

*The Economics of Land Use*



## Draft Report

# ANNEXATION ANALYSIS OF ALHAMBRA VALLEY/STONEHURST AREA

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City of Martinez

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May 2009

EPS #19024

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# 1. INTRODUCTION

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This report presents a fiscal analysis of the potential annexation of the Alhambra Valley/Stonehurst area (annexation area) to the City of Martinez. Currently, the County of Contra Costa provides municipal services including sheriff protection, public works, and road maintenance to the area. The division of property taxes, and potentially sales taxes, from the area would be governed by a Tax Sharing Agreement to be negotiated between the City and the County. The City would also receive other revenues from the area to help in funding the municipal services that would transfer to City responsibility.

This analysis evaluates the potential annual fiscal impacts of the annexation on the City's General Fund budget. It compares the costs to provide services to the Alhambra Valley/Stonehurst area to the annual revenues that could be generated to the City. The impacts of capital facility and infrastructure funding are not included in this analysis. The methodology is summarized in this report, and detailed calculations and assumptions are further documented in **Appendix A**. All results are expressed in 2008 dollars.

The impacts of the potential annexation area are considered at two time periods: immediately after annexation and at buildout of vacant parcels. The time period until buildout will depend on future market conditions and City actions, such as revisions to the Alhambra Valley Specific Plan. The fiscal estimates in this analysis could change as a result of policy changes, actual service demands, and economic conditions. Given the magnitude of the potential annexation, the City will need to negotiate a tax sharing agreement with the County, which could include a sharing of sales tax; the current analysis assumes the distributions specified in the Master Property Tax Transfer Agreement for Allocation of Property Tax between the County of Contra Costa and City of Martinez.<sup>1</sup>

## Key Findings

### **1. *Following annexation, General Fund expenditures required to serve the Alhambra Valley/Stonehurst area will exceed the revenues generated from this area.***

Net revenues generated from the annexation area would not be sufficient to fund additional public services. The shortfall for the Alhambra Valley/Stonehurst area is \$147,000, as shown in **Table 1**. The Alhambra Valley/Stonehurst area includes a high number of road miles per population in low-density, semirural areas that will be expensive to maintain and will result in relatively high Public Works expenditures. In addition, the area has no commercial base and will not generate any sales tax to the City. The current County share of property tax is relatively low; therefore, the City's share will not be a significant contributor to fiscal viability.

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<sup>1</sup> Resolution 241-80 §99 (d).

**Table 1**  
**General Citywide Revenues and Expenditures at Annexation**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Alhambra Valley/Stonehurst				
	Area A	Area B	Area A & B Total	Area C	Total
<b>Revenues</b>					
Property Tax	\$61,736	\$8,697	\$70,433	\$20,995	\$91,428
Property Tax In Lieu of VLF	\$0	\$0	\$0	\$0	\$0
Sales and Use Tax	\$0	\$0	\$0	\$0	\$0
Motor Vehicle In-Lieu VLF (1)	\$20,084	\$8,825	\$28,909	\$18,258	\$47,167
Business Licenses	\$0	\$0	\$0	\$0	\$0
Franchise Fees	\$10,381	\$4,561	\$14,942	\$9,437	\$24,380
Document Transfer Tax	\$7,905	\$1,114	\$9,018	\$2,688	\$11,707
Highway User Taxes (Gas Taxes)	\$7,008	\$3,079	\$10,087	\$6,371	\$16,458
Prop 172 Proceeds	\$4,013	\$1,763	\$5,776	\$3,648	\$9,424
<b>Total Revenues</b>	<b>\$111,126</b>	<b>\$28,040</b>	<b>\$139,166</b>	<b>\$61,397</b>	<b>\$200,563</b>
<b>Expenditures</b>					
Public Works	\$188,553	\$63,007	\$251,560	\$95,641	\$347,201
Police (2)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$188,553</b>	<b>\$63,007</b>	<b>\$251,560</b>	<b>\$95,641</b>	<b>\$347,201</b>
<b>Net Impact</b>	<b>(\$77,427)</b>	<b>(\$34,967)</b>	<b>(\$112,394)</b>	<b>(\$34,244)</b>	<b>(\$146,638)</b>

(1) Assumes the citywide average of \$6.77 per capita with additional \$50 per capita for new annexation.

(2) No net police cost is assumed while Prop 172 proceeds will help offset the cost of existing services.

Sources: City of Martinez and Economic & Planning Systems, Inc.

