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REPORT

MORGAN HILL ANNEXATION TO THE SANTA CLARA COUNTY CENTRAL FIRE PROTECTION DISTRICT

Prepared for:

City of Morgan Hill

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EPS #18019

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I. SUMMARY OF FINDINGS AND ACTION PLAN

The City of Morgan Hill is seeking funding for a third fire station serving the City. This increase in fire protection is necessary to sustain an acceptable urban level of service. The City's constrained budget limits its ability to dedicate additional funding for this purpose and is considering annexation to the Santa Clara County Central Fire District ("Central Fire") as a method of funding and staffing a new station. A key element to a successful annexation will involve the sharing of property tax revenues between the City and Central Fire. This report evaluates future service cost increases, and compares these costs to potential property tax revenues generated in the City. Given the likelihood that property taxes available are inadequate, the need and magnitude of additional revenues (e.g., other City revenues and/or special taxes) required to maintain existing services and support future staffing increases are described.

The South Santa Clara County Fire District ("South County Fire") serves the unincorporated area between Central Fire and the City of Morgan Hill. The creation of a regional fire protection entity would include the consolidation of Morgan Hill to Central Fire, as well as annexation of the area served by South County Fire to Central Fire. Regional fire protection would offer a number of long-term benefits, including uniform fire protection standards, integrated management and planning, and potential economies of scale. The current analysis focuses on the annexation of Morgan Hill to Central Fire; while concurrent annexation of South County Fire could provide eventual operational improvements, the results of the Morgan Hill/Central Fire analysis are independent of, and are not directly affected by, the status of South County Fire.

Following is a summary of key findings, including an Action Plan. Additional descriptions of key assumptions and calculations are included in the following chapter and further documented in the appendix.

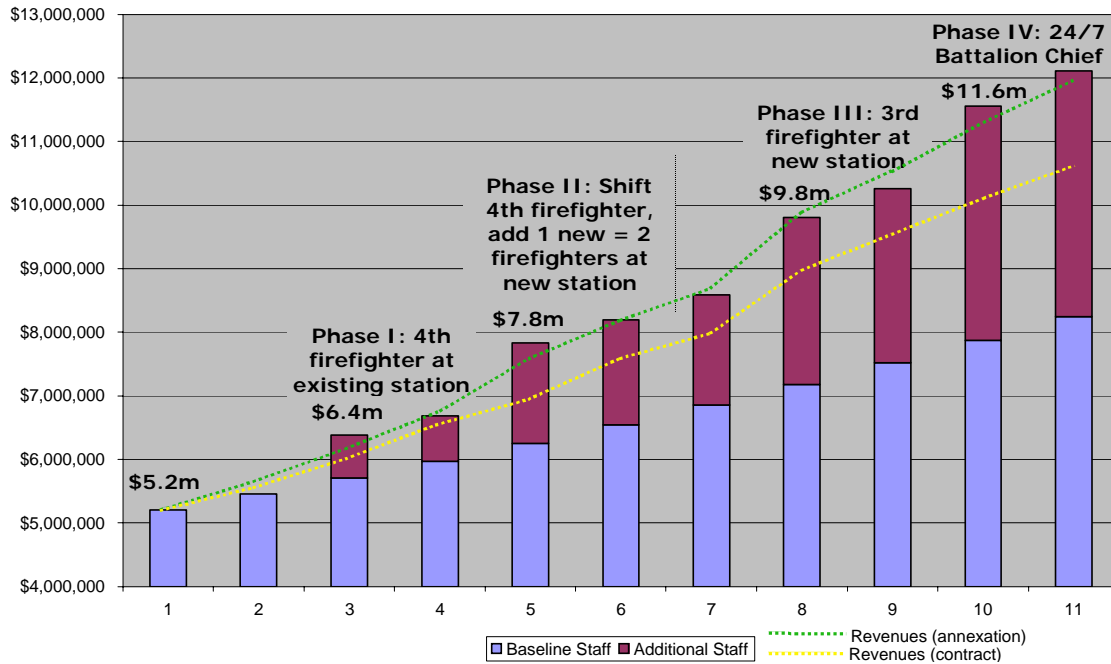
SUMMARY OF FINDINGS

ANNEXATION AND INCREASES IN FIRE SERVICE STAFFING

As a result of higher property tax revenue growth and slightly lower future costs of service, annexation could improve service levels sooner relative to the current City contract arrangement. Following is a summary of potential service increases, based on a preliminary proposed plan by Central Fire, compared to available revenues. The increases assume supplemental revenues are transferred (in addition to property tax and fire service-related fees and charges) and grow at 4.5 percent annually. If property tax growth is less than estimated, the timing of new staff would be extended.

Figure 1 graphically depicts the ability of Central Fire to support the addition of new staff serving Morgan Hill, based on estimates of future new revenues to Central Fire resulting from the annexation. For reference, potential revenue growth without annexation is also shown on the figure.

Figure 1: Baseline Costs plus Additional Staffing (Annexation)



1. Annexation would result in immediate and continuing improvement in fire protection services:

- Annexation could fund 2-person staffing of a third station within five years. The first additional firefighter could be funded by about Year 3 and located at an existing station to provide additional firefighting capability. The new firefighter position would be shifted to the new station along with the second new firefighter when revenues can fund the additional firefighter cost in Year 5.
- A third firefighter could be added to the new station by Year 8. This addition would bring the new station up to full strength and enable the staffing of an engine company.
- A 24/7 Battalion Chief could be added within 10 years. Currently the two Morgan Hill stations are managed by one 40-hour/week Battalion Chief.
- A fourth firefighter could be added to the new station within about 15 years. This addition represents a level of service desired by Central Fire to further improve emergency response.

- 2. Without annexation, a new station staffed with two firefighters may not be possible until Year 8, and a 3-person station until Year 15.***

These delays are the result of slightly higher contract costs and lower revenues relative to annexation (see discussion below). This conclusion also assumes that property tax growth moderates to a 5.5 percent to 6 percent annual growth rate after about ten years (compared to growth of 6 percent to 9 percent in the first ten years), based on long-term ABAG projections. This slowing of growth in later years protracts the ability to fund new staff.

ANNEXATION AND COSTS OF SERVICE

- 3. Annexation costs of service of \$5.2 million are approximately equal to the current contract between the City and Central Fire.***

Current costs are estimated based on fire service costs for similar staffing provided by Central Fire to the City of Campbell, adjusted to reflect Morgan Hill fire service staffing. The costs include direct personnel costs and benefits, and indirect personnel and facilities costs.

- 4. Future annexation costs of service could grow at a slightly slower rate relative to the current contract.***

Future annexation service costs are assumed to grow at a "cost-of-living" rate of increase, or approximately 4.7 percent annually based on historical trends. The current contract is estimated to grow slightly faster at 4.9 percent on average over the next ten years, as it also factors in the growth in: a) assessed value, which typically grows faster than cost-of-living, and b) a CPI factor which partially offsets assessed value growth since it generally increases less than the cost-of-living factor.

ANNEXATION AND ADDITIONAL REVENUES TO CENTRAL FIRE

Annexation would result in a shift of property tax revenue from the City to Central Fire to fund services, augmented by other revenues. Because Central Fire is not subject to ERAF reductions, its share of the growth in shifted property tax revenues could be greater than the City otherwise would have received.

- 5. A supplemental \$700,000 would be required initially in addition to the \$4.3 million in transferred property tax and \$240,000 in fire service-related fees and charges to fund the \$5.2 million cost of service.*

Transferring the City's property tax base would be insufficient to cover the estimated initial annexation cost of service. Other General Revenues, which could include sales taxes, hotel taxes, and "Property Taxes in lieu of VLF," would be required to fund the difference; this analysis assumes that growth in these supplemental revenues is also transferred to Central Fire to help fund the program of staff additions. In addition, revenue from fire safety inspections, plan check and other fire service-related fees and charges would help to fund Central Fire services.

- 6. A special tax, if approved by two-thirds of the voters, could provide some, or all, of the supplemental revenue required.*

This would free general City revenues for other purposes. If special and other taxes exceed the initial \$700,000 supplemental revenues required, the additional staffing described in this report could be achieved sooner. The special tax could be adopted by either the City or Central Fire.

- 7. Property tax to Central Fire would grow approximately 15 to 20 percent faster than City property tax revenue, producing an additional \$1.5 million by Year 10.*

This is due to Central Fire not being subject to an ERAF reduction in its revenue growth. State law prohibits the transfer of property tax base to the detriment of schools; however, future revenue growth of the fire district would not be required to be diverted for educational purposes.

- 8. If supplemental revenues are a fixed amount, staffing of a new 2-person station may need be delayed one year, although a 3-person station could be staffed by Year 8.*

The addition of a 24/7 Battalion Chief may require 12 to 13 years (rather than 10) if supplemental revenues do not grow, particularly in later years. Although a fixed amount of supplemental revenue will reduce revenues available to Central Fire for additional services, contractual arrangements would be simplified.

