

RESOLUTION NO. 2007-916

Adopted by the Sacramento City Council

December 11, 2007

APPROVING THE BUSINESS TERMS FOR THE SACRAMENTO RAILYARDS PROJECT FUNDING AGREEMENT

BACKGROUND

- A. On September 11, 2007, October 2, 2007 and October 22, 2007, the City Planning Commission participated in the public hearings on the Sacramento Railyards Specific Plan (Specific Plan) at the joint meetings with the Design Commission and Preservation Commission, which included a review of the proposed street system, parks and open spaces, and other public facilities proposed as part of the Specific Plan.
- B. On November 13, 2007, the City Planning Commission held a noticed public hearing on the Specific Plan and the Specific Plan Public Facilities Financing Plan (Financing Plan) in accordance with Government Code Sections 65353 and 65453, received and considered evidence, and forwarded to the City Council a recommendation to adopt the Specific Plan and approve the Financing Plan.
- C. On November 20, 2007, December 4, 2007 and December 11, 2007, the City Council conducted noticed public hearings in accordance with Government Code Sections 65355 and 65453 and received and considered evidence concerning the Specific Plan and the Financing Plan.
- D. On November 20, 2007, December 4, 2007 and December 11, 2007, the City Council also conducted noticed public hearings in accordance with Government Code Sections 65867 regarding approval of the Development Agreement for the Sacramento Railyards Project. In accordance with Government Code Section 65865.2, a development agreement can contain terms and conditions relating to public financing of the necessary backbone infrastructure and related public facilities for a development project and can provide for subsequent reimbursement of the applicant's advancement of costs for such infrastructure and public facilities in accordance with applicable public financing laws.
- E. The Development Agreement for the Sacramento Railyards Project provides for the subsequent preparation of a funding agreement related to public financing of certain backbone infrastructure and public facilities to allow for implementation of

the Specific Plan in accordance with the Financing Plan. The City and the applicant have prepared the Funding Agreement Business Terms as an exhibit to the Development Agreement to guide the preparation of the public financing funding agreement.

- F. As part of the evaluation of the Sacramento Railyards Project, a Fiscal Impact Study and an Economic Impact Study were prepared to assess the public service costs of the Project and the municipal revenue and overall economic benefits that would be generated by the proposed development. The Funding Agreement Business Terms was prepared in reliance on the information contained in these studies.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. Based on the verbal and documentary evidence received at the hearings on the Sacramento Railyards Specific Plan, the Specific Plan Public Facilities Financing Plan, and the Development Agreement for the Sacramento Railyards Project; the City Council finds that a funding agreement between the City and S. Thomas Enterprises of Sacramento, LLC to specify the public financing of backbone infrastructure and other public facilities would benefit the City by facilitating implementation of the Railyards Specific Plan.
- Section 2. The City Council in a prior action approved the Sacramento Railyards Specific Plan Public Facilities Financing Plan. The City Council hereby accepts the Sacramento Railyards Fiscal Impact Study and the Sacramento Railyards Economic Impact Study.
- Section 3. The City Council in a prior action approved the Development Agreement for the Sacramento Railyards Project. The City Council hereby approves the attached Funding Agreement Business Terms (Exhibit A), to be included as an exhibit to the Development Agreement, to set out the terms and conditions for preparation of a public financing funding agreement. The City Council directs staff to prepare the Railyards Funding Agreement in accordance with the attached Funding Agreement Business Terms that will be submitted for subsequent City Council consideration and approval.

Table of Contents:

- Exhibit A: Funding Agreement Business Terms
Exhibit B: Sacramento Railyards Fiscal Impact Study
Exhibit C: Sacramento Railyards Economic Impact Study

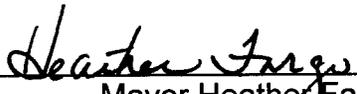
Adopted by the City of Sacramento City Council on December 11, 2007 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Tretheway, Waters, and Mayor Fargo.

Noes: None.

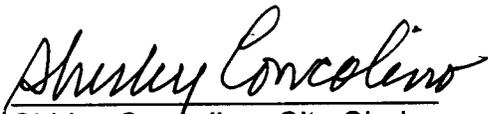
Abstain: None.

Absent: None.



Mayor Heather Fargo

Attest:



Shirley Concolino, City Clerk

EXHIBIT A

SACRAMENTO RAILYARDS CITY OF SACRAMENTO Funding Agreement Business Terms 11/29/07

The City agrees that the project backbone infrastructure needs exceed what the private development economics can fully bear. A public-private partnership is necessary to initiate the Initial Phase of the project and likely future phases. The following business terms are specifically intended to guide the preparation of, and will be formalized in the Development Agreement or a separate Funding Agreement to be adopted after the Project Entitlements are approved.

TRANSPORTATION FUNDS

1. The City commits to investing the road and highway funds identified in Measure A for the Railyards/River District Area for improvements to the Richards/I-5 interchange and nearby access improvements to offset costs identified in the Railyards Public Facilities Financing Plan (PFFP). (\$17,750,000)
2. The City commits to investing the road and highway funds that are the Federal Earmark and local match funds to help implement the North CBD Access Study including improvements to the Richards/I-5 interchange and the "Interim Access Project" (Jibboom/Bercut) to offset costs identified in the Railyards PFFP. (\$8,400,000+\$2,200,000 local match = \$10,600,000)

PARKS AND OPEN SPACE

- 3.. The City commits to investing \$600,000 of Park Fees in the Central City Community Planning Area Reserves to help the initial financing of Railyards Parks and Open Space improvement costs, specifically Market Plaza between the Paint Shop and Car Shop #3, as identified in the PFFP.

