

SACRAMENTO METROPOLITAN FIRE DISTRICT

DEVELOPMENT IMPACT FEE REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022





Sacramento Metropolitan Fire District

10545 Armstrong Ave., Suite 200 Mather, CA 95655 Phone (916) 859-4300 Fax (916) 859-3702

DAN HAVERTY

Fire Chief

January 12, 2023

Board of Directors
Sacramento Metropolitan Fire District
10545 Armstrong Ave, Suite 200
Mather, California 95655

Members of the Board:

State law requires any local agency that imposes development impact fees to prepare an annual report providing specific information about those fees and specifies that the report be made available to the public within 180 days after the last day of each fiscal year. Development Impact Fees (DIF) are charged by local governmental agencies in connection with approval of development projects to pay for critical services and infrastructure to support new communities. The legal requirements for enactment of a DIF program are set forth in Government Code §66000-66025 (the "Mitigation Fee Act"), the bulk of which was established by AB 1600 (Chapter 927, Statutes of 1987), and are commonly referred to as "AB 1600 requirements."

In the Sacramento Metropolitan Fire District, DIFs are collected at the time a building permit is issued to a developer. The purpose of the fee is to ensure that new development within the District boundaries pays a proportionate share of the capital investments necessary to provide fire protection, fire suppression, emergency medical services, and other emergency services adequate to a larger service population.

A Fire Department Growth Analysis Report was prepared for the District in 2013 that identified the fire station, apparatus and staffing necessary to serve future development and, in 2015, the current fee structure was adopted. The District applied current fire station construction costs to facilities identified in the report to develop an overall facilities master plan for the District. This information was used to perform a capital facilities impact fee study and analysis which determined the portion of the projected facilities cost attributable to new development over the ensuing 20-year planning horizon. Using that information and following recent California court decisions indicating that DIF-type fees should meet an "essential nexus" legal standard, fees are set using a calculation of community need, benefit to the developed area, and cost proportionality for different types and amounts of development. An updated nexus study was completed in 2021, resulting in the adoption of an updated fee schedule by the District's Board of Directors in May 2021.

The Board of Directors must review the annual report at a regularly scheduled public meeting after the information is made available to the public. This report was posted on the District's website and made available for public review on November 2, 2022. Therefore, in accordance with the provisions of the California Government Code §66006(b) and 66001(d) the Development Impact Fee (DIF) Report for the Sacramento Metropolitan Fire District for the fiscal year ended June 30, 2022, is submitted for your consideration and approval.

Dave O'Toole
Chief Financial Officer



The statutory requirements for this report and current status of DIF and related projects are described in this section.

Government Code §66006(b)

This section defines the specific reporting requirements for local agencies that impose DIFs on new development. For each separate fund established for the collection and expenditure of DIFs, the local agency shall, within 180 days after the last day of each fiscal year, make available to the public the information shown below for the most recent fiscal year. Page numbers indicating where each item can be found in the report, or an explanation for its absence, are provided for reference.

- A brief description of the type of fee in the account or fund. *(Page 2)*
- The amount of the fee. *(Page 2)*
- The beginning and ending balance of the account or fund. *(Page 3)*
- The amount of the fees collected and interest earned. *(Page 3)*
- An identification of each public improvement on which fees were expended and the amount of expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees. *(Page 4)*
- An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement. *(Page 4)*
- A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan. *(No interfund transfers or loans made)*
- The amount of refunds made due to sufficient funds being collected to complete financing on incomplete public improvements, and the amount of reallocation of funds made due to administrative costs of refunding unexpended revenues exceeding the amount to be refunded. *(No refunds required to date)*

Government Code §66001(d)

Government Code §66001(d) provides additional requirements for all funds established for the collection and expenditure of DIFs. For the fifth fiscal year following the first deposit into the fund and every five years thereafter, the local agency shall make all of the following findings with respect to that portion of the fund remaining unexpended, whether committed or uncommitted:

- Identify the purpose to which the fee is to be put.
- Demonstrate a reasonable relationship between the fee and purpose for which it is charged.
- Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements.
- Designate the approximate dates on which the funding is expected to be deposited into the appropriate account or fund.

As of June 30, 2022, the District's DIF Fund did not hold any funds past the fifth year of first deposit, therefore, no additional findings are required.



Major CIP Projects

The District has recently completed the construction of the new Station 68 at 12065 Cobble Brook Drive in the City of Rancho Cordova. The new station has a total area of 9,191 square feet sitting on a 2.62-acre parcel. It also includes a 2,400 square-foot metal storage building and truck washing station with a 1,000 gallon above ground fuel storage tank. The fire station serves a population of over 14,000 residents in the City of Rancho Cordova, including the communities of Anatolia, Kavala Ranch, Sunridge, and Americana. The station was put into operational service on May 27, 2022.



