



## **PUBLIC REVIEW MEMORANDUM**

**Date:** October 21, 2014

**Re:** Roseland Annexation Fiscal Impact Analysis, Summary of Findings for First Year Revenues

This memo summarizes PMC's projections for additional revenues that would be collected by the City due to annexations of the five county islands in the first year after annexation. The five islands included in this memo are:

- Roseland
- West Third Street
- Brittain Lane
- West Hearn Avenue
- Victoria Drive

This memo presents our analysis of the following revenue sources:

- Sales Tax, including local Measures "O" and "P", and Proposition 172 Sales Tax
- Property Transfer Tax (documentary transfer tax)
- Property Tax, including former redevelopment area pass-through and residual payments
- Motor Vehicle in-lieu Fee (MVLFF)
- Gas Tax
- Utility User Tax
- Franchise Fees
- Business Tax
- Alcohol Sales Permit Fee
- Fines and Forfeitures
- Community Development Fees

### **Baseline Data and Assumptions**

Several of the taxes and fees are based on current figures for population and/or employees of the City of Santa Rosa and each of the annexation islands. They are shown in the following table along with the source of the data.

**Table 1 – 2014 City and Island Populations, Employees and Data Sources**

	Population	Employees	Source
City of Santa Rosa	170,236	74,555	California Department of Finance, 1/1/2014, ESRI Business Analyst Online, Tapestry Report, 2014 for employees
Roseland	6,594	1,445	ESRI Business Analyst Online, Tapestry Report, 2014
West Third Street	183	111	
Brittain Lane	70	90	
West Hearn Avenue	152	156	
Victoria Drive	204	53	
Total Annexations	7,203	1,855	

Table 2 is a summary of PMC's tax or fee projections for the five annexation islands. In the sections that follow, the tax and fee projections methodologies are explained. Table 2 shows a conservative estimate as there are conditions that could affect the revenue. For example, property tax receipts in the annexation area are subject to decisions by other agencies, while using another example, in-lieu motor vehicle fees from annexation of an existing inhabited area are zero because of a recent veto of a bill by the Governor.

**Table 2 – Annexation Islands Overall Revenue Projection Summary**

	Roseland	West Third	Brittain Lane	West Hearn	Victoria Drive	Total
Sales Tax <sup>1</sup>	\$806,210	\$16,149	\$38,956	\$3,996	\$24,140	\$889,449
Proposition 172 Sales Tax	\$39,390	\$1,093	\$418	\$908	\$1,219	\$43,028
Documentary Transfer Tax	\$65,117	\$2,792	\$644	\$1,767	\$1,661	\$71,981
Property Tax <sup>2</sup>	\$513,281	\$35,093	\$8,090	\$24,116	\$10,084	\$590,664
MVLF <sup>3</sup>	\$0	\$0	\$0	\$0	\$0	\$0
Community Development Fees	\$101,679	\$2,822	\$1,079	\$2,344	\$3,146	\$111,070
Utility User Tax	\$340,071	\$11,085	\$5,345	\$10,690	\$10,714	\$377,906
Franchise Fees	\$263,979	\$8,605	\$4,149	\$8,298	\$8,316	\$293,348
Business Tax	\$93,051	\$10,400	\$6,568	\$3,284	\$1,916	\$115,219
Alcohol Sales Permit Fee	\$4,905	\$491	\$491	\$0	\$0	\$5,887
Fines and Forfeitures	\$65,083	\$1,806	\$691	\$1,500	\$2,013	\$71,094
Gas Tax-O&M <sup>4</sup>	\$73,867	\$2,050	\$784	\$1,703	\$2,285	\$80,689
Gas Tax-Capital <sup>4</sup>	\$132,152	\$3,668	\$1,403	\$3,046	\$4,088	\$144,357
<b>Total</b>	<b>\$2,498,784</b>	<b>\$96,054</b>	<b>\$68,619</b>	<b>\$61,652</b>	<b>\$69,582</b>	<b>\$2,794,692</b>

<sup>1</sup> Includes Measures O and P, and unallocated sales tax.

<sup>2</sup> Includes pass-through payments for the former Roseland redevelopment area and frozen base property tax for the Roseland and Southwest RDAs.

<sup>3</sup> Legislation was vetoed by the Governor in the latest legislative session to increase MVLF revenue to cities from annexations of existing inhabited areas.

