



**CITY OF MARTINEZ**

**CITY COUNCIL  
December 18, 2013**

**TO:** Mayor and City Council  
**FROM:** Alan Shear, Acting City Manager  
**PREPARED BY:** Michael Chandler, Senior Management Analyst  
**SUBJECT:** Fiscal Analysis of Potential Annexation Areas  
**DATE:** December 11, 2013

**RECOMMENDATION:**

Adopt a resolution amending the Fiscal Year 2013-14 Budget and approving a Budget Adjustment in the amount of \$28,000.00 for fiscal analysis of potential annexation areas. The City Attorney has reviewed this report.

**BACKGROUND**

The City Council discussed various annexation options at the Council meeting of December 4, 2013. Among these options were the possibility of resubmitting the City’s annexation application for the North Pacheco area, and evaluating other potential areas for annexation. The other potential areas included expanding the existing boundary of the North Pacheco area to the east, along Blum Road; the Vine Hill/Arthur Road area; and the area known as Mountain View.

The Contra Costa Local Area Formation Commission (LAFCO) recommended the City update its fiscal analysis for the North Pacheco area prior to resubmission to LAFCO. The previous fiscal report was finalized in 2010, and relied significantly on data from 2008-09 when the economy was in a recession. The economics for the area have likely improved since that time and should be updated. The City Council indicated an interest in evaluating not only the economics of North Pacheco, but also analyzing the fiscal impacts of the other areas under discussion. In order to accomplish both objectives, staff must engage a professional consultant to perform these specialized services.

Staff has obtained the attached scope of work from Economic and Planning Systems, Inc. (EPS), for a not to exceed amount of \$28,000. EPS was the professional consultant used on the North Pacheco and Alhambra Valley annexation fiscal analyses; has the requisite experience necessary to perform the update for North Pacheco and expand the analysis to include the aforementioned additional areas; and has established an effective working relationship with staff assigned to work on the project.

**FISCAL IMPACT:**

The cost for the fiscal analysis of the North Pacheco annexation area and the other potential annexation areas is \$28,000.00, and will be taken from unassigned fund balance.

**ACTION:**

Adopt resolution authorizing a budget adjustment for Fiscal Year 2013-14.

Attachments:

Resolution

EPS Scope of Work Dated 12-11-13

**APPROVED BY:**

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Acting City Manager

RESOLUTION NO. -13

APPROVING A BUDGET ADJUSTMENT IN THE AMOUNT OF \$28,000 FOR CONTRACT PROFESSIONAL SERVICES TO PERFORM FISCAL ANALYSIS OF POTENTIAL ANNEXATION AREAS FROM UNASSIGNED FUND BALANCE WHICH HAS SUFFICIENT FUNDS TO COVER THE TRANSACTION

**WHEREAS**, on June 19, 2013, the City Council adopted the Biennial Budget for the City of Martinez for fiscal years 2013-14 and 2014-15; and

**WHEREAS**, on December 4, 2013, the City Council directed staff to submit a budget adjustment to fund an updated fiscal analysis of the previously submitted North Pacheco annexation area and additional areas of unincorporated Contra Costa County along Blum Road, Vine Hill/Arthur Road, and Mountain View; and

**WHEREAS**, City staff has obtained a not-to-exceed quote for these professional services in the amount of twenty-eight thousand dollars (\$28,000.00) from Economic and Planning Systems, Inc. ("EPS"); and

**WHEREAS**, EPS was the consultant used by the City for the Alhambra Valley and North Pacheco fiscal analyses, and is well qualified and best suited to provide these services to the City for the aforementioned potential annexation areas; and

**WHEREAS**, a budget adjustment in the amount of \$28,000.00 is needed to contract with EPS to provide the requested services.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Martinez adopts the revision to the Fiscal Year 2013-14 Budget as provided for in the attached staff report, for the purposes of providing fiscal analysis for potential annexation areas as directed by said City Council.

\* \* \* \* \*

**I HEREBY CERTIFY** that the foregoing is a true and correct copy of a resolution duly adopted by the City Council of the City of Martinez at a Regular Meeting of said Council held on the 18<sup>th</sup> day of December, 2013, by the following vote:

AYES:

NOES:

ABSENT:

RICHARD G. HERNANDEZ, CITY CLERK  
CITY OF MARTINEZ

December 11, 2013

Michael Chandler  
Senior Management Analyst  
City of Martinez  
525 Henrietta Street  
Martinez, CA 94553

Subject: Annexation Analysis Update for the North Pacheco Area;  
EPS #131131

Dear Mr. Chandler:

EPS appreciates the opportunity to update and expand its previously completed analysis of the North Pacheco annexation to the City of Martinez. The work effort outlined below builds on prior EPS analysis and methodology prepared for "Area A" of the North Pacheco annexation area. This proposal also includes fiscal analysis of the additional areas designated "Area B" and "Area C" on the attached map. The scope of work includes the following tasks:

