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## FINAL REPORT

# COMPREHENSIVE FISCAL ANALYSIS (CFA) OF THE PROPOSED INCORPORATION OF CASTRO VALLEY

Prepared for:

The Alameda Local Agency Formation Commission

Prepared by:

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## **I. INTRODUCTION**

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This Report presents a Final Comprehensive Fiscal Analysis (CFA) of the incorporation of Castro Valley as proposed in May 2001 by the Alameda County Community Development Agency on behalf of Alameda County. The CFA provides a financial evaluation of Cityhood feasibility and potential impacts on the County, summarizes the “revenue neutrality” agreement, and responds to extensive public review and comment. The Final CFA reflects the boundaries adopted by the Alameda Local Agency Formation Commission (LAFCo) at the Public Hearing on May 9, 2002.

At its May 9 Public Hearing, LAFCo approved the incorporation proposal (as defined in the application) with modifications and imposed specific terms and conditions regarding the transition of governance to a municipality. If no formal majority protest as specified in the law occurs, an election will be held in November 2002. Majority voter approval is required to create the incorporated City of Castro Valley (the Alameda County application proposes “Castro Valley” as the name of the new City).

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

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

The CFA evaluates the fiscal feasibility of a new City government, reflecting the legal requirements imposed by LAFCo (e.g., the terms and conditions described above), and the municipal government described in the County’s incorporation application. Although boundary alternatives were considered throughout the public review process, this Final CFA presents the detailed feasibility analysis for the final boundaries only.

## **PUBLIC REVIEW PROCESS**

Following the preparation and release on February 1st of the Public Review Draft of the CFA, Economic & Planning Systems (EPS) received valuable suggestions and substantial input from LAFCo, County staff, the Castro Valley Incorporation Study Group, and residents of Castro Valley. In response to public comment, EPS conducted additional research and analysis, and revised the CFA accordingly. EPS prepared various

memoranda responding to many of the comments, and presented the responses to the Study Group at its February 22<sup>nd</sup> meeting and to LAFCo at its March 14<sup>th</sup> meeting. The revised analysis resulted in a Public Hearing Draft CFA, which was considered at LAFCo's Public Hearing on May 9, 2002.

The preliminary CFA concluded that incorporation was infeasible, due primarily to a weak municipal revenue base. As a part of the review process, EPS explored what latitude exists for improving the feasibility outlook for Castro Valley either by increasing revenues (new taxes or fees), lowering the cost of City-provided costs, or lowering the cost of purchased services (e.g., sheriff contract for police services).

The revised Public Hearing Draft CFA pared back the number of City staff assumed in the initial draft, and assumed that the new City and the County would enter into a contract similar to the County's contract with the City of Dublin. The resulting contract estimates were for analysis purposes only; the actual staffing and related costs facing the new City will be determined by future contract negotiations, decisions to be made by the future City council, and by economic and fiscal circumstances. While the revised CFA represents a functional municipal organization, it includes a level of staffing that is generally lower than similarly sized cities in the Bay Area; however, Castro Valley is predominantly residential with less commercial and industrial uses by comparison to many Bay Area cities, and the new City would not be responsible for the complete breadth of services (e.g., recreation, fire protection); consequently, a different level of staffing does not necessarily reflect a lower level of service by comparison to other cities, or by comparison to the County. Per LAFCo Terms and Conditions, the Public Hearing Draft CFA and this Final CFA are contingent upon the implementation of a transient occupancy tax (TOT), and an ongoing utility users tax (UUT).

## **BOUNDARY OPTIONS**

**Figure 1** identifies the proposed incorporation boundaries. The proposed alternative in the Application for Incorporation, evaluated in this analysis, includes all three of the modules evaluated in prior CFA drafts. LAFCo, in its consideration of the proposed incorporation, recognizes that Modules B and C could, in concept, be excluded from the proposed City boundaries. In addition, the Public Hearing Draft CFA considered excluding a portion of populated Module C, and evaluated the associated impact on financial feasibility. Creating city boundaries is a policy decision involving many factors such as fiscal feasibility, community identity, and orderly land use patterns. A more inclusive city may have merit from the LAFCo perspective, including such general policies as avoiding enclaves substantially surrounded by cities and providing efficient, rational public services and accountability. The purpose of the boundary alternative evaluation in prior drafts of the CFA was to identify fiscal consequences of boundary options and to provide information to the public review process.

The proposed alternative defined in the Alameda County Community Development Agency's incorporation proposal is essentially the Castro Valley Census Designated Place (CDP) (Module A), plus the Five Canyons subdivision (Module B), and El Portal Ridge area (Module C), encompassing a total of 6,083-acre area with a population of approximately 58,300.

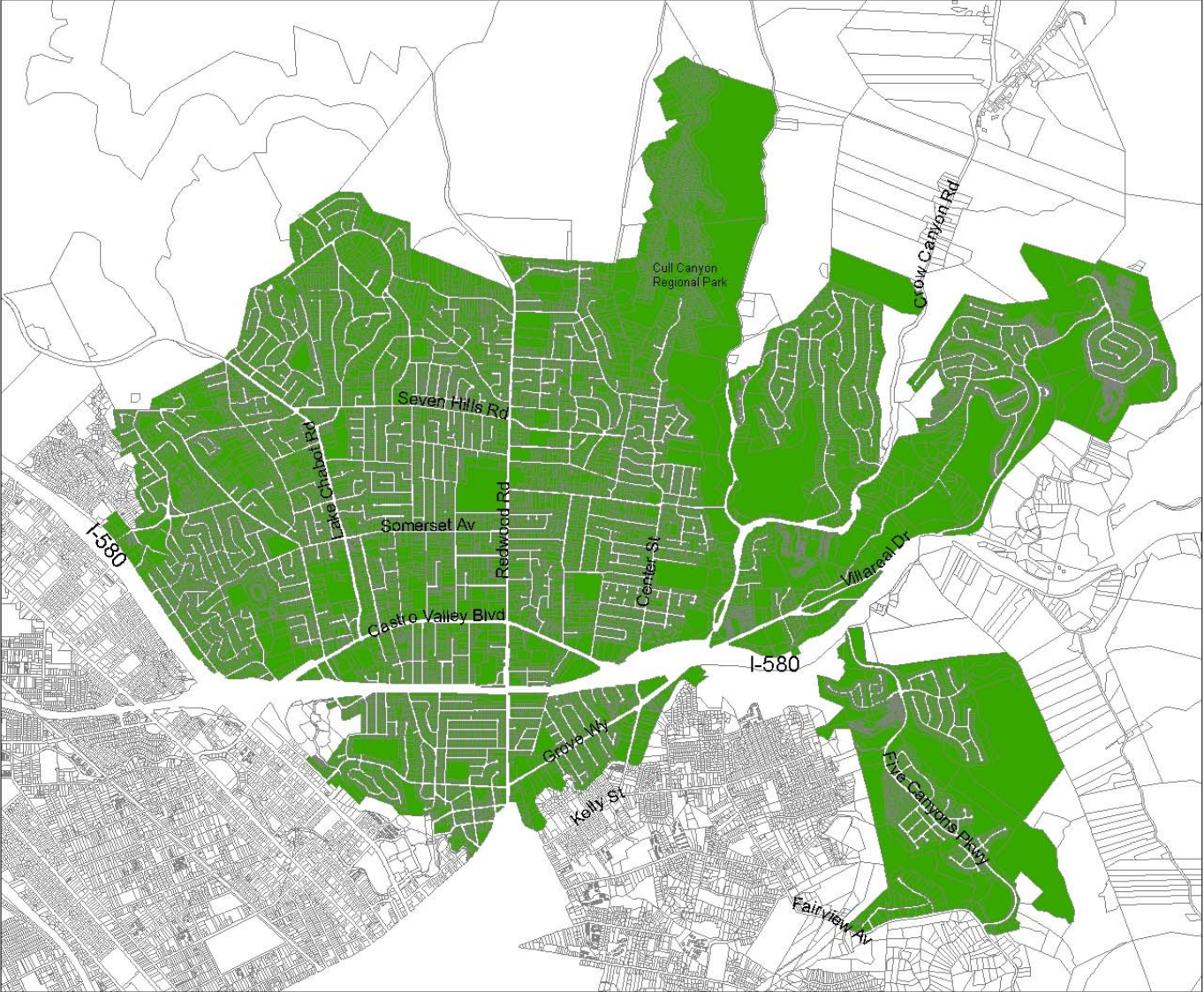
The boundaries selected by LAFCo and specified in its Terms and Conditions eliminated a portion of module C, and also eliminated portions of largely undeveloped areas that would otherwise be subject to County growth limitations (Measure D).

Each of these modules is briefly described below:

- **Module A** - This module includes primarily the Castro Valley urban area, bordered by the El Portal Ridge to the west (along the properties of Crest Avenue and Rolando Avenue), and by the area dividing Villareal Drive and Sunnyslope Avenue, including a portion of Eden Canyon Road, to the east. The Castro Valley canyon lands and rural areas, including the East Bay Regional Park land, create the boundary to the north, and the City limits of Hayward form the boundary to the south.
- **Module B** - This module, also known as the Five Canyons area, is bordered by a canyon and the Fairview area to the west, and by the properties along the west side of Palomares Road to the east. Interstate 580 creates a boundary to the north, and the jeep trail and property lines form the boundary to the south.
- **Module C** - This module, also known as the El Portal Ridge area, is bordered by Foothill Boulevard to the west, and by the ridge (along the properties on Crest Avenue and Rolando Avenue) to the east. The Fairmont Property line creates the boundary to the north, and Foothill Boulevard forms the boundary to the south. LAFCo eliminated a northern portion of Module C, commonly referred to as Fairmont Terrace, from the incorporation boundaries. This area constitutes approximately one-third of the land and population. The remaining two-thirds of the area are referred to as Module C2 for purposes of the CFA.

Castro Valley is almost entirely built out, although it has a capacity for small-scale development within all of the modules, and for additional units within the Five Canyons subdivision. Castro Valley is composed predominantly of single family residential units, though it includes a mix of residential unit types including apartments and townhouses, and single family units at a range of densities. Castro Valley also includes some neighborhood-serving commercial uses, especially along Castro Valley and Foothill Boulevards.

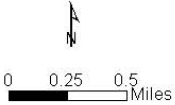
Figure 1



**Proposed Boundary  
for Incorporation of  
Castro Valley**

**Legend**

- Proposed Castro Valley Corporate Limits
- Parcels





## **METHODOLOGY**

This CFA has been prepared under LAFCo's direction in cooperation with the County of Alameda, and in response to considerable public review and comment from the Public Review Draft Report released February 2002. The requirement for such a fiscal analysis is established in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Section 56000 et seq.) at Section 56800 (herein the "Statute"). The CFA provides LAFCo with information necessary to make the determinations required by the statutes. A more detailed overview of the incorporation process is provided in **Appendix A**.

Data and assumptions in the municipal budget model reflect review and analysis conducted by the Consultant in cooperation with LAFCo, Alameda County, the Castro Valley Study Group, and the general public. Cost information reflects estimated budget numbers for the 2000-2001 fiscal year, in accordance with the Statute.

As described in forthcoming chapters, revenue estimates are based on specific mandated formulas (property tax), the development schedule (sales tax), and estimates of population growth (motor vehicle license fees). Cost estimates are based both on expected increases in the population, as well as on the incremental need for additional City staff. The increased need for City staff is based on population growth adjusted to allow for efficiencies in the provision of services expected for cities of this size. Pursuant to State laws, the new City initially will be incorporated as a General Law City, whose operations are determined by State statutes; at a future time, the electorate could vote to become a Charter City and gain more local control over its procedures.

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

## II. CONCLUSIONS

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### FEASIBILITY OF INCORPORATION

1. *Castro Valley can be financially feasible as a City, contingent on implementation of a transient occupancy tax (TOT) and an ongoing utility users tax (UUT).*

The conclusion that a City of Castro Valley can be financially feasible is based upon the results of the Municipal Budget Model and forecast completed as a part of this analysis. In all cases, the new City is able to accrue sufficient revenues to cover the cost of providing services, assuming a TOT and an ongoing UUT.

The preliminary CFA concluded that incorporation was infeasible, due primarily to a weak municipal revenue base. As a part of the review process, EPS explored what latitude exists for improving the feasibility outlook for Castro Valley either by increasing revenues (new taxes or fees), lowering the cost of City-provided costs, or lowering the cost of purchased services (e.g., sheriff contract for police services).

**Table 1** shows the estimated costs by major municipal function and revenues available to the new City government. The municipal General Fund budget (annual revenues minus annual expenditures) is projected to be a surplus of approximately \$527,000 by its third full year of operation (2005-06), after mitigation payments to the County, and including revenue from TOT. It is also important to note that in the eighth year of operation (2010-11), the City experiences a drop in State subventions, and an associated deficit. The \$875,000 deficit starting in year eight can be covered by the \$4.85 million in reserves accumulated by the City. After year ten, the mitigation payment will not be required, and, as a result, the City's shortfalls will be minimal and declining. The City will have the first ten years of Cityhood to plan for the mitigation of financial uncertainties and potential budget shortfalls. In the first full year, the Road Fund is projected to generate revenues that exceed expenditures.

2. *The proposed City of Castro Valley, while maintaining similar expenditure levels, generates lower General Fund revenues than comparable cities in the Bay Area.*

As presented in more detail in **Appendix B**, the proposed City of Castro Valley generates significantly less sales tax, as well as other General Fund revenues, than comparable cities in the Bay Area. In the State of California, local government's ability to generate a solid sales tax base has become increasingly important to their financial stability in the last twenty years because of Proposition 13 and, the more recent Proposition 218. Proposition 13 not only significantly restricts property tax growth potential for municipalities, but also created the distinction between "general" and "special" taxes (special taxes requiring two-thirds voter approval),

making it more difficult for local governments to raise new taxes. In addition, Proposition 218 requires all taxes, and most charges on property owners, to be subject to voter approval, which has made raising revenues even more restrictive for local governments. Consequently, local governments have become more dependent on sales tax revenue to ensure long-term financial stability.

The fact that the proposed City of Castro Valley generates significantly less sales tax per capita than the State as a whole, as well as comparable cities in the Bay Area, helps to explain Castro Valley's need for additional revenue sources such as the TOT.

**3. *Municipal service levels are anticipated to be at an adequate level.***

Municipal services are funded in the CFA at an adequate level. While the revised CFA represents a functional municipal organization, it includes a level of staffing that is generally lower than comparable cities. In some instances, however, service levels may improve qualitatively despite little or no difference in expenditure; for example, with planning and building administration located within the community, residents will have more convenient access to these services as well as a greater degree of local control. In other instances, actual expenditures are assumed to be higher; for example, the cost of police protection provided through a contract with the County Sheriff exceeds existing expenditures, primarily due to the provision of additional officers for traffic enforcement (currently provided by the California Highway Patrol). Under this contract the presence and response time for officers will improve as compared to existing levels due to the greater number of patrol officers.

**4. *The feasibility of incorporation is sensitive to assumptions regarding tax-generating uses.***

The population growth rate was increased from 0.50 percent, to one percent annually, to test the fiscal effects of faster growth. The one percent growth rate would slightly improve the financial situation of Castro Valley, but does not eliminate the need for TOT revenue. The Final CFA forecast assumes the slower rate of population growth of 0.50 percent.

The CFA includes the implementation of a TOT, and an ongoing UUT (currently scheduled to sunset in 2009). Both tax proposals will be subject to majority voter approval in accordance with Proposition 218, and will be part of the ballot measure for the proposed incorporation. The positive feasibility conclusion with regard to the new City of Castro Valley, and ultimately the election to form the new City, are contingent upon approval of both tax measures. LAFCo set forth both tax proposals as a term and condition of the new City. The following is a summary of the proposed tax measures:

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Fiscal Year									
	1 (a) 2003-04	2 2004-05	3 2005-06	4 2006-07	5 2007-08	6 2008-09	7 2009-10	8 2010-11	9 2011-12	10 2012-13
<b>General Fund Revenues</b>										
Property Taxes (b)	\$6,475,129	\$6,662,516	\$6,819,776	\$6,979,165	\$7,140,722	\$7,304,485	\$7,470,492	\$7,638,783	\$7,809,400	\$7,982,382
Sales Tax	\$2,410,537	\$2,458,748	\$2,507,923	\$2,558,081	\$2,609,243	\$2,661,428	\$2,714,656	\$2,768,949	\$2,824,328	\$2,880,815
Real Property Transfer Tax	\$154,105	\$158,221	\$162,533	\$166,903	\$171,331	\$175,818	\$180,365	\$184,974	\$189,646	\$194,380
Franchise Fees	\$608,194	\$611,235	\$614,291	\$617,363	\$620,449	\$623,552	\$626,669	\$629,803	\$632,952	\$636,116
Business License Tax	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857
Utility Users Tax	\$2,432,776	\$2,444,940	\$2,457,164	\$2,469,450	\$2,481,797	\$2,494,206	\$2,506,677	\$2,519,211	\$2,531,807	\$2,544,466
Planning Fees	\$51,162	\$71,381	\$88,569	\$88,942	\$89,317	\$89,693	\$90,072	\$90,453	\$90,835	\$91,219
Building Inspection Fees	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Public Works/Eng. Fees	\$38,981	\$65,950	\$76,696	\$77,079	\$77,464	\$77,852	\$78,241	\$78,632	\$79,025	\$79,421
Fines and Penalties	\$285,222	\$286,648	\$288,081	\$289,522	\$290,969	\$292,424	\$293,886	\$295,356	\$296,833	\$298,317
State Motor Vehicle License Fees	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$3,203,138	\$3,219,154	\$3,235,249
Investment Earnings	<u>\$181,869</u>	<u>\$189,038</u>	<u>\$192,051</u>	<u>\$194,411</u>	<u>\$196,804</u>	<u>\$199,231</u>	<u>\$201,693</u>	<u>\$187,714</u>	<u>\$190,407</u>	<u>\$193,137</u>
<b>Total</b>	\$18,368,815	\$19,092,830	\$19,397,174	\$19,635,508	\$19,877,214	\$20,122,354	\$20,370,988	\$18,959,096	\$19,231,085	\$19,506,841
<b>General Fund Expenses</b>										
City Council	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Elections	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819
City Manager	\$309,400	\$310,947	\$394,566	\$396,539	\$398,522	\$400,514	\$402,517	\$404,530	\$406,552	\$408,585
City Clerk	\$98,600	\$125,224	\$174,688	\$175,311	\$175,938	\$176,567	\$177,200	\$177,836	\$178,475	\$179,118
City Attorney	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	\$323,850	\$412,151	\$542,989	\$545,704	\$548,433	\$551,175	\$553,931	\$556,701	\$559,484	\$562,282
Administrative Services (c)	\$357,555	\$393,258	\$319,593	\$320,934	\$322,282	\$323,637	\$324,999	\$326,367	\$327,743	\$329,125
Library	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442
Police	\$0	\$11,496,519	\$11,570,017	\$11,746,115	\$11,924,853	\$12,106,270	\$12,290,408	\$12,477,305	\$12,667,005	\$12,859,549
Animal Services	\$0	\$346,479	\$348,211	\$349,953	\$351,702	\$353,461	\$355,228	\$357,004	\$358,789	\$360,583
Planning	\$384,675	\$661,698	\$790,930	\$793,735	\$671,553	\$674,386	\$677,233	\$680,094	\$682,970	\$685,860
<u>Public Works</u>										
Administration	\$155,925	\$263,800	\$306,782	\$308,316	\$309,858	\$311,407	\$312,964	\$314,529	\$316,102	\$317,682
Building Inspection	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Other Public Works	\$0	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322
<u>Non-Departmental</u>										
Office Rent/Supplies	\$459,000	\$440,000	\$410,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000
Insurance	\$481,826	\$510,216	\$523,206	\$528,502	\$530,025	\$537,177	\$542,630	\$549,963	\$555,599	\$563,119
Contingency	\$803,043	\$850,361	\$872,010	\$880,836	\$883,376	\$895,295	\$904,383	\$916,604	\$925,999	\$938,532
Repayment of First-Year Services	<u>\$11,606,910</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	\$16,711,463	\$18,367,787	\$18,835,425	\$19,026,062	\$19,080,916	\$19,338,372	\$19,534,662	\$19,798,651	\$20,001,571	\$20,272,290
<b>General Fund Operating Surplus (Deficit)</b>	\$1,657,351	\$725,043	\$561,749	\$609,446	\$796,298	\$783,982	\$836,326	(\$839,555)	(\$770,486)	(\$765,449)
Mitigation Payment	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>
<b>Net Balance after Mitigation Payment</b>	\$1,047,202	\$114,893	(\$48,401)	(\$703)	\$186,149	\$173,832	\$226,176	(\$1,449,705)	(\$1,380,636)	(\$1,375,599)
Transient Occupancy Tax Revenue	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>
<b>Net Balance after TOT Revenue</b>	\$1,622,202	\$689,893	\$526,599	\$574,297	\$761,149	\$748,832	\$801,176	(\$874,705)	(\$805,636)	(\$800,599)
Reserves	\$1,622,202	\$2,312,094	\$2,838,693	\$3,412,990	\$4,174,139	\$4,922,970	\$5,724,146	\$4,849,442	\$4,043,805	\$3,243,207

notes: (a) First year shown as a full year; actual costs & revenues will depend on effective date.  
(b) First year property taxes accrue to new City due to timing of incorporation.  
(c) Includes human resources, information services, and payment to LAFCo

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Fiscal Year									
	1 (a) 2003-04	2 2004-05	3 2005-06	4 2006-07	5 2007-08	6 2008-09	7 2009-10	8 2010-11	9 2011-12	10 2012-13
<b>Road Fund Revenues (d)</b>										
Gas Taxes (e)	\$1,646,283	\$1,646,046	\$1,645,815	\$1,645,587	\$1,645,365	\$1,645,146	\$1,644,932	\$1,089,640	\$1,094,830	\$1,100,051
Other Road Fund Revenues	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>
<b>Total</b>	\$3,129,294	\$3,129,058	\$3,128,826	\$3,128,599	\$3,128,376	\$3,128,157	\$3,127,943	\$2,572,652	\$2,577,842	\$2,583,063
<b>Road Fund Expenditures</b>										
Street Services		<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>
<b>Total</b>	\$0	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093
<b>Road Fund Operating Surplus (Deficit)</b>	\$3,129,294	\$625,965	\$625,733	\$625,506	\$625,283	\$625,064	\$624,850	\$69,559	\$74,749	\$79,969

notes: (d) New City will also receive share of County's Measure B half-cent sales tax apportionment based on per capita and road mile allocation, primarily for capital improvements.