5TH/6TH STREETS PUBLIC PARKING GARAGE

4. The City commits to providing \$2 million annually to service debt to help fund the 5th/6th Street Public Parking Garage expected to be completed and operational by 2012. It is anticipated that most of this cash flow will come from the surplus operating revenue of the City's parking fund. Actual construction of the garage or a phased portion thereof, will be contingent upon securing other funding adequate to finance the project such as long term parking agreements with Sacramento County, Sacramento Superior Courts, other tenants, the Developer, and user fees.
8. If the Agency or City chooses to develop affordable housing in the airspace on parcel 17a developer shall be given the first opportunity to develop the project on the Agency or City's behalf that housing itself or with an affordable housing partner. If an affordable

housing project is developed within the City's air rights the Developer shall receive credit for the value of that portion of the land towards their inclusionary housing obligations.

TRACK RELOCATION AND INTERMODAL SITE PURCHASE

10. Under a separate agreement, the City has already committed to invest \$40 million to relocate the Union Pacific rail tracks and Sacramento Valley Station passenger platforms and pedestrian access to the relocated platforms. The City and Developer have committed to sharing project costs above the first \$40 million in accordance with the terms of the Track Relocation Agreement.

11. Under a separate agreement (i.e. Purchase and Sale Agreement, dated December 13, 2006, City Agreement 2006-1405) the City has obtained an option to purchase the remainder of the Intermodal Site and rail alignment, the exercise of which is subject to CEQA review and compliance with applicable federal acquisition and NEPA regulations.

12. The City has already committed to development of the Sacramento Intermodal Transportation Facility (SITF), which includes track relocation, as one of its top priority projects and shall move to accomplish implementation of these projects as expeditiously as Federal and State regulations allow and based on the receipt of funding for the SITF project.

CITY GENERAL FUND AND MUNICIPAL REVENUES

13. The General Fund cannot be put at risk. Municipal services required to serve the Railyards must be funded by municipal revenues from the Project. The fiscal analysis of the Project assumed full build out of each project phase and currently shows that after costs of services there will be a net gain of revenue to the General Fund. If the development program varies from the assumed build out a different balance of costs to revenues can be expected.

14. Public debt financing cannot use the General Fund as security.

15. If there are surplus municipal revenues from the Railyards project the City is willing to consider the use of surpluses from the Railyards district for assistance in financing backbone infrastructure or public facilities after the current projected General Fund budget deficit has been reduced to an acceptable level. The use of surplus municipal revenues will only be considered to be used as they are actually received. Use of surplus local public funds to underwrite the cost of private development is not intended except potentially to assist with the Central Shops.



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

FINAL REPORT

**RAILYARDS SPECIFIC PLAN
FISCAL IMPACT ANALYSIS**

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

November 2007

EPS #15574

SACRAMENTO

2150 River Plaza Drive, Suite 400
Sacramento, CA 95833
www.epsys.com

phone 916-649-8010
fax 916-649-2070

BERKELEY

phone 510-841-9190
fax 510-841-9208

DENVER

phone 303-623-3557
fax 303-623-9049

10

11

12

13

14

15

16

17

TABLE OF CONTENTS

| | | |
|------|--|----|
| I. | EXECUTIVE SUMMARY | 1 |
| | Introduction..... | 1 |
| | Project Description | 1 |
| | Phasing and Development | 1 |
| | Fiscal Impact Summary | 3 |
| | Analysis Assumptions | 6 |
| | Organization of Report..... | 8 |
| II. | LAND USE..... | 9 |
| | Land Use Overview | 9 |
| III. | FISCAL IMPACT RESULTS..... | 14 |
| | Fiscal Impact Summary | 14 |
| | Revenue Impacts | 17 |
| | Expenditure Impacts..... | 19 |
| IV. | FISCAL METHODOLOGY AND ASSUMPTIONS | 21 |
| | General Assumptions..... | 21 |
| | Revenue-Estimating Methodology | 21 |
| | Expenditure-Estimating Methodology..... | 28 |

Appendices

- Appendix A: Fiscal Impact Summary and Assumption Tables
- Appendix B: Revenue-Estimating Tables
- Appendix C: Expenditure-Estimating Tables
- Appendix D: Supporting Tables for Revenue Estimates
- Appendix E: Fiscal Impact Scenario Summaries

LIST OF TABLES

Table 1 Annual Fiscal Impact Summary by Phase5
Table 2 Fiscal Sensitivity Analysis7
Table 3 Sales Tax Revenue Sensitivity Summary.....17

LIST OF MAPS

Map 1 Project Area2

LIST OF FIGURES

Figure 1 Railyards Specific Plan Land Use Concept10

I. EXECUTIVE SUMMARY

INTRODUCTION

At the request of the City of Sacramento (City), Economic & Planning Systems, Inc., (EPS) prepared a Fiscal Impact Analysis (Analysis) of the Railyards Specific Plan project (Project). The objective of this Analysis is to determine whether proposed residential and nonresidential development in the Project area are likely to have a positive or negative fiscal impact on the City's General and Street Maintenance Funds. Specifically, this Analysis estimates whether the Project will generate adequate revenues to meet the costs of providing City services to the Project upon commencement of the Project through buildout.

