

City of Richmond

North Richmond Annexation Fiscal Impact Analysis

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Presentation Outline

1. Background
2. Land Use Scenarios
3. Revenues
4. Costs
5. Preliminary Results
6. Changes in Service Providers
7. Cost Changes to Residents

1. Background

- Currently governed by Contra Costa County Board of Supervisors
- Almost entirely surrounded by the municipal boundaries of the City of Richmond
- 900 acres
- Approximately 3,717 residents
- Mostly single family residences (~765) but also multi-family and commercial and retail space

Interest in Annexation

- Improve government efficiency in the delivery of municipal services
- Improve representation for residents
- Improving coordination of land use planning, services and infrastructure

Service Plan and Fiscal Impact Analysis

Estimates the net fiscal impact (the difference between the increase in revenues and expenditures) on the City of Richmond from the increased service demands

- Describes services to be provided by the City of Richmond to the annexed area
- Estimate costs associated with providing these services,
- Estimate revenues
- Describe impacts of these costs and revenues on other affected agencies,

Process

Phase 1

Complete a service plan and fiscal analysis (this analysis)

- Inform the Richmond City Council and residents of North Richmond whether or not to proceed with the annexation process

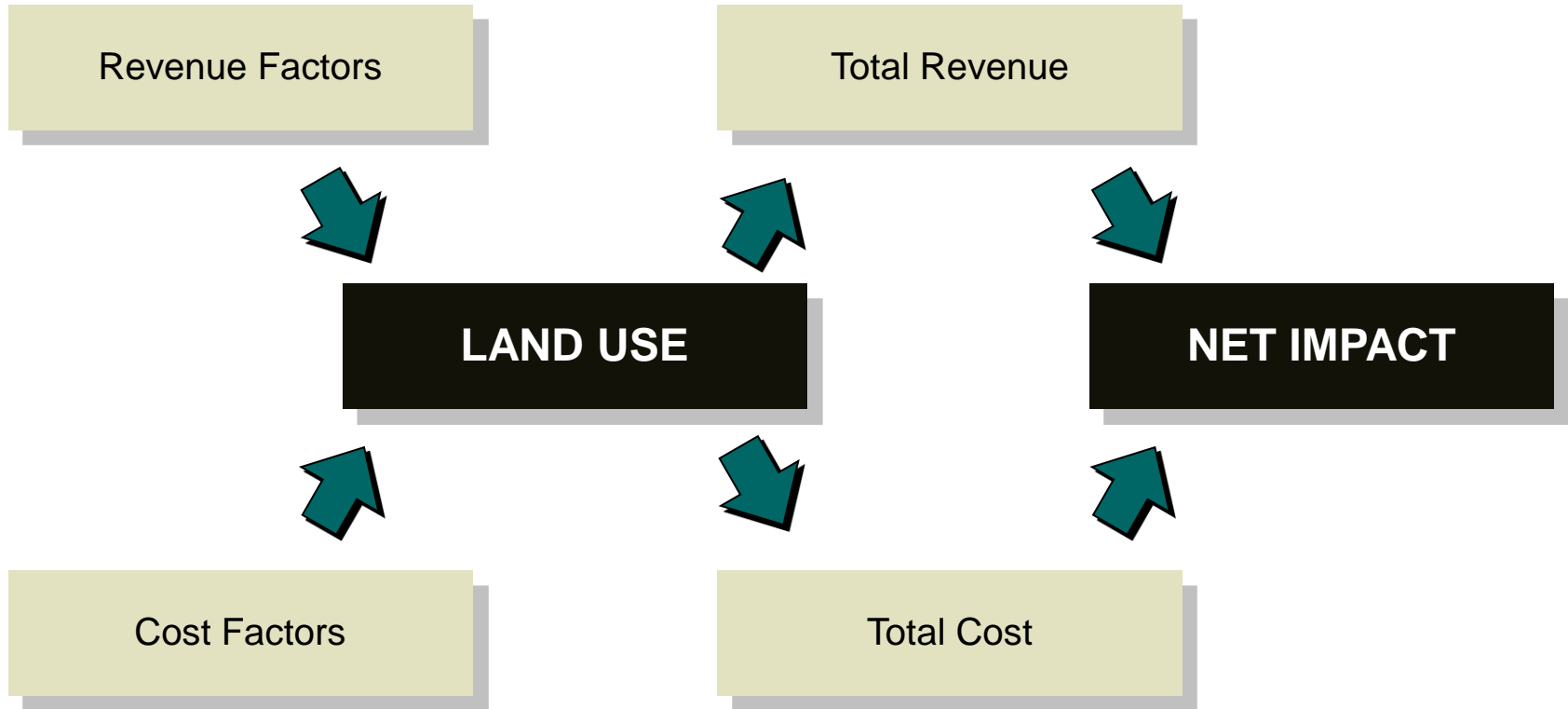
Phase 2

City will submit application to the Local Agency Formation Commission (LAFCO)

LAFCO will evaluate the proposed annexation in order to render a decision to approve, modify, or deny the application