**2. The fiscal shortfalls will decrease as new growth occurs in the annexation area, though General Fund expenditures will continue to exceed revenues at buildout.**

New revenues from future growth will reduce the funding gap after annexation. However, as the buildout for the annexation area occurs, the General Fund costs will still likely exceed the revenues generated from the annexation area. The fiscal shortfall at buildout is estimated at \$59,000 for the Alhambra Valley/Stonehurst area and is shown in **Table 2**.

**3. Potential annexation fiscal shortfalls would be reduced to the extent that the costs could be minimized or revenues increased.**

The City and County could negotiate a property tax sharing arrangement that differs from the distribution assumed in this report, which would increase the revenues estimated in this report. The City could also consider the potential to create an assessment to help fund service costs to the area.

The area currently generates approximately \$25,000 to \$35,000 in property taxes to County Service Area P-6 for sheriff protection. The analysis does not show the transfer of this revenue to the City; however, this issue is subject to decisions by the Local Area Formation Commission (LAFCO) and should be discussed as part of negotiations with the County regarding the sharing of property taxes from the area.

**4. Annexed properties will contribute towards repayment of City park bonds.**

Existing and new development in the annexed area would contribute towards repayment of recently issued park bonds. These payments could contribute \$70,000 to \$90,000<sup>2</sup> towards reducing the burden upon other City taxpayers and/or could help to reduce the total years required for repayment of the bonds.

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<sup>2</sup> Assumes \$34/\$100,000 assessed value.

**Table 2**  
**General Citywide Revenues and Expenditures at Buildout**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Alhambra Valley/Stonehurst				
	Area A	Area B	Area A & B Total	Area C	Total
<b>Revenues</b>					
Property Tax	\$102,424	\$10,440	\$112,864	\$24,479	\$137,343
Property Tax In Lieu of VLF	\$24,759	\$1,060	\$25,820	\$2,120	\$27,940
Sales and Use Tax	\$0	\$0	\$0	\$0	0
Motor Vehicle In-Lieu VLF (1)	\$20,084	\$8,825	\$28,909	\$18,258	\$47,167
Business Licenses	\$0	\$0	\$0	\$0	\$0
Franchise Fees	\$14,392	\$4,876	\$19,268	\$10,224	\$29,491
Document Transfer Tax	\$10,510	\$1,225	\$11,735	\$2,911	\$14,646
Highway User Taxes (Gas Taxes)	\$9,715	\$3,292	\$13,007	\$6,902	\$19,909
Prop 172 Proceeds	\$5,563	\$1,885	\$7,448	\$3,952	\$11,400
<b>Total Revenues</b>	<b>\$187,448</b>	<b>\$31,603</b>	<b>\$219,051</b>	<b>\$68,846</b>	<b>\$287,897</b>
<b>Expenditures</b>					
Public Works	\$188,553	\$63,007	\$251,560	\$95,641	\$347,201
Police (2)	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$188,553</b>	<b>\$63,007</b>	<b>\$251,560</b>	<b>\$95,641</b>	<b>\$347,201</b>
<b>Net Impact</b>	<b>(\$1,105)</b>	<b>(\$31,404)</b>	<b>(\$32,509)</b>	<b>(\$26,795)</b>	<b>(\$59,304)</b>

(1) Assumes the citywide average of \$6.77 per capita with additional \$50 per capita for new annexation.

(2) No net police cost is assumed while Prop 172 proceeds will help offset the cost of existing services.

Sources: City of Martinez and Economic & Planning Systems, Inc.

## 2. PROJECT DESCRIPTION

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The City of Martinez is located in Central Contra Costa County and is home to 36,000 residents. The City is surrounded by unincorporated areas, two of which—North Pacheco and Alhambra Valley/Stonehurst—are being considered for annexation to the City. Both areas proposed for the annexation are located within the City’s urban limit line and are currently served by Contra Costa County. This report pertains to the Alhambra Valley/Stonehurst area annexation. The analysis for the North Pacheco area is provided under separate cover.