PROJECT DESCRIPTION

The Project consists of 240 acres of proposed development and is located in the City in the Richards Boulevard Redevelopment Project Area. The site is immediately north of downtown Sacramento, east of the Sacramento River, south of North B Street, and west of the Alkali Flat neighborhood. **Map 1** shows the project area in the context of adjacent neighborhoods in the City.

The Project's planning area is situated within the boundary of the Richards Boulevard Redevelopment Project Area, which was established in 1990 to encourage revitalization and infill development adjacent to downtown. The City and the City Redevelopment Agency (Redevelopment Agency) are in the process of forming a new redevelopment project area to encompass the Project site. Once this new redevelopment area is formed, the Project will be removed from the Richards Boulevard Redevelopment Project Area.

PHASING AND DEVELOPMENT

The Project's development is planned to occur over a multiple-year timeline. For initial planning purposes the project has been divided into five phases: 1A, 1B, 2, 3, and 4. This Analysis evaluates the fiscal impact of the Project's cumulative development during these five phases. The August 2007 Railyards Draft Environmental Impact Report (DEIR) and October 2007 Administrative Draft Public Facilities Financing Plan (PFFP) analyze the Project based on two phases: an Initial Phase and a Remaining Phase. Phases 1A, 1B, and 2 comprise the Initial Phase, and Phases 3 and 4 make up the Remaining Phase in these other documents.



Source: 2001 Aerial Photography, Thomas Enterprises, Inc.

At buildout, which will occur at the end of Phase 4, the Project is expected to include approximately 10,700 housing units, 1.5 million square feet of retail space, 2.0 million square feet of office space, and 1,100 hotel rooms.¹ The land uses and overall development concept will be discussed in detail in **Chapter II** of this report. **Table A-3** presents the proposed residential and nonresidential development by land use designation for each phase and at buildout.

FISCAL IMPACT SUMMARY

This Analysis is based on conservative assumptions used to project General Fund and Street Maintenance Fund revenues and expenditures generated by the Project. It is possible that the Project's fiscal impact could outperform the projections described in this Analysis.

SIGNIFICANT FINDINGS

- Based on this Analysis, the Project is expected to produce an annual net fiscal surplus for the General Fund during each phase of development. In addition, it will generate a net fiscal surplus for Street Maintenance Funds during the last two phases of development.
- Large General Fund surpluses are expected during Phases 1B and 2, when the Project's development will consist primarily of regional-serving retail land uses. Starting at Phase 3 through buildout, reduced surpluses are estimated. The reduced surpluses are the result of two main influences:
 - Increased development of residential land uses during Phases 3 and 4, which produces a lower fiscal gain relative to retail land uses; and
 - The opening of the Railyards Fire Station in Phase 3, which is expected to generate operation and maintenance costs that will significantly increase fire protection costs for the Project.²

¹ Retail space includes 154,000 square feet of Cultural/Historic land uses, which is considered retail square footage in Keyser Marston Associates August 14, 2007, Urban Decay Analysis and the August 2007 Railyards Specific Plan DEIR. Office space includes 100 percent of Flexible Mixed-Use square footage identified in Thomas Enterprises July 14, 2007, Land Use Distribution and Phasing Scenario.

² Estimated fire station operations and maintenance costs for the Railyards fire station include a cost sharing component. The Railyards fire station will serve not only the Project but also portions of the River District and downtown. As a result, the annual operations and maintenance costs of the fire station (\$5.3 million) have been allocated 50 percent to the Project and 50 percent to these other plan areas. This cost-sharing assumption is preliminary and will be revised after updating the City's General Plan and completing the Fire Services Master Plan.

- It is noteworthy that the Project shows a positive fiscal impact to the City for all phases even though it does not generate Property tax revenue for the City's General Fund. Property tax revenue is usually a major contributor to the City's General Fund. However, since the Project is located in a Redevelopment Area, property tax revenues will go to the Redevelopment Agency and other taxing entities based on the requirements of Redevelopment Law. This Analysis assumes that the City will not receive a share of the property tax revenue passed through to other entities. Thus, property tax revenue will not be available to the City's General Fund until the end of the Redevelopment Project (30+ years).

The majority of the Project's General Fund revenues are generated by the following sources, which are discussed in detail in **Chapter III**:

- Property Tax in lieu of Vehicle License Fee (VLF);
 - Sales Tax; and
 - Utility Taxes.
- According to current city ordinance, Transient Occupancy Tax (TOT) is reserved for costs associated with the Convention Center, Sacramento Convention Center and Visitor's Bureau, and Metro Arts Chamber. Because it is a non-discretionary revenue source, it has been excluded from this analysis.

It is important to note that TOT is expected to yield a significant amount of non-discretionary revenue. At buildout, this Analysis estimates that the Project's proposed 1,100 rooms will generate \$3.7 million in TOT. **Chapter IV** describes the methodology and assumptions used to estimate this revenue source.