Vote by North Richmond residents

Fiscal Impact Analysis



2. Development Scenarios

- ▶ At annexation
- ▶ 1993 North Richmond Shoreline Specific Plan
- ▶ Approved development
- ▶ Development pending approval
- ▶ 2011 North Richmond Specific Plan
- ▶ Break Even

Development Scenarios

Development Scenarios

Development Type	At Annexation Sq. Ft. or Dwelling Units	1993 N. Richmond Shoreline Sq. Ft. or Dwelling Units ¹	Approved Development Sq. Ft. or Dwelling Units	Development Pending Approval Sq. Ft. or Dwelling Units	Total - Approved and Pending Approval	2011 North Richmond Specific Plan Sq. Ft. or Dwelling Units	Break Even Sq. Ft. or Dwelling Units
<i>Nonresidential Building Square Feet</i>							
Commercial/Retail ²	-	-	-	-	-	10,000	10,000
Commercial/Industrial ³	409,000	1,281,000	243,400	817,500	1,060,900	450,000	1,060,900
Subtotal	409,000	1,281,000	243,400	817,500	1,060,900	460,000	1,070,900
<i>Residential Dwelling Units</i>							
Multifamily	462	-	42	9	51	685	200
Single Family Detached	776	-	-	2	2	240	200
Single Family / Duplex / Townhomes	85	-	-	-	-	1,175	431
Subtotal	1,323	-	42	11	53	2,100	831
<i>Open Space and Infrastructure</i>							
Public Park							
Open Space							

3. Revenues

- ▶ Property tax
- ▶ Property transfer tax (Documentary transfer tax)
- ▶ Sales tax
- ▶ Utility user tax
- ▶ Miscellaneous (e.g., licenses, permits,, service charges, etc.)

Approach: Property Tax

INPUTS



SCENARIO



RESULTS

Assessed Value

Property Turnover Rate

Tax Revenue

Tax Rates

Value per Square Foot

Assumptions: Property Tax

Sales Values

- ▶ Residential Per Unit
 - Multifamily per Sq. Ft: \$240
 - Single Family per Sq. Ft: \$250
- ▶ Non-Residential per Sq. Ft.
 - Commercial: \$250
 - Industrial: \$175

Tax Rates

- ▶ City receives 10.5% of 1% base property tax
 - Average share received Richmond TRAs
 - City must negotiate share with County
- ▶ City receives \$7 per \$1,000 of assessed value for property transfer tax (percent of sales value)

Sales Tax Revenue

- ▶ Commercial taxable retail sales per square foot = \$250
- ▶ Assumes current sales tax revenue is *de minimis*
- ▶ Specific plan sales tax revenue estimated at \$18,750 per year

Other Revenues

- ▶ Use per capita approach:
(Current city revenue / Current city population) x service population
- ▶ Types of revenues:
 - Franchise Fees
 - Licenses & permits
 - Charges for services
 - Revenue from other agencies
 - Utility User Tax
 - Fines

4. Costs

- ▶ Case Studies:
 - Police
 - Water Resource Recovery (Storm Drain Operations)
 - Department of Infrastructure maintenance & Operations (DIMO)
 - Engineering & Capital Improvement Projects

- ▶ Per Capita Approach:
 - General Government
 - Library
 - Fire
 - Planning & Building Services
 - Community Services
 - Non-departmental

5. Preliminary Results

Summary of Estimated City of Richmond Fiscal Impact from North Richmond Annexation

Annual General Fund Impact ¹	Existing Development At Annexation	1993 N. Richmond Shoreline Specific Plan Development	Approved Development	Development Pending Approval	Total Approved Development and Pending Approval	2011 N. Richmond Specific Plan Development	Break Even
<i>Including Property Tax Override Revenue</i>							
Revenues ²	\$ 2,816,174	\$ 1,471,874	\$ 354,013	\$ 963,501	\$ 1,317,515	\$ 7,279,148	\$ 4,093,749
Expenditures ³	4,780,488	535,583	140,854	354,514	495,368	3,905,792	2,128,603
Net Impact	\$ (1,964,314)	\$ 936,291	\$ 213,160	\$ 608,987	\$ 822,147	\$ 3,373,356	\$ 1,965,146
Net Impact Including Existing Development		\$ (1,028,023)	\$ (1,751,155)	\$ (1,355,327)	\$ (1,142,167)	\$ 1,409,041	\$ 832
<i>Excluding Property Tax Override Revenue</i>							
Revenues ²	\$ 2,445,682	\$ 1,158,029	\$ 280,268	\$ 758,720	\$ 1,038,988	\$ 5,977,463	\$ 3,329,514
Expenditures ³	4,780,488	535,583	140,854	354,514	495,368	3,905,792	2,128,603
Net Impact	\$ (2,334,806)	\$ 622,446	\$ 139,415	\$ 404,206	\$ 543,620	\$ 2,071,671	\$ 1,200,910
Net Impact Including Existing Development		\$ (1,712,360)	\$ (2,195,391)	\$ (1,930,600)	\$ (1,791,185)	\$ (263,135)	\$ (1,133,895)