<sup>4</sup> Gas tax revenues are allocated into separate funds according to whether they are budgeted for capital road improvements or maintenance activities. The ratio of capital to O&M expenditures is approximately 64/36.

## METHODS AND REVENUE ESTIMATES

### Sales Tax

Current sales taxes for Roseland and the four islands in total are supplied by the City Finance Department through its consulting firm MuniServices. The amount provided is the gross 1% of taxable sales currently going to the County. With annexation, the 1% gross tax revenue amount would transfer to the City of Santa Rosa. While sales tax revenue for Roseland was provided separately from the other islands, the revenue for the other four islands was provided by the City in a combined amount. To allocate the revenue among the four islands, the sales tax revenue was allocated based on the proportion of number of retail sales employees for each island as indicated by ESRI Tapestry reports.

In addition to the gross 1% rate, the City of Santa Rosa has additional local sales tax measures, Measures O and P, which are both at a 0.25% rate. The additional sales taxes from Measure O and P are estimated by taking a quarter of the 1% sales tax revenues and applying the same allocation method to the islands.

### Unallocated Sales Taxes

According to the California State Board of Equalization publication *Taxable Sales In California (Sales & Use Tax) 2012 Annual*, approximately 10% of sales taxes collected are not allocated to a specific jurisdiction because certain businesses (such as construction companies) are allowed to report taxes in a countywide pool so the business does not have to report for each jurisdiction. These taxes are distributed based on the same percentage of the allocated sales taxes above. The estimated unallocated sales taxes are 10% of the 1% tax or approximately \$50,400 for Roseland and \$5,200 for the islands.

Table 3 shows the total sales tax revenue for the annexation area.

**Table 3 – Sales Tax Projection**

	Rate	Roseland	West Third	Brittain Lane	West Hearn	Victoria	Total
Sales Tax <sup>1</sup> @	1%	\$503,881	\$10,093	\$24,347	\$2,497	\$15,087	\$555,905
Measure O @	0.25%	\$125,970	\$2,523	\$6,087	\$624	\$3,772	\$138,976
Measure P @	0.25%	<u>\$125,970</u>	<u>\$2,523</u>	<u>\$6,087</u>	<u>\$624</u>	<u>\$3,772</u>	<u>\$138,976</u>
Subtotal		\$755,822	\$15,140	\$36,521	\$3,746	\$22,631	\$833,860
Unallocated	10.0% of 1%	\$50,388	\$1,009	\$2,435	\$250	\$1,509	\$55,591
<b>Total Retail Sales Taxes</b>		<b>\$806,210</b>	<b>\$16,149</b>	<b>\$38,956</b>	<b>\$3,996</b>	<b>\$24,140</b>	<b>\$889,449</b>

Totals do not match due to rounding.

<sup>1</sup>Sales tax revenues from City Finance Department through its consulting firm MuniServices. As revenues were provided as a whole for the four smaller islands, PMC allocated revenue to each island based on the number of retail employees employed in each island from the ESRI Tapestry Report, 2014.

### Proposition 172 Sales Tax

Prop 172 sales taxes for public safety are allocated on a per capita basis by the County. Based on FY 2013-14 actual year-end revenues from the City of Santa Rosa, the City received \$1,016,922 in Prop 172 revenues. Using the City's estimated population of 170,236, the City collected about \$5.97 per capita. The same per capita factor is applied to the annexation islands population for the estimate of the revenue.

**Table 4 – Prop 172 Sales Tax Projections**

	Roseland	West 3rd	Brittain Lane	West Hearn	Victoria	Total
Per Capita Amount <sup>1</sup>	\$5.97	\$5.97	\$5.97	\$5.97	\$5.97	
Population	6,594	183	70	152	204	
Total	\$39,390	\$1,093	\$418	\$908	\$1,219	\$43,028

<sup>1</sup> Based on FY 2013-14 actual year-end revenues from the City of Santa Rosa, and using the City's estimated 2014 population from State Department of Finance.