RESULTS BY PHASE

General Fund

The Project was found to produce a surplus that increases substantially from nearly \$485,000 in Phase 1A to \$2.16 million in Phase 1B. It decreased slightly to \$2.02 million in Phase 2 because of increased residential and office development, which produces a relatively lower fiscal gain than sales tax-producing retail development. In Phase 3 a surplus of \$857,000 was estimated, largely because of the opening of the Railyards fire station, which is expected to generate substantially higher fire protection services costs for the Project. At buildout, which is the end of Phase 4, an annual surplus of approximately \$1.4 million was estimated for the General Fund.

Chapter II explains in detail the key revenue and expenditure drivers influencing the fiscal impact results by phase.

Street Maintenance Funds

Street Maintenance Funds are projected to have a slight annual deficit of \$31,000 during Phase 1A and break even during Phases 1B and 2. Surpluses of \$370,000 and \$513,000 were estimated for Phases 3 and 4.

Table 1 summarizes the fiscal impacts to the City's General Fund and Street Maintenance Funds resulting from cumulative development of the Project by phase. A more detailed fiscal impact summary is included on **Table A-1** in **Appendix A**.

Table 1
Annual Fiscal Impact Summary by Phase [1]

| Item | Cumulative Development by Phase | | | | |
|---------------------------------|---------------------------------|--------------------|--------------------|------------------|--------------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| GENERAL FUND | | | | | |
| Revenues | \$1,036,158 | \$5,044,080 | \$6,703,892 | \$11,658,928 | \$16,464,281 |
| Expenses | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual Surplus/(Deficit) | \$485,149 | \$2,161,942 | \$2,015,861 | \$856,857 | \$1,358,570 |
| STREET MAINTENANCE FUNDS | | | | | |
| Revenues | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |
| Expenses | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |
| Annual Surplus/(Deficit) | (\$30,571) | \$7,151 | \$3,416 | \$369,739 | \$512,684 |

proj_summary

Source: EPS.

[1] See Table A-1 for a detailed summary of General Fund and Road Fund revenues and expenditures.

SENSITIVITY ANALYSES

Land use and sales tax-sensitivity analyses were developed to evaluate the impact of nonresidential development and increased sales tax-revenue projections on the Project's overall fiscal results. The sensitivity results were then compared with the results of the base case scenario, which uses the data and assumptions described in this Analysis.

Land Use-Sensitivity Analysis

The land use-sensitivity analysis compared the base case scenario with the land use scenario **Scenario A (Residential Only)**, which includes only the residential development proposed in the base case scenario (i.e., omits all nonresidential development in the Project).

Sales Tax Revenue-Sensitivity Analysis

The Project is estimated to produce a significant amount of Sales Tax revenue for the City. This Analysis provides a conservative estimate of Sales Tax revenues by accounting for leakage of taxable retail sales to other jurisdictions as well as those that

represent a shift of retail purchases from other existing retail outlets in the City to on-site retail outlets in the Project. A variety of factors could cause the Project to produce greater sales-tax revenue than that estimated in this Analysis, including the two listed below:

- Greater spending by the Project's residents and employees inside the Project and the City; and
- Greater sales-tax revenue per square foot from the Project's retail outlets.

Chapter III details the conservative assumptions supporting the sales-tax revenue projections in the base case and the factors that may cause sales tax revenues to exceed the projections shown in this Analysis.

Recognizing that EPS's assumptions used to estimate sales-tax revenue are conservative and that many factors could result in greater sales-tax revenues for the Project, EPS conducted a sales tax-sensitivity analysis evaluating the fiscal impacts of the Project, given a higher sales-tax revenue scenario. The scenario considered was **Scenario B (25-Percent Sales Tax Revenue Increase)**.

Table 2 compares the fiscal results of the base case analysis with Scenarios A and B. The results of the land use and sales tax sensitivity analyses are detailed in **Chapter III**.

ANALYSIS ASSUMPTIONS

This Analysis is based on a series of assumptions used to provide a conservative estimate of future annual revenues and expenditures resulting from the Project. These assumptions are explained in greater detail in **Chapter IV**. Actual fiscal impacts of new development in the Project will vary from those presented in this study, depending on the actual assessed value (AV) of residential and nonresidential land uses developed in the Project and changes in the level or cost of City services. In particular, the variability of home prices and nonresidential development values directly affect the amount of property tax revenue generated by the affected service providers, as well as the levels of anticipated sales tax revenue.

The Land Use Plan for the project is based on Thomas Enterprises' July 14, 2007 Land Use Distribution and Phasing Scenario and April 5, 2007 Land Use Scenario. The actual fiscal impact of the Project will vary from the projections in this Analysis depending on the extent to which the actual development schedule differs from the phasing scenario and the land use assumptions developed in this Analysis.