Capital Fire Facilities Fees

Capital fire facilities fees provide funding for additional fire stations and fire equipment that will safeguard the lives and property of those who will occupy new developments. The fee is first established by the District and updated annually to reflect cost changes in the Engineering News Record Building Cost Index. Below is the fee schedule effective as of September 26, 2022.

**SACRAMENTO METROPOLITAN FIRE DISTRICT
CAPITAL FIRE FACILITIES FEE**

Land Use	Fee Basis	Fee
Single-Family Residential	per dwelling unit	\$1,576
Multi-Family Residential	per dwelling unit	\$1,235
Commercial/Retail	per 1,000 sq. ft. of building space	\$1,306
Office	per 1,000 sq. ft. of building space	\$1,658
Industrial	per 1,000 sq. ft. of building space	\$887
Institutional/Other	per 1,000 sq. ft. of building space	\$1,580

All DIF collected has been earmarked for current or future capital projects necessary to provide current levels of service for existing service areas to new development areas.



Sacramento Metropolitan Fire District
Statements of Revenues, Expenditures, and Changes in Fund Balances
Development Impact Fee Fund
Last Five Fiscal Years

	2022	2021	2020	2019	2018
REVENUES					
Development Fees	\$ 2,635,223	\$ 2,842,887	\$ 1,492,492	\$ 1,600,941	\$ 1,231,621
Interest Income ⁽¹⁾	(39,693)	(2,455)	174,317	156,115	38,028
Total Revenues	<u>2,595,530</u>	<u>2,840,432</u>	<u>1,666,809</u>	<u>1,757,056</u>	<u>1,269,649</u>
EXPENDITURES					
Services and Supplies ⁽²⁾	108,488	64,658	67,634	64,722	64,201
Capital Outlay	4,854,284	3,256,507	406,315	7,437	-
Total Expenditures	<u>4,962,772</u>	<u>3,321,165</u>	<u>473,949</u>	<u>72,159</u>	<u>64,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,367,242)</u>	<u>(480,733)</u>	<u>1,192,860</u>	<u>1,684,897</u>	<u>1,205,448</u>
OTHER FINANCING SOURCES					
Transfers In (out)	-	-	-	-	-
Net Change in Fund Balance	(2,367,242)	(480,733)	1,192,860	1,684,897	1,205,448
Fund Balance, Beginning of Year	<u>6,537,556</u>	<u>7,018,289</u>	<u>5,825,429</u>	<u>4,140,532</u>	<u>2,935,084</u>
Fund Balance, End of Year	<u>\$ 4,170,314</u>	<u>\$ 6,537,556</u>	<u>\$ 7,018,289</u>	<u>\$ 5,825,429</u>	<u>\$ 4,140,532</u>
Five-Year Revenue Test ⁽³⁾					
Revenue Available:					
Current Fiscal Year	\$ 2,595,530	\$ 2,840,432	\$ 1,666,809	\$ 1,757,056	\$ 1,269,649
Prior Fiscal Year (2-yr old funds)	1,574,784	1,666,809	1,757,056	1,269,649	1,521,508
Prior Fiscal Year (3-yr old funds)	-	1,757,056	1,269,649	1,521,508	1,349,375
Prior Fiscal Year (4-yr old funds)	-	273,259	1,521,508	1,277,216	-
Prior Fiscal Year (5-yr old funds)	-	-	803,267	-	-
In Excess of Five Prior Fiscal Years	-	-	-	-	-
Total Revenue Available	<u>\$ 4,170,314</u>	<u>\$ 6,537,556</u>	<u>\$ 7,018,289</u>	<u>\$ 5,825,429</u>	<u>\$ 4,140,532</u>

Result: No excess funds held. Five-year revenue test met in accordance with Government Code §66001(d). No additional findings required.

Notes:

- (1) Negative interest income is mainly due to unrealized investment losses in the Fund’s portfolio that resulted from rising interest rates. As rates rise, the market value of fixed income security holdings with lower fixed rates are negatively impacted.
- (2) Represents service fees charged by the County of Sacramento for collecting impact fees in behalf of the District.
- (3) For purposes of determining funds that have been held past the fifth year of first deposit, expenditures are deemed to come from the earliest source of funds (first-in first-out method). Any remaining funds past the fifth year must be reported in accordance with Government Code § 66001 (d).



**Development Impact Fee Project Identification
As of June 30, 2022**

Project Name	Project Phase	Construction Start Date	Completion Date	Estimated Project Cost ⁽¹⁾	Actual Cost To Date ⁽¹⁾	Estimated % of Project Funded with Fees
Fire Station 68	Completed	2/17/2021	5/27/2022	\$9,000,000	\$ 8,558,570	100%

Notes

- (1) Estimated project cost is the total estimated costs for the duration of the project. Actual cost to date is the amount of impact fees spent for the project from its inception.