- 9. Additional property tax revenue will become available when the current redevelopment area cap is reached.*

An analysis of the redevelopment cap has not been conducted as a part of this study; however, the City has indicated the potential to reach the cap within eight to ten years.

At that time, it is likely that substantial property tax revenue would be available to Central Fire (or the City in the absence of annexation) to assure funding of a 3-person third station in Morgan Hill, and a 24/7 Battalion Chief. To the extent that property tax revenues exceed required funding to Central Fire, a tax sharing agreement developed in advance of annexation could specify that a rebalancing of the property tax distribution occur, and/or reduction/elimination of special taxes.

ACTION PLAN

The proposed reorganization of fire protection service in southern Santa Clara County involves the annexation of the City of Morgan Hill to Central Fire and the consolidation of Central Fire and South County Fire to create a single regional fire protection district that would encompass the entire unincorporated portion of southern Santa Clara County and the City of Morgan Hill.

The proposed reorganization will require a number of actions by the involved local government agencies including the City of Morgan Hill, Central Fire and South County Fire, and Santa Clara County. The Local Agency Formation Commission (LAFCO) will administer the reorganization and ultimately, pursuant to the provisions of the Cortese Knox Hertzberg Act (Government Code Section 56000 et seq.), approve, deny, or modify the proposal.

As noted in the current study, the City should consider the creation of special taxes as a means to provide required funding in addition to property taxes, and potentially as a means to advance the funding of increased staffing.

It has been concluded in prior studies that special taxes will be required in the territory encompassed by South County Fire to equalize the level of service provided throughout the new consolidated fire district; the following Action Plan assumes that special taxes are pursued. However, annexation of South County Fire could proceed without a change in current revenues and contractual arrangements with the California Division of Forestry in the near term.

- 1. The City and County Board of Supervisors should formally initiate the fire protection service reorganization by adopting a memorandum of understanding (MOU) regarding the terms and proposed process of the reorganization.***

This MOU should specify key terms including the reallocation of property taxes, the imposition of consistent fire protection development impact fees, and responsibilities with regard to the consultations with LAFCO to assess timeline, milestones, process and appropriate mechanisms for annexation (e.g., new district vs. annexation to existing, relationship to the South County Fire annexation process, timing vs. tax measure, etc.). Additional technical work may also be required to formulate a “plan of service” required for the LAFCO reorganization application.

Additionally, further consideration should be given to the timing of the City annexation in relationship to the consolidation of Central Fire and South County Fire and the special tax measure that may be required to augment existing property tax funding. Initiating the process for the entire region will help address LAFCO concerns about working towards a regional solution and avoiding service “islands”, while not delaying the annexation of Morgan Hill to Central Fire.

2. *The City and Central Fire should negotiate an interim service contract.*

The City should seek a service contract for the period before annexation based on cost as a means for potential savings that can be applied towards funding of the annexation process.

3. *The City and the County Board of Supervisors (representing the Fire Protection Districts) should prepare a joint resolution to LAFCO initiating the reorganization.*

The joint resolution will initiate the reorganization effort and also contain the business terms including transfer and use of property tax and other revenues, phasing of service increase, disposition of impact fees, and other key provisions. The joint resolution would need to refer to and incorporate a plan of service for the new fire protection district and other analysis as may be specified or required by LAFCO as a part of the reorganization application.

4. *Following the related technical work completed in association with the MOU, the City should initiate the process for adopting a special tax.*

Funding in addition to property tax is required to maintain and improve fire protection service standards in Morgan Hill in the near term (i.e., within a five- to ten-year period). The City could consider sharing of general City revenues with Central Fire to fill the gap; however, this approach would provide a less stable source of revenue to the District and require a continuing agreement. The use of a special tax could fund the gap and advance funding of service improvements, and would free general revenues for other purposes (depending on the magnitude of the special tax). As a part of this effort the City must consider an appropriate election date and conduct polling to determine voter support and an ideal time to put the measure on the ballot.

- 5. Following the completion of technical work completed in association with the MOU, the County Board of Supervisors should initiate the process for adopting a special tax within the territory of South County Fire.***

Similar to the City of Morgan Hill, the South County Fire Protection District does not have an adequate property tax base to support a level of service consistent with the service currently being provided by Central Fire (service in South County Fire is provided through a contract with the California Department of Forestry). As a part of this effort the County must consider an appropriate election date and conduct polling to determine voter support and an ideal time to put the measure on the ballot.

II. KEY ASSUMPTIONS AND METHODOLOGY

This chapter describes key assumptions used in the financial analysis. Tables referenced in the text are included in Appendix A, along with additional summary tables.

NEW DEVELOPMENT

As shown in **Table A-2**, the forecast assumes 250 to 300 new units built in the City (including the redevelopment area) over the next three-year period. Subsequent growth is in the range of 235 units, declining to 220 units per year over time. The sales value of new single-family units of \$720,000 is assumed to grow at 3 percent annually.

Within the redevelopment area, approximately 340 total units are assumed over the next four years to be built within specific projects, based on the November 2007, Fraser & Associates Fiscal Consultant Report. The City estimated that 800 to 1,200 total units would be built in the redevelopment area in the future; the forecasts spread these units evenly through 2030, resulting in about 35 units annually.

Table A-3 shows the projected new commercial development. No significant amount of new commercial development is assumed within the redevelopment area, based on City information. An average value of \$200 per square foot is assumed; this value will vary depending on the type of new commercial development.

GROWTH IN ASSESSED VALUE BASE

The property tax forecast assumes that the assessed value base grows at 3 percent each year, in addition to the value added by new development. The 3 percent rate is slightly less than the assumed 3.2 percent CPI, and includes 2 percent re-assessment of existing property and an additional increase due to the resale of existing properties. The forecast of assessed value growth (excluding redevelopment) is shown in **Table A-6**.

PROPERTY TAX GROWTH

As shown in **Table A-9**, a 10.7 percent post-ERAF increment factor is used to estimate the share of property tax growth to the City. No property tax increment is assumed to the City from the redevelopment area. A nominal additional amount of supplemental revenue is included in the property tax forecast based on 50 percent of new residential development, plus an additional amount from turnover and increased re-assessment of existing property.

GROWTH IN THE FIRE SERVICE CONTRACT

Table A-12 illustrates the estimated future contract cost, based on the current formula which computes the average of three factors. The CPI and Cost of Living factor are based on historical averages; the growth in assessed value is based on the development projections contained in the analysis. The contract is compared to property tax in **Table A-13**, assuming the addition of new staff. The new staff are added at a slower pace relative to the annexation scenario, since less property tax is available. **Table A-15b** shows the phases by year.

COST OF ADDITIONAL SERVICES

Staff for an additional station and a full-time Battalion Chief are phased based on available revenues. The staff additions and changes are shown in **Table A-18** by phase and **Table A-19** by year; cost assumptions for each position are shown in **Table A-17**, based on representative information provided by Central Fire for the City of Campbell. Incremental costs are calculated in **Table A-20**, and total costs including existing costs are shown in **Table A-22**.

Other indirect costs, services and supplies, fixed assets and reserves are assumed to increase at cost-of-living.

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APPENDIX A

Morgan Hill Annexation Analysis
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**Table A-1
General Assumptions
Morgan Hill Annexation to Central Fire; EPS #18019**

Item	Amount
<u>Assessed Value</u>	
Assessed Value of Residential (1)	\$4,817,410
Assessed Value of Commercial (1)	<u>\$1,407,950</u>
Total Assessed Value (2)	\$6,225,360
Property Tax Rate (excluding assessments, etc.)	1.0%
Growth Rate for Existing Residential Assessed Value	3.0%
Growth Rate for Commercial Residential Assessed Value	3.0%
Average Market Value by Land Use for New Development	
Single-Family (2)	\$720,000
Multifamily (2)	\$453,000
Commercial (\$/SF) (3)	\$200

(1) In Thousands, City of Morgan Hill (FY08)

(2) Zillow.com

(3) EPS estimate

Sources: Economic & Planning Systems, Inc.; Zillow.com; City of Morgan Hill

Table A-2
Morgan Hill Residential Growth Projections to 2030
Morgan Hill Annexation to Central Fire; EPS #18019

Year	New Units outside Redevelopment	Redevelopment New Units (1)	Total New Units
2007-08	154	28	182
2008-09	242	10	252
2009-10	135	160	295
2010-11	163	97	260
2011-12	167	68	235
2012-13	210	25	235
2013-14	195	35	230
2014-15	195	35	230
2015-16	191	34	225
2016-17	191	34	225
2017-18	191	34	225
2018-19	186	34	220
2019-20	186	34	220
2020-21	186	34	220
2021-22	186	34	220
2022-23	186	34	220
2023-24	186	34	220
2024-25	186	34	220
2025-26	186	34	220
2026-27	186	34	220
2027-28	186	34	220
2028-29	186	34	220
2029-30	186	34	220
2030-31	186	34	220
Total	4,454	1,000	5,454

(1) City of Morgan Hill projects that 800-1200 of the total units developed in the period will be built in the redevelopment area. EPS uses the November 2007 Fraser & Associates Fiscal Consultant Report to estimate redevelopment until 2012-13, and distributes the balance across years according to the ratio of total units developed in a given year to the total number of units.

