytle Creek annexation fiscal analysis, valuation for the estimated new 104 housing units is estimated at about \$37.0 million. When combined with existing valuation, valuation at buildout of the five annexation islands is estimated at about \$130.4 million in constant 2016 dollars.

Projected Fiscal Impacts of North Rialto Islands Annexation

SRHA projects fiscal impacts to the City for the existing development in the five North Rialto Island areas upon annexation; as well as the projected fiscal impacts for the estimated future development in the island areas. In addition to projecting the fiscal impacts to the City for the existing and future development in the five North Rialto Island areas, the recurring fiscal impacts to the City include projected impacts with and without the current City utility users tax (UUT). Rialto voters approved a five year extension of the UUT on March 2013. The UUT is approved through June 2018. Because the UUT will need voter approval to be extended before buildout of the North Rialto Islands occurs, the fiscal analysis projects impacts to the Rialto General Fund both with and without the UUT.

Based on an analysis of current service delivery capabilities to the five North Rialto Islands annexation areas, the projected revenues to the City from these areas are not sufficient to meet additional service demands from the annexation areas. The projected fiscal impacts are summarized in Table 2, and the detailed fiscal analysis of the existing development and future growth is included in Chapter 5.

With Utility Users Tax. As shown in Panel A of Table 2, a recurring annual deficit \$523,929 is projected for the existing development with the utility users tax (UUT). After buildout of the estimated future development, a recurring deficit of \$518,211 is projected.

No Utility Users Tax. As shown in Panel B of Table 2, after buildout without the UUT, an annual recurring deficit of \$797,663 is projected based on a projected deficit of \$761,757 for existing development and a projected deficit of \$35,906 for future growth in the island areas.

Table 2
Summary of Projected Fiscal Impacts
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	North Rialto Islands Annexation Areas		
	Existing Development	Future Growth	Buildout
A. With Utility Users Tax			
Annual Recurring Revenues	\$722,299	\$223,831	\$946,130
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$218,113</u>	<u>\$1,464,341</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$5,718	(\$518,211)
Revenue/Cost Ratio	0.58	1.03	0.65
B. No Utility Users Tax			
Annual Recurring Revenues	\$484,471	\$182,207	\$666,678
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$218,113</u>	<u>\$1,464,341</u>
Annual Recurring (Deficit) or Surplus	(\$761,757)	(\$35,906)	(\$797,663)
Revenue/Cost Ratio	0.39	0.84	0.46

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

Comparison of Projected Fiscal Impacts Upon Annexation: SRHA and LAFCO

Table 3 presents a comparison of the SRHA projected fiscal impacts and the LAFCO fiscal analysis of the North Rialto Islands Annexation in December 2015. The SRHA fiscal analysis is based on the existing residential assumptions and fiscal assumptions used in the LAFCO analysis. The SRHA total assessed valuation assumptions are from the LAFCO fiscal analysis minus homeowner and other exemptions as contained in the County parcel file, as summarized in Appendix Table A-3. The LAFCO fiscal analysis assumes a utility users tax (UUT) and does not project impacts without UUT.

As shown in Table 3, for existing development upon annexation with UUT, SRHA projects a deficit of \$523,929 and LAFCO projects a recurring surplus of \$139,263. The difference in projected net revenues and costs of \$663,192 between the two respective analyses are

Table 3
Summary of Projected Fiscal Impacts Upon Annexation: SRHA and LAFCO
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development Upon Annexation		
	With Utility Users Tax		
	SRHA	LAFCO ¹	SRHA minus LAFCO
Annual Recurring Revenues	\$722,299	\$911,375	(\$189,076)
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$772,112</u>	<u>\$474,116</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$139,263	(\$663,192)
Revenue/Cost Ratio	0.58	1.18	

Note: 1. The projected impacts for the LAFCO analysis are from the LAFCO report cited below. The LAFCO analysis does not include impacts without utility users tax (UUT).

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015

summarized in Table 3. Chapter 5 presents the detailed differences in projected amounts of revenues and costs by category.

Projected Revenues. SRHA projects \$184,076 fewer revenues than the LAFCO analysis. The most significant differences in projected revenues include:

- Property Tax. SRHA projects less property tax than LAFCO because homeowner and other exemptions are not removed from the LAFCO estimated assessed valuation.
- On-Site Sales and Use Tax. SRHA estimates sales and use tax for the existing retail uses in the annexation area. The LAFCO analysis does not include this revenue.
- In Lieu Property Tax (Sales and Use Tax). SRHA does not project this revenue because, per Hinderliter de Llamas and Associates (HdL), the State will discontinue this shift from sales and use tax to in-lieu property tax in 2016. LAFCO projects this revenue.
- In Lieu Property Tax of VLF (Vehicle License Fee). While the LAFCO analysis estimates this revenue for current valuation, SRHA does not project this revenue pursuant to SB89 legislation that states that upon annexation, the current valuation of the annexing area is not considered for calculating in lieu of VLF to the City. Only increases in gross assessed valuation after annexation generate property tax in lieu of VLF to the City.

Projected Costs. SRHA projects \$474,116 more costs than the LAFCO analysis. The most significant differences in projected costs include:

- Fire Protection. The LAFCO fiscal analysis excludes fire protection costs for the island annexation areas, because the City of Rialto currently provides fire protection services to the island annexation areas through a
- mutual aid agreement where the County provides fire protection services to the southern part of Rialto to offset the City services provided to the unincorporated island areas. Based on discussion with City staff, upon annexation of the island areas, the City will continue to provide fire protection to the annexation islands and the mutual aid agreement for fire protection with the County is assumed to no longer be applicable. The City is assumed to incur additional costs for reimbursement of County fire protection services in the southern part of Rialto.
- General Government. SRHA projects general government overhead costs. However, these costs are not projected in the LAFCO analysis.
- 5% Contingency/Reserves. Because SRHA projects higher costs in several categories than the LAFCO analysis, the SRHA 5 percent estimated contingency costs increase proportionally.

North Rialto Islands Plus Lytle Creek Specific Plan

Annexation Areas - Existing Development. As shown in Table 4, a recurring deficit of \$523,929 is projected upon annexation of the five North Rialto Islands with utility users tax (UUT). When combined with the projected surplus of \$20,929 for the annexation area in the Lytle Creek project – prior to any development, a recurring deficit of \$503,000 is projected upon annexation with UUT. Without UUT, a recurring deficit of about \$756,683 is projected for existing development within the islands annexation area combined with the Lytle Creek annexation area prior to development.

Annexation Areas - Buildout. As also shown in Table 4, a recurring deficit of \$518,211 is projected after buildout of the five island annexations with UUT. When combined with the projected surplus of \$514,521 for the annexation area of the Lytle Creek project with UUT, the projected surplus after buildout of the combined annexations areas with UUT is roughly breakeven at \$3,690. A recurring deficit of about \$1.3 million is projected after buildout of both annexation areas without UUT.

Total Buildout. As shown in Table 5, when the projected recurring deficit of \$518,211 for the five island annexations is combined with the projected recurring surplus of about \$2.4 million for the total Lytle Creek project after buildout, a recurring surplus of about \$1.9 million is projected

Table 4
North Rialto Islands Annexation and Lytle Creek Annexation Area,
Summary of Projected Recurring Fiscal Impacts: Annexation Areas Only
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Annexation Areas Only					
	Existing Development			Buildout of Areas		
	Five Islands Annexation Areas	Lytle Creek Annexation Area Only	Total Annexation Areas	Five Islands Annexation Areas	Lytle Creek Annexation Area Only ¹	Total Annexation Areas
A. With Utility User Tax						
Annual Recurring Revenues	\$722,299	\$20,929	\$743,228	\$946,130	\$6,689,174	\$7,635,304
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$0</u>	<u>\$1,246,228</u>	<u>\$1,464,341</u>	<u>\$6,174,653</u>	<u>\$7,638,994</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$20,929	(\$503,000)	(\$518,211)	\$514,521	(\$3,690)
Revenue/Cost Ratio	0.58	n/a	0.49	0.65	1.08	1.00
B. No Utility User Tax						
Annual Recurring Revenues	\$484,471	\$5,074	\$489,545	\$666,678	\$5,683,405	\$6,350,083
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$0</u>	<u>\$1,246,228</u>	<u>\$1,464,341</u>	<u>\$6,174,653</u>	<u>\$7,638,994</u>
Annual Recurring (Deficit) or Surplus	(\$761,757)	\$5,074	(\$756,683)	(\$797,663)	(\$491,248)	(\$1,288,911)
Revenue/Cost Ratio	0.39	n/a	0.39	0.46	0.92	0.83

Note: 1. The projected fiscal impacts for Lytle Creek include a special tax levy of \$104 per unit to finance annual maintenance costs for police, fire and parks.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Assistant City Administrator/Development Services Director
LAFCO Fiscal Analysis, December 8, 2015

Table 5
North Rialto Islands and Total Lytle Creek Project
Summary of Projected Recurring Fiscal Impacts: Total Buildout
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Buildout of Five Islands and Total Lytle Creek Project		
	Five Islands Annexation Areas	Lytle Creek Total Project ¹	Total Areas
A. With Utility User Tax			
Annual Recurring Revenues	\$946,130	\$13,735,912	\$14,682,042
Annual Recurring Costs	<u>\$1,464,341</u>	<u>\$11,368,214</u>	<u>\$12,832,555</u>
Annual Recurring (Deficit) or Surplus	(\$518,211)	\$2,367,698	\$1,849,488
Revenue/Cost Ratio	0.54	1.21	1.12
B. No Utility User Tax			
Annual Recurring Revenues	\$666,678	\$11,737,949	\$12,404,627
Annual Recurring Costs	<u>\$1,464,341</u>	<u>\$11,368,214</u>	<u>\$12,832,555</u>
Annual Recurring (Deficit) or Surplus	(\$797,663)	\$369,735	(\$427,928)
Revenue/Cost Ratio	0.38	1.03	0.95

Note: 1. The projected fiscal impacts for Lytle Creek include a special tax levy of \$104 per unit to finance annual maintenance costs for police, fire and parks.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Assistant City Administrator/Development Services Director
LAFCO Fiscal Analysis, December 8, 2015

with UUT. Without the UUT, a recurring deficit of \$427,928 is projected when the projected deficit of \$797,663 for the five island annexation areas are combined with the total Lytle Creek project surplus of \$369,735 after buildout without UUT.

The projected fiscal impacts for both the Lytle Creek Annexation Area and the Lytle Creek Total Project include a special tax levy of \$104 per unit for annual maintenance and operations costs for police, fire protection and parks.

It should be noted that the two scenarios where the combined fiscal impacts of the island annexation areas and the Lytle Creek area is either roughly breakeven or positive, include the assumption of the existing utility users tax (UUT) being in place. Also, it will take a number of years of development within Lytle Creek – particularly the commercial development – for these positive fiscal conditions to be realized. In the meantime, the City will be experiencing a sizable negative fiscal impact from the island annexation areas from existing development under any of the scenarios, with or without the UUT.

Projected Fiscal Impacts of North Rialto Islands Annexation with No New Fire Costs

As discussed earlier, the City of Rialto currently provides fire protection services to the island annexation areas through a mutual aid agreement where the County provides fire protection services to the southern part of Rialto to offset the City services provided to the unincorporated island areas. The previous projected fiscal impacts upon annexation of the island areas assumed that the City will continue to provide fire protection services to the annexation islands and the mutual aid agreement for fire protection with the County will no longer be applicable. Under this assumption, the City may incur additional costs for reimbursement of County fire protection services in the southern part of Rialto.

In contrast, Table 6 summarizes the projected fiscal impacts if no new fire costs are assumed for Rialto upon annexation of the island areas. However, upon annexation, the current estimated property tax for fire protection that is going to the County for the annexation areas is assumed to shift to the City.

With Utility Users Tax and No New Fire Costs. As shown in Panel A of Table 6, a recurring annual deficit \$127,449 is projected for the existing development with the utility users tax (UUT) and no additional south Rialto fire protection costs. After buildout of the estimated future development, a recurring deficit of \$52,340 is projected.

Table 6
Summary of Projected Fiscal Impacts with No New Fire Costs
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	No New Fire Costs		
	North Rialto Islands Annexation Areas		
	Existing Development	Future Growth	Buildout
A. With Utility Users Tax			
Annual Recurring Revenues	\$722,299	\$223,831	\$946,130
Annual Recurring Costs	\$849,748	\$148,722	\$998,470
Annual Recurring (Deficit) or Surplus	(\$127,449)	\$75,109	(\$52,340)
Revenue/Cost Ratio	0.85	1.51	0.95
B. No Utility Users Tax			
Annual Recurring Revenues	\$484,471	\$182,207	\$666,678
Annual Recurring Costs	\$849,748	\$148,722	\$998,470
Annual Recurring (Deficit) or Surplus	(\$365,277)	\$33,485	(\$331,792)
Revenue/Cost Ratio	0.57	1.23	0.67

Sources: Stanley R. Hoffman Associates, Inc.

Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 --
Presentation Required Pursuant to Section IV - Application Processing, Policy 11 -
Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

No Utility Users Tax and No New Fire Costs. As shown in Panel B of Table 6, after buildout without the UUT and without additional south Rialto fire protection costs, an annual recurring deficit of \$331,792 is projected based on a projected deficit of \$365,277 for existing development and a projected surplus of \$33,485 for future growth in the island areas.

Comparison of Projected Fiscal Impacts with No New Fire Costs: SRHA and LAFCO

Table 7 presents a comparison of the SRHA projected fiscal impacts with Rialto's utility users tax (UUT) and no new fire protection costs in south Rialto, and the LAFCO fiscal analysis of the North Rialto Islands Annexation areas in December 2015.

As shown in Table 7, for existing development upon annexation with UUT and no new fire protection costs, SRHA projects a deficit of \$127,449 and LAFCO projects a recurring surplus of \$139,263. The difference in the projected net fiscal impacts with no new fire protection costs is

Table 7
Summary of Projected Fiscal Impacts with No New Fire Costs: SRHA and LAFCO
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development Upon Annexation		
	With Utility Users Tax and No New Fire Costs		
	SRHA	LAFCO ¹	SRHA minus LAFCO
Annual Recurring Revenues	\$722,299	\$911,375	(\$189,076)
Annual Recurring Costs	<u>\$849,748</u>	<u>\$772,112</u>	<u>\$77,636</u>
Annual Recurring (Deficit) or Surplus	(\$127,449)	\$139,263	(\$266,712)
Revenue/Cost Ratio	0.85	1.18	

Note: 1. The projected impacts for the LAFCO analysis are from the LAFCO report cited below. The LAFCO analysis does not include impacts without utility users tax (UUT).

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015

\$266,172, as compared to a difference of about \$663,192 between the SRHA and LAFCO projections (shown in Table 3) when SRHA assumes that fire protection costs currently provided by the County Fire Department under the existing mutual aid agreement does not continue.

CHAPTER 1 INTRODUCTION

This report provides an assessment by Stanley R. Hoffman Associates (SRHA) of public service delivery capabilities of the City of Rialto and other agencies or special districts affected by the annexation of five North Rialto Islands into the City of Rialto. The North Rialto Islands are located within the City's sphere of influence in unincorporated San Bernardino County. Appendix A includes detailed maps of each Island area.

1.1 Background

Regionally, the City of Rialto is located approximately 60 miles east of downtown Los Angeles and 103 miles north of San Diego, in the western portion of the San Bernardino Valley. The primary regional transportation linkages include the Foothill Freeway (State Route 210), which traverses through the central portion of the City in an east-west direction, and the Ontario Freeway (Interstate 15), which borders the City to the north, providing regional access to the project area. Secondary regional transportation access is provided by the Interstate 215 Freeway to the northeast. From the I-15, direct access to the project site is provided by Sierra and Riverside Avenues. Riverside Avenue runs along the southwestern boundary of the site. Access to the site from State Route 210 is available via an interchange at Riverside Avenue.

1.2 Purpose of the Study

The County of San Bernardino Local Agency Formation Commission (LAFCO) prepared a fiscal analysis of the existing development in the North Rialto Islands Annexation in December 2015. The LAFCO document is entitled *Agenda Item #7 – Presentation Required Pursuant to Section IV – Application Processing, Policy 11 – Island Annexation Pursuant to Government Code Section 56375.3 – Proposed Annexation to the City of Rialto and West Valley Water District of the Lytle Creek Ranch Specific Plan Anticipating the Development of more than 500 Units, December 8, 2015.*

The projected fiscal impacts in the LAFCO analysis are compared with the projected impacts in this analysis. The major differences in projected revenues and costs are discussed.

1.3 Organization of the Report

Chapter 2 contains the description of the North Rialto Islands Annexation areas. The analysis of existing public service delivery in the Annexation area and upon annexation into the City is

presented in Chapter 3. Chapter 4 discusses the development impact fees and charges for infrastructure associated with the proposed project, as well as the estimated cost for road infrastructure improvements. The fiscal impact analysis of the annual operations and maintenance costs for the provision of services to the Annexation area is provided in Chapter 5, and compared with the LAFCO fiscal analysis. Chapter 6 covers the revenue and cost assumptions used for the fiscal analysis.

Appendix A includes the North Rialto Island maps and the existing development descriptions for each of the islands. Appendix B includes the fiscal impact analysis for the existing development in each of the islands. Supporting tables for the fiscal assumptions appear in Appendix C, and Appendix D lists the project contacts and references used in the preparation of this study.

CHAPTER 2 PROJECT DESCRIPTION

This chapter presents the development description for the North Rialto Islands Annexation fiscal analysis.

2.1 Development Description

A summary of the existing development and estimated future growth is presented in Table 2-1 and Table 2-2 includes a detailed description of the North Rialto Island Annexation.

Existing Development

A total of 595 residential units area estimated based on the current County parcel file for the five islands. Total households are estimated at 553 and total existing population is estimated at 2,250 for the five North Rialto Islands, based on information provided by LAFCO.

A review of the County parcel file shows an estimated 37,350 site square feet of retail and service commercial uses. Assuming a floor area ratio of 0.20, building space is estimated at 7,470 square feet and 10 jobs are estimated in the North Rialto Islands Annexation. As shown in Panel D of Table 2-2, building square feet is estimated at 3,600 for retail and 3,870 square feet are estimated for service commercial.

Existing development for each of the five annexation islands is included in Appendix Table A-1.