**Table 2
Sacramento Railyards
Fiscal Impact Analysis
Fiscal Sensitivity Analysis (2007\$)**

| Item | Cumulative Development by Phase [2] | | | | |
|--|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| | 1A [1] | 1B | 2 | 3 | 4 (Buildout) |
| Railyards Fiscal Impact on the General Fund | | | | | |
| Base Analysis | | | | | |
| Revenues | \$1,036,158 | \$5,044,080 | \$6,703,892 | \$11,658,928 | \$16,464,281 |
| Expenditures | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual General Fund Surplus/(Deficit) | \$485,149 | \$2,161,942 | \$2,015,861 | \$856,857 | \$1,358,570 |
| Sensitivity Analyses | | | | | |
| Land Use Sensitivity | | | | | |
| Scenario A (Residential Only) [3] | | | | | |
| Revenues | \$0 | \$1,102,844 | \$1,820,974 | \$6,721,789 | \$11,464,444 |
| Expenditures | \$9,025 | \$1,316,967 | \$2,252,429 | \$8,911,362 | \$13,214,661 |
| Annual General Fund Surplus/(Deficit) [3] | (\$9,025) | (\$214,123) | (\$431,455) | (\$2,189,573) | (\$1,750,217) |
| <i>Incremental Difference from Base Analysis Surplus (Deficit)</i> | | | | | |
| | (\$494,174) | (\$2,376,065) | (\$2,447,316) | (\$3,046,430) | (\$3,108,787) |
| Sales Tax Sensitivity [4] | | | | | |
| Scenario B (25% Sales-Tax Revenue Increase) [5] | | | | | |
| Revenues | \$1,139,512 | \$5,510,038 | \$7,222,173 | \$12,294,274 | \$17,229,576 |
| Expenditures | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual General Fund Surplus/(Deficit) [5] | \$588,503 | \$2,627,900 | \$2,534,142 | \$1,492,203 | \$2,123,865 |
| <i>Incremental Difference from Base Analysis Surplus (Deficit)</i> | | | | | |
| | \$103,354 | \$465,958 | \$518,281 | \$635,346 | \$765,295 |

scenarios

Source: EPS.

- [1] Scenario A estimates the fiscal impact of residential development only, and no residential development is proposed for Phase 1A. No revenues are expected during that phase, since they are estimated on the basis of residential unit development and population growth. However, park operations and maintenance costs are projected, since they are driven by park acreage development rather than residential or nonresidential development.
- [2] Any annual deficits will be funded through special taxes or assessments.
- [3] Estimates the Project's annual General Fund surplus/deficit, assuming only residential land uses are developed.
- [4] A variety of factors could lead the Project to produce greater sales-tax revenue than that estimated in this Analysis, including greater spending by the Project's residents and employees inside the Project and the City and greater sales-tax revenue per square foot generated from the Project's retail outlets. Given the possibility of the Project's actual sales-tax revenues to exceed those estimated, a sensitivity analysis was developed to compare the impact of sales-tax revenues on the Project's overall fiscal results.
- [5] Estimates the Project's annual General Fund surplus/deficit assuming an increase in sales-tax revenues from the base analysis by 25%.

This Analysis is based on the City's Fiscal Year (FY) 2007–08 Approved Budget. Since the FY 2007–08 Approved Budget was prepared in calendar year 2007, all figures in this Analysis are expressed in 2007 dollars. In addition, the Analysis is based on current City service levels, current tax regulations and statutes as of October 2007, and general assumptions documented in the appendices of this report.

ORGANIZATION OF REPORT

This report is divided into four chapters, including this executive summary as **Chapter I**.

- **Chapter II** provides a detailed discussion of the Project's land use plan and the land use assumptions contained in this Analysis;
- **Chapter III** describes the Project's fiscal impact on General Fund revenues and expenditures; and
- **Chapter IV** explains the methodology and assumptions underlying the revenue and expenditure projections in this Analysis.

Detailed fiscal calculations and assumptions are contained in the following five appendices of this report:

- **Appendix A: Fiscal Impact Summary and Assumption Tables** includes a summary of Analysis results and Project-related assumptions including the detailed land use plans and population and employment estimates;
- **Appendix B: Revenue-Estimating Tables** comprises the detailed revenue-estimating figures and projected annual revenues;
- **Appendix C: Expenditure-Estimating Tables** comprises the detailed expenditure-estimating figures and projected annual expenditures;
- **Appendix D: Supporting Tables for Revenue Estimates** includes supporting calculations for the study's revenue estimates; and
- **Appendix E: Fiscal Impact Scenario Summaries** provides detailed summaries of the revenue and expenditure projections for each land use and sales tax scenario described in this Analysis.

II. LAND USE

LAND USE OVERVIEW

The Project consists of 240 acres of proposed development and is located in the City, immediately north of downtown Sacramento, east of the Sacramento River, south of North B Street, and west of the Alkali Flat neighborhood. **Map 1** shows the project area in the context of adjacent neighborhoods in the City. As noted earlier, the Project is within the boundary of the Richards Boulevard Redevelopment Project Area.

The Project's land use concept encompasses five districts, as shown in **Figure 1**.

- **Depot District:** The connection point of the Railyards site to downtown and the site of the Sacramento Intermodal Transit Facility (SITF);
- **Central Shops Historic District:** A mixture of shops, museums, and entertainment areas in and surrounding the historic Central Shops buildings;
- **West End:** A district that links the entire Railyards project to the Sacramento River with pedestrian oriented streetscapes and a range of entertainment, cultural, and retail activities;
- **East End:** A new high-density residential neighborhood containing a linear urban park; and
- **Riverfront District:** An area where the Railyards site connects to the Sacramento River waterfront, with restaurants, a hotel, housing, parks, and open space.

