

Railyards Business Terms, Financing Plan, Economic and Fiscal Impact

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Why We're Here

- Economic & Fiscal Analysis
- Public Facilities Finance Plan
- Financial Feasibility Analysis
- Business Terms
 - City (Funding Agreement)
 - Redevelopment Agency (OPA)

Major Project Approvals

- Environmental Impact Report
- Land Use Entitlements (SP, UDG, TM, IHP, etc.)
- Development Agreement
- City Business Terms
- Redevelopment Business Terms
- Future
 - City Funding Agreement
 - Agency Owner Participation Agreement

All Railyards Documents

Available at:

<http://www.cityofsacramento.org/dsd/projects/railyards/>

Universal Assumptions

- Based on hypothetical project
- Full build out of entitlements
- Developer's preferred phasing strategy
- Changed assumptions; changed outcomes
- Good general indicator

Economic Impact Analysis

- Projects employment
- Projects annual economic output from the land uses
- Examines one-time economic impacts from construction

Economic Impact Assumptions

- Assumes full build out of entitlements
- 20-year build out period
- Sacramento County demographics remain the same
- Models current local economy

Railyards Specific Plan Economic Impact Analysis Summary

Estimated Construction Impacts	\$5,700,000,000
Estimated Construction Employment	2,800 jobs/yr for 20 years
Estimated Annual Economic Impact at Build out	\$2,700,000,000
Estimated Annual Employment at Build out	19,200 jobs

Fiscal Impact Analysis

- Municipal service demands
- Projects cost for services
- Projects revenues
- Revenue surplus or deficit after service costs

Fiscal Impact Analysis

Assumptions

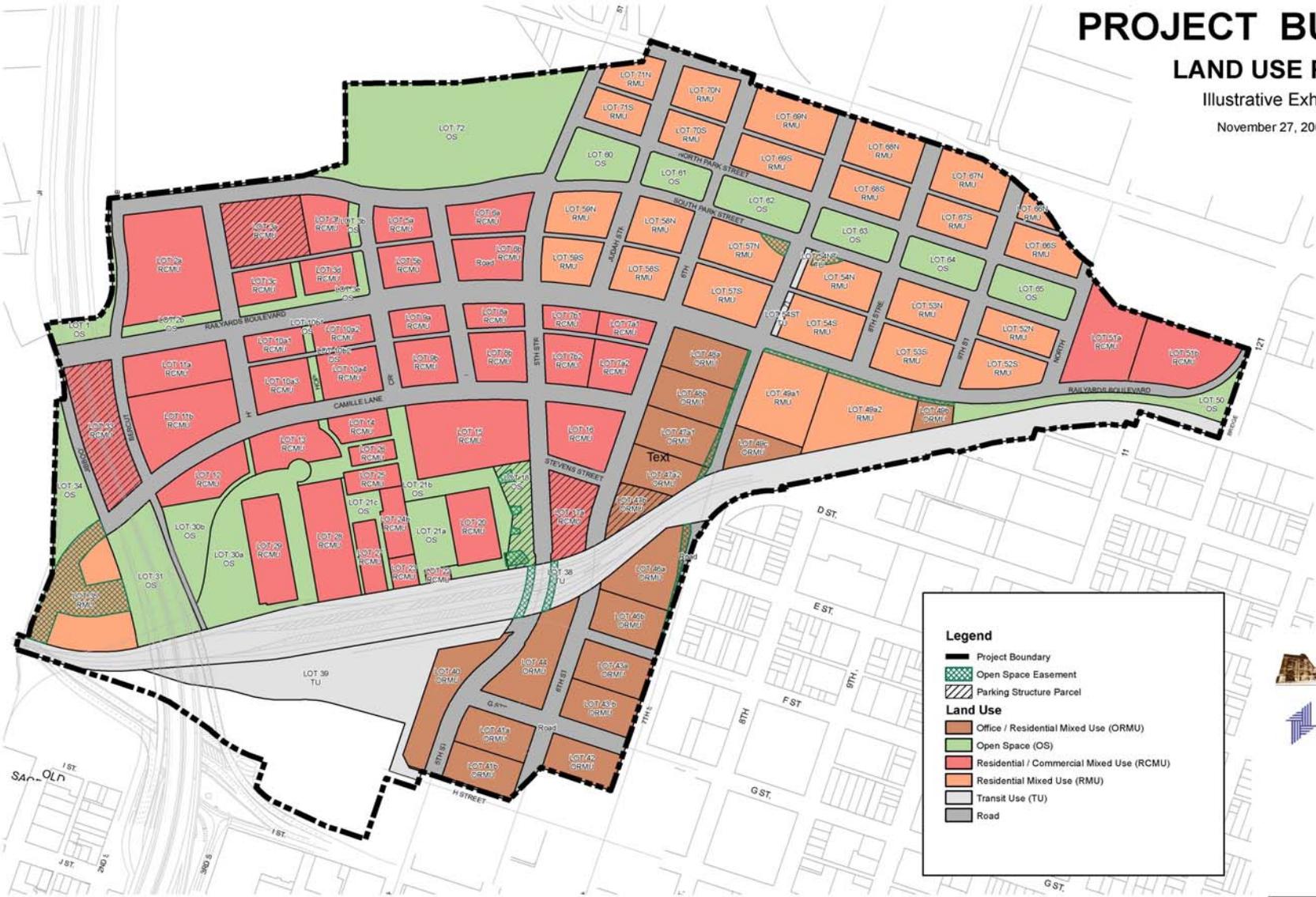
- Service costs assumptions from City Departments (Police, Fire, and Parks)
- Per capita costs based on current budget
- Full build out according to Phasing Strategy