Capital Needs

One Time Capital Costs

Item	Department	Low Cost	High Cost
Duty Equipment	Police	\$ 60,000	\$ 60,000
Patrol Vehicles	Police	111,000	111,000
North Richmond Storm Drain Pump Station	Storm Drain	1,878,352	3,140,800
Infrastructure Maintenance (Roads, Lights, Sidewalks, etc.)	DIMO	Unknown	Unknown
Flatbed truck - Parks Staff	DIMO/Engineering/CIP	66,087	66,087
Flatbed truck - Abatement Crew	DIMO/Engineering/CIP	66,087	66,087
Electrician Vehicle	DIMO/Engineering/CIP	145,843	145,843
Code Enforcement (2 trucks)	DIMO/Engineering/CIP	59,614	59,614
Las Deltas Development Costs	Housing Authority	Unknown	Unknown
Fred Jackson Way First Mile/Last Mile	County CIP	4,476,000	4,476,000
Wildcat Creek Levee Repair/Flood Wall	County CIP	3,324,000	3,324,000
Urban Tilth	County CIP	Underway	Underway
Illegal Dumping Mitigation	County CIP	Underway	Underway
North Richmond Street Overlay Project	County CIP	1,000,000	1,000,000
North Richmond Traffic Calming	County CIP	200,000	200,000
Total		\$ 11,386,983	\$ 12,649,431

6. Changes in Service Providers

Changes in Service Providers

Service	Current Provider	Provider at Annexation
Law Enforcement	Contra Costa County Sheriff Department	City of Richmond Police Department
Fire Protection	Contra Costa County Fire Protection District	City of Richmond Fire Department ¹
General Government (administration, attorney, finance, human resources, IT)	County of Contra Costa	City of Richmond
Storm Drainage	County of Contra Costa	City of Richmond ²
Public Works	County of Contra Costa	City of Richmond (Department of Infrastructure Maintenance & Operations and Engineering & Capital Improvement Projects)
Planning and Building	County of Contra Costa	City of Richmond
Housing Authority	Housing Authority of the County of Contra Costa	Housing Authority of the City of Richmond ³

¹ After annexation the Contra Costa County Fire Protection District will still provide emergency response through an auto aid agreement.

² The City of Richmond contracts with Veolia to provide storm drain maintenance

³ The Housing Authority may change from the Housing Authority of the County of Contra Costa to the Housing Authority of the City of Richmond. Residents who live in public housing (Las Deltas) or residents/landlords that participate in the Section 8 program will work directly with the Richmond Housing Authority instead of the CCC Housing Authority

Source: City of Richmond.

7. Changes in Costs to Residents

Changes in Costs to Residents

<u>Item</u>	<u>Increase / Fees</u>
<u>Utility User Tax</u>	
Telecommunications	9.5%
Prepaid Wireless	9.0%
Video (Cable TV) ¹	5.0%
Electricity	10.0%
Gas	10.0%
<u>Property Tax</u>	
Annual Property Tax Override ²	\$140 per \$100,000 assessed valuation
<u>Sales Tax</u>	
County	8.25%
Richmond	9.25%

¹ This service is also charged a 5% franchise fee in Richmond.

² Assumes that property tax override will be charged within North Richmond. If property tax override is not charged in North Richmond, then there will be no annual property tax increase.

New Taxes/Fees

➤ Utility User Tax (UUT)

- If PGE is \$100 per month then your bill would increase by \$10 per month (10% UUT) for a total monthly bill of \$110
- If your Comcast cable bill is \$200 per month then your bill would increase by \$19 per month (9.5% UUT) for a total monthly bill of \$219

➤ Property taxes

- Add \$140 per \$100,000 of assessed valuation to a homeowner's annual property tax bill.
- If a home has an assessed value of \$300,000, then the property taxes will increase by \$420

➤ Republic Services Residential Rates

- North Richmond – 35 Gallon - \$94.68 (3 month rates)
- Richmond - 35 Gallon - \$103.05 (3 month rates)

Changes in Costs to Businesses and Landlords

Changes in Costs to Businesses and Landlords

<u>Item</u>	<u>Increase / Fees</u>
<i><u>Rental Inspection Program</u></i>	
Registration/Processing Fee	\$ 79.00
Initial Inspection Fee (per unit)	157.00
Re-inspection Fee (per unit)	66.00
<i><u>Business License Tax</u></i>	
County - Base Fee	\$ 100.00
County - Per Employee	10.00
Richmond - Base Fee	\$ 234.10
Richmond - Per Employee (First 25 Employees)	46.80
Richmond - Per Employee (26+ Employees)	40.10

New Programs and Policies

➤ Rent control

- Eviction protections apply to all rental units
- Rents for rent-controlled units must reset to the “base rent”, or the rent paid on July 21, 2015 (or the first date that rent was paid after this date)
- Landlords may apply one Annual General Adjustment (equivalent to up to a maximum of 3.0%) rent increase with 30-days’ notice

Thank You

Q&A