- Review key changes in development status in the area, development pipeline, and public services demands and services to the area. EPS will update the status for Area A, and obtain data on existing development and potential new development for Area B and Area C.
- Update key revenue and cost estimates based on the FY2013-14 budget and discussions with key City staff, including public service costs and funding sources for road maintenance and potential property tax revenues based on current assessed values and anticipated development. Apply Citywide estimating factors as appropriate, adjusted to reflect unique characteristics of each of the three areas (e.g., miles of road, type and condition of roads).
- Estimate net fiscal impacts on the City and the County after the annexations. The net fiscal impacts will be estimated separately for each of the three potential annexation areas, and subareas within each annexation area. The property tax sharing will be based on the most recent annexation.
- Complete the revised report and associated tables, and revise the report following City staff review, and following any additional comments from the City Council. EPS will produce one report, but segregate the fiscal results for each annexation area, and subareas within each annexation area.
- At the direction of City Staff, EPS will present and discuss the findings with the City Council Annexation Subcommittee, and with the full City Council, to inform the annexation policy decision.

*The Economics of Land Use*



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510 841 9208 fax*

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Denver  
Los Angeles  
Sacramento*

**www.epsys.com**

This work effort envisions EPS's attendance at one kick-off meeting with City staff in Martinez, one workshop with the City Council Annexation Subcommittee, and one final presentation to the City Council.

We estimate that EPS can complete the above Scope of Work for a budget amount not to exceed **\$28,000**. The budget estimate covers all costs associated with the tasks and materials. Additional tasks or meetings requested by the client will be billed on a time-and-materials basis at our standard hourly rates or authorized as a supplemental work order. Charges for EPS time are based on the amount of time actually spent and billed at our standard hourly rates. Expenses for travel, data, facsimiles, copying, and other project-related items are billed at cost. Invoices are submitted monthly and are payable upon receipt.

We anticipate that completion of an administrative draft report will require approximately eight to ten weeks following project initiation and kick-off meeting in Martinez, assuming that we are able to receive key documents, data and City staff input within two weeks of the start of the assignment. The timeline will need to be extended to the extent that parcel data, assessed value information, and/or departmental input on key service and cost assumptions requires more time to obtain.

EPS thanks you for the opportunity to work on this project. To approve this proposal, please sign and return one original letter agreement and keep the other for your records. Please call me at (510) 841-9190 if you have questions or require changes to this proposal

Sincerely,

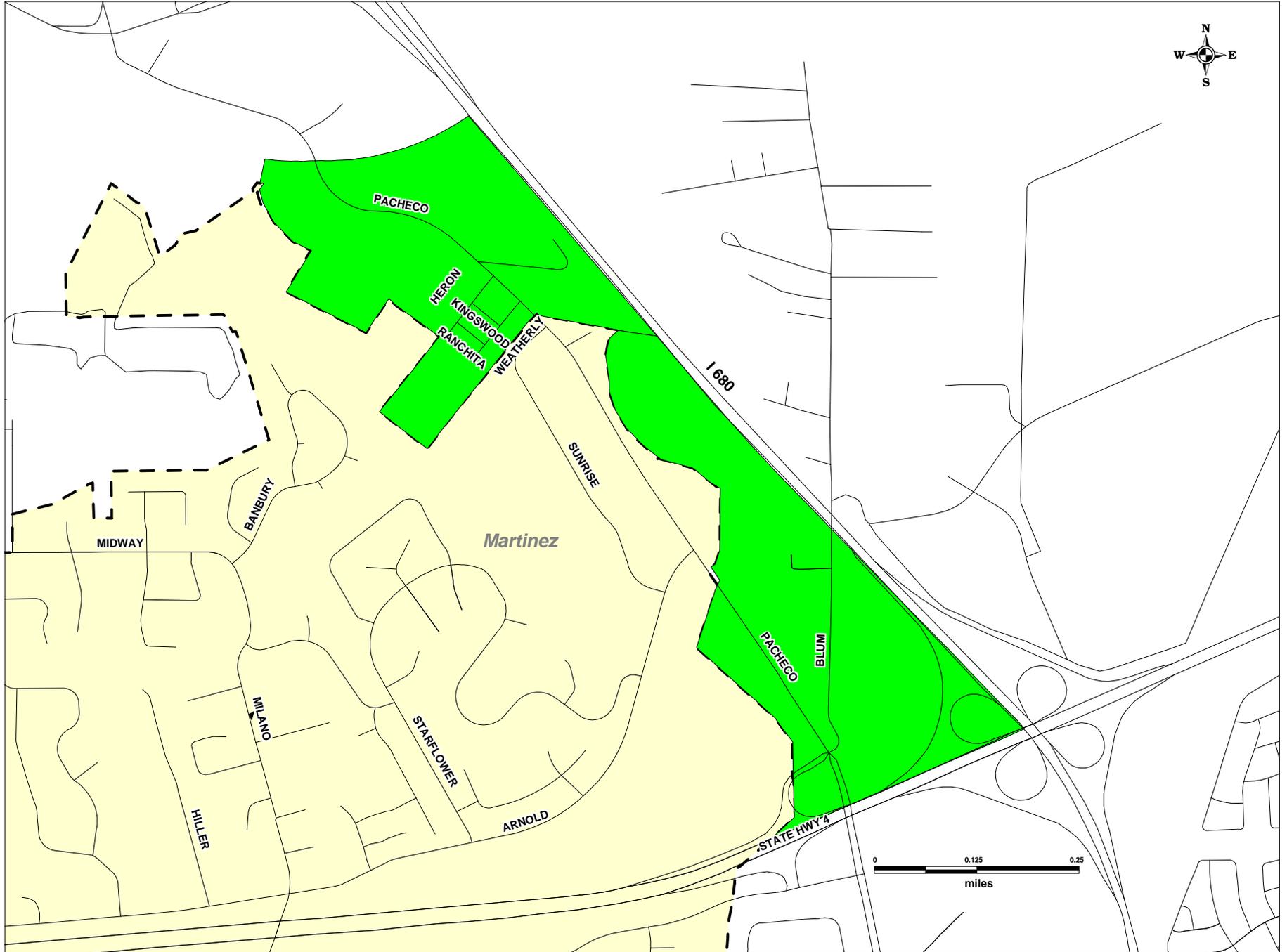
ECONOMIC & PLANNING SYSTEMS, INC.

