

Carmel Valley Chamber of Commerce
Incorporation Educational Material
Four Monthly Questions answered
Source of Data: <http://www.co.monterey.ca.us/lafco/>

Q1: Will safety services change within the town of Carmel Valley?

A: Source Info Page 7 LAFCO Carmel Valley Service Plan

- Carmel Valley would not be a full service city. Rather service provided by special service districts in Carmel Valley would continue to be provided by them. The new town would initially be responsible to provide the following service:
 - Town Administration
 - Police Protection (**contracted with Monterey Sheriff and CA Highway Patrol page 10 LAFCO Service plan**)
 - Public Works (**likely contracted with Monterey County public works plus two part time town staff**)
 - Planning and Building Inspection (**year one will contract with county, it is anticipated by year 2 the Carmel Valley Town will included 10 staff members: page 13 LAFCO service plan**)
 - Animal Control (**contract with Monterey County: page 14 LAFCO service plan**)
 - Wildland Fire Protection (**contract with Cal – Fire: page 14 LAFCO service plan**)
- All other service provide by service districts such a fire protection, are proposed to be provided by existing service districts

Q2: Who will govern the Town of Carmel Valley?

A: Source Info Page 8 LAFCO Carmel Valley Service Plan

- The town council will be the governing body of the town and will include five council members elected in accordance with state law. The town council will hire a Town Manager and Town Attorney, make budget decision and enter into agreements with other governmental entities and regulate land use within the town boundaries and represent the community.

Q3: What are the revenue sources and how are they calculated?

A: Source of Info Page 10 table #1 LAFCO Fiscal Analysis Note: table assume 3% inflation rate

The Big Three revenue sources include Property Tax, Hotel Occupancy Tax and Sales Tax.

- Property Tax 3.3 Million Dollars
- Hotel Tax 2.9 Million Dollars
- Sales Tax 1.9 Million Dollars
- These revenue source account for 76.7% of total estimated revenue of 10.6 million, year #1
 - **Property Taxes** – The property tax transfer from the County to the new town will be determined in accordance with the Government Code Section 56810, as amended. This statute requires that the property tax base be calculated by multiplying the current cost of county services by the Auditor’s Ratio. The Auditor’s ratio equals the percentage of property taxes in the County’s budget out of total “revenues available for general purposes.” **Although the area generally includes relatively high-value properties, the**

property tax transfer is only determined by the two factors summarized above: The new town will also receive a share of future property tax growth from property transfers, improvements and expansions, and the constitutionally mandated annual assessment increase. **Code 56810:** <http://law.justia.com/california/codes/gov/56810-56812.html>

- According to the County Assessor, the increases in assessed valuation in recent years have leveled off as a result of the decline in the real estate market. Although Carmel Valley has not seen the sharp declines in property values a more moderate percentage increase in assessed valuation growth can be expected. The current Comprehensive Fiscal Analysis update uses a lower property tax growth rate than the prior 2006 analysis. Future property taxes to the new town are estimated to grow at approximately 4 percent annually, including inflation at 3 percent and appreciation of property as it sells, plus the value of new development. The average value of a new home is assumed to be \$2.3 million, based on a average of \$1.5 million for 10 units per year and \$4 million for 4 to 5 new Tehama units per year, compared to \$1.25 million in the prior Comprehensive Fiscal Analysis (2006)

The Carmel Valley Chamber recognizes to its members that the Fiscal Analysis 2008 has not been updated per the County Board of Supervisors decision excluding the Tehama development.

- **Hotel Tax (Transient Occupancy Tax)** – Transient Occupancy Tax revenues are based on County revenues collected in FY2007 –08. The same 10.5 percent rate is assumed to apply within the new town. No increase above inflation is assumed from revenue growth or new hotel rooms.
- **Sales Tax** – Estimates of taxable retail sales generated with the town boundary after incorporation were based on existing taxable sales provided by the County and an estimated of a share of unallocated sales tax consistent with current allocations. The Comprehensive Fiscal Analysis projects no new square feet of commercial development. Based on recent changes in the State budget, the new town will receive a portion of sales tax revenue from the State in form of property tax. This sales tax exchange will have no financial implications for the new town and has not been modeled in the analysis.

Q4: Would excluding certain areas have impact on the Town of Carmel Valley?

A: Source LAFCO Financial Analysis page 39

- Exclusion of Commercial Property- Changes that eliminate a substantial amount of retail space, fore example the Crossroads and Barnyard Shopping Centers (which account for approximately 20 percent of sales tax revenues, or a hotel will have a significant negative impact on the town’s reserves; loss of these revenues could reduce the cumulative reserves by approximately 50 percent, or \$4 million, by the tenth year. If LAFCO were to exclude these two large shopping centers, and the surrounding commercial land, reserves would be more significantly affected and would fall below the minimum recommended by the California Office of Planning and Research.

Additional information regarding Services in the proposed Town of Carmel Valley can be found at the following:

<http://www.co.monterey.ca.us/lafco/>