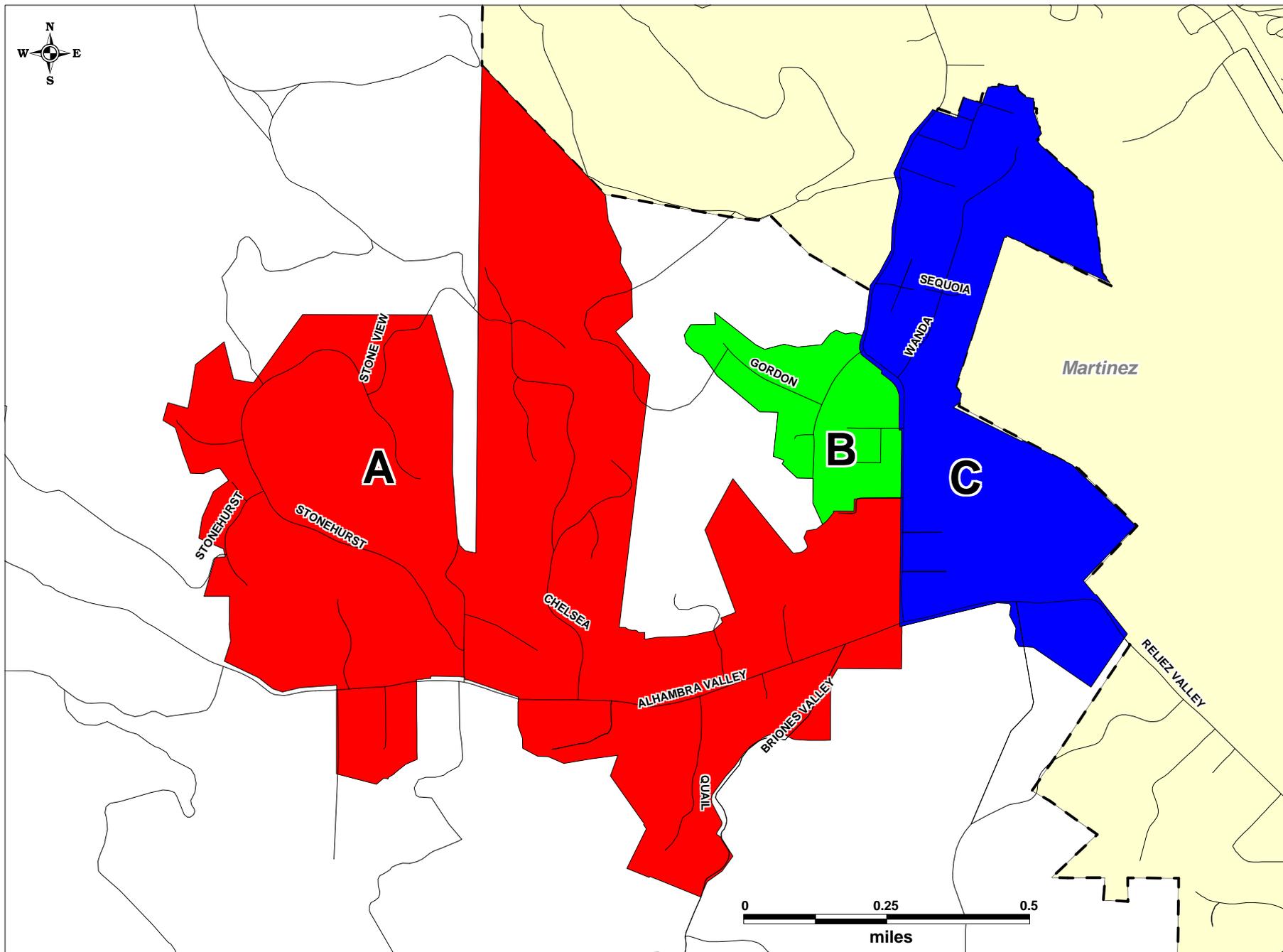
### **Alhambra Valley/Stonehurst**

The Alhambra Valley/Stonehurst area is located adjacent to the City’s southwest edge, as shown in **Figure 1**. It consists of lower-density residential uses with a rural character. It has a population of about 830 residents and assessed value of \$213 million, as summarized in **Table 3**.

Development in the Alhambra Valley is currently subject to the County’s approved Alhambra Valley Specific Plan adopted in 1992 that caps future development at 231 units. Between 1992 and 2007, 81 dwelling units were built, leaving 150 potential new units in the future. Based on project approvals in Area A, the “Buildout” forecast assume 51 new units built in Area A, in addition to new units in other subareas.

A portion of the residential communities in the annexation area are gated with roads and sidewalks privately maintained through homeowners’ association fees. The City has tabulated the streets and roads located within the Alhambra Valley/Stonehurst area that will be public and maintained by the City upon annexation.