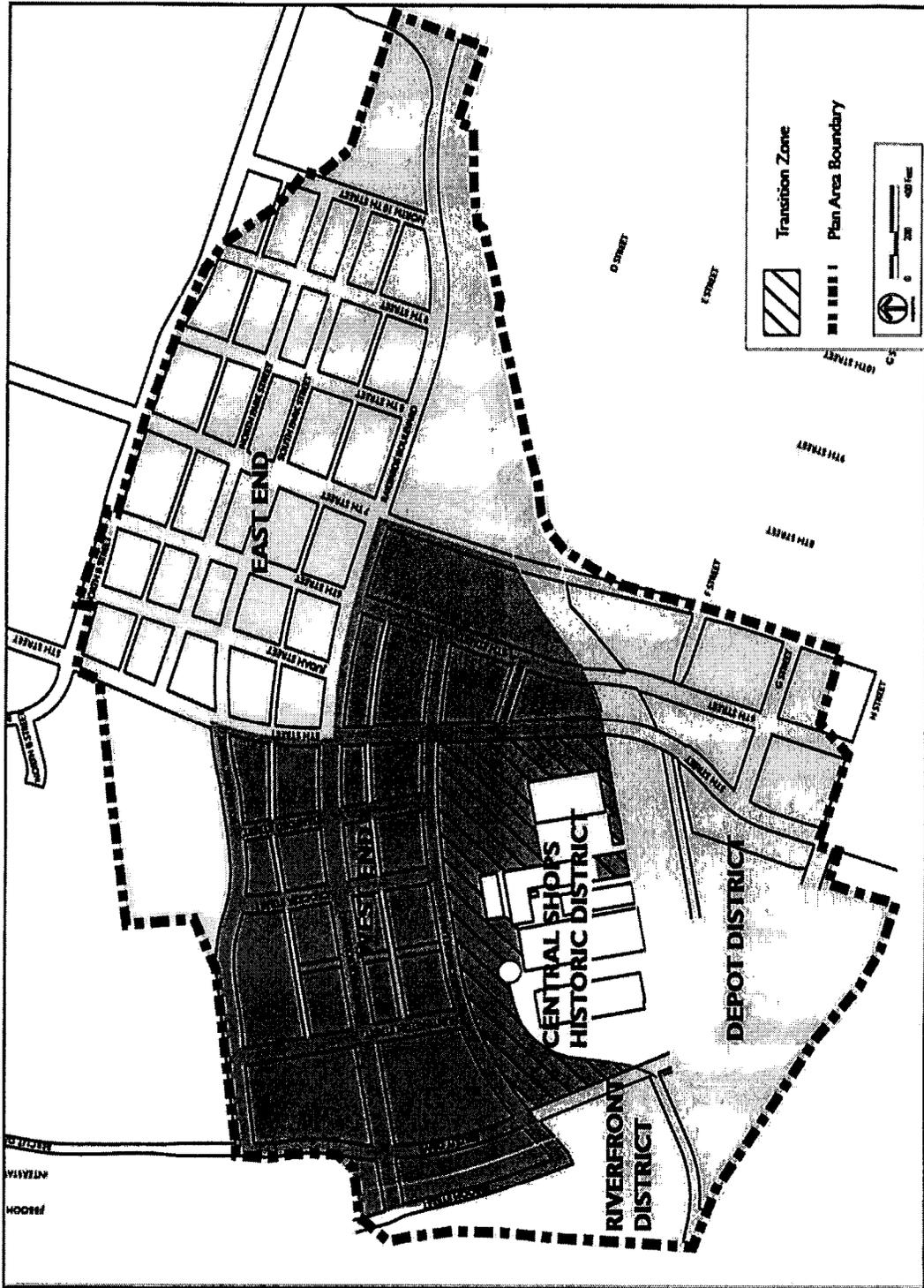
LAND USE DESIGNATIONS

The August 20, 2007, version of the Railyards Specific Plan (RSP) classifies residential and nonresidential development into three land use designations.

- Office Residential Mixed Use (ORMU);
- Residential Commercial Mixed Use (RCMU); and
- Residential Mixed Use (RMU).

Table A-3 shows the proposed development for each designation by phase and at buildout. The RSP provides considerable flexibility in the land use program for each mixed use land use designation, identifying total square footage and a variety of land uses that will be permitted. EPS, in consultation with the City, has made the following

Figure 1
Railyards Specific Plan Land Use Concept



assumptions concerning the anticipated land uses that will be developed in each land use designation. Deviation from these assumptions will impact the results of the Analysis.

ORMU

For ORMU land uses, the RSP permits either a maximum level of office or a maximum level of residential for a specific area. However, the maximum levels of both cannot be built. This Analysis uses a set of land uses that is less than the maximum allowable building program to be conservative from a financing standpoint. Specifically, it assumes that ORMU parcels located south of the Union Pacific tracks are 100 percent nonresidential and those located north of the Union Pacific tracks are 100 percent residential.

The composition of nonresidential ORMU parcels is assumed to be 75 percent office and 25 percent retail. Of that portion considered retail, 75 percent is assumed to be regional retail and 25 percent is assumed to be neighborhood-serving retail.

