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Paying for Transportation Improvements in Sacramento County



A guidebook on local funding sources and financing mechanisms available for transportation projects in Sacramento County

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INTRODUCTION

Local transportation projects, operations, and maintenance are funded by a confusing and complicated assortment of funding mechanisms. There are a multitude of local, state, and federal transportation funding programs, each with unique eligibility and application requirements. Transportation projects often require multi-year funding commitments, and many require contributions from more than one revenue source. In order to move projects toward construction, local project managers and policy makers must craft comprehensive funding packages based on this puzzling array of programs.

The objective of this guidebook is to describe the mechanisms available for funding transportation improvements with locally generated revenues.¹ It seeks to provide an elementary understanding of the eligibility, application, and programming requirements of the affected funding programs. Such an understanding will make local agencies more aware of their funding opportunities, and will help them to leverage local resources to obtain state and federal contributions for their projects. The handbook is intended for transportation professionals, local policy makers, and interested community stakeholders. An attempt is made to minimize the use of transportation jargon, and to adequately explain such terminology when it cannot be avoided. Detailed information on any particular funding program should be sought from the administering public agency, as noted.

Chapter 1 provides an overview of the multitude of transportation funding mechanisms available to local governments in California, including special taxes, special assessments, exactions, and an assortment of other revenue generation methods.

Chapter 2 describes the variety of programs that contribute funds to specified local transportation agencies in the County, or that are otherwise imposed Countywide for services provided across local jurisdiction boundaries.

Chapter 3 provides information on the transportation funding programs unique to the County and each of the incorporated cities. All of these programs are based on the concept that property development should contribute to expanding and maintaining the local transportation system commensurate with the anticipated travel impacts generated.

Appendix A provides a summary listing of the local programming documents prepared by each local transportation agency that lists the amount, source, and scheduling of funding contributions for pending transportation projects and services.

Appendix B summarizes Proposition 218 and its impact on local transportation funding. The full text of Proposition 218 is also included.

Appendix C defines some of the transportation terminology used herein.

Appendix D is a quick guide to applicable acronyms.

¹ The Sacramento Area Council of Governments (SACOG) has published a companion document, "Transportation Funding Handbook" (1999), that provides information on federal and state funding opportunities for local transportation improvements. It may be viewed at www.sacog.org, or a copy may be obtained by calling SACOG at 916-457-2264.

CHAPTER 1

OVERVIEW OF LOCAL TRANSPORTATION FUNDING METHODS

This chapter serves as a primer to the vast array of funding methods used by local governments to fund transportation improvements and programs. For simplicity, only funding mechanisms that are applicable in Sacramento County for funding transportation and transportation-related improvements are included.

Since 1987, public funding has been subject to the “nexus requirement” (Government Code Sections 66000 et seq) introduced by Assembly Bill 1600. This is a statutory requirement that all development fees, assessments, and other charges be reasonably related to the purpose for which they are collected and that they not exceed the estimated reasonable cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

1.1 Exactions

"Exaction" is a broad term encompassing development impact fees, dedications of land, in-lieu fees, and other requirements that are imposed as a one-time condition of development approval. Contributions are used to fund public improvements necessitated by the proposed development and to lessen the impacts of increased population or demand on services generated by that development. School facility fees, parkland dedication requirements, and road dedication and improvement are all examples of exactions.

Table 1.1—Types of Exactions

Exaction	Features and Provisions
Development Impact Fees	<p>Also called “Developer Fees” or “Impact Fees,” these are simply exactions that take the form of direct charges imposed as preconditions for the privilege of developing land. Traffic mitigation fees, infrastructure improvement fees, and fees for improving sewer and water systems to accommodate new development are common examples of development impact fees.</p> <p>The purpose of any development impact fee or exaction must directly relate to the need created by the development. The amount must also be proportional to the cost of improvement. Although they do not require voter approval, cities and counties must be careful to limit fees to reasonable and defensible levels, to apply such fees equitably and proportionally, and to comply with the Mitigation Fee Act (Government Code section 66000, et seq.).</p>
Subdivision Exactions	<p>The Subdivision Map Act (Government Code section 66410 et seq.) gives cities and counties statutory authority to impose fees or dedications of land for specific uses as conditions of subdivision map approval. Depending on the local subdivision ordinance, cities and counties may require any of the following transportation-related exactions as a condition of subdivision map approval:</p> <ul style="list-style-type: none"> • Dedication of land for streets, alleys, and bike paths within the subdivision; • Dedication of land for local transit facilities (when the subdivision has the potential for 200 or more dwelling units, covers 100 or more acres or when transit services are or will be available to it); and • Fees to pay for the installation of planned bridges and major thoroughfares to serve the subdivision.

1.2 Special Taxes

Taxes imposed by local governments are classified according to their intended purpose. A tax imposed for unspecified general governmental purposes is a **general tax**. A **special tax**, on the other hand, is a tax imposed for specific purposes. Therefore, any tax collected *specifically for transportation improvements* would be considered a special tax. By default, any tax imposed by a special purpose district or agency is also considered a special tax. The distinction is important because general taxes require only simple majority voter approval whereas special taxes require two-thirds voter approval.

State statutes provide local governments with special taxing programs to help them generate revenue for needed transportation improvements (listed in Table 1.2 below).

Table 1.2—Taxes Commonly Used for Transportation Funding

Special Tax	Features and Provisions
County Sales Taxes² (<i>Streets and Highways Code section 5000 et seq.</i>)	
Two pieces of legislation were enacted in 1987 that allow counties to increase their sales tax to finance transportation improvements or general improvements	<ul style="list-style-type: none"> • The Local Transportation Authority and Improvement Act (Public Utilities Code sections 18000 et seq.) enabled counties to impose an additional one-percent (or less) sales tax for a period of up to 20 years to finance specific transportation projects identified in a transportation expenditure plan. • Amendments to Revenue and Taxation Code Section 7285.5 allow the county board of supervisors to establish an authority which would be empowered to propose a one-quarter or one-half percent sales tax increase for specific projects described in an expenditure plan. <p>Under either of the above, projects can be funded directly or through bonded indebtedness. A special tax enacted under one of these two pieces of legislation would be added to the statewide 7¼-percent base retail sales tax.</p>
Mello-Roos Taxes (<i>Streets and Highways Code section 10000 et seq.</i>)	
The 1982 Mello-Roos Community Facilities Act enables cities, counties, special districts, and school districts to establish community facilities districts (CFDs) and to levy special taxes within those districts to fund a wide variety of facilities and services	<ul style="list-style-type: none"> • Proceeds can be used for direct funding, or in the case of capital facilities, to pay off bonds secured by the proceeds in the CFD (this provides an immediate source of cash for CFD projects, allowing them to be built early and then be repaid over time) • Land included within the district boundaries need not be contiguous, allowing those areas which will not support the tax to be avoided, although additional area may subsequently be added to the CFD • A CFD can be broken into improvement districts that, subject to their own elections, can contribute to an overall project • Facilities funded by the Mello-Roos taxes need not be physically located within the CFD boundaries • The legislative bodies of two or more agencies can enter into a joint community facilities agreement or a joint powers agreement in order to finance cooperative improvements or services, including state or federal agencies • The tax can be apportioned on the basis of property benefit or it can be structured so that it varies depending upon the zoning or development intensity of the property being assessed

1.3 Special Assessments

Special assessments are charges to property owners within an assessment district that reimburse local agencies the costs of providing facilities and other improvements that offer “particular and distinct benefits over and above general benefits conferred on real property located in the district or the public at large.” The levy on individual properties is limited to the reasonable cost of the proportional special benefit conferred on that parcel.

Special assessments have become very popular. Their primary features are:

- 1) They are exempt from the taxation limits imposed by Proposition 13;
- 2) They are not special taxes requiring two-thirds vote of the general electorate; and
- 3) The proceeds do not apply toward a jurisdiction's Gann Act spending limit.

Landowners can pay off the assessment immediately or choose to have the assessments become liens against the property, allowing them to pay them off in installments. Typically, assessment bonds, secured by property liens, are sold to provide capital for the immediate construction of the associated project(s). The bonds are generally secured by the property within the district and the bonded indebtedness is repaid

² These were originally characterized by the Legislature as general taxes subject to a simple majority vote but Proposition 218 subsequently classified them as special taxes, which may only be imposed upon two-thirds voter approval (see Appendix B).

with the money generated by the assessments. The process and qualifications for establishing special assessments has been significantly impacted by Proposition 218 (November, 1996). Generally, special assessments require prior approval by a majority of the affected property owners or two-thirds of the residents of the affected area. See Appendix B for more information.

A special assessment is sometimes referred to by the name of the legislative act that authorized it. Table 1.3 summarizes the most important special assessment acts related to transportation improvements.

Table 1.3—Types of Special Assessments

Eligible Agencies	Eligible Activities	Major Provisions
Improvement Act of 1911 (<i>Streets and Highways Code section 5000 et seq.</i>)		
Available to cities, counties, and all corporations organized and existing for municipal purposes	<p>Transportation systems (including acquisition, construction, maintenance, and operation costs related thereto); street paving and grading; sidewalks; street lighting; retaining walls; ornamental vegetation; navigational facilities; land stabilization; and, other necessary improvements to the local agency's streets, property, and easements.</p> <p>Total costs may include acquisition, construction, and incidentals (including engineering fees, attorney's fees, assessment and collection expenses, and cost of relocating utilities).</p>	<p>Improvements must be completed before their total cost is assessed against the properties within the district. Contractors are, in effect, reimbursed for their work from the proceeds of the district. This aspect of the 1911 Act requires that sufficient funds be available for the project before it is begun and is a major drawback of the legislation.</p> <p>Bonds may also be issued under the Improvement Bond Act of 1915 even though the assessment repaying the bonds has been levied under the 1911 Act. Alternatively, for property assessments of less than \$150, the assessment may be collected on the tax roll upon which general taxes are collected.</p>
Municipal Improvement Act of 1913 (<i>Streets and Highways Code section 10000 et seq.</i>)		
Available to cities, counties, joint powers authorities, and certain special districts which are empowered to make any of the improvements authorized under the Act	The construction and maintenance of all the facilities authorized under the 1911 Act as well as the following: works and appliances for providing water service, electrical power, gas service, and lighting; and public transit facilities serving an area smaller than 3 square miles (including stations, structures, rolling stock, and land acquisition related thereto).	The total cost of improvements is assessed against the benefited properties before the improvements are completed. An assessment constitutes a lien against a specific parcel and is due within 30 days of recording the notice of assessment. If the landowner chooses not to pay the assessment in full at that time, bonds in the amount of the unpaid assessment may be issued under the 1911 Improvement Act or the 1915 Improvement Bond Act. Landowners will then be assessed payments over time.
Improvement Bond Act of 1915 (<i>Streets and Highways Code section 8500 et seq.</i>)		
Available to cities, counties, public districts, and public agencies	This legislation provides a vehicle for issuing assessment bonds (including variable interest bonds) for assessments levied under the 1911 and 1913 Acts as well as a number of other benefit assessment statutes. Therefore, the eligible activities are the same as those under the 1911 and 1913 Acts.	<p>Under this legislation, the local legislative body may also issue "bond anticipation notes" prior to actual bond sale - in effect borrowing money against the assessment bonds being proposed for sale.</p> <p>After assessments have been levied and property owners given the opportunity to pay them off in cash, the local government will issue bonds for the total amount of unpaid assessments. Assessments collected to pay off 1915 Act bonds appear on the regular tax bill and are collected in the same manner as property taxes.</p>
Benefit Assessment Act of 1982 (<i>Government Code section 54703 et seq.</i>)		
Available to cities, counties, and special districts which are otherwise authorized to provide such services	Maintenance of streets, roads, and highways and the maintenance and operation costs of drainage, flood control, and street light services and the cost of installation and improvement of drainage or flood control facilities.	Assessments can be levied on a parcel, a class of property improvement, use of property, or any combination thereof. The amount of assessment must be evaluated and reimposed annually. Assessments are collected in the same manner as property taxes.