(e) Gas tax revenues dedicated to funding of road related costs, and is not included in General Fund analysis.

- **Transient Occupancy Tax (TOT).** Currently, the County does not collect TOT revenues. The CFA includes TOT revenues accruing to the City, as a term and condition of incorporation. EPS estimates the new City could generate approximately \$575,000 in additional annual revenues. This estimate is based on an inventory of the existing hotels within the Castro Valley incorporation boundaries, a 10 percent tax rate, an average room rate of \$87, and 65 percent occupancy. The room and occupancy rates are based on current and historical data on hotels in the Castro Valley area, and was independently verified by checking the revenue estimates against County business license records. Based on this estimate of additional revenue, the City could generate positive results in the first seven years of operation, and accumulate reserves of \$4.85 million by year eight.
  - **Utility User Tax (UUT).** The City is currently projected to receive approximately \$2.5 million in annual UUT revenue, 13 percent of total General Fund revenues. The County's UUT ordinance provides for sunset in 2009. The sunset date would apply to the new City's adoption of the UUT upon incorporation, unless otherwise specified, and result in a significant loss of existing revenue for the new City. As a result, LAFCo has directed in the Terms and Conditions, that the new City be contingent upon the transfer of the County's UUT to the City and the reauthorization of the UUT without a 2009 sunset date. The CFA therefore assumes that the City's budget will include an ongoing UUT.
5. *Future economic conditions, State and Federal budgets, and other fiscal uncertainties could affect the future City budget and potential need for additional taxes.* The CFA analysis estimates that additional taxes are not necessary, other than a TOT and an ongoing UUT. However, adverse economic conditions affecting sales tax revenue and State and Federal funding could require the City to reduce its services and/or impose additional taxes.

## FISCAL IMPACTS UPON OTHER AGENCIES

1. *The revenues transferred to the new City are not "substantially equal" with expenditures transferred.*

The incorporation is shown not to be "revenue neutral." As defined in Government Code Section 56815 and calculated in this analysis, the difference between revenues transferred and expenditures transferred results in a negative County General Fund impact of \$610,150 based on 2000-01 costs and revenues. The impact estimate assumes that the City contracts with the County for police protection and library services, partially mitigating impacts. This estimate represents the amount of

funding that would need to be mitigated, all or in part, by agreement between the proponents and the County as required by the statute. The analysis shows no adverse impact on the County Road Fund. The revenue neutrality calculation is further discussed in **Chapters V and VI**.

**2. *The terms of payments needed to mitigate anticipated fiscal impacts have been determined by the County.***

The County of Alameda has agreed to accept terms and conditions that mitigate the fiscal impacts of incorporation upon the County. The County Board of Supervisors approved a resolution on April 9, 2002 proposed by the County Administrator, which outlined the terms and conditions of revenue neutrality.

The agreement calls for a fixed annual payment to be made by the City to the County for a ten-year period, adjusted each year by the change in Consumer Price Index (CPI) for the San Francisco Bay Area. The payment by the City to the County will be paid each year from property tax revenues collected by the County prior to distribution of these revenues to the City. The amount was equal to the impact calculated in the CFA. For the final boundary adopted by LAFCo, this amount is \$610,150. Other aspects of the revenue neutrality resolution approved by the Board include City contracts for police protection and library services for an initial term of five years, and transfer to the City of the County's "Castro Valley" redevelopment sub-area.

**3. *School Districts within the proposed Castro Valley boundaries will not be affected by incorporation.***

The proposed City limits of Castro Valley are served by the Castro Valley, Hayward, and San Lorenzo Unified School Districts funded primarily through property tax revenue distributed by the State of California. The majority of the proposed area is comprised of the Castro Valley Unified School District. The incorporation of Castro Valley will have no impact on the local school districts. The State and the County Board of Education, not LAFCo, have jurisdiction over the reorganization of local school districts.

**4. *Other agencies serving the Castro Valley area will not be significantly affected by the incorporation.***

Other public and private agencies serving the Castro Valley area, including the Water and Sanitation Districts, Fire Districts, and utility providers will not be significantly affected by the incorporation as proposed. Growth in Castro Valley, whether the area is incorporated or not, will affect demand for services from these districts.

It is assumed that the new City would remain in the Alameda County Fire District and Fairview Fire Protection District; this status is unaffected by the boundaries of the new City. Property taxes will continue to be collected by the County and passed directly to the Districts. It is assumed that fire protection expenditures and revenues will remain the same whether or not the area incorporates.

While not a significant impact, the incorporation of Castro Valley required the reorganization of the City of Hayward's and City of San Leandro's Spheres of Influence (SOI) by LAFCo.

## **BOUNDARY ALTERNATIVES**

**1. *The boundary alternatives have no significant impact on the fiscal feasibility of Castro Valley.***

In addition to the County Community Development Agency proposal, four additional boundary alternatives were considered as a part of prior drafts of the CFA, reflecting possible combinations of the Castro Valley modules. The boundary alternatives include the evaluation of (1) Module A, (2) Module A + Module B, (3) Module A + Module C, and (4) Module A + Module B + Module C2. Module C2 refers to Module C with the northern portion of the module removed. The latter alternative was selected by LAFCo for the incorporation boundaries.

The municipal budget model was used to estimate the marginal cost and the marginal revenue of the alternatives. The smaller subsets of boundaries are shown generally to have little impact on the fiscal results including the reduction of Module C. Other minor changes to specific parcels have not been considered in the CFA due to insignificant fiscal effects.

## **REORGANIZATION IMPACTS**

No special district reorganizations, other than known and potential detachments from County Service Areas (CSAs) as noted in subsequent sections, are part of the proposal.



### III. THE INCORPORATION PROPOSAL

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#### PROPOSAL FOR INCORPORATION

The Alameda County Board of Supervisors authorized preparation of the incorporation application to LAFCo and related funding adjustments in March 2001. On behalf of Alameda County, the County Community Development Agency prepared an incorporation application in May 2001. The Application for Incorporation defines key aspects of the incorporation proposal. The following sections describe the Castro Valley municipal government as envisioned by the applicants.

In summary, the incorporation of Castro Valley would transfer responsibility for many of the local services currently provided by the County, to the new City. The new City would be responsible for land use planning and review, police protection, and public works, and could choose to expand services, if funding permits. The elected City council would establish policies and priorities for the provision of services and allocation of funds, and would be accountable to the residents of Castro Valley. Initially, the new City would contract with other providers for many services (e.g., the County).

This chapter presents specific terms that define the incorporation proposal. **Chapter IV** describes in detail the specific services that would transfer to the new City, and services that would be unaffected.

#### NAME OF THE NEW CITY

The application identifies the name of the new City as "Castro Valley."

#### FORM OF GOVERNMENT

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

#### CITY BOUNDARY

**Figure 1** shows the municipal boundary proposed for Castro Valley.

## **REORGANIZATION**

No special district reorganizations other than known and potential detachments from County Service Areas are proposed. While not a significant impact, the incorporation of Castro Valley requires the reorganization of the City of Hayward's and City of San Leandro's Spheres of Influence (SOI).

## **SERVICE LEVELS**

This CFA presumes and reflects municipal expenditures that provide for adequate municipal service levels. The proposed service levels are discussed in **Chapter IV**.

## **EFFECTIVE DATE**

This CFA assumes July 1, 2003, as the effective date, meaning the date the City would actually come into existence.

## **GANN LIMIT**

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

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

In accordance with the State of California Office of Planning and Research (OPR) incorporation guidelines, the Fiscal Analysis provides the necessary technical documentation for selecting an appropriate provisional Gann Limit of \$18.98 million.

## **NEW TAXES AND FEES**

The Application does not propose that any new taxes or fees be levied. Per direction from LAFCo, the CFA includes the implementation of a TOT and an ongoing UUT, as a term and condition of the incorporation proposal.

The existing assessments imposed by County Service Areas SL-1970-1 and PW-1994-1 for street lighting and road maintenance, respectively, will be continued by the County. At a future point in time, the County and City can negotiate a transfer of revenue and services for the affected CSAs. State law (Gov. Code Sec. 56375(n)) allows LAFCo to waive the automatic dissolution of CSAs that otherwise would occur pursuant to Gov. Code Sec. 25210.90.

## **CAPITAL IMPROVEMENTS**

It is assumed that the City council initially will adopt all impact fee ordinances currently enforced by the County to ensure a continual flow of existing fee revenues. While this CFA addresses issues of fiscal feasibility, it has not evaluated the need for or financing of future capital improvements except to assume ongoing funding resulting from established dedications and fees. In addition, the new City's redevelopment agency will control the use of tax increment funds available for capital improvements. In 2002-03, the annual budget for the Castro Valley redevelopment subarea is approximately \$900,000. Because of the timing of formation of the County redevelopment areas, data regarding tax increment revenue was not available for FY 2000-01. In addition, fiscal year 2002-03 is shown in the CFA to demonstrate the amount the City's redevelopment area would likely receive in its first years of operation after incorporation.

## IV. PUBLIC SERVICES PLAN AND COST ASSUMPTIONS

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A municipal Public Service Plan has been developed to assess the feasibility of incorporation. **Table 2** presents a list of existing and proposed municipal services in Castro Valley. The Public Service Plan reflects the incorporation application, judgment of the Consultant, and suggestions from LAFCo, Alameda County staff, the Castro Valley Study Group, and the general public. In actuality, decisions made by LAFCo, the future Castro Valley City Council, and the Board of Supervisors will determine how public services are provided in Castro Valley.

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

The following services are assumed to be funded by the City upon incorporation; the City may provide additional types of services in the future.

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

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

**Table 2  
Municipal Service Providers (Existing and Proposed)\*  
Castro Valley Incorporation Analysis**

Service	Service Provision		
	Present Provider	After Incorporation	Method
<b>General Government</b>			
Governing Board	County of Alameda	City of Castro Valley	City Council
Manager	County of Alameda	City of Castro Valley	City Staff
Attorney	County of Alameda	City of Castro Valley	City Staff/Contract
Finance/Clerk/Administrative Services	County of Alameda	City of Castro Valley	City Staff
<b>Public Protection</b>			
Law Enforcement	County of Alameda/CSA PP-1991-1	City of Castro Valley	Contract w/County Sheriff
Traffic Control/Accident Investigation	California Highway Patrol	City of Castro Valley	Contract w/County Sheriff
Fire Protection	County Fire Department/Fairview Fire Protection District	No Change	As is currently provided
Ambulance	County Fire Dept./Fairview Fire Prot. Dist. (American Medical Response)	No Change	As is currently provided
Animal Control	County of Alameda	City of Castro Valley	Contract w/County Sheriff
Mosquito Abatement	Alameda County Mosquito Abatement	No Change	As is currently provided
<b>Land Use and Planning</b>			
Regulation & Planning	County of Alameda/Castro Valley Municipal Advisory Council	City of Castro Valley	City Staff
<b>Community Services</b>			
Recreation Programs	Hayward Area Recreation and Park District/East Bay Reg. Park District	No Change	As is currently provided
Local Parks/Recreation Facilities	Hayward Area Recreation and Park District/East Bay Reg. Park District	No Change	As is currently provided
Library	County of Alameda	No Change	Contract w/Library
<b>Public Works/Public Utilities</b>			
Public Works Administration	County of Alameda	City of Castro Valley	City Staff
Roads, Local Drainage, Bridges, Signals	County of Alameda/CSA PW-1994-1	City of Castro Valley/County	City and County Staff/Contract
Building Inspection	County of Alameda	City of Castro Valley	City Staff/Contract
Domestic Water	East Bay Municipal Utility District	No Change	As is currently provided
Waste Water Treatment/Disposal	Castro Valley Sanitary District/Oro Loma Sanitary District	No Change	As is currently provided
Solid Waste Management/Disposal	Castro Valley Sanitary District/Oro Loma Sanitary District	No Change	As is currently provided
Flood Control	Alameda County Flood Control and Water Conservation District	No Change	As is currently provided
Street Lighting	County of Alameda/CSA SL-1970-1	City of Castro Valley/County	City and County Staff/Contract
National Pollution Discharge Elimination System	County of Alameda	City of Castro Valley	City Staff/Contract
Crossing Guard Program	County of Alameda	No Change	City Staff/Contract
<b>Public Education</b>			
K-12 Grade Levels	Castro Valley, Hayward, and San Lorenzo Unified School Districts	No Change	As is currently provided
College	Chabot-Las Positas Community College District	No Change	As is currently provided
<b>Other Services</b>			
Electricity	Pacific, Gas & Electric	No Change	Franchise Agreement w/City of Castro Valley
Gas	Pacific, Gas & Electric	No Change	Franchise Agreement w/City of Castro Valley
Cable Television	AT&T Broadband	No Change	Franchise Agreement w/City of Castro Valley
Telephone	Pacific Bell	No Change	Franchise Agreement w/City of Castro Valley
Public Transit	Alameda-Contra Costa Transit District/Bay Area Rapid Transit	No Change	As is currently provided

\* Proposed by applicant and CFA consultant. For illustrative purposes only; actual provision of service by the City will depend upon LAFCO actions, negotiations with service providers, and actions by the future City Council.

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

The analysis is presented in “constant dollars,” that is, dollars of constant 2001 purchasing power. In actuality, inflation will affect both costs and revenues during the projection period. “Constant dollar” percentage increases were included in budget line items to reflect increases in costs above general inflation. These increases were generally applied to labor related expenditures.

## **CITY COUNCIL**

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

The unincorporated area is currently governed by the Board of Supervisors. Castro Valley falls within Supervisor District #4. The County will continue to provide various Countywide services, such as tax collection and social services; however, they will no longer have jurisdiction over local municipal services that become the new City’s responsibility. Incorporations commonly increase local involvement in government because citizens gain more direct access and ballot box control over local elected officials, and through these elected officials, the land use, public service, and taxation decisions that affect their lives.

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

## **CITY ADMINISTRATION AND FINANCE**

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

### CITY MANAGER'S OFFICE

The City Manager's Office, responsible for overseeing City operations, will include a City Manager, a management analyst, and an administrative secretary starting in the first year of operation. The analyst and the secretary become full-time by the third year of operation.

### FINANCE DEPARTMENT

The Finance Department, responsible for financial oversight and budgeting, will include a Finance Manager, an accountant/budget analyst, three accounting technicians, and two secretarial/clerical staff. The accountant, accounting technician, and secretarial positions are phased in over the first three years of operation.

### ADMINISTRATIVE SERVICES

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

### CITY ATTORNEY

The City initially will contract with an attorney or municipal law firm to provide legal expertise. The cost of this expertise set to \$450,000 annually beginning in the initial year, and is assumed to increase at two percent per annum, in real terms. The City attorney budget should provide for an adequate amount to deal with City start-up costs and potential lawsuits. The City will also maintain reserves and budget for contingencies in the event of litigation or adverse judgements.

### CITY CLERK'S OFFICE

The City Clerk's Office, responsible for a number of City record-keeping and administrative duties, will include a City Clerk and a part-time coordinator/clerk position, both of which are phased in over the first three years of operation.

## **POLICE PROTECTION**

At present, the County provides law enforcement services, and the California Highway Patrol provides traffic control services to the Castro Valley area. The Sheriff Department's primary law enforcement services include patrol, criminal investigations, vice/narcotics investigations, community-oriented policing, school resource deputies, vehicle abatement, parking enforcement, dispatch services, records/warrants services, crime prevention, crime analysis, and property evidence management.

Currently, the Castro Valley area is served primarily by the Eden Township Substation located in unincorporated San Leandro. The Sheriff services are primarily funded through General Fund contributions, including discretionary property tax appropriations to the County Service Area (CSA) PP-1991-1. It is assumed in the CFA that the portion of the police protection CSA within the Castro Valley boundaries will detach, and become the sole responsibility of the new City.

Police protection is one of the most important responsibilities of municipal government and typically the most costly for small cities. After incorporation, it is assumed that the City will contract with the County Sheriff Department to provide both law enforcement and traffic control services for the first several years. No significant initial start-up costs will be necessary, since the County Sheriff is currently equipped to serve the area.

The contract with the Sheriff is constructed using the City of Dublin's 2001-02 proposed police services budget including the existing contract with the County Sheriff's Department. In developing a Sheriff contract modeled after the City of Dublin, EPS has included additional assumptions related to approved and proposed salary increases, vehicle maintenance, replacement and acquisition, personal equipment, facility costs, and risk management, among other items. The contract cost also includes costs associated with providing local traffic enforcement to the proposed City. Upon incorporation, the CHP will no longer be responsible for provision of local traffic enforcement. The CHP will, however, continue to patrol State-owned highways within the boundaries of the new City including Interstate 580. The cost assumption tables in **Appendix C** provide more detailed information regarding the proposed Sheriff contract for the City of Castro Valley.

Based on the Dublin contract, the Castro Valley Sheriff contract cost is also assumed to include a 7.17 percent cost allocation for departmental indirect costs applied only to those services assumed to be provided by the Sheriff's Department. It is assumed that the City will receive approximately \$200,000 in grant revenues phased in over the first three years of operation that could be used to fund the cost of police services. These estimates are based on the Sheriff Department's existing grants used for providing service in the area, and on the City of Dublin's estimation of grant revenues. The City may also be eligible for additional grants that could be utilized to purchase equipment or services over and above the level shown in the budget, due to typical grant funding "maintenance of effort" requirements and restricted uses.



## **PUBLIC WORKS/ENGINEERING**

The Public Works Department would provide engineering services to the City and would manage capital improvement and maintenance activities. The major activities will include maintenance for street lighting, roads and landscaping, building inspection, as well as conducting engineering review of development proposals. Much of the engineering and maintenance activity would be conducted by the County through a contract for the first several years; after that time, the City could continue to contract with the County, increase its in-house staff, and/or utilize private consulting engineers and contractors. The new City will require, however, its own Public Works Administration to oversee the contract with the County and develop long-term planning efforts for the department. At the direction of the City Manager and City Council, the City Engineer would coordinate with the County Public Works Department including the County Surveyor.

### STREET LIGHTING

Street lighting services are primarily provided by the County through CSA SL-1970-1. There are 4,015 street lights within the proposed boundaries of Castro Valley, a portion of which fall outside the CSA boundaries. The County Public Works Department would retain responsibility for overseeing the provision of street lighting service within the City's boundaries, and would continue to receive the assessments collected from the residents. The assessments would continue to fund street lighting services, as are currently provided. At a future point in time, the County and City can negotiate a transfer of revenue and services for street lighting services, which may require County action, and possibly a new vote for the creation of a special district, and continuation of the existing assessments.

### ROAD MAINTENANCE

Road Fund expenditures cover the cost of repair and preventative maintenance for pavement, hardscape repairs, drainage, bridges, landscaping, street trees, and traffic signals for 120 miles within the Castro Valley area. Projected expenditures are estimated based on current road fund expenditures, as provided by the County Public Works Department. The analysis assumes that the County will continue to provide services under contract at the same level and cost (plus increases assumed to occur at the rate of inflation). Expenditures to address any existing deferred maintenance are not assumed; however, to the extent that the City has financial resources available, it could apply these funds towards road improvements. The County General Fund does not fund road maintenance services. All road maintenance is funded by gas tax, State and Federal grants, a portion of Measure B sales tax, and CSA assessments (within a portion of the City).