### Documentary Transfer Tax

Documentary (or property) transfer tax (DTT) is paid when property is sold or transferred. The base rate is \$1.10 per \$1,000 of value of the property when sold. This amount is usually split 50/50 between the County and the City, regardless of whether the property is in an incorporated or unincorporated area. However, charter cities, such as Santa Rosa, can set higher rates. The City of Santa Rosa collects \$2.00 per \$1,000 of value of the property when sold (the \$1.10 per \$1,000 goes entirely to the County). In Table 5, the projected DTT revenue from each island is estimated by assuming the same average ratio of DTT revenue collected relative to the total assessed value (TAV) for the City of Santa Rosa. The average percentage of DTT to TAV for the City of Santa Rosa over the 20-year period from 1991 to 2012 is shown in Table 5.

**Table 5 – Documentary Transfer Tax Projection**

	Total Assessed Value <sup>1</sup>	Average Percentage of DTT to AV <sup>2</sup>	Estimated Documentary Transfer Tax Revenue
Roseland	\$310,079,802	0.0210%	\$65,117
West Third	\$13,295,838	0.0210%	\$2,792
Brittain Lane	\$3,065,413	0.0210%	\$644
West Hearn	\$8,416,492	0.0210%	\$1,767
Victoria	\$7,909,159	0.0210%	\$1,661
<b>Total</b>			<b>\$71,981</b>

<sup>1</sup> Assessed value for Roseland from County Assessor's 2013-14 data, includes homeowner exemptions. AV of the four smaller islands are 2013-14 totals provided by City of Santa Rosa GIS.

<sup>2</sup> "Other Locally Adopted Revenues—Property Transfer/Documentary Tax Revenues," The California Local Government Finance Almanac (website)

## Property Tax

After sales taxes, property taxes are typically the next largest revenue source for most cities and counties. For the City of Santa Rosa, property taxes comprise over 15% of General Fund revenues.

The property taxes received by the City of Santa Rosa are determined by several factors including the assessed valuation of property in the city (the value of land, buildings, and unsecured property as determined by the County Assessor); the City's share of the fixed 1% tax; the homeowners' exemption; and any reductions due to redevelopment project area payments.

The City comprises dozens of tax rate areas (TRA), each with a unique set of taxing agencies (such as school districts, fire protection districts, and the City and the County) that each take a share of the 1% property tax. The City's share of the 1% varies between TRAs depending on the proportionate share of the property taxes going to the taxing agencies in 1979 when the basic tax rate allocations were established following the passage of Proposition 13.