(table continued on next page)

Table 1.3—Types of Special Assessments (continued)

Eligible Agencies	Eligible Activities	Major Provisions
Facilities Benefit Assessment		
Available to charter cities	Same as for the Municipal Improvement Act of 1913 (FBAs work essentially the same way but rely upon the charter city's home rule powers rather than state statutes for authority).	The FBA ordinance establishes areas of benefit to be assessed for needed improvements in newly developing areas. Each parcel within an area of benefit is apportioned its share of the total assessment for all improvements (including those required for later development phases) which is then recorded on the assessment roll. Assessments are liens on private property as with the state assessment acts. Upon application for a building permit the owner of the parcel must pay the entire assessment (the payment is pro rated if only a portion of the parcel is being developed at one time). Payment releases the city's lien on the property. The funds that are collected are placed in separate accounts to be used for the needed improvements and do not exceed the actual cost of the improvements plus incidental administrative costs. Assessments are apportioned based upon the parcels' equivalent dwelling units.
Integrated Financing District Act (Government Code section 53175 et seq.)		
Available to all local agencies as an alternate method of collecting assessments under any of the above listed financing acts.	The cost of planning, designing, and constructing capital facilities authorized by the applicable financing act, all or part of the principle and interest on debt incurred pursuant to the applicable financing act, and reimbursements to a private investor in the project.	The Integrated Financing District Act has two unique properties: (1) it can levy an assessment which is contingent upon <i>future</i> land development and payable upon approval of a subdivision map or zone change or the receipt of building permits; and (2) it allows the local agency to enter into an agreement with a private investor whereby the investor will be reimbursed for funds advanced to the agency for the project being financed. Because the assessment is not triggered until development is ready to begin, these features make the act an attractive option when development is to occur in phases. Payment of assessments will be deferred until such time as public improvements are needed.
Permanent Road Divisions Law (Streets and Highway Code sections 1160 et seq.)		
Available to counties	Construction, improvement, or maintenance of any county road, public road easement, or private road or easement which contains a public easement	This statute enables counties to establish areas of benefit (called "divisions") within which assessments may be levied. The statute also empowers a board of supervisors to levy special taxes for these purposes upon approval by two-thirds of the electorate within the division.
Lighting and Landscaping Act of 1972 (Streets and Highways Code section 22500 et seq.)		
Available to cities, counties, and special districts (including school districts).	Enables property assessments to be imposed in order to finance installation or construction of planting and landscaping, street lighting facilities, and, maintenance and servicing of any of the above.	
Property and Business Improvement District Law of 1994 (Streets and Highways Code section 36600 et seq.)		
Available to cities, counties, or joint powers authorities made up of cities and counties	Allows assessments to finance parking facilities, parks, street lighting, and the closing, opening, widening, or narrowing of existing streets (as well as some non-transportation-related improvements).	No provision is made within this law for financing bonded indebtedness.

(table continued on next page)

Table 1.3—Types of Special Assessments (continued)

Eligible Agencies	Eligible Activities	Major Provisions
Community Rehabilitation District Law of 1985 (<i>Government Code section 53370 et seq.</i>)		
Available to cities and counties	<p>Rehabilitation, renovation, repair, restoration, or expansion of capacity of existing public infrastructure, such as: streets; sewer and water pipes; storm drains; sewer and water treatment plants; bridges and overpasses; street lights; public buildings; criminal justice facilities; libraries; and, park facilities.</p> <p>Included can be fees or charges that do not exceed the amount reasonably necessary to cover the cost of the involved project. Not eligible, however, are maintenance or service costs.</p>	<p>A rehabilitation district can use any of the following financing tools: special assessments under the Improvement Act of 1911 and the Municipal Improvement Act of 1913 and bonds under the Improvement Bond Act of 1915; special taxes and bonds pursuant to the Mello-Roos Community Facilities Act of 1982; and senior obligation bonds under the 1985 Act's own provisions.</p> <p>Affirmation by a simple majority of voters is necessary to approve issuance of the bonds. A Community Rehabilitation District cannot be formed within a redevelopment project area.</p>
Tree Planting Act of 1931 (<i>Streets and Highways Code section 22000 et seq.</i>)		
Available to cities	<p>Allows property assessments to fund the planting, maintenance or removal of trees and shrubs along city streets and to pay employees to accomplish this work.</p>	<p>These assessments are apportioned on the basis of street frontage. Work is to be administered by the city parks department or other agency as appointed by the city council.</p> <p>Assessments for maintenance are limited to a period of 5 years.</p>
Pedestrian Mall Law of 1960 (<i>Streets and Highways Code section 11000 et seq.</i>)		
Available to cities and counties	<p>Authorizes benefit assessments to fund pedestrian mall improvements including street paving, street lighting, landscaping and tree planting, and relocation of city-owned facilities (as well as some non-transportation-related improvements).</p>	

1.4 Other Funding Methods

The following table lists a multitude of funding methods that do not fit neatly into the categories of taxes, special assessments, or exactions. These mechanisms may also employ one or more or none of the funding methods previously mentioned.

Table 1.4—Other Funding Methods

Method	Major Provisions
Negotiated Agreements	
Available to cities and counties	<p>The local government approves the development plan and the developer agrees to install major facilities so the development can go ahead. This is a “voluntary” approach, in contrast to a legislated approach. That is, the developer may feel that the local government may not have a clear legal right to demand such financing arrangements but that, as a practical matter, it may be the only way a project will be approved, especially if the local government is under very tight fiscal constraints. For example, in addition to the dedication of land for streets and roads that local governments can ask for under the Subdivision Map Act, they may also request that the roadways be constructed and dedicated.</p>

(table continued on next page)

Table 1.4—Other Funding Methods (continued)

Method	Major Provisions
General Obligation Bonds	
Available to cities, counties, and school districts	<p>Can be used to finance the acquisition and construction of public capital facilities and real property (but not equipment purchases, operations and maintenance). The jurisdiction issuing a G.O. bond is authorized to levy an ad valorem property tax at the rate necessary to repay the principal and interest of the bonds, even to exceed the limits imposed by Proposition 13. The property taxes being appropriated to a G.O. bond issue do not count towards the jurisdiction's Gann appropriations limit, but State Law does set the maximum indebtedness that entities may incur through G.O. bond issues.</p> <p>G.O. bonds are backed by the full faith and credit of the issuing jurisdiction, which makes it attractive to potential investors. Because G.O. bond issues do not require a reserve fund during construction of the authorized capital improvement(s), they are also attractive to the entities. Each local G.O. bond measure requires approval by 2/3 of the jurisdiction's voters.</p>
Public Enterprise Revenue Bonds	
Available to cities, counties, special districts	<p>Can be used to finance facilities for revenue-producing public enterprises. This allows local governments to finance facilities, such as airports, water systems, sewer systems, and bridges that can pay for themselves through service charges, connection fees, tolls, admission fees, and rents.</p> <p>Revenue bonds do not require approval by two-thirds vote since they are neither payable from taxes, nor from the general fund. They are paid solely from a special fund consisting of the revenues generated by the facility being financed. Additionally, because the debt from revenue bonds is not generally a debt of the issuer, revenue bonds are not subject to the Gann limit.</p>
User Fees	
Available to cities, counties, and special districts	As above but not necessarily tied to the use of bond-indebtedness.
Lease-Purchase Agreements	
Available to cities, counties, and special districts	Local governments prepare the specifications for a needed transportation project that is constructed by a private company or authority. The facility is then leased to the jurisdiction. At the end of the lease period, the title to the facility is conveyed to the local government without any future payments. The rental over the years will have paid the total original cost plus interest.
Infrastructure Financing Districts (Streets and Highways Code section 8500 et seq.)	
IFDs provide a way for a city or county to finance infrastructure improvements (that are consistent with that city's or county's general plan) through the use of tax increment financing	<p>In tax increment financing, enhanced property values and subsequent increases in the amount of property taxes collected after the formation of the IFD are assumed to have been the result of the infrastructure that the IFD financed and are, therefore, diverted to the financing agency. Meanwhile, the local agencies that originally received property taxes from the area continue receiving the same amount of property taxes as when the district is first formed.³</p> <p>An IFD may finance the purchase, construction, expansion, improvement, or rehabilitation of any real or other tangible property with an estimated useful life of 15 years or longer but facilities which are purchased must be already constructed at the time of purchase.</p> <p>In order to establish an IFD, two-thirds majority approval is required of the registered voters, or in some cases, the property owners within the proposed district. If the IFD proposes to issue bonds, it must obtain the approval of a majority of the legislative body of the city or county creating the district and of two-thirds of the district electorate.</p>

(table continued on next page)

³ Although they both utilize tax increment financing, IFDs and redevelopment agencies are two separate funding mechanisms. IFDs and redevelopment agencies are self-exclusive, meaning that property cannot be located in both an IFD and a redevelopment area. IFDs are used in substantially undeveloped areas whereas redevelopment occurs in already-developed but blighted areas. Redevelopment procedures also do not contain a popular voting requirement.

Table 1.4—Other Funding Methods (continued)

Method	Major Provisions
Community Service Areas/County Service Areas	
Available to counties	<p>County Service Areas enable counties to localize the provision and financing of expanded services in areas desiring or needing a higher level of public service and willing to pay for it. CSAs are the most common type of special district in the state because of their versatility. They can provide any of a wide range of extended municipal services (including: street sweeping, street lighting, planning services, transportation services, and road construction, improvement, engineering and design services, land acquisition, and maintenance of streets, highways, and bridges). A CSA may encompass all of the county's unincorporated area or only selected portions. CSAs are limited, however, by the county's ability to show that the proposed level of extended service is not otherwise provided on a countywide basis.</p> <p>Although CSAs can levy ad valorem property taxes to pay for the extended services they provide, most recently created CSAs rely upon other financing methods:</p> <ul style="list-style-type: none"> • The board of supervisors may levy and collect a special tax in any CSA or CSA zone subject to approval by two-thirds of the qualified electorate. Such a tax must be applied uniformly to all taxpayers or real property within the CSA or zone. • A county may "fix and collect charges" for the "miscellaneous extended services" provided by a CSA. This revenue may be "in lieu of, or supplemental to, revenue obtained from the levy of taxes." Accordingly, a CSA may use benefit assessments as long as the assessments are apportioned to each parcel in proportion to the estimated benefits the parcel receives from the services being provided. The charges must be calculated yearly and confirmed by the board of supervisors at a public hearing. • CSAs may issue G.O. bonds for capital improvements, subject to two-thirds vote within the district. The CSA may further establish improvement areas which will be separately taxed to pay for the bonded indebtedness incurred for improvements within each such area. • The county may also establish zones of benefit within a CSA, effectively allowing the CSA to levy different tax rates, service charges or connection charges upon properties based upon the level of services that they are receiving.
Community Services Districts	
Available in both incorporated and unincorporated areas	<p>A CSD can be used to pay for a wide variety of facilities and services, including: street lighting; construction, surfacing, and maintenance of streets (subject to the consent of the affected city or county); construction and improvement of bridges, culverts, drains, and curbs incidental to roads (subject to the consent of the affected city or county); and providing transportation services</p> <p>CSDs are empowered to levy ad valorem property taxes, general taxes, special taxes, special assessments (upon formation of an improvement district within the CSD), and "rates and other charges." Fees assessed against real property in a CSD must directly relate to the benefit being received. A CSD may be broken into zones for the purpose of financing capital improvements or services that will benefit only limited areas of the CSD. Within each such zone, bonds may be issued, special rates or charges may be collected, or special taxes levied to pay for the improvements or services being provided.</p> <p>Once a CSD is created, its boundaries may be altered and contiguous or noncontiguous unincorporated area added. In addition, incorporated territory located adjacent to the CSD may be annexed with the permission of the affected city. Unlike CSAs, most CSDs are independent districts with their own board of directors.</p>

CHAPTER 2

FUNDING MECHANISMS IMPOSED THROUGHOUT SACRAMENTO COUNTY

This chapter outlines five transportation-related funding mechanisms that apply throughout Sacramento County or that affect all the jurisdictions in Sacramento County. Three of these mechanisms, the Local Transportation Fund, the Gas Tax Subvention, and the Department of Motor Vehicle surcharges originate at the state level. The revenues, however, are generated locally and are expended locally under local discretion. (Note: The Local Transportation Fund and the Gas Tax Subvention are generally described in SACOG's *Transportation Funding Handbook*)

2.1 Measure A One-Half Percent Sales Tax for Transportation

Under the provisions of the Local Transportation Authority and Improvement Act (Public Utilities Code sections 18000 et seq.), Sacramento County voters approved Measure A in 1988, a twenty-year ½-percent Countywide increment to the statewide retail sales tax to fund local transportation and air quality improvements.⁴ The proceeds from this special tax are allocated according to a formula set forth in the Measure A Transportation Expenditure Agreement as follows:

Table 2.1.1—Distribution of Measure A Proceeds

Of the total:	To:
No more than 1 percent	Sacramento Transportation Authority for program administration
1.5 percent	Sacramento Metropolitan Air Quality Management District for mitigating the impacts of motor vehicle emissions
Of the remaining:	
A percentage equal to the proportion of each jurisdiction's population to the total population in Sacramento County	City of Folsom, City of Galt, and City of Isleton for public road improvements and maintenance
Of the remaining:	
2 percent	Paratransit, Inc. for transportation services to the elderly and handicapped
35 percent	Sacramento Regional Transit District for public bus and light rail transit
35 percent	Sacramento County, the City of Sacramento, the City of Citrus Heights, the City of Elk Grove, and any future cities for road improvements of primary benefit to the metropolitan area, each according to its relative population
28 percent	Sacramento County, the City of Sacramento, the City of Citrus Heights, the City of Elk Grove, and any future cities for road maintenance, each according to its relative population

Only projects listed in the Countywide Transportation Expenditure Plan (CTEP) are eligible for Measure A funding. The CTEP guides the expenditure of Measure A revenues by listing all the transportation projects on which Measure A monies may be spent. It was originally incorporated into the Measure A ballot measure. The participating jurisdictions submit annual expenditure requests to the Sacramento

⁴ Measure A was approved by a simple majority vote. Proposition 218 (November, 1996) now requires county sales taxes to obtain a two-thirds voter majority. See Appendix B.