In Module B, road maintenance services for roadways, access roads and bridges, storm drainage, landscaping, and administration and engineering are provided by CSA PW-1994-1, and funded through a Board of Supervisor imposed maximum service charge of \$909 per parcel per year. It is assumed in the CFA that the County would continue to receive the service charge, and provide services to the area. The service charge would continue to provide for public works services within the CSA, as are currently provided by the County. At a future point in time, the County and City can negotiate a transfer of revenue and services for these road services.

### BUILDING INSPECTION SERVICES

The Building Inspection Department provides plan review, permit issuance, building construction, and file keeping services for Castro Valley. Building inspection is assumed to be initially provided through a contract with Alameda County under the auspices of the new City's Public Works Administration. Annual building inspection costs would vary based upon development activity. Presently, the County recovers 80 percent of the total costs of building inspection. The County's General Fund makes no contribution to the Building Inspection Department; the funding gap is currently made up by a contribution from the Building Inspection Trust Fund. The Board of Supervisors recently approved a realignment of fees. It is assumed for the new City that 100 percent of the total cost of building inspection would be recovered through permit and plan check fees.

### NATIONAL POLLUTION DISCHARGE ELIMINATION SYSTEM (NPDES)

The City will be responsible for implementing a variety of programs in accordance with the National Pollution Discharge Elimination System (NPDES). The responsibility to comply with storm water quality regulations under NPDES of the Federal Clean Water Act would shift from the County's Unincorporated Area Clean Water Program to the City. Currently, the County's program is funded through a per household fee levied on the households in unincorporated Alameda County covering 40 percent of the cost of service. The Alameda County Flood Control and Water Conservation District (ACFCD) makes up the difference between fee revenue and mandated service delivery.

If the City joins the Countywide General Program, the major tasks that the City would have to carry out include public education and outreach on storm water impacts; public involvement/participation; illicit discharge detection and elimination; construction site storm water runoff control; post construction storm water management in new development and redevelopment; and pollution prevention and "good housekeeping" for municipal operations, among many others.

The City would become responsible for the portion currently funded by the ACFCD net of fee revenues, assuming the new City through LAFCo terms and conditions continues to levy the fees. Estimates of the net cost to the City, developed by the Alameda County Public Works Department, are included in the City's budget. The CFA assumes the City

contracts with the County for NPDES services in order to avoid incurring significant overhead costs associated with starting a new program. The City may also implement additional pollution control and monitoring measures, depending on funding availability and priorities.

## **PLANNING AND COMMUNITY DEVELOPMENT**

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

### PLANNING DEPARTMENT

#### **Functions and Staffing**

The Planning Department is responsible for General Plan preparation, zoning enforcement, permit issuance, and other development services. The County Planning Department processed 364 zoning enforcement cases and 153 permits last year in Castro Valley Modules A, B, and C, which represents about 30 to 35 percent of the County's total permit and zoning activity. The County's Planning Department currently has a staff of about 31, including 5 clerical support positions. Of the 26 non-clerical positions, the equivalent of approximately 5 positions are involved in Countywide and regional issues including regional transportation, County facilities, agriculture, open space, surface mining and quarries, and environmental issues unrelated to urban areas. After accounting for staff time allocated to Countywide and regional issues, there are an estimated 21 positions that provide municipal services to all unincorporated areas, including Castro Valley.

The new City's Planning Department is assumed to include a Planning Director, three planners, one counter technician, and 2.5 "full time equivalent" (FTE ) secretarial positions. The planner, counter technician, and secretarial positions will be phased in over the first three years of operation. In addition, it is likely that the City would fund at least a portion of a planner to assist with redevelopment activities. Funding for this staff position would come from the tax increment generated from the Castro Valley redevelopment subarea. In addition to the 5 non-clerical planning positions (including redevelopment), the City's budget includes 7 building inspection and plan check positions which are shown in the Public Works Department budget for a total of 12 positions. The actual assignment of staff and responsibilities will depend on levels of development activity, and decisions by the future City council; it is likely that certain

positions could be consolidated, e.g., management of planning and public works could fall under a single director, building inspection staff could be cross-trained to handle zoning enforcement, and clerical staff could be shared between departments. Plan check staff could also be provided via a contract with a private firm, with costs fully recovered through fees.

General Plan preparation will occur during the early years of the City's operation, and zoning enforcement will be ongoing. The CFA includes consultant costs related to General Plan preparation. The costs related to development services are assumed to be recovered partially through charges for services.

### **Other Costs**

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

## HOUSING AND COMMUNITY DEVELOPMENT

The County's Housing and Community Development Department (HCD) currently administers various housing, homeless, and public improvement programs throughout the unincorporated County and in cooperation with smaller cities in the County. The County qualifies for Federal "Urban County" status, and, as a result, is eligible, as an "entitlement" community, based on a minimum population threshold of 200,000, to receive Federal funding including Community Development Block Grant (CDBG) and HOME funds (as a part of the Alameda County HOME Consortium).

If the new City decides to become an independent "entitlement" community, the County would fall under the Federal population threshold and could lose approximately \$150,000 in CDBG funds. As a metropolitan City participating in the Alameda County "Urban County" program and the Alameda County HOME Consortium, Castro Valley would not jeopardize the County's entitlement status, and little change would occur to existing services or staffing. Housing and community development services would continue to be provided to the new City by the County's Housing and Community Development Program, with some direction from the City. The revenue neutrality resolution approved by the Board of Supervisors also provided that the City shall participate in the Home, McKinney and Community Development Block Grant (CDBG) consortia at least through the June 30, 2005, completion of the programs' current contracts.

Depending on the ultimate size of the new City, it may choose to handle similar functions (e.g., administering HUD programs, facilitating housing development). However, the benefit that the new City would derive from managing the housing and community development functions in-house will need to be weighed against the negative impact that a loss of Federal entitlement status would have on the jurisdictions participating in the Urban County program.

Moreover, the County's Regional Housing Needs Determination (RHND) for affordable housing in the Castro Valley area would be transferred to the new City.

## REDEVELOPMENT

In July 2000, the County established the Eden Area Redevelopment Project comprised of a number of sub-areas including the "Castro Valley" and "Foothill" sub-areas. The Castro Valley sub-area falls entirely within Module A, while approximately half of the "Foothill" sub-area is within Module C.

Upon incorporation, the County under State law has the authority to determine whether sub-areas of the Eden Area Redevelopment Project are transferred to the new City or remain under the auspices of the County. If the new City were to accept a transfer of authority from the County, all assets and liabilities of the County's Redevelopment Agency (RDA) for that specified sub-area would transfer to the City's new RDA including the tax increment funding generated within the affected sub-area.

Per the County resolution regarding revenue neutrality, the County will retain responsibility for the Foothill sub-area, and transfer the Castro Valley sub-area to the new City. In accordance with the County resolution and LAFCo terms and conditions, the City will have as its projects the projects approved by the County RDA in addition to other projects the City RDA identifies.

RDA projects could include affordable housing development, housing rehabilitation, public area improvements, street and sidewalk construction, commercial building upgrades, and economic development activities. The projected 2002-03 budget for the Castro Valley redevelopment subarea is approximately \$900,000. With the exception of a small amount to cover administration costs, these funds are not available for use by the City's General Fund. Because of the timing of formation of the County redevelopment areas, data regarding tax increment revenue was not available for FY 2000-01. In addition, fiscal year 2002-03 is shown in the CFA to demonstrate the amount the City's redevelopment area would likely receive in its first years of operation after incorporation.

## **ANIMAL CONTROL**

At present, the County provides animal control and shelter services to the unincorporated community of Castro Valley. The Fairmont Animal Shelter located on Fairmont Drive in San Leandro provides most of the animal control services to unincorporated Alameda County, and in particular to Castro Valley. A portion of these costs is covered by charges for services.

After incorporation, the CFA assumes the City will contract with the County for these services. It will be assumed that the future per capita net cost to the City of contracting these services will be the same as the current per capita cost to provide these services in the County. The actual cost will depend upon a variety of factors that include inflation, employee "cost of living" increases, cost allocations of a planned new shelter, and State mandates for animal retention and the spaying/neutering of all dogs and cats adopted from the shelter. The estimated per capita contract cost will be applied to the projected population to determine the costs of animal control and shelter services to the City.

## **FIRE PROTECTION**

The incorporation application does not assume any change to existing fire protection districts. Changes could be considered by a future City Council, however any changes will require LAFCo review and possibly, voter approval.

### ALAMEDA COUNTY FIRE DEPARTMENT

The Alameda County Fire Department, a dependent special district governed by the Board of Supervisors, provides emergency fire and medical response, as well as fire prevention services to the majority of the unincorporated communities in Alameda County, exclusive of the Fairview Area. The County's nine fire stations are estimated to receive over 11,000 calls for service in 2000-01 within the Department's 434 square miles of fire protection service area. Four of the stations are located within the Castro Valley area.

The California Department of Forestry (CDF) currently is responsible for providing and funding fire protection services to State Responsibility Areas (SRAs) in the unincorporated wildland areas of Alameda County. Upon incorporation, SRAs convert to Local Responsibility Areas (LRAs), and become the financial responsibility of the local fire protection jurisdiction. According to Fire Chief William J. McCammon, the incorporation of Castro Valley will not result in an adverse financial impact to the County Fire Department.

## FAIRVIEW FIRE PROTECTION DISTRICT

The Fairview Fire Protection District provides fire protection and emergency medical response service to Module B of the proposed Castro Valley incorporation area, and is estimated to receive over 100 calls for service from Module B in 2000-01. The Fairview District contracts for service with the City of Hayward for the cost of operating and maintaining the Five Canyons Parkway station, which lies just inside the proposed Castro Valley City limit. The District is funded primarily through property tax revenue, assessments for Emergency Medical Services, interest, and other miscellaneous income.

## **PARKS AND RECREATION**

The Hayward Area Recreation and Park District (HARD) will continue to operate and maintain local parks and recreation programs in Castro Valley, and to receive property tax revenue generated from within the proposed incorporation boundaries. HARD is an independent special use district providing park and recreation services to over 220,000 residents living in Hayward and the unincorporated communities of Castro Valley and San Lorenzo. HARD operates and maintains over 100 facilities including community and senior centers, neighborhood parks, and playing fields. No change is assumed in the CFA to existing parks and recreation services. At a later date, the new City could decide to detach from the District and provide its own park and recreation services to local residents.

The Castro Valley area will also continue to benefit from nearby parks owned and operated by the East Bay Regional Park District (EBRPD) including the Anthony Chabot Regional Park adjacent to the Castro Valley community. EBRPD owns and manages 92,000 acres of land in both Alameda and Contra Costa Counties, none of which fall within the proposed boundaries of Castro Valley.

## **LIBRARY**

The library located on Redwood Road in Castro Valley currently is owned and operated by Alameda County. The CFA assumes that there will be no change in the ownership or operation of the Castro Valley Branch Library. The majority of Castro Valley residents, including residents from Module B, use the Castro Valley Branch Library. Residents also maintain their privilege to use all of the County's ten library branches. Additionally, there is a book mobile that services the area.

The library in Castro Valley is funded by three main sources: (1) a dedicated share of property taxes as designated under State law; (2) a Board of Supervisors allocation from the business license tax; and (3) a Board of Supervisors allocation from the utility users tax. Both the business license tax and utility users tax funding allocations apply to only the unincorporated areas of the County. The analysis assumes that the City would continue to collect both taxes and fund the Castro Valley Branch library at its current budget level through a contract with the County for an initial term of five years, per

LAFCo terms and conditions. The contract would be for the amount the Castro Valley Branch currently receives in UUT and business license tax. As a result, there will be no net financial impact on the Castro Valley Branch budget.

## **OTHER CITY EXPENDITURES**

### OFFICE RENT AND SUPPLIES

The new City will require office space, supplies, and equipment to conduct its operations. It is expected that the City will rent workspace for its staff and for a council chamber. Space rental cost estimates are based on the assumption that the City will rent sufficient space for all City personnel including space for contract employees and a 2,000-square-foot space for the council chamber. Rent is assumed to be \$1.50 per square foot per month. Annual supplies and initial computer and furnishing costs are estimated using an average cost per employee method.

### INSURANCE

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

### CONTINGENCY

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

### COUNTY REPAYMENT

The County will continue to provide a number of services to the City for the remainder of the first fiscal year of City operation after incorporation, fiscal year 2002-03. Services that will continue to be provided will include sheriff, animal control, land use planning and zoning enforcement, building services, street lighting, and road maintenance. It is assumed the County will request repayment of its first year expenses to provide services. The County revenue neutrality resolution states the first year's services will be repaid by the City in the initial year, with the option to extend the repayment over a five-year period, if desired.



## REVENUE NEUTRALITY MITIGATION PAYMENTS

The incorporation is shown not to be “revenue neutral.” As defined in Government Code Section 56815 and calculated in this analysis, the difference between revenues transferred and expenditures transferred is a negative County General Fund impact of \$610,150 based on 2000-01 costs and revenues. The impact estimate assumes that the City contracts with the County for police protection and library services, partially mitigating impacts.

The County of Alameda has determined payments and other terms and conditions to mitigate fiscal impacts of incorporation upon the County. The County Board of Supervisors approved a resolution on April 9, 2002 proposed by the County Administrator, which outlined the terms and conditions of revenue neutrality.

The agreement calls for a fixed annual payment of approximately \$610,150 made by the City to the County for a ten year period, adjusted each year by the change in Consumer Price Index (CPI) for the San Francisco Bay Area. The payment by the City to the County will be paid each year from property tax revenues collected by the County prior to distribution of these revenues to the City. Other aspects of the revenue neutrality resolution approved by the Board include City contracts for police protection and library services for an initial term of five years, and transfer of the County’s “Castro Valley” redevelopment sub-area.

## PUBLIC FACILITIES

All dedicated County roads would be conveyed to the new City. There are no other identified assets to be transferred to the new City. Typically, other cities have continued discussions over minor assets (e.g., minor parcels, road easements, public rights-of-way) after the formation of the new City has occurred.

## V. MUNICIPAL REVENUE ESTIMATES

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The Fiscal Analysis evaluates a City of Castro Valley as proposed in the Application for Incorporation, further delineated as necessary by the Consultant. This Fiscal Analysis is based upon a Municipal Budget Model that reflects a hypothetical City budget during its first ten years of municipal operations.

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

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

## GROWTH AND DEVELOPMENT

The study assumes conformance with the land uses projected in existing plans for Castro Valley. For purposes of the development forecast, which affects future costs and revenues, the CFA assumes an annual population growth rate of approximately 0.5 percent for all three of the modules included in the incorporation proposal. It is assumed for this analysis that the proposed City will continue to develop steadily and will intensify its infill, redevelopment efforts. This growth rate reflects approximately 50 percent of the growth estimated by ABAG 2000 projections. In addition, this growth rate is less than the historical rate of growth experienced in Castro Valley. Based on Census 1990 and 2000 counts, population increased in the Castro Valley CDP at a 1.7 percent annual growth rate over the last ten years. According to the Planning Department, there are no approved or proposed projects in the area on the County’s cumulative project list for the Castro Valley area. The “Sensitivity Analysis” section of this report tested a faster rate of growth, but the feasibility conclusions were not significantly affected.

## REVENUE ASSUMPTIONS

### PROPERTY TAX

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

- (a) Determine the percentage of property taxes in the County's budget of "revenues available for general purposes." For this analysis, this amount was estimated by the County Auditor-Controller's Office. Property taxes total \$191,007,589, and total revenues available for general purposes total \$390,750,560, to produce an "auditor's ratio" of 48.88 percent.
- (b) Determine the existing net County cost of providing municipal services to the area to be incorporated in the year prior to the LAFCo action. In Castro Valley, these services will include sheriff, animal control, and land use planning and enforcement. General government services were not included, as the establishment of the new City will not have a measurable impact on the County's overall budget for general government. Net costs were determined based upon estimates provided by the affected County departments.
- (c) Multiply [a] times [b]. This amount becomes the property tax revenue base transferred to the new City in the first year of operations. The County Auditor, in accordance with State law (Gov. Code 56810), will adjust the property tax amount according to changes in assessed value that occurred since the 2000-01 fiscal year. A City Tax Allocation Factor (TAF) was estimated based on this amount (inflated to the first year of the City) and an estimate of the total property tax generated within the City's boundaries in the first year of City operations. In the following years, this TAF is then applied to the increase (increment) in the City's total property tax base to estimate the increase in property tax revenues accruing to the City. The TAF for the new City of Castro Valley is estimated to be 14.85 percent.

The property tax increment represents the annual increase in the total property tax generated. It is derived by subtracting estimates of the total property tax generated in the current fiscal year from total property tax generated in the prior year. The application of the TAF to the property tax increment indicates the City's share of the additional property tax revenues. This share is then added to the City's prior year property tax revenue allocation to estimate the City's current year revenues.

The total property tax generated within the City's boundaries is estimated based on total assessed value. Total assessed value is determined by the market value of new development and the presence and turnover of existing development.

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

There are two redevelopment subareas within the proposed City boundaries: the Foothill subarea, and the Castro Valley subarea; the latter will be transferred to the new City, and its available funds will be controlled by the new City. The new City will have land use planning authority over the portion of the Foothill subarea that is within the City boundaries (approximately 50 percent of the subarea); although the County will continue to manage the subarea's redevelopment activities, it is likely that those efforts would be closely coordinated with the new City.

Within redevelopment areas, 60 percent of the growth in property tax is available to the Redevelopment Agency for capital improvements and other activities related to redevelopment. With the exception of a limited amount of funding available for administration purposes, the tax increment generated with the redevelopment subarea cannot be added to the City's General Fund. For the 2002-03 fiscal year, the projected budget for the Castro Valley subarea is approximately \$900,000. The Foothill redevelopment subarea, which overlaps the proposed City boundaries and will continue to be under the purview of the County Redevelopment Agency, has a projected budget of \$142,000. Because of the timing of formation of the County redevelopment areas, data regarding tax increment revenue was not available for FY 2000-01. In addition, fiscal year 2002-03 is shown in the CFA to demonstrate the amount the City's redevelopment area would likely receive in its first years of operation after incorporation.

As a consequence of the redevelopment subareas the new City, as well as the other agencies that share in property tax, will not receive the full share from the subareas that they otherwise would receive in the absence of redevelopment. The two subareas represent approximately 15.3 percent of the new City's assessed value; thus the CFA reduces future growth in property tax revenue (after the initial transfer from the County to the new City) by 15.3 percent.

## SALES TAX

Estimates of the sales tax accruing to the City are based on the existing sales tax base, and an estimate concerning a share of additional "unallocated sales tax." The analysis assumes a two percent real growth in sales tax, including a 1.5 percent real increase and 0.5 percent population increase. These estimates are based on historical data on growth in taxable sales and population in the area, which indicate a 2.1 percent annual increase, after adjusting for inflation, since 1990.<sup>1</sup>

"Unallocated taxable sales" include taxable sales unrelated to retail permits within the incorporation area boundaries. These sales include mail order and Internet sales within California, as well as sales related to special events, and are distributed Statewide proportionate to situs sales tax. These taxable sales were estimated as a proportion of the allocable taxable sales in the City based on the County's current ratio.

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<sup>1</sup> EPS memorandum to the Castro Valley Study Group and LAFCo, 2/22/02.

### UTILITY USERS TAX

The County receives 5.5 percent of utility providers' gross receipts. The utility users tax (UUT) revenue projection is based on the per capita estimates derived from the County's previous year's receipts. The estimate for the new City is less than actual 2000-01 budget data because of the anomalous windfall that accrued to local governments last year due to the State's energy crisis.

The County's UUT ordinance provides for a 2009 sunset date. As a result, LAFCo has directed staff to assume, for the report, that incorporation is conditioned on an ongoing UUT (without a 2009 sunset date).

### BUSINESS LICENSE TAX

A business license is an annual tax paid each calendar year by businesses located within the unincorporated area of the County of Alameda. The business license tax rates range from \$.10 to \$1.50 per \$1,000 of gross receipts or gross payroll depending on the business classification. Some classifications have a flat rate. The Tax Collector's Office assigns all rates.

The business license tax, which the new City would become responsible for collecting, is based on the revenue the County received in fiscal year 2000-01 from the Module A portion of Castro Valley. EPS made additional estimates to account for commercial uses within Module C.

### PROPERTY TRANSFER TAX

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

### FRANCHISE FEES

Franchise fees that are collected in the area include cable, electric, gas, and refuse collection. The estimates of franchise fees are based on per capita allocations of existing County revenues. Upon incorporation, relevant franchise fee agreements will transfer to the new City. At a future point, it will be necessary to renegotiate the agreements directly with utility providers.