Future Growth

The LAFCO fiscal analysis does not include estimated future growth for the island areas. Future residential units are estimated at 104 units based on review of the vacant parcels in the County parcel file and the City designated zoning and density for the island areas, as shown in Appendix Table A-2. When the existing average vacancy rate of 7 percent is applied, 97 future households are estimated. Based on the current average persons per household for the total island areas of 4.07 from the LAFCO analysis, population for the estimated future units is estimated at 395.

Buildout

A total of 699 housing units are estimated for the five islands at buildout. Assuming the 7 percent average vacancy rate, the number of households is estimated at 650 after buildout. A buildout population of 2,645 is estimated for the total five North Rialto Islands based on 4.07 persons per household.

**Table 2-1
Development Summary
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)**

Category	North Rialto Islands Annexation Areas		
	Existing Development	Future Growth	Buildout
Estimated Units	595	104	699
Estimated Households (at 7% Vacancy Rate)	553	97	650
Estimated Population	2,250	395	2,645
<i>Average Persons per Household</i>	<i>4.07</i>	<i>4.07</i>	<i>4.07</i>
Estimated Retail/Commercial Site Total Square Feet	37,350	0	37,350
Estimated Building Square Feet (at .20 FAR)	7,470	0	7,470
Estimated Employment	10	0	10
Estimated Assessed Valuation ¹	\$93,374,249	\$37,024,000	\$130,398,249
<i>Average Value per Unit</i>	<i>\$156,932</i>	<i>\$356,000</i>	<i>\$186,550</i>

Note: 1. Estimated assessed valuation for existing development excludes exemptions as listed on the County APN file. The average value per unit for future development is estimated based on the average value per unit for the proposed units in the Lytle Creek annexation area.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

Estimated retail/commercial building space of 7,470 square feet and 10 jobs is not estimated to increase at this time.

2.2 Assessed Valuation, Property Tax and Sales Tax

Assessed Valuation

Estimated assessed valuation for the existing development is about \$93.4 million, excluding homeowner and other exemptions. Based on the average value per unit of \$356,000 used for the Lytle Creek annexation fiscal analysis, valuation for the estimated new 104 housing units is estimated at about \$37.0 million. When combined with existing valuation, valuation at buildout of the five annexation islands is estimated at about \$130.4 million in constant 2016 dollars.

**Table 2-2
Detailed Development Description
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto**

Category	Existing Development	Future Development ²	Total Buildout
A. ACRES	240	0	240
B. PARCEL SQUARE FEET BY LAND USE			
Single Family	6,738,716	0	6,738,716
Multi-Family	22,374	0	22,374
Retail Commercial	17,998	0	17,998
Service Commercial	19,352	0	19,352
Vacant	<u>1,034,918</u>	<u>0</u>	<u>1,034,918</u>
Total Square Feet	7,833,358	0	7,833,358
C. RESIDENTIAL DEVELOPMENT			
Units	595	104	699
Households (Occupied Units @ 7% Vacancy)	553	97	650
Estimated Population	2,250	395	2,645
<i>Estimated LAFCO PPH</i>	4.07	4.07	4.07
D. NON-RESIDENTIAL DEVELOPMENT			
<u>Building Square Feet (@ 0.20 FAR)</u>			
Retail Commercial	3,600	0	3,600
Service Commercial	<u>3,870</u>	<u>0</u>	<u>3,870</u>
Total Building Square Feet	7,470	0	7,470
<u>Estimated Employment</u>			
Retail Commercial @ 500 sq. ft. per employee	7	0	7
Service Commercial @ 1,200 sq. ft. per employee	<u>3</u>	<u>0</u>	<u>3</u>
Estimated Employment	10	0	10
E. ESTIMATED SERVICE POPULATION ³			
Population	2,250	395	2,645
Employment at 50%	<u>5</u>	<u>0</u>	<u>5</u>
Total Service Population	2,255	395	2,650

- Note: 1. Existing acres, households and population by Island areas are provided by LAFCO as presented in the report cited below, and presented in Appendix Table A-1. Retail/commercial square feet is from the County assessor parcel number (APN) file. Employment is estimated by the fiscal consultant.
2. Future residential units of 104 are estimated by the fiscal consultant based on vacant parcels and development density information from City staff, as shown in Appendix Table A-2. Based on the current citywide vacancy rate of 7 percent, households are estimated at 97. Population for these households is estimated at 395 based on the persons per household factor of 4.07 from the LAFCO report cited below.
3. This analysis has weighted the employment at 50% to account for the estimated less frequent use of City services by employment versus population.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

Property Tax

As shown in Panel A of Table 2-3, estimated net assessed valuation for the existing development is about \$93.4 million when homeowner and other exemptions of about \$2.2 million are excluded from total assessed valuation of about \$95.6 million, as shown in Appendix Table A-3. The one percent property tax levy on the net assessed valuation of \$93.4 million is \$933,742. Based on the property tax allocation to the City of Rialto of 21.04 percent provided in the LAFCO report and shown in Appendix Table C-3, property tax to the City for existing development is estimated at \$196,492.

Based on the estimated assessed valuation of \$37.0 million for future growth, the one percent property tax levy is estimated at \$370,240, and property tax to the City is estimated at \$77,911 for future growth. Based on this estimated \$77,911 of property tax for future growth and the estimated \$196,492 of property tax for existing development, property tax for buildout of the five island areas is estimated at \$274,403, in constant 2016 dollars.

Sales and Use Tax

While the specific size and current sales tax generated by an existing retail market/deli is not available. For purposes of the fiscal analysis, the size of the retail establishment is estimated at 3,600 square feet, as shown in Panel B of Table 2-3. Retail taxable sales are projected at \$792,000 based on an assumption of \$220 per square foot of taxable sales. Sales tax is estimated at \$7,920 and use tax at the rate of 11.5 percent of sales tax results in total estimated sales and use tax of \$8,830. No retail uses are assumed for future growth.

Table 2-3
Estimated Assessed Valuation and Property Tax
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development	Future Growth	Total Buildout
A. ESTIMATED ASSESSED VALUATION AND PROPERTY TAX			
Total Estimated Assessed Valuation	\$95,614,212	\$37,024,000	\$132,638,212
Exemptions (homeowner and other)	\$2,239,963	\$0	\$2,239,963
Net Estimated Assessed Valuation	\$93,374,249	\$37,024,000	\$130,398,249
1% Property Tax Levy	\$933,742	\$370,240	\$1,303,982
City General Fund Share of 1% Levy	21.04%	21.04%	21.04%
Projected City General Fund Property Tax ¹ (@ 21.04 of 1% levy)	\$196,492	\$77,911	\$274,403
B. ESTIMATED ON-SITE SALES AND USE TAX			
Retail (Corner Market/Deli) Square Feet	3,600	0	3,600
Retail Taxable Sales (@ \$220 per square foot taxable sales)	\$792,000	\$0	\$792,000
Retail Sales Tax (@ 1% of taxable sales)	\$7,920	\$0	\$7,920
Use Tax (@ 11.5% of sales tax) ²	<u>\$910</u>	<u>\$0</u>	<u>\$910</u>
Total On-Site Sales and Use Tax	\$8,830	\$0	\$8,830

Note: 1. The property tax allocation rate of 21.04 percent of the basic one percent levy is provided in the LAFCO report cited below and included in Appendix Table C-3.
2. Use tax is rounded to the nearest tens.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

CHAPTER 3 PUBLIC FACILITIES BEFORE AND AFTER ANNEXATION

This chapter describes the existing and anticipated future service providers for the proposed North Rialto Islands Annexation project area. The level and range of the services for the annexation area are described, if they are known. The following services are detailed in this chapter:

- General Government
- Development Services
- Fire Prevention and Protection
- Emergency Medical Services
- County Sheriff/Police Services
- Library
- Parks and Recreation
- Animal Control
- Street Lighting
- Landscape Maintenance
- Water
- Sewer
- Transportation
- Flood Control and Drainage
- Utilities
- Schools
- Solid Waste Management

Table 3-1 presents current and anticipated service providers in the North Rialto Islands annexation area. In many cases, such as general government, community development, economic development, fire and paramedic, and sheriff/police, among others, responsibilities shift from the County of San Bernardino to the City of Rialto. Other services, like water and utilities, remain unchanged before and after annexation. These changes are detailed in subsequent sections of this chapter.

3.1 General Government

Before Annexation

The County of San Bernardino provides general government services, including: all Administrative services, Community Development services, and Economic Development services to the annexation area. In addition, the County provides countywide services, such as law and justice, and health and welfare services that are provided to all residents whether they reside in the unincorporated area or a City.

Table 3-1
Current and Anticipated Service Providers in the North Rialto Islands Annexation Areas
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

Service Type	Current Service Provider	Anticipated Service Provider
General Government:		
Administrative Services	County of San Bernardino	City of Rialto
Development Services		
Planning	County of San Bernardino	City of Rialto
Building Services	County of San Bernardino	City of Rialto
Development Review	County of San Bernardino	City of Rialto
Code Compliance	County of San Bernardino	City of Rialto
Business Licensing	County of San Bernardino	City of Rialto
Countywide Services	County of San Bernardino	County of San Bernardino
Fire Prevention and Protection	San Bernardino County Fire Protection District - Valley Service Zone	City of Rialto Fire Department
Emergency Medical	American Medical Response, SBCFPD	City of Rialto Fire Department
Sheriff/Police	County of San Bernardino Sheriff's Department	City of Rialto Police Department
Library	County of San Bernardino Library District	County of San Bernardino Library District
Parks and Recreation:		
Local Facilities	none	City of Rialto
Regional Facilities	County of San Bernardino	County of San Bernardino
Animal Control	San Bernardino County Animal Care and Control	City of Rialto Police Department
Street Lighting	CSA (SL-1) provides street lighting installation and maintenance for a small portion of the project. Lighting powered by Southern California Edison.	City of Rialto
Landscape Maintenance	Private	City of Rialto
Water	San Bernardino Valley Municipal Water District West Valley Water District (WVWD) for a portion of the project.	San Bernardino Valley Municipal Water District Entire project must annex to the West Valley Water District (WVWD)
Sewer	Private Septic Service	City of Rialto Sewer System
Transportation:		
Freeways and Interchanges	Cal Trans	Cal Trans
Arterials and Collectors	San Bernardino County - Public Works	City of Rialto Public Works Department
Local Roads	San Bernardino County - Public Works	City of Rialto Public Works Department
Transit	Omnitrans	Omnitrans
Flood Control and Drainage:		
Local Facilities	San Bernardino County Flood Control District	City of Rialto Public Works Department
Regional Facilities	San Bernardino County Flood Control District, U.S. Army Corp of Engineers	San Bernardino County Flood Control District, U.S. Army Corp of Engineers
Utilities:		
Cable/Internet Provider/Phone	Time Warner, AT&T Uverse	Time Warner, AT&T U-verse
Telephone	AT&T	AT&T
Power	Southern California Edison	Southern California Edison
Natural Gas	Southern California Gas Company	Southern California Gas Company
Schools	Rialto Unified School District San Bernardino Unified School District Fontana Unified School District	Rialto Unified School District San Bernardino Unified School District Fontana Unified School District
Solid Waste Management	Burrtec Waste Industries	Burrtec Waste Industries has exclusive franchise with City of Rialto

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Website
San Bernardino County Local Agency Formation Commission

After Annexation

After the annexation, the City of Rialto will provide the general government services which include administrative services as well as General Governance, Community Development and Economic Development. The County of San Bernardino will continue to provide Countywide services such as law and justice, and health and welfare services that are provided to all residents of the County whether they reside in a City or the unincorporated area.

3.2 Fire and Paramedic

Before Annexation

San Bernardino County Fire Protection District is responsible fire protection to the North Rialto Island Annexation area. Currently, the City of Rialto provides fire protection services to the island annexation areas through a mutual aid agreement where the County provides fire protection services to the southern part of Rialto to offset the City services provided to the unincorporated island areas.

After Annexation

Upon annexation of the island areas, the City will continue to provide fire protection and the mutual aid agreement for fire protection with the County will no longer be applicable. Upon annexation, the project area will be detached from the San Bernardino Fire Protection District. The Rialto City Fire Department will be the service provider for fire prevention, protection and EMS, i.e. paramedic services after the annexation. City fire codes and fire abatement requirements will be addressed during the entitlement and permitting process. The City may incur additional costs for reimbursement of County services in the southern part of Rialto.

There are four fire stations in Rialto; Station 202, located at 1925 N. Riverside Avenue, is the closest station to the North Rialto Islands project site. Station 202 has one fire engine and two paramedic ambulances (one in reserve). The fire station will provide wildland and structural fire protection, and response to 911 medical aid call, traffic accidents and hazardous materials.

Additional support may be provided by Fire Station 203 on Ayala Drive and Fire Station 204, located at N. Alder in Rialto.

3.3 Sheriff/Police

Before Annexation

The San Bernardino County Sheriff-Coroner's Department provides public safety services to the

unincorporated areas. The Sheriff's Department and the City Police Department provide mutual backup services upon request within both the City and unincorporated areas. The California Highway Patrol provides traffic patrol on State Highways within the unincorporated areas of the County. The Highway Patrol can also provide emergency response backup to the City Police and the County Sheriff upon request.

After Annexation

After the annexation, the City of Rialto Police Department will be providing the public safety services for the North Rialto Islands Annexation. The Department currently employs 140.5 total employees, with 101 sworn and 39.5 non-sworn personnel. In addition to patrol services, the Police Department offers K-9, School Resource Officer (SRO), Street Crime Attach Team (SCAT), investigations, traffic enforcement, narcotics enforcement, training and background checks, community services, animal control services and re-entry support services. The Rialto Police Department is also part of the Four-City Regional SWAT Team (IVS) and Air-Support Unit.

3.4 Library

Before Annexation

Currently, the annexation area is served by the San Bernardino County Library system. The nearest County library is the Carter Branch Library located at 2630 North Linden Drive in Rialto.

After Annexation

The annexation area would continue to receive library services from the San Bernardino County Library system library upon annexation. In addition to the Carter Branch Library, the Rialto Branch Library is located at 251 West 1st Street in Rialto.

3.5 Parks and Recreation

Before Annexation

The County Regional Parks Department provides regional park services to all residents within the County, including unincorporated areas. The County Regional Parks system includes the following parks: Glen Helen, Yucaipa, Lake Gregory, Cucamonga, Guasti, and Prado. The closest regional park is Glen Helen Regional Park which has various recreation areas with amenities for fishing, boating, and picnicking. However, the County does not provide local park services, and, currently, there are no local parks within the annexation area.

It likely that the current residents of the island annexation areas are using the local park and recreation facilities in the City of Rialto.

After Annexation

Rialto has a variety of parks and recreation facilities for public use. Park facilities include picnic areas, ball fields, basketball courts, walking tracks and shelters. The Rialto Community Center and Rialto Senior Center have rooms available to rent for meetings, seminars and private parties.

3.6 Animal Control

Before Annexation

The San Bernardino County Animal Care and Control Program currently offers field services, animal licensing and education for dog owners in the unincorporated areas of the County. The Program operates two animal shelters: 1) Big Bear Animal Shelter is located at Northshore Road, Big Bear City; and 2) Devore Animal Shelter is located at 19777 Shelter Way, Devore.

After Annexation

The Humane Services section of the Rialto Police Department is responsible for handling animal control related services for the City. These services include picking up strays, response to complaints or attacks, licensing and ordinance enforcement. The City contracts with the County for animal shelter services only. The annexation area will receive services from the City, which will be financed by the General Fund and various user fees.

3.7 Street Lighting

Before Annexation

Street lighting services in a small portion of the annexation area are funded thorough property tax revenues accruing to the CSA SL-1 Valley Area. Current street lighting improvements are powered by Southern California Edison.

After Annexation

Upon annexation, the City of Rialto will provide installation, maintenance and street lighting improvements. Based on information provided by LAFCO staff, the portion of the project within the CSA SL-1 will be detached from CSA SL-1 upon annexation to the City. The property tax revenues that would accrue to the County for CSA SL-1 will then be allocated to the City of Rialto per the estimated property tax allocation rates shown in Appendix Table C-3.

3.8 Landscape Maintenance

Before Annexation

Currently, the County of San Bernardino is responsible for minimal landscaping maintenance in the annexation area.

After Annexation

Upon annexation, the City will maintain all common landscape areas, hardscape areas, and irrigation systems in the North Rialto Islands Annexation. New growth may become part of an existing Lighting and Landscaping District (LLMD).

3.9 Water

Before Annexation

Currently, San Bernardino Valley Municipal Water District is the wholesale water service provider and State water contractor for the project area. The West Valley Water District provides domestic and recycled water, and maintains water quality for the annexation area.

After Annexation

Upon annexation, the entire project must annex into the West Valley Water District (WVWD). The backbone water facilities and infrastructure will be owned, operated and serviced by the WVWD. All new waterlines and water facilities will be designed and installed in accordance with the WVWD requirements and specifications. The fair share cost of designing and constructing the water system will be financed by the project master developer, project area builders, and/or other financing mechanisms acceptable to the WVWD.

3.10 Sewer

Before Annexation

The island annexation areas currently use private septic service and public sewer service is not currently provided in the North Rialto Islands Annexation area.

After Annexation

Upon annexation to the City, some of the existing development could connect to the City's sewer system. The City's sewer collection system runs under the streets on the perimeter of the island areas and, in some cases, passes through the island areas. City policy requires properties to connect to the sewer system within three years of the system becoming available within 200 feet of their property.

3.11 Transportation

Before Annexation

Current transportation services for the City of Rialto include freeways and interchanges serviced by Cal Trans; arterials and collectors serviced by the Public Works Department of San Bernardino County; local roads also serviced by the Public Works Department of San Bernardino County; and public transit serviced by Omnitrans.

After Annexation

Cal Trans will continue to provide their services post annexation for freeways and interchanges, and Omnitrans for public transit. All arterials and collectors and on-site street local roads will be maintained by the City public works department. The City estimates infrastructure improvements at about \$8.1 million due to deferred street maintenance and lack of sidewalk improvements for existing development in the island areas. Currently, this is an unfunded infrastructure liability. For new development, the developer, in cooperation with the City of Rialto, will be responsible for improvements of all necessary public streets, both on- and off-site.

3.12 Flood Control and Drainage

Before Annexation

On a regional level, the San Bernardino County Flood Control District intercepts and manages flood flows through and away from developed areas throughout the County. The Flood Control District is also responsible for water conservation and storm drain construction.

