Stanislaus County

Chief Administrative Officer

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John
FYI

Local Agency Formation Commission
Stanislaus County
1100 H Street
Modesto, Ca 95354

Dear Commissioners:

We are writing you concerning Sphere of Influence Modification 91-04 and LAFCO Application 91-15, Village One Reorganization to the City of Modesto.

Before I begin to address our overall and specific concerns, some may question why the County is addressing you this evening on this issue. Certainly the Village One issue is not new. But we have decided that we must now stand up and participate in this process--to ensure that the quality of life county-wide is maintained and enhanced which means or translates to the provision of adequate public services to all the residents of our county. County government can no longer keep up with the rapid growth and shrinking dollars. We must all work together toward this goal.

This letter is being offered because the County is concerned that the fiscal impacts in the environmental impact report, the City's financial analysis, and the report before the Commission do not adequately address <u>all</u> the public service needs provided by <u>all</u> governmental jurisdictions to the proposed area. Secondly, we are concerned about the adoption by the City, of Statements of Overriding Concern on the issue of decreased regional air quality and cumulative air quality. Additionally, we wish to note for the record that the solid waste disposal impacts and resulting mitigations will not eliminate the significant environmental impacts.

Before addressing our specific concerns we would like to make clear that this letter and the remarks we intend to make before the Commission are intended to be positive and constructive. The City of Modesto has done an outstanding job in putting this proposal together and the concept of villages is, we agree, "superior" to other approaches. However, there has been tremendous growth in Stanislaus County over the past decade--most of it has occurred in the Cities. Our writing this letter is not intended to be

interpreted as opposition to growth in general or this annexation in particular. Rather, we are addressing fiscal issues that must be considered in all annexations that occur where the potential of negative fiscal impacts will occur, if they are not adequately provided for during the review process.

As a matter of historical review, it is interesting to note that over the past 40 years almost all population growth has occurred in the Cities. As indicated on Attachment A, population in the unincorporated area has only increased by 9,000 persons. The percentage of unincorporated population has decreased during that time from 71.4% to 27.9%. At the same time, the incorporated population has increased at a rapid rate, increasing from 28.6% (36,359 population) in 1950 to 72.1% (250,384 population) in 1989. One can make the observation that the County's general planning process and the cooperation between the County and Cities has been very successful.

As you know, historically, interest in annexation has related to the annexing agency being able to provide municipal services to the annexed area. City municipal services basically include fire, police, water, sewer, parks and recreation, planning, building inspection, general government, and specialty services. The County government continues to provide to all residents of the County, including the residents within the cities, the services listed in Attachment B ranging from criminal justice system, courts, jails, juvenile halls, mental health programs, drug programs, indigent care, social services, public health, air pollution control, solid and hazardous waste management, primary medical care and, a host of services mandated by the state and federal governments. With a few exceptions all of the services are provided to the residents of each of the nine cities in the County. As population increases due to growth in the cities the demand for County services increases.

Unlike cities, County government has significantly less flexibility in its ability to increase revenues. County government also has less discretion on how it spends its revenues. In Stanislaus County land use policy and state actions have resulted (on a present value basis) in a total reduction of 3.0% in local taxes since 1978. At the same time, the amount of local revenue directed to mandated state and federal programs that serve all residents of the County has grown from less than 30% to more than 59% of the County discretionary revenue. Conversely, the City of Modesto's local taxes have grown by 65.6% and the other cities have grown by 48.1%.

As we all know, residential growth has not paid for itself since the passage of Proposition 13 in 1978. As a result, over the past 13 years, there has been a significant growth in the number and type of fees that are charged for new development. Additionally,

cities have utilized existing and new statutory authority to increase revenue. Counties have fewer areas in which to increase fees or apply new fees. And in many cases when fees have been established they have been assessed against cities who have sought judicial relief.

Finally, in Stanislaus County the cities have not historically utilized Redevelopment to meet their infrastructure and low income housing needs. As a result there has been little diversion of County property tax income growth to these activities. However, this situation is rapidly changing with more than $300,000,000 in redevelopment proposals now being discussed and several more are being planned.

It is because of the confluence of all these events that the County believes that annexation proposals must address the fiscal impacts to County services with the same attention to detail and mitigation as has been historically paid to the annexing city's fiscal impacts and ability to deliver services.

Attachment C lists the estimated impacts that Village I will have on selected County services that are provided to cities. We selected these particular services because they will be the most impacted.
As you can see from the exhibit, the net cost to the County is more than $2.1 million dollars in ongoing operating expenses. In addition to these costs, there will be additional capital costs that may or may not be covered by the County's public facility fees.