### TRANSIENT OCCUPANCY TAX (TOT)

Currently, the County does not collect TOT revenues. Per LAFCo direction, the implementation of a TOT will be a term and condition for the approval of incorporation. EPS estimates the new City could generate approximately \$575,000 in additional revenues. This estimate is based on an inventory of the existing hotels within the Castro Valley incorporation boundaries, a 10 percent tax rate, a current average room rate of \$87, and 65 percent occupancy based on historical data for the area.

### BUILDING AND PERMIT FEES

As mentioned above in the expenditure section, revenues from the provision of building inspection services, including permit and plan check fees, will offset the total cost of providing these services under contract. Revenue shown in the budget is based on the County's current level of staffing needed to serve the Castro Valley area.

### PLANNING FEES

Planning fees can be charged for the provision of development services, but not for General Plan preparation and Code Enforcement. Fee revenue is based on current County amounts received.

### PUBLIC WORKS / ENGINEERING

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

### FINES AND PENALTIES

The average fines and penalties per resident accruing to the City were based on information from other comparable cities.

### STATE MOTOR VEHICLE LICENSE TAX

The State Motor Vehicle License Tax accruing to the City was based on the current per capita tax allocation times the proxy population during the first seven full years of City operation. In subsequent years the City receives an amount based on actual population.

The per capita State Motor Vehicle License Tax accruing to the City is based on information for 2001-02 from the State Controller's Office, although the amount can vary each year. The proxy population equals three times the number of registered voters in the first year of City operations and is established at a fixed number as of the City's

effective date. The proxy population, in this case, is greater than the projected population in the first seven years of operation. As a result, in the eighth year of City operation, when the actual population is used to estimate revenues accruing to the City, the revenue receipts fall.

### INVESTMENT EARNINGS

Investment earnings will be generated by annual positive General Fund balances and accumulated surpluses from previous years. Interest will accrue on annual revenues depending on the magnitude and timing of revenue flows during the year.

### ROAD FUND

#### **Gas Tax**

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

#### **Measure B**

Measure B revenues, which are dedicated to road maintenance and improvements, may accrue to the Road Fund. These voter-approved taxes are generated by a Countywide ½ -cent sales tax re-authorized for 20 years in the November 2000 election. The City could receive a share of the County's Measure B road maintenance funds through a Transportation Plan amendment. The Alameda County Transportation Authority calculates the funding allocation on a per capita and per road mile basis, and would most likely allocate the funds primarily for capital improvements. For the CFA, the City's budget forecast does not include any Measure B funds, as they most likely would be allocated for capital improvements.

#### **Grants**

The CFA includes grant revenue comparable to the amounts currently received by the County and allocated to the area.

## **SENSITIVITY ANALYSIS**

### GROWTH PROJECTIONS

The effect of a faster rate of population growth of about one percent (e.g., 100 percent faster than otherwise projected) was tested, and improved the fiscal results only slightly since population-dependent revenues are a relatively small proportion of the total budget and are based on the initial year "proxy" population (registered voters).

### DISTRICT REORGANIZATION

State law requires that any adverse financial impacts upon districts as a result of reorganization be mitigated. Therefore, in the case of the Fairview Fire District, there is no financial benefit to the new City to detach a portion of the district that falls within the new City's boundaries; any net revenue that is currently generated in the detached Fairview area that exceeds costs would represent an impact that would need to be mitigated. In addition, the City would then need to contract with the County Fire District for service to that area, or form a new City fire department.

It is unlikely that significant benefit could be derived by the City detaching from the County Fire District to create its own fire department. As is the case with the Fairview Fire District, the City would need to remit any net revenue generated in the detached area back to County Fire District as mitigation. It is also unlikely that a new City would generate revenue by serving the area at a lower cost than it is currently served due to the significant startup costs and loss of "economies of scale".



## **VI. IMPACTS UPON EXISTING AGENCIES**

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

### **ALAMEDA COUNTY**

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

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

### **SHORT-TERM FISCAL IMPACT UPON ALAMEDA COUNTY**

The short-term fiscal effect upon the County from continuing to provide services in the initial (transition) year of the City is approximately \$12 million. As stated in the revenue neutrality resolution approved by the County Board of Supervisors, the City will reimburse the County for the provision of first-year services in the initial year. The City has the option to extend repayment over a five-year period in accordance with State law.

## REVENUE NEUTRALITY

This CFA has estimated the potential impacts on the County, as summarized in **Table 3**. The cost reductions to the County are based upon the County's 2000-2001 costs of service (less indirect cost allocations) estimated for the purpose of the property tax transfer calculation. The revenue reductions to the County are estimated based on the 2000-2001 revenues shifted from the County to the City, and on future revenues. The impact is calculated at \$610,150 based on 2000-2001 data. The County has agreed to a fixed annual mitigation payment of \$610,150 including annual CPI increases for the first 10 years of City operation, and a contract for both police protection and library services with the County for an initial five-year term.

## **COUNTY SERVICE AREAS**

There are three County Service Areas (CSAs) that provide services within the proposed Castro Valley incorporation boundaries. The following is a summary of the proposed effects incorporation would have on the CSAs:

- **CSA Public Protection-1991-1.** Sheriff services are primarily funded through General Fund contributions, including discretionary property tax appropriations to the CSA PP-1991-1. It is assumed in the CFA that the portion of the CSA within the Castro Valley boundaries will be eliminated, and police protection within the City will become the sole responsibility of the new City. As noted previously, it is assumed that the new City would contract with the County for police services.
- **CSA Street Lighting-1970-1.** Street lighting services are primarily provided by the County through CSA SL-1970-1. There are 4,015 streetlights within the proposed boundaries of Castro Valley, a portion of which fall outside the CSA boundaries. The County Public Works Department would retain responsibility for overseeing the provision of street lighting service within the City's boundaries. It is assumed in the CFA that the County would continue to receive the assessments paid by residents within the CSA. The assessments would continue to fund street lighting services in the same area covered by the CSA. The new City would be responsible for funding the cost of streetlights not funded by the assessment. At a future point in time, the County and City can negotiate a transfer of revenue and services for street lighting services, which may require County action, and possibly a new vote for the creation of a special district, and continuation of the existing assessments.

**Table 3**  
**Change in Revenues and Expenses to Alameda County**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	FY 2000/2001	Notes
<b><u>General Fund Revenues and Expenditures</u></b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$5,673,716	
Sales Tax	\$2,339,783	includes unallocated sales
Utility Users Tax	\$2,924,209	(1)
Business License Tax	\$438,857	
Real Property Transfer Tax	\$168,211	
Franchise Fees	\$602,157	
Law Enforcement Revenues	\$0	no loss of grants or Prop 172
Animal Control	\$8,138	
Land Use Planning & Enforcement	<u>\$54,913</u>	
<b>Subtotal</b>	<b>\$12,209,985</b>	
<b>Expenditures for Services Transferred to the City (2)</b>		
Sheriff Department (Direct Personnel Costs)	\$9,483,722	
Animal Control	\$341,333	
Land Use Planning & Enforcement	\$359,927	
Crossing Guard Program	<u>\$56,000</u>	
<b>Subtotal</b>	<b>\$10,240,983</b>	
<b>County Surplus or (Deficit)</b>	<b>(\$1,969,003)</b>	
<b>Other Revenues and Expenditures</b>		
Sheriff's Contract (indirect cost portion)	\$574,943	Based on Dublin Sheriff's Contract
Library Contract	\$669,442	
Adjustment to payment	\$0	credit equal to property tax share of GF funding of COLA
Booking Fee Reimbursement	<u>\$114,468</u>	Based on per capita allocation of Dublin's reimbursement
<b>Subtotal</b>	<b>\$1,358,853</b>	
<b>Net County General Fund Gain or (loss)</b>	<b>(\$610,150)</b>	
<hr/>		
<b><u>County Road Fund</u></b>		
<b>Revenues Transferred to the City</b>		
Gas Tax: Highway User Tax 2106c	\$207,082	
Other Road Fund Revenues	<u>\$2,296,011</u>	(3)
Subtotal	<u>\$2,503,093</u>	
<b>Expenditures for Services Transferred to the City</b>		
Road Maintenance	<u>\$2,503,093</u>	
Subtotal	<u>\$2,503,093</u>	
<b>Net County Road Fund Gain or (loss)</b>	<b>\$0</b>	

(1) Based on County 2000-01 actuals of \$7,041,520. UUT in City budget is based on average of prior three years.

(2) Excludes indirect cost allocation.

(3) Cnty will expend share of Measure B half-cent sales tax inside and outside Castro Valley boundaries, primarily for capital improvements.

- **CSA Public Works-1994-1.** In Module B, road maintenance services for roadways, access roads and bridges, storm drainage, landscaping, and administration and engineering are provided by CSA PW-1994-1, and funded through a Board of Supervisor imposed maximum service charge of \$909 per parcel per year. Assessments for the CSA in 2000-01 were estimated to be approximately \$340,000. It is assumed in the CFA that the County would continue to receive the service charge paid by residents within the CSA. The service charge would continue to fund public works services in the CSA as they are currently provided. At a future point in time, the County and City can negotiate a transfer of revenue and services for public works services, which may require County action, and possibly a new vote for the creation of a special district, and continuation of the existing charges.
- **County Service Area VC 1984-1 (Alameda County Vector Control Services District).** The CSA VC 1984-1 was established in 1984 by the County to provide a comprehensive vector control program to 12 of the 14 cities in Alameda County and to the unincorporated areas. The mission of the CSA is to prevent human disease, injury, and discomfort to the residents of the district by controlling insects, rodents and other vectors, and eliminating casual environmental conditions through education, legal enforcement, and direct pesticide application. The CSA is funded almost exclusively through assessments. It is assumed in the CFA that the County would continue to receive the assessments paid by residents within the CSA. The assessments would continue to fund vector control services in the proposed City of Castro Valley.

## OTHER AGENCIES AND DISTRICTS

Other public and private agencies serving the Castro Valley area, including the School Districts, the Water and Sanitation Districts, Fire Districts, and utility providers will not be significantly affected by the incorporation as proposed. Growth in Castro Valley, whether the area is incorporated or not, will affect demand for services from these districts.

It is assumed that the new City would remain in the Alameda County Fire District and Fairview Fire Protection District. Property taxes will continue to be collected by the County and be passed directly to the Districts. It is assumed that fire protection expenditures and revenues will remain the same whether or not the area incorporates.

The CFA will assume that the following Castro Valley area service providers remain unaffected by incorporation:

- **K-12 Public School Districts** -- The proposed City limits of Castro Valley are served by the Castro Valley, Hayward, and San Lorenzo Unified School Districts funded primarily through property tax revenue distributed by the State of California. The

majority of the proposed area is comprised of the Castro Valley Unified School District. The incorporation of Castro Valley will have no impact on the local school districts. The State and the County Board of Education, not LAFCo, have jurisdiction over the potential reorganization of local school districts.

- **Chabot-Las Positas Community College District**-- Castro Valley is also served by the Chabot-Las Positas Community College District founded in 1961. The District serves the San Francisco Bay Area, particularly southern Alameda County, through its two colleges: Chabot College in Hayward and Las Positas College in Livermore. The District, funded primarily through property tax revenue, serves nearly 22,000 students, and is governed by a seven-member Board of Trustees, elected by registered voters in the communities it serves.
- **East Bay Municipal Utility District (EBMUD)** -- EBMUD, a publicly owned utility, supplies water to parts of Alameda and Contra Costa counties including the Castro Valley area. Approximately 1.2 million people are served by the District's water system in a 325-square-mile area. The seven-member publicly elected Board of Directors believe the District has a public responsibility to preserve the region's resources and set industry standards for the way water and wastewater utilities conduct themselves. EBMUD's revenues come from a variety of sources including sales of water and hydroelectric power, meter service charges, and property taxes, among others.
- **Alameda County Resource Conservation District** -- The Alameda County Resource Conservation District, in cooperation with the Natural Resources Conservation Service, provides assistance to local landowners for reducing soil erosion, conserving and protecting water quality, and solving other natural resource problems. Additionally, the District provides information and educational outreach within urban and rural communities, encouraging good stewardship of natural resources. The District provides services to rural areas of the County excluding urban city centers and is funded primarily through a dedicated share of property tax. Some parts of the proposed incorporation area are included within the District boundaries.
- **Castro Valley Sanitary District** -- The District provides wastewater collection and treatment, solid waste collection, and recycling and green waste services to Module A of the proposed Castro Valley boundaries, and is funded primarily through property tax revenue.
- **Oro Loma Sanitary District** -- The District provides wastewater collection and treatment, solid waste collection, and recycling and green waste services to 13 square miles within Alameda County, which includes 300 miles of sewer line. It serves 102,000 residents living within the communities of San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, Hayward, and San Leandro, and is governed by a five-member Board of Directors. The District is funded through assessments levied on the households within its jurisdiction.

- **Alameda County Flood Control and Water Conservation District (ACFCD) --** ACFCD is responsible for most major flood control operations of Alameda County from Emeryville and Oakland south to Fremont. The District is divided into ten flood control zones, each of which is located within a drainage basin that collects storm water runoff and transports it to the Bay. The District is partially funded through property tax revenue.
- **Other Utility Providers --** Other utility providers include Pacific, Gas & Electric for gas and electricity, AT&T Broadband for cable television, and Pacific Bell for telephone service.
- **Alameda County Mosquito Abatement District (ACMAD) --** ACMAD is an independent, non-enterprise special district, serving a population of 1.3 million and an area of 812 square miles, including all of Alameda County except the City of Albany. The District was formed in 1930 to control mosquitoes and is governed by a 14-member Board of Trustees representative of all participating jurisdictions. ACMAD receives funding from an ad valorem property tax and a special tax authorized in 1982.
- **Alameda-Contra Costa Transit District (AC Transit) --** AC Transit is the third-largest public bus system in California, serving 13 cities and adjacent unincorporated areas in Alameda and Contra Costa counties. Each weekday via 153 bus lines and 8,000 stops, AC Transit's approximately 800 buses serves 230,000 Bay Area people. AC Transit is funded in part by property tax revenue.
- **Bay Area Rapid Transit District (BART) --** BART is a 95-mile, automated rapid transit system serving over 3 million people at 39 stations in the three BART counties of Alameda, Contra Costa, and San Francisco, as well as northern San Mateo County. Trains traveling up to 80 mph connect San Francisco to Colma and East Bay communities, carrying a weekday ridership of approximately 325,000. BART is governed by a nine-member Board of Directors, representing nine election districts within the three BART counties, and is funded in part through property tax, the California Toll Bridge Authority, and sales tax revenue.



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## APPENDIX A:

# OVERVIEW OF INCORPORATION PROCESS

## **OVERVIEW OF THE INCORPORATION PROCESS**

This section generally describes the incorporation process. Certain legal statutes have been paraphrased.

### **STATUTORY PROCEDURES FOR INCORPORATION**

The proposed incorporation is being processed pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (hereafter “the Act”), which is the State of California’s law for modifying the organization of local government in each County. The Act establishes minimum procedures and requirements for incorporating cities, and applies to proposals accepted for filing after January 1, 2001.

Five basic steps in the incorporation process are summarized below.

#### **1. Application to LAFCo**

An incorporation can be initiated by a resolution of application or by a petition signed by not less than 25 percent of the registered voters residing within the proposed incorporation area. A complete application also includes a proposal questionnaire and processing fee. The current application was submitted pursuant to resolution of the Alameda County Board of Supervisors.

#### **2. LAFCo Review and Approval**

The LAFCo staff is required to review the application and prepare a report that analyzes the proposal in light of various factors that LAFCo must consider and which are enumerated in Government Code Section 56668. In addition, for incorporations the LAFCo staff is also required to prepare a Comprehensive Fiscal Study (CFA), which is described in more detail below.

LAFCo cannot approve an incorporation proposal if it results in an adverse financial impact upon an agency (e.g., the County), unless either the impact has been mitigated, or all affected agencies agree to the proposed transfer of revenues and service responsibilities. The Terms and Conditions of any mitigation must be included in the LAFCo findings.

Incorporations are “projects” for purposes of the California Environmental Quality Act (CEQA) and as the lead agency LAFCo must document and consider the environmental effects of the proposed change in governmental organization.



When the staff report, CFA and environmental documentation are complete the Commission conducts a public hearing to consider the information, receive public testimony and decide whether to approve or deny the application, and what terms and conditions should be applied.

In order to approve the incorporation of a new city the Commission must make specific findings (pursuant to Section 56720), which are explained later in this report.

### **3. LAFCo Hearing to Receive any Written Protests**

If LAFCo approves the incorporation, it will subsequently conduct a public hearing to receive any written protests from landowners or registered voters within the approved incorporation area. A majority protest by registered voters will terminate the proceeding.

### **4. Election to Confirm Incorporation and Select Initial City Council**

In the absence of a majority protest the Board of Supervisors calls an election for voters who reside within the incorporation area, as approved by LAFCo, to confirm the incorporation. The initial city council could be elected at the same time. The new city incorporates as a General Law city, pursuant to State statutes.

### **5. Final Filing Procedures**

After the Board of Supervisors adopts a canvass of the votes, if the election is successful the LAFCo staff records the proceedings and files with the State Board of Equalization and the County Assessor, which completes the incorporation process.

## COMPREHENSIVE FISCAL ANALYSIS

The requirements for a CFA are explained in Government Code section 56800:

“For any proposal which includes an incorporation, the executive officer shall prepare or cause to be prepared by contract a comprehensive fiscal analysis. This analysis shall become part of the report [prepared by the Executive Officer].

Data used for the analysis shall be from the most recent fiscal year for which data are available, preceding the issuances of the certificate of filing.

“The analysis shall review and document each of the following:

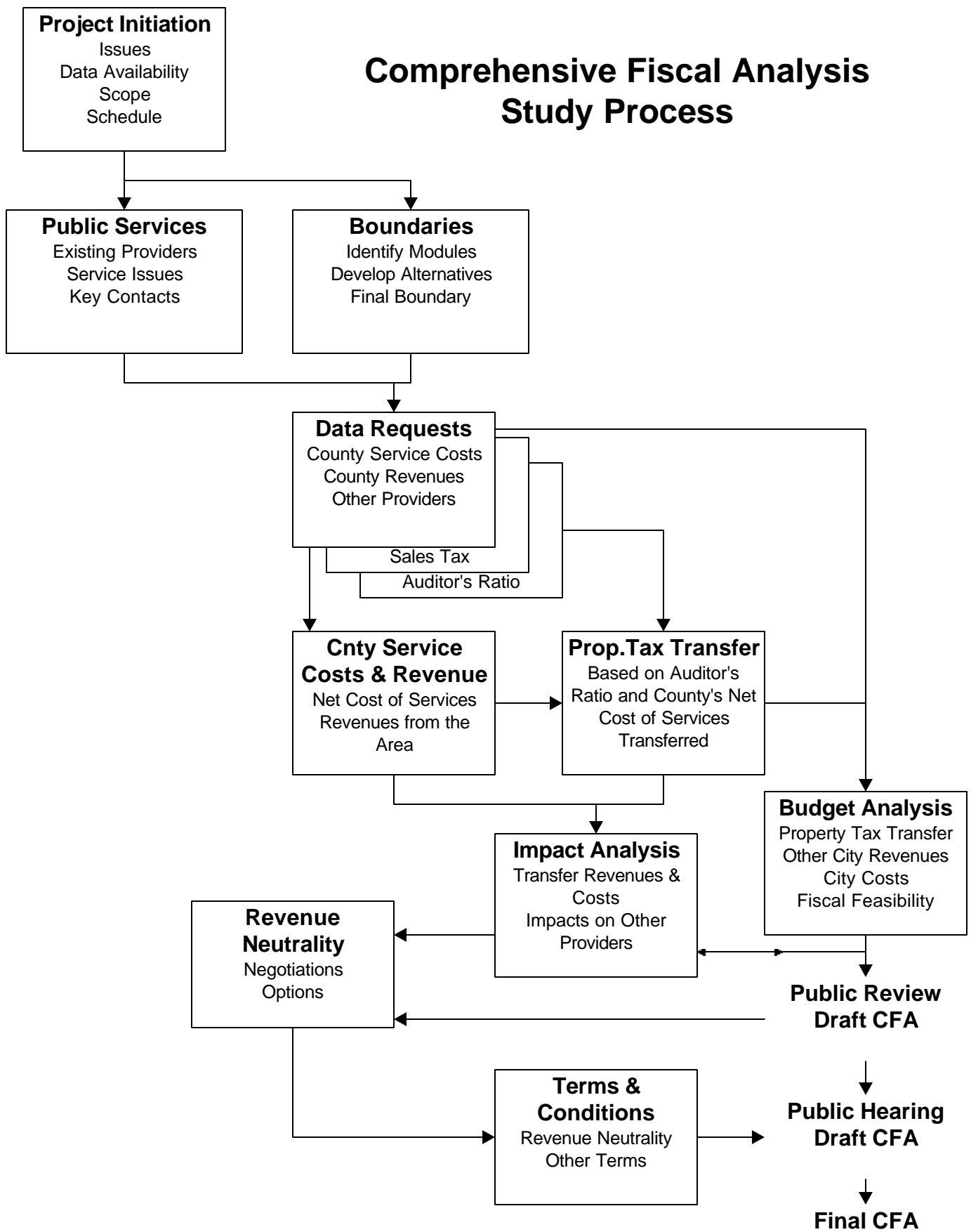
- (a) The costs to the proposed city of providing public services and facilities during the three fiscal years following incorporation.
- (b) The revenues of the proposed city during the three fiscal years following incorporation.