Transportation Authority (STA), listing those projects from the CTEP for which they propose any amount of Measure A funding during the following fiscal year. If a jurisdiction proposes Measure A funding for a project not contained in the CTEP, it must request that the STA Governing Board amend the project into the CTEP. Amendments to the CTEP can be made once a year and require specific findings related to additional funds from other sources, unexpected revenues, and unforeseen circumstances.

A project in the CTEP may be funded exclusively with Measure A revenues, or it may involve a combination of Measure A funds and other local, state, or federal revenues. Some projects are funded and implemented in one year, while larger projects and ongoing programs receive allocations of Measure A funds over the course of several years.

Measure A funds are intended to supplement--not replace--existing local revenues used for transportation purposes. In addition to setting forth the method of apportioning Measure A funds among participating local jurisdictions, the Measure A Transportation Expenditure Agreement also lists various conditions which the local entities must satisfy before they can claim Measure A funds. For example, each entity must impose a transportation impact fee on local land development projects, and each must commit to expending all applicable revenues on the construction, maintenance, and operation of its local transportation infrastructure. Implementation of some of the eligible Measure A projects may be conditional upon the satisfaction of associated planning and programming requirements such as the completion of relevant environmental analyses and/or the receipt of matching monies from other transportation funding sources.

The Sacramento Transportation Authority (STA) administers the Measure A Transportation Sales Tax Program. Measure A revenues for the 1998-1999 fiscal year were almost \$73 million. In the first ten years of Measure A, approximately \$578 million has been collected and distributed for transportation improvements throughout Sacramento County.

Table 2.1.2—Measure A Allocations by Receiving Entity⁵

Agency	FY 1998-99	Since Inception of Measure A (10 Years)
County of Sacramento	\$24,566,643	\$214,253,862
City of Sacramento	\$16,032,809	\$124,076,918
City of Citrus Heights	\$2,814,487	\$2,814,487 ⁶
City of Folsom	\$2,358,656	\$19,169,794
City of Isleton	\$56,131	\$454,207
City of Galt	\$985,076	\$6,570,371
Paratransit, Inc.	\$1,299,384	\$10,627,277
Sacramento Regional Transit District	\$23,288,080	\$187,520,737
Sacramento Metropolitan Air Quality Management District	\$1,109,026	\$8,743,593
Sacramento Transportation Authority	\$444,653	\$3,930,655
Totals	\$72,954,945	\$578,161,901

⁵ The City of Elk Grove (incorporated July 1, 2000) will begin receiving Measure A allocations beginning with the 2001-02 fiscal year

⁶ FY 1998-99 was the first year the City of Citrus Heights became eligible following its incorporation on January 1, 1997

2.2 Local Transportation Fund

The Transportation Development Act (TDA) of 1972, established the Local Transportation Fund (LTF). The LTF is funded by a portion of the 7¼ percent statewide retail sales tax, with each county receiving back from the State Board of Equalization a one-quarter percent portion of the tax collected in that county. The LTF is intended to fund the operation of transit systems and for selected bike and pedestrian improvements (although some monies may also be used for streets and roads when there are “no unmet transit needs that are reasonable to be met”). After deductions for administrative fees and a small percentage to fund regional planning activities⁷, the net LTF available for distribution in Sacramento County in FY 1998-99 was \$33.552 million.

The LTF is apportioned to the Sacramento Regional Transit District (SRTD), the unincorporated portion of Sacramento County, and the cities of Citrus Heights, Elk Grove (effective July 1, 2000), Folsom, Galt, Isleton, and Sacramento according to their relative share of total county population. Two percent of the apportionment to each of the cities and the County is set aside for pedestrian and bicycle facilities. Per TDA statute (Section 99233.7), Paratransit receives 5 percent of SRTD’s apportionment to provide transportation services to the elderly and persons with disabilities that cannot otherwise use the conventional transit services provided by Regional Transit’s buses and light rail trains.

Table 2.2—Distribution and Use of the FY 1998-99 Local Transportation Fund

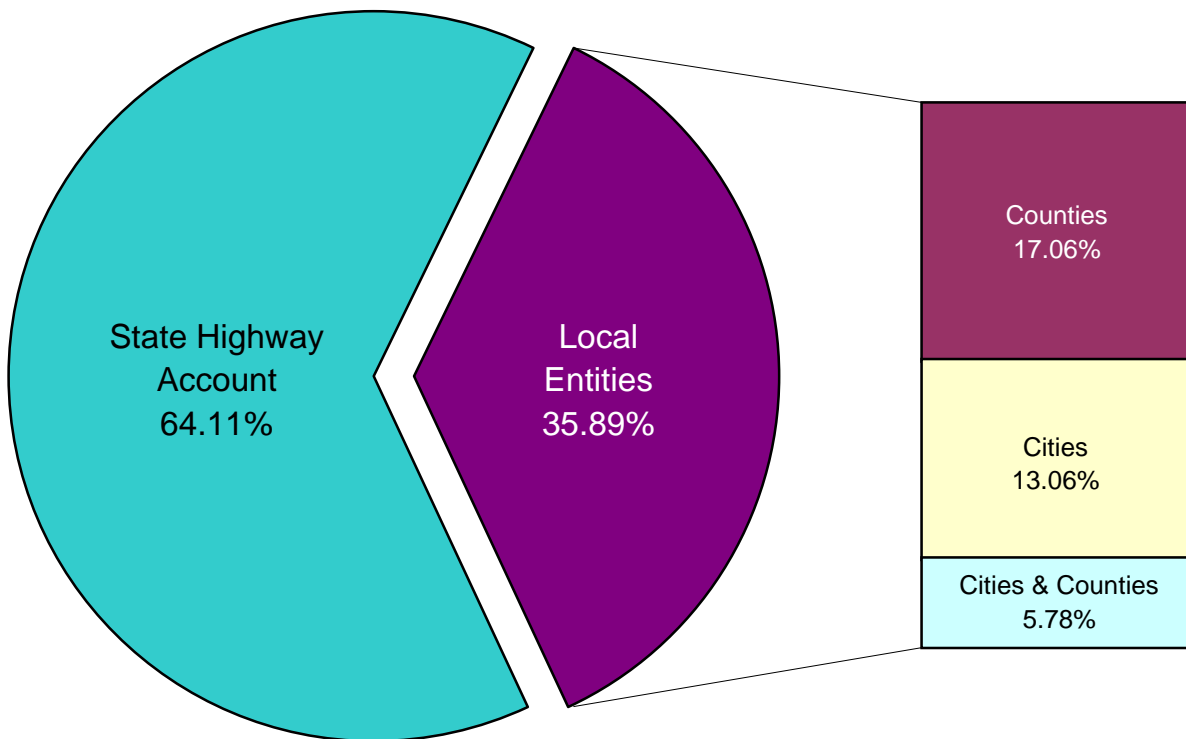
Jurisdiction	Net Apportionment and Use
Sacramento Regional Transit District (SRTD)	Apportionment: \$27.8 million (the net amount <i>after</i> Paratransit’s 5 percent portion was taken out) Bus and light rail transit service in Sacramento, Citrus Heights and the portion of the unincorporated County within SRTD’s boundaries
Paratransit, Inc.	Apportionment: None, but Paratransit received approximately \$1.5 million of Regional Transit’s LTF Advanced-reservation transportation for the elderly and disabled in Sacramento and Citrus Heights and portions of Sacramento County, including both recurring and occasional trips
Sacramento County	Apportionment: \$1.366 million (since approximately 94 percent of the County’s population lives within the SRTD, \$16.536 million of the county’s apportionment goes to Regional Transit and Paratransit) 2 percent for bicycle and pedestrian facilities and the remainder for fixed-route and dial-a-ride public transit in the rural southern portion of Sacramento County through South County Transit—Link (SCT/Link), the County’s fixed-route bus transit system
City of Sacramento	Apportionment: \$228,684 (since Sacramento is entirely within the SRTD, \$11.205 million of the city’s apportionment goes to Regional Transit and Paratransit) Bicycle and pedestrian facilities
City of Citrus Heights	Apportionment: \$48,414 (since Citrus Heights is entirely within the SRTD, \$2.372 million of the city’s apportionment goes to Regional Transit and Paratransit) Bicycle and pedestrian facilities
City of Folsom	Apportionment: \$1.240 million 2 percent for bicycle and pedestrian facilities and 75 percent of the remainder for operating the Folsom Stage Line (Folsom’s local transit system which provides fixed-route, commuter and dial-a-ride service) and the rest for street and road projects
City of Galt	Apportionment: \$456,854 2 percent for bicycle and pedestrian facilities and the remainder for contracted transit services with SCT/Link and for street and road improvements
City of Isleton	Apportionment: \$24,060 2 percent for bicycle and pedestrian facilities and the remainder for street and road improvements

⁷ Paid to the State Board of Equalization, the County Auditor, and the Sacramento Area Council of Governments for administration and accounting activities related to the LTF (SACOG administers the LTF in Sacramento County). For the past several years, the amount collected by SACOG for regional planning activities has been 2.63 percent.

2.3 State Gas Tax Subventions

The State of California collects an 18-cent fuel tax for every gallon of gasoline sold statewide. The State directly grants (subvenes) 6.46 cents of that to cities and counties for construction, improvement, and/or maintenance of public streets and roads. Of the local subvention, 3.07 cents is provided to counties, with each county receiving an amount in proportion to its relative share of the State's registered vehicles and road mileage. Another 2.35 cents is provided to cities, with each receiving an amount in proportion to its share of the state's population (a portion of these monies must be matched with local general fund expenditures on streets and highways). The final 1.04 cents is distributed to both cities and counties according to their relative shares of population, assessed property valuation, and number of registered vehicles. The remainder flows into the State Highway Account for statewide highway improvements.

Figure 2.3—Distribution of the 18-cent per gallon State Gas Tax



Cities and counties have discretion as to the specific roadway construction, improvement, and maintenance projects on which their gas tax allocations are spent. In FY 1998-1999, the local jurisdictions in Sacramento County received the following subventions:

Table 2.3—Distribution of Local Gas Tax Subvention, FY 1998-99

Jurisdiction	Subvention Amount	Jurisdiction	Subvention Amount
Sacramento County	\$21,382,225	City of Folsom	\$840,211
City of Sacramento	\$7,220,851	City of Isleton	\$21,648
City of Citrus Heights	\$2,521,047	City of Galt	\$312,418

2.4 Department of Motor Vehicles (DMV) Registration Surcharges

The Department of Motor Vehicles (DMV) collects three special surcharges in Sacramento County and passes them directly to the receiving agencies shown in Table 2.4. Although none of these three surcharges directly fund transportation improvements, they do benefit the transportation system.

Table 2.4—DMV Surcharges

Surcharge	Receiving Agency	Purpose	Comments
Transportation Fund for Clean Air \$4.00 Motor Vehicle Registration Fee	Sacramento Metropolitan Air Quality Management District (SMAQMD)	Funds various Air District efforts to enhance the use of clean motor fuels and reduce vehicle use in the County	The surcharge generates about \$4 million annually. A portion of the funds is used for the purchase, conversion, or operation of low-emission vehicles.
Capitol Valley SAFE \$1.00 Motor Vehicle Registration Fee	Capitol Valley Regional Service Authority for Freeways and Expressways (SAFE) ⁸	Funds the implementation and operation of safety call boxes on state highways	The surcharge generates approximately \$980,000 annually for call box operations in Sacramento County, of which approximately \$750,000 is spent within the County. Per agreement among the participating counties, the remainder helps fund call box implementation and operation in adjacent counties. SAFE monies also contribute to the Sacramento Metropolitan Freeway Service Patrol program.
SAVSA \$1.00 Motor Vehicle Registration Fee	Sacramento Abandoned Vehicle Service Authority (SAVSA) ⁹	Funds local jurisdictions' efforts to abate abandoned vehicles on public and private property	This surcharge generated approximately \$980,000 in FY 1998-99.

2.5 Transit Passenger Fares

Sacramento Regional Transit District

The Sacramento Regional Transit District is the largest public transportation provider in the Sacramento-San Joaquin Valley. It operates fixed-route bus and light rail services in Sacramento, Citrus Heights, and many parts of the unincorporated County in a service area encompassing 418 square miles.