After Annexation

Local stormwater services would transfer to the City upon annexation and regional flood control services would remain with the County Flood Control District. The City has a system of north-south running drains feeding interceptor lines draining either to the Rialto Channel, which parallels Cactus Avenue, or to the Lytle Creek Wash area.

3.13 Utilities

Before and After Annexation

Utilities include cable television, internet, telephone, electric power, and natural gas. Currently, Time Warner and AT&T Uverse are the cable television and internet service providers. AT&T maintains telephone service to the annexation area. Electricity is provided by Southern

California Edison, while natural gas is supplied by the Southern California Gas Company. These service providers are not anticipated to change upon annexation.

3.15 Solid Waste Management

Before Annexation

The San Bernardino County Solid Waste Management Division, under the Department of Public Works, oversees the operation and management of the County's solid waste disposal system, which includes five regional landfills and nine transfer stations. The waste hauler for the project area is Burrtec Industries.

After Annexation

Solid waste collection in the City of Rialto is mandatory and Burrtec Industries has an exclusive franchise agreement with the City. Burrtec Industries offers integrated waste removal and recycling programs to residential and commercial customers. Per the franchise agreement with the City, Burrtec Industries utilizes the County owned landfill located in the City of Rialto for the disposal of solid waste collected in the City. All collection services are supported on a user fee basis.

CHAPTER 4 FINANCING PUBLIC FACILITIES AND INFRASTRUCTURE

Estimated development impact fees and estimated capital improvements for existing roads in the North Islands Annexation areas are presented in this chapter. The projected annual fiscal impacts to the City for provision of services to the North Rialto Islands Annexation areas are presented in Chapter 5.

4.1 Development Impact Fees

For purposes of estimating the development impact fees in this report, fee amounts are based on the fees that will become effective July 1, 2015 as included in City's *Development Fee Schedule, February 10, 2014*. As shown in Table 4-1 estimated one-time development impact fees that would be collected for new development in the North Rialto Islands Annexation are estimated at about \$2.3 million.

4.2 Schools

School Impact Fees are charged for both residential and commercial development. These fees will be based on the residential unit size and the amount of commercial square feet. These fees are not estimated in this report.

4.3 Utilities

Cable television, internet, power, and gas utilities are enterprise services, where user fees and charges are determined by each company's rate structure to cover both operations and maintenance and capital facilities costs.

4.4 Estimated Capital Improvements for Roads

As discussed earlier, the City estimates infrastructure improvements to the roads in the North Rialto Islands Annexation at about \$8.1 million due to deferred street construction and lack of sidewalk and curb improvements for existing roads in the annexation island areas. Table 4-2 presents the City's detailed estimate of these infrastructure costs by type of improvement and the location of the improvement as provided by the City of Rialto's public works staff.

Table 4-1
Estimated One-Time Development Impact Fees
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

A. Future Development Description		
Development Category		North Rialto Islands Future Development
<u>Single Family Residential Units</u>		104
B. Estimated Fees ¹		
Fee Category	Fee Per Single Family Unit	North Rialto Islands Future Development
<u>General Facilities</u>	\$1,823.90	\$189,686
<u>Police Facilities</u>	\$1,294.82	\$134,661
<u>Fire Facilities</u>	\$952.97	\$99,109
<u>Park Development - Quimby In-Lieu Fee</u>	\$5,469.53	\$568,831
<u>Open Space</u>	\$606.82	\$63,109
<u>Library Facilities</u>	\$326.14	\$33,919
<u>Regional Traffic Fees</u>	\$2,858.44	\$297,278
<u>Street Medians</u>	\$53.46	\$5,560
<u>Storm Drain Facilities</u>	\$3,560.49	\$370,291
<u>Wastewater Collection</u>	\$1,788.13	\$185,966
<u>Wastewater Treatment</u>	\$3,239.68	\$336,927
TOTAL DEVELOPMENT IMPACT FEES		\$2,285,336

Note: 1. Applicable City fees in this table represent the current City fee schedule amounts effective 7/1/2015, based on the City's fee schedule cited below.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, *Development Fee Schedule*, July 1, 2015

Table 4-2
Estimated Capital Improvement Costs for Roads
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

ITEM	DESCRIPTION	COST	AREA 2		AREA 3		AREA 4		AREA 5		TOTAL
			UNITS	TOTAL	UNITS	TOTAL	UNITS	TOTAL	UNITS	TOTAL	
1	Curb & Gutter			\$0.00		\$0.00		\$0.00		\$0.00	\$0.00
2	Curb, Gutter Removal & Replac	\$23.50	200	\$4,700.00		\$0.00		\$0.00	500	\$11,750.00	\$16,450.00
3	Sidewalk	\$5.95	33,200	\$197,540.00	42,815	\$254,749.25		\$0.00	90,000	\$535,500.00	\$987,789.25
4	Driveway Approach Concrete	\$8.35	600	\$5,010.00	800	\$6,680.00	20,800	\$173,680.00		\$0.00	\$185,370.00
5	Tree Removal	\$1,000.00	27	\$27,000.00	18	\$18,000.00	5	\$5,000.00	45	\$45,000.00	\$95,000.00
6	Utility Pole Relocation	\$300.00	9	\$2,700.00	12	\$3,600.00	50	\$15,000.00	35	\$10,500.00	\$31,800.00
7	Mail Box Reset	\$75.00		\$0.00		\$0.00	200	\$15,000.00		\$0.00	\$15,000.00
8	Driveway Repair	\$8.35		\$0.00		\$0.00		\$0.00	10,000	\$83,500.00	\$83,500.00
9	House Walk	\$5.95		\$0.00	480	\$2,856.00		\$0.00	300	\$1,785.00	\$4,641.00
10	Returning Curb	\$15.00		\$0.00		\$0.00		\$0.00	100	\$1,500.00	\$1,500.00
11	Handicapped Ramp	\$2,390.00	8	\$19,120.00	21	\$50,190.00	16	\$38,240.00	53	\$126,670.00	\$234,220.00
12	Pavement Slurry	\$0.30	135,000	\$40,500.00	151,696	\$45,508.80	118,400	\$35,520.00	78,472	\$23,541.60	\$145,070.40
13	Pavement Overlay	\$0.90		\$0.00	112,064	\$100,857.60		\$0.00	358,514	\$322,662.60	\$423,520.20
14	Sewer	\$95.42	3,225	\$307,729.50	5,391	\$514,409.22	6,855	\$654,104.10	10,350	\$987,597.00	\$2,463,839.82
15	Street Signs	\$250.00	7	\$1,750.00	11	\$2,750.00	7	\$1,750.00	23	\$5,750.00	\$12,000.00
16	Pavement Markings	\$0.48		\$0.00	3,000	\$1,440.00	16,667	\$8,000.00	25,000	\$12,000.00	\$21,440.00
17	Block Wall/Fence	\$60.00	450	\$27,000.00	100	\$6,000.00		\$0.00	100	\$6,000.00	\$39,000.00
18	Wood Fence/Iron Fence	\$28.60	250	\$7,150.00	100	\$2,860.00		\$0.00	100	\$2,860.00	\$12,870.00
19	Landscape	\$12,000.00		\$0.00		\$0.00		\$0.00	1	\$12,000.00	\$12,000.00
20	Cul-de-sac end of Fillmore	\$50,000.00	1	\$50,000.00						\$0.00	\$50,000.00
21	Cul-de-sac Lurlane westerly including ROW	\$20,000.00							1	\$20,000.00	\$20,000.00
22	Linden from Bohnert to north of Norwood Curb, Gutter + Lane + Walk	\$246.00		\$0.00		\$0.00	925	\$227,550.00		\$0.00	\$227,550.00
23	Cedar from Bohnert south to west side Curb, Gutter + Lane + Walk	\$123.00		\$0.00		\$0.00	275	\$33,825.00		\$0.00	\$33,825.00
24	Bohnert from Linden to County Line Curb, Gutter + Lane + Walk	\$246.00		\$0.00		\$0.00	1,941	\$477,486.00		\$0.00	\$477,486.00
25	Banyon from Linden to Maple Curb, Gutter Both sides + 1 Lane Curb, Gutter & Sidewalk Only	\$123.00 \$48.75		\$0.00 \$0.00		\$0.00 \$0.00	1,231 1,231	\$151,413.00 \$60,011.25		\$0.00 \$0.00	\$151,413.00 \$60,011.25
26	Maple from Vineyard to South Curb, Gutter & Sidewalk Cul-de-sac including ROW	\$48.75 \$35,000.00		\$0.00 \$0.00		\$0.00 \$0.00	700 1	\$34,125.00 \$35,000.00		\$0.00 \$0.00	\$34,125.00 \$35,000.00
27	Maple from Bohnert to north of Banyon Curb, Gutter & Sidewalk Only Additional Pavement Additional Pavement	\$97.50 \$5.27 \$5.27		\$0.00 \$0.00 \$0.00		\$0.00 \$0.00 \$0.00	509 1,527 2,000	\$49,627.50 \$8,047.29 \$10,540.00		\$0.00 \$0.00 \$0.00	\$49,627.50 \$8,047.29 \$10,540.00
28	Vineyard from Linden to westerly join Curb, Gutter & Sidewalk + 1 Lane Additional Pavement	\$246.00 \$5.27		\$0.00 \$0.00		\$0.00 \$0.00	1,970 19,700	\$484,620.00 \$103,819.00		\$0.00 \$0.00	\$484,620.00 \$103,819.00
29	Maple from Vineyard to Bohnert Curb, Gutter & Sidewalk + 1 Lane Additional Pavement	\$246.00 \$5.27		\$0.00 \$0.00		\$0.00 \$0.00	615 6,150	\$151,290.00 \$32,410.50		\$0.00 \$0.00	\$151,290.00 \$32,410.50
Subtotal				\$690,199.50		\$1,009,900.87		\$2,806,058.64		\$2,208,616.20	\$6,714,775.21
10% Administrative Cost				\$69,019.95		\$100,990.09		\$280,605.86		\$220,861.62	\$671,477.52
10% Contingency Cost				\$69,019.95		\$100,990.09		\$280,605.86		\$220,861.62	\$671,477.52
TOTAL				\$828,239.40		\$1,211,881.04		\$3,367,270.37		\$2,650,339.44	\$8,057,730.25

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Assistant City Administrator/Development Services Director, February 2016

CHAPTER 5 FISCAL IMPACTS OF ANNEXATION AREA

This chapter presents the fiscal analysis of the North Rialto Islands Annexation. The focus of this analysis is on the impacts for the North Rialto Islands Annexation to the City of Rialto's General Fund. However, because the San Bernardino County LAFCO is considering the North Rialto Islands Annexation along with the annexation of two sections of the Lytle Creek Specific Plan, fiscal impacts are also presented for the North Rialto Islands Annexation along with the Lytle Creek annexation areas and the total Lytle Creek Specific Plan.

As discussed earlier, Rialto voters approved a five year extension of the utility users tax (UUT) on March 5, 2013. The UUT is approved through June 2018. Because the UUT will need voter approval to be extended beyond this date, the fiscal analysis projects impacts to the Rialto General Fund both with and without the UUT.

5.1 North Rialto Islands Annexation

Table 5-1 summarizes the projected fiscal impacts for the North Rialto Annexation with and without the UUT after buildout. Detailed fiscal projections are in Table 5-2 and 5-3.

**Table 5-1
Summary of Projected Fiscal Impacts
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)**

Category	North Rialto Islands Annexation Areas		
	Existing Development	Future Growth	Buildout
<u>A. With Utility Users Tax</u>			
Annual Recurring Revenues	\$722,299	\$223,831	\$946,130
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$218,113</u>	<u>\$1,464,341</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$5,718	(\$518,211)
Revenue/Cost Ratio	0.58	1.03	0.65
<u>B. No Utility Users Tax</u>			
Annual Recurring Revenues	\$484,471	\$182,207	\$666,678
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$218,113</u>	<u>\$1,464,341</u>
Annual Recurring (Deficit) or Surplus	(\$761,757)	(\$35,906)	(\$797,663)
Revenue/Cost Ratio	0.39	0.84	0.46

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

With Utility Users Tax

As shown in Panel A of Table 5-1, a recurring annual deficit \$523,929 is projected for the existing development with the utility users tax (UUT). After buildout of the estimated future development with a projected surplus of \$5,718, a recurring deficit of \$528,211 is projected.

Projected Recurring Revenues With Utility Users Tax. As shown in Table 5-2, about 68 percent of the total projected revenues after buildout of the North Rialto Annexation with the UUT are comprised of UUT, property tax and other transfers from other funds to the General Fund.

Projected Recurring Costs With Utility Users Tax. As also shown in Table 5-2, police protection, fire protection and general government are the largest projected recurring costs and account for about 81 percent of total projected recurring costs for the North Rialto Islands Annexation after buildout.

No Utility Users Tax

As shown in Panel B of Table 5-1, after buildout without the UUT, an annual recurring deficit of \$797,663 is projected based on a projected deficit of \$761,757 for existing development and a projected deficit of \$35,906 for future growth in the island areas.

Projected Recurring Revenues Without Utility Users Tax. As shown in Table 5-3, about 67 percent of the total project revenues after buildout of the annexation without the UUT is comprised of property tax, transfer from other funds to the General Fund and franchise fees.

Projected Recurring Costs Without Utility Users Tax. As with the scenario with UUT, police protection, fire protection and general government are the largest projected recurring costs and account for about 81 percent of total projected recurring costs for the North Rialto Islands Annexation after buildout without the UUT.

5.2 Comparison of SRHA and LAFCO Projected Impacts for North Rialto Islands

The SRHA projected fiscal impacts are compared with the December 2015 LAFCO fiscal analysis of the North Rialto Islands Annexation in Table 5-4. The SRHA fiscal analysis is based on the existing residential assumptions and fiscal assumptions used in the LAFCO analysis. The SRHA total assessed valuation assumptions are from the LAFCO fiscal analysis minus homeowner and other exemptions as contained in the County parcel file. The LAFCO fiscal analysis assumes a utility users tax (UUT) and does not project impacts without UUT.

Table 5-2
Detailed Projected Recurring Fiscal Impacts: With Utility Users Tax
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	With Utility Users Tax			
	Total Existing	Future Development	Total Buildout	
			Amount	Percent of Total
<u>Recurring Revenues</u>				
Property tax	\$196,492	\$77,911	\$274,403	29.0%
On-site retail sales and use tax	8,830	0	8,830	0.9%
Property transfer tax-turnover	2,568	1,018	3,586	0.4%
In lieu property tax (VLF)	0	53,426	53,426	5.6%
Franchise fees	62,643	10,964	73,607	7.8%
Proposition 172 Sales Tax-Public Safety	10,754	1,887	12,641	1.3%
Utility users tax	236,189	41,337	277,526	29.3%
Business licenses	723	0	723	0.1%
Animal licenses and fees	3,735	655	4,390	0.5%
Fines, forfeits and penalties	9,696	1,697	11,393	1.2%
County LF excavation charges	0	841	841	0.1%
Current services	51,896	9,085	60,981	6.4%
Rents and concessions	4,421	774	5,195	0.5%
Administrative/passport/misc. fees	13,432	2,356	15,788	1.7%
Transfer from Gas Tax Fund	33,189	5,821	39,010	4.1%
Other transfers	82,754	14,516	97,270	10.3%
Interest on invested revenues	4,978	1,543	6,521	0.7%
Total Projected Revenues	\$722,299	\$223,831	\$946,130	100.0%
<u>Recurring Costs</u>				
Fire protection	\$338,047	\$59,164	\$397,211	27.1%
Police protection	548,483	95,994	644,477	44.0%
Development services-engineering	8,907	1,559	10,466	0.7%
Development services-business licensing	55	0	55	0.0%
Development services-code enforcement	15,514	2,715	18,230	1.2%
Public works-administration	9,787	1,713	11,500	0.8%
Public works-engineering services & projects	6,765	1,184	7,949	0.5%
Public works-park maintenance	0	0	0	0.0%
Public works-street maintenance/traffic signals	54,052	9,460	63,512	4.3%
Public works-graffiti removal	2,571	450	3,021	0.2%
Public works-traffic safety	17,679	3,094	20,773	1.4%
Public works-storm drain program	8,231	1,441	9,672	0.7%
Public works-community building maintenance	24,535	4,294	28,829	2.0%
Recreation	27,923	4,898	32,821	2.2%
General government	124,335	21,761	146,096	10.0%
Subtotal Recurring Costs	\$1,186,885	\$207,727	\$1,394,612	95.2%
5% contingency/reserves	\$59,343	\$10,386	\$69,729	4.8%
Total Recurring Costs	\$1,246,228	\$218,113	\$1,464,341	100.0%
<u>Annual Net Recurring Surplus or (Deficit)</u>	(\$523,929)	\$5,718	(\$518,211)	
<u>Revenue/Cost Ratio</u>	0.58	1.03	0.65	
<u>ANNUAL SURPLUS OR (DEFICIT) PER UNIT</u>				
Number of Units	595	104	699	
Annual Surplus or (Deficit) per Unit	(\$872)	\$55	(\$741)	

Source: Stanley R. Hoffman Associates, Inc.

