

***North Tahoe Fire Protection District  
2008 Capital Facilities and  
Mitigation Fee Expenditure Plan***



***December 17, 2008  
Placer County***

## *Summary of the Mitigation Process*

For several years the County of Placer has undergone sustained growth. In spite of rigid controls from the Tahoe Regional Planning Agency (TRPA), this growth has continued in the Lake Tahoe basin. This increase in protection inventory and service population has served to spread existing assets of public agencies over a substantially larger service base. The North Tahoe Fire Protection District has experienced an increase in the amount of building inventory to protect. This development has contributed to an increase in fire protection inventory, requiring a commensurate increase in firefighting infrastructure.

North Tahoe Fire Protection District is faced with growing capital improvement needs that exceed property tax increments. With the advent of Proposition 218, special tax or assessments are no longer valid revenue sources to keep pace with growth, new service and infrastructure demands. The North Tahoe Fire Protection District is utilizing a proactive approach to continue an existing level of service and to meet the future needs of the District.

Historical data about staffing and inventory has been gathered to develop estimates of adequate staffing levels and capital inventory. This information has been used to develop a fair and equitable mitigation fund equation. The total impact is analyzed by correlation between community growth and the increased need for fire prevention and protection services. The ultimate purpose of the mitigation fees is to provide a continuing level of service rather than a remedy for past development and to hopefully arrest the degradation of service levels.

In 1986 Assembly Member Cortese recognized the need for concise legislation concerning mitigation. AB 1600 is the result of hearings. Through delay, the effective date of AB1600 was January 1, 1989. AB1600 enacted Government Code Sections 66000-66003. This in effect requires local agencies imposing mitigation fees to specify the public improvement, segregate the monies collected in special accounts, re-examine the necessity for the expanded balance after 5 years, and refund the balance with accrued interest. In addition, local agencies imposing the fee for defined facility and improvements would be authorized to adopt and annually review a specified capital facilities plan.

AB 1600 required the North Tahoe Fire Protection District to go through an established process to enact a reasonable relationship between a development fee and the specified improvement that it will be used for. In simple terms, the North Tahoe Fire Protection District cannot arbitrarily charge a mitigation fee without first showing the relationship between impact of development and the fee being charged. Through a thorough analysis in 2000 this process was met. In 2007 another thorough analysis was conducted that established and confirmed the relationship between the impact of development and the fee being charged.

The final hurdle was the actual levy of fees. The California Attorney General issued the opinion that Special Districts cannot levy mitigation fees. However, the California Constitution allows Counties and Cities to levy mitigation fees. Through this process and by Resolution, Placer County has allowed the North Tahoe Fire Protection District to realize mitigation revenues. Currently the North Tahoe Fire Protection District collects mitigation fees within the Fire Protection District

boundaries. The content of this report will outline the spending plan for those fees collected up to and including the fiscal year 2008/2009, an inventory of the fees collected to this point and a proposal for a mitigation fee adjustment based on a generally accepted cost of living adjustment.

## ***Relationship Between Growth and Capital – Facilities Plan***

North Tahoe Fire Protection District continues to experience significant growth in fire inventory, as well as population, this trend is expected to continue for years to come. This development has contributed to an increase in calls for service and increased fire potential.

The recent trend of expanding small mountain cabins to expansive resort homes is creating larger homes with larger population potential. Many of these homes are vacation rentals, which carry increased risks with transient guests unfamiliar with the unusual fire and safety risks of forested and heavy snow areas. As the demand for fire and Emergency Medical Services capability increases through infill construction and “teardown” remodels, the ability to transport personnel and apparatus will degrade proportionally. The major arterial routes are critically congested and the projected increase in residents and visitors will only worsen the problem. The only plausible mitigation strategy is to maintain, upgrade or relocate staffed fire stations where response is timely, and to maintain enough redundancy in apparatus and equipment to act autonomously until assistance can arrive.

The continued growth will impact the District’s ability to maintain the same level of service. The impact of this growth affects three aspects of the organization: (1) Personnel required (2) Fire Stations (3) Apparatus. Capital Mitigation fees may be used for specific items as clearly stated in AB 1600. Personnel cannot be funded with these fees. Development of fire stations and purchase of apparatus is allowed. North Tahoe Fire Protection District uses a systems approach to deliver services across the District. Each Station supports one another and apparatus are truly a system wide resource and all apparatus are available to all portions of the District. Thus it is appropriate that mitigation fees collected from one particular project or geographic area be used to support apparatus or facilities in another.