(c) The effects on the costs and revenues of any affected local agency during the three fiscal years of incorporation.

(d) Any other information and analysis needed to make the findings required by Section 56720.”

**Figure 1** summarizes the CFA process.

# Comprehensive Fiscal Analysis Study Process



## **REQUIRED LAFCO FINDING FOR INCORPORATION**

The Cortese Knox Hertzberg Act creates specific tests for incorporating new cities. These are presented in the form of “findings” that LAFCo must make before approving the incorporation.

### Section 56720 Findings

Government Code Section 56720 states:

The commission shall not approve or conditionally approve any proposal that includes an incorporation, unless the commission finds, based on the entire record, that:

- (a) The proposed incorporation is consistent with the intent of this division, including, but not limited to, the policies of...

Section 56001 -- encouraging the logical formation of local agency boundaries, and urban population densities which necessitate a broad spectrum and high level of community services and a single multi-purpose governmental agency...that may more accountable for community service needs and financial resources

Section 56300 -- encouraging and providing planned, well-ordered, efficient urban development patterns with appropriate consideration of preserving open-space lands within those patterns.

Section 56301 -- discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based on local conditions and circumstances.

Section 56377 -- guiding development away from prime agricultural lands

- (b) It has reviewed the spheres of influence of the affected local agencies and the incorporation is consistent with those spheres of influence.
- (c) It has reviewed the comprehensive fiscal analysis prepared pursuant to Section 56800 and the Controller's report prepared pursuant to Section 56801.
- (d) It has reviewed the executive officer's report and recommendation prepared pursuant to Section 56665, and the testimony presented at its public hearing.

- (e) The proposed city is expected to receive revenues sufficient to provide public services and facilities and a reasonable reserve during the three fiscal years following incorporation.

Pursuant to Section 56815, LAFCo cannot approve an incorporation proposal if it results in an adverse financial impact upon an agency (e.g., the County), unless either the impact has been mitigated, or all affected agencies agree to the proposed transfer of revenues and service responsibilities. The Terms and Conditions of any mitigation must be included in the LAFCo findings.



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**APPENDIX B:**

**CITY REVENUE AND  
EXPENDITURE COMPARISON**

**Table B-1  
City Revenue Comparison  
Castro Valley Incorporation Analysis**

City	Population	Property Tax			Sales Tax			Franchise Fees		
		Total	Per Capita	% of CV	Total	Per Capita	% of CV	Total	Per Capita	% of CV
<b>San Leandro (1)</b>	79,452	\$6,955,000	\$88	74%	\$23,429,000	\$295	677%	\$2,865,000	\$36	338%
<b>Hayward</b>	140,030	\$16,412,000	\$117	99%	\$34,216,000	\$244	561%	\$4,927,000	\$35	330%
<b>Oakley</b>	25,619	\$828,000	\$32	27%	\$800,000	\$31	72%	\$285,000	\$11	104%
<b>Windsor</b>	22,744	\$2,051,588	\$90	76%	\$2,917,500	\$128	295%	\$600,000	\$26	247%
<b>Fairfield</b>	96,178	\$6,228,000	\$65	55%	\$15,536,000	\$162	371%	\$2,407,000	\$25	235%
<b>Vallejo (2)</b>	116,760	\$9,300,000	\$80	67%	\$10,600,000	\$91	209%	\$1,859,200	\$16	149%
<b>Fremont (3)</b>	203,413	\$32,458,000	\$160	135%	\$34,257,000	\$168	387%	\$6,500,000	\$32	300%
<b>Dublin</b>	29,973	\$8,258,100	\$276	233%	\$13,200,000	\$440	1012%	\$1,254,830	\$42	393%
<b>Castro Valley (4)</b>	57,616	\$6,819,776	\$118	100%	\$2,507,923	\$44	100%	\$614,291	\$11	100%

(1) The San Leandro Redevelopment Agency collects an additional \$4,195,000 in Property Taxes.

(2) 2000-2001 Budget.

(3) Franchise Fees and Transient Occupancy Taxes are estimates.

(4) Based on 2005-2006 fiscal year.

Sources: 2001-2002 City Budgets, US Census, Economic & Planning Systems

**Table B-1  
City Revenue Comparison  
Castro Valley Incorporation Analysis**

City	Population	TOT			Total General Fund Rev.		
		Total	Per Capita	% of CV	Rate	Total	Per Capita
<b>San Leandro (1)</b>	79,452	\$1,620,943	\$20	10.0%	\$64,430,436	\$811	241%
<b>Hayward</b>	140,030	\$1,400,000	\$10	10.5%	\$84,098,000	\$601	178%
<b>Oakley</b>	25,619	\$0	\$0	0.0%	\$8,091,000	\$316	94%
<b>Windsor</b>	22,744	\$0	\$0	0.0%	\$9,055,205	\$398	118%
<b>Fairfield</b>	96,178	\$1,002,000	\$10	10.0%	\$46,639,000	\$485	144%
<b>Vallejo (2)</b>	116,760	\$1,760,000	\$15	11.0%	\$59,257,800	\$508	151%
<b>Fremont (3)</b>	203,413	\$4,300,000	\$21	8.0%	\$131,761,757	\$648	192%
<b>Dublin</b>	29,973	\$1,035,000	\$35	8.0%	\$35,830,253	\$1,195	355%
<b>Castro Valley (4)</b>	57,616	\$0	\$0	0.0%	\$19,397,174	\$337	100%

(1) The San Leandro Redevelopment Agency collects an additional \$4,195,000 in Property Taxes.

(2) 2000-2001 Budget.

(3) Franchise Fees and Transient Occupancy Taxes are estimates.

(4) Based on 2005-2006 fiscal year.

Sources: 2001-2002 City Budgets



**Table B-2**  
**Summary of Sales Tax by Selected Jurisdiction**  
**Castro Valley Incorporation Analysis**

Jurisdiction	2000 Population	Sales Tax		
		mill. \$	per cap	vs. State
<b>Alameda County</b>				
Unincorporated	134,843	\$5.9	\$44	39%
Incorporated	1,319,459	\$201.3	\$153	135%
<b>Castro Valley (1)</b>				
Module A	50,000	\$2.31	\$46	41%
Module B	2,659	\$0.01	\$4	4%
Module C2	<u>3,819</u>	<u>\$0.02</u>	\$5	5%
Total	56,478	\$2.34	\$41	37%
<b>State of California</b>				
Unincorporated	34,739,603	\$3,936	\$113	100%
Incorporated	5,055,486	\$355	\$70	62%
	28,559,738	\$3,580	\$125	111%
<hr/>				
City of Goleta	28,676	\$5.2	\$182	160%
City of Oakley	25,619	\$1.0	\$39	34%

(1) Includes unallocated sales tax.

Sources: State Controller's Office, Department of Finance, State Board of Equalization, EPS

**Table B-3  
City Expenditure Comparison  
Castro Valley Incorporation Analysis**

City	Population	Police			Public Works Admin.			Planning			Total General Fund Rev.		
		Total	Per Capita	% of CV	Total	Per Capita	% of CV	Total	Per Capita	% of CV	Total	Per Capita	% of CV
San Leandro	79,452	\$20,267,874	\$255	127%	\$760,757	\$10	180%	\$1,731,281	\$22	159%	\$64,430,436	\$811	241%
Hayward	140,030	\$35,844,413	\$256	127%	\$371,541	\$3	50%	\$1,617,613	\$12	84%	\$84,098,000	\$601	178%
Oakley	25,619	\$2,913,000	\$114	57%	\$584,250	\$23	428%	\$659,952	\$26	188%	\$8,091,000	\$316	94%
Windsor	22,744	\$3,385,819	\$149	74%	\$419,196	\$18	346%	\$547,696	\$24	175%	\$9,055,205	\$398	118%
Fairfield	96,178	\$15,556,000	\$162	81%				\$1,142,000	\$12	86%	\$46,639,000	\$485	144%
Vallejo (1)	116,760	\$26,538,200	\$227	113%				\$952,700	\$8	59%	\$59,257,800	\$508	151%
Fremont	203,413	\$36,955,919	\$182	90%				\$2,629,410	\$13	94%	\$131,761,757	\$648	192%
Dublin	29,973	\$7,094,708	\$237	118%	\$573,021	\$19	359%	\$1,752,449	\$58	426%	\$35,830,253	\$1,195	355%
<b>Castro Valley (2)</b>	57,616	\$11,570,017	\$201	100%	\$306,782	\$5	100%	\$790,930	\$14	100%	\$19,397,174	\$337	100%

(1) 2000-2001 Budget.

(2) Based on 2005-2006 fiscal year.

Sources: 2001-2002 City Budgets, US Census, Economic & Planning Systems

**Table B-4  
Police Expenditure and Service Level Comparison  
Castro Valley Incorporation Analysis**

City	Population	Police				
		Expenditure	Expend. / Capita	Sworn Officers (1)	Expend / Officer	Officers / Thous. Pop
San Leandro	79,452	\$20,267,874	\$255	94	\$215,616	1.18
Hayward	140,030	\$35,844,413	\$256	236	\$151,883	1.69
Oakley (2)	25,619	\$2,913,000	\$114	19	\$153,316	0.74
Windsor (2)	22,744	\$3,385,819	\$149	19	\$183,017	0.81
Fairfield	96,178	\$15,556,000	\$162	107	\$145,383	1.11
Vallejo (3)	116,760	\$26,538,200	\$227	151	\$175,750	1.29
Fremont	203,413	\$36,995,919	\$182	235	\$157,429	1.16
Dublin (2)	29,973	\$7,094,708	\$237	45	\$157,660	1.50
Newark	42,471	\$9,131,800	\$215	58	\$157,445	1.37
Union City	66,869	\$12,052,374	\$180	79	\$152,562	1.18
<b>Castro Valley (4)</b>	57,616	\$11,570,017	\$201	66	\$174,619	1.15

(1) Sworn Officers reflects the budgeted personnel, rather than the current number of serving officers.

(3) 2000-2001 Budget.

(4) Based on 2005-2006 fiscal year.

Sources: 2001-2002 City Budgets, US Census, Economic & Planning Systems



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# APPENDIX C: BUDGET MODEL

**Final CFA Model  
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**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Fiscal Year									
	1 (a) 2003-04	2 2004-05	3 2005-06	4 2006-07	5 2007-08	6 2008-09	7 2009-10	8 2010-11	9 2011-12	10 2012-13
<b>General Fund Revenues</b>										
Property Taxes (b)	\$6,475,129	\$6,662,516	\$6,819,776	\$6,979,165	\$7,140,722	\$7,304,485	\$7,470,492	\$7,638,783	\$7,809,400	\$7,982,382
Sales Tax	\$2,410,537	\$2,458,748	\$2,507,923	\$2,558,081	\$2,609,243	\$2,661,428	\$2,714,656	\$2,768,949	\$2,824,328	\$2,880,815
Real Property Transfer Tax	\$154,105	\$158,221	\$162,533	\$166,903	\$171,331	\$175,818	\$180,365	\$184,974	\$189,646	\$194,380
Franchise Fees	\$608,194	\$611,235	\$614,291	\$617,363	\$620,449	\$623,552	\$626,669	\$629,803	\$632,952	\$636,116
Business License Tax	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857
Utility Users Tax	\$2,432,776	\$2,444,940	\$2,457,164	\$2,469,450	\$2,481,797	\$2,494,206	\$2,506,677	\$2,519,211	\$2,531,807	\$2,544,466
Planning Fees	\$51,162	\$71,381	\$88,569	\$88,942	\$89,317	\$89,693	\$90,072	\$90,453	\$90,835	\$91,219
Building Inspection Fees	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Public Works/Eng. Fees	\$38,981	\$65,950	\$76,696	\$77,079	\$77,464	\$77,852	\$78,241	\$78,632	\$79,025	\$79,421
Fines and Penalties	\$285,222	\$286,648	\$288,081	\$289,522	\$290,969	\$292,424	\$293,886	\$295,356	\$296,833	\$298,317
State Motor Vehicle License Fees	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$3,203,138	\$3,219,154	\$3,235,249
Investment Earnings	<u>\$181,869</u>	<u>\$189,038</u>	<u>\$192,051</u>	<u>\$194,411</u>	<u>\$196,804</u>	<u>\$199,231</u>	<u>\$201,693</u>	<u>\$187,714</u>	<u>\$190,407</u>	<u>\$193,137</u>
<b>Total</b>	\$18,368,815	\$19,092,830	\$19,397,174	\$19,635,508	\$19,877,214	\$20,122,354	\$20,370,988	\$18,959,096	\$19,231,085	\$19,506,841
<b>General Fund Expenses</b>										
City Council	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Elections	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819
City Manager	\$309,400	\$310,947	\$394,566	\$396,539	\$398,522	\$400,514	\$402,517	\$404,530	\$406,552	\$408,585
City Clerk	\$98,600	\$125,224	\$174,688	\$175,311	\$175,938	\$176,567	\$177,200	\$177,836	\$178,475	\$179,118
City Attorney	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	\$323,850	\$412,151	\$542,989	\$545,704	\$548,433	\$551,175	\$553,931	\$556,701	\$559,484	\$562,282
Administrative Services (c)	\$357,555	\$393,258	\$319,593	\$320,934	\$322,282	\$323,637	\$324,999	\$326,367	\$327,743	\$329,125
Library	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442
Police	\$0	\$11,496,519	\$11,570,017	\$11,746,115	\$11,924,853	\$12,106,270	\$12,290,408	\$12,477,305	\$12,667,005	\$12,859,549
Animal Services	\$0	\$346,479	\$348,211	\$349,953	\$351,702	\$353,461	\$355,228	\$357,004	\$358,789	\$360,583
Planning	\$384,675	\$661,698	\$790,930	\$793,735	\$671,553	\$674,386	\$677,233	\$680,094	\$682,970	\$685,860
<b>Public Works</b>										
Administration	\$155,925	\$263,800	\$306,782	\$308,316	\$309,858	\$311,407	\$312,964	\$314,529	\$316,102	\$317,682
Building Inspection	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Other Public Works	\$0	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322
<b>Non-Departmental</b>										
Office Rent/Supplies	\$459,000	\$440,000	\$410,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000
Insurance	\$481,826	\$510,216	\$523,206	\$528,502	\$530,025	\$537,177	\$542,630	\$549,963	\$555,599	\$563,119
Contingency	\$803,043	\$850,361	\$872,010	\$880,836	\$883,376	\$895,295	\$904,383	\$916,604	\$925,999	\$938,532
Repayment of First-Year Services	<u>\$11,606,910</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total</b>	\$16,711,463	\$18,367,787	\$18,835,425	\$19,026,062	\$19,080,916	\$19,338,372	\$19,534,662	\$19,798,651	\$20,001,571	\$20,272,290
<b>General Fund Operating Surplus (Deficit)</b>	\$1,657,351	\$725,043	\$561,749	\$609,446	\$796,298	\$783,982	\$836,326	(\$839,555)	(\$770,486)	(\$765,449)
Mitigation Payment	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>	<u>(\$610,150)</u>
<b>Net Balance after Mitigation Payment</b>	\$1,047,202	\$114,893	(\$48,401)	(\$703)	\$186,149	\$173,832	\$226,176	(\$1,449,705)	(\$1,380,636)	(\$1,375,599)
Transient Occupancy Tax Revenue	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>	<u>\$575,000</u>
<b>Net Balance after TOT Revenue</b>	\$1,622,202	\$689,893	\$526,599	\$574,297	\$761,149	\$748,832	\$801,176	(\$874,705)	(\$805,636)	(\$800,599)
Reserves	\$1,622,202	\$2,312,094	\$2,838,693	\$3,412,990	\$4,174,139	\$4,922,970	\$5,724,146	\$4,849,442	\$4,043,805	\$3,243,207

notes: (a) First year shown as a full year; actual costs & revenues will depend on effective date.  
(b) First year property taxes accrue to new City due to timing of incorporation.  
(c) Includes human resources, information services, and payment to LAFCo

**Table 1**  
**Summary of Revenues and Expenses (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Fiscal Year									
	1 (a) 2003-04	2 2004-05	3 2005-06	4 2006-07	5 2007-08	6 2008-09	7 2009-10	8 2010-11	9 2011-12	10 2012-13
<b>Road Fund Revenues (d)</b>										
Gas Taxes (e)	\$1,646,283	\$1,646,046	\$1,645,815	\$1,645,587	\$1,645,365	\$1,645,146	\$1,644,932	\$1,089,640	\$1,094,830	\$1,100,051
Other Road Fund Revenues	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>	<u>\$1,483,011</u>
<b>Total</b>	\$3,129,294	\$3,129,058	\$3,128,826	\$3,128,599	\$3,128,376	\$3,128,157	\$3,127,943	\$2,572,652	\$2,577,842	\$2,583,063
<b>Road Fund Expenditures</b>										
Street Services		<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>
<b>Total</b>	\$0	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093
<b>Road Fund Operating Surplus (Deficit)</b>	\$3,129,294	\$625,965	\$625,733	\$625,506	\$625,283	\$625,064	\$624,850	\$69,559	\$74,749	\$79,969

notes: (d) New City will also receive share of County's Measure B half-cent sales tax apportionment based on per capita and road mile allocation, primarily for capital improvements.

(e) Gas tax revenues dedicated to funding of road related costs, and is not included in General Fund analysis.

**Table A-1**  
**Demographic Assumptions, Fiscal Year 2000/2001**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

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<b>Item</b>	<b>Amount</b>
<b><u>Proposed City</u></b>	
Population (1)	56,478
Registered Voters (2)	29,819
Voters as % of Pop.	53%
Total Housing Units (3)	20,389
City-Maintained Lane Miles (4)	115
<b><u>Alameda County</u></b>	
Unincorp. Pop. (3)	136,000
Incorporated Pop. (3)	<u>1,319,459</u>
Total County Pop.	1,455,459
County maintained Road Miles (4)	483
Uninc. Assessed Value	9.28 billion
Total Assessed Value	<u>126.84 billion</u>

- (1) Estimate provided by County Community Development Agency (8/01)
- (2) Estimate provided by Registrar of Voters (11/01)
- (3) Department of Finance, 1/1/2000
- (4) Estimate of lane miles provided by Public Works Agency (10/01)



**Table A-2**  
**General Assumptions**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

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Item	Amount	
First Year of Operations	1	
Dollars Discounted to Fiscal Year (FY)	2001	
% of FY 2003-2004 City providing Services	100%	
Inflation Rate	2.0%	
<u>Estimated Assessed Value</u>		
Assessed Value per Dwelling Unit (existing) (1)	\$150,000	
Assessed Value of Resid., FY2000-01 (2)	\$3,058,386,282	80%
Assessed Value of Comm., FY2000-01	<u>\$761,878,444</u>	<u>20%</u>
Total Assessed Value for FY2000-01 (2)	\$3,820,264,726	100%
<u>Assessed Value</u>		
Total Assessed Value for FY2000-01 (2)	\$3,820,264,726	
Total Assessed Value for Redevelopment Area FY2000-01 (2)	\$0	
<u>Average Market Value by Land Use (3)</u>		
Detached (dwelling unit)	\$500,000	
Apartment (dwelling unit)	\$70,000	
Retail (square foot)	\$150	
Hotel (square foot)	\$150	
Other Commercial (square foot)	\$120	

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- (1) EPS' estimate of residential assessed value includes single-family and multi-family units.  
(2) Alameda County Assessor's Office (11/01)  
(3) EPS estimate

**Table A-3**  
**Development Schedule**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Note	Calendar Year												
		Existing 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Development Schedule</b>														
New Residential Development														
Detached (dwelling unit)		0	102	102	103	103	104	105	105	106	106	107	107	108
Attached (dwelling unit)		0	0	0	0	0	0	0	0	0	0	0	0	0
Total New Units		0	102	102	103	103	104	105	105	106	106	107	107	108
New Non-Residential Dev. (Sq. Ft.)														
Retail (square foot)			0	0	0	0	0	0	0	0	0	0	0	0
Hotel	(1)		0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial			0	0	0	0	0	0	0	0	0	0	0	0
Total New Sq. Ft.			0	0	0	0	0	0	0	0	0	0	0	0
Cumulative New Sq. Ft. (2000+)			0	0	0	0	0	0	0	0	0	0	0	0
<b>Cumulative New Development Entire City</b>														
Residential Development														
Detached (dwelling unit)		20,389	20,491	20,594	20,697	20,800	20,904	21,009	21,114	21,219	21,325	21,432	21,539	21,647
Total Dwelling Units		20,389	20,491	20,594	20,697	20,800	20,904	21,009	21,114	21,219	21,325	21,432	21,539	21,647
Non-Residential Dev. (Sq. Ft.)														
Retail (square foot)			0	0	0	0	0	0	0	0	0	0	0	0
Hotel			0	0	0	0	0	0	0	0	0	0	0	0
Other Commercial			0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Res. Dev. Sq. Ft.			0	0	0	0	0	0	0	0	0	0	0	0
New Hotel Rooms (1)			0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Lane Miles (2)		115	115	107	107	108	108	108	108	109	109	109	109	110
Cumulative Street Lights		3,900	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665	3,665

(1) Average size of each room equals 600 sq.ft.