Figure 1. Proposed Alhambra Valley/Stonehurst Annexation Area



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**Table 3**  
**Proposed Annexation Areas Description**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Alhambra Valley/Stonehurst					
Item	Area A	Area B	Area A & B Total	Area C	Total
<b>2009 Total</b>					
Residential Parcels					
Occupied	132	58	190	120	310
Vacant	14	4	18	8	26
Total	146	62	208	128	336
Commercial Parcels					
Occupied	0	0	0	0	0
Vacant	0	0	0	0	0
Total	0	0	0	0	0
Other Parcels					
Land	37	0	37	2	39
Unbuildable Vacant	1	4	5	2	7
Miscellaneous (1)	17	0	17	2	19
Total	55	4	59	6	65
Total Parcels	201	66	267	134	401
Population (2)	354	155	509	322	831
Assessed Value					
Residential (per unit)					
Occupied	\$579,992	\$364,742	na	\$330,724	\$443,229
Vacant	\$261,667	\$40,028	na	\$113,201	\$181,887
Commercial					
Occupied	na	na	na	na	na
Vacant	na	na	na	na	na
Total Assessed Value	\$143,723,260	\$20,247,935	\$163,971,195	\$48,877,027	\$212,848,223
<b>Buildout Total (3)</b>					
Residential Parcels					
Occupied	183	62	245	130	375
Vacant	0	0	0	0	0
Total	183	62	245	130	375
Commercial Parcels					
Occupied	0	0	0	0	0
Vacant	0	0	0	0	0
Total	0	0	0	0	0
Other Parcels					
Land	0	0	0	0	0
Unbuildable Vacant	1	4	5	2	7
Miscellaneous (1)	17	0	17	2	19
Total	18	4	22	4	26
Total Parcels	201	66	267	134	401
Population (2)	490	166	657	348	1,005
Total Occupied Assessed Value (4)	\$194,748,044	\$22,436,386	\$217,184,430	\$53,837,894	\$271,022,324
(less) Value Lost to New Development (5)	(\$3,663,339)	(\$160,112)	(\$3,823,452)	(\$905,607)	(\$4,729,059)
New Assessed Value	\$191,084,704	\$22,276,274	\$213,360,978	\$52,932,287	\$266,293,266

Note: Area A includes 51 additional parcels listed as land in 2009 with all assumed to be developed by residential uses by buildout.  
 Development potential based on approved projects.

- (1) Include public, nonprofit and other miscellaneous uses.
- (2) An unincorporated county population average of 2.68 is assumed.
- (3) Assumes that all vacant parcels and developable land will be developed.
- (4) Market value of new residential units are assumed to be approximately \$1 million for area A and 50% above current average assessed value for the other areas; other uses are assumed to maintain the existing assessed values.
- (5) Reflects the assessed value of currently vacant parcels assumed to be developed and occupied by buildout.

Sources: City of Martinez, GIS, and Economic & Planning Systems, Inc.

### 3. REVENUES

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This chapter summarizes key revenues that will be generated as annexation occurs. Revenues at annexation and buildout are shown in **Table 1**, with the City's budget summary and estimating factors shown in **Table A-1**. Additional details regarding assumptions and calculations are included in **Appendix A**.

#### Property Tax

Property tax based on 1.0 percent of assessed value is currently collected by Contra Costa County. The City of Martinez will share in a portion of the County's tax share based on a Property Tax Transfer Agreement to be negotiated between Contra Costa County and the City; the analysis assumes the distributions specified in the Master Property Tax Transfer Agreement for Allocation of Property Tax between the County of Contra Costa and City of Martinez,<sup>3</sup> whereby the City would receive 22.85 percent of the County's current property tax base from the area.

In addition, the City is assumed to share 45.69 percent of the County's 19 percent tax share from future assessed value growth, resulting in a City share of approximately 9 percent from future growth. This allocation of base tax and increment translates into the City's overall tax capture of about 5.2 percent of total property tax at buildout. The property tax calculations are demonstrated in **Tables A-2** and **A-3**. New residential values are assumed to range between \$500,000 and \$1,000,000 per unit, with the higher values in Area A.

Property taxes and assessed values are based on 2008-09, which generally increased slightly by comparison to the prior year. It is likely that the 2009-10 property tax revenues will decline relative to the assumptions in the current analysis.

#### Property Tax In-Lieu of Vehicle License Fees

Recent changes in the State budget converted a significant portion of Motor Vehicle License Fee (VLF) subventions, previously distributed by the State based on a per-capita formula, into property tax distributions. These distributions increase over time based on assessed value growth, though the increase in assessed value in the initial year of annexation would not be reflected in the citywide assessed value formula. Although the City's Property Tax In-Lieu of VLF does not increase because of the initial bump in assessed value, State Law does provide an allocation of VLF based on the population of the annexed areas. The City will receive \$50 per capita based on an allocation determined by State legislation (AB 1602). The annual amount will change depending on the growth in Statewide VLF and population.