## ***Ongoing Inflation Adjustment***

Mitigation fees are adjusted annually to accommodate the impact of development (growth) on fire protection services within the District. Starting in FY 2008/2009, the District will begin adjusting mitigation fees based on the percent change in construction costs as defined in the Construction Cost Index (CCI) published by the *Engineering News-Record*. The need for the District to adjust mitigation fees annually was approved by the Placer County Board of Supervisors, and recommended in the Fire Facilities Mitigation Fee Study that established the fee in May 2007.

## ***Proposed FY 2008/2009 Mitigation Fee Rate Increase based on the generally accepted Construction Cost Index for the period May 2007 thru October 2008***

Fixed rate pricing structures are unable to keep pace with increasing costs of facilities, vehicles, and general fire protection infrastructure requirements. Thus consistent with the spirit of the enabling legislation it is the intent of North Tahoe Fire Protection District to continue the previously approved annual inflationary index mitigation fee increase. The increase is based on the Construction Cost Index published by the *Engineering News-Record*. The CCI increase for the period May 2007 thru October 2008 was 8.6%.

The below chart outlines the existing and proposed rate structure for the mitigation fee schedule.

### **FEE SCHEDULE**

<b>CONSTRUCTION TYPE</b>	<b>EXISTING</b>	<b><i>NEW PROPOSED</i></b>
<b>Residential</b>	<b>\$0.77 per square foot</b>	<b><i>\$0.84 per square foot</i></b>
<b><u>Nonresidential</u></b>		
<b>Commercial</b>	<b>\$0.57 per square foot</b>	<b><i>\$0.62 per square foot</i></b>
<b>Office</b>	<b>\$0.73 per square foot</b>	<b><i>\$0.79 per square foot</i></b>
<b>Industrial</b>	<b>\$0.51 per square foot</b>	<b><i>\$0.55 per square foot</i></b>

# North Tahoe Fire Protection District

## Capital Facilities Plan Financial Summary

Fiscal Years 2000-01 to 2012-13

	FY 00-01 Actual	FY 01-02 Actual	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual
<b>Mitigation Fund Beginning Balance</b>	\$0	\$33,411	\$127,262	\$20,965	\$105,331	\$147,820	\$170,823
<b>Revenue Category</b>							
Projected annual mitigation fees revenue	\$32,965	\$90,796	\$83,280	\$95,501	\$90,515	\$98,490	\$87,020
Projected account interest at 2% APR	\$446	\$3,056	\$3,064	\$847	\$2,430	\$6,319	\$4,466
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	\$33,411	\$93,851	\$86,344	\$96,348	\$92,945	\$104,809	\$91,486

	FY 00-01	FY 01-02	FY 02-03 Actual	FY 03-04 Actual	FY 04-05 Actual	FY 05-06 Actual	FY 06-07 Actual
<b>Expenditure Category</b>							
Projected annual capital facilities expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fire Engine chassis, build-up & equipment	\$0	\$0	\$152,958	\$2,966	\$50,456	\$50,456	\$50,456
Command vehicle & build-up	\$0	\$0	\$33,896	\$9,016	\$0	\$0	\$0
Command vehicle equipment	\$0	\$0	\$5,787	\$0	\$0	\$0	\$0
Defensible Space Towing Vehicle						\$0	\$40,007
Air trailer						\$31,350	\$0
Station 51 generator						\$0	\$60,000
Station 55 generator							\$15,550
<b>Total Expenditures</b>	\$0	\$0	\$192,641	\$11,982	\$50,456	\$81,806	\$166,013
<b>Mitigation Fund Ending Balance</b>	\$33,411	\$127,262	\$20,965	\$105,331	\$147,820	\$170,823	\$96,296

	FY 07-08 Actual	FY 08-09 Projected	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected
<b>Mitigation Fund Beginning Balance</b>	\$96,296	\$136,421	\$28,965	\$6,509	\$9,509	\$17,509
<b>Revenue Category</b>						
Projected annual mitigation fees revenue	\$86,215	\$90,000	\$95,000	\$100,000	\$105,000	\$110,000
Projected account interest at 2% APR	\$4,365	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Other Revenue	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	\$90,580	\$93,000	\$98,000	\$103,000	\$108,000	\$113,000

