



# Revenue Measure Feasibility Study Overview

Sacramento  
Metropolitan Fire  
District Board



July 11, 2024



**District Capital  
Needs**

# Capital Needs

- Several planning documents identify future facility, apparatus, and capital equipment needs of the District
  - Standards of Cover (SOC) Study
  - Capital Improvement Program (CIP)
  - Capital Facilities and Development Impact Fee Study

## Capital Needs Over Next 10 Years (in 2024 Dollars)

Type	High Priority Capital Needs	Capital Needs	Total
Fire Apparatus Needs	\$135,586,500	\$10,150,100	\$145,736,600
Capital Equipment Needs	\$4,994,080	\$0	\$4,994,080
Fire Facility Needs	\$108,072,000	\$107,409,200	\$215,481,200
<b>TOTAL</b>	<b>\$248,652,580</b>	<b>\$117,559,300</b>	<b>\$366,211,880</b>



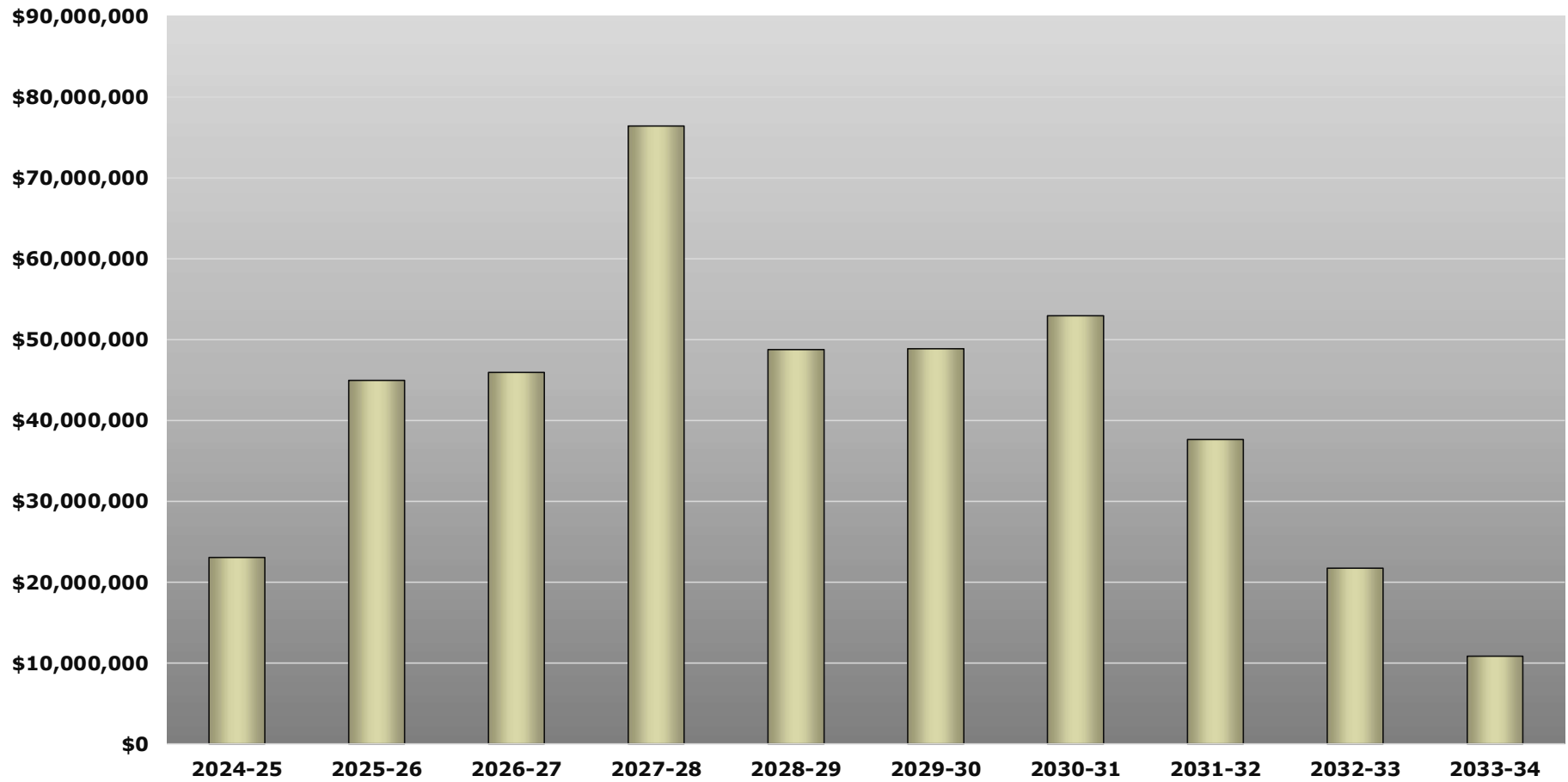
# Project Costs and Timing

## Determine the Overall Funding Needed from a Revenue Measure



- Cost estimates can be incorporated into an overall funding plan based on the anticipated timing of each expenditure
  - With anticipated inflation
- Taking into consideration other available funding sources
  - Development Impact Fees
  - Medical Aid & Ambulance Transport Fees
  - CIP Funding in Annual Budget

**10-Year, Unfunded Capital Expenditure Needs (With an Inflationary Adjustment) Total  
Approximately \$415 Million**



*Note: The cost of unfunded "high priority" needs over the next 10 years, including inflation, is estimated to be approximately \$300 million.*



**Funding Mechanisms  
Available to Fire Districts**

# District Borrowings

- The District could finance the capital improvements
  - Repay from ongoing revenues
    - The District has already issued debt for some capital needs
  - To fund all the District's **capital needs of approximately \$415 million**, debt payments would average about **\$24 million per year**, reaching **as high as \$40 million** in some years
- ***Financing the capital improvements from existing revenue sources is simply unaffordable!***

# Options to Raise Capital Revenue

Parcel Tax

## Special Tax

- Fire Special Tax
- Community Facilities District (CFD) Special Tax

General  
Obligation Bond

- *All of these funding mechanisms currently require 2/3 approval from the registered voters of the District.*



# Parcel Tax

## Uniform tax per parcel

- Approximately 222,226 parcels within the District

## Would generate unrestricted revenues that could be used to pay debt service on a District Borrowing

- To raise an average of \$24 million per year, an annual parcel tax of approximately \$110 per parcel would be required

## No mechanism to incrementally change the tax rate based on the anticipated capital expenditure schedule

- Some projects would be delayed