Table 5-3
Detailed Projected Recurring Fiscal Impacts: No Utility Users Tax
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	No Utility Users Tax			
	Total Existing	Future Development	Total Buildout	
			Amount	Percent of Total
<u>Recurring Revenues</u>				
Property tax	\$196,492	\$77,911	\$274,403	41.2%
On-site retail sales and use tax	8,830	0	8,830	1.3%
Property transfer tax-turnover	2,568	1,018	3,586	0.5%
In lieu property tax (VLF)	0	53,426	53,426	8.0%
Franchise fees	62,643	10,964	73,607	11.0%
Proposition 172 Sales Tax-Public Safety	10,754	1,887	12,641	1.9%
Utility users tax	0	0	0	0.0%
Business licenses	723	0	723	0.1%
Animal licenses and fees	3,735	655	4,390	0.7%
Fines, forfeits and penalties	9,696	1,697	11,393	1.7%
County LF excavation charges	0	841	841	0.1%
Current services	51,896	9,085	60,981	9.1%
Rents and concessions	4,421	774	5,195	0.8%
Administrative/passport/misc. fees	13,432	2,356	15,788	2.4%
Transfer from Gas Tax Fund	33,189	5,821	39,010	5.9%
Other transfers	82,754	14,516	97,270	14.6%
Interest on invested revenues	<u>3,339</u>	<u>1,256</u>	<u>4,595</u>	<u>0.7%</u>
Total Projected Revenues	\$484,471	\$182,207	\$666,678	100.0%
<u>Recurring Costs</u>				
Fire protection	\$338,047	\$59,164	\$397,211	27.1%
Police protection	548,483	95,994	644,477	44.0%
Development services-engineering	8,907	1,559	10,466	0.7%
Development services-business licensing	55	0	55	0.0%
Development services-code enforcement	15,514	2,715	18,230	1.2%
Public works-administration	9,787	1,713	11,500	0.8%
Public works-engineering services & projects	6,765	1,184	7,949	0.5%
Public works-park maintenance	0	0	0	0.0%
Public works-street maintenance/traffic signals	54,052	9,460	63,512	4.3%
Public works-graffiti removal	2,571	450	3,021	0.2%
Public works-traffic safety	17,679	3,094	20,773	1.4%
Public works-storm drain program	8,231	1,441	9,672	0.7%
Public works-community building maintenance	24,535	4,294	28,829	2.0%
Recreation	27,923	4,898	32,821	2.2%
General government	<u>124,335</u>	<u>21,761</u>	<u>146,096</u>	<u>10.0%</u>
Subtotal Recurring Costs	\$1,186,885	\$207,727	\$1,394,612	95.2%
5% contingency/reserves	<u>\$59,343</u>	<u>\$10,386</u>	<u>\$69,729</u>	<u>4.8%</u>
Total Recurring Costs	\$1,246,228	\$218,113	\$1,464,341	100.0%
<u>Annual Net Recurring Surplus or (Deficit)</u>	(\$761,757)	(\$35,906)	(\$797,663)	
<u>Revenue/Cost Ratio</u>	0.39	0.84	0.46	
<u>ANNUAL SURPLUS OR (DEFICIT) PER UNIT</u>				
Number of Units	595	104	699	
Annual Surplus or (Deficit) per Unit	(\$1,280)	(\$345)	(\$1,141)	

Source: Stanley R. Hoffman Associates, Inc.

Table 5-4
Summary of Projected Fiscal Impacts Upon Annexation: SRHA and LAFCO
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development Upon Annexation		
	With Utility Users Tax		
	SRHA	LAFCO ¹	SRHA minus LAFCO
Annual Recurring Revenues	\$722,299	\$911,375	(\$189,076)
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$772,112</u>	<u>\$474,116</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$139,263	(\$663,192)
Revenue/Cost Ratio	0.58	1.18	

Note: 1. The projected impacts for the LAFCO analysis are from the LAFCO report cited below. The LAFCO analysis does not include impacts without utility users tax (UUT).

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015

As shown in Panel A of Table 5-4, for existing development upon annexation with UUT, SRHA projects a deficit of \$523,929 and LAFCO projects a recurring surplus of \$139,263. The major differences in projected revenues and costs between the SRHA analysis and the LAFCO analysis are highlighted in yellow in Table 5-5.

Projected Revenues. SRHA projects \$189,076 fewer revenues than the LAFCO analysis. The most significant differences in projected revenues include:

Property Tax. SRHA projects \$4,715 less property tax than LAFCO because homeowner and other exemptions are not removed from the LAFCO estimated assessed valuation.

On-Site Sales and Use Tax. SRHA projects sales and use tax for the existing retail uses in the annexation area of \$8,830. The LAFCO analysis does not include this revenue.

In Lieu Property Tax (Sales and Use Tax). SRHA does not project this revenue because, per Hinderliter de Llamas and Associates (HdL), the State will discontinue this shift from sales and use tax to property tax in 2016. LAFCO projects this revenue at \$51,685.

Table 5-5
Detailed Projected Fiscal Impacts of Existing Development: SRHA and LAFCO
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development Upon Annexation		
	With Utility Users Tax		
	SRHA	LAFCO	SRHA minus LAFCO
Recurring Revenues			
Property tax	\$196,492	\$201,207	(\$4,715)
On-site retail sales and use tax	8,830	0	8,830
In lieu property tax (sales and use tax)	0	51,685	(51,685)
Property transfer tax-turnover	2,568	2,629	(61)
In lieu property tax (VLF)	0	137,971	(137,971)
Franchise fees	62,643	62,605	38
SB509 sales tax - safety	10,754	10,755	(1)
Utility users tax	236,189	235,665	524
Business licenses	723	0	723
Animal licenses and fees	3,735	3,443	292
Fines, forfeits and penalties	9,696	9,675	21
County LF excavation charges	0	4,793	(4,793)
Current services	51,896	51,986	(90)
Rents and concessions	4,421	4,410	11
Administrative/passport/misc. fees	13,432	13,433	(1)
Transfer from Gas Tax Fund	33,189	33,188	1
Other transfers	82,754	82,755	(1)
Interest on invested revenues	4,978	5,175	(197)
Total Projected Revenues	\$722,299	\$911,375	(\$189,076)
Recurring Costs			
Fire protection	\$338,047	\$0	\$338,047
Police protection	548,483	547,268	1,216
Development services-engineering	8,907	8,888	20
Development services-business licensing	55	12,443	(12,388)
Development services-code enforcement	15,514	15,480	35
Public works-administration	9,787	9,765	22
Public works-engineering services & projects	6,765	6,750	15
Public works-park maintenance	0	0	0
Public works-street maintenance/traffic signals	54,052	53,933	119
Public works-graffiti removal	2,571	2,565	6
Public works-traffic safety	17,679	17,640	40
Public works-storm drain program	8,231	8,213	18
Public works-community building maintenance	24,535	24,480	55
Recreation	27,923	27,923	0
General government	124,335	0	124,335
Subtotal Recurring Costs	\$1,186,885	\$735,345	\$451,540
5% contingency/reserves	\$59,343	\$36,767	\$22,576
Total Recurring Costs	\$1,246,228	\$772,112	\$474,116
Annual Net Recurring Surplus or (Deficit)	(\$523,929)	\$139,263	(\$663,192)
Revenue/Cost Ratio	0.58	1.18	(0.60)
ANNUAL SURPLUS OR (DEFICIT) PER UNIT			
<i>Number of Units</i>	595	595	0
Annual Surplus or (Deficit) per Unit	(\$881)	\$234	(\$1,115)

Source: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, Agenda Item #7 --
Presentation Required Pursuant to Section IV - Application Processing, Policy 11 -
Island Annexation Pursuant to Government Code Section 56375.3..., December 8, 2015

In Lieu Property Tax VLF (Vehicle License Fee). While the LAFCO analysis estimates this revenue at \$137,971 for current valuation, SRHA does not estimate this revenue pursuant to SB89 legislation that states that upon annexation, the current valuation of the annexing area is not considered for calculating in lieu property tax VLF to the annexing City. Only increases in assessed valuation after annexation generate in lieu property tax VLF to the City.

Projected Costs. SRHA projects \$474,116 more costs than the LAFCO analysis. The most significant differences in projected costs include:

Fire Protection. The LAFCO fiscal analysis excludes fire protection costs for the Island annexation areas, because the City of Rialto currently provides fire protection services to the island annexation areas through a mutual aid agreement where the County provides equivalent fire protection services to the southern part of Rialto to offset the City services provided to the unincorporated island areas. Based on discussion with City staff, upon annexation of the island areas, the City will continue to provide fire protection at an estimated cost of \$338,047, and the mutual aid agreement for fire protection with the County is assumed to no longer be applicable. The City may incur additional costs for reimbursement of County services in southern part of Rialto.

General Government. SRHA projects general government overhead costs at \$124,335. However, these costs are not projected in the LAFCO analysis.

5% Contingency/Reserves. Because SRHA projects higher costs in several categories than the LAFCO analysis, the SRHA 5 percent estimated contingency costs are estimated to increase by \$22,576.

5.3 North Rialto Islands Annexation Plus Lytle Creek Specific Plan

Annexation Areas: Existing Development. As shown in Table 5-6, a recurring deficit of \$523,929 is projected upon annexation of the five North Rialto Islands with utility users tax (UUT). When combined with the projected surplus of \$20,929 for the annexation area in the Lytle Creek project before any development occurs, a recurring deficit of \$503,000 is projected upon annexation with UUT. Without UUT, a recurring deficit of about \$756,683 is projected for existing development upon annexation.

Table 5-6
North Rialto Islands Annexation and Lytle Creek Annexation Area,
Summary of Projected Recurring Fiscal Impacts: Annexation Areas Only
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Annexation Areas Only					
	Existing Development			Buildout of Areas		
	Five Islands Annexation Areas	Lytle Creek Annexation Area Only	Total Annexation Areas	Five Islands Annexation Areas	Lytle Creek Annexation Area Only ¹	Total Annexation Areas
A. With Utility User Tax						
Annual Recurring Revenues	\$722,299	\$20,929	\$743,228	\$946,130	\$6,689,174	\$7,635,304
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$0</u>	<u>\$1,246,228</u>	<u>\$1,464,341</u>	<u>\$6,174,653</u>	<u>\$7,638,994</u>
Annual Recurring (Deficit) or Surplus	(\$523,929)	\$20,929	(\$503,000)	(\$518,211)	\$514,521	(\$3,690)
Revenue/Cost Ratio	0.58	n/a	0.49	0.65	1.08	1.00
B. No Utility User Tax						
Annual Recurring Revenues	\$484,471	\$5,074	\$489,545	\$666,678	\$5,683,405	\$6,350,083
Annual Recurring Costs	<u>\$1,246,228</u>	<u>\$0</u>	<u>\$1,246,228</u>	<u>\$1,464,341</u>	<u>\$6,174,653</u>	<u>\$7,638,994</u>
Annual Recurring (Deficit) or Surplus	(\$761,757)	\$5,074	(\$756,683)	(\$797,663)	(\$491,248)	(\$1,288,911)
Revenue/Cost Ratio	0.39	n/a	0.39	0.46	0.92	0.83

Note: 1. The projected fiscal impacts for Lytle Creek include a special tax levy of \$104 per unit to finance annual maintenance costs for police, fire and parks.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Assistant City Administrator/Development Services Director
LAFCO Fiscal Analysis, December 8, 2015

Annexation Areas: Buildout. As also shown in Table 5-6, a recurring deficit of \$518,211 is projected after buildout of the five island annexations with UUT. When combined with the projected surplus of \$514,521 for the annexation area of the Lytle Creek project with UUT, the projected deficit after buildout of the annexations areas with UUT is \$3,690. A recurring deficit of about \$1.3 million is projected after buildout of all annexation areas without UUT.

Total Buildout. As shown in Table 5-7, when the projected recurring deficit of \$518,211 for the five island annexations is combined with the projected recurring surplus of about \$2.4 million for the total Lytle Creek Specific Plan area after buildout, a recurring surplus of about \$1.9 million is projected with UUT. Without the UUT, a recurring deficit of \$427,928 is projected when the projected deficit of \$797,663 for the five island annexation areas are combined with the total Lytle Creek project surplus of \$369,735 after buildout without UUT.

Table 5-7
North Rialto Islands Annexation and Total Lytle Creek Project
Summary of Projected Recurring Fiscal Impacts: Total Buildout
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Buildout of Five Islands and Total Lytle Creek Project		
	Five Islands Annexation Areas	Lytle Creek Total Project ¹	Total Areas
<u>A. With Utility User Tax</u>			
Annual Recurring Revenues	\$946,130	\$13,735,912	\$14,682,042
Annual Recurring Costs	<u>\$1,464,341</u>	<u>\$11,368,214</u>	<u>\$12,832,555</u>
Annual Recurring (Deficit) or Surplus	(\$518,211)	\$2,367,698	\$1,849,488
Revenue/Cost Ratio	0.54	1.21	1.12
<u>B. No Utility User Tax</u>			
Annual Recurring Revenues	\$666,678	\$11,737,949	\$12,404,627
Annual Recurring Costs	<u>\$1,464,341</u>	<u>\$11,368,214</u>	<u>\$12,832,555</u>
Annual Recurring (Deficit) or Surplus	(\$797,663)	\$369,735	(\$427,928)
Revenue/Cost Ratio	0.38	1.03	0.95

Note: 1. The projected fiscal impacts for Lytle Creek include a special tax levy of \$104 per unit to finance annual maintenance costs for police, fire and parks.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Assistant City Administrator/Development Services Director
LAFCO Fiscal Analysis, December 8, 2015

CHAPTER 6 CITY OF RIALTO FISCAL ASSUMPTIONS

This chapter presents the revenue and cost assumptions for the North Rialto Islands Annexation fiscal analysis. Revenue and cost assumptions are based on the *City of Rialto, Fiscal Year 2013/2014 Budget*, with adjustments based on the City's *Mid-Year Presentation FY 13-14, City Council Approved Adjustments, 2/25/2014*, discussions with City finance staff, and the general assumptions presented in this chapter. These fiscal assumptions were used for the October 9, 2014 fiscal impact analysis of the Lytle Creek Project prepared by Stanley R. Hoffman Associates and the December 8, 2015 fiscal analysis of the North Rialto Islands Annexation prepared by the Local Agency Formation Commission (LAFCO) of San Bernardino County.

The general City demographic and economic assumptions used for calculating fiscal factors are first presented. The assumptions for projecting recurring revenues are then presented followed by the assumptions for projecting recurring costs

6.1 City General Assumptions

Fiscal impacts that are not based on valuation and taxable sales are generally projected based on a per capita, per employee, or per service population basis. Some fiscal impacts are projected based on other factors, such as per unit or per acre, based on the available data. General fund revenue and cost factors are estimated by dividing the Fiscal Year (FY) 2013/2014 adjusted budget categories by the City's resident population, employment, total service population, or acres where appropriate. Table 6-1 provides the City's general assumptions for this fiscal analysis.

Population

Rialto's total population of 101,429 is based on the State Department of Finance (DOF) estimate as of January 1, 2014. The City population estimate is used for projecting certain revenues and costs on a per capita basis, such as State subvended gas taxes.

Employment

For fiscal factors that are impacted by only employment, such as business license taxes, the City's total employment is used as the basis for calculating the factor. Total employment for the City is estimated at 24,590. Payroll jobs for 2011 are estimated at 22,468 based on the

Table 6-1
City Population, Housing and Employment Assumptions
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

Assumption	Description
	<u>Population and Housing</u> ¹
100,982	Household Population
447	<u>Group Quarters Population</u>
101,429	Total Population
	<u>Employment</u> ²
22,468	Estimated Payroll Jobs
2,121	<u>Additional Estimated Self-Employed</u>
24,590	Total Estimated City Employment
11,234	Employment Weighted at 50% (excludes self-employed) ³
	<u>Population and Employment</u>
112,663	Service Population (Population + Weighted Employment)

- Note: 1. Population and housing estimates are from the California Department of Finance (DOF) for January 1, 2014
2. Annual payroll jobs for 2011 are estimated based on data on primary jobs obtained from Census LEHD adjusted for all payroll jobs based on the relationship between 2008 LEHD primary jobs and 2008 EDD total payroll jobs. Estimated rates of self-employed by industry for San Bernardino County are calculated from the Census American Community Survey (ACS) 2009-2011 Public Use Microdata Sample, (PUMS), as shown in Appendix Table B-1.
3. This analysis has weighted the employment at 50% to account for the estimated less frequent use of City services by employment versus population. The self-employed are not included because these jobs are assumed to be represented in the population estimate.

Sources: Stanley R. Hoffman Associates, Inc.

State of California, Department of Finance, *E-5 City/County Population and Housing Estimates for Cities, Counties, and the State, January 1, 2011-2014*, Sacramento, May 2014

City of Rialto, Economic Development Department

California Economic Development Department, Labor Market Division, *NAICS Sector Level Employment and Payroll Data, City of Rialto, 2008*

Census Longitudinal Employer-Household Dynamic (LEHD) program, 2008 and 2011

Census American Community Survey (ACS) 2009-11 Public Use Microdata (PUMS)

relationship between the 2008 Census Longitudinal Employer-Household Dynamic (LEHD) and 2008 jobs provided by the City from the California Employment Development Department (EDD). Based on the Census 2009-2011 American Community Survey (ACS) Public Use Microdata Sample (PUMS), the self-employed by industry category for San Bernardino County is applied to each EDD industry category. As shown in Appendix Table C-1, the self-employed for Rialto are estimated at 2,121. With the estimated self-employed included, total employment is estimated at 24,590 for the City.

Service Population

Fiscal factors that are impacted by both population and employment growth are estimated by allocating total budgeted revenues or costs to the estimated service population. Service population includes the City's resident population plus 50 percent of the total estimated City employment. Employment is weighted at 50 percent to account for the estimated less frequent use of City services by employment versus population.

As shown in Table 6-1, the service population for the City is estimated at 112,663. The service population estimate includes the resident population of 101,429 and the weighted employment of 11,234 (50 percent of 22,468). The self-employed are not included in the weighted employment estimate because they are assumed to be represented in the household population estimate.

6.2 City Revenue Assumptions

The General Fund Fiscal Year (FY) 2013/2014 adjusted revenues are presented in Appendix Table C-2. Since the adoption of the FY 2013/2014 Budget, City Council approved revenue amendments of \$3,097,443 that primarily included grants and other carry-forwards from the prior year adopted budget. Based on discussion with the City Finance Manager, these revenue amendments are not projected in the fiscal analysis. In February 2014, mid-year revenue adjustments of \$1,783,079 were made to the City Budget, and these revenue adjustments are included in the appropriate revenue category, as shown in Appendix Table C-2.

Projected recurring revenues to the City General Fund include property tax; in lieu property tax VLF; sales and use tax; in lieu property tax (sales and use tax); property transfer tax; franchise fees; SB509 sales tax-safety; utility users tax; business licenses and permits; animal licenses and permits; fines, forfeits and penalties; County Landfill excavation charges; charges for current services; interest on investments; rents and concessions; administrative fees; transfer from Gas Tax Fund; and other transfers to the General Fund.

The revenue factors for the recurring revenues projected in the fiscal analysis are summarized in Table 6-2 and described in the remainder of this section. These factors are based on the City's Fiscal Year (FY) 2013/2014 adjusted revenues shown in Appendix Table C-2 and the City's population and service population estimates that are presented in Table 6-1.