PROJECT BUILDOUT

LAND USE PLAN

Illustrative Exhibit

November 27, 2007

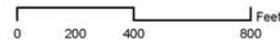


Legend

- Project Boundary
- Open Space Easement
- Parking Structure Parcel

Land Use

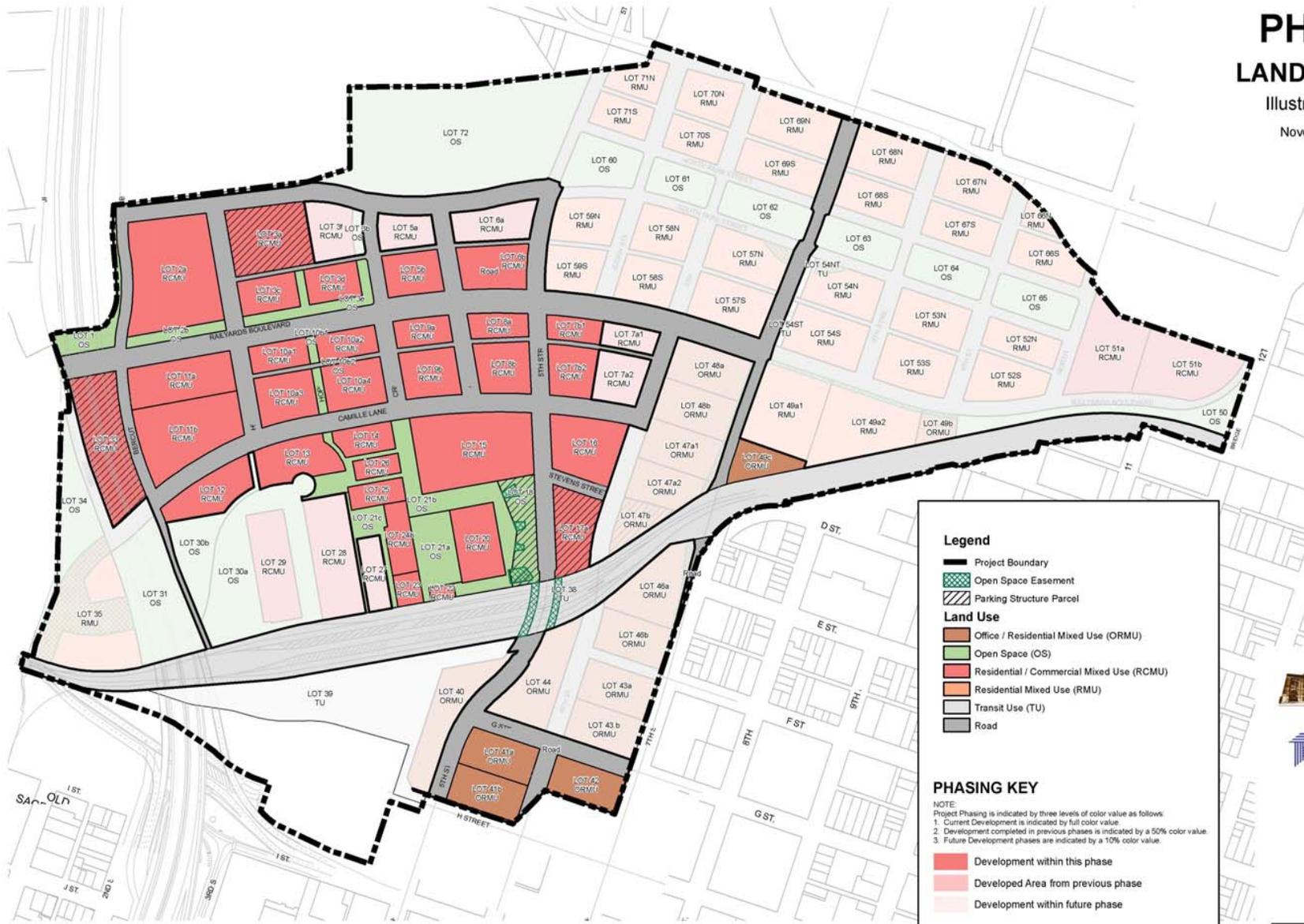
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- Road



PHASE 1 LAND USE PLAN

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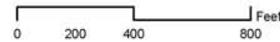
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PHASING KEY