	FY 07-08 Actual	FY 08-09 Projected	FY 09-10 Projected	FY 10-11 Projected	FY 11-12 Projected	FY 12-13 Projected
<b>Expenditure Category</b>						
Fire Engine chassis, build-up & equipment	\$50,455	\$50,456	\$50,456			
New Fire Station	\$0	\$150,000	\$70,000	\$100,000	\$100,000	\$100,000
Radio infra structure/subscriber replacement	\$0	Removed	Removed	Removed	Removed	Removed
<b>Total Expenditures</b>	\$50,455	\$200,456	\$120,456	\$100,000	\$100,000	\$100,000
<b>Mitigation Fund Ending Balance</b>	\$136,421	\$28,965	\$6,509	\$9,509	\$17,509	\$30,509

## *North Tahoe Fire Protection District Use Statement*

AB 1600 states that a District must have a statement of use to which mitigation fees are to be assigned. For the fiscal year 2008/2009, the fire mitigation fees collected within the North Tahoe Fire Protection District will be utilized towards the following programs:

1. **New Fire Engine, Type I, fully equipped:** The District determined a need for a 6<sup>th</sup> type I engine to be added to the fleet. This allowed the District to keep a type I engine in each of the 5 District stations when one of the existing engines is out of service or committed. This effectively created a reserve engine for the District. Mitigation fees were used for the down payment, chassis and future debt service on the balance of the purchase. The District took delivery of the vehicle in the fall of 2003. Debt service payments will continue until 2009. The final payment is due July 31<sup>st</sup> 2009 in the amount of \$50,455.14.
2. **New fire station (Station 51):** The District has recognized the need to replace the existing headquarters fire station. It was built in 1961 and been remodeled several times. It is apparent the growth of the District has made this facility inadequate for housing the administrative function and emergency response apparatus. A new facility is planned for 2009 based on preliminary work done by local architects Ward-Young and Associates.
3. **Radio infrastructure and subscriber unit replacement:** A new radio system is required to meet new FCC standards. Growth has caused Placer County to upgrade the County wide public safety radio system. North Tahoe FD receives dispatch services from Placer County. In order to have a functioning and cost effective communications plan, North Tahoe FD will "buy in" to the Placer County upgrade plan. This will require new mobile, portable, and base station radios in all our vehicles and stations. ***The District did not expend any funds on this item. The District decided to move to another dispatch service provider that did not require the infrastructure and subscriber unit replacement. The funds earmarked for this item were put towards Item 2, the new fire station.***

# NOTICE TO PLACER COUNTY BUILDERS

## WITHIN THE

### NORTH TAHOE FIRE PROTECTION DISTRICT

The North Tahoe Fire Protection District has implemented a development Mitigation Fee program. These fees will be applicable to all permit applications processed by the District after **February 27<sup>th</sup>, 2001**. The revenue generated by these fees is designed specifically for capital improvements.

The Fire District will need a set of your plans and a copy of your building permit application in order to establish your specific fee. The fees must be paid to the North Tahoe Fire Protection District prior to issuance of your building permit.

North Tahoe Fire Protection District  
P.O. Box 5879  
300 North Lake Boulevard  
Tahoe City, CA 96145  
(530) 583-6913 FAX (530) 583-6909

#### FEE SCHEDULE for FY 2008/2009

Fee per square foot	
<b>Residential</b>	\$0.84
<b>Nonresidential</b>	
<i>Commercial</i>	\$0.62
<i>Office</i>	\$0.79
<i>Industrial</i>	\$0.55



PLACER COUNTY  
OFFICE OF EMERGENCY SERVICES

M E M O R A N D U M

**To:** Honorable Board of Supervisors

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

**Date:** January 13, 2009

**Subject:** Adopt a Resolution approving the North Tahoe Fire Protection District 2008 Capital Facilities and Mitigation Fee Expenditure Plan that contains an 8.6% increase in fees.

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**ACTION REQUESTED**

That your Board adopt a resolution approving the North Tahoe Fire Protection District 2008 Capital Facilities and Mitigation Fee Expenditure Plan that contains an 8.6% increase in fees.

**BACKGROUND**

Legal Authority

Government Code 66000 et seq (CGC 66000) allows local agencies to collect fees from new development to offset the impacts of that development on local services. On August 28, 1990, the Placer County Board of Supervisors created the legal framework for fire districts to collect, but not to levy, development fees and codified it in Placer County Code (Chapter 15.36.010).

As noted above, fire districts do not have the legal authority to *levy* fees, which is a legal authority retained by the Placer County Board of Supervisors. Therefore, in order to *collect* mitigation fees, and as a requirement of CGC 66000, a fire protection district must complete a Capital Facilities Plan (or Capital Improvement Plan) which is subject to Board of Supervisors approval.