Property Tax

General Fund property tax is projected based on assessed valuation times the allocation of the

**Table 6-2
General Fund Recurring Revenue Factors
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto**

Revenue Source	FY 2013-2014 Adjusted Budget	Projection Basis ¹	Projection Factor ¹
Tax Revenue			
Property Taxes ²	\$5,765,000	Assessed Valuation	1% Basic Tax Levy
In Lieu Property Tax (VLF)	\$8,561,000	Case Study	21.04% General Fund share of 1% levy \$1,443 per \$1,000,000 assessed valuation
Sales and Use Tax	\$7,849,000	Taxable Sales	75% of 1% of projected sales and use tax
In Lieu Property Tax (Sales Tax)	\$2,588,000	Taxable Sales	25% of 1% of projected sales and use tax
Use Tax Factor		Use Tax as Percent of Sales Tax	11.2% of sales tax
Property Transfer Tax	\$250,000	Property turnover and valuation assumptions	5.0% Residential turnover rate 5.0% Non-residential turnover rate \$0.55 per \$1,000 assessed valuation
Franchise Fees	\$3,130,000	Service Population = 112,663	\$27.78 per service population
SB509 Sales Tax-Safety	\$485,000	Population = 101,429	\$4.78 per capita
Utility User Tax	\$11,800,000	Service Population = 112,663	\$104.74 per service population
Licenses and Permits			
Business/Contractors/Truckers Licenses	\$1,777,000	Employment = 24,590	\$72.27 per employee
Dog Licenses	\$155,000	Population = 101,429	\$1.53 per capita
Fines, Forfeits & Penalties			
	\$484,000	Service Population = 112,663	\$4.30 per service population
Revenue From Other Agencies			
Motor Vehicle in Lieu Tax	\$0	Population = 101,429	\$0.00 per capita
County LF Excavation Charges ³	\$240,000	Service Population = 112,663	\$2.13 per service population
Charges for Current Services			
Animal Control Fees	\$13,000	Population = 101,429	\$0.13 per capita
Other Police Related Fees ⁴	\$297,433	Service Population = 112,663	\$2.64 per service population
Fire Related Inspections ⁵	\$300,000	Population = 101,429	\$2.96 per capita
Ambulance Service Fees/Subscriptions	\$1,860,000	Service Population = 112,663	\$16.51 per service population
Weed & Lot Cleaning	\$98,000	Service Population = 112,663	\$0.87 per service population
Other Current Services	\$4,100	Service Population = 112,663	\$0.04 per service population
Interest on Investments	\$358,850	Percent of Recurring Revenues	0.69% of projected recurring revenues
Rents & Concessions	\$221,000	Service Population = 112,663	\$1.96 per service population
Administrative/Passport/Misc. Fees	\$605,150	Population = 101,429	\$5.97 per capita
Transfers In			
Gas Tax Fund Transfer	\$1,496,080	Population = 101,429	\$14.75 per capita
Other Transfers ⁶	\$3,730,114	Population = 101,429	\$36.78 per capita

- Note: 1. For fiscal factors that are based on population and employment, an estimated resident equivalent factor is applied, which represents the total population plus 50 percent of the total employment estimate.
2. The fiscal analysis projects property tax to the General Fund at the Citywide average of 21.04% percent of the basic 1% levy for assessed value, based on the LAFCO analysis cited below.
3. This revenue is provided by City administrative staff, and represents the estimated share of total County Landfill revenues that are contributed from disposal by City residents. This revenue is projected for only new residents of the annexation areas because current residents of these annexation areas are included in the estimated landfill revenues.
4. The other police related fees category includes crime report copying, fingerprinting, reproduction charges, police false alarm responses, accident reports, general services, impound fees and crime analysis charges.
5. Fire related inspections include inspections for multi-family rentals.
6. The other transfers in category includes transfers to the General Fund from other funds, such as engineering, CFDs, CDBG and water.

Sources: Stanley R. Hoffman Associates, Inc.

Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, *Budget Fiscal Year 2013/2014*

City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*

City of Rialto, Administrative, Finance, Economic Development and Public Works Departments

State of California, Department of Finance, *E-5 City/County Population and Housing Estimates for Cities, Counties and the State, January 1, 2011-2014*, Sacramento, May 2014

California Economic Development Department, Labor Market Division, *NAICS Sector Level Employment and Payroll Data, City of Rialto, 2008*

Census Longitudinal Employer-Household Dynamic (LEHD) program, 2008 and 2011

Census American Community Survey (ACS) 2009-11 Public Use Microdata (PUMS)

City's basic one percent property tax levy for the tax rate area (TRA) in which a property is located. All five North Rialto Island areas are within TRA 106039, and Appendix Table C-3 presents the allocations to agencies and districts. Based on the LAFCO fiscal analysis, upon annexation of the islands, the City of Rialto will receive the current allocations for the detaching fire district and CSA SL-1, or 21.04 percent of the basic one percent property tax levy.

In Lieu Property Tax VLF (Vehicle License Fee)

Cities and counties began receiving additional property tax revenue to replace vehicle license fee (VLF) revenue that was lowered when the state reduced the vehicle license tax in 2004. This in lieu property tax VLF is projected to grow with the change in the Citywide gross assessed valuation (AV) of taxable property from the prior year. In lieu property tax VLF revenue is allocated in addition to other property tax apportionments.

As shown in Appendix Table C-4, the in lieu property tax VLF in the City is projected to increase at \$1,443 per million dollars of new assessed valuation (AV). This factor is based on the change in AV and the change in property tax in lieu of VLF in the City over the period from fiscal year 2004-2005 to fiscal year 2013-2014. The change over the period from fiscal year 2004-2005 to fiscal year 2013-2014 is used to represent an average of the economic upturns and downturns.

For areas annexing into the City, the existing assessed valuation is not considered part of the increase in assessed valuation. After annexation, only valuation for new development within the annexed areas is considered part of the increase in assessed valuation.

Sales and Use Tax

As part of the total sales tax levied by the State, all cities and counties in the State generally receive a basic one percent (1.0 percent) sales tax and have the option to levy additional sales taxes under certain circumstances. In addition to sales tax revenue, the City receives revenues from the use tax, which is levied on shipments into the state and on construction materials for new residential and non-residential development not allocated to a situs location. Use tax is allocated by the State Board of Equalization (BOE) to counties and cities based on each jurisdiction's proportion of countywide and statewide direct taxable sales.

Appendix Table C-5 presents the City sales and use tax for calendar year 2013 provided by Hinderliter de Llamas and Associates (HdL). HdL estimates that \$1,070,015 of total sales and

use tax was made from levies designated as use tax and the remaining \$9,519,326 of the sales and use tax was point-of-sale sales tax. Therefore, use tax revenues to the City of Rialto are estimated at an additional 11.2 percent of point-of-sale, sales tax.

Prior to 2016, sales and use tax was projected at 75.0 percent of the total sales and use tax generated because the State had reduced the local sales tax allocation (1.0 percent) by 25.0 percent and replaced this with a dollar-for-dollar allocation of local property tax from County's ERAF funds. In 2016, the allocation from County ERAF funds will end and the City will receive its entire 1.0 percent share of generated taxable sales.

Real Property Transfer Tax

Sales of real property are taxed by San Bernardino County at a rate of \$1.10 per \$1,000 of property value. For property located in the City, property transfer tax is divided equally between the City and the County, with the City receiving \$0.55 per \$1,000 of transferred property value. Based on the U.S. Census Bureau, 2008-2012 American Community Survey, residential development in the City is assumed to change ownership at an average rate of about 5.0 percent per year (Appendix Table C-6). While change of ownership data is not available for businesses, they are also assumed to change ownership at an average rate of 5.0 percent per year.

Franchise Fees

The City receives a franchise fee from telephone/mobile, natural gas, electricity, water, cable/satellite and wastewater businesses within Rialto for use of public rights-of-way. Based on the City Fiscal Year (FY) 2013-2014 adjusted franchise revenues of \$3,130,000, franchise taxes are projected at \$27.78 per service population (112,663), as shown in Table 6-2.

SB509 Sales Tax – Safety

These revenues are projected at \$4.78 per capita based on the City FY 2013/2014 adjusted revenue amount of \$485,000 and the population estimate of 101,429.

Utility Users Tax

Rialto levies a utility users tax on the sale of electricity, natural gas, telephone/mobile, water, wastewater and cable/satellite services within the City. As shown in Table 6-2, based on the City FY 2013/2014 adjusted revenue amount of \$11,800,000 and the City's estimated service population of 112,663, utility users taxes are projected at \$104.74 per service population. This tax will sunset in 2018 unless it is renewed by a majority vote of the residents of Rialto.

Licenses and Permits

Business/contractors/truckers licenses and dog licenses are included in this category.

Business Licenses. Business/contractors/truckers licenses are projected at \$72.27 per employee based on FY 2013/2014 adjusted business license revenues of \$1,777,000 and the City employment estimate of 24,590.

Dog Licenses. Dog licenses are projected at \$1.53 per capita based on the FY 2013/2014 adjusted revenue amount of \$155,000 and the existing City population estimate of 101,429. These projected revenues are combined with projected animal control fees in the projected fiscal impacts for the annexation.

Fines, Forfeits and Penalties

As shown in Table 6-2, these revenues are projected at \$4.30 per service population based on FY 2013/2014 adjusted revenues of \$484,000 thousand and the service population estimate of 112,663. Revenues in this category include parking fines, court fines, and other fines/forfeits/penalties.

County Landfill Charges

City Finance Department staff estimates that about 10 percent adjusted County landfill revenues of \$2,400,000, or \$240,000, are from disposal fees from City residents. Based on this estimate of \$240,000 of revenues and the City's estimated service population of 112,663, these revenues are projected at \$2.13 per service population, as shown in Table 6-2.

Based on discussion with the City Finance Manager, these revenues are the City's portion of tonnage fees collected at the County-owned landfill located in the City. The City's waste hauler, Burrtec Industries, has an exclusive franchise with the City and part of the franchise agreement is that Burrtec Industries will dispose of the waste collected from City residents at the County-owned landfill located in the City. Therefore, these revenues are assumed to increase only with the new growth projected for the North Rialto Islands Annexation Area. Revenues from current residents of the annexation areas are already included in the estimated landfill revenues.

Charges for Current Services

Current service charges include animal control, other police department fees, ambulance service fees/subscriptions, weed and lot cleaning and other current services. Based on the City adjusted revenue amounts these revenues for current services are projected as follows.

Animal Control Fees. These fees are projected at \$0.13 per capita based on revenues of \$13,000 and the current city population estimate of 101,429. Projected animal control

fees are combined with future dog licenses in the projected fiscal impacts for the annexation.

Other Police Related Fees. These revenues are projected at \$2.64 per service population based on FY 2013/2014 adjusted revenues of \$297,433 and the estimated current City service population of 112,663.

Ambulance Service Fees/Subscriptions. These revenues are projected at \$16.51 per service population based on FY 2013/2014 adjusted revenues of \$1,860,000 and the estimated current City service population, as shown in Table 6-2.

Weed and Lot Cleaning Fees. These revenues are projected at \$0.87 per service population based on FY 2013/2014 revenues of \$98,000 and the estimated current City service population.

Other Current Services. These revenues are not projected because of the small amount of \$500 in the FY 2013/2014 adjusted revenues.

Interest on Investments

These revenues are projected at 0.69 percent of the projected recurring General Fund revenues in the fiscal analysis based on FY 2013/2014 adjusted estimated interest earnings of \$358,850 and non-interest General Fund projected recurring revenues of \$52,715,300.

Rents and Concessions

As shown in Table 6-2, these revenues are projected at \$1.96 per service population based on FY 2013/2014 adjusted revenues of \$221,000 and the City service population estimate of 112,663.

Administrative, Passport and Miscellaneous Fees

These revenues are projected at \$5.97 per capita based on FY 2013/2014 adjusted revenues of \$605,150 and the City population estimate of 101,429.

Transfers In

These revenues include transfers to the City General Fund from the Gas Tax Fund and other appropriate City funds.

Gas Tax Fund Transfer. Gas tax revenues are earmarked for road related costs, including capital and maintenance functions. State gasoline taxes transferred to the General Fund are projected at \$14.75 per capita based on the FY 2013/2014 adjusted revenue amount of \$1,496,080 and the City population estimate of 101,429.

Other Transfers. These revenues include transfers to the General Fund from other funds, such as engineering, community facility districts (CFDs), Community Development Block Grant (CDBG), landscaping maintenance and water. As shown in Table 6-2, other transfers to the General Fund are projected at \$36.78 per capita based on the FY 2013/2014 adjusted revenue amount of \$3,730,114 and the City's estimated population.

6.3 City Cost Assumptions

The General Fund cost factors that are used in preparing the fiscal analysis for the North Rialto Islands Annexation are presented in Table 6-3. These factors are based on the adjustments to the City's Fiscal Year (FY) 2013/2014 Budget shown in Table 6-4 and the City's population and service population estimates that are presented in Table 6-1.

Since the adoption of the FY 2013/2014 Budget, City Council approved expense amendments of \$4,624,853 that primarily included grants and other carry-forwards from the prior year adopted budget. Based on discussion with the City Finance Manager these amendments are not projected in the fiscal analysis. In February 2014, mid-year expense adjustments of \$545,599 were made to the City Budget, primarily for liability insurance and other general government expenditures. The mid-year expense adjustments of \$545,599 are included in the fiscal analysis as general government costs. In addition, City administrative staff made increases to fire, police and public works costs in order to reflect a budget with normalized staffing and service levels.

Projected General Fund expenditures include general government, or overhead functions, and the following non-general government services of fire, police, recreation, development services, and public works. The fiscal analysis also projects contingency costs at 5 percent of projected recurring costs.

General Government

General government costs such as City Administrator, City Council, City Clerk, City Treasurer, Human Resources, Finance, the City Cemetery and Non-Departmental expenditures, provide overhead services that cannot be directly linked to a specific department. General government costs include administration and support of departmental line costs such as police, fire and public works. These costs are usually viewed as citywide overhead and are projected using an overhead rate applied to departmental line costs.

As shown in Panel B of Table 6-4, FY 2013/2014 revised general government costs of \$9,151,138 represent about 15.6 percent of revised direct line costs of \$58,652,910. However, overhead costs are not assumed to increase on a one-to-one basis for new development. Based on discussion with City staff, general government costs are projected at a marginal rate of 75 percent, or at 11.7 percent of direct costs.

Table 6-3
General Fund Recurring Cost Factors
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

Cost Category	FY 2013-2014 Budget		Projection Basis ¹	Cost Factor ¹
	Total	Adjusted		
GENERAL FUND				
General Government	\$9,151,138	\$6,863,354	Percent of General Fund Costs	11.7% of direct department costs, at a 75% marginal rate
Fire	\$15,488,832	\$16,888,832	Service Population = 112,663	\$149.91 per service population
Police	\$25,002,777	\$27,402,777	Service Population = 112,663	\$243.23 per service population
Recreation	\$1,258,356	\$1,258,356	Population = 101,429	\$12.41 per capita
Development Services:				
Engineering ²	\$1,973,988	\$444,942	Service Population = 112,663	\$3.95 per service population
Business Licensing	\$136,026	\$136,026	Employment = 24,590	\$5.53 per employee
Code Enforcement ³	\$826,337	\$775,337	Service Population = 112,663	\$6.88 per service population
Public Works:				
Public Works Administration	\$392,720	\$488,897	Service Population = 112,663	\$4.34 per service population
Community Building Maintenance	\$984,338	\$1,225,403	Service Population = 112,663	\$10.88 per service population
Park Maintenance ⁴	\$2,319,939	\$2,888,092	City Park Acres = 134	\$21,600 per acre
Graffiti Removal	\$102,880	\$128,075	Service Population = 112,663	\$1.14 per service population
Engineering Services and Projects ⁵	\$1,440,648	\$337,848	Service Population = 112,663	\$3.00 per service population
Street Maintenance - MOE	\$2,168,835	\$2,699,983	Service Population = 112,663	\$23.97 per service population
Traffic Safety	\$709,954	\$883,822	Service Population = 112,663	\$7.84 per service population
Storm Drain Program	\$330,688	\$411,674	Service Population = 112,663	\$3.65 per service population
Contingency	n/a	n/a	Case Study	5.0% of total recurring costs
GAS TAX FUND				
Street Maintenance ⁶	\$1,496,080	\$1,496,080	Service Population = 112,663	\$13.28 per service population

- Note: 1. For cost factors that are based on population and employment, the estimated Rialto service population is used to calculate the cost factor. The service population factor is applied to the estimated North Rialto Islands service population.
2. Net development services - engineering costs of \$444,942 are the budgeted costs of \$1,973,988 minus projected one-time fees, permits, and charges for services revenues of \$1,529,046, as shown in Panel A of Table C-7.
3. Net code enforcement costs of \$775,337 are the budgeted costs of \$826,337 minus projected one-time charges for services of \$51,000, as shown in Panel B of Table C-7.
4. Based on the park maintenance cost in the City budget and the 134 City park acres, park costs are projected at \$21,600 per acre.
5. Net public works engineering services and projects costs of \$337,848 are the service level adjusted budget costs of \$1,440,648 minus projected one-time fees for services revenues of \$1,102,800, as shown in Table C-8.
6. Traffic/street sweeping/street maintenance funding is provided through the Gas Tax Fund. According to the City's Fiscal Policy for New Development and Annexations, the City requires that new development annex into Landscaping and Lighting Maintenance District No. 2, or other appropriate financing district, for landscape maintenance of arterials and street lighting.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, *Budget Fiscal Year 2013/2014*
City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*
City of Rialto, Administrative, Finance, Economic Development and Public Works Departments
State of California, Department of Finance, *E-5 City/County Population and Housing Estimates for Cities, Counties and the State, January 1, 2011-2014*, Sacramento, May 2014
City of Rialto, Administrative, Finance, Economic Development and Public Works Departments
California Economic Development Department, Labor Market Division, *NAICS Sector Level Employment and Payroll Data, Rialto*
Census Longitudinal Employer-Household Dynamic (LEHD) program, 2008 and 2011
Census American Community Survey (ACS) 2009-11 Public Use Microdata (PUMS)

Table 6-4
Calculation of City General Government Overhead Rate
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