(2) Increase in lane miles based on increase in residential development

**Table A-4**  
**Population Projections**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Note	Calendar Year												
		2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Population Projections</b>														
New Population			282	284	285	287	288	290	291	292	294	295	297	298
Cumulative Population		56,478	56,761	57,044	57,330	57,616	57,904	58,194	58,485	58,777	59,071	59,367	59,663	59,962
Cumulative Registered Voters		29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819	29,819
Proxy Population		--	--	89,456	89,456	89,456	89,456	89,456	89,456	89,456	0	0	0	0

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

**Table A-5**  
**Assessed Value Calculation - All Figures in \$000's**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Fiscal Year												
	2000-01	2001-02	2002-03	1 (a) 2003-04	2 2004-05	3 2005-06	4 2006-07	5 2007-08	6 2008-09	7 2009-10	8 2010-11	9 2011-12	10 2012-13
<u>Assessed Value of Existing Development</u>													
Resid. Assessed Value in City (Constant \$000's) (1)				\$3,364,225	\$3,431,509	\$3,500,140	\$3,570,142	\$3,641,545	\$3,714,376	\$3,788,664	\$3,864,437	\$3,941,726	\$4,020,560
Comm. Assessed Value in City (Constant \$000's) (1)				\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066
(less total existing redevelopment) (2)				<u>(\$642,951)</u>	<u>(\$653,245)</u>	<u>(\$663,746)</u>	<u>(\$674,456)</u>	<u>(\$685,381)</u>	<u>(\$696,524)</u>	<u>(\$707,890)</u>	<u>(\$719,483)</u>	<u>(\$731,308)</u>	<u>(\$743,370)</u>
Total				\$3,559,341	\$3,616,331	\$3,674,460	\$3,733,753	\$3,794,231	\$3,855,919	\$3,918,840	\$3,983,020	\$4,048,484	\$4,115,257
<u>Assessed Value of New Development</u>													
A.V. from New Development (Constant \$000's)													
Detached (dwelling unit)					\$51,484	\$51,742	\$52,000	\$52,260	\$52,522	\$52,784	\$53,048	\$53,313	\$53,580
Attached (dwelling unit)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apartment (dwelling unit)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Retail (square foot)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Commercial					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resid. A.V. from New Dev. (Constant \$000's)					\$51,484	\$51,742	\$52,000	\$52,260	\$52,522	\$52,784	\$53,048	\$53,313	\$53,580
Comm. A.V. from New Dev. (Constant \$000's)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(less total new redevelopment) (2)					<u>(\$7,877)</u>	<u>(\$7,916)</u>	<u>(\$7,956)</u>	<u>(\$7,996)</u>	<u>(\$8,036)</u>	<u>(\$8,076)</u>	<u>(\$8,116)</u>	<u>(\$8,157)</u>	<u>(\$8,198)</u>
Total					\$43,607	\$43,825	\$44,044	\$44,264	\$44,486	\$44,708	\$44,932	\$45,156	\$45,382
Cum. Resid. A.V. from New Dev. (Constant \$000's)					\$51,484	\$103,226	\$155,226	\$207,486	\$260,008	\$312,792	\$365,840	\$419,153	\$472,733
Cum. Comm. A.V. from New Dev. (Constant \$000's)					\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(less total new redevelopment) (2)					<u>(\$7,877)</u>	<u>(\$15,794)</u>	<u>(\$23,750)</u>	<u>(\$31,745)</u>	<u>(\$39,781)</u>	<u>(\$47,857)</u>	<u>(\$55,974)</u>	<u>(\$64,130)</u>	<u>(\$72,328)</u>
Total					\$43,607	\$87,432	\$131,476	\$175,741	\$220,226	\$264,935	\$309,866	\$355,023	\$400,405
<u>Total Assessed Value (Existing &amp; New Development)</u>													
Cumulative Resid. A.V. (Constant 2001 \$000's)				\$3,364,225	\$3,482,994	\$3,603,365	\$3,725,368	\$3,849,031	\$3,974,384	\$4,101,455	\$4,230,277	\$4,360,879	\$4,493,293
Cumulative Comm. A.V. (Constant 2001 \$000's)				\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066
Subtotal				<u>\$4,202,291</u>	<u>\$4,321,060</u>	<u>\$4,441,432</u>	<u>\$4,563,435</u>	<u>\$4,687,098</u>	<u>\$4,812,450</u>	<u>\$4,939,522</u>	<u>\$5,068,343</u>	<u>\$5,198,945</u>	<u>\$5,331,360</u>
(less total redevelopment)				<u>(\$642,951)</u>	<u>(\$661,122)</u>	<u>(\$679,539)</u>	<u>(\$698,205)</u>	<u>(\$717,126)</u>	<u>(\$736,305)</u>	<u>(\$755,747)</u>	<u>(\$775,456)</u>	<u>(\$795,439)</u>	<u>(\$815,698)</u>
Total				\$3,559,341	\$3,659,938	\$3,761,893	\$3,865,229	\$3,969,972	\$4,076,145	\$4,183,775	\$4,292,887	\$4,403,507	\$4,515,662

- (1) Residential assumes increase of 2%  
No real increase in comm'l assessed value assumed. 2003-04 values based on a.v. estimate in Table B-2 and distribution by type shown in Table A-2
- (2) Castro Valley redevelopment area is approximately 15.3% of total assessed value.

**Table B-1**  
**Annual Revenue Estimate (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Note	Fiscal Year									
		2003-04 1 (a)	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10
<b>General Fund Revenues</b>											
Property Taxes (b)	1	\$6,475,129	\$6,662,516	\$6,819,776	\$6,979,165	\$7,140,722	\$7,304,485	\$7,470,492	\$7,638,783	\$7,809,400	\$7,982,382
Sales Tax	2	\$2,410,537	\$2,458,748	\$2,507,923	\$2,558,081	\$2,609,243	\$2,661,428	\$2,714,656	\$2,768,949	\$2,824,328	\$2,880,815
Real Property Transfer Tax	3	\$154,105	\$158,221	\$162,533	\$166,903	\$171,331	\$175,818	\$180,365	\$184,974	\$189,646	\$194,380
Franchise Fees	4	\$608,194	\$611,235	\$614,291	\$617,363	\$620,449	\$623,552	\$626,669	\$629,803	\$632,952	\$636,116
Business License Tax	5	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857
Utility Users Tax	6	\$2,432,776	\$2,444,940	\$2,457,164	\$2,469,450	\$2,481,797	\$2,494,206	\$2,506,677	\$2,519,211	\$2,531,807	\$2,544,466
Planning Fees	7	\$51,162	\$71,381	\$88,569	\$88,942	\$89,317	\$89,693	\$90,072	\$90,453	\$90,835	\$91,219
Building Inspection Fees	8	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Public Works/Eng. Fees	9	\$38,981	\$65,950	\$76,696	\$77,079	\$77,464	\$77,852	\$78,241	\$78,632	\$79,025	\$79,421
Fines and Penalties	10	\$285,222	\$286,648	\$288,081	\$289,522	\$290,969	\$292,424	\$293,886	\$295,356	\$296,833	\$298,317
State Motor Vehicle License Fees	11	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$3,203,138	\$3,219,154	\$3,235,249
Investment Earnings	12	\$181,869	\$189,038	\$192,051	\$194,411	\$196,804	\$199,231	\$201,693	\$187,714	\$190,407	\$193,137
<b>Total General Fund Revenues</b>		\$18,368,815	\$19,092,830	\$19,397,174	\$19,635,508	\$19,877,214	\$20,122,354	\$20,370,988	\$18,959,096	\$19,231,085	\$19,506,841
<b>Road Fund Revenues (c)</b>											
Gas Taxes (d)	13	\$1,646,283	\$1,646,046	\$1,645,815	\$1,645,587	\$1,645,365	\$1,645,146	\$1,644,932	\$1,089,640	\$1,094,830	\$1,100,051
Other Road Fund Revenues	14	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011
<b>Total Road Fund Revenues</b>		\$3,129,294	\$3,129,058	\$3,128,826	\$3,128,599	\$3,128,376	\$3,128,157	\$3,127,943	\$2,572,652	\$2,577,842	\$2,583,063

notes: (a) First year shown as a full year; actual costs & revenues will depend on effective date.

(b) First year property taxes accrue to new City due to timing of incorporation.

(c) New City will also receive share of County's Measure B half-cent sales tax apportionment based on per capita and road mile allocation, primarily for capital improvements.

(d) Gas tax revenues dedicated to funding of road related costs, and is not included in General Fund analysis.

**Table B-1a**  
**Revenue Estimate Notes**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref #	Item	Assumption	Fiscal Year									
			2003-04 1	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10
<b>General Fund</b>												
1	Property Tax											
	Total Property Tax @ 1% of AV		\$35,593,406	\$36,599,377	\$37,618,925	\$38,652,291	\$39,699,717	\$40,761,452	\$41,837,749	\$42,928,866	\$44,035,065	\$45,156,615
	Property Tax Increment		\$0	\$1,005,970	\$1,019,548	\$1,033,366	\$1,047,426	\$1,061,735	\$1,076,297	\$1,091,117	\$1,106,199	\$1,121,550
	Subtotal		\$0	\$1,005,970	\$1,019,548	\$1,033,366	\$1,047,426	\$1,061,735	\$1,076,297	\$1,091,117	\$1,106,199	\$1,121,550
	Property Tax Increment to City:											
	From Alameda County	14.85% TAF	\$0	\$149,403	\$151,420	\$153,472	\$155,560	\$157,685	\$159,848	\$162,049	\$164,289	\$166,568
	From Special Districts		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	14.85% TAF	\$0	\$149,403	\$151,420	\$153,472	\$155,560	\$157,685	\$159,848	\$162,049	\$164,289	\$166,568
	Gross Property Tax to City											
	Base		\$6,241,088	\$6,241,088	\$6,390,491	\$6,541,910	\$6,695,382	\$6,850,942	\$7,008,627	\$7,168,475	\$7,330,523	\$7,494,812
	Share of Tax Increment		\$0	\$149,403	\$151,420	\$153,472	\$155,560	\$157,685	\$159,848	\$162,049	\$164,289	\$166,568
	Total		\$6,241,088	\$6,390,491	\$6,541,910	\$6,695,382	\$6,850,942	\$7,008,627	\$7,168,475	\$7,330,523	\$7,494,812	\$7,661,380
	Property Tax Increment: Supplemental Role @50% of AV of New Dev.		\$0	\$32,382	\$32,544	\$32,706	\$32,870	\$33,034	\$33,199	\$33,365	\$33,532	\$33,700
	Prop. Tax Inc. to City: Suppl Role @4% of Tax (due to turnover)		\$249,644	\$255,620	\$261,676	\$267,815	\$274,038	\$280,345	\$286,739	\$293,221	\$299,792	\$306,455
	Property Tax to City Prior to Tax Admin. Fees		\$6,490,731	\$6,678,492	\$6,836,131	\$6,995,904	\$7,157,850	\$7,322,006	\$7,488,413	\$7,657,110	\$7,828,137	\$8,001,536
	Less Prop. Tax Admin. Fees	0.25% of gross A.V.	(\$16,603)	(\$15,976)	(\$16,355)	(\$16,738)	(\$17,127)	(\$17,522)	(\$17,921)	(\$18,326)	(\$18,737)	(\$19,153)
	Net General Fund Property Tax to City		\$6,475,129	\$6,662,516	\$6,819,776	\$6,979,165	\$7,140,722	\$7,304,485	\$7,470,492	\$7,638,783	\$7,809,400	\$7,982,382
2	Sales Tax	1%										
	New Cum. Retail Sq. Ft.	See Figure A-3	\$250	0	0	0	0	0	0	0	0	0
	Cumulative Hotel Rooms		\$22,000	0	0	0	0	0	0	0	0	0
	Retail Sales Tax	FY 00-01										
		base=	\$2,035,059	\$2,075,760	\$2,117,275	\$2,159,621	\$2,202,813	\$2,246,870	\$2,291,807	\$2,337,643	\$2,384,396	\$2,432,084
		2.0% real & pop. growth in	\$41,515	\$42,346	\$43,192	\$44,056	\$44,937	\$45,836	\$46,753	\$47,688	\$48,642	\$49,615
			\$2,117,275	\$2,159,621	\$2,202,813	\$2,246,870	\$2,291,807	\$2,337,643	\$2,384,396	\$2,432,084	\$2,480,726	\$2,530,340
	Unallocated Sales Tax	14.98% inc. above	\$317,191	\$323,535	\$330,006	\$336,606	\$343,338	\$350,205	\$357,209	\$364,353	\$371,640	\$379,073
	(less) State admin charge	1.0%	(\$23,930)	(\$24,408)	(\$24,896)	(\$25,394)	(\$25,902)	(\$26,420)	(\$26,949)	(\$27,487)	(\$28,037)	(\$28,598)
	Total Sales Tax (General Fund)		\$2,410,537	\$2,458,748	\$2,507,923	\$2,558,081	\$2,609,243	\$2,661,428	\$2,714,656	\$2,768,949	\$2,824,328	\$2,880,815
3	Property Transfer Tax	residential commercial										
	Turnover of prior year base	6.3%										
	Rate per \$1,000 market value	\$0.55										
	Base Resid A.V. fiscal year (constant \$000's)		\$3,364,225	\$3,482,994	\$3,603,365	\$3,725,368	\$3,849,031	\$3,974,384	\$4,101,455	\$4,230,277	\$4,360,879	\$4,493,293
	Base Comm'l A.V. fiscal year (constant \$000's)		\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066	\$838,066
	Prop. Tran. Tax from turnover of existing resid. units		\$116,570	\$120,686	\$124,857	\$129,084	\$133,369	\$137,712	\$142,115	\$146,579	\$151,104	\$155,693
	Prop. Tran. Tax from turnover of existing comm'l		\$9,219	\$9,219	\$9,219	\$9,219	\$9,219	\$9,219	\$9,219	\$9,219	\$9,219	\$9,219
	Prop. Tran. Tax from new residential development		\$28,316	\$28,316	\$28,458	\$28,600	\$28,743	\$28,887	\$29,031	\$29,176	\$29,322	\$29,469
	Total Property Transfer Tax		\$154,105	\$158,221	\$162,533	\$166,903	\$171,331	\$175,818	\$180,365	\$184,974	\$189,646	\$194,380

**Table B-1a**  
**Revenue Estimate Notes**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref #	Item	Assumption	Fiscal Year									
			2003-04 1	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10
4	Franchise Fees	\$1,450,000 County FY 00-01 \$10.66 unincorporated County per capita	\$608,194	\$611,235	\$614,291	\$617,363	\$620,449	\$623,552	\$626,669	\$629,803	\$632,952	\$636,116
5	Business License Tax	\$438,857 CV est. (County Treasurer, 11/01)	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857	\$438,857
6	Utility Users Tax	\$5,800,000 Avg. County rev. \$42.65 unincorporated County per capita	\$2,432,776	\$2,444,940	\$2,457,164	\$2,469,450	\$2,481,797	\$2,494,206	\$2,506,677	\$2,519,211	\$2,531,807	\$2,544,466
7	Planning Department % of planning costs recaptured by fees	13%	\$51,162	\$71,381	\$88,569	\$88,942	\$89,317	\$89,693	\$90,072	\$90,453	\$90,835	\$91,219
8	Building Inspection 100% of cost of service		\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
9	Public Works/Engineering Fees % of costs recaptured by fees (EPS estimate)	25%	\$38,981	\$65,950	\$76,696	\$77,079	\$77,464	\$77,852	\$78,241	\$78,632	\$79,025	\$79,421
10	Fines and Penalties (includes traffic fines) Per capita est. from EPS	\$5.00	\$285,222	\$286,648	\$288,081	\$289,522	\$290,969	\$292,424	\$293,886	\$295,356	\$296,833	\$298,317
11	State Motor Vehicle License Fees Relevant population for calculation Per capita fees	\$54.23	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$4,850,745	\$3,203,138	\$3,219,154
12	Investment Earnings Subtotal General Fund revenues, excl. invest. earnings % of General Fund revenues	1%	\$18,186,945	\$18,903,792	\$19,205,123	\$19,441,097	\$19,680,410	\$19,923,123	\$20,169,295	\$18,771,382	\$19,040,678	\$19,313,704
	Subtotal Interest Earnings		\$181,869	\$189,038	\$192,051	\$194,411	\$196,804	\$199,231	\$201,693	\$187,714	\$190,407	\$193,137
<b>Road Fund</b>												
13	Road Fund - Gas Taxes											
	Highway User Tax 2105	Per Capita \$6.30	\$563,439	\$563,439	\$563,439	\$563,439	\$563,439	\$563,439	\$563,439	\$563,439	\$372,061	\$373,921
	Highway User Tax 2106 (a)	Per Year \$4,800	\$4,706	\$4,614	\$4,523	\$4,434	\$4,348	\$4,262	\$4,179	\$4,097	\$4,016	\$3,938
	Highway User Tax 2106 (c)	Per Capita \$3.70	\$330,986	\$330,986	\$330,986	\$330,986	\$330,986	\$330,986	\$330,986	\$330,986	\$218,563	\$219,656
	Highway User Tax 2107	Per Capita \$8.27	\$739,799	\$739,799	\$739,799	\$739,799	\$739,799	\$739,799	\$739,799	\$739,799	\$488,518	\$490,961
	Highway User Tax 2107.5 (c)	Per Year \$7,500	\$7,353	\$7,209	\$7,067	\$6,929	\$6,793	\$6,660	\$6,529	\$6,401	\$6,276	\$6,153
	Total Gas Taxes		\$1,646,283	\$1,646,046	\$1,645,815	\$1,645,587	\$1,645,365	\$1,645,146	\$1,644,932	\$1,089,640	\$1,094,830	\$1,100,051
15	Other Road Fund Revenues (New City will also receive share of County's Measure B half-cent sales tax apportionment primarily for capital improvements)											
	Road Miles in City	115.36										
		Total CV	Per Road Mile									
	Project Related Revenues	\$1,500,000	\$12,526	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078	\$1,445,078
	Rent of Land and Buildings	\$14,375	\$120	\$13,849	\$13,849	\$13,849	\$13,849	\$13,849	\$13,849	\$13,849	\$13,849	\$13,849
	Road and Street Services	\$25,000	\$209	\$24,085	\$24,085	\$24,085	\$24,085	\$24,085	\$24,085	\$24,085	\$24,085	\$24,085
	Total Other Road Fund Revenues			\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011	\$1,483,011

**Table B-2  
 Calculation of Property Tax Transfer  
 Castro Valley Incorporation Analysis  
 Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

**Comment**

**A. Transfer of Tax Base**

1. Total Expenditures Subject to Transfer	\$11,606,910	see Table B-3
2. County Auditor's Ratio 2000-2001	48.882%	
3. Property Tax Base Transferred from County:	\$5,673,716	

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

1. Assessed Value (FY 2000/2001):	\$3,820,264,726	
Assessed Value (FY 2003/2004):	\$4,202,291,199	
Change from fy00-01 to fy03-04	10.0%	Based on growth in Castro Valley Redev. Area adjusted for estimated inflation
2. Total Property Tax Collected '03-04(@1% AV):	\$42,022,912	
3. Property Tax Base Transferred from County:	\$5,673,716	
Base Transfer * change from fy00-01 to fy03-04	\$6,241,088	
4. Implied Tax Allocation Factor:	14.85%	
5. Total Tax Base Transferred 2003-04	\$6,241,088	
6. Implied Tax Allocation Factor: (#5/#2)	14.85%	