Sources: EPS, Inc.; City of Morgan Hill; Morgan Hill Redevelopment Agency

Table A-3
Morgan Hill Commercial Growth Projections (1)
Morgan Hill Annexation to Central Fire; EPS #18019

Item	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Rauschnot Industrial Bldg.		14,390											
Jiffy Lube Oil Change		3,478											
AIM Conference Ctr.			166,400										
DiNapoli Center	133,462	115,552	51,690	182,148	182,148								
Vista Del Toro Retail/Office	12,480												
Vista Del Toro Phase 2				12,500									
The Granary Retail				8,300									
Sherman House Retail				13,500									
Sunsweet Plaza				10,000									
Alcini Retail			11,000										
Gateway Office				36,000									
Auto Dealerships				0	30,000	30,000							
Assisted Living		75,000											
Patio World	12,000												
Apostolic Church			12,488										
Vet Clinic		3,950											
Madrone Retail	28,265			48,632									
Alcini Industrial		22,530											
Morales Retail Ctr			15,034										
Fry's Mixed Use Dev:													
b) Retail:						275,000	150,000	75,000	500,000				
c) Theater						8,000			8,000				
d) Office:					300,000	150,000	75,000	75,000	600,000				
Future Mfg			25,000	50,000	50,000	50,000	50,000	50,000	275,000	44,688	44,688	44,688	44,688
Future R&D				15,000	15,000	15,000			45,000	3,125	3,125	3,125	3,125
Future Retail				33,765	30,000	30,000	33,000	33,000	159,765	31,875	31,875	31,875	31,875
Future Office				50,000	50,000	50,000	50,000	50,000	250,000	59,375	59,375	59,375	59,375
Future Motel/Hotel						27,600	20,000	20,000	67,600	0	0	0	0
Total	186,207	234,900	281,612	459,845	657,148	635,600	378,000	303,000	1,905,365	139,063	139,063	139,063	139,063

(1) Data from the City of Morgan Hill. County Courthouse, Residential, Education, and Institutional data excluded. Total for years 2015-2030 is distributed evenly over the 16 year period.

Sources: Economic & Planning Systems; City of Morgan Hill

Table A-4
Multifamily to Single-Family Growth Ratio
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Year	Housing Units							Total single growth from previous year	Total Multi Growth from Previous Year	Total Growth from previous year
		Single Detached	Single Attached	Total Single	Multi Type 1	Multi Type 2	Total Multi	Single + Multi			
	2007	7,890	1,832	9,722	728	1,267	1,995	11,717	298	0	298
	2006	7,672	1,752	9,424	728	1,267	1,995	11,419	139	100	239
	2005	7,572	1,713	9,285	700	1,195	1,895	11,180	255	-2	253
	2004	7,368	1,662	9,030	702	1,195	1,897	10,927	223	53	276
	2003	7,197	1,610	8,807	649	1,195	1,844	10,651	89	0	89
	2002	7,121	1,597	8,718	649	1,195	1,844	10,562			
Total									1,004	151	1,155
% of Total Growth									86.93%	13.07%	100.00%

Sources: Economic & Planning Systems; California Department of Finance, 2007.

**Table A-5
Projected Commercial and Residential Development
Morgan Hill Annexation to Central Fire; EPS #18019**

Item	Fiscal Year												
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total New Residential Development (1)		182	252	295	260	235	235	230	230	225	225	225	220
<u>Redevelopment</u>													
New Redev Single (2)		24	9	139	84	59	22	31	31	30	30	30	29
New Redev Multi (2)		<u>4</u>	<u>1</u>	<u>21</u>	<u>13</u>	<u>9</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>4</u>
Subtotal, New Redevelopment (1)		28	10	160	97	68	25	35	35	34	34	34	34
<u>Non-Redevelopment</u>													
New Single-Family Development (2)		134	210	117	142	145	183	169	169	166	166	166	162
New Multifamily Development (2)		<u>20</u>	<u>32</u>	<u>18</u>	<u>21</u>	<u>22</u>	<u>27</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>24</u>
Subtotal, New Residential Development (1)		154	242	135	163	167	210	195	195	191	191	191	186
Total New Residential, Non-Redevelopment		154	242	135	163	167	210	195	195	191	191	191	186
Cumulative New Units		154	396	531	694	861	1,071	1,266	1,461	1,651	1,842	2,032	2,219
New Commercial (1)	186,207	234,900	281,612	459,845	657,148	635,600	378,000	303,000	1,905,365	139,063	139,063	139,063	139,063
Less Redev Commercial	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, New Commercial (Non-Redev)	186,207	234,900	281,612	459,845	657,148	635,600	378,000	303,000	1,905,365	139,063	139,063	139,063	139,063
Cumulative New Commercial	186,207	421,107	702,719	1,162,564	1,819,712	2,455,312	2,833,312	3,136,312	5,041,677	5,180,740	5,319,802	5,458,865	5,597,927

(1) City of Morgan Hill

(2) Calculated by applying the ratio of single family/multifamily growth since 2002 in California Department of Finance Data to City of Morgan Hill growth estimates.

Sources: Economic & Planning Systems, Inc; City of Morgan Hill; California Department of Finance, 2007.

**Table A-6
Assessed Value Projections (Thousands of Dollars): Non-Redevelopment
Morgan Hill Annexation to Central Fire; EPS #18019**

Item	Fiscal Year											
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Assessed Value of Existing Development (start of year) (1)												
Comm. Assessed Value in City (2)	\$327,810	\$387,485	\$460,655	\$577,987	\$747,689	\$921,908	\$1,042,543	\$1,150,586	\$1,682,317	\$1,770,165	\$1,861,768	\$1,957,275
Resid. Assessed Value in City (3)	\$3,299,870	\$3,510,879	\$3,797,371	\$4,015,388	\$4,265,306	\$4,529,877	\$4,842,715	\$5,157,020	\$5,485,824	\$5,825,817	\$6,181,273	\$6,552,812
Subtotal	\$3,627,680	\$3,898,364	\$4,258,026	\$4,593,374	\$5,012,995	\$5,451,785	\$5,885,258	\$6,307,606	\$7,168,141	\$7,595,982	\$8,043,041	\$8,510,088
% Change Subtotal		7.5%	9.2%	7.9%	9.1%	8.8%	8.0%	7.2%	13.6%	6.0%	5.9%	5.8%
Assessed Value of New Development												
Comm. A.V. from New Dev. (4) (5)	\$48,389	\$59,752	\$100,497	\$147,925	\$147,367	\$90,270	\$74,530	\$482,732	\$36,289	\$37,378	\$38,499	\$39,654
Resid. A.V. from Single-Family New Dev. (6)	\$99,349	\$160,685	\$92,327	\$114,821	\$121,168	\$156,938	\$149,914	\$154,412	\$155,587	\$160,254	\$165,062	\$166,236
Resid. A.V. from Multi-Family New Dev. (6)	\$9,401	\$15,205	\$8,737	\$10,865	\$11,466	\$14,850	\$14,186	\$14,611	\$14,722	\$15,164	\$15,619	\$15,730
Cum. Comm. A.V. from New Dev.	\$48,389	\$108,142	\$208,639	\$356,564	\$503,931	\$594,201	\$668,732	\$1,151,464	\$1,187,753	\$1,225,130	\$1,263,629	\$1,303,283
Cum. Resid. A.V. from Single-Family New Dev.	\$99,349	\$260,034	\$352,361	\$467,182	\$588,349	\$745,287	\$895,201	\$1,049,613	\$1,205,200	\$1,365,454	\$1,530,516	\$1,696,751
Cum. Resid. A.V. from Multifamily New Dev.	\$9,401	\$24,606	\$33,342	\$44,207	\$55,673	\$70,523	\$84,709	\$99,320	\$114,043	\$129,207	\$144,826	\$160,556
Total Assessed Value Existing & New Development (end of year)												
Cumulative Comm. A.V.	\$376,199	\$447,238	\$561,152	\$725,912	\$895,056	\$1,012,178	\$1,117,074	\$1,633,318	\$1,718,606	\$1,807,542	\$1,900,267	\$1,996,929
Cumulative Resid. A.V.	\$3,408,620	\$3,686,768	\$3,898,435	\$4,141,074	\$4,397,939	\$4,701,665	\$5,006,815	\$5,326,043	\$5,656,133	\$6,001,236	\$6,361,954	\$6,734,778
Subtotal	\$3,784,819	\$4,134,006	\$4,459,587	\$4,866,985	\$5,292,995	\$5,713,843	\$6,123,889	\$6,959,360	\$7,374,739	\$7,808,778	\$8,262,221	\$8,731,707
Commercial Growth/Total Growth		20.34%	34.99%	40.44%	39.70%	27.83%	25.58%	61.79%	20.53%	20.49%	20.45%	20.59%
Residential Growth/Total Growth		79.66%	65.01%	59.56%	60.30%	72.17%	74.42%	38.21%	79.47%	79.51%	79.55%	79.41%
New Development/Total Growth		67.48%	61.91%	67.16%	65.73%	62.27%	58.20%	78.01%	49.74%	49.03%	48.34%	47.20%
Existing Growth/Total Growth		32.52%	38.09%	32.84%	34.27%	37.73%	41.80%	21.99%	50.26%	50.97%	51.66%	52.80%

(1) Initial FY08 assessed value base calculated by subtracting Redevelopment AV (\$1,080,140 for commercial and \$1,517,540 for residential).