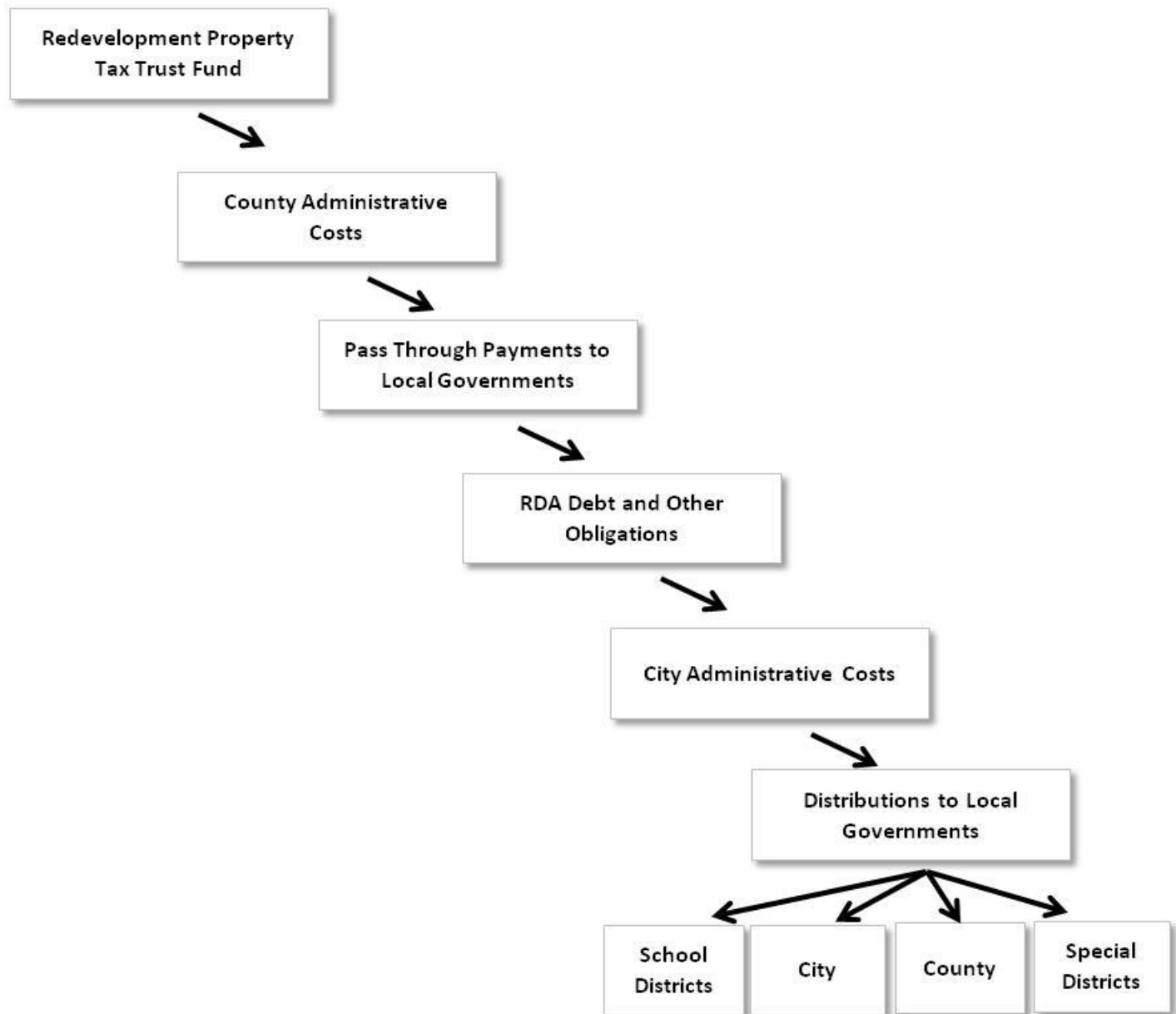
The property tax revenue estimate for the City upon annexation of the Roseland Island is complicated by two former redevelopment areas that were created in the area. The Roseland project area was established by the County of Sonoma in 1984, while the City established the Southwest project area in 2000. Both project areas contain incorporated and unincorporated land. The tax revenue increment is deposited into the Redevelopment Property Tax Trust Fund (RPTTF) established for each redevelopment area to redistribute the tax revenue under specified formulas. The county auditor-controller administers the RPTTF.

In the former redevelopment project area, the City receives three categories of property tax:

- The pre-redevelopment property tax calculated on the frozen base assessed valuation. This amount is fixed through time.
- The pass-through payment portion of the gross tax revenue increment (the tax calculated on the difference between the frozen base and the current assessed valuations) that is credited to the City if the City elected to take a pass-through payment.
- The residual tax increment that is transferred back to the City after the pass-through payments and recognized and enforceable former redevelopment project area costs are paid.

Figure 1 shows the flow of property tax revenue from the Redevelopment Property Tax Trust Fund.

**Figure I - Property Tax Revenue Distribution from the  
Redevelopment Property Tax Trust Fund**



Source: adapted from Legislative Analyst's Office 2013 CalFacts; City of Santa Rosa.

Upon annexation the City would receive a share of the County's frozen base property tax apportionment within each of the TRAs in the Roseland Island. Table 6 calculates the City's base apportionment using data from the Sonoma County Auditor.

**Table 6 - Estimated Roseland Property Tax Revenue on Base Assessed Value**

Frozen Base Assessed Values <sup>1</sup>		Total Property Tax	City of Santa Rosa Share @ 12.75%
Roseland RDA (County Parcels)			
Total	\$32,211,604	\$322,116	\$41,070
Southwest RDA (County Parcels)			
Total	\$128,027,976	\$1,280,280	\$163,236
		<b>Total</b>	<b>\$204,306</b>

<sup>1</sup>Source: Sonoma County Auditor

The City of Santa Rosa also receives a portion of the total pass-through payments made to all taxing agencies in the Roseland project area. The property tax increment for the pass-through is calculated on the difference between the AB 1290 base-assessed valuation for the year 2004-05 and the current year assessed valuation. Table 7 provides an estimate of the pass-through payments for a full year that would be credited to the City if it were to annex the Roseland project area. The City has not elected to take a pass-through for the Southwest project area.