**Table B-3**

**Inputs to Calculation of Property Tax Transfer**

**Castro Valley Incorporation Analysis**

56,478 population

**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Department/Function	Gross Cost (00/01)	Indirect Cost (5)	Total	Offsetting Revenue	Net Cnty Cost	Rev. as % of Total reference
Animal Control	\$341,333	\$21,581	\$362,914	\$8,098	\$354,816	2% (1)
Land Use Planning & Enforcement						
Administration	\$84,570	\$1,652	\$86,222	\$0	\$86,222	
Zoning Enforcement	\$175,125	\$3,421	\$178,545	\$0	\$178,545	
Permit Processing	<u>\$184,802</u>	<u>\$3,610</u>	<u>\$188,412</u>	<u>\$54,913</u>	<u>\$133,499</u>	
Subtotal	\$444,497	\$8,682	\$453,179	\$54,913	\$398,266	12% (2)
Public Works (Crossing Guard Program)	\$56,000	\$1,680	\$57,680	\$0	\$57,680	(3)
Sheriff Department	<u>\$11,114,922</u>	<u>\$0</u>	<u>\$11,114,922</u>	<u>\$318,774</u>	<u>\$10,796,148</u>	3% (4)
<b>Total</b>	<b>\$11,956,752</b>	<b>\$31,943</b>	<b>\$11,988,695</b>	<b>\$381,786</b>	<b>\$11,606,910</b>	

(1) Animal Control: source Animal Regulation Program 11/01

\$6.04 per capita cost  
 \$0.14 Dog License Fees per capita  
**\$5.90** Net per capita cost

(2) Land Use Planning & Enforcement: source Planning Department 10/01

Administration \$84,570  
 Zoning Enforcement \$175,125  
 Permit Processing \$184,802  
 Dedicated Rev. (Permit Processing) \$54,913

(3) Public Works (Crossing Guard Program)

Source: Department of Public Works 10/01

(4) Source: County Sheriff's Dept., 11/01 (Includes 17.2 percent departmental and County indirect cost)

	Population	% of Total	Per capita allocation
Module A	50,000	37%	\$8,395,914
Module B	2,659	2%	\$446,495
Module C2	<u>3,819</u>	<u>3%</u>	<u>\$641,280</u>
Total (Modules A, B, & C2)	56,478	42%	\$9,483,689
Total Unincorporated Population	136,000	100%	\$22,836,886

Police Protection Grant Revenues	\$1,040,291	Grant revenues as a % of total	
Total Cost of Police Protection	\$36,272,520	cost of police protection:	2.9%

(5) Cost Allocation (excludes direct billed and unallocated)

Animal Control 6.32%  
 Planning 1.95%  
 Public Works (Crossing Guard Program) 3.0%

Source: Countywide Cost Allocation Plan for 2001-2002 (based on Actuals 1999-00)

**Table C-1**  
**Expenditure Estimate (All figures in Constant 2001 \$'s)**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	Note	Fiscal Year									
		2003-04 1 (a)	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10
<b>GENERAL FUND EXPENDITURES</b>											
City Council	1	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
Elections	2	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819
City Manager	3	\$309,400	\$310,947	\$394,566	\$396,539	\$398,522	\$400,514	\$402,517	\$404,530	\$406,552	\$408,585
City Clerk	4	\$98,600	\$125,224	\$174,688	\$175,311	\$175,938	\$176,567	\$177,200	\$177,836	\$178,475	\$179,118
City Attorney	5	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792
Finance	6	\$323,850	\$412,151	\$542,989	\$545,704	\$548,433	\$551,175	\$553,931	\$556,701	\$559,484	\$562,282
Administrative Services	7										
Human Resources		\$68,750	\$103,641	\$104,159	\$104,680	\$105,203	\$105,729	\$106,258	\$106,789	\$107,323	\$107,860
Information Services		\$287,500	\$288,313	\$214,129	\$214,950	\$215,774	\$216,603	\$217,436	\$218,274	\$219,115	\$219,960
Payment to LAFCO		\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305
Library	8	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442
Police	9	\$11,522,107	\$11,496,519	\$11,570,017	\$11,746,115	\$11,924,853	\$12,106,270	\$12,290,408	\$12,477,305	\$12,667,005	\$12,859,549
Animal Services	10	\$344,755	\$346,479	\$348,211	\$349,953	\$351,702	\$353,461	\$355,228	\$357,004	\$358,789	\$360,583
Planning	11	\$384,675	\$661,698	\$790,930	\$793,735	\$671,553	\$674,386	\$677,233	\$680,094	\$682,970	\$685,860
Public Works	12										
Administration		\$155,925	\$263,800	\$306,782	\$308,316	\$309,858	\$311,407	\$312,964	\$314,529	\$316,102	\$317,682
Building Inspection		\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
Other Public Works		\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322	\$374,322
Non-Departmental											
Office Rent/Supplies	13	\$459,000	\$440,000	\$410,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000
Insurance	14	\$481,826	\$510,216	\$523,206	\$528,502	\$530,025	\$537,177	\$542,630	\$549,963	\$555,599	\$563,119
Contingency	15	\$803,043	\$850,361	\$872,010	\$880,836	\$883,376	\$895,295	\$904,383	\$916,604	\$925,999	\$938,532
Repayment of 1st Year Services	16	<u>\$11,606,910</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>Total General Fund Expenditures</b>		<b>\$28,952,648</b>	<b>\$18,367,787</b>	<b>\$18,835,425</b>	<b>\$19,026,062</b>	<b>\$19,080,916</b>	<b>\$19,338,372</b>	<b>\$19,534,662</b>	<b>\$19,798,651</b>	<b>\$20,001,571</b>	<b>\$20,272,290</b>
<b>ROAD EXPENDITURES</b>											
Street Lighting	17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Street Services	18	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>	<u>\$2,503,093</u>
<b>Total Road Fund Expenditures</b>		<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>	<b>\$2,503,093</b>
<b>TOTAL ALL FUNDS</b>		<b>\$31,455,741</b>	<b>\$20,870,880</b>	<b>\$21,338,518</b>	<b>\$21,529,155</b>	<b>\$21,584,009</b>	<b>\$21,841,465</b>	<b>\$22,037,755</b>	<b>\$22,301,744</b>	<b>\$22,504,664</b>	<b>\$22,775,383</b>

notes: (a) First year shown as a full year; actual costs & revenues will depend on effective date.

**Table C-1a**  
**Expenditure Estimate Notes**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Department/Program	Estimating Cost Factor	Cost Factor	Fiscal Year										
				2003-04 1	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10	
1	City Council Expenses	Persons	5 annual											
	Salary (inc. benefits)	Per month	\$2,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
	Expenses (conference, equip)			\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	Memberships			\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
	Support Staff	0.0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	City Council Expenses			\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000	\$170,000
2	Elections													
	Assumes only general elections	\$1.00 per reg. voter	every other yr	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$0	\$29,819	\$29,819
3	City Manager's Office		See Table C-2	\$309,400	\$310,947	\$394,566	\$396,539	\$398,522	\$400,514	\$402,517	\$404,530	\$406,552	\$408,585	
4	City Clerk's Office		See Table C-2	\$98,600	\$125,224	\$174,688	\$175,311	\$175,938	\$176,567	\$177,200	\$177,836	\$178,475	\$179,118	
5	City Attorney --- Contracted Service	\$450,000	Real Inc. 2%	\$450,000	\$459,000	\$468,180	\$477,544	\$487,094	\$496,836	\$506,773	\$516,909	\$527,247	\$537,792	
6	Finance Office		See Table C-3	\$323,850	\$412,151	\$542,989	\$545,704	\$548,433	\$551,175	\$553,931	\$556,701	\$559,484	\$562,282	
7	Administrative Services													
	Human Resources		See Table C-3	\$68,750	\$103,641	\$104,159	\$104,680	\$105,203	\$105,729	\$106,258	\$106,789	\$107,323	\$107,860	
	Information Services		See Table C-3	\$287,500	\$288,313	\$214,129	\$214,950	\$215,774	\$216,603	\$217,436	\$218,274	\$219,115	\$219,960	
	Payment to LAFCO			\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	\$1,305	
	Total Incorporated Revenues (including CV)		\$1,639,152,938 Year 2003-04											
	CV Revenues as % of Total		1.16%											
	Total LAFCO Incorporated Budget		112,024											
	Subtotal			\$357,555	\$393,258	\$319,593	\$320,934	\$322,282	\$323,637	\$324,999	\$326,367	\$327,743	\$329,125	
8	Library (Library Contract)			\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	\$669,442	
9	Police		based on Dublin contract and includes traffic enforcement/does not include County indirects											
	Grant Revenues		Real Inc. 1.0%	\$11,522,107	\$11,596,519	\$11,770,017	\$11,946,115	\$12,124,853	\$12,306,270	\$12,490,408	\$12,677,305	\$12,867,005	\$13,059,549	
	Net City Cost		See Table C-6	\$0	(\$100,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
10	Animal Services													
	Animal Control	\$6.04 per capita (net of fees)		\$344,755	\$346,479	\$348,211	\$349,953	\$351,702	\$353,461	\$355,228	\$357,004	\$358,789	\$360,583	
	Subtotal			\$344,755	\$346,479	\$348,211	\$349,953	\$351,702	\$353,461	\$355,228	\$357,004	\$358,789	\$360,583	
11	Planning Department		See Table C-4	384,675	661,698	790,930	793,735	671,553	674,386	677,233	680,094	682,970	685,860	
12	Public Works (inc. Building Insp. & NPDES)													
	Administration		See Table C-5	\$155,925	\$263,800	\$306,782	\$308,316	\$309,858	\$311,407	\$312,964	\$314,529	\$316,102	\$317,682	
	Building Inspection		See Table C-5	\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482	
	Other Public Works													
	NPDES (Net of fee revenue)			\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	\$318,322	
	Crossing Guard Program			\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	\$56,000	
	Subtotal			\$971,485	\$1,492,674	\$1,581,592	\$1,587,629	\$1,593,695	\$1,599,792	\$1,605,919	\$1,612,077	\$1,618,266	\$1,624,486	

**Table C-1a**  
**Expenditure Estimate Notes**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Department/Program	Estimating Cost Factor	Cost Factor	Fiscal Year											
				2003-04 1	2004-05 2	2005-06 3	2006-07 4	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10		
13	Office Rent/Supplies														
	FTEs (Includes 3 additional spaces for contractual employees to use)														
	City manager, Clerk, Attorney, Finance, Admin. Services, Planning, Public Works Depts.			17.00	28.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Subtotal			17.00	28.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50	34.50
	Plus Contractual per Dept			1.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Total FTE			18.00	30.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50
	Staff Capacity Required			38	38	38	38	38	38	38	38	38	38	38	38
	Office Space Required	200 sqft/employee		7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
	Council Chamber	8,000 sqft		8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
	Total Space			15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500	15,500
	Total Rent	\$1.50 /sqft/month		\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000	\$279,000
	Annual Supplies	\$2,000 per FTE		\$36,000	\$61,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000	\$75,000
	Initial Computers, and Furnishings	\$8,000 per FTE		\$144,000	\$100,000	\$56,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Rent and Supplies			\$459,000	\$440,000	\$410,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000	\$354,000
14	Insurance	3% of GF expenses (exc. insurance & contingency)		\$481,826	\$510,216	\$523,206	\$528,502	\$530,025	\$537,177	\$542,630	\$549,963	\$555,599	\$563,119		
15	Contingency	5% of total GF expenses		\$803,043	\$850,361	\$872,010	\$880,836	\$883,376	\$895,295	\$904,383	\$916,604	\$925,999	\$938,532		
16	Repayment, 1st year costs provided by City														
	Total 1st yr costs														
		\$354,816 Animal services													
		\$10,796,148 Police			\$0	\$0	\$0	\$0	\$0	\$0					
		\$398,266 Planning													
		\$57,680 Public Works (Admin., Building Insp., NPDES, Crossing Guard)													
	Less 1st Year's PTax Rev.	\$0													
	Subtotal	\$11,606,910													
<b>Road Fund</b>															
17	Street Lighting	net of dedicated revenues		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Street Service			\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093	\$2,503,093
	Source: County Public Works, 10/01														
	Amortization of first year (see note 16 for terms, if applicable)														none assumed

**Table C-2**  
**City Manager and City Clerk Cost Estimates**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Description	Assumptions	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>City Manager's Office</b>													
City Manager			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$130,000	Real Inc.	0.5%	\$130,000	\$130,650	\$131,303	\$131,960	\$132,620	\$133,283	\$133,949	\$134,619	\$135,292	\$135,968
Benefits	35%			\$45,500	\$45,728	\$45,956	\$46,186	\$46,417	\$46,649	\$46,882	\$47,117	\$47,352	\$47,589
Subtotal				\$175,500	\$176,378	\$177,259	\$178,146	\$179,036	\$179,932	\$180,831	\$181,735	\$182,644	\$183,557
Assistant/Deputy City Manager - FTE			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Annual Salary	\$105,000	Real Inc.	0.5%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits	35%			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Analysts - FTE			0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$55,000	Real Inc.	0.5%	\$27,500	\$27,638	\$55,551	\$55,829	\$56,108	\$56,389	\$56,671	\$56,954	\$57,239	\$57,525
Benefits	25%			\$6,875	\$6,909	\$13,888	\$13,957	\$14,027	\$14,097	\$14,168	\$14,239	\$14,310	\$14,381
Subtotal				\$34,375	\$34,547	\$69,439	\$69,786	\$70,135	\$70,486	\$70,838	\$71,193	\$71,549	\$71,906
Administrative Secretary - FTE			0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$45,000	Real Inc.	0.5%	\$22,500	\$22,613	\$45,451	\$45,678	\$45,907	\$46,136	\$46,367	\$46,599	\$46,832	\$47,066
Benefits	25%			\$5,625	\$5,653	\$11,363	\$11,477	\$11,534	\$11,592	\$11,650	\$11,708	\$11,766	\$11,824
Subtotal				\$28,125	\$28,266	\$56,814	\$57,098	\$57,383	\$57,670	\$57,959	\$58,249	\$58,540	\$58,832
Personnel Subtotal				\$238,000	\$239,190	\$303,513	\$305,030	\$306,555	\$308,088	\$309,628	\$311,177	\$312,732	\$314,296
Other Costs -Materials & Supplies	15%			\$35,700	\$35,879	\$45,527	\$45,755	\$45,983	\$46,213	\$46,444	\$46,676	\$46,910	\$47,144
Consulting Contracts	15%			\$35,700	\$35,879	\$45,527	\$45,755	\$45,983	\$46,213	\$46,444	\$46,676	\$46,910	\$47,144
<b>Total City Manager Expenses</b>				\$309,400	\$310,947	\$394,566	\$396,539	\$398,522	\$400,514	\$402,517	\$404,530	\$406,552	\$408,585
		FTE		2.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>City Clerk Office</b>													
City Clerk/Deputy - FTE			0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$60,000	Real Inc.	0.5%	\$30,000	\$30,150	\$60,602	\$60,905	\$61,209	\$61,515	\$61,823	\$62,132	\$62,442	\$62,755
Benefits	35%			\$10,500	\$10,553	\$21,211	\$21,317	\$21,423	\$21,530	\$21,638	\$21,746	\$21,855	\$21,964
Subtotal				\$40,500	\$40,703	\$81,812	\$82,221	\$82,632	\$83,045	\$83,461	\$83,878	\$84,297	\$84,719
Coordinator/Clerks - FTE			0.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Annual Salary	\$35,000	Real Inc.	0.5%	\$0	\$17,588	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,303
Benefits	25%			\$0	\$4,397	\$4,419	\$4,441	\$4,463	\$4,485	\$4,508	\$4,530	\$4,553	\$4,576
Subtotal				\$0	\$21,984	\$22,094	\$22,205	\$22,316	\$22,427	\$22,540	\$22,652	\$22,765	\$22,879
Personnel Subtotal				\$40,500	\$62,687	\$103,906	\$104,426	\$104,948	\$105,473	\$106,000	\$106,530	\$107,063	\$107,598
Other Costs													
Legal Notices	\$50,000	Real Inc.	0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Other Costs	20%			\$8,100	\$12,537	\$20,781	\$20,885	\$20,990	\$21,095	\$21,200	\$21,306	\$21,413	\$21,520
Subtotal Other Costs				\$58,100	\$62,537	\$70,781	\$70,885	\$70,990	\$71,095	\$71,200	\$71,306	\$71,413	\$71,520
<b>Total City Clerk Expenses</b>				\$98,600	\$125,224	\$174,688	\$175,311	\$175,938	\$176,567	\$177,200	\$177,836	\$178,475	\$179,118
		FTE		0.5	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

**Table C-3**  
**Finance Department Cost Estimates**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Description	Assumptions	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Finance Department</b>													
Finance Manager			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$105,000	Real Inc.	0.5%	\$105,000	\$105,525	\$106,053	\$106,583	\$107,116	\$107,651	\$108,190	\$108,731	\$109,274	\$109,821
Benefits		35%		\$36,750	\$36,934	\$37,118	\$37,304	\$37,491	\$37,678	\$37,866	\$38,056	\$38,246	\$38,437
Subtotal				\$141,750	\$142,459	\$143,171	\$143,887	\$144,606	\$145,329	\$146,056	\$146,786	\$147,520	\$148,258
Accountant/Analyst - FTE			0.5	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$55,000	Real Inc.	0.5%	\$27,500	\$27,638	\$55,551	\$55,829	\$56,108	\$56,389	\$56,671	\$56,954	\$57,239	\$57,525
Benefits		25%		\$6,875	\$6,909	\$13,888	\$13,957	\$14,027	\$14,097	\$14,168	\$14,239	\$14,310	\$14,381
Subtotal				\$34,375	\$34,547	\$69,439	\$69,786	\$70,135	\$70,486	\$70,838	\$71,193	\$71,549	\$71,906
Accounting Technicians - FTE			1.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	
Annual Salary	\$40,000	Real Inc.	0.5%	\$40,000	\$80,400	\$121,203	\$121,809	\$122,418	\$123,030	\$123,645	\$124,264	\$124,885	\$125,509
Benefits		25%		\$10,000	\$20,100	\$30,301	\$30,452	\$30,605	\$30,758	\$30,911	\$31,066	\$31,221	\$31,377
Subtotal				\$50,000	\$100,500	\$151,504	\$152,261	\$153,023	\$153,788	\$154,557	\$155,329	\$156,106	\$156,887
Secretary/Clerical - FTE			1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Annual Salary	\$35,000	Real Inc.	0.5%	\$35,000	\$52,763	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849	\$73,214
Benefits		25%		\$8,750	\$13,191	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,303
Subtotal				\$43,750	\$65,953	\$88,377	\$88,819	\$89,263	\$89,709	\$90,158	\$90,609	\$91,062	\$91,517
Personnel Subtotal				\$269,875	\$343,459	\$452,491	\$454,754	\$457,027	\$459,313	\$461,609	\$463,917	\$466,237	\$468,568
Other Costs		20%		\$53,975	\$68,692	\$90,498	\$90,951	\$91,405	\$91,863	\$92,322	\$92,783	\$93,247	\$93,714
<b>Total Finance Expenses</b>				\$323,850	\$412,151	\$542,989	\$545,704	\$548,433	\$551,175	\$553,931	\$556,701	\$559,484	\$562,282
		FTE		3.5	5.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
<b>Administrative Services</b>													
Human Resources - FTE (or contract initially)			1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	
Annual Salary	\$55,000	Real Inc.	0.5%	\$55,000	\$82,913	\$83,327	\$83,744	\$84,162	\$84,583	\$85,006	\$85,431	\$85,858	\$86,288
Benefits		25%		\$13,750	\$20,728	\$20,832	\$20,936	\$21,041	\$21,146	\$21,252	\$21,358	\$21,465	\$21,572
Total				\$68,750	\$103,641	\$104,159	\$104,680	\$105,203	\$105,729	\$106,258	\$106,789	\$107,323	\$107,860
Information Services - FTE (or contract initially)			2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Annual Salary	\$65,000	Real Inc.	0.5%	\$130,000	\$130,650	\$131,303	\$131,960	\$132,620	\$133,283	\$133,949	\$134,619	\$135,292	\$135,968
Benefits		25%		\$32,500	\$32,663	\$32,826	\$32,990	\$33,155	\$33,321	\$33,487	\$33,655	\$33,823	\$33,992
Subtotal				\$162,500	\$163,313	\$164,129	\$164,950	\$165,774	\$166,603	\$167,436	\$168,274	\$169,115	\$169,960
Other Costs				\$125,000	\$125,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Total				\$287,500	\$288,313	\$214,129	\$214,950	\$215,774	\$216,603	\$217,436	\$218,274	\$219,115	\$219,960
<b>Total Administrative Services</b>				\$356,250	\$391,953	\$318,288	\$319,629	\$320,977	\$322,332	\$323,694	\$325,062	\$326,438	\$327,820
		FTE		3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5