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<sup>3</sup> Resolution 241-80 §99 (d).

In future years, increased values in the annexation area will contribute to growth in citywide assessed value; this growth will result in additional property tax in-lieu of VLF to the City, as shown in **Table A-3**.

VLF proceeds<sup>4</sup> will also be generated as a result of the population added by the annexation. The initial amount allocated to the City is based on a per-capita amount of \$6.77 per resident.

## **Sales Tax**

Given the lack of commercial space and established nature of existing retail patterns, the annexation will not result in new sales tax revenues. As a result, no sales tax proceeds are assumed to be generated from the Alhambra Valley/Stonehurst area (see **Table A-4**). Sales tax revenues are likely to increase slightly from new population growth as the area builds out over time, though this impact is not considered in this analysis.

## **Business License Tax**

Business license tax is a general tax on businesses within a local jurisdiction. The Alhambra Valley/Stonehurst area is estimated to result in no new business license tax to the City given a lack of commercial space in the area.

## **Franchise and Other Fees**

Annexation of the Alhambra Valley/Stonehurst area will result in additional revenue to the City through franchise fees and license, permit, and other fees, as well as fines and forfeitures. A service population approach is used to estimate these revenues.

## **Document Transfer Tax**

Martinez receives a document transfer tax of \$0.55 per \$1,000 of transferred value upon sale of a property. The analysis estimates the tax based on the existing assessed values upon annexation and projected assessed values at buildout. The City will receive the tax upon sale of the newly developed units, as well as the resale of built space. The resale of built space is assumed to occur every ten years, on average, or about 10 percent annually.

## **Other Revenues**

Services funded by fees and/or provided by other agencies will continue after annexation. Central Contra Costa Sanitary District and the County Sanitation District #6 will continue wastewater service to the Alhambra Valley/Stonehurst area. These services, or future changes to service, are assumed to have no impact on the City's General Fund.

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<sup>4</sup> Called Motor Vehicle in Lieu of VLF in the City's budget.

The analysis does not assume revenues from Countywide districts, including the County Service Area P-6 (sheriff protection) and County Service Area L-100 (lighting). However, the City could explore the transfer of assessments and parcel taxes to the City. Currently, assessment revenue is estimated at less than \$1,000 annually from CSA L-100, as it applies to a minimal number of parcels.

The transfer of property tax from CSA P-6 should be discussed further with LAFCO and with the County as part of property tax transfer negotiations. This could increase the City's property tax by about \$25,000 to \$35,000 annually.

## 4. EXPENDITURES

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This chapter summarizes the key public costs for services that will be required as annexation occurs. This analysis applies the “case study” approach and is based on interviews with the City’s departments. The costs are shown in **Table 1**.

Currently, municipal services are provided by Contra Costa County. Following the annexation, municipal services, such as police, community development, and public works, will be provided by Martinez. In some cases, the City services will replace the current assessments, such as L-100 lighting and landscape district, which covers a portion of the area. Other services, such as County Health and Human Services, will continue to be provided by the County. Other agencies will also continue to provide services, including wastewater service provided by special districts.

### **General Government**

The City’s General Government includes City Council, City Clerk, City Treasurer, City Manager, City Attorney, and Economic Development. The potential annexation is assumed to have no significant impact on the General Government costs.

### **Administrative Services**

The Administrative Services Department consists of Administration, Finance, Personnel, and Information Systems and is charged with the overall administration of the City’s programs. The potential annexation is assumed to have no impact on the Administrative Services Department costs.

### **Public Works**

The Public Works Department is responsible for the City's maintenance, fleet management, water system treatment, and parking meter collection functions. Maintenance of roadways will include routine maintenance, striping and signs, storm drain, nuisance abatement and street sweeping, as well as resurfacing and reconstruction that will be necessary as roads age.

It is assumed that annual costs based on the square feet of road surface in the annexation area will be incurred by the City. These costs are based on the optimum target level of maintenance which currently may not be consistently achieved by the City.

A portion of the public works cost estimates associated with pothole repair is excluded from the analysis as these costs are assumed to be covered by pavement and road maintenance costs. In addition, a portion of the road maintenance expenditure is assumed to be offset by Highway User taxes (Gas Taxes), as shown in **Table A-5**. Overhead and administration costs are not included in the cost estimates.