**Table 7 - AB 1290 Pass-Through Estimate for Roseland Annexation**

Roseland RDA (County Parcels only)	
Current Net Assessed Valuation (NAV) <sup>1</sup>	\$74,855,845
less Base AV 2004/05 <sup>2</sup>	(\$52,992,193)
Current minus Base AV	\$21,863,652
Total Gross Tax Increment	\$220,167
Pass-Through Distribution <sup>3</sup>	\$44,033
City share of pass-through @ 7.7% (estimate for 2014-15)	\$3,391

<sup>1</sup>Total 2014-15 Assessor to Auditor Certified Value, including homeowner exemptions

<sup>2</sup>Estimated Base Assessed Valuation of County parcels for pass-through calculations only

<sup>3</sup>Distribution is calculated at 25% of Gross Tax Increment less 20% for RPTTF

With the statewide dissolution of redevelopment agencies in 2012, the management of the former redevelopment project areas was turned over to successor agencies. The successor agencies for the Roseland and Southwest project areas are the County of Sonoma Community Development Commission and the City of Santa Rosa, respectively. Although redevelopment activities in the state were substantially curtailed with the dissolution, most former redevelopment project areas have ongoing obligations primarily from unretired bond debt, property management responsibilities, pass-through payments<sup>1</sup>, and “wind-down” costs. These costs must be paid out of the property tax revenue

<sup>1</sup> The pass-through payments are made to the various taxing agencies that are in addition to the agencies’ share of the property tax based on the frozen assessed valuation. The state legislation that dissolved redevelopment provides that taxing agencies would continue to receive their full pass-through amounts until all recognized obligations are fully retired.

increment before any residual revenue may be distributed to the taxing agencies. Both Roseland and Southwest have significant payment obligations that will substantially restrict the residual property tax revenue for many years into the future. As a result, the total property tax for Roseland shown in the summary in Table 2 assumes that there will be no residual payment in the year following annexation. However, when all ongoing obligations are retired and the redevelopment project areas are terminated the full property tax revenue will be available to the City and other taxing authorities.

### **Roseland Fire Protection District (RFPD, District) and County Service Areas (CSA) in Roseland**

The District serves the unincorporated area southwest of Santa Rosa. All fire protection services on behalf of the RFPD are provided by the City of Santa Rosa Fire Department; the District provides the funding for these services.

The District receives a portion of the 1% ad valorem property tax revenue. Of the taxes received by the District, the majority are paid to the City of Santa Rosa in exchange for fire protection services. A small portion goes to pay the Roseland Fire District's part-time clerk and its three board members, to cover insurance costs, and to pay for the maintenance of the Roseland Fire Station.

As a taxing agency in both the Roseland and Southwest RDAs, the RFPD receives a portion of the frozen base increment and its share of pass-through payments. As explained above there will likely be no residual payments available from the tax revenue.

Upon annexation of the Roseland area, the City will receive the portion of property tax revenue that now accrues to the District. In addition to the RFPD there are three CSAs and CSA zones serving the Roseland area. The same tax revenue analysis is applied to the CSA zones. The frozen base share of property tax for the CSA zones and the RFPD is shown in Table 8.



**Table 8 – Fire Protection and County Service Areas in the Roseland Island**

TAX RATE AREA	58-024	58-019/025	150-001	150-006	150-008	150-009	150-010	150-011	150-005/012	180-000/9*	180-002	180-005	Total
TRA Base Assessed Valuation	\$37,774,816	\$296,398	\$76,690,723		\$12,365,331	\$31,282,685	\$628,213	\$189,728	\$645,594	\$18,833,933	\$5,570,039	\$136,869	\$165,580,396
<u>Roseland Fire General</u>													
Tax Share	0.137961	0.137961	0.135578		0.135578	0.135578	0.136437	0.138446	0.136437		0.139654	0.139654	
Property Tax Revenue	\$52,115	\$409	\$103,976		\$16,765	\$42,412	\$857	\$263	\$881		\$7,779	\$191	\$225,647
<u>CSA #40 Fire Services</u>													
Tax Share				0.031076									
Property Tax Revenue				\$0									\$0
<u>CSA #41 Zone 3 Roseland Lighting</u>													
Tax Share	0.021076	0.021076	0.020712		0.020712	0.020712					0.021335	0.021336	
Property Tax Revenue	\$7,961	\$62	\$15,884		\$2,561	\$6,479					\$1,188	\$29	\$34,166
<u>CSA #41 Multiple Services</u>													
Tax Share							0.014509		0.014509				
Property Tax Revenue							\$91		\$94				\$185

\*Price-Chico tax rate area is not included in this analysis.