(2) Commercial AV assumes 3% rate of increase over total value at end of the prior year in addition to new construction.

(3) Residential AV assumes 3% increase over the total value at the end of the prior year in addition to new construction.

(4) From City of Morgan Hill. County Courthouse, Residential, Education, and Institutional data excluded. Data for years 2015-2030 distributed evenly over corresponding 16 year period.

(5) All commercial development assumed to occur outside of redevelopment area.

(6) City of Morgan Hills projects that 800-1200 of the total units developed in the period will be built in redevelopment districts. EPS assumes 1000 and distributes them across years according to the ratio of units developed in a given year to the total number of units.

Table A-7
Assessed Value Projections (Thousands of Dollars): Redevelopment
Morgan Hill; EPS 18019

Item	Fiscal Year											
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Assessed Value of Existing Redevelopment (start of year)												
Comm. Assessed Value in City (1)	\$1,080,140	\$1,112,544	\$1,145,921	\$1,180,298	\$1,215,707	\$1,252,178	\$1,289,744	\$1,328,436	\$1,368,289	\$1,409,338	\$1,451,618	\$1,495,166
Resid. Assessed Value in City (2)	<u>\$1,517,540</u>	<u>\$1,583,334</u>	<u>\$1,638,320</u>	<u>\$1,810,843</u>	<u>\$1,942,206</u>	<u>\$2,056,099</u>	<u>\$2,138,847</u>	<u>\$2,233,596</u>	<u>\$2,332,105</u>	<u>\$2,433,809</u>	<u>\$2,539,516</u>	<u>\$2,649,376</u>
Subtotal	\$2,597,680	\$2,695,878	\$2,784,241	\$2,991,141	\$3,157,914	\$3,308,277	\$3,428,590	\$3,562,032	\$3,700,394	\$3,843,147	\$3,991,134	\$4,144,542
% Change Subtotal		3.8%	3.3%	7.4%	5.6%	4.8%	3.6%	3.9%	3.9%	3.9%	3.9%	3.8%
Assessed Value of New Redevelopment												
Comm. A.V. from New Dev. (3) (4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resid. A.V. from Single-Family New Dev. (5)	\$17,977	\$6,640	\$109,425	\$68,329	\$49,338	\$18,683	\$27,126	\$27,940	\$28,153	\$28,997	\$29,867	\$30,079
Resid. A.V. from Multi-Family New Dev. (5)	\$1,701	\$628	\$10,354	\$6,466	\$4,669	\$1,768	\$2,567	\$2,644	\$2,664	\$2,744	\$2,826	\$2,846
Cum. Comm. A.V. from New Dev.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cum. Resid. A.V. from Single-Family New Dev.	\$17,977	\$24,616	\$134,041	\$202,370	\$251,708	\$270,391	\$297,517	\$325,457	\$353,610	\$382,607	\$412,474	\$442,553
Cum. Resid. A.V. from Multifamily New Dev.	\$1,701	\$2,329	\$12,684	\$19,149	\$23,818	\$25,586	\$28,153	\$30,797	\$33,461	\$36,204	\$39,031	\$41,877
Total Assessed Value Existing & New Redevelopment (end of year)												
Cumulative Comm. A.V.	\$1,080,140	\$1,112,544	\$1,145,921	\$1,180,298	\$1,215,707	\$1,252,178	\$1,289,744	\$1,328,436	\$1,368,289	\$1,409,338	\$1,451,618	\$1,495,166
Cumulative Resid. A.V.	<u>\$1,537,218</u>	<u>\$1,590,602</u>	<u>\$1,758,100</u>	<u>\$1,885,637</u>	<u>\$1,996,213</u>	<u>\$2,076,550</u>	<u>\$2,168,540</u>	<u>\$2,264,180</u>	<u>\$2,362,921</u>	<u>\$2,465,550</u>	<u>\$2,572,210</u>	<u>\$2,682,302</u>
Subtotal	\$2,617,358	\$2,703,147	\$2,904,020	\$3,065,935	\$3,211,920	\$3,328,728	\$3,458,283	\$3,592,615	\$3,731,210	\$3,874,888	\$4,023,828	\$4,177,468
Commercial Growth/Total Growth		37.77%	16.62%	21.23%	24.26%	31.22%	29.00%	28.80%	28.76%	28.57%	28.39%	28.34%
Residential Growth/Total Growth		62.23%	83.38%	78.77%	75.74%	68.78%	71.00%	71.20%	71.24%	71.43%	71.61%	71.66%
New Development/Total Growth		8.47%	59.63%	46.19%	36.99%	17.51%	22.92%	22.77%	22.23%	22.09%	21.95%	21.43%
Existing Growth/Total Growth		91.53%	40.37%	53.81%	63.01%	82.49%	77.08%	77.23%	77.77%	77.91%	78.05%	78.57%

(1) Commercial AV assumes 3% rate of increase over total value at end of the prior year in addition to new construction.

(2) Residential AV assumes 3% increase over the total value at the end of the prior year in addition to new construction.

(3) From City of Morgan Hill. County Courthouse, Residential, Education, and Institutional data excluded. Data for years 2015-2030 distributed evenly over corresponding 16 year period.

(4) All commercial development assumed to occur outside of redevelopment district.

(5) City of Morgan Hills projects that 800-1200 of the total units developed in the period will be built in redevelopment districts. EPS assumes 1000 and distributes them across years according to the ratio of units developed in a given year to the total number of units.

Table A-8
Assessed Value Total Development Projections (Thousands of Dollars)
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Fiscal Year												
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
			1	2	3	4	5	6	7	8	9	10	11
Assessed Value of Existing Total Development (start of year) (1)													
Comm. Assessed Value in City (1)		\$1,407,950	\$1,500,030	\$1,606,575	\$1,758,285	\$1,963,396	\$2,174,086	\$2,332,287	\$2,479,022	\$3,050,606	\$3,179,502	\$3,313,386	\$3,452,442
Resid. Assessed Value in City (2)		<u>\$4,817,410</u>	<u>\$5,094,213</u>	<u>\$5,435,691</u>	<u>\$5,826,230</u>	<u>\$6,207,512</u>	<u>\$6,585,976</u>	<u>\$6,981,562</u>	<u>\$7,390,615</u>	<u>\$7,817,929</u>	<u>\$8,259,626</u>	<u>\$8,720,789</u>	<u>\$9,202,188</u>
Subtotal		\$6,225,360	\$6,594,242	\$7,042,267	\$7,584,515	\$8,170,908	\$8,760,062	\$9,313,849	\$9,869,637	\$10,868,535	\$11,439,128	\$12,034,175	\$12,654,630
% Change Subtotal		6.8%	5.9%	6.8%	7.7%	7.7%	7.2%	6.3%	6.0%	10.1%	5.2%	5.2%	5.2%
Assessed Value of New Total Development													
Comm. A.V. from New Dev. (3) (4)		\$48,389	\$59,752	\$100,497	\$147,925	\$147,367	\$90,270	\$74,530	\$482,732	\$36,289	\$37,378	\$38,499	\$39,654
Resid. A.V. from Single-Family New Dev. (5)		\$117,326	\$167,324	\$201,752	\$183,150	\$170,505	\$175,621	\$177,041	\$182,352	\$183,739	\$189,251	\$194,929	\$196,315
Resid. A.V. from Multi-Family New Dev. (5)		\$11,102	\$15,833	\$19,091	\$17,331	\$16,134	\$16,618	\$16,753	\$17,255	\$17,386	\$17,908	\$18,445	\$18,576
Cum. Comm. A.V. from New Dev.		\$48,389	\$108,142	\$208,639	\$356,564	\$503,931	\$594,201	\$668,732	\$1,151,464	\$1,187,753	\$1,225,130	\$1,263,629	\$1,303,283
Cum. Resid. A.V. from Single-Family New Dev.		\$117,326	\$284,650	\$486,402	\$669,552	\$840,057	\$1,015,678	\$1,192,718	\$1,375,070	\$1,558,809	\$1,748,061	\$1,942,989	\$2,139,305
Cum. Resid. A.V. from Multifamily New Dev.		\$11,102	\$26,935	\$46,026	\$63,357	\$79,491	\$96,109	\$112,862	\$130,117	\$147,503	\$165,411	\$183,857	\$202,433
Total Assessed Value Existing & New Total Development (end of year)													
Cumulative Comm. A.V.		\$1,456,339	\$1,559,782	\$1,707,072	\$1,906,210	\$2,110,763	\$2,264,356	\$2,406,817	\$2,961,754	\$3,086,895	\$3,216,880	\$3,351,885	\$3,492,096
Cumulative Resid. A.V.		<u>\$4,945,838</u>	<u>\$5,277,370</u>	<u>\$5,656,534</u>	<u>\$6,026,711</u>	<u>\$6,394,152</u>	<u>\$6,778,215</u>	<u>\$7,175,355</u>	<u>\$7,590,222</u>	<u>\$8,019,055</u>	<u>\$8,466,786</u>	<u>\$8,934,163</u>	<u>\$9,417,080</u>
Subtotal		\$6,402,177	\$6,837,152	\$7,363,607	\$7,932,921	\$8,504,915	\$9,042,571	\$9,582,172	\$10,551,976	\$11,105,950	\$11,683,665	\$12,286,049	\$12,909,175
Commercial Growth/Total Growth			23.78%	27.98%	34.98%	35.76%	28.57%	26.40%	57.22%	22.59%	22.50%	22.41%	22.50%
Residential Growth/Total Growth			76.22%	72.02%	65.02%	64.24%	71.43%	73.60%	42.78%	77.41%	77.50%	77.59%	77.50%
New Development/Total Growth			55.84%	61.04%	61.20%	58.39%	52.54%	49.73%	70.36%	42.86%	42.33%	41.81%	40.85%
Existing Growth/Total Growth			44.16%	38.96%	38.80%	41.61%	47.46%	50.27%	29.64%	57.14%	57.67%	58.19%	59.15%