Capital Facilities Plans

The law requires a Capital Facilities Plan to address: anticipated development impacts, proposed usage of fees, establishment of a reasonable relationship between fees and type of development, accounting for funds separately, holding properly noticed public hearings, and conducting an annual program review and update. The North Tahoe Fire Protection District (District) plan addresses these legal requirements and incorporates them as a part of the required annual plan update.

North Tahoe Fire Protection District

The North Tahoe Fire Protection District comprises 31 square miles of eastern Placer County in the Lake Tahoe Basin (Basin) along the northern and western shores of Lake Tahoe. Development in the Basin is expected to increase in the coming years, and the District assumes a more than 7,000 person increase in residential population and a corresponding increase in the work force. Inasmuch as the Basin is a high cost area, the District sees the costs of fire protection and prevention services continually spiraling upwards for the foreseeable future.

District Capital Facilities Plan 2008

The District's current mitigation fee structure is based on "type structures." This schedule helps to best meet future capital needs of the District and was adopted after a comprehensive rewrite of its original plan in 2007 by the financial consulting firm *MuniFinancial*. In addition, in the Plan which your Board approved in July 2007, the District indicated that it would adjust fees each year based on a standardized existing price/cost index. Therefore, the District adjusted all existing mitigation fees in this plan by the percent increase in the Construction Cost Index (CCI) which, for the period May 2007 to October 2008, rose by 8.6%. The table below illustrates existing and proposed rates:

**Existing and Proposed Rates**  
**(\$/Ft<sup>2</sup>)**

	<b>Existing</b>	<b>Proposed</b>
<b>Residential</b>	<b>0.77</b>	<b>0.84</b>
<b>Nonresidential</b>		
• <b>Commercial</b>	<b>0.57</b>	<b>0.62</b>
• <b>Office</b>	<b>0.73</b>	<b>0.79</b>
• <b>Industrial</b>	<b>0.51</b>	<b>0.55</b>

The District Board of Directors held a properly noticed public hearing on December 17, 2008, performed the annual review, and adopted the plan by Resolution 8-2008 (Attached).

The District expects to collect \$90,000 in mitigation fees in Fiscal Year 2008/2009, and had a fund balance of \$136,421 at the beginning of the year. It plans expenditures of \$200,456 for a fire engine chassis, and a partial payment on a new fire station.

**FISCAL IMPACT**

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

**Attachments**

Resolution  
North Tahoe Fire Protection District Board of Directors Resolution 8-2008  
North Tahoe Fire Protection District 2008 Capital Facilities and Mitigation  
Fee Expenditure Plan

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

North Tahoe Fire Protection District 2008 Capital Facilities and Mitigation Fee  
Expenditure Plan

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

In the matter of: **A RESOLUTION APPROVING THE  
NORTH TAHOE FIRE PROTECTION DISTRICT  
2008 CAPITAL FACILITIES AND MITIGATION FEE  
EXPENDITURE PLAN.**

Resol. No: \_\_\_\_\_

The following **RESOLUTION** was duly passed by the Board of Supervisors of the County of Placer at a regular meeting held **JANUARY 13, 2009** by the following vote on roll call:

Ayes:

Noes:

Absent:

Signed and approved by me after its passage.

\_\_\_\_\_  
Chairman, Board of Supervisors

**Attest:**

**Clerk of said Board** \_\_\_\_\_

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

**WHEREAS** the legal authority to levy fees stems from the police power of the County and rests with the Board of Supervisors, the fire protection districts in and of themselves do not have direct legal authority to levy fees. Therefore, in order to collect mitigation fees on new construction, a district must prepare and submit to the Board of Supervisors a Capital Facilities (or Capital Improvement) Plan that delineates a proposed fee schedule, and

**WHEREAS** the Board of Directors of the District held a public hearing to review its plan on December 17, 2008 and adopted it by passing Resolution 8-2008. In keeping with the plan uses the 8.6% increase in the Construction Cost Index for the period May 2007 - October 2008 to determine its proposed annual fee increase; and

**WHEREAS** as part of its annual review, the North Tahoe Fire Protection District showed a 2008 beginning mitigation fee balance of \$136,421 and expects \$90,000 in revenues this fiscal year, and

**WHEREAS** the District plans capital expenditures in 2008/2009 of \$200,456 for a fire engine chassis and a partial payment for a new fire station.

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Body of the County of Placer that the North Tahoe Fire Protection District 2008 Capital Facilities and Mitigation Fees Expenditure Plan is hereby approved.