Source: Sonoma County Auditor

The pass-through payments to RFPD and CSA # 41-Roseland Lighting are estimated in Tables 9 through 12. CSA #41-County Multiple Services is estimated to receive \$16 in Roseland RDA pass-through payment based on a 0.016% allocation (CSA #41 Multiple Services does not receive a pass-through in Southwest RDA). All amounts are payments for a full year.

**Table 9 – AB 1290 Pass-Through for Roseland Fire Protection District – Roseland RDA**

Total Gross Tax Increment <sup>1</sup>	\$516,146
Pass-Through Distribution <sup>2</sup>	\$103,229
RFPD pass-through @ 5.6% (est.)	\$5,781

<sup>1</sup>2013-14 Valuation Report, Gross Tax Increment and AB 1290 payments for Roseland RDA, Sonoma County Auditor

<sup>2</sup>Sonoma County Auditor

**Table 10 – AB 1290 Pass-Through for Roseland Fire Protection District – Southwest RDA**

Total Gross Tax Increment <sup>1</sup>	\$3,877,580
Pass-Through Distribution <sup>2</sup>	\$703,778
RFPD pass-through @ 5.01% (est.)	\$35,259

<sup>1</sup>2013-14 Valuation Report, Gross Tax Increment and AB 1290 payments for Southwest RDA, Sonoma County Auditor

<sup>2</sup>Sonoma County Auditor

**Table 11 – AB 1290 Pass-Through for CSA #41 Roseland Lighting, Roseland RDA**

Total Gross Tax Increment <sup>1</sup>	\$516,146
Pass-Through Distribution <sup>2</sup>	\$103,229
CSA#41 Lighting pass-through @ 0.67% (est.)	\$692

<sup>1</sup>2013-14 Valuation Report, Gross Tax Increment and AB 1290 payments for Roseland RDA, Sonoma County Auditor

<sup>2</sup>Sonoma County Auditor

**Table 12 – AB 1290 Pass-Through for CSA #41 Roseland Lighting, Southwest RDA**

Total Gross Tax Increment	\$3,877,580
Pass-Through Distribution <sup>2</sup>	\$703,778
CSA#41 Lighting pass-through @ 0.5453% (est.)	\$3,838

<sup>1</sup>2013-14 Valuation Report, Gross Tax Increment and AB 1290 payments for Southwest RDA, Sonoma County Auditor

<sup>2</sup>Sonoma County Auditor

Table 13 summarizes the expected property tax revenue due to annexation of Roseland in the first year.

**Table 13 – Property Tax Summary for Roseland**

	<b>Roseland RDA</b>	<b>Southwest RDA</b>	<b>Total both RDAs</b>	<b>Total</b>
<u>Property Tax on Base Frozen AV</u>				
City of Santa Rosa, base property tax (Table 6)	\$41,070	\$163,236		\$204,306
Roseland Fire, base property tax (Table 8)			\$225,647	\$225,647
CSA #41, base property tax (Table 8)			\$34,166	\$34,166
CSA #40, base property tax (Table 8)			\$185	\$185
	Sub-total base property tax			\$464,304
<u>Pass-Through Payments</u>				
City of Santa Rosa (Table 7)	\$3,391	n/a		\$3,391
Roseland Fire (Tables 9 and 10)	\$5,781	\$35,259		\$41,040
CSA #41 (Tables 11 and 12)	\$692	\$3,838		\$4,530
CSA #40 (see text on page 10)	\$16			\$16
	Sub-total pass-through			\$48,977
	<b>Total Property Tax, Roseland</b>			<b>\$513,281</b>

### Property Taxes from Four Other Islands

The four other annexation islands are not within either the Roseland or Southwest former redevelopment project areas. Therefore the estimate of property tax transferred to the City of Santa Rosa upon annexation of these areas is more straightforward and based on the current assessed valuations of these areas as shown in Table 14. The City of Santa Rosa share of total property tax for these four islands is assumed to be in accordance with the 1989 Master Tax Property Tax Exchange Resolution.