Table 2.5.1—Regional Transit Bus and Light Rail Fares

One-Way Fares	System	Comments
\$1.50	Bus	In FY 1998-1999, Regional Transit had 20 million passenger boardings on its bus system, generating approximately \$12.2 million in revenue
\$1.50	Light Rail	In FY 1998-1999, Regional Transit had 8.5 million passenger boardings on its light rail system, generating approximately \$5.2 million in revenue

⁸ The Call Box Program is administered in Sacramento County by the Capitol Valley Regional Service Authority for Freeways and Expressways (SAFE), made up of the governing board of the Sacramento Area Council of Governments (SACOG) plus two representatives from San Joaquin County.

⁹ SAVSA is an independent agency governed by the same policy board as the Sacramento Transportation Authority. Participating local agencies include Sacramento County and the Cities of Citrus Heights, Folsom, Galt, Isleton, and Sacramento.

South County Transit/Link (SCT/Link)

South County Transit/Link (SCT/Link) offers fixed route and door-to-door transit service serving south Sacramento County. Its fixed-route transit service connects Lodi, Galt, Elk Grove, South Sacramento (Florin Mall) and the Delta communities of Isleton, Walnut Grove, Courtland, Hood, and Franklin. Its dial-a-ride service operates in the Galt area and provides ADA paratransit capabilities.

Table 2.5.2—South County Transit/Link (SCT/Link) Fares and Routes

One-Way Fares	Dial-a-Ride	Fixed Route
\$1.00	Intra Galt Intra Delta	Galt to Lodi Galt to Elk Grove
\$2.00	East County	Galt to Florin Mall Lodi to Elk Grove Delta to Galt Delta to Elk Grove Delta to Lodi
\$3.00	n/a	Lodi to Florin Mall Delta to Florin Mall
\$4.00	Delta to Sacramento	n/a

Folsom Stage Line

The City of Folsom operates the Folsom Stage Line bus and light rail shuttle service. It offers fixed-route bus service and commuter service light rail to Regional Transit's system.

Table 2.5.3—Folsom Stage Line Bus and Light Rail Fares

One-Way Fares	System	Comments
\$1.00	Bus	Serves most major streets in Folsom
\$1.00	Light Rail	In addition to service in the City of Folsom, the light rail line extends to the Sacramento Regional Transit District's Butterfield light rail station

The City of Folsom also offers a commuter service from Folsom-to-Downtown Sacramento. Fares for Folsom residents are \$2.25 each way, while non-residents pay \$3.50 each way.

CHAPTER
3

FUNDING MECHANISMS SPECIFIC TO INDIVIDUAL JURISDICTIONS IN SACRAMENTO COUNTY

The County and each of the incorporated cities have developed unique funding mechanisms to help pay for local transportation improvements and programs.

3.1 County of Sacramento

In addition to the Measure A Transportation Sales Tax and gas tax subventions, the County of Sacramento relies on several of the funding mechanisms described in Chapter 1 to pay for transportation improvements in the unincorporated area. These take the form of various charges on property development.

All development in the unincorporated County is subject to the Lighting Maintenance District (CSA #1) Fees and the County Roadway and Transit Development Fees. Development that is located within one of the County's eight special financing districts is further subject to the special development fees or special taxes collected within that district.

County Service Area No. 1—Lighting Maintenance District Fee

The entire unincorporated county area is within County Service Area (CSA) No. 1, the Lighting Maintenance District. The fees collected in CSA No. 1 fund the planning, design, construction, and maintenance of street and highway safety lighting facilities along streets and intersections in the unincorporated County. The fee amounts are:

Table 3.1.3—Lighting Maintenance District (County Service Area No. 1) Fees

Single-Family	Multi-Family	Commercial	Office	Industrial	Office/Ind.
per dwelling unit		per square foot			
\$2,600	\$1,967	\$3.79	\$3.03	\$1.04	\$1.76

A total of approximately \$2.815 million is expected to be collected in CSA No. 1 in FY1999-2000. Of the total amount available, approximately 16 percent will be expended for highway safety lighting and the remainder will be for street lighting.

County Roadway and Transit Development Fee

The County's development fee program was initiated in 1988. It is a fee on new residential, commercial, and industrial construction and on reconstruction that adds square footage. These fees are a condition of receiving Measure A allocations and complement the Measure A program by mitigating the impacts of new development whereas Measure A monies are used to address existing system deficiencies.

Depending upon the district in which the development is located, the revenues help fund roadway and/or transit capital improvements necessitated by the development of property (see Table 3.1.1 and Figure 3.1.1). The revenues may not be used for roadway and transit maintenance and operating expenses.

The amount of the fee is dependent on the type and size of the development. A two percent administrative fee is collected in addition to the total fees shown in Table 3.1.1 below.

Table 3.1.1—Sacramento County's Roadway & Transit Development Fee Schedule

District	Fee Type	Single-Family	Multi-Family	Commercial	Office	Industrial	Office/Ind.
		per dwelling unit		per square foot			
1	Combined roadway and transit	\$775	\$701	\$2.39	\$1.96	\$0.63	\$1.39
2	Combined roadway and transit	\$1,005	\$872	\$3.06	\$2.49	\$0.81	\$1.77
3	Combined roadway and transit	\$1,406	\$1,287	\$4.36	\$3.57	\$1.14	\$2.53
4	Combined roadway and transit	\$866	\$805	\$2.69	\$2.22	\$0.71	\$1.57
5	Transit	\$87	\$177	\$0.38	\$0.35	\$0.08	\$0.22
6	Transit	\$55	\$112	\$0.24	\$0.22	\$0.05	\$0.14
7	Roadway	\$2,600	\$1,967	\$3.79	\$3.03	\$1.04	\$1.76

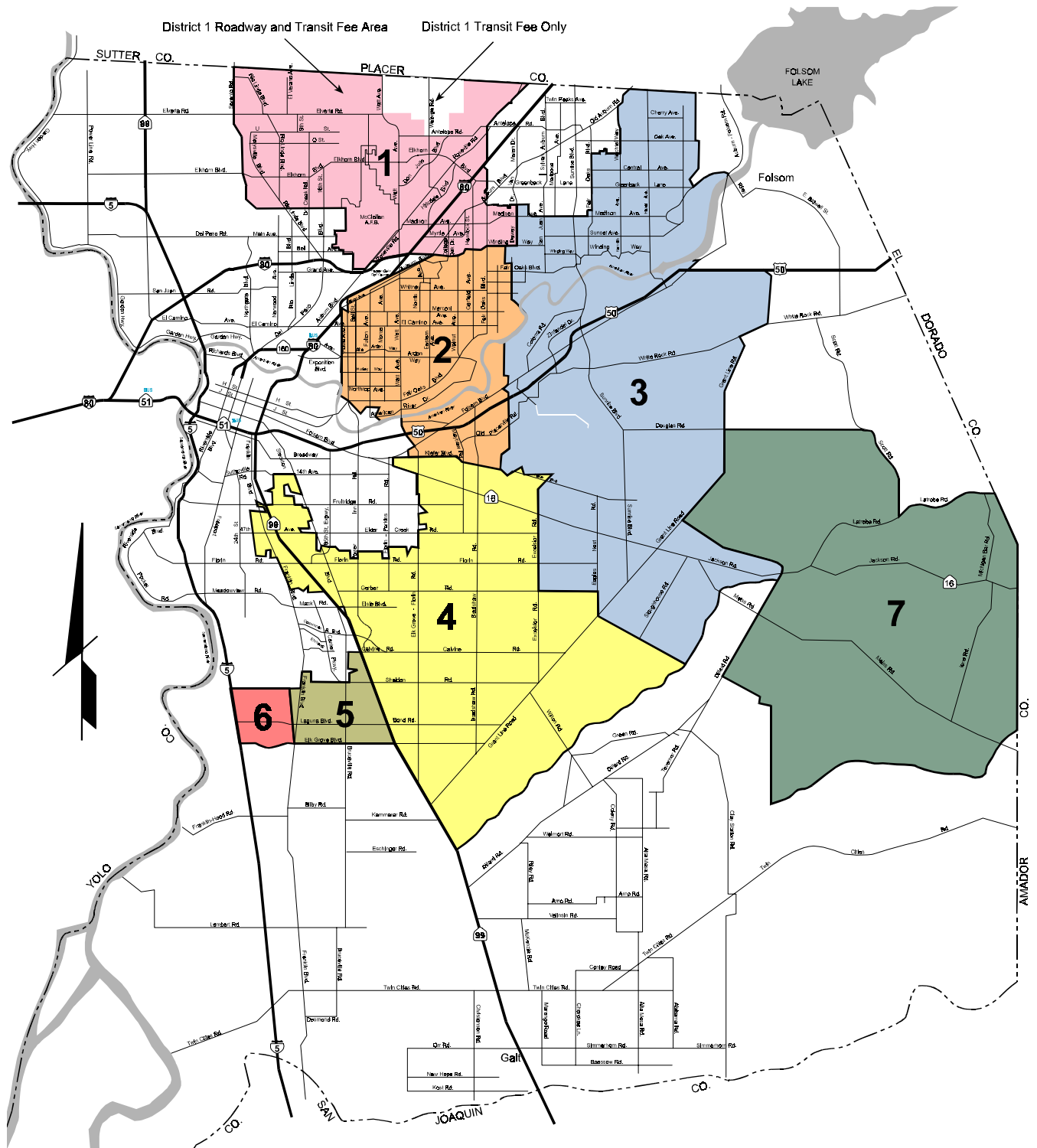
Annual fee revenues vary according to the rate and type of development activity. The County anticipates that that \$3.897 million will be generated from the total roadway fees in FY 1999/2000.

The transit fees collected in Districts 1 through 6 are passed directly to the Sacramento Regional Transit District.¹⁰

The specific projects that are eligible for funding with the Roadway Development Fee monies are identified in the development fee capital improvement programs for each district. Those to be implemented within seven years are subsequently incorporated into the County Transportation Improvement Plan. Project information, estimated costs, and required fees within each district are periodically refined based on updated development projections and traffic forecasts.

¹⁰ The total amount of revenue anticipated/collected each year from the transit development fee is available from the Sacramento Regional Transit District

Figure 3.1.1—Roadway and Transit Fee Districts in Sacramento County



- | | |
|--|---------------------------------|
| 1 Rio Linda/North Highlands/Foothill area | 5 Laguna/Laguna Creek area |
| 2 Arden/Carmichael/Rosemont area | 6 Laguna West area |
| 3 Sunrise Blvd corridor area | 7 Elk Grove/West Vineyards area |
| 4 Elk Grove/Vineyard/South Sacramento area | |