NOTE:
Project Phasing is indicated by three levels of color value as follows:
1. Current Development is indicated by full color value.
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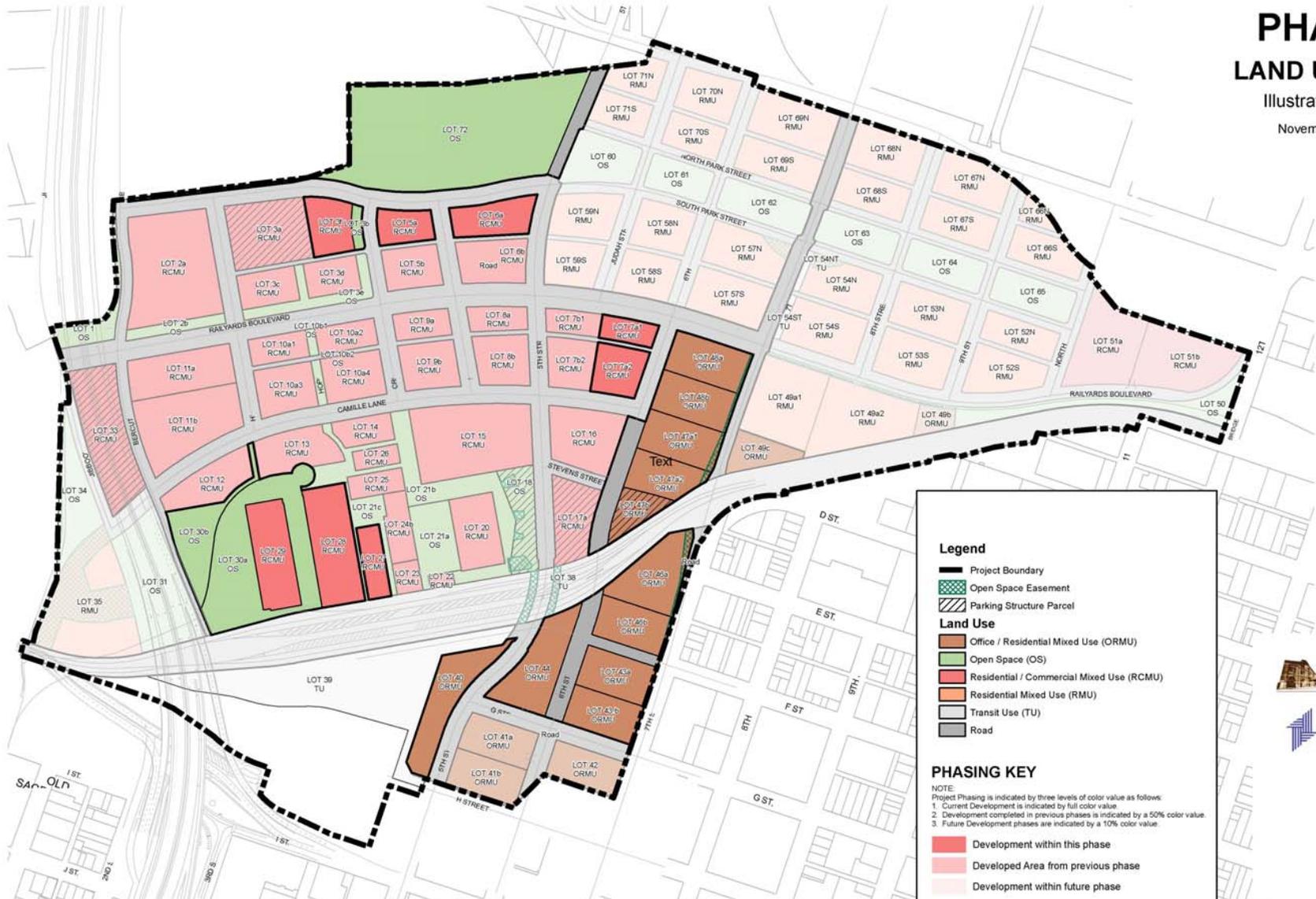
- Development within this phase
- Developed Area from previous phase
- Development within future phase