## **Police Services**

Upon annexation, police service responsibility would be transferred from the County Sheriff's Office to the City's Police Department. Given the minimal number of calls from the Alhambra Valley/Stonehurst area, the current level of City staffing is substantial to handle additional calls from the area associated with the annexation.

The annexation will also result in new Prop 172 proceeds to the City, a statewide sales tax dedicated to public safety. Police service costs are shown in **Table A-6**. No significant increases in service demands are projected; therefore, it is anticipated that service requirements can be met by the existing police department capacity, according to the City's police department.

## **Community and Economic Development**

The Community and Economic Development Department is responsible for managing the City's Planning, Engineering, and Community Services/Recreation functions. The costs associated with Community Development are assumed to have no impact on the General Fund as the majority of expenditures will be offset by fees.

## **Other Services**

### **Fire Protection**

Fire prevention and emergency services are provided by the Contra Costa County Fire Protection District (CCCFPD) to the potential annexation area and the City of Martinez. Fire services are not affected by the annexation.

### **Water**

The City will continue its water provision to the Alhambra Valley/Stonehurst area. This service is funded by a special tax and is assumed to have no impact on the City.

### **Wastewater**

Wastewater service will continue to be provided by several special districts. Central Contra Costa Sanitary District and the County Sanitation District No. 6 will continue wastewater service to the Alhambra Valley/Stonehurst area. These services are assumed to have no impact on the City's General Fund.

LAFCO will consider transferring responsibility from the County to the City for wastewater services currently provided by County Sanitation District No. 6. The District is fully funded by assessments paid by property owners. The Municipal Services Review prepared for the area<sup>5</sup>

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<sup>5</sup> Water and Wastewater Services Municipal Services Review for Central Contra Costa County, Contra Costa LAFCO, April 9, 2008

indicated, however, that the District had not established adequate reserves for operations or for capital replacement. If the City assumes responsibility for these areas, it may need to establish a rate structure to assure sufficient reserves.

APPENDIX A:  
FISCAL IMPACTS



**Table A-1  
Budget Summary and Estimating Factors  
Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	FY2008-09 Budget	Allocation Factor
<b>General Fund Revenues</b>		
Property Tax	\$7,169,946	Tables A-2 and A-3
Property Tax In Lieu of VLF	\$2,522,970	Table A-3
Sales and Use Tax	\$3,829,699	Table A-4
Motor Vehicle In-Lieu VLF	\$244,800	\$6.77 per capita (1)
Transient Occupancy Tax	\$275,706	- not impacted
Business Licenses	\$520,200	\$22.83 per employee
Franchise Fees	\$1,395,000	\$29.34 per service population
Document Transfer Tax	\$286,761	\$0.55 of \$1,000 in value
Water System In-Lieu Tax	<u>\$391,492</u>	- not impacted
Subtotal	\$16,391,774	
License, Permit, and Fees	\$684,000	\$14.39 per service population
Fines and Forfeits	\$303,000	\$6.37 per service population
Intergovernmental	\$553,350	- not impacted
Charges for Service	\$746,500	- not impacted
Use of Money and Property	\$396,000	- not impacted
Other Revenue (2)	<u>\$162,300</u>	- not impacted
Subtotal	\$2,845,150	
<b>Total Revenues</b>	<b>\$19,236,924</b>	
<b>General Fund Expenditures</b>		
General Government (3)	\$1,108,835	- not impacted
Administrative Services	\$822,509	- not impacted
Public Works	\$3,927,141	case study
Police	\$10,307,758	\$126,435 per sworn officer
Community Development (4)	\$2,956,508	- not impacted
Non-Departmental (5)	<u>\$1,261,099</u>	- not impacted
<b>Total Expenditures</b>	<b>\$20,383,850</b>	
<b>Net</b>	<b>(\$1,146,926)</b>	
<b>Other Sources of Funds</b>		
Highway User Taxes	\$724,500	Table A-5
Prop 172 Proceeds	<u>\$410,000</u>	Table A-6
Subtotal	<b>\$1,134,500</b>	

Note: excludes operating and capital transfers.

(1) City would receive additional \$50 per capita based on AB1602.

(2) Includes water system admin fee, solid waste, maps and publications, interest payment on loan, miscellaneous revenue, refunds, and rebates, workers comp/liability rebate, restitution, damage and recoveries, and donations and contributions.

(3) Includes City Council, City Clerk, City Treasurer, City Manager, City Attorney, and Economic Development.

(4) The Economic Development portion of the department's budget is included under the General Government costs.

