



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
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Staff Report
April 22, 2008

**Honorable Mayor and
 Members of the City Council**

Title: 2030 General Plan – Fiscal Impact Model

Location/Council District: All

Recommendation: Review and Comment

Contact: Tom Pace, Long Range Planning Manager, 808-6848

Presenters: Tom Pace, Long Range Planning Manager, 808-6848

Department: Planning

Division: Long Range Planning

Organization No: 4912

Description/Analysis

Issue: To increase the City's General Fund revenue and Level of Service during the implementation of the 2030 General Plan, it is necessary to measure the fiscal impacts of any proposed changes to land use designations. The recommended Fiscal Impact Model is one of several methods the City will use to measure the impacts of its land use decisions. The Model provides a high level analysis and overview of the proposed 2030 General Plan land uses in relation to the City's General Fund and Levels of Service. The Fiscal Impact Model estimates the growth in annual revenues and expenditures based on the growth in residents and employees, housing units, and commercial, office, and industrial space between the years 2008 and 2030.

Policy Considerations: This report is consistent with both the City's Strategic Plan goal and the 2030 General Plan vision of becoming "The Most Livable City in America". It is also consistent with the Smart Growth Principles adopted by Council in 2001, the Preferred Blueprint adopted for the region by the Sacramento Council of Governments (SACOG) in 2004, and the Vision and Guiding Principles for the 2030 General Plan adopted by the Council in 2005.

Environmental Considerations: Review and comment of the Fiscal Impact Model is not considered a project under the California Environmental Quality Act (CEQA) under Section 21065 of CEQA and CEQA Guidelines Section 15378 (b)(4). A Draft Environmental Impact Report (DEIR) for the 2030 General Plan will be released for public review in the Spring of 2008.

Rationale for Recommendation: The fiscal analysis of the Draft 2030 General Plan will have three components: 1) Fiscal Impact Model (this report) – the analysis and overview of the proposed 2030 General Plan land uses in relation to the City’s General Fund and Levels of Service; 2) Infrastructure Financing Strategy - the estimated costs of providing capital improvements needed to meet the City’s planned standards for backbone infrastructure and public facilities in 2030; and 3) Revenue Sources - the revenue sources that may be considered in funding the backbone infrastructure and public facilities. The second and third components are currently in progress and will come before the Council in the summer of 2008.

Financial Considerations: This model can be used for strategic planning related to land use mix, levels of service, and alternative revenue sources.

Emerging Small Business Development (ESBD): No goods or services are being purchased under this report.

Respectfully Submitted by: 
Tom Pace
Long Range Planning Manager

Approved by: 
Carol Shearly
Director of Planning

Recommendation Approved:

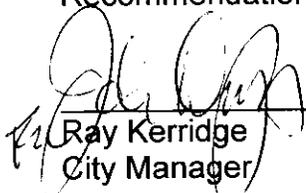

Ray Kerridge
City Manager

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ATTACHMENT I**BACKGROUND**

The report before Council today (April 22, 2008) addresses the 2030 General Plan's Fiscal Impact Model. The model is a strategic planning tool for evaluating the fiscal impact of land use and service level changes on an on-going basis. It can be updated to reflect changes in land use mix or new budget strategies, modified to capture a change in levels of service, and adjusted to depict the impacts of legislation on city revenues.

The model is based on the following assumptions:

- Land Uses are based on the Draft 2030 General Plan
- Revenues are based on new growth at build-out of the Draft 2030 General Plan
- Costs and revenues are based on the City's Fiscal Year 2007/08 annual General Fund budget
- Current service levels are held constant
- Revenue projections are based on long term economic trends and ignores less predictable short term market fluctuations

The Fiscal Impact Model forecasts the balance between the City's General Fund and the revenues and costs associated with the build-out of development permitted by the 2030 General Plan. This includes a Fiscal Impact Model that links land use with the economics of the market. Thus, market factors related to land use are integral to the model's growth assumptions. Residential units are assigned value according to historical trends of annual market demand. Market-related factors are also used in projecting non-residential growth, and its value is based on square footage and market value. Revenue projections are based on long term economic trends and ignore less predictable short term market fluctuations.

The estimate of new residents is based on new housing units while the new employee count is based on square footage of the new commercial, office and industrial uses. The number of new residents and employees provides information on the additional services needed.

The findings of the Fiscal Impact Model validates the affordability of the proposed 2030 General Plan. The Model projects the Plan's land uses will provide enough revenue to the City's General Fund to enable existing and new residents and employees to receive the Level of Service that the City is currently providing.

**ATTACHMENT II
FISCAL IMPACT MODEL RESULTS**



2030 General Plan Fiscal Impact Model

Prepared for:

City of Sacramento

April 3, 2008

2030 General Plan Fiscal Impact Model

Purpose of Fiscal Impact Analysis Model

- ▶ High Level Overview of Impact of 2030 General Plan Land Uses on the City's General Fund
- ▶ Strategic Planning Tool To Evaluate Land Use and Service Level Changes
- ▶ Not a Replacement for Annual Budget Process
- ▶ Can be Updated to Reflect New Budgets and Impact of Future Changes in Legislation on City Revenues

2030 General Plan Fiscal Impact Model

Ability to Modify and Test

- ▶ Land Use Mix
- ▶ Revenue Assumptions
 - Assessed Values
 - Sales Tax Generation
- ▶ Service Levels

2030 General Plan Fiscal Impact Model

Key Assumptions – Base Model

- ▶ **Land Uses Based on Draft 2030 General Plan**
- ▶ **Costs and Revenues Based on Fiscal Year
2007-08 Annual General Fund Budget**
- ▶ **No Change in Current Service Levels**

2030 General Plan Fiscal Impact Model

Preliminary Results

- ▶ **New Development Should Significantly Increase City's Total Assessed Value**
- ▶ **General Fund Should Experience a Modest Surplus**
- ▶ **City Should Have Sufficient Resources for Some Service Level Increases**
- ▶ **Additional Resources Required to Meet Desired Service Levels**



2030 General Plan Fiscal Impact Model

General Fund Revenue and Expenditure Summary (2007\$)

GENERAL FUND	FY2007-08 Adjusted Budget	2008-2030 Estimated Growth	2030 General Plan Buildout
Revenues	\$325,300,000	\$203,400,000	\$528,600,000
Expenditures	\$351,600,000	\$122,400,000	\$474,000,000
General Fund Surplus/(Deficit)	(\$26,300,000)	\$81,000,000	\$54,600,000