RMU

Retail proposed for RMU parcels is assumed to be neighborhood-serving.

RCMU

For RCMU parcels, retail square footage is considered 100 percent regional-serving retail. Flexible mixed use square footage is assumed to be 100 percent office. In addition, RCMU Cultural/Historic land uses were assumed to contain the following land uses:³

- 119,608 sq. ft. of Neighborhood Serving Retail;
- 35,000 sq. ft. of Regional Retail; and
- 43,000 sq. ft. of Office.

These assumptions are based on land use information contained in Table 3-5 of the DEIR. This information is also summarized in the sales tax analysis shown in **Table B-5B**.

RMU and RCMU Hotel Development

The project's RMU and RCMU land uses are proposed to include hotel development encompassing 1,100 hotel rooms. While it is likely that the project's hotels will contain retail, the quantity and type of retail has not been identified at this date. To provide a

³ In this Analysis land uses identified in the DEIR as "Food and Beverage" and "Market" are considered neighborhood retail; land uses identified as "retail" are considered regional retail.

conservative estimate, this analysis does not incorporate hotel square footage into the sales tax projections.

PROJECT PHASING

As shown in **Table A-3**, the Project land use plan calls for RCMU and ORMU parcels to be developed during Phases 1A, 1B and 2. Some ORMU acreage is also developed in Phase 3. This program results in development that is mainly composed of regional retail, with a lesser share of neighborhood retail and residential units developed during those Phases. During Phases 3 and 4, the land use plan calls for development of the Project's RMU neighborhood retail and residential units.

The phasing plan for residential and nonresidential land uses has specific implications on the Project's fiscal results. Because retail development generates sales tax revenue, it typically generates higher revenues relative to residential and office development; thus, the domination of retail in the earlier phases contributes to a strong fiscal surplus during Phase 1A and 1B. During Phases 2 and 3, office and residential development produce relatively less General Fund revenues. This, along with substantial cost increases for fire protection services, contributes to a reduced annual fiscal surplus. At buildout, the surplus slightly increases as a result of the sales tax revenue from RMU neighborhood-serving retail developed during Phase 4.

RESIDENTIAL DEVELOPMENT

The revenue estimates in this Analysis are based on residential land use assumptions presented in **Table A-4**. This analysis uses an average secured AV of \$525,000 per unit provided by the Redevelopment Agency. The residential AV values are used to estimate annual property tax revenue.

The RSP does not identify the proportion of owner- and renter-occupied housing. This Analysis assumes a 50:50 distribution of housing into owner- and renter-occupied units. Household income for owner-occupied units is based on mortgage-to-income assumptions developed by EPS. Household income for renter-occupied units is based on a rent-to-income factor for Sacramento taken from the American Community Survey. Average household income for the Project is calculated in **Table D-2**.

Population estimates are based on a "persons per dwelling unit" factor of 2.1 for high-density residential obtained from the DEIR.⁴

⁴ The DEIR indicates that the Project's persons-per-dwelling-unit factor of 2.1 is lower than the average household size of 2.57 used by the U.S. Census Bureau for the City. According to the DEIR, this is due to the

NONRESIDENTIAL DEVELOPMENT

Table A-4 also presents nonresidential land use assumptions used in this Analysis. EPS used per square foot estimates of AV for retail and office provided by the City. AV estimates for hotel were provided by the Redevelopment Agency.

EPS estimated the Project's employment population by using average employee densities by land use type for similar projects across the Sacramento region. As shown on **Table A-4**, in the Project, employee densities range from 300 square feet of building floor space per employee (office) to 1,250 square feet of building floor space per employee (hotel), depending on the individual characteristics of each type of nonresidential land use.

PROJECT POPULATION

Table A-5 shows the estimated residential and employee population growth resulting from development of the Project. **Table A-6** provides the estimated cumulative growth of residents and employees by phase. In total, the Project will increase the City's population by approximately 22,500 residents and 11,000 employees. For the purposes of estimating some of the revenues and expenditures that both residents and employees will generate, this Analysis calculated a persons-served⁵ population. At buildout, the Project will result in a persons-served population of approximately 28,000.

Specific Plan area's location near the downtown area of the City. Downtown households tend to comprise singles, childless couples, and empty nesters, and are therefore generally smaller than households in other areas of the City.

⁵ Persons-served population equals 100 percent residential population plus 50 percent employee population.

III. FISCAL IMPACT RESULTS

This chapter evaluates the potential fiscal impacts of residential and nonresidential development anticipated to be constructed in the Project area. The objective of the analysis is to estimate whether development in the Project will generate adequate revenues to meet the cost of providing City General Fund and Street Maintenance services to the Project (i.e., whether the net effect is positive or negative on the fiscal well-being of the City). With the exception of revenues and expenses related to Street Maintenance, this analysis does not address activities budgeted in other Governmental Funds or Proprietary Funds, such as Enterprise and Other Governmental Funds. The study does not include an evaluation of capital facilities or the funding of capital facilities needed to serve new development.

FISCAL IMPACT SUMMARY

General Fund and Street Maintenance Fund projections are based on cumulative development by phase starting with the commencement of development in Phase 1A through buildout at the end of Phase 4. **Chapter III** explains in detail the methodology used to develop the revenue and expenditure estimates described below.