(5) Includes General Services, Franchise, Contingencies, and Retiree Benefits.

Sources: City of Martinez and Economic & Planning Systems, Inc.

**Table A-2**  
**Property Tax and Property Tax In Lieu of VLF Calculation**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Assumption/Factor	Alhambra Valley/Stonehurst				Total
		Area A	Area B	Area A & B Total	Area C	
<b>Baseline Property Tax Revenue</b>						
Base Assessed Value (current value)		\$143,723,260	\$20,247,935	\$163,971,195	\$48,877,027	<b>\$212,848,223</b>
Property Tax	1.0% of base assessed value	\$1,437,233	\$202,479	\$1,639,712	\$488,770	<b>\$2,128,482</b>
Existing County Tax (1)		\$270,238	\$38,071	\$308,309	\$91,902	<b>\$400,211</b>
City Share (2)	22.85% of the existing County tax	\$61,736	\$8,697	\$70,433	\$20,995	<b>\$91,428</b>
<b>New Property Tax to the City</b>		<b>\$61,736</b>	<b>\$8,697</b>	<b>\$70,433</b>	<b>\$20,995</b>	<b>\$91,428</b>

(1) Based on the proposed areas' share of the total AV for each TRA; Area A and Area B consist of two separate TRAs; post ERAF.

(2) Based on the Master Property Tax Transfer Agreement for Allocation of Property Tax between Contra Costa County and the City of Martinez.

Sources: City of Martinez; Contra Costa County Auditor's Office; and Economic & Planning Systems, Inc.

**Table A-3**  
**Property Tax and Property Tax In Lieu of VLF Calculation**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Assumption/Factor	Alhambra Valley/Stonehurst				
		Area A	Area B	Area A & B Total	Area C	Total
<b>Baseline Property Tax Revenue</b>						
Base Assessed Value (current value)		\$143,723,260	\$20,247,935	\$163,971,195	\$48,877,027	\$212,848,223
Property Tax	1.0% of base assessed value	\$1,437,233	\$202,479	\$1,639,712	\$488,770	\$2,128,482
Existing County Tax (1)		\$270,238	\$38,071	\$308,309	\$91,902	\$400,211
City Share (2)	22.85% of the existing County share	\$61,736	\$8,697	\$70,433	\$20,995	\$91,428
<b>Tax Increment Property Tax Revenue (1)</b>						
Assessed Value Gross Increment (at buildout)		\$47,361,444	\$2,028,338	\$49,389,783	\$4,055,260	\$53,445,043
Property Tax	1.0% of AV increment	\$473,614	\$20,283	\$493,898	\$40,553	\$534,450
County Tax Share (1)		18.8%	18.8%	18.8%	18.8%	
City TAF (2)	45.69% of the County tax share	\$40,689	\$1,743	\$42,431	\$3,484	\$45,915
<b>Net New Property Tax to the City</b>		<b>\$102,424</b>	<b>\$10,440</b>	<b>\$112,864</b>	<b>\$24,479</b>	<b>\$137,343</b>
<b>Property Tax In Lieu of VLF</b>						
Existing Property Tax in Lieu of VLF		\$2,522,970	\$2,522,970	\$5,045,940	\$2,522,970	\$2,522,970
Citywide Assessed Value (3)		\$4,826,097,584	\$4,826,097,584	\$9,652,195,168	\$4,826,097,584	\$4,826,097,584
% Increase in Assessed Value		0.98%	0.04%		0.08%	1.11%
<b>Net New Property Tax In Lieu of VLF</b>		<b>\$24,759</b>	<b>\$1,060</b>	<b>\$25,820</b>	<b>\$2,120</b>	<b>\$27,940</b>

(1) Based on the proposed areas' share of the total AV for each TRA; Area A and Area B consist of two separate TRAs; post ERAF.

(2) Based on the Master Property Tax Transfer Agreement for Allocation of Property Tax between Contra Costa County and the City of Martinez.

(3) FY 2008-09 total tax rate base and the base assessed value of the proposed annexation areas combined.

Sources: City of Martinez; Contra Costa County Auditor's Office; and Economic & Planning Systems, Inc.