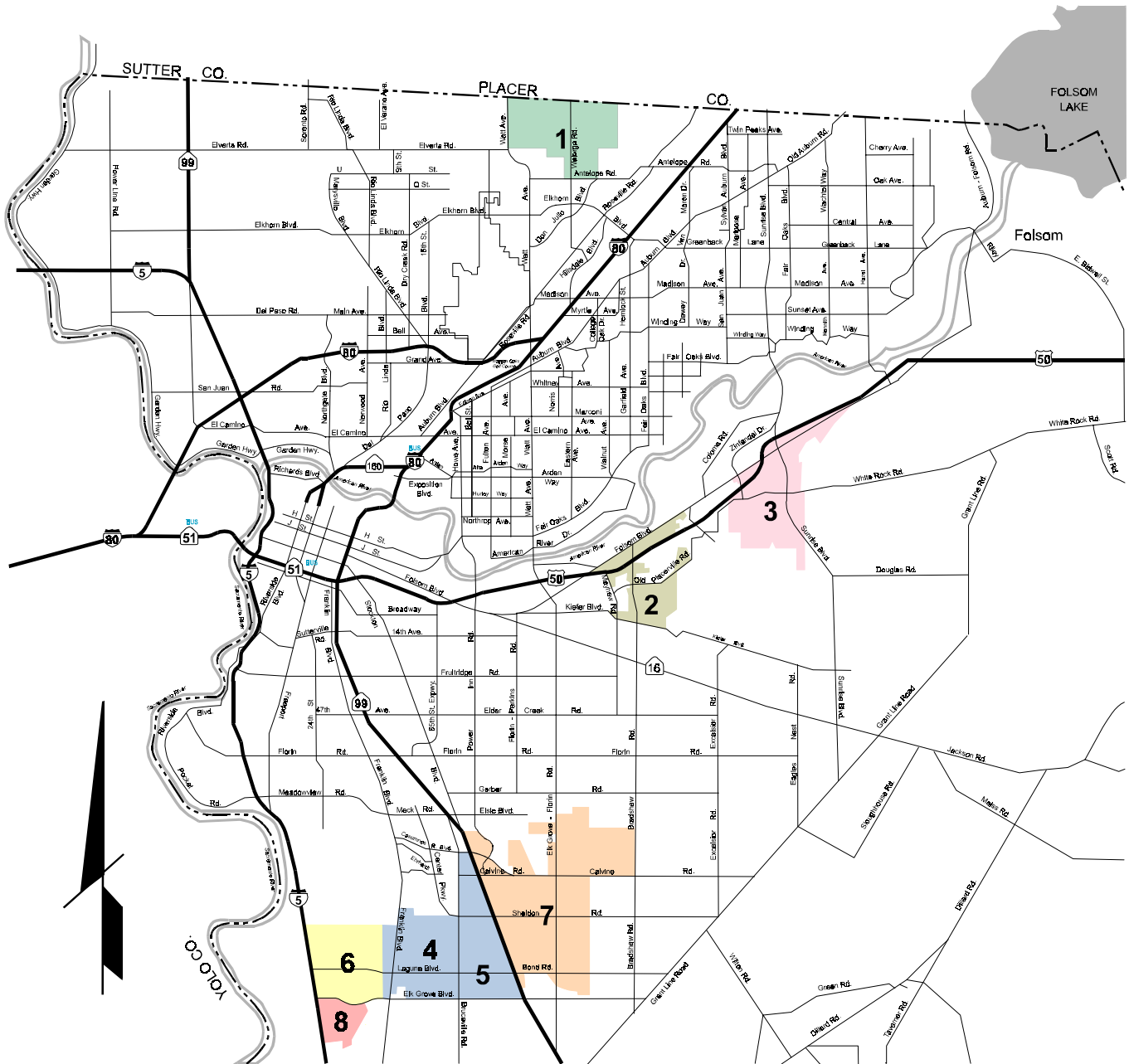
Special Financing Districts

The County has established eight financing districts in order to assess affected property owners the cost of specific public improvements that benefit their properties. The districts are primarily located in designated urban expansion areas (Figure 3.1.2, next page). Altogether, approximately \$8.664 million is expected to be generated in the special financing districts in FY 1999-2000. Proposition 218 (November, 1996) governs the implementation of special assessments. See Appendix B for more information.

Table 3.1.2—Special Financing Districts in the Unincorporated County

Financing District	Amount	Comments
Antelope Public Facilities Financing District (Antelope PFFD) (established 1986)	\$25.6 million for the construction of arterial and thoroughfare streets and intersections in the 2,275 acre Antelope plan area	Special development fees based on the zoning classification and acreage of developing parcels finance the improvements. The County's General Plan provides the basis for the fees, subject to the nexus requirements of Government Code Section 66000 et al. These fees will continue to be collected until the plan area is built out.
Bradshaw/U.S. 50 Corridor Integrated Financing District (Bradshaw IFD) (established 1988)	\$7.7 million for widening Bradshaw Road, expanding the Bradshaw/U.S. Highway 50 interchange, and numerous additional arterial and intersection improvements	These improvements serve industrial, industrial-office park, commercial, and multi-family development in a 1,120-acre area south of Folsom Boulevard between Mayhew and Routier Roads. The district is organized under the Municipal Improvement Act of 1913 and the Integrated Financing District Act. The special assessments are set to expire in 2014. The remaining cost of Bradshaw IFD improvements are being funded from a variety of state and local sources.
Sunrise/U.S. 50 Corridor Assessment District (Sunrise AD) (established 1986)	\$16.7 million for roadway widening, intersection improvements, and the expansion of the Zinfandel Drive/U.S. Highway 50 interchange	The improvements serve industrial, industrial-office park, commercial, and multi-family development in a 2,850-acre area south of U.S. 50 and/or Folsom Boulevard near the Sunrise Boulevard and Zinfandel Drive interchanges. The Sunrise AD is organized under the Municipal Improvement Act of 1913. It has issued improvement bonds secured by the special assessments, which will continue to be imposed until 2009.
Laguna Community Facilities District (LCFD) (established 1986)	\$44.8 million for the construction of arterials and thoroughfares, intersections, and an interchange at State Highway 99	Mello-Roos bonds finance most (\$36.4 million) of the improvements. These bonds are being retired by special taxes imposed annually on property in the district. The amount of the special tax on each parcel is determined by its zoning classification and acreage. The Mello-Roos tax is expected to sunset in 2006.
Laguna Area Roadway Development Fee District (LARDF) (established 1987)	\$8.4 million for the remaining roadway improvements in the Laguna Public Facilities Financing Plan	These fees are collected from property developers at the time building permits are issued and will be imposed until build-out. The LARDF encompasses the Laguna Community Facilities District and the Laguna Creek Ranch/Elliott Ranch Community Facilities District #1.
Laguna Creek Ranch/Elliott Ranch Community Facilities District #1 (LCR/ER CFD #1) (established 1991)	\$37.3 million for the construction of arterials and thoroughfares, intersections, railroad overcrossings, I-5 freeway interchanges, and transit improvements	Mello-Roos bonds finance about 90 percent of the improvements. These bonds are being retired by special taxes imposed annually on property in the district. The Mello-Roos tax is set to expire in 2021. [This community facilities district lies entirely within the Laguna Area Roadway Development Fee District (LARDF) described above; the LARDF Special Development Fee, which will be collected until build-out, funds the remaining 10 percent of improvements.]
Elk Grove/West Vineyard (EGWV) Public Facilities Financing District (established 1993)	\$74.4 million for improving arterials, constructing freeway interchanges, and constructing railroad grade separations. It also provides \$5.6 million for new public transit infrastructure	The improvements within this 5,400 acre area are to be funded with roadway and transit development fee revenues. The County's General Plan provides the basis for the fees, subject to the nexus requirements of Government Code Section 66000 et al. The EGWV Special Development Fee is collected at the time a building permit is issued and varies according to the size and type of each development project. It will be imposed on all urban development until the district is built out.
South Laguna/Stonelake Public Facilities Financing District (established 1999)	Financing for portions of major public facilities required for development in the area, including transportation, park, and library facilities	The impact fees for this financing district are collected at the time of building permit issuance. Fees for single family residential are charged per unit while multi-family residential, commercial/office, travel commercial, and industrial intensive uses are charged per acre of development.

Figure 3.1.2—Special Financing Districts in the Unincorporated County



- | | |
|---|--|
| 1 Antelope Public Facilities District | 5 Laguna Roadway Development Fee District ¹¹ |
| 2 Bradshaw/US 50 Corridor Integrated Financing District | 6 Laguna Creek/Elliot Ranch Community Facilities District #1 |
| 3 Sunrise/US 50 Corridor Assessment District | 7 Elk Grove/West Vineyard Public Facilities Financing District ¹¹ |
| 4 Laguna Community Facilities District | 8 South Laguna Stonelake Public Facilities Financing District |

¹¹ These districts are subject to change upon the incorporation of the new City of Elk Grove on July 1, 2000

3.2 City of Sacramento

Major Street Construction Tax

The City's Major Street Construction Tax is imposed citywide on new building construction and on reconstruction that adds square footage. The amount of the tax is calculated as follows:

$$\text{Valuation of the Structure/Improvement} \times \$0.008$$

Use of the revenues is limited to the construction, replacement, and alteration of major roadways and for traffic control and lighting projects. Major Street Construction Tax proceeds vary by year according to the amount of development activity within the City. Estimated revenues for FY1999/2000 are \$1.6 million.

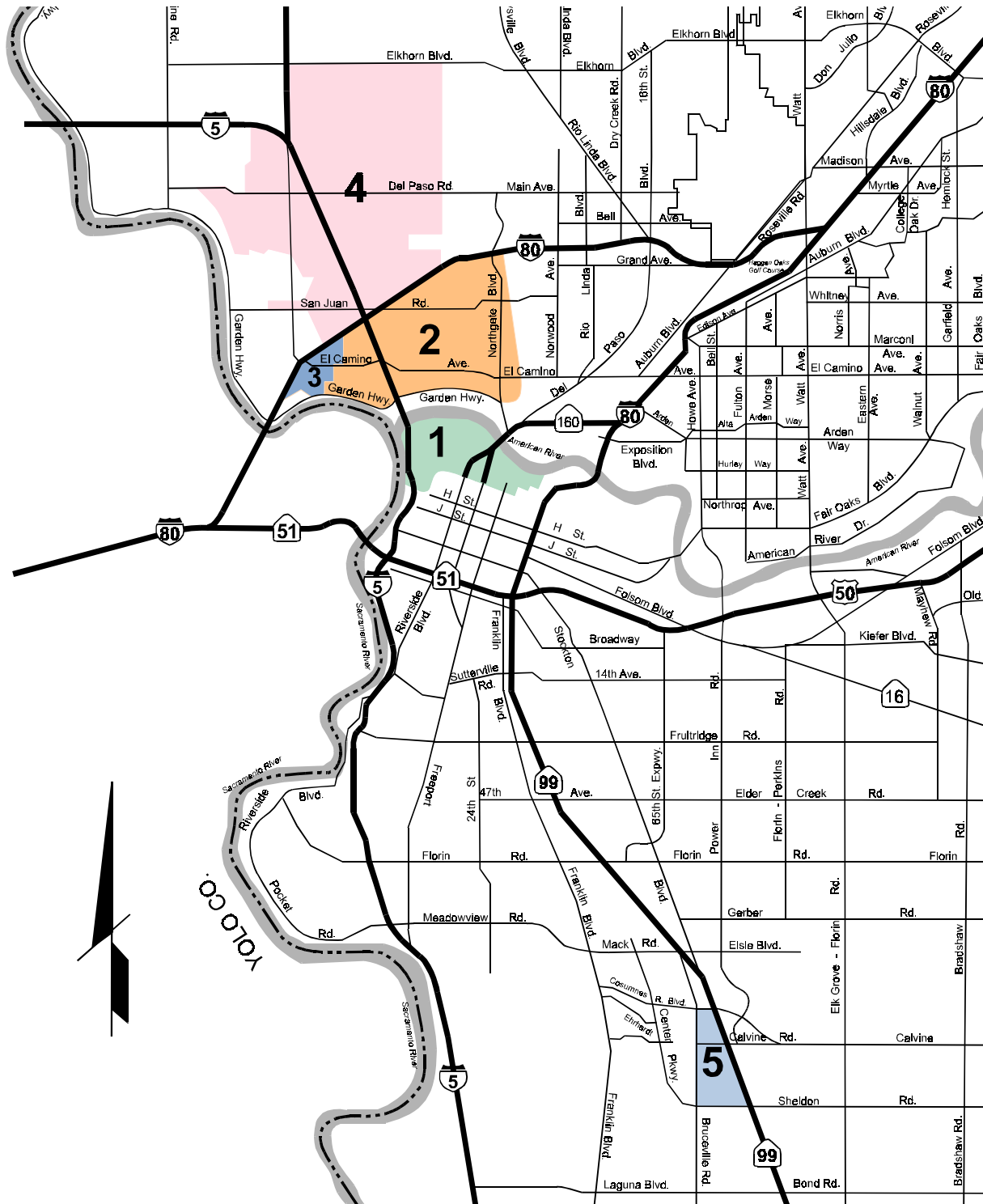
Special Area Financing Districts

The City of Sacramento has established infrastructure-financing plans for specific areas of the city (Figure 3.2). The plans provide for transportation improvements necessitated by new development concurrent with other required infrastructure. The City has the following five major financing districts.

Table 3.2—Financing Districts in the City of Sacramento

Financing District	Comments
Downtown/Southern Pacific Railyards/Richards Boulevard (established 1995)	The City adopted a redevelopment plan and associated facilities and financing plans for the Southern Pacific Railyards and Richards Boulevard planning areas in 1995. The financing plans call for a majority of the necessary transportation improvements to be funded through a combination of development fees and tax increments from redevelopment. The City will also pursue regional, state, and federal funding mechanisms to help pay for those transportation facilities that provide regional benefits (i.e., intermodal station, light rail extension, Interstate 5 improvements).
South Natomas Facilities Benefit Assessment (FBA) (established 1990)	The South Natomas FBA is bounded by the Natomas East Main Drain, Interstate 80, and the Sacramento and American Rivers. The FBA fee, as well as other funds, are used to construct community facilities and transportation needs identified in the FBA plan.
Willow Creek Fee District (established 1997)	The Willow Creek Fee District is bounded by Interstate 80, Garden Highway and the Natomas Main Drainage Canal. The Willow Creek Fee District is intended to fund the backbone infrastructure in the area. To maintain equity for the entire infrastructure system, the fee program is structured such that each parcel pays its fair share obligation of the backbone infrastructure. The fee program is assigned to new development only.
North Natomas Community Plan (established 1994)	The City updated its North Natomas Community Plan in 1994 and subsequently adopted an infrastructure-financing plan for the area. The financing plan is in the process of being updated. Preliminary updated total infrastructure costs are estimated at \$910 million, with \$526 million to be funded by development fees and the remainder by various local, state, and regional sources. The financing plan includes: <ul style="list-style-type: none"> • \$81 million for freeway-related improvements (\$33 million to be funded with development fees) • \$97 million for local road improvements (\$91 million to be funded with local development fees) • \$11 million for bikeways and shuttle buses (\$4 million to be funded with local development fees) • \$8 million contribution towards light rail extension (contribution funded with local development fees)
Jacinto Creek Planning Area (JCPA) (established 1995)	The Jacinto Creek Planning Area is approximately bounded by Cosumnes River Boulevard, Bruceville Road, Sheldon Road, and State Route 99. The City approved a development plan for the area in 1995, which includes a commitment to fund improvements to both Bruceville and Sheldon Roads. Backbone infrastructure and community facilities will be funded through a combination of impact fees, connection charges, existing Mello-Roos bond programs (e.g., Laguna CFD and Elk Grove CFD), and private financing. Much of the property in the JCPA is included in the County's Laguna Community Facilities District, which was formed prior to the JCPA's annexation to the City of Sacramento.