(1) Commercial AV assumes 3% rate of increase over total value at end of the prior year in addition to new construction.

(2) Residential AV assumes 3% increase over the total value at the end of the prior year in addition to new construction.

(3) From City of Morgan Hill. County Courthouse, Residential, Education, and Institutional data excluded. Data for years 2015-2030 distributed evenly over corresponding 16 year period.

(4) All commercial development assumed to occur outside of redevelopment district.

(5) City of Morgan Hills projects that 800-1200 of the total units developed in the period will be built in redevelopment districts. EPS assumes 1000 and distributes them across years according to the ratio of units developed in a given year to the total number of units.

Table A-9
City Property Tax Revenues (Without Annexation)
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Assumption	2007-08	2008-09	2009-10	2010-11	2011-12	Fiscal Year 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Property Tax (all entities)													
Total Property Tax @ 1% of AV		\$36,276,800	\$38,983,639	\$42,580,259	\$45,933,743	\$50,129,948	\$54,517,849	\$58,852,584	\$63,076,055	\$71,681,413	\$75,959,816	\$80,430,411	\$85,100,877
Property Tax Increment		\$0	\$2,706,839	\$3,596,620	\$3,353,483	\$4,196,206	\$4,387,900	\$4,334,735	\$4,223,471	\$8,605,358	\$4,278,403	\$4,470,594	\$4,670,466
Property Tax Increment to City:													
City	10.70% TAF (1)	\$0	\$289,632	\$384,838	\$358,823	\$448,994	\$469,505	\$463,817	\$451,911	\$920,773	\$457,789	\$478,354	\$499,740
Total	10.70% TAF	\$0	\$289,632	\$384,838	\$358,823	\$448,994	\$469,505	\$463,817	\$451,911	\$920,773	\$457,789	\$478,354	\$499,740
Gross Property Tax to City													
Base			\$3,976,892	\$4,266,524	\$4,651,362	\$5,010,185	\$5,459,179	\$5,928,684	\$6,392,501	\$6,844,412	\$7,765,186	\$8,222,975	\$8,701,328
Share of Tax Increment		\$0	\$289,632	\$384,838	\$358,823	\$448,994	\$469,505	\$463,817	\$451,911	\$920,773	\$457,789	\$478,354	\$499,740
Total		\$0	\$4,266,524	\$4,651,362	\$5,010,185	\$5,459,179	\$5,928,684	\$6,392,501	\$6,844,412	\$7,765,186	\$8,222,975	\$8,701,328	\$9,201,068
Property Tax Increment: Supplemental Roll @ 50% of AV of New Dev.			\$53,152	\$85,966	\$49,395	\$61,429	\$64,825	\$83,962	\$80,204	\$82,610	\$83,239	\$85,736	\$88,308
Prop. Tax Inc. to City: Supp'l Roll @ 4% of Tax Due to Turnover			\$20,856	\$22,780	\$24,575	\$26,820	\$29,167	\$31,486	\$33,746	\$38,350	\$40,639	\$43,030	\$45,529
Property Tax to City Prior to Tax Admin. Fees		\$0	\$4,340,532	\$4,760,109	\$5,084,154	\$5,547,428	\$6,022,676	\$6,507,949	\$6,958,362	\$7,886,145	\$8,346,852	\$8,830,095	\$9,334,905
Less Prop. Tax Admin. Fees	1.15%	\$0	(\$49,065)	(\$53,491)	(\$57,617)	(\$62,781)	(\$68,180)	(\$73,514)	(\$78,711)	(\$89,300)	(\$94,564)	(\$100,065)	(\$105,812)
Net General Fund Property Tax to City (2)		\$3,976,892	\$4,291,467	\$4,706,618	\$5,026,537	\$5,484,647	\$5,954,496	\$6,434,435	\$6,879,651	\$7,796,846	\$8,252,288	\$8,730,029	\$9,229,093
% Change from Previous Year			7.9%	9.7%	6.8%	9.1%	8.6%	8.1%	6.9%	13.3%	5.8%	5.8%	5.7%

(1) City of Morgan Hills, Increment Allocation Factors FY0708 (net of ERAF)

(2) 2007-2008 property tax revenues from City of Morgan Hills 2007-2008 budget.

Table A-10
Fire District Property Tax Revenues With Annexation
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Assumption	2007-08	2008-09	2009-10	2010-11	2011-12	Fiscal Year 2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Property Tax (all entities)													
Total Property Tax @ 1% of AV		\$36,276,800	\$38,983,639	\$42,580,259	\$45,933,743	\$50,129,948	\$54,517,849	\$58,852,584	\$63,076,055	\$71,681,413	\$75,959,816	\$80,430,411	\$85,100,877
Property Tax Increment			\$2,706,839	\$3,596,620	\$3,353,483	\$4,196,206	\$4,387,900	\$4,334,735	\$4,223,471	\$8,605,358	\$4,278,403	\$4,470,594	\$4,670,466
Property Tax Increment to Fire (1)													
Percent of tax increment	100%												
Fire	13.70% TAF (2)		\$370,837	\$492,737	\$459,427	\$574,880	\$601,142	\$593,859	\$578,616	\$1,178,934	\$586,141	\$612,471	\$639,854
Total	13.70% TAF		\$370,837	\$492,737	\$459,427	\$574,880	\$601,142	\$593,859	\$578,616	\$1,178,934	\$586,141	\$612,471	\$639,854
Gross Property Tax to Fire													
Base			\$3,976,892	\$4,347,729	\$4,840,466	\$5,299,893	\$5,874,773	\$6,475,916	\$7,069,774	\$7,648,390	\$8,827,324	\$9,413,465	\$10,025,937
Share of Tax Increment			<u>\$370,837</u>	<u>\$492,737</u>	<u>\$459,427</u>	<u>\$574,880</u>	<u>\$601,142</u>	<u>\$593,859</u>	<u>\$578,616</u>	<u>\$1,178,934</u>	<u>\$586,141</u>	<u>\$612,471</u>	<u>\$639,854</u>
Total			\$4,347,729	\$4,840,466	\$5,299,893	\$5,874,773	\$6,475,916	\$7,069,774	\$7,648,390	\$8,827,324	\$9,413,465	\$10,025,937	\$10,665,791
% of supplemental to fire	100%												
Property Tax Increment: Supplemental Roll @ 50% of AV of New Dev.			\$68,054	\$110,069	\$63,244	\$78,652	\$83,000	\$107,502	\$102,691	\$105,772	\$106,577	\$109,774	\$113,067
Prop. Tax Inc. to City: Suppl Roll @ 4% of Tax Due to Turnover			<u>\$26,704</u>	<u>\$29,167</u>	<u>\$31,465</u>	<u>\$34,339</u>	<u>\$37,345</u>	<u>\$40,314</u>	<u>\$43,207</u>	<u>\$49,102</u>	<u>\$52,032</u>	<u>\$55,095</u>	<u>\$58,294</u>
Property Tax to City Prior to Tax Admin. Fees			\$4,442,487	\$4,979,702	\$5,394,602	\$5,987,765	\$6,596,260	\$7,217,591	\$7,794,288	\$8,982,198	\$9,572,075	\$10,190,806	\$10,837,152
Less Prop. Tax Admin. Fees	1.15%		(\$49,999)	(\$55,665)	(\$60,949)	(\$67,560)	(\$74,473)	(\$81,302)	(\$87,956)	(\$101,514)	(\$108,255)	(\$115,298)	(\$122,657)
Net General Fund Property Tax to	100% (4)	\$3,976,892	\$4,392,488	\$4,924,037	\$5,333,653	\$5,920,205	\$6,521,787	\$7,136,288	\$7,706,332	\$8,880,684	\$9,463,820	\$10,075,507	\$10,714,495
% Change from Previous Year			10.5%	12.1%	8.3%	11.0%	10.2%	9.4%	8.0%	15.2%	6.6%	6.5%	6.3%

(1) Property Tax increment to fire equals a given percent of the total increment, multiplied by the pre ERAF factor.