**Table 14 – Property Tax Summary for Four Other Islands**

<b>Unincorporated Island</b>	<b>2013-14 Assessed Values<sup>1</sup></b>	<b>Property Tax</b>	<b>Potential City of Santa Rosa Share @ 12.75%</b>	<b>Special District and County Service Area (see Table 15)</b>	<b>Total</b>
Brittain Lane	\$3,065,413	\$30,654	\$3,908	\$4,182	\$8,090
Victoria Drive	\$7,909,159	\$79,092	\$10,084	\$0	\$10,084
West Hearn	\$8,416,492	\$84,165	\$10,731	\$13,385	\$24,116
West Third	<u>\$13,295,838</u>	<u>\$132,958</u>	<u>\$16,952</u>	<u>\$18,141</u>	<u>\$35,093</u>
<b>Total</b>	\$32,686,902	\$326,869	\$41,675	\$35,709	\$77,383

<sup>1</sup>Sonoma County Auditor

### Roseland Fire Protection and County Service Areas in the Four Other Islands

Table 15 shows the calculations of the property tax shares for the RFPD and the CSAs with tax rates in the four islands.

**Table 15 – Property Tax Shares for Roseland FPD and CSAs with Tax Rates in the Four Islands**

<b>Unincorporated Island</b>	<b>2013-14 Assessed Values<sup>1</sup></b>	<b>Property Tax</b>	<b>TRA</b>	<b>RFPD Percentage</b>	<b>CSA #41 Roseland Lighting Percentage</b>	<b>CSA #40 Multiple Services Percentage</b>	<b>RFPD Share</b>	<b>CSA #41 Roseland Lighting Share</b>	<b>CSA #40 Multiple Services Share</b>
Brittain Lane	\$3,065,413	\$30,654	150-005	13.64%	N/A	N/A	\$4,182	N/A	N/A
Victoria Drive	\$7,909,159	\$79,092	58-004	N/A	N/A	N/A	N/A	N/A	N/A
West Hearn	\$8,416,492	\$84,165	058-019	13.80%	2.11%	N/A	\$11,611	\$1,774	N/A
West Third	<u>\$13,295,838</u>	<u>\$132,958</u>	150-005	13.64%	N/A	N/A	<u>\$18,141</u>	<u>N/A</u>	<u>N/A</u>
	\$32,686,902	\$326,869					\$33,934	\$1,774	\$0

<sup>1</sup>Sonoma County Auditor

### Motor Vehicle In-Lieu Fee (MVLF)

Cities that annex inhabited areas do not receive any additional MVLF revenue. The Governor vetoed AB 1521 at the end of the latest legislative session which would have allowed additional MVLF revenue to cities from annexing existing inhabited areas. Therefore, no MVLF revenue is assumed for the annexation.

### Gas Tax

The City's gas tax funds are allocated to four separate funds named for sections of the state Streets and Highways Code that describe the allocation of the funds. Table 16 presents gas tax funds received by the City for FY 2013-14, which is the basis for projecting gas tax receipts from the annexations. As gas tax funds are allocated primarily according to population, or registered vehicles, population is a practical surrogate for estimating this revenue for the annexation areas.

**Table 16 – Gas Tax Funds**

Source	Gas Tax Funds Received 2013-14 <sup>1</sup>
Gas Tax Fund 2103	\$2,348,471
Gas Tax Fund 2105	\$1,146,447
Gas Tax Fund 2106	\$587,405
Gas Tax Fund 2107, 2107.5	<u>\$1,236,417</u>
<b>Total</b>	<b>\$5,318,740</b>

<sup>1</sup> Source: City of Santa Rosa

The average per capita gas tax revenue for Santa Rosa is found by the ratio of dividing the FY 2013-14 actual gas tax revenue by the City's current residential population: \$5,318,740/170,236 population = \$31.24 per capita. The per capita factor is applied to each island population to calculate the funds for each island, as shown in Table 17. The breakdown between capital and O&M is based on estimates provided by the City Public Works Department.