Figure 3.2—Financing Districts in the City of Sacramento



- | | |
|---|--------------------------------|
| 1 Downtown/Southern Pacific Railyards/Richards Blvd | 4 North Natomas Community Plan |
| 2 South Natomas Facilities Benefit Assessment | 5 Jacinto Creek Planning Area |
| 3 Willow Creek Fee District | |

3.3 City of Citrus Heights

The City of Citrus Heights imposes two transportation-related impact fees on development: the Roadway Fee and the Transit Fee. As the name of each fee implies, revenues are used to implement roadway and public transit improvements necessitated by new development.

Both fees vary according to the district in which the development is located, as shown in Figure 3.3.

Figure 3.3—Citrus Heights Transportation Impact Fee Districts

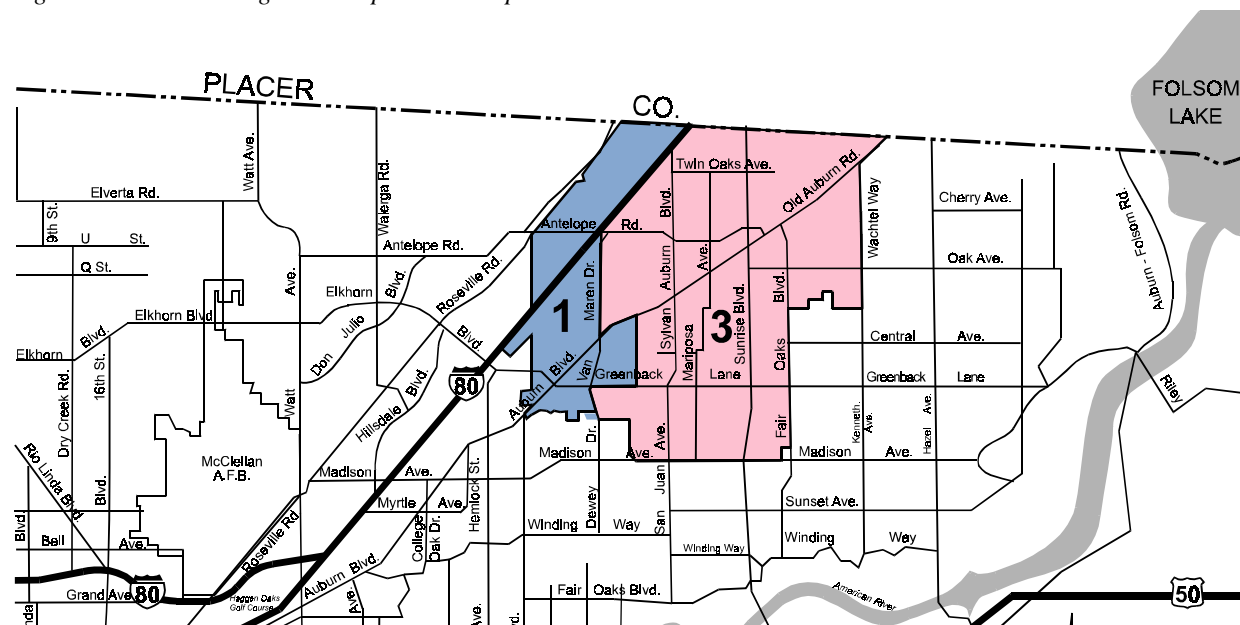


Table 3.3—Citrus Heights Transportation Impact Fees

	Single-Family	Multi-Family	Commercial	Office	Industrial	Office/Ind.
	per dwelling unit		per square foot			
Roadway Fee						
District 1	\$685	\$518	\$2.00	\$1.60	\$0.55	\$1.16
District 3	\$1,231	\$931	\$3.59	\$2.87	\$0.98	\$2.08
Transit Fee						
District 1	\$90	\$183	\$0.39	\$0.36	\$0.08	\$0.23
District 3	\$175	\$356	\$0.77	\$0.70	\$0.16	\$0.45

The combined Roadway and Transit Fees generated \$454,375 in FY1998-99.

The City of Citrus Heights adopted the County of Sacramento's fee structure and fees when it incorporated in 1997. The fees remain identical to the County for the affected districts. A 2 percent administrative fee is also collected on top of the fees shown in Table 3.3 above.

3.4 City of Folsom

The City of Folsom imposes two transportation-related fees.

Table 3.4—Folsom’s Transportation Fees

	Single-Family	Multi-Family/ Mobile Homes	Commercial	Office	Industrial
	per dwelling unit		per square foot		
Road Fee (a.k.a. Transportation Facilities Impact Fee)	\$3,761	\$2,633	\$5.43	\$2.36	\$2.36
Transportation System Management (TSM) Fee	\$35	\$25	\$0.15	\$0.15	\$0.15

Road Fee

The Road Fee is an impact fee on new residential construction and on new or expanded commercial/industrial development. Revenues are used to implement improvements on roadways necessitated by new development. The fee generated approximately \$4.93 million in FY1998-99. The City was also reimbursed another \$384,999 by property developers for some traffic signals and road-widening work (the majority of which was on Riley Street).

Transportation System Management Fee

The Transportation System Management (TSM) Fee funds activities that promote and help coordinate the use of public transit, carpooling, vanpooling, and other alternative transportation opportunities. It is collected in addition to the Road Fee.

3.5 City of Isleton

City of Isleton Capital Facilities Fee

Isleton is in the process of adopting a Capital Facilities Fee to cover the costs of arterial street improvements and other municipal projects consistent with the city’s recently completed General Plan update. The fee schedule may be adopted sometime in year 2000. There is a building moratorium in the interim.

Table 3.5—Isleton Capital Facilities Fee Schedule

	Single-Family	Multi-Family	Retail	Office	Industrial
	per dwelling unit		per square foot		
Capital Facilities Fee	to be determined				

3.6 City of Galt

The City of Galt collects two impact fees specific to transportation improvements: the Traffic/Circulation Impact Fee and the Northeast Specific Plan Area Capital Improvement Development Impact Fee. Both fees are currently under review by the city for appropriate adjustments and potential restructuring.

Traffic/Circulation Impact Fee

The Traffic/Circulation Impact Fee applies to new development citywide. Revenues are used to provide general transportation improvements deemed necessary to accommodate new development.

Table 3.6.1—Galt Traffic/Circulation Impact Fee Schedule

	Single-Family per dwelling unit	Multi-Family	Retail	Office per square foot	Industrial
Traffic/Circ. Impact Fee	\$1,254	\$820	\$4.60	\$1.36	\$0.26

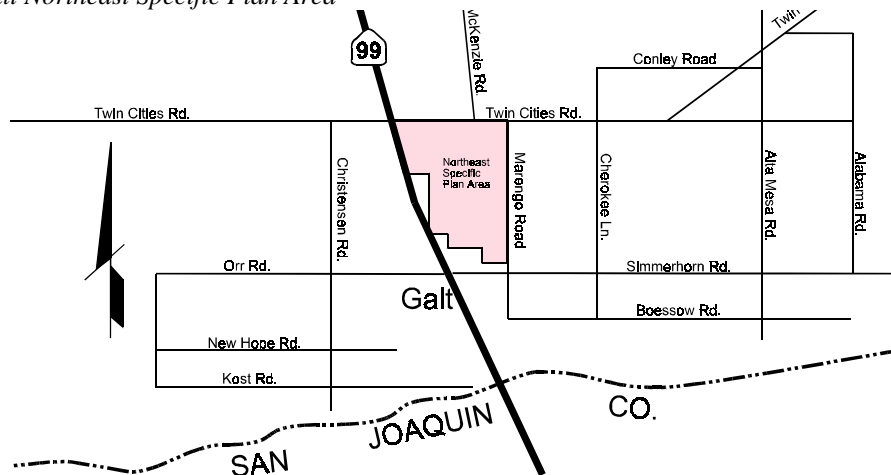
The Traffic/Circulation Impact Fee is projected to generate approximately \$462,000 in FY1999-2000.

Northeast Specific Plan Area Capital Improvement Development Impact Fee

Table 3.6.2—Galt Northeast Specific Plan Area Capital Improvement Development Impact Fee Schedule

	Single-Family	Multi-Family	Commercial	Office/Professional
	per acre			
Northeast Specific Plan Area Capital Improvement Development Impact Fee	\$16,723-22,620 depending on density	\$33,282	\$66,358	\$52,156

Figure 3.6—Galt Northeast Specific Plan Area



Galt imposes a development impact fee that is collected for all projects within the Northeast Specific Plan Area (Figure 3.6). The fee provides for transportation improvements (in addition to those provided by the citywide Traffic/Circulation Impact Fee) and other capital infrastructure. Eligible transportation improvements are set forth in the Northeast Specific Plan document. The fee rates are based on each development's acreage and zoning classification. (Note: fixed portions of these fees cover improvements to Twin Cities Road: \$413/dwelling unit and \$7,432/acre of commercial and office/professional development.) The traffic impact fee is projected to generate approximately \$1.91 million in FY1999-2000, with \$1.5 million of that going to pay back the community facility district bonds for the initial improvements and the remainder toward the second phase of projects.



LOCAL TRANSPORTATION PROGRAMMING DOCUMENTS

Agency	Title and Description
<p>County of Sacramento</p>	<p><i>7 Year Transportation Improvement Plan—1998 TIP</i> The 7-year transportation capital improvement plan for the unincorporated area of Sacramento County. It provides summary program information for various capital improvement funding programs, as well as project summary information (revenues, expenditures, and schedule) for projects selected for implementation during the plan period. It is updated annually.</p> <p><i>Sacramento County General Plan</i> The General Plan is a comprehensive, long-term plan for the physical development of the county, including policies, programs, goals and objectives for the transportation network.</p>
<p>City of Citrus Heights</p>	<p><i>Capital Improvement Program (CIP)</i> This document lists the city’s planned capital improvements, including transportation facilities.</p>
<p>City of Folsom</p>	<p><i>Folsom General Plan</i> The General Plan is a comprehensive, long-term plan for the physical development of the city, including policies, programs, goals and objectives for the transportation network.</p>
<p>City of Galt</p>	<p><i>Northeast Specific Plan</i> This document lists the eligible transportation projects that will be built with revenues from the Northeast Specific Plan Area Capital Improvement Development Impact Fee.</p> <p><i>Galt General Plan</i> The General Plan is a comprehensive, long-term plan for the physical development of the city, including policies, programs, goals and objectives for the transportation network.</p>
<p>City of Isleton</p>	<p><i>Isleton General Plan</i> The General Plan is a comprehensive, long-term plan for the physical development of the city, including policies, programs, goals and objectives for the transportation network.</p>
<p>City of Sacramento</p>	<p><i>Transportation Programming Guide—A Tool For Understanding City Transportation Needs, 1999 and 2000</i> This document comprehensively outlines the City of Sacramento’s current and future transportation needs. It serves to summarize the City’s transportation projects, establish project priorities, and provides the City Council with information to make candidate project application decisions.</p> <p><i>Sacramento General Plan</i> The General Plan is a comprehensive, long-term plan for the physical development of the city, including policies, programs, goals and objectives for the transportation network.</p>
<p>Sacramento Regional Transit District</p>	<p><i>Short Range Transit Plan, 2000-2008</i> The master plan for the programming of transit service and operations. It outlines future transit system development and the required capital projects within an 8-year planning period. It describes what currently exists and what is anticipated for the transit system.</p> <p><i>20 Year Transit Master Plan</i> Lays out the twenty-year strategy for developing public transportation while integrating with other regional long range planning documents.</p>

APPENDIX
B

PROPOSITION 218 AND ITS IMPACT ON LOCAL TRANSPORTATION FUNDING

In November 1996, California voters enacted Proposition 218, a Constitutional amendment that “protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent.” It was specifically intended to close “loopholes” in Proposition 13 relative to excise taxes, benefit assessments, and fees, and to settle arguments over the applicability of Proposition 62, the voting requirement for general taxes. Proposition 218, the full text of which is included at the end of this appendix, added Articles XIII C and XIII D to the California Constitution. Pursuant to Section 1, Proposition 218 is to be known as the “Right to Vote on Taxes Act.”