# Special Tax – Fire Special Tax

## Tax per parcel

- Can assign different tax rates to different types of property
  - e.g., residential rate, commercial rate, industrial rate, etc.

## Similar to a Parcel Tax, would generate revenues that could be used to pay debt service on a District Borrowing

- Rates would be customized, but would average approximately \$110 per parcel per year to fund the average estimated annual debt service of \$24 million

## No mechanism to incrementally change the tax rate based on the anticipated capital expenditure schedule

- Some projects would be delayed

# Special Tax – CFD Special Tax

## Tax per parcel

- Can assign different tax rates to different types of property
  - e.g., residential rate, commercial rate, industrial rate, etc.

## Can authorize bonded indebtedness

- District can issue bonds to be repaid specifically from the special taxes collected
- Not the District's General Fund

## Would generate revenues that could be used to pay debt service on a CFD Bond

- Rates would be customized, but would average approx. \$130 per parcel per year to fund the average estimated annual debt service of \$24 million

# General Obligation Bond

## Authorization to issue bonds

- Repaid from an *ad valorem* tax on real property throughout the District
  - Paid directly by the County

Bond proceeds can be used for capital projects with a useful life of 5 years or more

Bonds can be issued over time based on project expenditure schedule

- Taxes would be paid only on the amount of bonds outstanding at any given time
- To fund the District's \$415 million of capital improvements, annual tax rates would average approximately \$19/\$100,000 of assessed value

## Prop 5(formerly ACA 1/ACA 10)

- Constitutional amendment that would lower the voter approval threshold from 2/3 to 55% on general obligation bonds for affordable housing and public infrastructure projects
  - Requires voter approval in November 2024
  - Similar to current school bond law
  - Requires additional accountability measures
    - Detailed bond project list
    - Citizens' oversight committee
    - Audit requirements



# **Funding the District's Needs**

# Recommendation: GO Bond

- ✓ Based on size and diversity of tax base
  - Amount paid by property owners proportional to the assessed value of the property
- ✓ Based on planned, multi-year, expenditure schedule
  - Can issue bonds in series to match planned expenditures
    - Minimizing interest costs and resulting tax rates
- ✓ Simple capital funding mechanism that voters understand
  - Familiarity with school bonds
- ✓ Potential for 55% voter approval
  - With the approval of Prop 5 in November

## Bond Issuances Can Be Structured to Match Anticipated Capital Expenditure Schedule