One specific area that we are concerned with in this proposal is the library that is planned. As you will note, we conservatively project an increase in costs without a new library or the purchase of additional books of $154,000. If you utilize the standard of 2.1 books per capita and apply it to the projected 22,000 new people, and then apply the average cost of a new book of $25 per book, then you arrive at a cost impact of $1,050,000. Additionally, we note that the proposal assumes the construction of a new $3,000,000 library to be paid for from county public facility fees. We note that our projections for income in this category are $2,800,000 to be collected over 20 years and according to the County Librarian the annual operating cost of the new library would be in excess of $2,000,000. We need to point out that there have been no detailed discussions on this issue and yet there is an expectation that this will happen and be paid for by the County.

In summarizing our concerns on fiscal impact, we again point out that the Commission has a requirement and obligation to consider the fiscal impacts of all public services and the ability of the servicing agency to meet their service requirements. The proposal

before you anticipates developing essentially a city within the City of Modesto that is about the same size as the cities of Oakdale and Riverbank combined.

The County has asked itself the question of whether or not it can provide its required services while losing basic revenues for that area, and we conclude that it cannot. Without adequate allocation of property tax, sales tax, cigarette tax, motor vehicle taxes, etc, the County cannot in good faith indicate its future ability to provide for this type of increased population.

We would like to now turn to the other major issue the Commission must consider before approving this annexation. That is the air pollution impacts and the adoption of a Statement of Overriding Considerations.

As you may know, the California Clean Air Act now requires that 100% of all new emissions resulting from expansion of existing sources, new sources and new development must be mitigated. This requirement went into effect on July 1 of this year. The proposed mitigation measures in the project will at best result in a mitigation of 30% of the additional pollution created by this project.

As noted in the environmental impact report the County is not presently in compliance with state standards. As a result we are required to reduce by 5% a year existing air pollution levels. As a response to this requirement the air pollution control district began a process that will eventually lead to adoption of rules to enforce the reduction of emissions from mobile sources i.e. automobiles and trucks. This process has been delayed at least temporarily while the formation of the eight county air pollution control district for the Valley is completed. The amount of time for the delay is difficult to gage at this time but it could be more than a year. Because of this, the economic impact of mitigating the 70% of the additional pollution created by this project will fall on the County's industrial base.

We believe that this situation will severely restrict if not entirely prevent the addition or expansion of the County's industrial/manufacturing base and thus restrict the employment base and frustrate the Cities and County combined economic development efforts.

As pointed out in the beginning of this letter, we are here tonight because the County is concerned that it will not be able to meet its public service requirements because of the negative fiscal impacts associated with new primarily residential development, and the problems associated with not mitigating the air pollution impacts.

So what would we like the Commission to do in response to our comments? Simply to consider the broader implications we have addressed and, if appropriate, amend the proposed plan to provide for time to address the concerns, or delay action on the annexation for a period of time that would allow the County and City to address the issues.

LAFCO HAS A WONDERFUL OPPORTUNITY AS ONE OF THE FEW AGENCIES REPRESENTING THE COUNTY, CITIES, AND THE PUBLIC TO BE IMPARTIAL AND DELIBERATE IN ITS REVIEW OF THIS PROJECT.

We stand ready to provide any additional information which you believe may be assistance to you or the City of Modesto in this matter.

Sincerely,

Albert P. Beltrami
Chief Administrative Officer

APB:da

Attachment II

DEPARTMENT OF FINANCE POPULATION FOR STANISLAUS COUNTY 1950 - 1989

	1989	1988	1987	1986	1985	1984	1983	1982	1981	CENSUS 1980	1979
CERES	22,316	18,631	17,981	17,320	16,793	16,314	15,371	14,738	14,072	13,281	11,009
HUGHSON	3,133	3,078	3,090	3,060	3,032	2,972	3,094	3,005	2,997	2,943	2,669
MODESTO	152,118	144,682	138,524	131,377	126,353	122,855	117,739	114,958	109,529	106,602	99,226
NEWMAN	3,470	3,399	3,416	3,418	3,411	3,390	3,336	3,138	2,903	2,800	2,594
OAKDALE	10,928	10,678	10,173	9,954	9,665	9,167	9,094	8,909	8,695	8,474	8,278
PATTERSON	7,574	6,702	5,695	5,020	4,804	4,636	4,383	4,390	4,145	3,908	3,951
RIVERBANK	7,697	7,367	6,958	6,883	6,446	6,172	6,236	5,966	5,842	5,695	5,014
TURLOCK	39,698	37,161	34,760	33,546	32,426	31,755	30,399	28,867	27,966	26,287	23,041
WATERFORD	3,450	3,358	3,284	3,121	2,917	2,931	2,940	2,873	2,787	2,683	2,442
UNINCORPORATED	97,122	98,143	96,764	95,740	93,460	92,125	93,772	92,359	93,151	93,242	91,371
TOTAL INCORPORATED	250,384	235,056	223,881	213,699	205,847	200,192	192,592	186,844	178,936	172,658	158,224
TOTAL COUNTY	347,506	333,199	320,645	309,439	299,307	292,317	286,364	279,203	272,087	265,900	249,595
PERCENT UNINCORPORATED	27.9%	29.5%	30.1%	30.9%	31.2%	31.5%	32.7%	33.0%	34.2%	35%	36.6%
PERCENT INCORPORPORATED	72.1%	70.5%	69.9%	69.1%	68.8%	68.5%	67.3%	67.0%	65.8%	65%	63.4%