(2) City of Morgan Hills, Increment Allocation Factors FY08 (pre-ERAF)

(3) 2007-2008 property tax revenues from City of Morgan Hills 2007-2008 budget.

(4) Fixed percentage of property tax base transferred to fire department at pre-ERAF dollars, multiplied by at Pre-ERAF to Post ERAF ratio.

Table A-11
City Property Tax Revenues With Annexation
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Assumption	Fiscal Year										
		2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Total Property Tax												
Total Property Tax @ 1% of AV		\$38,983,639	\$42,580,259	\$45,933,743	\$50,129,948	\$54,517,849	\$58,852,584	\$63,076,055	\$71,681,413	\$75,959,816	\$80,430,411	\$85,100,877
Property Tax Increment		\$2,706,839	\$3,596,620	\$3,353,483	\$4,196,206	\$4,387,900	\$4,334,735	\$4,223,471	\$8,605,358	\$4,278,403	\$4,470,594	\$4,670,466
Property Tax Increment to City (1)												
Percent of tax increment	0%											
City	0.00% TAF (2)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	0.00% TAF	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Property Tax to City												
Base		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Share of Tax Increment		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Percent of Supplemental	0%											
Property Tax Increment: Supp'l Roll @ 50% of AV of New Dev.		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prop. Tax Inc. to City: Supp'l Roll @ 4% of Tax Due to Turnover		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Property Tax to City Prior to Tax Admin. Fees		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Less Prop. Tax Admin. Fees	1.15%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net General Fund Property Tax to City (0% (4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
% Change from Previous Year		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

(1) Property Tax increment to city equals one minus fire's share of the total increment, multiplied by the post ERAF factor.

(2) City of Morgan Hills, Increment Allocation Factors FY0708

(3) 2007-2008 property tax revenues from City of Morgan Hills 2007-2008 budget.

(4) Equals one minus fire's share of property tax base transferred at post-ERAF dollars.

Table A-12
Estimate of Fire Service Contract Cost
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Fiscal Year													
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
<u>Contract Cost (1)</u>														
Contract Cost	\$4,361,361	\$4,554,405	\$4,868,611	\$5,204,697	\$5,444,695	\$5,711,526	\$6,008,678	\$6,321,921	\$6,640,514	\$6,955,491	\$7,277,192	\$7,714,527	\$8,052,887	\$8,404,797
% Chng From Past Year		4.4%	6.9%	6.9%	4.6%	4.9%	5.2%	5.2%	5.0%	4.7%	4.6%	6.0%	4.4%	4.4%
<u>Determinants (1) (2)</u>														
% Chng in CPI (3)	1.6%	2.9%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%
% Chng Cost of Living (4)	2.8%	3.2%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%	4.7%
% Chng Local Secured Value (5)	10.3%	10.9%	10.5%	5.9%	6.8%	7.7%	7.7%	7.2%	6.3%	6.0%	10.1%	5.2%	5.2%	5.2%
Total	14.7%	17.0%	18.4%	13.8%	14.7%	15.6%	15.6%	15.1%	14.2%	13.9%	18.0%	13.2%	13.1%	13.1%
Average	4.9%	5.7%	6.1%	4.6%	4.9%	5.2%	5.2%	5.0%	4.7%	4.6%	6.0%	4.4%	4.4%	4.4%
Average (capped)	4.9%	5.7%	6.1%	4.6%	4.9%	5.2%	5.2%	5.0%	4.7%	4.6%	6.0%	4.4%	4.4%	4.4%

(1) Uses City of Morgan Hill Projections until 08-09, EPS projections afterwards.

(2) If any % Change determinants fall below zero, the % Change for the determinant is calculated as zero. If in 2005-06 % Change determinants sum to more than 15% the total is capped at 15% in 2005-06, and if they sum to more than or 21% thereafter the total is capped at 21%.

(3) The San Francisco-Oakland-San Jose CPI has grown at 3.21% since 1985, according to BLS. EPS projections use this number.

(4) According to City of Morgan Hill, growth in average annual cost of living increase in total compensation has averaged 4.7% since 1996.

(5) EPS Projections

Sources: Economic & Planning Systems; BLS; City of Morgan Hill

Table A-13
City Funding of Fire Services Contract (Without Annexation)
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Assumptions	Fiscal Year										
		2008-09 1	2009-10 2	2010-11 3	2011-12 4	2012-13 5	2013-14 6	2014-15 7	2015-16 8	2016-17 9	2017-18 10	2018-19 11
City Revenues to Fund Contract												
Property Tax	8.0%	\$4,291,467	\$4,706,618	\$5,026,537	\$5,484,647	\$5,954,496	\$6,434,435	\$6,879,651	\$7,796,846	\$8,252,288	\$8,730,029	\$9,229,093
Other General Revenues (1)	4.5%	\$677,230	\$707,706	\$739,552	\$772,832	\$807,610	\$843,952	\$881,930	\$921,617	\$963,090	\$1,006,429	\$1,051,718
Fees and Charges (2)	4.0%	\$236,000	\$245,440	\$255,258	\$265,468	\$276,087	\$287,130	\$298,615	\$310,560	\$322,982	\$335,902	\$349,338
Total	7.4%	\$5,204,697	\$5,659,764	\$6,021,347	\$6,522,947	\$7,038,192	\$7,565,517	\$8,060,197	\$9,029,023	\$9,538,360	\$10,072,360	\$10,630,149
Fire District Contract Cost												
Baseline		\$5,204,697	\$5,444,695	\$5,711,526	\$6,008,678	\$6,321,921	\$6,640,514	\$6,955,491	\$7,277,192	\$7,714,527	\$8,052,887	\$8,404,797
Annual rate for 10 yrs (4)	4.9%		4.6%	4.9%	5.2%	5.2%	5.0%	4.7%	4.6%	6.0%	4.4%	4.4%
Additional Increase 1		\$ -	\$ -	\$ -	\$ -	\$ 738,238	\$ 772,935	\$ 809,263	\$ 1,808,214	\$ 1,893,200	\$ 1,982,181	\$ 2,075,343
Additional Increase 2												
Additional Increase 3												
Additional Increase 4												
Subtotal												
Total Costs (inflated)		\$ 5,204,697	\$ 5,444,695	\$ 5,711,526	\$ 6,008,678	\$ 7,060,159	\$ 7,413,449	\$ 7,764,754	\$ 9,085,406	\$ 9,607,727	\$ 10,035,068	\$ 10,480,140
Increase vs. Year 1			\$239,998	\$506,829	\$803,981	\$1,855,462	\$2,208,752	\$2,560,057	\$3,880,709	\$4,403,030	\$4,830,371	\$5,275,443
City Revenues less Contract Cost		0	215,068	309,821	514,269	(21,966)	152,068	295,443	(56,384)	(69,368)	37,292	150,009
Cumulative		0	215,068	309,821	729,338	287,854	881,406	583,297	825,022	513,930	862,314	663,938

(1) Assumes that Other General Revenues grow at: 4.5%

(2) Other Revenues include plan check, inspection fees, and inspections assumed to grow at:

4.0% based on current budget estimates (City of Morgan Hill, 5/27/08)

Sources: Economic & Planning Systems; City of Morgan Hill

Table A-14
Funding of Annexation Fire Services
Morgan Hill Annexation to Central Fire; EPS #18019