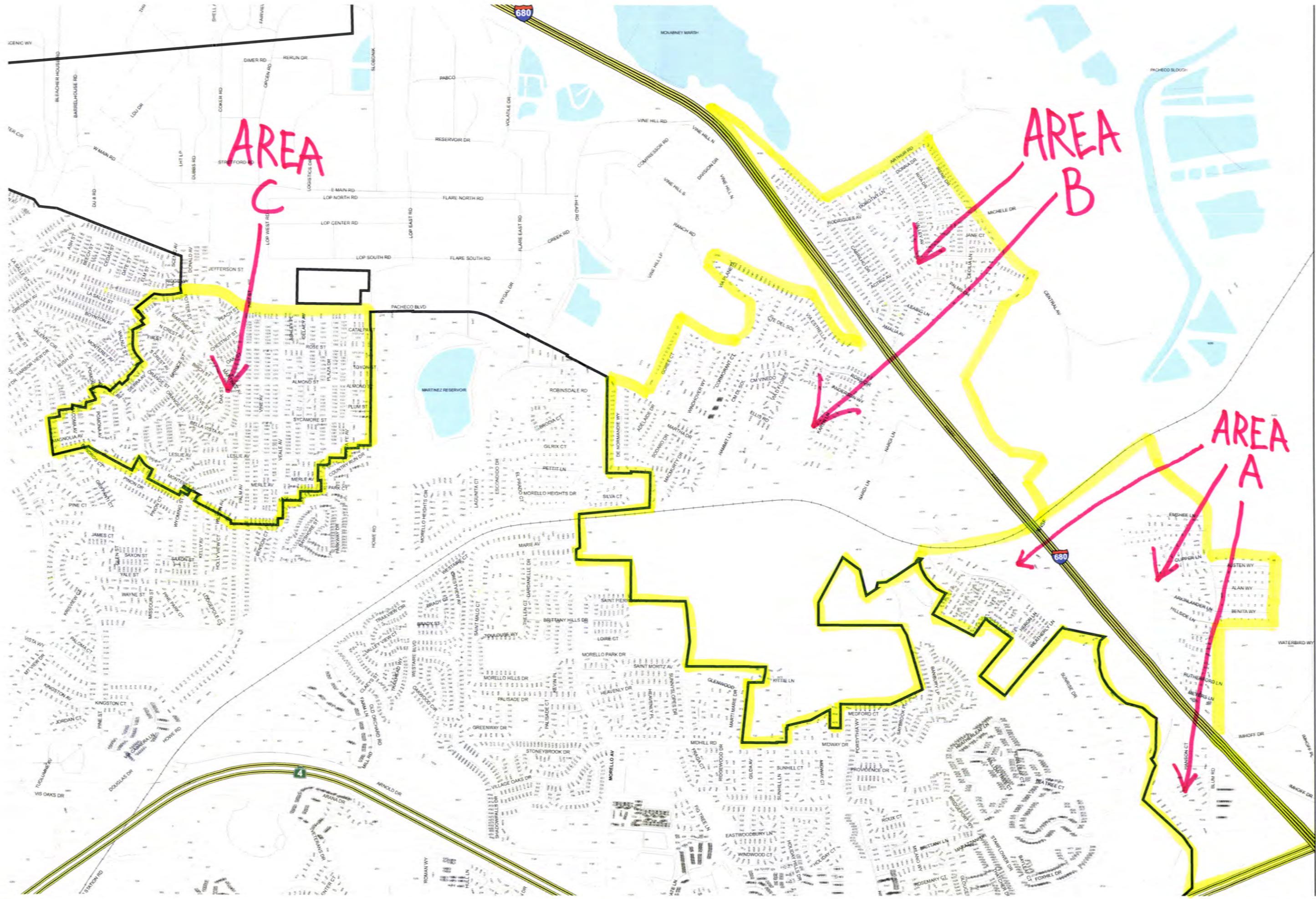


Richard Berkson  
Principal

**Figure 1:**  
**Proposed North Pacheco Annexation Area**

Original Boundary





AREA C

AREA B

AREA A