**Table 17 – Gas Tax Funds Projection**

	Population	Gas Tax Per Capita	Gas Tax Funds allocated to Capital	Gas Tax Funds allocated to O&M
Roseland	6,594	\$31.24	\$132,152	\$73,867
West Third Street	183	\$31.24	\$3,668	\$2,050
Brittain Lane	70	\$31.24	\$1,403	\$784
West Hearn Avenue	152	\$31.24	\$3,046	\$1,703
Victoria Drive	<u>204</u>	\$31.24	<u>\$4,088</u>	<u>\$2,285</u>
<b>Total Annexations</b>	<b>7,203</b>		<b>\$144,357</b>	<b>\$80,689</b>

### Other Revenue Sources

The estimate of community development fees, utility user tax, franchise fee, business tax, alcohol sales permit fee, and fines and forfeiture from the annexations are either based on population, number of businesses, or service population (residential population plus 50% of employees). A revenue factor for each of these revenue sources is calculated by dividing the City of Santa Rosa receipts for each of these revenue categories by one of three characteristics: residential population, service population, or number of businesses. Table 18 indicates which of these characteristics is used to determine the revenue factor. Table 19 shows the inputs including FY 13-14 year-end actual city revenue to arrive at the revenue factors.

**Table 18 – Characteristic Used for Revenue Sources**

Revenue	Residential Population	Service Population	Number of Businesses
Community Development	X		
Utility User Tax		X	
Franchise Fee		X	
Business Tax			X
Alcohol Sales Permit Fee <sup>1</sup>			X
Fines and Forfeitures	X		

<sup>1</sup> Businesses with alcohol sales permits

**Table 19 – Revenue Factors**

	City of Santa Rosa Revenue	Residential Population	Employees	Service Population	Businesses	Revenue Factors
Community Development <sup>1</sup>	\$2,625,000	170,236	N/A	N/A	N/A	\$15.42
Utility User Tax <sup>2</sup>	\$9,644,591	170,236	74,555	207,514	N/A	\$46.48
Franchise Fee <sup>2</sup>	\$7,486,777	170,236	74,555	207,514	N/A	\$36.08
Business Tax <sup>2</sup>	\$3,651,964	N/A	N/A	N/A	13,344	\$273.68
Alcohol Sales Permit Fee <sup>2</sup>	\$183,955	N/A	N/A	N/A	375	\$490.55
Fines and Forfeitures <sup>2</sup>	\$1,681,029	170,236	N/A	N/A	N/A	\$9.87

Sources:

<sup>1</sup>Cost recovery based on current Master Fee Schedule from: *Full Cost of Services Study, City of Santa Rosa*, April 2013

<sup>2</sup>City of Santa Rosa FY 2013-14 year-end actual revenue

Table 20 applies the revenue factors for the City to the island characteristics to estimate the revenue in each category.

**Table 20 – Other Revenues Summary**

Island Characteristics <sup>1</sup>					Alcohol Permitted Businesses (estimated)
Island	Residential Population	Employees	Service Population	Businesses	
Roseland	6,594	1,445	7,317	340	10
West Third	183	111	239	38	1
Brittain Lane	70	90	115	24	1
West Hearn	152	156	230	12	0
Victoria	204	53	231	7	0

<sup>1</sup> Island characteristics data from ESRI Business Analyst Online Tapestry Report, 2014

Island	Community Development Fees	Utility User Tax	Franchise Fees	Business Tax	Alcohol Sales Permit Fee	Fines and Forfeitures	
	Revenue Factor						
	\$15.42	\$46.48	\$36.08	\$273.68	\$490.55	\$9.87	
	x Residential Population	x Service Population	x Service Population	x Businesses	x Permitted Businesses	x Residential Population	Total Revenue
Roseland	\$101,679	\$340,071	\$263,979	\$93,051	\$4,905	\$65,083	\$868,769
West Third	\$2,822	\$11,085	\$8,605	\$10,400	\$491	\$1,806	\$35,209
Brittain Lane	\$1,079	\$5,345	\$4,149	\$6,568	\$491	\$691	\$18,324
West Hearn	\$2,344	\$10,690	\$8,298	\$3,284	\$0	\$1,500	\$26,117
Victoria	<u>\$3,146</u>	<u>\$10,714</u>	<u>\$8,316</u>	<u>\$1,916</u>	<u>\$0</u>	<u>\$2,013</u>	<u>\$26,105</u>
<b>Total</b>	\$111,070	\$377,906	\$293,348	\$115,219	\$5,887	\$71,094	\$974,524

In addition to these revenues, the county collects fees relating to hazardous materials inspections and compliance as a Certified Unified Program Agency (CUPA) for the Roseland area. The county generates fees of about \$70,000 annually from the CUPA program. However, the breakdown of the revenue is not known by each island area. CUPA inspections would be transferred to the City upon annexation.