Item	Assumptions	Fiscal Year										
		2008-09 1	2009-10 2	2010-11 3	2011-12 4	2012-13 5	2013-14 6	2014-15 7	2015-16 8	2016-17 9	2017-18 10	2018-19 11
City & Other Funds												
Property Tax	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fees and Charges (2)	4.0%	\$236,000	\$245,440	\$255,258	\$265,468	\$276,087	\$287,130	\$298,615	\$310,560	\$322,982	\$335,902	\$349,338
Other Revenues (3)	4.5%	<u>\$576,812</u>	<u>\$602,768</u>	<u>\$629,893</u>	<u>\$658,238</u>	<u>\$687,859</u>	<u>\$718,812</u>	<u>\$751,159</u>	<u>\$784,961</u>	<u>\$820,284</u>	<u>\$857,197</u>	<u>\$895,771</u>
Subtotal		\$812,812	\$848,208	\$885,150	\$923,706	\$963,945	\$1,005,942	\$1,049,774	\$1,095,521	\$1,143,267	\$1,193,099	\$1,245,109
Fire District Property Tax												
Transferred Property Tax	100%	\$4,392,488	\$4,924,037	\$5,333,653	\$5,920,205	\$6,521,787	\$7,136,288	\$7,706,332	\$8,880,684	\$9,463,820	\$10,075,507	\$10,714,495
Total		\$4,392,488	\$4,924,037	\$5,333,653	\$5,920,205	\$6,521,787	\$7,136,288	\$7,706,332	\$8,880,684	\$9,463,820	\$10,075,507	\$10,714,495
Increase from Year 1			\$531,549	\$941,165	\$1,527,717	\$2,129,299	\$2,743,800	\$3,313,844	\$4,488,196	\$5,071,332	\$5,683,019	\$6,322,007
Annual rate for 10 yrs (4)	9.3%											
TOTAL FUNDING		\$5,205,300	\$5,772,245	\$6,218,804	\$6,843,911	\$7,485,733	\$8,142,231	\$8,756,106	\$9,976,205	\$10,607,086	\$11,268,606	\$11,959,604
Annual rate for 10 yrs (4)	8.7%											
Fire District Costs of Service												
Personnel Costs		\$4,409,469	\$4,409,469	\$5,023,810	\$5,023,810	\$5,720,531	\$5,720,531	\$5,720,531	\$6,309,917	\$6,309,917	\$6,851,739	\$6,851,739
Other Costs		<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>	<u>\$795,831</u>
Total Costs		\$5,205,300	\$5,205,300	\$5,819,641	\$5,819,641	\$6,516,361	\$6,516,361	\$6,516,361	\$7,105,747	\$7,105,747	\$7,647,570	\$7,647,570
Total Costs Inflated (1)		\$5,205,300	\$5,449,949	\$6,379,543	\$6,679,381	\$7,830,543	\$8,198,578	\$8,583,912	\$9,800,236	\$10,260,847	\$11,562,283	\$12,105,710
Annual rate for 10 yrs (4)	8.8%		104.7%	117.1%	104.7%	117.2%	104.7%	104.7%	114.2%	104.7%	112.7%	104.7%
Existing Costs (2)	4.7%	<u>\$5,205,300</u>	\$5,449,949	\$5,706,096	\$5,974,283	\$6,255,074	\$6,549,063	\$6,856,869	\$7,179,141	\$7,516,561	\$7,869,839	\$8,239,722
Additional Costs		\$0	\$ -	\$ 673,446	\$ 705,098	\$ 1,575,469	\$ 1,649,516	\$ 1,727,043	\$ 2,621,094	\$ 2,744,286	\$ 3,692,443	\$ 3,865,988
Total Costs Inflated		\$5,205,300	\$ 5,449,949	\$ 6,379,543	\$ 6,679,381	\$ 7,830,543	\$ 8,198,578	\$ 8,583,912	\$ 9,800,236	\$ 10,260,847	\$ 11,562,283	\$ 12,105,710
Surplus (shortfall) of Funds		\$0	\$322,296	(\$160,739)	\$164,530	(\$344,810)	(\$56,348)	\$172,194	\$175,969	\$346,240	(\$293,676)	(\$146,106)
Cumulative		\$0	\$322,296	\$161,558	\$326,087	(\$18,723)	(\$75,071)	\$97,124	\$273,092	\$619,332	\$325,655	\$179,550

(1) Total Costs inflated by cost of living adjustments used for the fire districts annual contract adjustment.

(2) Existing costs inflated by cost of living adjustment; no other change assumed. Additional costs indicate additional staffing.

(3) Other Revenues assumed to increase: 4.5%

(4) Compounded annual rate.

(5) Other Revenues include plan check, inspection fees, and inspections assumed to grow at:

4.0% based on current budget estimates (City of Morgan Hill, 5/27/08)

Sources: Economic & Planning Systems; City of Morgan Hill

Table A-15a
Phasing of Additional Staff (Annexation)
Morgan Hill Annexation to Central Fire; EPS #18019

Phase	Year	Fiscal Year
0	0	2008
1	3	2011
2	5	2013
3	8	2016
4	10	2018
5	15	2023

See Table A-18 for staff by phase

Sources: Economic & Planning Systems; Central Fire District

Table A-15b
Phasing of Additional Staff (Existing City Contract)
Morgan Hill Annexation to Central Fire; EPS #18019

Phase	Year	Fiscal Year
0	0	2008
1	5	2013
2	8	2016
3	15	2023
4	20	2028
5	23	2031

See Table A-18 for staff by phase

Sources: Economic & Planning Systems; Central Fire District

Table A-16
Morgan Hill Fire Department FTE Baseline
Morgan Hill Annexation to Central Fire; EPS #18019

Station	Position	FTE
Station 12 (El Toro)		
	Battalion Chief	1.20
	Line Capt	3.50
	Line FF/Eng	
	Line FF/ENG w/ 10% Para. on base only	3.50
	Line FF/ENG EMT	3.50
	Deputy Fire Marshal	1.00
Station 13 (Dunne-Hill)		
	Battalion Chief	
	Line Capt	3.50
	Line FF/Eng	
	Line FF/ENG w/ 10% Para. on base only	3.50
	Line FF/ENG EMT	3.50
	Deputy Fire Marshal	1.00

Sources: Economic & Planning Systems; Central Fire District

Table A-17
Morgan Hill Fire Department Salary Costs Per Unit (FY08)
Morgan Hill Annexation to Central Fire; EPS #18019

Position	% of Total Direct Costs	Salary Per Unit	
<u>Direct Personnel</u>			
Battalion Chief		\$235,575	
Line Capt		\$199,063	
Line FF/Eng		\$168,991	
Line FF/ENG w/ 10% Para. on base only		\$175,526	
Line FF/ENG EMT		\$168,396	
Deputy Fire Marshal		\$162,942	
<u>Indirect (1)</u>			
Indirect Personnel	6.02%	0.9	6.69%
Services and Supplies	8.18%	0.9	9.09%
Fixed Assets	3.08%	0.9	3.42%
Contribution to Reserves	0.77%	0.9	0.86%

(1) Based on estimate of current indirect costs vs. direct personnel cost.
 Assumes indirects increase approximately 50% with a total of 3 stations.
 Costs are distributed proportionately to increase in direct cost.

Sources: Economic & Planning Systems; Central Fire District

Table A-18
Morgan Hill Personnel FTE's By Phase
Morgan Hill; EPS 18019

Phasing of Additional Staff (Annexation)

Station	Position	Phase/ Fiscal Year					
		0 2008	1 2011	2 2013	3 2016	4 2018	5 2023
Station 12 (El Toro)							
	Battalion Chief						
	Line Capt						
	Line FF/Eng						
	Line FF/ENG w/ 10% Para. on base only		3.5	-3.5			
	Line FF/ENG EMT						
	Deputy Fire Marshal						
	Station 12 (El Toro) Subtotal	0	3.5	-3.5	0	0	0
Station 13 (Dunne-Hill)							
	Battalion Chief						
	Line Capt						
	Line FF/Eng						
	Line FF/ENG w/ 10% Para. on base only						
	Line FF/ENG EMT						
	Deputy Fire Marshal						
	Station 13 (Dunne-Hill) Subtotal	0	0	0	0	0	0
Station 3							
	Battalion Chief					2.3	
	Line Capt			3.5			
	Line FF/Eng						
	Line FF/ENG w/ 10% Para. on base only			3.5			
	Line FF/ENG EMT				3.5		3.5
	Deputy Fire Marshal						
	Station 3 Subtotal	0	0	7.0	3.5	2.3	3.5
Total By Phase		0	3.5	3.5	3.5	2.3	3.5

Sources: Economic & Planning Systems; Central Fire District

Table A-19
Morgan Hill Fire Service FTE Projections Above Baseline
Morgan Hill Annexation to Central Fire; EPS #18019

