

*North Tahoe Fire Protection District
2009 Capital Facilities and
Mitigation Fee Expenditure Plan*



*September 16, 2009
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 With the advent of Proposition 218, special tax or assessments are no longer valid revenue sources to keep pace with growth, new service and infrastructure demands.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 2009/2010, an inventory of the fees collected to this point and a proposal for a mitigation fee adjustment based on a generally accepted inflationary 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. The District adjusts 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 2009/2010 Mitigation Fee Rate adjustment based on the generally accepted Construction Cost Index for the period October 2008 thru July 2009

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 adjustment. The adjustment is based on the Construction Cost Index published by the *Engineering News-Record*. The CCI rate of change for the period October 2008 thru July 2009 was -0.7%.

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

FEE SCHEDULE

CONSTRUCTION TYPE	EXISTING	NEW PROPOSED
Residential	\$0.84 per square foot	<i>\$0.83 per square foot</i>
<u>Nonresidential</u>		
Commercial	\$0.62 per square foot	<i>\$0.61 per square foot</i>
Office	\$0.79 per square foot	<i>\$0.78 per square foot</i>
Industrial	\$0.55 per square foot	<i>\$0.54 per square foot</i>

	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14
	Actual*	Actual	Projected	Projected	Projected	Projected	Projected
Mitigation Fund Beginning Balance	\$96,296	\$132,762	\$54,873	\$6,418	\$8,418	\$10,418	\$12,418
Revenue Category							
Projected annual mitigation fees revenue	\$86,215	\$94,354	\$70,000	\$75,000	\$80,000	\$85,000	\$90,000
Projected account interest at 2% APR	\$4,365	\$3,213	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Accounting adjustment to FY07/08**	<\$3659>						
Total Revenues	\$86,921	\$97,567	\$72,000	\$77,000	\$82,000	\$87,000	\$92,000
Expenditure Category	FY 07-08	FY 08-09	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 12-13
	Actual	Actual	Projected	Projected	Projected	Projected	Projected
Fire Engine chassis, build-up & equipment	\$50,455	\$50,456	\$50,455				
New Fire Station	\$0	\$125,000	\$70,000	\$75,000	\$80,000	\$85,000	\$95,000
Radio infra structure/subscriber replacement	\$0	Removed	Removed	Removed	Removed	Removed	Removed
Total Expenditures	\$50,455	\$175,456	\$120,455	\$75,000	\$80,000	\$85,000	\$95,000
Mitigation Fund Ending Balance	\$132,762	\$54,873	\$6,418	\$8,418	\$10,418	\$12,418	\$9,418

*FY 06/07 and earlier available on request.

**One time accounting adjustment to FY07/08 due to transfer out of Alpine Meadow's funds.

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 2009/2010, 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 6th 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 31st 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.

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 27th, 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
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FEE SCHEDULE for FY 2009/2010

Fee per square foot	
Residential	\$0.83
Nonresidential	
<i>Commercial</i>	\$0.61
<i>Office</i>	\$0.78
<i>Industrial</i>	\$0.54