Proposition 218 significantly impacts the way local governments raise revenue, affecting many of the various funding methods described in this guidebook. The following discussion is to familiarize the reader with the most important provisions of Proposition 218. The Governor’s Office of Planning & Research and the Legislative Analyst’s Office have available their own analyses and commentary on Proposition 218’s impacts.

SUMMARY OF PROPOSITION 218’S MAJOR POINTS

- Proposition 218 is a Constitutional amendment and supersedes any conflicting statutory law.
- Proposition 218 applies to all local government agencies, including charter cities as well as counties, general law cities, and special districts; it does not apply to state agencies.

General and Special Taxes (Article XIII C, California Constitution)

- A tax imposed by a local government is deemed to be either a general tax or a special tax. A “special tax” includes any tax imposed for specific purposes whereas a “general tax” is any tax for general purposes. By definition, special districts can only impose special taxes. Special taxes require two-thirds voter approval; general taxes only require simple majority voter approval.
- No general tax may be imposed, extended, or increased without first being approved by a majority of the jurisdiction’s voters at a general election (any other scheduling of the vote requires unanimous approval of the agency’s governing board).
- Any general tax imposed on or after January 1, 1995 that was not subjected to voter approval must have been placed before the voters for ratification by November 5, 1998. Any tax not ratified by the voters is repealed.
- General and special taxes can be reduced or repealed through the initiative process.

Assessments and Fees (Article XIII D, California Constitution)

- Proposition 218 establishes a strict definition of **special benefit** to mean, “a particular and distinct benefit over and above general benefits conferred on real property located in the district or the public at large” (general enhancement of property value does not constitute ‘special benefit’). Proposition 218 reversed previous laws by prohibiting a local agency from including the cost of any general benefit in the assessment apportioned to individual properties. Assessments via the assessment acts are limited to only that which is necessary to recover the cost of the special benefit provided the property.
- Assessments levied on individual parcels are limited to the “reasonable cost of the proportional special benefit conferred on that parcel.” Further, no fee or charge may be imposed for a service that is not used by or immediately available to the property owner. Such “standby charges” are now classified as assessments.

- Proposition 218 specifically requires assessments to also be levied on public parcels within an assessment district, unless the agency which owns the parcel can “demonstrate by clear and convincing evidence” that its parcel will receive no special benefit. Previously, assessments were seldom if ever levied on public property.
- Benefit assessments and “property related fees and charges” cannot be imposed without prior voter approval. Property owners within the area subject to a proposed benefit assessment must be mailed ballots, a public hearing must be held, and affirmative ballots must be received from a weighted majority of the property owners before a benefit assessment can be imposed. No property related fee or charge may be imposed until the fee or charge is submitted to and approved by a majority of the affected property owners or, alternatively, two-thirds of the residents of the affected area.
- Fees, charges, and assessments can be reduced or repealed through the initiative process.
- The public notice and assessment procedures of the Improvement Act of 1911, the Municipal Improvement Act of 1913, and Improvement Bond Act of 1915 conflict with the provisions of Proposition 218. Where differences exist, the requirements of the initiative prevail.
- Proposition 218 establishes a common formation and ratification procedure for all special assessment districts as defined by Section 4, Article XIII D of the California Constitution. These requirements apply to all special assessments, to the exclusion of any conflicting laws:
 - All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer.
 - Prior to creating an assessment district, the city, county, or special district must hold a public hearing and receive approval from a majority of the affected property owners casting a ballot. All owners of property within the assessment district must be mailed a detailed notice of public hearing and a ballot with which to voice their approval or disapproval of the proposed district at least 45 days prior to the hearing.
 - At the hearing, the governing body of the agency must consider all protests to formation of the district. Assessment district proceedings must be abandoned if a majority of the ballots received by the conclusion of the hearing protest creation of the district. Ballots are to be weighted according to the proportional financial obligation of the affected property - the larger the financial obligation, the greater the weight that must be assigned to that property. Unlike previous law under many of the assessment district acts, the governing body cannot overrule the property owner vote. No other form of election is required.
 - Once an assessment is created, it may be repealed or reduced by popular initiative.
- The only exceptions to the application of Proposition 218 are for the following assessments if they were already in place as of November 5, 1996:
 - Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems, and vector control.
 - Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed.
 - Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.
 - Any assessment that previously received majority voter approval from the voters voting in an election on the issue of the assessment.” (Section 5, Article XIII D, California Constitution)

RIGHT TO VOTE ON TAXES ACT

This initiative measure adds Articles XIII C and D to the California Constitution.

SECTION 1. TITLE.

This act shall be known and may be cited as the "Right to Vote on Taxes Act."

SECTION 2. FINDINGS AND DECLARATIONS.

The people of the State of California hereby find and declare that Proposition 13 was intended to provide effective tax relief and to require voter approval of tax increases. However, local governments have subjected taxpayers to excessive tax, assessment, fee and charge increases that not only frustrate the purposes of voter approval for tax increases, but also threaten the economic security of all Californians and the California economy itself. This measure protects taxpayers by limiting the methods by which local governments exact revenue from taxpayers without their consent.

SECTION 3. VOTER APPROVAL FOR LOCAL TAX LEVIES.

Article XIII C is added to the California Constitution to read:

ARTICLE XIII C

SECTION 1. Definitions.

As used in this article:

- (a) "General tax" means any tax imposed for general governmental purposes.
- (b) "Local government" means any county, city, city and county, including a charter city or county, any special district, or any other local or regional governmental entity.
- (c) "Special district" means an agency of the state, formed pursuant to general law or a special act, for the local performance of governmental or proprietary functions with limited geographic boundaries including, but not limited to, school districts and redevelopment agencies.
- (d) "Special tax" means any tax imposed for specific purposes, including a tax imposed for specific purposes, which is placed into a general fund.

SEC. 2. Local Government Tax Limitation.

Notwithstanding any other provision of this Constitution:

- (a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.
- (b) No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote. A general tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved. The election required by this subdivision shall be consolidated with a regularly scheduled general election for members of the governing body of the local government, except in cases of emergency declared by a unanimous vote of the governing body.
- (c) Any general tax imposed, extended, or increased, without voter approval, by any local government on or after January 1, 1995, and prior to the effective date of this article, shall continue to be imposed only if approved by a majority vote of the voters voting in an election on the issue of the imposition, which election shall be held within two years of the effective date of this article and in compliance with subdivision (b).
- (d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved.

SEC. 3. Initiative Power for Local Taxes, Assessments, Fees and Charges.

Notwithstanding any other provision of this Constitution, including, but not limited to, Sections 8 and 9 of Article II, the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.

SECTION 4. ASSESSMENT AND PROPERTY RELATED FEE REFORM.

Article XIII D is added to the California Constitution to read:

ARTICLE XIII D

SECTION 1. Application.

Notwithstanding any other provision of law, the provisions of this article shall apply to all assessments, fees and charges, whether imposed pursuant to state statute or local government charter authority. Nothing in this article or Article XIII C shall be construed to:

- (a) Provide any new authority to any agency to impose a tax, assessment, fee, or charge.
- (b) Affect existing laws relating to the imposition of fees or charges as a condition of property development.
- (c) Affect existing laws relating to the imposition of timber yield taxes.

SEC. 2. Definitions.

As used in this article:

- (a) "Agency" means any local government as defined in subdivision (b) of Section 1 of Article XIII C.
- (b) "Assessment" means any levy or charge upon real property by an agency for a special benefit conferred upon the real property. "Assessment" includes, but is not limited to, "special assessment," "benefit assessment," "maintenance assessment" and "special assessment tax."
- (c) "Capital cost" means the cost of acquisition, installation, construction, reconstruction, or replacement of a permanent public improvement by an agency.
- (d) "District" means an area determined by an agency to contain all parcels which will receive a special benefit from a proposed public improvement or property-related service.
- (e) "Fee" or "charge" means any levy other than an ad valorem tax, a special tax, or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.
- (f) "Maintenance and operation expenses" means the cost of rent, repair, replacement, rehabilitation, fuel, power, electrical current, care, and supervision necessary to properly operate and maintain a permanent public improvement.
- (g) "Property ownership" shall be deemed to include tenancies of real property where tenants are directly liable to pay the assessment, fee, or charge in question.
- (h) "Property-related service" means a public service having a direct relationship to property ownership.
- (i) "Special benefit" means a particular and distinct benefit over and above general benefits conferred on real property located in the district or to the public at large. General enhancement of property value does not constitute "special benefit."

SEC. 3. Property Taxes, Assessments, Fees and Charges Limited.

- (a) No tax, assessment, fee, or charge shall be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except:
 - (1) The ad valorem property tax imposed pursuant to Article XIII and Article XIII A.
 - (2) Any special tax receiving a two-thirds vote pursuant to Section 4 of Article XIII A.

- (3) Assessments as provided by this article.
- (4) Fees or charges for property related services as provided by this article.
- (b) For purposes of this article, fees for the provision of electrical or gas service shall not be deemed charges or fees imposed as an incident of property ownership.

SEC. 4. Procedures and Requirements for All Assessments.

- (a) An agency which proposes to levy an assessment shall identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed. The proportionate special benefit derived by each identified parcel shall be determined in relationship to the entirety of the capital cost of a public improvement, the maintenance and operation expenses of a public improvement, or the cost of the property related service being provided. No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel. Only special benefits are assessable, and an agency shall separate the general benefits from the special benefits conferred on a parcel. Parcels within a district that are owned or used by any agency, the State of California or the United States shall not be exempt from assessment unless the agency can demonstrate by clear and convincing evidence that those publicly owned parcels in fact receive no special benefit.
- (b) All assessments shall be supported by a detailed engineers report prepared by a registered professional engineer certified by the State of California.
- (c) The amount of the proposed assessment for each identified parcel shall be calculated and the record owner of each parcel shall be given written notice by mail of the proposed assessment, the total amount thereof chargeable to the entire district, the amount chargeable to the owners particular parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, together with the date, time, and location of a public hearing on the proposed assessment. Each notice shall also include, in a conspicuous place thereon, a summary of the procedures applicable to the completion, return, and tabulation of the ballots required pursuant to subdivision (d), including a disclosure statement that the existence of a majority protest, as defined in subdivision (e), will result in the assessment not being imposed.
- (d) Each notice mailed to owners of identified parcels within the district pursuant to subdivision (3) shall contain a ballot which includes the agency's address for receipt of the ballot once completed by any owner receiving the notice whereby the owner may indicate his or her name, reasonable identification of the parcel, and his or her support or opposition to the proposed assessment.
- (e) The agency shall conduct a public hearing upon the proposed assessment not less than 45 days after mailing the notice of the proposed assessment to record owners of each identified parcel. At the public hearing, the agency shall consider all protests against the proposed assessment and tabulate the ballots. The agency shall not impose an assessment if there is a majority protest. A majority protest exists if, upon the conclusion of the hearing, ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment. In tabulating the ballots, the ballots shall be weighted according to the proportional financial obligation of the affected property.
- (f) In any legal action contesting the validity of any assessment, the burden shall be on the agency to demonstrate that the property or properties in question receive a special benefit over and above the benefits conferred on the public at large and that the amount of any contested assessment is proportional to, and no greater than, the benefits conferred on the property or properties in question.
- (g) Because only special benefits are assessable, electors residing within the district who do not own property within the district shall not be deemed under this Constitution to have been deprived of the right to vote for any assessment. If a court determines that the Constitution of the United States or other federal law requires otherwise, the assessment shall not be imposed unless approved by a two-thirds vote of the electorate in the district in addition to being approved by the property owners as required by subdivision (e).

SEC. 5. Effective Date.

Pursuant to subdivision (a) of Section 10 of Article II, the provisions of this article shall become effective the day after the election unless otherwise provided. Beginning July 1, 1997, all existing, new, or increased assessments shall comply with this article. Notwithstanding the foregoing, the following assessments existing on the effective date of this article shall be exempt from the procedures and approval process set forth in Section 4:

- (a) Any assessment imposed exclusively to finance the capital costs or maintenance and operation expenses for sidewalks, streets, sewers, water, flood control, drainage systems or vector control. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.
- (b) Any assessment imposed pursuant to a petition signed by the persons owning all of the parcels subject to the assessment at the time the assessment is initially imposed. Subsequent increases in such assessments shall be subject to the procedures and approval process set forth in Section 4.
- (c) Any assessment the proceeds of which are exclusively used to repay bonded indebtedness of which the failure to pay would violate the Contract Impairment Clause of the Constitution of the United States.
- (d) Any assessment which previously received majority voter approval from the voters voting in an election on the issue of the assessment. Subsequent increases in those assessments shall be subject to the procedures and approval process set forth in Section 4.