1978	1977	1976	CENSUS 1975	CENSUS 1970	CENSUS 1960	CENSUS 1950
10,634	10,088	9,763	9,544	6,029	4,406	2,351
2,693	2,494	2,453	2,459	N/A	N/A	N/A
95,769	90,047	85,047	84,168	61,712	36,585	17,389
2,564	2,528	2,544	2,544	2,505	2,148	1,815
8,179	7,828	7,655	7,547	6,594	4,980	4,064
4,013	3,999	3,976	4,031	3,147	2,246	1,807
5,050	4,760	4,572	4,561	3,949	2,786	2,662
21,130	18,962	18,363	18,151	13,992	9,116	6,235
2,372	2,339	2,274	2,256	2,243	N/A	N/A
92,166	91,502	90,465	89,448	94,335	95,027	90,872
152,404	143,045	136,647	135,261	100,171	62,267	36,359
244,570	234,547	227,112	224,709	194,506	157,294	127,231
37.7%	39.0%	39.8%	39.8%	48.5%	60.4%	71.4%
62.3%	61.0%	60.2%	60.2%	51.5%	39.6%	28.6%

Attachment K

STANISLAUS COUNTY SERVICES

SERVICES PROVIDED COUNTY-WIDE

*Agricultural Education
*Agricultural Protection
*Air Pollution Control
Animal Control
*Assessment of Property
*Auditing-Controlling
*Bailiff Services
*Board of Supervisors
Bridge Construction
Bridge Maintenance
*Care in State Hospitals
Communications - 911
*Coroner
*Detention and Correction
(Adult & Juvenile)
*District Attorney
*Elections
*Family Support
Flood Control
*Grand Jury
*Hazardous Waste Regulation/Disposal
Health Care Deposit Fund
(Medi-Cal)
*Health Services
*Hospital Care
*Judicial-Superior Court System
*Juvenile Delinquency Prevention
*Legal Counsel
*Local Agency Formation Commissions
Mapping Services
*Mental Health Services
*Municipal Court System
*Probation Services
Process Serving
(Civil & Criminal)
*Public Guardian
*Public Defender
*Recording Public Documents
*Solid Waste Disposal
*State Correctional Schools
(Local Responsibility)
*Substance Abuse - Prevention
Surveying
*Tax Collecting
*Treasurer
*Water Quality Control
*Weights & Measures
*Welfare Administration
*Welfare Assistance Services
*Welfare Categorical Aids
*Welfare General Relief

SERVICES PROVIDED UNINCORPORATED AREA ONLY

Civil Defense
Engineering Service (Roads)
Fire Protection
Labor Relations
Personnel Services
(Civil Rights Act)
Planning-Land Use
(Subdivision Zoning Laws)
Road Construction
Maintenance
Workers Compensation &
Safety Training

*INDICATES MANDATED SERVICES

VILLAGE I
COUNTY FISCAL IMPACT

	NET COUNTY COST	COST PER CAPITA	VILLAGE I COST AT BUILDOUT
Municipal and Superior Courts	$1,016,111	$3	$66,000
Indigent Defense	1,285,750	4	88,000
District Attorney	3,960,723	11	242,000
Public Defender	1,734,255	5	110,000
Marshal	1,112,411	3	66,000
Juvenile Hall	2,445,832	7	154,000
Probation	3,378,473	10	220,000
Incarceration Facilities			620,000
Corner/Civil Division			42,000
Library	2,293,900	7	154,000
Hospital			820,750
Agricultural Commissioner and Sealer of Weights and Measures			42,000
Social Services County Share (23%)			2,070,000
			$4,694,750
Less Additional Revenue Per Existing Property Tax and Sales Tax Distribution Agreements			(2,557,900)
NET COUNTY FISCAL IMPACT			$2,136,850

NOTES:

1. Costs based on 90-91 Budget.
2. Costs are expressed in 1991 dollars.
3. Total is not all inclusive – illustrates departments most likely impacted by growth.
4. Costs represent only a single year at buildout – does not factor cumulative incremental cost leading to buildout.
5. Assumes Village I buildout to increase population by 22,000 people.