**Table C-4  
 Planning Department Cost Estimates  
 Castro Valley Incorporation Analysis  
 Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Description	Assumptions	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Planning Department</b>													
Planning Director - FTE			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Annual Salary	\$105,000	Real Inc.	0.5%	\$105,000	\$105,525	\$106,053	\$106,583	\$107,116	\$107,651	\$108,190	\$108,731	\$109,274	\$109,821
Benefits		35%		\$36,750	\$36,934	\$37,118	\$37,304	\$37,491	\$37,678	\$37,866	\$38,056	\$38,246	\$38,437
Subtotal				\$141,750	\$142,459	\$143,171	\$143,887	\$144,606	\$145,329	\$146,056	\$146,786	\$147,520	\$148,258
Planners (senior, associate) - FTE			1.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Annual Salary	\$55,000	Real Inc.	0.5%	\$55,000	\$110,550	\$166,654	\$167,487	\$168,325	\$169,166	\$170,012	\$170,862	\$171,717	\$172,575
Benefits		25%		\$13,750	\$27,638	\$41,664	\$41,872	\$42,081	\$42,292	\$42,503	\$42,716	\$42,929	\$43,144
Subtotal				\$68,750	\$138,188	\$208,318	\$209,359	\$210,406	\$211,458	\$212,515	\$213,578	\$214,646	\$215,719
Redevelopment Planners (senior, associate) - FTE			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual Salary	\$55,000	Real Inc.	0.5%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Benefits		25%		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Counter Technicians			0.0	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Annual Salary	\$38,000	Real Inc.	0.5%	\$0	\$19,095	\$38,381	\$38,573	\$38,766	\$38,960	\$39,154	\$39,350	\$39,547	\$39,745
Benefits		25%		\$0	\$4,774	\$9,595	\$9,643	\$9,691	\$9,740	\$9,789	\$9,838	\$9,887	\$9,936
Subtotal				\$0	\$23,869	\$47,976	\$48,216	\$48,457	\$48,699	\$48,943	\$49,188	\$49,434	\$49,681
Secretary/Clerical - FTE			1.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Annual Salary	\$35,000	Real Inc.	0.5%	\$35,000	\$70,350	\$88,377	\$88,819	\$89,263	\$89,709	\$90,158	\$90,609	\$91,062	\$91,517
Benefits		25%		\$8,750	\$17,588	\$22,094	\$22,205	\$22,316	\$22,427	\$22,540	\$22,652	\$22,765	\$22,879
Subtotal				\$43,750	\$87,938	\$110,471	\$111,024	\$111,579	\$112,137	\$112,698	\$113,261	\$113,827	\$114,396
Personnel Subtotal				\$254,250	\$392,453	\$509,936	\$512,486	\$515,048	\$517,624	\$520,212	\$522,813	\$525,427	\$528,054
<b>Other Costs</b>													
Planning Consultants (inc. Gen'l Plan)		Real Inc.	0%	\$0	\$125,000	\$125,000	\$125,000	\$0	\$0	\$0	\$0	\$0	\$0
Planning Consultants (other)			0%	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Mapping Reproduction	\$25,000	Real Inc.	0%	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Planning Commission Expense	\$30,000	Real Inc.	0%	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Miscellaneous Other Costs		10% of personnel costs		\$25,425	\$39,245	\$50,994	\$51,249	\$51,505	\$51,762	\$52,021	\$52,281	\$52,543	\$52,805
Other Cost Subtotal				\$130,425	\$269,245	\$280,994	\$281,249	\$156,505	\$156,762	\$157,021	\$157,281	\$157,543	\$157,805
<b>Total Planning Department Expenses</b>				\$384,675	\$661,698	\$790,930	\$793,735	\$671,553	\$674,386	\$677,233	\$680,094	\$682,970	\$685,860
			FTE	3.0	5.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5

**Table C-5  
Public Works Department Cost Estimates  
Castro Valley Incorporation Analysis  
Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Ref. Item	Description	Assumptions	Fiscal Year										
			2002-03 1	2003-04 2	2004-05 3	2005-06 4	2006-07 5	2007-08 6	2008-09 7	2009-10 8	2010-11 9	2011-12 10	
<b>Public Works Department</b>													
<b>Administration</b>													
	Public Works Director - FTE (or contract initially)			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
	Annual Salary	\$105,000 Real Inc.	0.5%	\$105,000	\$105,525	\$106,053	\$106,583	\$107,116	\$107,651	\$108,190	\$108,731	\$109,274	\$109,821
	Benefits	35%		\$36,750	\$36,934	\$37,118	\$37,304	\$37,491	\$37,678	\$37,866	\$38,056	\$38,246	\$38,437
	Subtotal			\$141,750	\$142,459	\$143,171	\$143,887	\$144,606	\$145,329	\$146,056	\$146,786	\$147,520	\$148,258
	Engineer - FTE			0.0	1.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
	Annual Salary	\$60,000 Real Inc.	0.5%	\$0	\$60,300	\$90,902	\$91,357	\$91,814	\$92,273	\$92,734	\$93,198	\$93,664	\$94,132
	Benefits	25%		\$0	\$15,075	\$22,726	\$22,839	\$22,953	\$23,068	\$23,183	\$23,299	\$23,416	\$23,533
	Subtotal			\$0	\$75,375	\$113,628	\$114,196	\$114,767	\$115,341	\$115,917	\$116,497	\$117,080	\$117,665
	Secretary/Clerical - FTE			0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	Annual Salary	\$35,000 Real Inc.	0.5%	\$0	\$17,588	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,303
	Benefits	25%		\$0	\$4,397	\$4,419	\$4,441	\$4,463	\$4,485	\$4,508	\$4,530	\$4,553	\$4,576
	Subtotal			\$0	\$21,984	\$22,094	\$22,205	\$22,316	\$22,427	\$22,540	\$22,652	\$22,765	\$22,879
	Personnel Subtotal			\$141,750	\$239,818	\$278,893	\$280,288	\$281,689	\$283,098	\$284,513	\$285,936	\$287,365	\$288,802
	Other Costs	10%		\$14,175	\$23,982	\$27,889	\$28,029	\$28,169	\$28,310	\$28,451	\$28,594	\$28,737	\$28,880
	Public Works Administration Subtotal			\$155,925	\$263,800	\$306,782	\$308,316	\$309,858	\$311,407	\$312,964	\$314,529	\$316,102	\$317,682
<b>Building Inspection</b>													
	Building Inspectors (senior, associate) - FTE			2.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
	Annual Salary	\$55,000 Real Inc.	0.5%	\$110,000	\$221,100	\$222,206	\$223,317	\$224,433	\$225,555	\$226,683	\$227,816	\$228,956	\$230,100
	Benefits	25%		\$27,500	\$55,275	\$55,551	\$55,829	\$56,108	\$56,389	\$56,671	\$56,954	\$57,239	\$57,525
	Subtotal			\$137,500	\$276,375	\$277,757	\$279,146	\$280,541	\$281,944	\$283,354	\$284,771	\$286,194	\$287,625
	Plan Check Engineer - FTE			1.0	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
	Annual Salary	\$60,000 Real Inc.	0.5%	\$60,000	\$105,525	\$106,053	\$106,583	\$107,116	\$107,651	\$108,190	\$108,731	\$109,274	\$109,821
	Benefits	25%		\$15,000	\$26,381	\$26,513	\$26,646	\$26,779	\$26,913	\$27,047	\$27,183	\$27,319	\$27,455
	Subtotal			\$75,000	\$131,906	\$132,566	\$133,229	\$133,895	\$134,564	\$135,237	\$135,913	\$136,593	\$137,276
	Counter Technicians			0.5	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
	Annual Salary	\$40,000 Real Inc.	0.5%	\$20,000	\$50,250	\$50,501	\$50,754	\$51,008	\$51,263	\$51,519	\$51,776	\$52,035	\$52,296
	Benefits	25%		\$5,000	\$12,563	\$12,625	\$12,688	\$12,752	\$12,816	\$12,880	\$12,944	\$13,009	\$13,074
	Subtotal			\$25,000	\$62,813	\$63,127	\$63,442	\$63,759	\$64,078	\$64,399	\$64,721	\$65,044	\$65,369
	Secretary/Clerical - FTE			0.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Annual Salary	\$35,000 Real Inc.	0.5%	\$17,500	\$70,350	\$70,702	\$71,055	\$71,411	\$71,768	\$72,126	\$72,487	\$72,849	\$73,214
	Benefits	25%		\$4,375	\$17,588	\$17,675	\$17,764	\$17,853	\$17,942	\$18,032	\$18,122	\$18,212	\$18,303
	Subtotal			\$21,875	\$87,938	\$88,377	\$88,819	\$89,263	\$89,709	\$90,158	\$90,609	\$91,062	\$91,517
	Personnel Subtotal			\$401,125	\$776,865	\$818,625	\$822,718	\$826,832	\$830,966	\$835,121	\$839,297	\$843,493	\$847,711
	Other Costs	10%		\$40,113	\$77,687	\$81,863	\$82,272	\$82,683	\$83,097	\$83,512	\$83,930	\$84,349	\$84,771
	Building Inspection Subtotal			\$441,238	\$854,552	\$900,488	\$904,990	\$909,515	\$914,063	\$918,633	\$923,226	\$927,842	\$932,482
	<b>Total Public Works Department Expenses</b>			\$597,163	\$1,118,351	\$1,207,270	\$1,213,307	\$1,219,373	\$1,225,470	\$1,231,597	\$1,237,755	\$1,243,944	\$1,250,164
		FTE		5.0	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0



**Table C-6  
 Castro Valley Sheriff Contract Estimate Based on Dublin Contract  
 Castro Valley Incorporation Analysis**

Item	Dublin Contract	Assumption	2003-04 1	2004-05 2	2005-06 3	2006-07 4
Population	29,973		57,044	57,330	57,616	57,904
Level of Service (# of sworn officers/1,000 pop.)	1.50		1.15	1.15	1.15	1.15
Number of Sworn Officers	45		65.60	65.93	66.26	66.59
New Sworn Officers			4.00	0.33	0.33	0.33
Number of Police Vehicles	20	0.44 per sworn officer	29	29	29	30
<b>Police Services Budget</b>						
Contract Cost (excluding indirect costs) (1)	\$5,495,618	\$122,235 per sworn officer	\$8,018,736	\$8,058,829	\$8,099,123	\$8,139,619
Indirect Cost Allocation (2)	\$394,036	7.17%	\$574,943	\$577,818	\$580,707	\$583,611
Other Personnel, Services & Supplies (3)	\$592,434	11% of contract personnel cost	\$864,429	\$868,751	\$873,095	\$877,460
Subtotal Police Services Adopted Budget FY 2001-02	\$6,482,088		\$9,458,108	\$9,505,398	\$9,552,925	\$9,600,690
<b>Other Expenditures</b>						
Risk Management (4)	\$175,000		\$200,000	\$200,000	\$200,000	\$200,000
Equipment	City/not estimated					
Vehicle Replacement		\$12,000 per police vehicle	\$350,187	\$351,938	\$353,698	\$355,467
Vehicle Maintenance		\$0.37 per mile @ 25,000 miles per year	\$269,936	\$271,286	\$272,642	\$274,005
Computer Replacement		\$1,250 per sworn officer	\$82,001	\$82,411	\$82,823	\$83,237
Subtotal			\$702,125	\$705,636	\$709,164	\$712,710
Acquisition of Additional Equipment		\$26,014 per new sworn officer	\$104,058	\$8,533	\$8,576	\$8,618
Training	Cnty/not estimated		\$0.00	\$0.00	\$0.00	\$0.00
Facility/Utilities	City/not estimated	200 sqft 50% sworn officers \$1.50 lease rate (NNN) 30% utilities	\$153,506	\$154,274	\$155,045	\$155,821
Subtotal Other Expenditures	\$175,000		\$1,159,689	\$1,068,442	\$1,072,785	\$1,077,149
Total Police Expenditures	\$6,657,088		\$10,617,797	\$10,573,841	\$10,625,710	\$10,677,839
Cost per Sworn Officer	\$148,069		\$161,854	\$160,382	\$160,367	\$160,352
<b>Contract Adjustments</b>						
Estimate of Average Salary (5)	\$63,400	existing officers: 63				
Salary Adjustments @ 16 Percent (5)	\$10,144	639,072				
Retirement Plan Salary Adjustment @ 3 Percent (5)	\$1,902	119,826				
Salary Increases Per Officer	\$12,046	758,898				
Total Salary Increase	\$541,582		\$790,230	\$794,181	\$798,152	\$802,143
Total Police Expenditures (excluding salary adjustments)	\$6,657,088		\$10,617,797	\$10,573,841	\$10,625,710	\$10,677,839
<b>Total Adjusted Police Expenditures</b>	<b>\$7,198,670</b>		<b>\$11,408,027</b>	<b>\$11,368,022</b>	<b>\$11,423,862</b>	<b>\$11,479,982</b>
Including one percent real increase			\$11,522,107	\$11,596,519	\$11,770,017	\$11,946,115
Less City grant revenues			\$0	(\$100,000)	(\$200,000)	(\$200,000)
<b>Total City Police Budget</b>			<b>\$11,522,107</b>	<b>\$11,496,519</b>	<b>\$11,570,017</b>	<b>\$11,746,115</b>
Cost per Sworn Officer			\$175,639	\$174,377	\$174,619	\$176,395

- (1) Based on interviews with City of Dublin Police Department. Excludes General, Booking Fees, and Abatement Tows under Contract Services portion of Dublin budget.
- (2) Based on City of Dublin contract with Alameda County Sheriff's Office.
- (3) Excludes capital outlay and internal service charges for vehicles replacement and maintenance, but includes General, unreimbursed portion of Booking Fees, and Abatement Tows.
- (4) Based on interviews with City of Dublin Police Department.
- (5) Based on Alameda County Sheriff's Office estimate.

Sources: City of Dublin Police Department, County of Alameda Sheriff's Office, and Economic & Planning Systems

**Table C-6  
Castro Valley Sheriff Contract Estimate Based on Dublin Contract  
Castro Valley Incorporation Analysis**

Item	2007-08 5	2008-09 6	2009-10 7	2010-11 8	2011-12 9	2012-13 10
Population	58,194	58,485	58,777	59,071	59,367	59,663
Level of Service (# of sworn officers/1,000 pop.)	1.15	1.15	1.15	1.15	1.15	1.15
Number of Sworn Officers	66.92	67.26	67.59	67.93	68.27	68.61
New Sworn Officers	0.33	0.33	0.34	0.34	0.34	0.34
Number of Police Vehicles	30	30	30	30	30	31
<u>Police Services Budget</u>						
Contract Cost (excluding indirect costs) (1)	\$8,180,317	\$8,221,219	\$8,262,325	\$8,303,636	\$8,345,155	8,386,880
Indirect Cost Allocation (2)	\$586,529	\$589,461	\$592,409	\$595,371	\$598,348	\$601,339
Other Personnel, Services & Supplies (3)	<u>\$881,848</u>	<u>\$886,257</u>	<u>\$890,688</u>	<u>\$895,142</u>	<u>\$899,617</u>	<u>\$904,115</u>
Subtotal Police Services Adopted Budget FY 2001-02	\$9,648,693	\$9,696,937	\$9,745,422	\$9,794,149	\$9,843,119	\$9,892,335
<u>Other Expenditures</u>						
Risk Management (4)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Equipment						
Vehicle Replacement	\$357,244	\$359,030	\$360,825	\$362,629	\$364,443	\$366,265
Vehicle Maintenance	\$275,376	\$276,752	\$278,136	\$279,527	\$280,924	\$282,329
Computer Replacement	<u>\$83,654</u>	<u>\$84,072</u>	<u>\$84,492</u>	<u>\$84,915</u>	<u>\$85,339</u>	<u>\$85,766</u>
Subtotal	\$716,273	\$719,854	\$723,454	\$727,071	\$730,706	\$734,360
Acquisition of Additional Equipment	\$8,661	\$8,705	\$8,748	\$8,792	\$8,836	\$8,880
Training	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Facility/Utilities	\$156,600	\$157,383	\$158,170	\$158,960	\$159,755	\$160,554
Subtotal Other Expenditures	\$1,081,534	\$1,085,942	\$1,090,372	\$1,094,824	\$1,099,298	\$1,103,794
Total Police Expenditures	\$10,730,228	\$10,782,879	\$10,835,793	\$10,888,972	\$10,942,417	\$10,996,129
Cost per Sworn Officer	\$160,337	\$160,322	\$160,307	\$160,293	\$160,278	\$160,263
<u>Contract Adjustments</u>						
Estimate of Average Salary (5)						
Salary Adjustments @ 16 Percent (5)						
Retirement Plan Salary Adjustment @ 3 Percent (5)						
Salary Increases Per Officer						
Total Salary Increase	\$806,154	\$810,185	\$814,236	\$818,307	\$822,398	\$826,510
Total Police Expenditures (excluding salary adjustments)	\$10,730,228	\$10,782,879	\$10,835,793	\$10,888,972	\$10,942,417	\$10,996,129
<b>Total Adjusted Police Expenditures</b>	<b>\$11,536,382</b>	<b>\$11,593,063</b>	<b>\$11,650,029</b>	<b>\$11,707,279</b>	<b>\$11,764,815</b>	<b>\$11,822,639</b>
Including one percent real increase	\$12,124,853	\$12,306,270	\$12,490,408	\$12,677,305	\$12,867,005	\$13,059,549
Less City grant revenues	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>	<u>(\$200,000)</u>
<b>Total City Police Budget</b>	<b>\$11,924,853</b>	<b>\$12,106,270</b>	<b>\$12,290,408</b>	<b>\$12,477,305</b>	<b>\$12,667,005</b>	<b>\$12,859,549</b>
Cost per Sworn Officer	\$178,188	\$179,999	\$181,827	\$183,674	\$185,539	\$187,422

(1) Based on interviews with City of Dublin Police Department. Excludes General, Booking Fees, and Abatement Tows under Contract Services portion of Dublin budget.

(2) Based on City of Dublin contract with Alameda County Sheriff's Office.

(3) Excludes capital outlay and internal service charges for vehicles replacement and maintenance, but includes General, unreimbursed portion of Booking Fees, and Abatement Tows.

(4) Based on interviews with City of Dublin Police Department.

(5) Based on Alameda County Sheriff's Office estimate.

Sources: City of Dublin Police Department, County of Alameda Sheriff's Office, and Economic & Planning Systems

**Table 3**  
**Change in Revenues and Expenses to Alameda County**  
**Castro Valley Incorporation Analysis**  
**Proposed Incorporation Boundary: Mod. A, Mod. B & Mod. C2**

Item	FY 2000/2001	Notes
<b><u>General Fund Revenues and Expenditures</u></b>		
<b>Revenues Transferred to the City</b>		
Property Taxes	\$5,673,716	
Sales Tax	\$2,339,783	includes unallocated sales
Utility Users Tax	\$2,924,209	(1)
Business License Tax	\$438,857	
Real Property Transfer Tax	\$168,211	
Franchise Fees	\$602,157	
Law Enforcement Revenues	\$0	no loss of grants or Prop 172
Animal Control	\$8,138	
Land Use Planning & Enforcement	<u>\$54,913</u>	
<b>Subtotal</b>	<b>\$12,209,985</b>	
<b>Expenditures for Services Transferred to the City (2)</b>		
Sheriff Department (Direct Personnel Costs)	\$9,483,722	
Animal Control	\$341,333	
Land Use Planning & Enforcement	\$359,927	
Crossing Guard Program	<u>\$56,000</u>	
<b>Subtotal</b>	<b>\$10,240,983</b>	
<b>County Surplus or (Deficit)</b>	<b>(\$1,969,003)</b>	
<b>Other Revenues and Expenditures</b>		
Sheriff's Contract (indirect cost portion)	\$574,943	Based on Dublin Sheriff's Contract
Library Contract	\$669,442	
Adjustment to payment	\$0	credit equal to property tax share of GF funding of COLA
Booking Fee Reimbursement	<u>\$114,468</u>	Based on per capita allocation of Dublin's reimbursement
<b>Subtotal</b>	<b>\$1,358,853</b>	
<b>Net County General Fund Gain or (loss)</b>	<b>(\$610,150)</b>	
<hr/>		
<b><u>County Road Fund</u></b>		
<b>Revenues Transferred to the City</b>		
Gas Tax: Highway User Tax 2106c	\$207,082	
Other Road Fund Revenues	<u>\$2,296,011</u>	(3)
Subtotal	<u>\$2,503,093</u>	
<b>Expenditures for Services Transferred to the City</b>		
Road Maintenance	<u>\$2,503,093</u>	
Subtotal	<u>\$2,503,093</u>	
<b>Net County Road Fund Gain or (loss)</b>	<b>\$0</b>	

(1) Based on County 2000-01 actuals of \$7,041,520. UUT in City budget is based on average of prior three years.

(2) Excludes indirect cost allocation.

(3) Cnty will expend share of Measure B half-cent sales tax inside and outside Castro Valley boundaries, primarily for capital improvements.