SEC. 6. Property Related Fees and Charges.

- (a) Procedures for New or Increased Fees and Charges. An agency shall follow the procedures pursuant to this section in imposing or increasing any fee or charge as defined pursuant to this article, including, but not limited to, the following:
 - (1) The parcels upon which a fee or charge is proposed for imposition shall be identified. The amount of the fee or charge proposed to be imposed upon each parcel shall be calculated. The agency shall provide written notice by mail of the proposed fee or charge to the record owner of each identified parcel upon which the fee or charge is proposed for imposition, the amount of the fee or charge proposed to be imposed upon each, the basis upon which the amount of the proposed fee or charge was calculated, the reason for the fee or charge, together with the date, time, and location of a public hearing on the proposed fee or charge.
 - (2) The agency shall conduct a public hearing upon the proposed fee or charge not less than 45 days after mailing the notice of the proposed fee or charge to the record owners of each identified parcel upon which the fee or charge is proposed for imposition. At the public hearing, the agency shall consider all protests against the proposed fee or charge. If written protests against the proposed fee or charge are presented by a majority of owners of the identified parcels, the agency shall not impose the fee or charge.
- (b) Requirements for Existing, New or Increased Fees and Charges. A fee or charge shall not be extended, imposed, or increased by any agency unless it meets all of the following requirements:
 - (1) Revenues derived from the fee or charge shall not exceed the funds required to provide the property related service.
 - (2) Revenues derived from the fee or charge shall not be used for any purpose other than that for which the fee or charge was imposed.
 - (3) The amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel.
 - (4) No fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Fees or charges based on potential or future use of a service are not permitted. Standby charges, whether characterized as charges or assessments, shall be classified as assessments and shall not be imposed without compliance with Section 4.
 - (5) No fee or charge may be imposed for personal or governmental use, including, but not limited to:

substantially the same manner as it is to property owners. Reliance by an agency on any parcel map, including, but not limited to, an assessors parcel map, may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership for purposes of this article. In any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance with this article.

- (c) Voter Approval for New or Increased Fees and Charges. Except for fees or charges for sewer, water, and refuse collection services, no property related fee or charge shall be imposed or increased unless and until that fee or charge is submitted and approved by a majority vote of the property owners of the property subject to the fee or charge or, at the option of the agency, by a two-thirds vote of the electorate residing in the affected area. The election shall be conducted not less than 45 days after the public hearing. An agency may adopt procedures similar to those for increases in assessments in the conduct of elections under this subdivision.
- (d) Beginning July 1, 1997, all fees or charges shall comply with this section.

SECTION 5. LIBERAL CONSTRUCTION.

The provisions of this act shall be liberally construed to effectuate its purposes of limiting local government revenue and enhancing taxpayer consent.

SECTION 6. SEVERABILITY.

If any provision of this act, or part thereof, is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected, but shall remain in full force and effect, and to this end the provisions of this act are severable.



GLOSSARY OF SELECTED TRANSPORTATION FUNDING TERMS

ASSESSMENT

An assessment is a charge levied on property to pay for a public improvement or service that benefits property. Assessments are usually collected on the regular property tax bill. They are different, however, from the regular 1 percent property tax and property tax debt overrides in that assessment rates are not based on the value of the property. Assessments are also different from another charge that sometimes is placed on the property tax bill, parcel taxes. In addition, assessment rates were linked to the cost of providing a service or improvement, whereas parcel taxes could be set at any amount. Typical assessments include those for flood control improvements, streets, and lighting and landscaping.

BONDS

Bonds are basically money that the local government is borrowing for the purpose of constructing the improvements authorized by the assessment district.

FEES

A fee is a charge imposed on an individual or business for a service or facility provided directly to an individual or business. The amount of the fee may not exceed the cost of government to provide the service.

GANN APPROPRIATIONS LIMIT

In 1979, California voters approved Proposition 4, which enacted the State Appropriations Limit as defined in Section 8 of Article XIII B of the California Constitution. Popularly known as the "Gann Spending Limit," the initiative basically limited the annual growth in the level of certain appropriations from tax proceeds, at both the state and local government levels. The growth in the appropriations limit is calculated using the prior year's limit, adjusted for changes in the cost of living and the change in population with the only other adjustments made for such reasons as the transfer of services from one governmental entity to another. With respect to local governments, the Gann Limit included the proceeds of taxes levied by or for that entity plus the proceeds of state subventions to that entity, exclusive of refunds of taxes.

NEXUS REQUIREMENT

The passage of Assembly Bill 1600 in 1987 introduced the "nexus" requirement to public funding (Government Code Sections 66000 et seq). It is a basically a statutory requirement that all fees, assessments, and other charges be reasonably related to the purpose for which they are collected and that they not exceed the estimated reasonable cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed.

A local agency considering imposing a fee or exaction must determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. It must also determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed.

PROPERTY-RELATED FEE

Defined as fees imposed "as an incident of property ownership" by Proposition 218. At this time, there is no consensus as to which fees meet this definition. It may be defined to include most fees commonly collected on monthly bills to property owners, such as those for water delivery, garbage service, sewer service, and storm water management fees. Others contend that fees that vary by level of service should not be considered a property-related fee because it is based on service usage, rather than property ownership. The definition of this term is an important and sensitive issue for the Legislature and courts because Proposition 218 does *not* restrict nonproperty-related fees.

PROPOSITION 218 (THE RIGHT TO VOTE ON TAXES ACT)

In November 1996, California voters enacted Proposition 218, a Constitutional amendment that limits the methods by which local governments can exact revenue from taxpayers without their consent. In general, the intent of Proposition 218 is to ensure that all taxes and most charges on property owners are subject to voter approval.

TAXES

Taxes are government's most flexible revenue-raising tool. A tax is a charge on an individual or business that pays for governmental services or facilities that benefit the public broadly. There need not be any direct relationship between how much tax a person pays and how much service he or she receives from government.

A tax is called a "special" tax if its revenues are used for specific purposes and a "general" tax if its revenues may be used for any governmental purpose. This distinction is important because it determines whether a tax must be approved by a majority vote of the electorate (general tax)--or a two-thirds vote (special tax).



GLOSSARY OF SELECTED ACRONYMS

Acronym	What It Stands For
ADA	American with Disabilities Act
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CIP	Capital Improvement Program
CMA	Congestion Management Agency
CMP	Congestion Management Program
CNG	Compressed natural gas
CPUC	California Public Utilities Commission
CSA	Community Service Area or County Service Area
CTC	California Transportation Commission
CTEP	Countywide Transportation Expenditure Plan
DMV	California Department of Motor Vehicles
EGWV	Elk Grove/West Vineyard
FBA	Facilities Benefit Assessment
FY	Fiscal year
G.O.	General Obligation (bond)
HBRR	Highway Bridge Replacement and Rehabilitation Program
IFD	Integrated Financing District or Infrastructure Financing District
LRT	Light rail transit
LTF	Local Transportation Fund
MPO	Metropolitan Planning Organization

(Acronyms continued on next page)

Acronym	What It Stands For
MTIP	Metropolitan Transportation Improvement Program
PFFD	Public Facilities Financing District
RDF	Roadway Development Fee
RT	Regional Transit
RTIP	Regional Transportation Improvement Program
RTPA	Regional Transportation Planning Agency
SACOG	Sacramento Area Council of Governments
SAFE	Service Authority for Freeways and Expressways
SAVSA	Sacramento Abandoned Vehicle Service Authority
SCT	South County Transit
SLTPP	State/Local Transportation Partnership Program
SMAQMD	Sacramento Metropolitan Air Quality Management District
SR	State Route
SRTD	Sacramento Regional Transit District ("Regional Transit")
S RTP	Short Range Transit Plan
STA	Sacramento Transportation Authority
STIP	State Transportation Improvement Program
STP	Surface Transportation Program
TCI	Transit Capital Improvement Program
TDA	Transportation Development Act of 1972
TEA	Transportation Enhancement Activities
TP&D	Transit Planning and Development Account
TRACS	Transit Rural Area County of Sacramento
TSM	Traffic Systems Management Program

Summary Table of Local Transportation Funding Mechanisms in Sacramento County

Category	Approx. Annual Funding*	Eligible Uses	Who can claim the money?	Who decides which projects get the money?
Sacramento County Measure A 1/2-Percent Sales Tax	\$73 million	<ul style="list-style-type: none"> Air quality mitigation Public transit and Paratransit capital and operations Construction and maintenance of streets, roads, highways, and bikeways Construction and maintenance of other related improvements 	Measure A entities: <ul style="list-style-type: none"> Sacramento County City of Citrus Heights City of Elk Grove City of Folsom City of Galt City of Isleton City of Sacramento Sacramento Regional Transit District Sacramento Metropolitan Air Quality Management District Paratransit, Inc. 	Sacramento Transportation Authority
Local Transportation Fund	\$33 million	<ul style="list-style-type: none"> Transit operating assistance Transit capital projects Local street/road maintenance and rehabilitation projects (if there are no unmet transit needs) 	<ul style="list-style-type: none"> Sacramento Regional Transit District Folsom Stage Line Sacramento County (for South County Transit/Link) Sacramento County and the cities 	Sacramento Area Council of Governments (SACOG)
State Gas Tax Subventions	\$30 million	Local street and road maintenance and rehabilitation	<ul style="list-style-type: none"> Sacramento County City of Citrus Heights City of Elk Grove City of Folsom City of Galt City of Isleton City of Sacramento 	Local jurisdictions
Transportation Fund for Clean Air (TFCA) \$4 Vehicle Registration Fee	\$4 million	<ul style="list-style-type: none"> Ridesharing Clean fuel buses Alternative fuel vehicle demonstrations Shuttles Traffic management Rail/bus integration Regional transit information Bicycle programs Smoking vehicle program 	Sacramento Metropolitan Air Quality Management District	Sacramento Metropolitan Air Quality Management District
Capitol Valley Regional SAFE (Service Authority for Freeways and Expressways) \$1 Vehicle Registration Fee	\$1 million	Motorist-aid call box installation, maintenance, dispatcher charges; also related motorist-aid programs	<ul style="list-style-type: none"> Capitol Valley Regional SAFE Sacramento Metropolitan Freeway Service Patrol 	Capitol Valley Regional SAFE
SAVSA (Sacramento Abandoned Vehicle Service Authority) \$1 Vehicle Registration Fee	\$1 million	Abatement of abandoned vehicles on public and private property	SAVSA entities: <ul style="list-style-type: none"> Sacramento County Sacramento Citrus Heights Folsom Isleton Galt 	SAVSA Governing Board
Transit Fares	\$20 million	Transit operations and capital projects	Local transit agencies: <ul style="list-style-type: none"> Sacramento Regional Transit District Paratransit, Inc. Folsom Stage Line (City of Folsom) SCT/Link (Sacramento County) 	Local transit agencies
Development Impact Fees	Varies, depending on local government assessments and the rate of development	Infrastructure that serves the development for which the fee is being collected (i.e., roads, sidewalks, public transit, etc.)	<ul style="list-style-type: none"> Sacramento County City of Citrus Heights City of Elk Grove City of Folsom City of Galt City of Isleton City of Sacramento 	Local jurisdictions
Subdivision FeesTa (per the Subdivision Map Act)	Varies, depending on local government assessments	Planned bridges and major thoroughfares that serve the subdivision (the local governments may also require dedication of right-of-ways for streets and roads and utilities as a condition of subdivision approval)	<ul style="list-style-type: none"> Sacramento County City of Citrus Heights City of Elk Grove City of Folsom City of Galt City of Isleton City of Sacramento 	Local jurisdictions
Mello-Roos Taxes	Varies, depending on local government assessments	Infrastructure within a community facilities district (CFD) that serves the development within the CFD (i.e., roads, sidewalks, public transit, etc.)	<ul style="list-style-type: none"> Sacramento County Each of the cities in Sacramento County School districts Special districts 	Each respective agency or district
Special Assessments	Varies, depending on local government assessments	Reimbursement of the costs of facilities and other improvements that offer "particular and distinct" benefits over and above general benefits conferred on real property located in the district or the public at large"	<ul style="list-style-type: none"> Sacramento County Each of the cities in Sacramento County School districts Special districts 	Each respective agency or district
Special Financing Districts	Varies, depending on the district	Infrastructure that serves new development (i.e., roads, sidewalks, public transit facilities, etc.)	<ul style="list-style-type: none"> Sacramento County Each of the cities in Sacramento County Special districts authorized by legislation 	Each respective agency or district

*Figures are based on Fiscal Year 1999-2000 funding levels; these may change annually subject to a variety of factors.