PHASE 2 LAND USE PLAN

Illustrative Exhibit

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Legend

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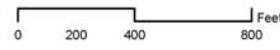
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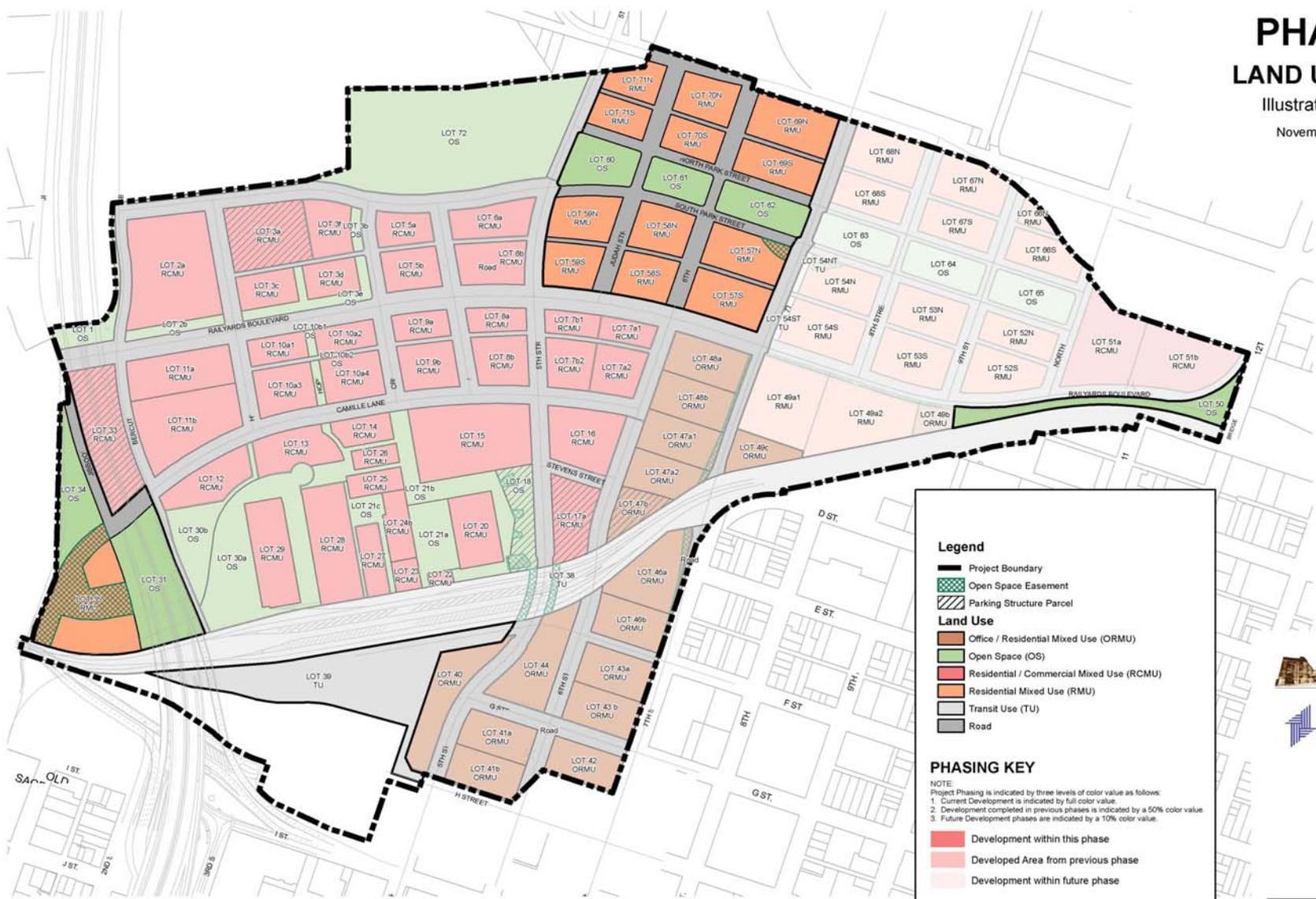
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PHASE 3 LAND USE PLAN

Illustrative Exhibit

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Legend

- Project Boundary
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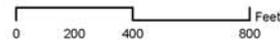
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PHASE 4 LAND USE PLAN

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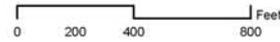
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Fiscal Impact by Phase

Phase 1

Revenues	\$ 5,044,080
Expenses	\$ 2,882,138
Annual Surplus	\$ 2,161,942

Fiscal Impact by Phase

Phase 2

Revenues	\$ 6,703,892
Expenses	\$ 4,668,031
Annual Surplus	\$ 2,035,861

Fiscal Impact by Phase

Phase 3

Revenues	\$ 11,658,928
Expenses	\$ 10,802,071
Annual Surplus	\$ 856,857

Fiscal Impact by Phase

Phase 4 – Build out

Revenues	\$ 16,464,281
Expenses	\$ 15,105,711
Annual Surplus	\$ 1,358,570

Fiscal Impact

- 1,100 planned hotel rooms
= **\$3.7 million** in Transient
Occupancy Taxes
- Committed to:
 - Convention Center
 - Convention Bureau
 - Metro Arts Commission





Public Facilities Financing Plan

- Estimates costs of developing infrastructure and public facilities
- Costs are concentrated early in development
- Estimated total cost: **\$750 million**