Station	Position	Year											
		0	1	2	3	4	5	6	7	8	9	10	11
Station 12 (El Toro)													
	Battalion Chief	-	-	-	-	-	-	-	-	-	-	-	-
	Line Capt	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/ENG w/ 10% Para. on base only	-	-	-	3.5	-	(3.5)	-	-	-	-	-	-
	Line FF/ENG EMT	-	-	-	-	-	-	-	-	-	-	-	-
	Deputy Fire Marshal	-	-	-	-	-	-	-	-	-	-	-	-
	Station 12 (El Toro) Subtotal	-	-	-	3.5	-	(3.5)	-	-	-	-	-	-
Station 13 (Dunne-Hill)													
	Battalion Chief	-	-	-	-	-	-	-	-	-	-	-	-
	Line Capt	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/ENG w/ 10% Para. on base only	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/ENG EMT	-	-	-	-	-	-	-	-	-	-	-	-
	Deputy Fire Marshal	-	-	-	-	-	-	-	-	-	-	-	-
	Station 13 (Dunne-Hill) Subtotal	-	-	-	-	-	-	-	-	-	-	-	-
Station 3													
	Battalion Chief	-	-	-	-	-	-	-	-	-	-	2.3	-
	Line Capt	-	-	-	-	-	3.5	-	-	-	-	-	-
	Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
	Line FF/ENG w/ 10% Para. on base only	-	-	-	-	-	3.5	-	-	-	-	-	-
	Line FF/ENG EMT	-	-	-	-	-	-	-	3.5	-	-	-	-
	Deputy Fire Marshal	-	-	-	-	-	-	-	-	-	-	-	-
	Station 3 Subtotal	-	-	-	-	-	7.0	-	-	3.5	-	-	-
Total		-	-	-	3.5	-	3.5	-	-	3.5	-	2.3	-

Sources: Economic & Planning Systems; Central Fire District

Table A-20
Morgan Hill Fire Service Cost Projections Above Baseline
Morgan Hill Annexation to Central Fire; EPS #18019

Station	Position	Year										
		0 2007-08	1 2008-09	2 2009-10	3 2010-11	4 2011-12	5 2012-13	6 2013-14	7 2014-15	8 2015-16	9 2016-17	10 2017-18
Station 12 (El Toro)												
	Personnel Costs											
	Battalion Chief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line Capt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG w/ 10% Para. on base only	\$ -	\$ -	\$ -	\$ 614,341	\$ -	\$ (614,341)	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG EMT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Deputy Fire Marshal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Station 12 (El Toro) Marginal Costs	\$ -	\$ -	\$ -	\$ 614,341	\$ -	\$ (614,341)	\$ -	\$ -	\$ -	\$ -	\$ -
Station 13 (Dunne-Hill)												
	Personnel Costs											
	Battalion Chief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line Capt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG w/ 10% Para. on base only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG EMT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Deputy Fire Marshal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Station 13 (Dunne-Hill) Marginal Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Station 3												
	Personnel Costs											
	Battalion Chief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 541,823	\$ -
	Line Capt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,721	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG w/ 10% Para. on base only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,341	\$ -	\$ -	\$ -	\$ -	\$ -
	Line FF/ENG EMT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,386	\$ -	\$ -	\$ -
	Deputy Fire Marshal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Station 3 Marginal Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,311,062	\$ -	\$ -	\$ 589,386	\$ -	\$ 541,823
	Marginal Personnel Costs	\$ -	\$ -	\$ -	\$ 614,341	\$ -	\$ 696,721	\$ -	\$ -	\$ 589,386	\$ -	\$ 541,823
All Stations												
	Other Costs											
	Indirect Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Contribution to Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Marginal Other Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Marginal Costs	\$ -	\$ -	\$ -	\$ 614,341	\$ -	\$ 696,721	\$ -	\$ -	\$ 589,386	\$ -	\$ 541,823
	Cumulative	\$ -	\$ -	\$ -	\$ 614,341	\$ 614,341	\$ 1,311,062	\$ 1,311,062	\$ 1,311,062	\$ 1,900,448	\$ 1,900,448	\$ 2,442,270
	Total Marginal Costs Inflated (1)	\$ -	\$ -	\$ -	\$ 673,446	\$ -	\$ 837,231	\$ -	\$ -	\$ 812,880	\$ -	\$ 819,176
	Cumulative	\$ -	\$ -	\$ -	\$ 673,446	\$ 705,098	\$ 1,575,469	\$ 1,649,516	\$ 1,727,043	\$ 2,621,094	\$ 2,744,286	\$ 3,692,443

(1) Marginal Costs inflated by cost of living adjustments used for the fire districts annual contract adjustment.

Sources: Economic & Planning Systems; Central Fire District

Table A-21
Morgan Hill Fire Service Total FTE Projections (including existing FTE)
Morgan Hill Annexation to Central Fire; EPS #18019

Station/Position	Year											
	0 2007-08	1 2008-09	2 2009-10	3 2010-11	4 2011-12	5 2012-13	6 2013-14	7 2014-15	8 2015-16	9 2016-17	10 2017-18	11 2018-19
Station 12 (El Toro)												
Battalion Chief	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Line Capt	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
Line FF/ENG w/ 10% Para. on base c	3.5	3.5	3.5	7.0	7.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/ENG EMT	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Deputy Fire Marshal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Station 12 (El Toro) Subtotal	12.7	12.7	12.7	16.2	16.2	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Station 13 (Dunne-Hill)												
Battalion Chief	-	-	-	-	-	-	-	-	-	-	-	-
Line Capt	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
Line FF/ENG w/ 10% Para. on base c	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/ENG EMT	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Deputy Fire Marshal	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Station 13 (Dunne-Hill) Subtotal	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Station 3												
Battalion Chief	-	-	-	-	-	-	-	-	-	-	2.3	2.3
Line Capt	-	-	-	-	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/Eng	-	-	-	-	-	-	-	-	-	-	-	-
Line FF/ENG w/ 10% Para. on base c	-	-	-	-	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Line FF/ENG EMT	-	-	-	-	-	-	-	-	3.5	3.5	3.5	3.5
Deputy Fire Marshal	-	-	-	-	-	-	-	-	-	-	-	-
Station 3 Subtotal	-	-	-	-	-	7.0	7.0	7.0	10.5	10.5	12.8	12.8
Total	24.2	24.2	24.2	27.7	27.7	31.2	31.2	31.2	34.7	34.7	37.0	37.0

Sources: Economic & Planning Systems; Central Fire District

Table A-22
Morgan Hill Fire Service Total Cost Projections (including existing costs)
Morgan Hill Annexation to Central Fire; EPS #18019

Station/Position	Year											
	0 2007-08	1 2008-09	2 2009-10	3 2010-11	4 2011-12	5 2012-13	6 2013-14	7 2014-15	8 2015-16	9 2016-17	10 2017-18	11 2018-19
Station 12 (El Toro)												
Personnel												
Battalion Chief	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690	\$ 282,690
Line Capt	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721
Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line FF/ENG w/ 10% Para. on base only	\$ 614,341	\$ 614,341	\$ 1,228,682	\$ 1,228,682	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341
Line FF/ENG EMT	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386
Deputy Fire Marshal	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942
Station 12 (El Toro) Subtotal	\$ 2,346,080	\$ 2,346,080	\$ 2,960,421	\$ 2,960,421	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080	\$ 2,346,080
Station 13 (Dunne-Hill)												
Personnel												
Battalion Chief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line Capt	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721
Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line FF/ENG w/ 10% Para. on base only	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341
Line FF/ENG EMT	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386
Deputy Fire Marshal	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942	\$ 162,942
Station 13 (Dunne-Hill) Subtotal	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390	\$ 2,063,390
Station 3												
Personnel												
Battalion Chief	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 541,823	\$ 541,823
Line Capt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721	\$ 696,721
Line FF/Eng	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Line FF/ENG w/ 10% Para. on base only	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341	\$ 614,341
Line FF/ENG EMT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 589,386	\$ 589,386	\$ 589,386	\$ 589,386
Deputy Fire Marshal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Station 3 Subtotal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,311,062	\$ 1,311,062	\$ 1,311,062	\$ 1,900,448	\$ 1,900,448	\$ 2,442,270	\$ 2,442,270
Personnel Costs	\$ 4,409,469	\$ 4,409,469	\$ 5,023,810	\$ 5,023,810	\$ 5,720,531	\$ 5,720,531	\$ 5,720,531	\$ 6,309,917	\$ 6,309,917	\$ 6,851,739	\$ 6,851,739	\$ 6,851,739
All Stations												
Other Costs (2)												
Indirect Personnel	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360	\$ 265,360
Services and Supplies	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575	\$ 360,575
Fixed Assets	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916	\$ 135,916
Contribution to Reserves	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979	\$ 33,979
Other Costs	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831	\$ 795,831
Total Costs	\$ 5,205,300	\$ 5,205,300	\$ 5,819,641	\$ 5,819,641	\$ 6,516,361	\$ 6,516,361	\$ 6,516,361	\$ 7,105,747	\$ 7,105,747	\$ 7,647,570	\$ 7,647,570	\$ 7,647,570
Total Costs Inflated (1)	\$ 5,205,300	\$ 5,449,949	\$ 6,379,543	\$ 6,679,381	\$ 7,830,543	\$ 8,198,578	\$ 8,583,912	\$ 9,800,236	\$ 10,260,847	\$ 11,562,283	\$ 12,105,710	\$ 12,105,710

(1) Total Costs inflated by cost of living adjustments used for the fire districts annual contract adjustment.

(2) Other Costs not assumed to increase (except inflation as shown).

Sources: Economic & Planning Systems; Central Fire District