A. CURRENT GENERAL FUND EXPENDITURES AND OVERHEAD RATE

General Fund Expenditures	Fiscal Year 2013/2014				Revised Expenditure Amount		
	Adopted Budget	Budget Amendments and Mid-Year Adjustments ¹	Service Level Budget Adjustments ²	Total Revised Budget	Not Projected in Fiscal Analysis ¹	General Government	Non-General Government
General Government							
City Administrator	\$560,592	\$0	\$0	\$560,592		\$560,592	
City Council	313,525	0	0	313,525		313,525	
City Clerk	1,017,145	0	0	1,017,145		1,017,145	
City Treasurer	323,057	0	0	323,057		323,057	
Human Resources	526,119	0	0	526,119		526,119	
Finance	1,536,026	0	0	1,536,026		1,536,026	
Cemetery	12,400	0	0	12,400		12,400	
Non-Department Expenditures	4,316,675	0	0	4,316,675		4,316,675	
Budget Amendments: Grants and Carry-Forwards ³	0	4,624,853	0	4,624,853	\$4,624,853		
Mid-Year Budget Adjustment	0	545,599	0	545,599		545,599	
Non-General Government							
Engineering and Development Services	\$1,973,988	\$0	\$0	\$1,973,988			\$1,973,988
Development Services - Business Licensing	136,026	0	0	136,026			136,026
Development Services - Code Enforcement	826,337	0	0	826,337			826,337
Fire	15,488,832	0	1,400,000	16,888,832			16,888,832
Police	25,002,777	0	2,400,000	27,402,777			27,402,777
Public Works:							
Administration	392,720	0	96,177	488,897			488,897
Building Maintenance	733,188	0	179,558	912,746			912,746
Park Maintenance	2,319,939	0	568,153	2,888,092			2,888,092
Graffiti	102,880	0	25,195	128,075			128,075
Community Buildings	251,150	0	61,507	312,657			312,657
Engineering Services	737,854	0	180,701	918,555			918,555
Engineering - Projects	419,386	0	102,708	522,094			522,094
Street Maintenance/Street Sweeping/Traffic Signals	2,168,835	0	531,148	2,699,983			2,699,983
Traffic Safety	709,954	0	173,868	883,822			883,822
Storm Drain Program	<u>330,688</u>	<u>0</u>	<u>80,986</u>	<u>411,674</u>			<u>411,674</u>
Public Works Total	8,166,594	0	2,000,000	10,166,594			10,166,594
Recreation	1,258,356	0	0	1,258,356			1,258,356
Landscape maintenance	0	0	0	0			0
GRAND TOTAL GENERAL FUND	\$61,458,449	\$5,170,452	\$5,800,000	\$72,428,901	\$4,624,853	\$9,151,138	\$58,652,910

B. GENERAL FUND OVERHEAD RATE

Current General Government Overhead Rate

General Government Expenditures		\$9,151,138
Direct General Fund Expenditures		\$58,652,910
	<i>divided by</i>	
Current General Government Overhead Rate		15.6%
	<i>equals</i>	
Overhead Rate At 75% Marginal Increase		11.7%

Note: 1. Since the adoption of the Fiscal Year (FY) 2013/2014 Budget, City Council approved expense amendments of about \$4.6 million that primarily included grants and carry-forwards. Based on discussion with the City Finance Manager, these expense amendments of \$4.6 million are not projected in the fiscal analysis. In February 2014, mid-year expense adjustments of \$545,599 were made to the City Budget, primarily for liability insurance and other general government expenditures. These mid-year expense adjustments of \$545,599 are included in the fiscal analysis as general government costs.

2. The City administrative staff have provided cost estimates that would restore staff levels in police, fire and public works departments to 2010 service levels.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, *Budget Fiscal Year 2013/2014*
City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*
City of Rialto, City Administrator and Development Services Department

Fire

As shown previously in Table 6-3, fire protection costs are projected at \$149.91 per service population based on FY 2013/2014 revised expenditures of \$16,888,832 and the City's estimated 112,663 service population.

Police

Police costs are projected at \$243.23 per service population, as shown in Table 6-3, based on FY 2013/2014 revised expenditures of \$27,402,777 and the City's service population estimate of 112,663.

Recreation

The Recreation and Community Services Fund operates as an Enterprise Fund to provide for the operations and maintenance of the City's sports center, swimming pool, fitness center, senior center and other facilities and programs, including neighborhood services and child development programs. Revenues for provision of services include racquet, fitness and swimming pool membership fees; class and program fees; rents and concessions; and transfers from the General Fund and the CDBG Fund. Appendix Table C-7 presents the detailed revenue sources for the Recreation and Community Services Fund.

As shown in Table 6-3, the General Fund recreation costs are projected at \$12.41 per capita based on FY 2013/2014 transfer of \$1,258,356 to Recreation and Community Service Fund and the City's population estimate of 101,429.

Development Services

Development services include engineering, business licensing and code enforcement. Based on the City FY 2013/2014 amounts these revenues for development services are projected as follows.

Engineering. Based on FY 2013/2014 net engineering costs of \$444,942 and the City service population estimate of 112,663, non-fee supported costs for engineering are estimated at \$3.95 per service population. As shown in Table 6-3, the total General Fund engineering costs of \$1,973,988 are offset by one-time development related permit and fee revenues of \$1,529,046. Panel A of Appendix Table C-8 presents the calculation of the net engineering cost factor.

Business Licensing. Non-fee supported business licensing costs are estimated at \$5.53 per employee based on FY 2013/2014 business licensing costs of \$136,026 and the City employment estimate of 24,590.

Code Enforcement. Code enforcement costs are projected at \$6.88 per service population based on FY 2013/2014 net code enforcement costs of \$775,337 and the City's service population estimate of 112,663. As shown in Table 6-3, budgeted code enforcement costs of \$826,337 are offset by one-time development related permit and fee revenues of \$51,000. Panel B of Appendix Table C-8 presents the calculation of the net code enforcement cost factor.

Public Works

Public works costs include department administration, community building maintenance, park maintenance, graffiti removal, engineering services and projects, street maintenance/street sweeping/traffic signals, traffic safety and storm drain program costs.

Administration. As shown previously in Table 6-3, public works administration costs are projected at \$4.34 per service population based on FY 2013/2014 revised costs of \$488,897 and the City service population estimate of 112,663.

Community Building Maintenance. Public works community building maintenance and operations costs are projected at \$10.88 per service population. These costs are based on FY 2013/2014 adjusted budget costs of \$1,225,403 and the current City service population.

Park Maintenance. Citywide public works park maintenance costs are projected at \$21,600 per acre. This cost factor is based on FY 2013/2014 adjusted budget costs of \$2,888,092 for park maintenance for the existing 134 City park acres.

Graffiti Removal. Public works costs for graffiti removal are projected at \$1.14 per service population. This factor is based on the FY 2013/2014 adjusted budget amount of \$128,075 and the City service population estimate of 112,663, as shown in Table 6-3.

Engineering Services and Projects. Based on adjusted FY 2013/2014 public works net engineering costs of \$337,848 and the City service population estimate of 112,663, non-fee supported costs for engineering are estimated at \$3.00 per service population. Total General Fund public works engineering costs of \$1,440,648 are offset by one-time development related permit and fee revenues of \$1,102,800, as shown in Appendix Table C-9.

Street Maintenance/Street Sweeping/Traffic Signals. Based on FY 2013/2014 adjusted costs of \$2,699,983 and the City service population estimate of 112,663, General Fund street maintenance/street sweeping/traffic signal costs are estimated at \$23.97 per service population, as shown in Table 6-3.

Traffic Safety. Public works costs for traffic safety are projected at \$7.84 per service population. This factor is based on the FY 2013/2014 adjusted budget amount of \$883,822 and the City service population estimate of 112,663.

Storm Drain Program. Costs for the public works storm drain program are projected at \$3.65 per service population based on FY 2013/2014 adjusted costs of \$411,674 and the current City service population estimate of 112,663.

Contingency

The fiscal analysis assumes a 5 percent contingency cost factor, based on discussion with city

finance staff, to account for unanticipated costs that may be incurred due to occasional economic downturns and State Budget uncertainties. The 5 percent contingency factor is applied to the projected total costs, including general government.

Gas Tax Fund

As shown previously in Table 6-3, part of the funding for Citywide traffic safety operations, street maintenance, street sweeping and traffic signals costs are provided through the Gas Tax Fund. The costs funded through the Gas Tax Fund are projected at \$13.28 per service population based on FY 2013/2014 budget costs of \$1,496,080 and the City service population estimate of 112,663.

**Figure A-2
Island 2 Map
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto**

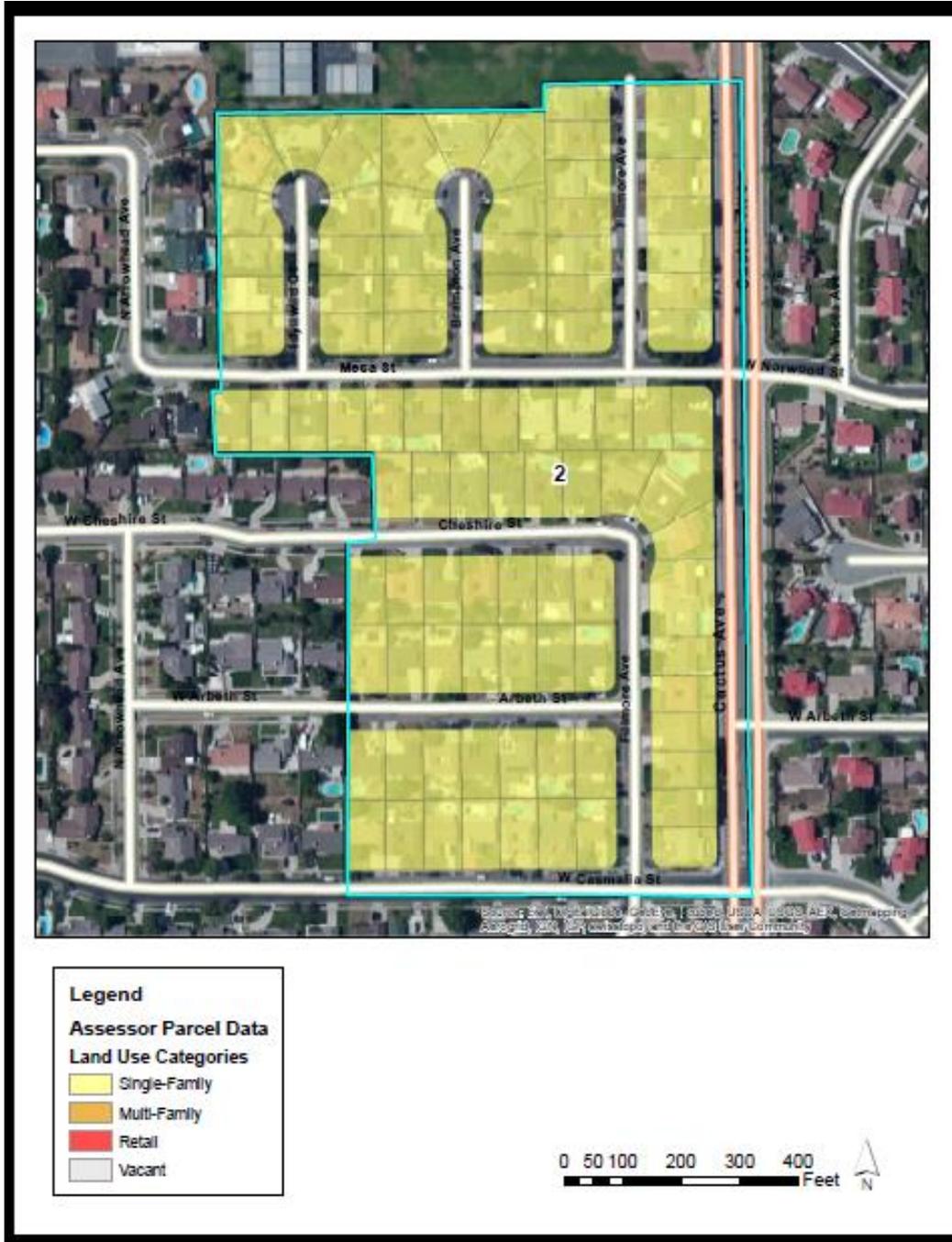


Figure A-3
 Island 3 Map
 North Rialto Islands Annexation Plan for Service and Fiscal Analysis
 City of Rialto

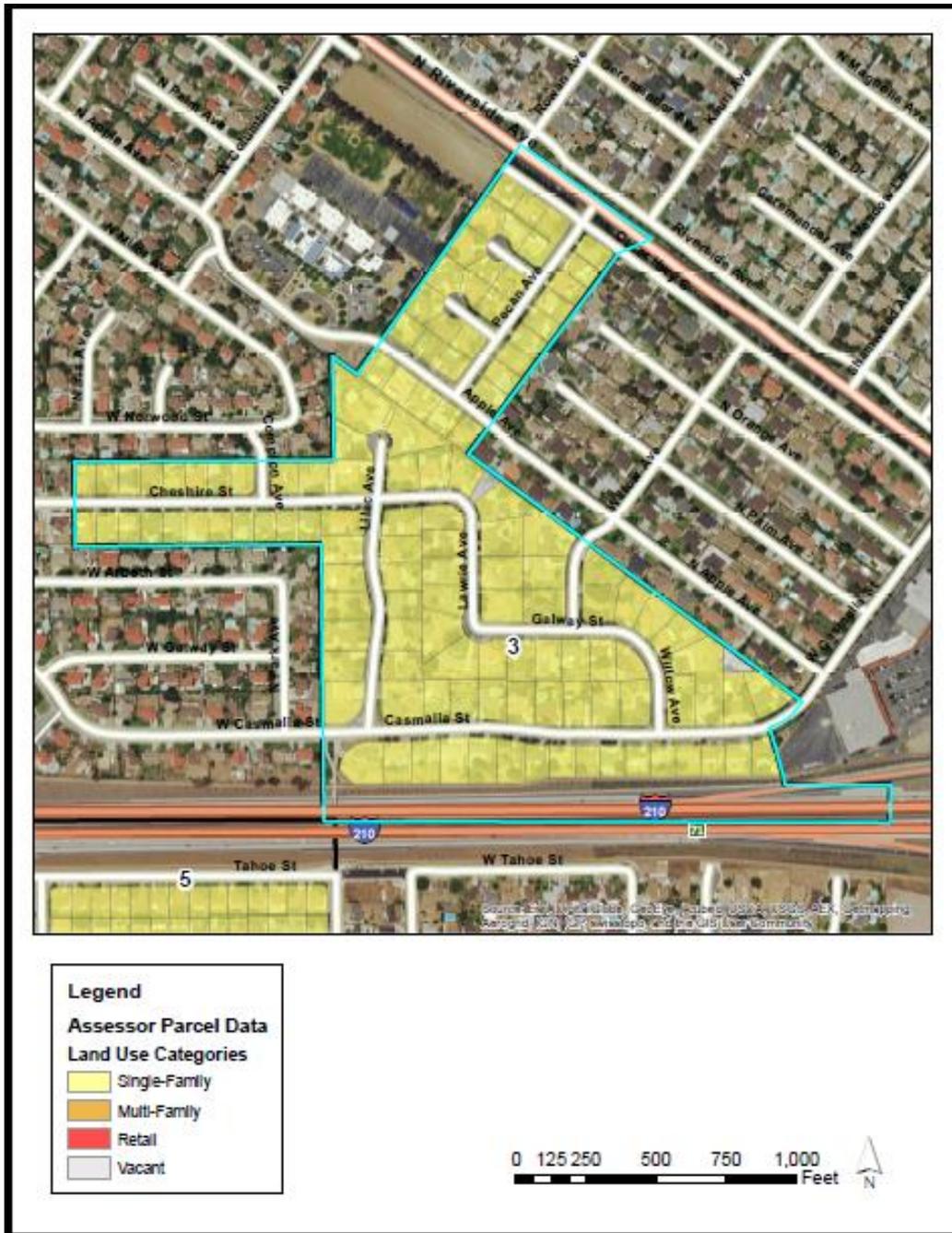


Table A-1
Existing Development Description by Island Area
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

Category	Existing Development ¹					Total
	Island 1	Island 2	Island 3	Island 4	Island 5	
A. ACRES	2	24	59	74	81	240
B. PARCEL SQUARE FEET BY LAND USE						
Single Family	20,018	735,684	1,744,525	1,974,124	2,264,365	6,738,716
Multi-Family	0	0	0	22,374	0	22,374
Retail Commercial	0	0	0	17,998	0	17,998
Service Commercial				19,352	0	19,352
Vacant	0	0	13,462	1,021,456	0	1,034,918
Total Square Feet	20,018	735,684	1,757,987	3,055,304	2,264,365	7,833,358
C. RESIDENTIAL DEVELOPMENT						
<u>Units</u>	2	94	127	101	271	595
<u>Households (Occupied Units @ 7% Vacancy)</u>	1	76	125	110	241	553
Estimated Population	4	276	458	526	986	2,250
<i>Estimated LAFCO PPH</i>	4.00	3.63	3.66	4.78	4.09	4.07
D. NON-RESIDENTIAL DEVELOPMENT						
<u>Building Square Feet (@ 0.20 FAR)</u>						
Retail Commercial	0	0	0	3,600	0	3,600
Service Commercial	0	0	0	3,870	0	3,870
Total Building Square Feet	0	0	0	7,470	0	7,470
<u>Estimated Employment</u>						
Retail Commercial @ 500 sq. ft. per employee	0	0	0	7	0	7
Service Commercial @ 1,200 sq. ft. per employee	0	0	0	3	0	3
Estimated Employment	0	0	0	10	0	10
E. ESTIMATED SERVICE POPULATION ³						
Population	4	276	458	526	986	2,250
Employment at 50%	0	0	0	5	0	5
Total Service Population	4	276	458	531	986	2,255

Note: 1. Existing acres, households and population by Island areas are provided by LAFCO as presented in the report cited below. Non-residential square feet is from the County assessor parcel number (APN) file. Employment is estimated by the fiscal consultant.

2. This analysis has weighted the employment at 50% to account for the estimated less frequent use of City services by employment versus population.

Sources: Stanley R. Hoffman Associates, Inc.

Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015

City of Rialto, Assistant City Administrator/Development Services Director

Table A-2
Estimated Future Units
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

LAFCO Island Number	COUNTY PARCEL FILE				SRHA ESTIMATE	
	APN	Land Use Code	Parcel Size (square feet)	Buildable Square Feet (@ 90% of total)	Estimated Units (@ average of 7,700 square feet per lot) ¹	Comment
3	026414128	Vacant	5,130	4,617	1	while less than 7,700 sq. ft., a unit would fit this parcel
3	026438307	Vacant	311	280	0	
3	026438308	Vacant	311	280	0	
3	026438309	Vacant	340	306	0	
3	026438310	Vacant	314	283	0	
3	026458111	Vacant	7,056	6,350	0	this lot is part of residence at 2040 N. Apple Ave.
Subtotal					1	
4	113317105	Vacant	1,899	1,709	0	
4	113317147	Vacant	8,045	7,241	1	while less than 7,700 sq. ft., a unit would fit this parcel
4	113320104	Vacant	290,341	261,307	33	
4	113321102	Vacant	61,970	55,773	7	
4	113321107	Vacant	16,488	14,839	2	
4	113321108	Vacant	21,977	19,779	2	
4	113321111	Vacant	22,966	20,670	2	
4	113321119	Vacant	3,797	3,417	0	
4	113321121	Vacant	1,899	1,709	0	
4	113321131	Vacant	49,434	44,490	5	
4	113322102	Vacant	218,315	196,483	25	
4	113322107	Vacant	179,751	161,776	21	
4	113323103	Vacant	102,732	92,459	0	public parcel - no units
4	113345116	Vacant	1,429	1,286	0	
4	113345119	Vacant	7,497	6,747	1	
4	113347125	Vacant	32,918	29,626	4	
Subtotal					103	
TOTAL					104	

Note: 1. Units are estimated based on a density of about 7,700 square feet per lot, as provided by City staff. When the calculation results in a fraction, the result is rounded down to the whole number.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County
City of Rialto, Assistant City Administrator/Development Services Director

Table A-3
Existing Assessed Valuation, Property Tax and Sales Tax by Island Area
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	Existing Development					Total
	Island 1	Island 2	Island 3	Island 4	Island 5	
A. ESTIMATED ASSESSED VALUATION AND PROPERTY TAX						
Total Estimated Assessed Valuation	\$151,337	\$15,929,418	\$23,696,269	\$16,154,640	\$39,682,548	\$95,614,212
Exemptions (homeowner and other)	<i>minus</i> \$14,000	\$435,961	\$560,380	\$238,678	\$990,944	\$2,239,963
Net Estimated Assessed Valuation	<i>equals</i> \$137,337	\$15,493,457	\$23,135,889	\$15,915,962	\$38,691,604	\$93,374,249
1% Property Tax Levy	<i>times</i> \$1,373	\$154,935	\$231,359	\$159,160	\$386,916	\$933,742
City General Fund Share of 1% Levy	<i>times</i> 21.04%	21.04%	21.04%	21.04%	21.04%	21.04%
Projected City General Fund Property Tax <i>(@ 21.04 of 1% levy)</i>	<i>equals</i> \$289	\$32,604	\$48,686	\$33,493	\$81,420	\$196,492
B. ESTIMATED ON-SITE SALES AND USE TAX						
Retail (Corner Market/Deli) Square Feet	0	0	0	3,600	0	3,600
Retail Taxable Sales (@ \$220 per square foot taxable sales)	\$0	\$0	\$0	\$792,000	\$0	\$792,000
Retail Sales Tax (@ 1% of taxable sales)	\$0	\$0	\$0	\$7,920	\$0	\$7,920
Use Tax (@ 11.5% of sales tax) ¹	<i>plus</i> <u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$910</u>	<u>\$0</u>	<u>\$910</u>
Total On-Site Sales and Use Tax	\$0	\$0	\$0	\$8,830	\$0	\$8,830

Note: 1. The property tax allocation rate of 21.04 percent of the basic one percent levy is provided in the LAFCO report cited below and included in Appendix Table C-3.
2. Use tax is rounded to the nearest tens.

Sources: Stanley R. Hoffman Associates, Inc.
Local Agency Formation Commission for San Bernardino County, *Agenda Item #7 -- Presentation Required Pursuant to Section IV - Application Processing, Policy 11 - Island Annexation Pursuant to Government Code Section 56375.3...*, December 8, 2015
City of Rialto, Assistant City Administrator/Development Services Director

APPENDIX B DETAILED FISCAL IMPACTS OF ISLANDS, EXISTING DEVELOPMENT

Table B-1
Detailed Projected Recurring Fiscal Impacts: With Utility Users Tax, Existing Development
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	With Utility User Tax					Total Existing
	Existing Development					
	Island 1	Island 2	Island 3	Island 4	Island 5	
Recurring Revenues						
Property tax	\$289	\$32,604	\$48,686	\$33,493	\$81,420	\$196,492
On-site retail sales and use tax	0	0	0	8,830	0	8,830
Property transfer tax-turnover	4	426	636	438	1,064	2,568
In lieu property tax (VLF)	0	0	0	0	0	0
Franchise fees	111	7,667	12,723	14,751	27,391	62,643
Proposition 172 Sales Tax-Public Safety	19	1,319	2,189	2,514	4,713	10,754
Utility users tax	419	28,908	47,971	55,617	103,274	236,189
Business licenses	0	0	0	723	0	723
Animal licenses and fees	7	458	760	873	1,637	3,735
Fines, forfeits and penalties	17	1,187	1,969	2,283	4,240	9,696
County LF excavation charges	0	0	0	0	0	0
Current services	92	6,354	10,543	12,209	22,698	51,896
Rents and concessions	8	541	898	1,041	1,933	4,421
Administrative/passport/misc. fees	24	1,648	2,734	3,140	5,886	13,432
Transfer from Gas Tax Fund	59	4,071	6,756	7,759	14,544	33,189
Other transfers	147	10,151	16,845	19,346	36,265	82,754
Interest on invested revenues	8	662	1,060	1,131	2,117	4,978
Total Projected Revenues	\$1,204	\$95,996	\$153,770	\$164,147	\$307,182	\$722,299
Recurring Costs						
Fire protection	\$600	\$41,375	\$68,659	\$79,602	\$147,811	\$338,047
Police protection	973	67,131	111,399	129,155	239,825	548,483
Development services-engineering	16	1,090	1,809	2,097	3,895	8,907
Development services-business licensing	0	0	0	55	0	55
Development services-code enforcement	28	1,899	3,151	3,653	6,784	15,514
Public works-administration	17	1,198	1,988	2,305	4,279	9,787
Public works-engineering services & projects	12	828	1,374	1,593	2,958	6,765
Public works-park maintenance	0	0	0	0	0	0
Public works-street maintenance/traffic signals	96	6,616	10,978	12,728	23,634	54,052
Public works-graffiti removal	5	315	522	605	1,124	2,571
Public works-traffic safety	31	2,164	3,591	4,163	7,730	17,679
Public works-storm drain program	15	1,007	1,672	1,938	3,599	8,231
Public works-community building maintenance	44	3,003	4,983	5,777	10,728	24,535
Recreation	50	3,425	5,684	6,528	12,236	27,923
General government	221	15,218	25,253	29,277	54,366	124,335
Subtotal Recurring Costs	\$2,108	\$145,269	\$241,063	\$279,476	\$518,969	\$1,186,885
5% contingency/reserves	\$105	\$7,263	\$12,053	\$13,974	\$25,948	\$59,343
Total Recurring Costs	\$2,213	\$152,532	\$253,116	\$293,450	\$544,917	\$1,246,228
Annual Net Recurring Surplus or (Deficit)	(\$1,009)	(\$56,536)	(\$99,346)	(\$129,303)	(\$237,735)	(\$523,929)
Revenue/Cost Ratio	0.54	0.63	0.61	0.56	0.56	0.58
ANNUAL SURPLUS OR (DEFICIT) PER UNIT						
Number of Units	2	94	127	101	271	595
Annual Surplus or (Deficit) per Unit	(\$505)	(\$601)	(\$782)	(\$1,280)	(\$877)	(\$881)

Source: Stanley R. Hoffman Associates, Inc.

Table B-2
Detailed Projected Recurring Fiscal Impacts: No Utility Users Tax, Existing Development
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto
(In Constant 2016 Dollars)

Category	No Utility Users Tax					
	Existing Development					
	Island 1	Island 2	Island 3	Island 4	Island 5	Total Existing
Recurring Revenues						
Property tax	\$289	\$32,604	\$48,686	\$33,493	\$81,420	\$196,492
On-site retail sales and use tax	0	0	0	8,830	0	8,830
Property transfer tax-turnover	4	426	636	438	1,064	2,568
In lieu property tax (VLF)	0	0	0	0	0	0
Franchise fees	111	7,667	12,723	14,751	27,391	62,643
Proposition 172 Sales Tax-Public Safety	19	1,319	2,189	2,514	4,713	10,754
Utility users tax	0	0	0	0	0	0
Business licenses	0	0	0	723	0	723
Animal licenses and fees	7	458	760	873	1,637	3,735
Fines, forfeits and penalties	17	1,187	1,969	2,283	4,240	9,696
County LF excavation charges	0	0	0	0	0	0
Current services	92	6,354	10,543	12,209	22,698	51,896
Rents and concessions	8	541	898	1,041	1,933	4,421
Administrative/passport/misc. fees	24	1,648	2,734	3,140	5,886	13,432
Transfer from Gas Tax Fund	59	4,071	6,756	7,759	14,544	33,189
Other transfers	147	10,151	16,845	19,346	36,265	82,754
Interest on invested revenues	5	461	727	745	1,400	3,339
Total Projected Revenues	\$782	\$66,887	\$105,466	\$108,145	\$203,192	\$484,471
Recurring Costs						
Fire protection	\$600	\$41,375	\$68,659	\$79,602	\$147,811	\$338,047
Police protection	973	67,131	111,399	129,155	239,825	548,483
Development services-engineering	16	1,090	1,809	2,097	3,895	8,907
Development services-business licensing	0	0	0	55	0	55
Development services-code enforcement	28	1,899	3,151	3,653	6,784	15,514
Public works-administration	17	1,198	1,988	2,305	4,279	9,787
Public works-engineering services & projects	12	828	1,374	1,593	2,958	6,765
Public works-park maintenance	0	0	0	0	0	0
Public works-street maintenance/traffic signals	96	6,616	10,978	12,728	23,634	54,052
Public works-graffiti removal	5	315	522	605	1,124	2,571
Public works-traffic safety	31	2,164	3,591	4,163	7,730	17,679
Public works-storm drain program	15	1,007	1,672	1,938	3,599	8,231
Public works-community building maintenance	44	3,003	4,983	5,777	10,728	24,535
Recreation	50	3,425	5,684	6,528	12,236	27,923
General government	221	15,218	25,253	29,277	54,366	124,335
Subtotal Recurring Costs	\$2,108	\$145,269	\$241,063	\$279,476	\$518,969	\$1,186,885
5% contingency/reserves	\$105	\$7,263	\$12,053	\$13,974	\$25,948	\$59,343
Total Recurring Costs	\$2,213	\$152,532	\$253,116	\$293,450	\$544,917	\$1,246,228
Annual Net Recurring Surplus or (Deficit)	(\$1,431)	(\$85,645)	(\$147,650)	(\$185,305)	(\$341,725)	(\$761,757)
Revenue/Cost Ratio	0.35	0.44	0.42	0.37	0.37	0.39
ANNUAL SURPLUS OR (DEFICIT) PER UNIT						
<i>Number of Units</i>	2	94	127	101	271	595
Annual Surplus or (Deficit) per Unit	(\$715)	(\$911)	(\$1,163)	(\$1,835)	(\$1,261)	(\$1,280)

Source: Stanley R. Hoffman Associates, Inc.

APPENDIX C SUPPORTING FISCAL TABLES

**Table C-1
City Employment Estimate
North Rialto Islands Annexation Area
Plan for Service and Fiscal Analysis, City of Rialto**

A. ESTIMATED CITY EMPLOYMENT IN 2011

Category	Estimated Payroll Jobs ¹	Estimated Self-Employed ²	Total Employment	Self-Employed Rate ³
Construction	994	249	1,243	20.0%
Manufacturing	2,052	76	2,128	3.6%
Wholesale Trade	1,162	63	1,225	5.2%
Retail Trade	2,740	176	2,916	6.0%
Transportation & Warehousing	5,412	240	5,651	4.2%
Information	80	9	89	10.2%
Finance & Insurance	272	52	324	16.1%
Real Estate & Rental & Leasing	127	37	164	22.5%
Professional, Scientific, & Technical Services	274	43	317	13.5%
Admin. & Support & Waste Mgmt. & Remediation	660	194	854	22.7%
Health Care & Social Assistance	1,118	70	1,189	5.9%
Arts, Entertainment, & Recreation	160	33	194	17.3%
Accommodation & Food Services	1,451	49	1,499	3.2%
Other Services	1,196	484	1,681	28.8%
Public Admin and Education	4,385	0	4,385	0.0%
Balance Employment ⁴	<u>386</u>	<u>345</u>	<u>732</u>	47.2%
Total	22,468	2,121	24,590	8.6%
B. SUMMARY DISTRIBUTION OF TOTAL EMPLOYMENT				
Retail/Service	5,547	742	6,289	11.8%
Office/Corporate Center	673	132	805	16.4%
Business Park/Light Industrial	7,138	840	7,977	10.5%
General Industrial/Employment	4,725	407	5,132	7.9%
Public Admin and Education	<u>4,385</u>	<u>0</u>	<u>4,385</u>	0.0%
Total	22,468	2,121	24,590	8.6%

- Note: 1. Annual payroll jobs for 2011 are estimated based on data on primary jobs obtained from Census LEHD adjusted for all payroll jobs based on the relationship between LEHD primary jobs and EDD total payroll jobs.
 2. Self-employment is estimated by applying self-employment rates by industry.
 3. Estimated rates of self-employment by industry for San Bernardino County are calculated from the Census American Community Survey (ACS) 2009-11 Public Use Microdata Sample (PUMS).
 4. The balance of employment includes non-classified jobs and suppressed data on agriculture, mining, utilities and management of companies.

Sources: Stanley R. Hoffman Associates, Inc.
 City of Rialto, Economic Development Department
 California Economic Development Department, Labor Market Division, *NAICS Sector Level Employment and Payroll Data, City of Rialto, 2008*
 Census Longitudinal Employer-Household Dynamic (LEHD) program.
 Census American Community Survey (ACS) 2009-11 Public Use Microdata (PUMS)

Table C-2 (page 1 of 3)
General Fund Revenues, Fiscal Year 2013-2014
North Rialto Islands Annexation Area
Plan for Service and Fiscal Analysis, City of Rialto

Revenue Category	Fiscal Year 2013/2014			Revised Revenue Amount	
	Adopted Budget	Budget Amendments and Mid-Year Adjustments ¹	Total Revised Budget	Not Projected in Fiscal Analysis or One-Time Revenue ²	Revenue Projected in Fiscal Analysis
<u>Tax Revenue</u>					
Property Taxes	\$4,891,000	\$548,000	\$5,439,000	\$0	\$5,439,000
In Lieu Property Tax (VLF)	8,400,000	161,000	8,561,000	0	8,561,000
Sales Tax	7,218,000	631,000	7,849,000	0	7,849,000
In Lieu Property Tax (Sales Tax)	2,396,000	192,000	2,588,000	0	2,588,000
Transient Lodging Tax	120,000	0	120,000	120,000	0
Unitary Property Tax	326,000	0	326,000	0	326,000
Franchise Fees	2,980,000	10,000	2,990,000	0	2,990,000
Franchise Fees-PD	150,000	(10,000)	140,000	0	140,000
SB509 Sales Tax-Safety	435,000	50,000	485,000	0	485,000
Property Transfer Tax	211,000	39,000	250,000	0	250,000
UUT-Telephone/Mobile	3,598,000	(48,000)	3,550,000	0	3,550,000
UUT-Gas/Electric	5,530,000	120,000	5,650,000	0	5,650,000
UUT-Water	1,200,000	50,000	1,250,000	0	1,250,000
UUT-Cable/Satellite	473,000	(13,000)	460,000	0	460,000
UUT-Wastewater	<u>941,000</u>	<u>(51,000)</u>	<u>890,000</u>	<u>0</u>	<u>890,000</u>
Subtotal Tax Revenue	\$38,869,000	\$1,679,000	\$40,548,000	\$120,000	\$40,428,000
<u>Licenses and Permits</u>					
Business Licenses	\$1,600,000	\$100,000	\$1,700,000	\$0	\$1,700,000
Contractors Licenses	60,000	0	60,000	0	60,000
Truck Delivery Licenses	17,000	0	17,000	0	17,000
Dog Licenses	155,000	0	155,000	0	155,000
Earthquake Fee	13,000	(11,000)	2,000	2,000	0
Building Permits	509,000	0	509,000	509,000	0
Plumbing Permits	28,000	22,000	50,000	50,000	0
Electrical Permits	30,000	30,000	60,000	60,000	0
Mechanical Permits	18,000	42,000	60,000	60,000	0
Overload Permits	20,000	0	20,000	20,000	0
State Business License Fee	3,000	0	3,000	3,000	0
Energy No-Fee Permits	5,000	0	5,000	5,000	0
SB 1473 State Revolving Fund Fee	5,000	(3,000)	2,000	2,000	0
Alarm Installation Permits	48,000	3,000	51,000	51,000	0
Fire Permits	110,000	0	110,000	110,000	0
Certificates of Occupancy	12,000	(3,000)	9,000	9,000	0
Mobile Home Park State OPS Permit	25,000	0	25,000	25,000	0
Temporary Sign Permits	2,000	0	2,000	2,000	0
Fire Sprinkler Permits	8,000	0	8,000	8,000	0
Other Licenses and Permits	<u>10,000</u>	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Licenses & Permits	\$2,678,000	\$180,000	\$2,858,000	\$926,000	\$1,932,000
<u>Fines, Forfeits & Penalties</u>					
Parking Fines (City)	\$220,000	\$15,000	\$235,000	\$0	\$235,000
Court Fines (County)	141,000	22,000	163,000	0	163,000
Other Fines/Forfeits/Penalties	<u>40,000</u>	<u>46,000</u>	<u>86,000</u>	<u>0</u>	<u>86,000</u>
Total Fines, Forfeits & Penalties	\$401,000	\$83,000	\$484,000	\$0	\$484,000
<u>Use of Money & Property</u>					
Interest Income From Other Sources	\$58,850	\$0	\$58,850	\$0	\$58,850
Rents & Concessions	250,000	(29,000)	221,000	0	221,000
Investment Income	<u>225,300</u>	<u>74,700</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
Total Use of Money & Property	\$534,150	\$45,700	\$579,850	\$0	\$579,850
<u>Revenue From Other Agencies</u>					
Motor Vehicle In Lieu Tax	\$0	\$0	\$0	\$0	\$0
Disaster Assistance	10,000	0	10,000	10,000	0
State Mandated Reimbursements	20,000	28,600	48,600	48,600	0
POST	50,000	(35,000)	15,000	15,000	0
RUSD-Fiscal Affairs/DARE	40,000	(40,000)	0	0	0
State Assistance/CalPers Medicare Part D Subsidy	0	28,340	28,340	28,340	0
DUI Emergency Response	8,500	0	8,500	8,500	0
County Reimbursement	8,840	0	8,840	8,840	0
County Waste Rebate	56,000	(38,360)	17,640	17,640	0
County LF Excavation Charges ³	<u>3,490,000</u>	<u>(1,090,000)</u>	<u>2,400,000</u>	<u>2,160,000</u>	<u>240,000</u>
Total Revenue From Outside Agencies	\$3,683,340	(\$1,146,420)	\$2,536,920	\$2,296,920	\$240,000