**Table A-4**  
**Sales Tax Calculations**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

<b>Alhambra Valley/Stonehurst</b>					
<b>Item</b>	Area A	Area B	<i>Area A &amp; B Total</i>	Area C	<b>Total</b>
<b>2009 Total</b>					
Existing Commercial Space (sq.ft.)	0	0	<i>0</i>	0	<b>0</b>
Taxable Sales	\$0	\$0	<i>\$0</i>	\$0	<b>\$0</b>
Sales Tax to the City	\$0	\$0	<i>\$0</i>	\$0	<b>\$0</b>
<b>Buildout Total</b>					
Commercial Space (sq.ft.)	0	0	<i>0</i>	0	<b>0</b>
Taxable Sales	\$0	\$0	<i>\$0</i>	\$0	<b>\$0</b>
Sales Tax to the City	\$0	\$0	<i>\$0</i>	\$0	<b>\$0</b>

Sources: City of Martinez, Contra Costa County, GIS, and Economic & Planning Systems, Inc.

**Table A-5  
Public Works Annual Cost Estimate  
Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Expenses	Alhambra Valley/Stonehurst				
	Area A	Area B	Area A & B Total	Area C	Total
<b>2009 Total</b>					
Pavement	\$106,680	\$36,432	\$143,112	\$57,456	\$200,568
Annual Stripings/Signs	\$48,600	\$14,920	\$63,520	\$21,720	\$85,240
Road Maintenance	\$8,150	\$2,530	\$10,680	\$4,315	\$14,995
Storm Drain	\$6,200	\$3,250	\$9,450	\$3,800	\$13,250
Nuisance Abatement	\$10,400	\$3,000	\$13,400	\$4,100	\$17,500
Street Sweeping	\$8,523	\$2,875	\$11,398	\$4,250	\$15,648
<b>Total Public Works Expenditure</b>	\$188,553	\$63,007	\$251,560	\$95,641	\$347,201
<b>Revenues</b>					
Highway User Taxes (Gas Taxes) (1)	(7,008)	(3,079)	(10,087)	(6,371)	(16,458)
<b>Buildout Total</b>					
Total Public Works Expenditure (2)	\$188,553	\$63,007	\$251,560	\$95,641	\$347,201
<b>Revenues</b>					
Highway User Taxes (Gas Taxes) (1)	(9,715)	(3,292)	(13,007)	(6,902)	(19,909)

(1) Includes Highway User Tax 2105, 2106, and 2107 proceeds based on the City's FY2008-09 budget per capita estimate of \$19.81

(2) Assumed to be unchanged from the annexation period.

Sources: City of Martinez, and Economic & Planning Systems, Inc.

**Table A-6**  
**Police Department Service and Cost Estimate**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Citywide Total	Alhambra Valley/Stonehurst				Total
		Area A	Area B	Area A & B Total	Area C	
Sworn Officers	39					
Cost per Sworn Officer (1)	\$126,435					
Officers per 1,000 Population	1.1					
<b>2009 Total</b>						
Population		354	155	509	322	831
Project-Related Officer Increase (2)		0.00	0.00	0.00	0.00	0.00
Total Project Cost		\$0	\$0	\$0	\$0	\$0
<b>Revenues</b>						
Prop 172 Proceeds (3)	\$410,000	(\$4,013)	(\$1,763)	(\$5,776)	(\$3,648)	(\$9,424)
<b>Buildout Total</b>						
Population		490	166	657	348	1005
Project-Related Officer Increase (2)		0.00	0.00	0.00	0.00	0.00
Total Project Cost		\$0	\$0	\$0	\$0	\$0
Prop 172 Proceeds (3)	\$410,000	(\$5,563)	(\$1,885)	(\$7,448)	(\$3,952)	(\$11,400)

(1) Provided by the Martinez Police Department.

(2) Based on the interview with the City's Police Department; based on the 2008 calls for service data, no staffing increased would be required as the result of the Alhambra Valley/Stonehurst area annexation.

(3) Based on the citywide per capita distribution in FY2008-09 budget.

Sources: City of Martinez Budget and Economic & Planning Systems, Inc.

**Table A-7**  
**Citywide 2008 General Assumptions and Data**  
**Alhambra Valley/Stonehurst Annexation Study; EPS #19024**

Item	Amount	Sources
Housing Units	14,953	DOF
Occupied Households	14,649	DOF
Population	36,144	DOF
Persons/Household	2.4	DOF
Jobs (1)	22,789	ABAG 2007
Service Population (2)	47,538	DOF/ABAG 2007

(1) Estimates 2008 employment based on the annual growth rate of 1.5% between 2005 to 2010.

(2) Calculated by adding total residential population and half of total employment. It represents a measure of public service demand in which employees are given one-half the weight of residents because of more limited service requirements.

Sources: Department of Finance (2008), ABAG *Projections 2007*, and Economic & Planning Systems, Inc.