Funding Sources

- **Project-based**
 - Paid by the developers and tenants
 - Impact Fees/Facilities District
- **City/Redevelopment**
 - Other fees, Measure A, parking revenue
 - Tax Increment
- **Outside**
 - State, Federal
 - **Transportation funds; Prop 1C Housing Bond**

Funding Sources

Source of Funding	Amount of Funding
Project-Based Funding	\$169,000,000
City/Redevelopment Funding	\$222,000,000
Other Funding Sources (primarily State and Federal funding)	\$354,000,000
Total Estimated Public Facilities Financing Costs	\$745, 000,000

Net Developable Acres

Land Use	Acreage	Remaining Acreage
Total Gross Acres	237	237
Road Rights of Way	54.46	182.54
Public/Rail Transportation Uses	32.12	150.42
Parks and Open Space	41.8	108.62
Public Facilities	15.0	93.62
Net Developable Acreage for Private Development		93.62

Railyards Infrastructure Vs. North Natomas

Railyards

- \$750 million Public Facilities Cost – Parking Facilities + Central Shops = \$488 million
- \$488 million/94 net acres = **\$5,190,000 per net acre**

North Natomas

- \$1.2 billion Public Facilities Cost / 4,500 net acres = **\$267,000 per net acre**

Pro Forma Analysis

- Financial Feasibility Study
- Compares project development costs to development project value
- Capacity to fund infrastructure
- Not a market feasibility analysis

Pro Forma Analysis Assumptions

- Assumes full build out
- Current market development costs and resulting value
- Changed development scenario would change results

Pro Forma

- **Does not** include the cost of backbone infrastructure/public facilities
- Includes costs for land, financing, remediation, pre-development, site preparation costs

Pro Forma Results

	Value of Development	Development Costs And Profit	Value Net of Costs
Phase 1	\$1,395,680,000	\$1,347,000,000	\$48,680,000
Phase 2	\$782,640,000	\$628,980,000	\$153,660,000
Phase 3	\$2,256,580,000	\$2,749,930,000	(\$493,350,000)
Phase 4	\$2,102,200,000	\$2,672,690,000	(\$570,490,000)
Total Project	\$6,537,100,000	\$7,398,600,000	(\$861,493,835)

Pro Forma Results

Phase 1

- Developer can contribute \$49 million towards \$290 million infrastructure/public facilities
- \$240 million gap justifies public financial participation

Pro Forma Results

Phase 2

- Five years after the start of Phase 1
- \$154 million capacity to pay for infrastructure

Initial Phase (1&2)

Infrastructure costs	\$522,000,000
Combined funding capacity	\$202,000,000
Financial gap	\$320,000,000

Pro Forma Results

Phase 3 and 4

- Financially infeasible under current market conditions
 - Dense residential development
 - Concrete and steel
 - Value at completion less than cost to build

Major Business Terms

City business terms

- \$28 million in transportation funds
- \$600,000 Central City park fee reserves

Agency business terms

- \$50 million in tax increment, 6% annual inflator
- Qualified list of infrastructure

Public participation towards infrastructure

= \$79 million to offset \$750 million in infrastructure, public facilities

Major Business Terms

5th and 6th Street Public Parking Garage

- City to build all/portion of garage
- Commit \$2 million in annual debt service
- Feasibility analysis
 - Monthly parkers (County lease)
 - Intermodal users
 - Private development

Public Versus Private Leverage

Phase 1 Example

- Public: \$79 million + \$80 million (garage) = \$159 million
- Developer: without profit = \$1,122,500,000
- \$1 public to \$7 developer



Other Major Business Terms

- \$40 million track relocation
- Purchase intermodal site
- Build intermodal
- Future TI project by project
- Pursue outside funding