Table C-2 (page 2 of 3)
General Fund Revenues, Fiscal Year 2013-2014
North Rialto Islands Annexation Area
Plan for Service and Fiscal Analysis, City of Rialto

Revenue Category	Fiscal Year 2013/2014			Revised Revenue Amount	
	Adopted Budget	Budget Amendments and Mid-Year Adjustments ¹	Total Revised Budget	Not Projected in Fiscal Analysis or One-Time Revenue ²	Revenue Projected in Fiscal Analysis
Charges For Current Services					
Planning Variance Reviews	\$1,100	\$1,141	\$2,241	\$2,241	\$0
Lot Lines and Lot Splits	2,000	0	2,000	2,000	0
Development Agreements	4,000	0	4,000	4,000	0
Specific Plan Reviews/Changes	2,000	0	2,000	2,000	0
Annexation Reviews	0	9,127	9,127	9,127	0
Issuance Fees	40,000	0	40,000	40,000	0
Tentative Map Reviews	5,000	3,678	8,678	8,678	0
Sale of Maps/Publications	3,000	0	3,000	0	3,000
Conditional Development Reviews	23,000	21,000	44,000	44,000	0
Environmental Reviews	16,000	4,000	20,000	20,000	0
Animal Control Fees	10,000	3,000	13,000	0	13,000
Building Plan Check	500,000	100,000	600,000	600,000	0
Energy Plan Check	3,000	5,000	8,000	8,000	0
Public Improvement Inspection	250,000	75,000	325,000	325,000	0
Grading Inspection	15,000	0	15,000	15,000	0
Fingerprinting	1,000	0	1,000	0	1,000
Reproduction Charges	5,400	68,000	73,400	0	73,400
Precise Plan Review	74,000	(14,000)	60,000	60,000	0
Fire False Alarm Response	500	0	500	0	500
Police False Alarm Response	85,000	6,000	91,000	0	91,000
Police Accident Reports	48,000	0	48,000	0	48,000
Engineering General Services	50,000	20,000	70,000	70,000	0
Police General Services	5,000	20,533	25,533	0	25,533
Engineering Improvement Plan Check	250,000	0	250,000	250,000	0
Special Investigation Fee	10,000	0	10,000	10,000	0
Ambulance Service Fees	1,800,000	0	1,800,000	0	1,800,000
Ambulance Subscriptions	60,000	0	60,000	0	60,000
Weed & Lot Cleaning	98,000	0	98,000	0	98,000
Grading Plan Check Fee	10,000	0	10,000	10,000	0
Fire Plan Check Fee	80,000	(10,000)	70,000	70,000	0
Traffic Study Fee	4,000	0	4,000	4,000	0
Nuisance Review	51,000	0	51,000	51,000	0
On Site Improvement Inspection	0	200,000	200,000	200,000	0
Environmental Inspection Fee	0	40,000	40,000	40,000	0
Planning General Services	5,000	2,000	7,000	7,000	0
Inspections for Multi-Family Rentals	300,000	0	300,000	300,000	0
Police Impound Fees	58,000	0	58,000	0	58,000
Other Charges for Current Services	3,600	0	3,600	0	3,600
Department-Premium Engineering	172,800	0	172,800	172,800	0
<i>Total Charges for Current Services</i>	<i>\$4,045,400</i>	<i>\$554,479</i>	<i>\$4,599,879</i>	<i>\$2,324,846</i>	<i>\$2,275,033</i>
Other Revenue					
Gain on Disposition	\$0	\$8,310	\$8,310	\$8,310	\$0
Damage/Recovery Restitution	\$37,000	38,630	75,630	75,630	0
RUA Lease Payments	2,000,000	0	2,000,000	2,000,000	0
RUA Contract Payments	824,040	0	824,040	824,040	0
Administrative Fee	275,000	200,000	475,000	0	475,000
Passport Service Fee	50,000	0	50,000	0	50,000
PEG Access Funding	102,300	0	102,300	102,300	0
Miscellaneous Revenue	60,150	20,000	80,150	0	80,150
<i>Total Other Revenue</i>	<i>\$3,348,490</i>	<i>\$266,940</i>	<i>\$3,615,430</i>	<i>\$3,010,280</i>	<i>\$605,150</i>

Table C-2 (page 3 of 3)
General Fund Revenues, Fiscal Year 2013-2014
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

Revenue Category	Fiscal Year 2013/2014			Revised Revenue Amount	
	Adopted Budget	Budget Amendments and Mid-Year Adjustments ¹	Total Revised Budget	Not Projected in Fiscal Analysis or One-Time Revenue ²	Revenue Projected in Fiscal Analysis
Transfers In					
Transfers-Gas Tax	\$1,496,080	\$0	\$1,496,080	\$0	\$1,496,080
Transfers-Waste Management	38,490	0	38,490	0	38,490
Transfers-Fire Development	1,260	0	1,260	0	1,260
Transfers-Landscaping & Lighting District No. 2	34,005	0	34,005	0	34,005
Transfers-AQMD 2766	5,220	0	5,220	0	5,220
Transfers-Local Drainage	10	0	10	0	10
Transfers-CDBG	91,402	20,380	111,782	0	111,782
Transfers-PERS Property Tax	200	0	200	200	0
Transfers-Traffic Development	51,300	0	51,300	0	51,300
Transfers-Successor Agency	219,990	0	219,990	0	219,990
Transfers-Casa Grande Debt Service	12,610	0	12,610	0	12,610
Transfers-Water Administration/Utility	0	100,000	100,000	0	100,000
Transfers-Airport	51,440	0	51,440	0	51,440
Transfers-Utility Billing	62,720	0	62,720	0	62,720
Transfers-Engineering	2,889,007	0	2,889,007	0	2,889,007
Transfers-CFD 87-1	36,940	0	36,940	0	36,940
Transfers-CFD 2006-1	<u>115,340</u>	<u>0</u>	<u>115,340</u>	<u>0</u>	<u>115,340</u>
<i>Total Transfers In</i>	\$5,106,014	\$120,380	\$5,226,394	\$200	\$5,226,194
<i>Total Mid-Year Adjustments</i>		\$1,783,079			
Budget Amendments: Grants and Carry-Forwards ³	\$0	\$3,097,443	\$3,097,443	\$3,097,443	\$0
General Fund Total	\$58,665,394	\$4,880,522	\$63,545,916	\$11,475,689	\$52,070,227

- Note: 1. Since the adoption of the Fiscal Year (FY) 2013/2014 Budget, City Council approved revenue amendments of about \$3.1 million that primarily included grants and carry-forwards. Based on discussion with the City Finance Manager, these revenue amendments are not projected in the fiscal analysis. In February 2014, mid-year revenue adjustments of about \$1.8 million were made to the City budget. These mid-year revenue adjustments are included in the fiscal analysis.
2. Certain revenues are not projected in the fiscal analysis. These include the estimated \$3.1 million revenue amendment (for grants and carry-forwards), revenues that are fixed payments and grants. Development-related one-time fee revenues are deducted from projected departmental costs for development services and engineering.
3. City administrative staff estimates that about 10 percent, or \$240,000, of the total County Landfill revenues that are contributed from disposal by City residents.

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, *Budget Fiscal Year 2013/2014*
City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*

Table C-3
Current Tax Rate Area (TRA) Allocations: TRA 106039
North Rialto Islands Annexation Plan for Service and Fiscal Analysis
City of Rialto

Agency Code	Agency	TRA 106039
<u>A. Current Allocations</u>		
AB01 GA01	San Bernardino County General Fund	0.13606702
AB02 GA01	Educational Revenue Augmentation Fund (ERAF)	0.20604917
BF02 GA01	Flood Control Zone 2	0.02415610
BF07 GA01	Flood Control District, Administration, 1 & 2	0.00169860
BL01 GA01	San Bernardino County Free Library	0.01317650
BS01 GA01	County Superintendent of Schools, Countywide	0.00466915
BS01 GA02	County Superintendent of Schools, Regional Occupational Program	0.00080051
BS01 GA03	County Superintendent of Schools, Physically Handicapped	0.00183662
BS01 GA04	County Superintendent of Schools, Mentally Retarded	0.00147470
BS01 GA05	County Superintendent of Schools, Development Center	0.00048143
SC54 GA01	San Bernardino Community College	0.04782331
SU50 GA01	Rialto Unified	0.29950283
UD98 GA01	CSA SL-1	0.01415458
UF01 GA01	San Bernardino County Fire Protection District, Valley Service Area	0.17184959
UF01 GA05	San Bernardino County Fire Protection District, Administration	0.02443024
WR04 GL01	Inland Empire Joint Resource Conservation District	0.00047331
WU23 GA01	San Bernardino Valley Municipal Water	0.02460988
WW28 GA01	West San Bernardino County Water District	<u>0.02674646</u>
	Total	1.00000000
<u>B. Detaching Districts Upon Annexation (Allocation Shifts to City of Rialto)</u>		
	CSA SL-1	0.01415458
	San Bernardino County Fire Protection District, Valley Service Area	0.17184959
	San Bernardino County Fire Protection District, Administration	<u>0.02443024</u>
	Total Detaching Districts	0.21043441
Sources: Stanley R. Hoffman Associates, Inc. San Bernardino County Auditor-Controller, Property Tax Division, TRA Allocations		

Table C-4
Estimated In Lieu Property Tax of Vehicle License Fees (VLF) Factor
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

Category	FY 2004-2005	FY 2013-2014	Change
A. Nominal Dollars			
In Lieu Property Tax - VLF	\$5,562,151	\$8,561,000	\$2,998,849
Assessed Valuation	\$3,842,110,300	\$5,917,583,374	\$2,075,473,074
VLF Increase divided by Assessed Valuation (AV)			0.001445
VLF Increase per \$1,000,000 increase in AV			\$1,445
B. Consumer Price Index (Annual 2004 and 2013)			
	193.20	239.21	1.24
C. Constant Dollars			
In Lieu Property Tax - VLF	\$6,886,674	\$8,561,000	\$1,674,326
Assessed Valuation	\$4,757,037,674	\$5,917,583,374	\$1,160,545,700
VLF Increase divided by Assessed Valuation (AV)			0.001443
VLF Increase per \$1,000,000 increase in AV			\$1,443

Sources: Stanley R. Hoffman Associates, Inc.
State Controller's Office, Division of Accounting and Reporting, *Revenue and Taxation Code Section 97.70©1(B)(i) Vehicle License Fee Adjustment Amounts, 2004/2005*
City of Rialto, *Budget Fiscal Year 2013/2014*
City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*
San Bernardino County Assessor, *2013 Annual Report, 2013 Property Assessment Roll*
Bureau of Labor Statistics (BLS), *Consumer Price Index-All Urban Customers, Los Angeles-Riverside-Orange County, CA, January CPI, April 2014*

Table C-5
Calculation of Use Tax Factor
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

Rialto	Amount
<u>Use Tax</u>	
County Pool	\$1,064,180
State Pool	<u>5,835</u>
Total Use Tax	\$1,070,015
	<i>divided by</i>
<u>Point-of-Sale Sales Tax</u>	\$9,519,326
	<i>equals</i>
Use Tax Rate¹	11.2%

Note: 1. The use tax rate is the County Pool plus the State Pool divided by point-of-sale taxable sales tax.

Source: The HdL Companies, *Sales Tax Allocation Totals, Calendar Year 2013*

Table C-6
Estimated Annual Residential Turnover
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

City of Rialto	Occupied Housing Units	Percent Turnover
Total Owner Occupied Units	15,169	
Moved in 2010 or later	900	
Moved in 2000 to 2009	<u>6,406</u>	
Total Moved 2000 to 2010	7,306	
Annual Turnover Rate: 2000 to 2010 ¹	731	5%

Note: 1. The annual turnover rate is based on the assumption of ten years for the 2000 to 2010 period.

Sources: Stanley R. Hoffman Associates, Inc.
U.S. Census Bureau, 2008-2012 American Community Survey Tenure by Year Householder Moved Into Unit

Table C-7
Recreation and Community Services Fund Revenues, Fiscal Year 2013-2014
North Rialto Islands Annexation Area
Plan for Service and Fiscal Analysis, City of Rialto

Recreation and Community Services Fund Revenues	2013/2014 Budget	Percent of Total
<u>Use of Money & Property</u>		
Rents & Concessions	\$106,690	4.54%
Community Center Rentals	25,000	1.06%
Simonson Center Rentals	0	0.00%
Simonson Center Pools	<u>2,000</u>	<u>0.09%</u>
Subtotal Tax Revenue	\$133,690	5.69%
<u>Charges For Current Services</u>		
Sports Fees	\$100,225	4.27%
Sports Center Programs	45,450	1.94%
Swimming Pool Programs	64,405	2.74%
Cultural Art Fees	43,000	1.83%
Child Development	125,000	5.32%
Swimming Pool Memberships	44,200	1.88%
Racquet/Fitness Membership Fees	397,800	16.94%
Recreation Miscellaneous	50	0.00%
Other Charges for Current Services	0	0.00%
Department Premiums - Simonson Center	<u>60,000</u>	<u>2.55%</u>
Total Charges for Current Services	\$880,130	37.47%
<u>Other Revenue</u>		
Cash Over/Short	\$0	0.00%
Miscellaneous Revenue	600	0.03%
Recreation Donation	<u>0</u>	<u>0.00%</u>
Total Other Revenue	\$600	0.03%
<u>Transfers In</u>		
Transfers-General Fund	\$1,258,356	53.58%
Transfers-NSP3	0	0.00%
Transfers-CDBG	<u>75,972</u>	<u>3.23%</u>
Total Transfers In	\$1,334,328	56.81%
Total Recreation and Community Services Fund	\$2,348,748	100.00%

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Budget Fiscal Year 2013/2014

Table C-8
General Fund Net Development Cost Factors
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

Category	Amount
A. General Fund Development Services Engineering Costs	
<u>Development Services & Engineering Costs (includes Building and Planning Divisions)</u>	\$1,973,988
	<i>minus</i>
<u>One-Time Licenses and Permits</u>	
Earthquake Fee	\$2,000
Building Permits	509,000
Plumbing Permits	50,000
Electrical Permits	60,000
Mechanical Permits	60,000
Energy No-Fee Permits	5,000
Certificates of Occupancy	9,000
Mobile Home Park State OPS Permit	25,000
Temporary Sign Permits	<u>2,000</u>
Total One-Time Licenses and Permits	\$722,000
	<i>minus</i>
<u>One-Time Charges for Current Services</u>	
Planning Variance Reviews	\$2,241
Lot Lines and Lot Splits	2,000
Development Agreements	4,000
Specific Plan Reviews/Changes	2,000
Annexation Reviews	9,127
Issuance Fees	40,000
Tentative Map Reviews	8,678
Conditional Development Reviews	44,000
Environmental Reviews	20,000
Building Plan Check	600,000
Energy Plan Check	8,000
Precise Plan Review	60,000
Planning General Services	<u>7,000</u>
Total One-Time Charges for Services	\$807,046
	<i>equals</i>
Recurring Net Development Services & Engineering Costs	\$444,942
	<i>divided by</i>
<u>City Service Population</u>	112,663
	<i>equals</i>
Net Development Services & Engineering Costs per Service Population	\$3.95
B. General Fund Development Services - Code Enforcement Costs	
<u>Development Services - Code Enforcement</u>	\$826,337
	<i>minus</i>
<u>One-Time Charges for Services</u>	
Nuisance Review	\$51,000
	<i>equals</i>
Recurring Net Development Services-Code Enforcement Costs	\$775,337
	<i>divided by</i>
<u>City Service Population</u>	112,663
	<i>equals</i>
Net Development Services Costs per Service Population	\$6.88

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Budget Fiscal Year 2013/2014
City of Rialto, Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014
City of Rialto, City Administrator and Development Services Department

Table C-9
General Fund Net Public Works Engineering Costs
North Rialto Islands Annexation Area Plan for Service and Fiscal Analysis
City of Rialto

Category	Amount
<u>Total General Fund Public Works Engineering Services and Projects</u>	
Engineering Services	\$918,555
Engineering - Projects	<u>522,094</u>
Total Public Works Engineering Services and Projects Costs	\$1,440,648
	<i>minus</i>
<u>One-Time Licenses and Permits</u>	
Overload Permits	\$20,000
	<i>minus</i>
<u>One-Time Charges for Services</u>	
Public Improvement Inspection	\$325,000
Grading Inspection	15,000
Engineering General Services	70,000
Engineering Improvement Plan Check	250,000
Grading Plan Check Fee	10,000
On Site Improvement Inspection	200,000
Environmental Inspection Fee	40,000
Department-Premium Engineering	<u>172,800</u>
Total One-Time Charges for Service	\$1,082,800
	<i>equals</i>
Recurring Net Development Services Costs	\$337,848
	<i>divided by</i>
<u>City Service Population</u>	112,663
	<i>equals</i>
Public Works Engineering Costs per Service Population	\$3.00

Sources: Stanley R. Hoffman Associates, Inc.
City of Rialto, Budget Fiscal Year 2013/2014
City of Rialto, *Mid-Year Presentation FY 13-14, City Council Approved Budget Adjustments, 2/25/2014*
City of Rialto, City Administrator and Development Services Department

APPENDIX D PROJECT REFERENCES

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County of San Bernardino

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