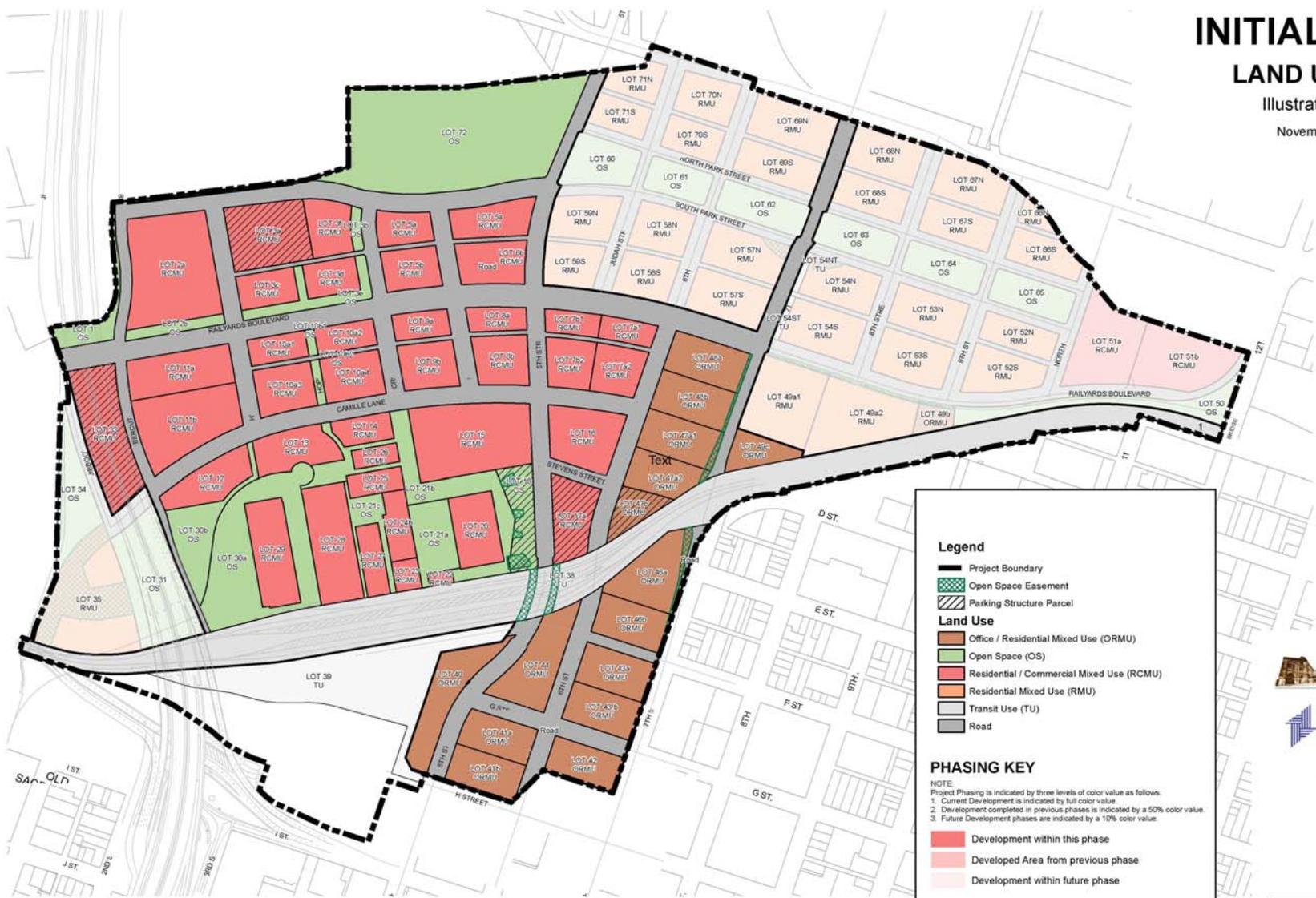
Conclusion

- Public subsidy warranted
- Large economic benefits
- Fiscally positive
- Approval in January
 - City-Funding Agreement
 - Agency Owner Participation Agreements (OPAs)

INITIAL PHASE LAND USE PLAN

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