GENERAL FUND

The Project was found to produce a surplus that increases substantially from nearly \$485,000 in Phase 1A to \$2.16 million in Phase 1B. It decreased slightly to \$2.02 million in Phase 2 because of increased residential and office development, which produces a relatively lower fiscal gain than sales tax-producing retail development. In Phase 3 a surplus of \$857,000 was estimated, largely because of the opening of the Railyards fire station, which is expected to generate substantially higher fire protection services costs for the Project. At buildout, which is the end of Phase 4, an annual surplus of approximately \$1.4 million was estimated for the General Fund. **Table A-1** shows projected revenues and expenditures and ending annual surplus for each phase.

As mentioned earlier, the Project's phasing plan has specific implications on the Project's fiscal results. Because retail development typically generates higher revenues relative to residential and office development because it produces sales tax, the domination of retail in the earlier phases contributes to a strong fiscal surplus during Phases 1A and 1B. The office and residential land uses in Phases 2 and 3 contribute relatively less revenue to the General Fund. RMU sales tax revenues from neighborhood-serving retail developed during Phase 4 contributes to a higher surplus at buildout.

In addition, fire protection costs strongly influence the increasing and decreasing trend of the fiscal surplus by phase. During Phase 3, a fire station will be constructed and commence operations. Operating the new station causes the Project's fire protection costs to rise substantially, from approximately \$1.0 million in Phase 2 to \$2.7 million in Phases 3 and 4, which contributes to a lower fiscal surplus during those phases. During Phases 1A, 1B, and 2, when fire protection services will be provided by other stations outside the Project area, fire protection costs were projected using a FY 2007–08 persons served multiplier. For Phases 3 and 4, annual costs were based on an estimate for the new station provided by the City. Fire costs are discussed further in the Expenditure Impacts section of this report.

SENSITIVITY ANALYSES

EPS prepared a land use–sensitivity analysis to evaluate the extent to which residential and nonresidential development influence the Project's fiscal outcome in the base case scenario.

Land Use–Sensitivity Analysis

The analysis compared the base case scenario with the land use scenario **Scenario A (Residential Only)**, which includes only the residential development proposed in the base case scenario (i.e., omits all nonresidential development in the Project).

Table 2 identifies the fiscal results of the base case analysis and Scenario A. As shown, nonresidential development was found to be a significant generator of General Fund revenue. Under the base case scenario, the Project produces surpluses for each phase that range from \$485,000 in Phase 1A to \$1.4 million in Phase 4.

In Scenario A, the Project would produce deficits for each phase. Base case surpluses would decline by about \$494,000 in Phase 1A and by \$3.1 million in Phase 4. The negative fiscal results in this scenario occur largely from the absence of sales tax–generating retail development.

Sales Tax Revenue–Sensitivity Analysis

EPS's sales tax methodology accounts for sales-tax revenues generated from new residents and employees of the Project (Hybrid Market-Support Method). In addition, sales-tax revenue is based on the ability of retail outlets in the Project to capture spending from individuals other than the Project's residents and employees (Adjusted Retail-Space Method). Because the retail tenant mix is unknown at this time, EPS has used a set of conservative assumptions for the base case analysis. According to the base case results, annual sales-tax revenue at buildout is estimated at \$3.1 million. Annual

sales-tax revenue at buildout comprises the following components, as shown in **Table B-5** of the Analysis:

- City Taxable Sales inside Project from Market Support: \$58 million (assumes Project captures 30 percent of resident and 80 percent of employee taxable sales inside City);
- City Taxable Sales outside Project from Market Support: \$120 million (assumes 70 percent of resident and 20 percent of employee taxable sales inside City occur outside of the Project); and
- Other Annual On-Site Taxable Sales: \$230 million (Assumes that 35 percent of the Project's on-site taxable sales represent a shift from existing retail shopping centers in the City and that 65 percent represent new sales captured inside the City).

A variety of factors could cause the Project to produce greater sales-tax revenue for the City than that estimated in this Analysis. For instance, greater spending by the Project's residents and employees inside the Project and the City could result from the following factors:

- Higher incomes of Project residents and greater employee spending; and
- Higher City capture of taxable sales from the Project's residents and employees.

In addition, greater sales-tax revenue per square foot could be generated from the Project's retail outlets than the amount estimated in this Analysis as a result of the following possibilities:

- Unique tenants in the Project that do not compete with existing retail outlets; or
- Retail outlets that generate higher spending levels per square foot.

Given the possibility that the Project's actual net sales-tax revenues could exceed those estimated in the base case analysis, a sensitivity analysis was developed to compare the impact of sales-tax revenues on the Project's overall fiscal results. This scenario was considered: **Scenario B (25 percent Sales Tax Revenue Increase)**.

Table 2 compares the annual fiscal impacts of Scenario B with the base case scenario results. According to the projections, an increase in sales-tax revenue of 25 percent would cause the base case surpluses to increase by \$103,000 in Phase 1A and by \$765,000 in Phase 4.

Table 3 below shows the sales tax revenue contribution to the General Fund in the base case analysis and Scenario B.

Table 3
Sales Tax Revenue Sensitivity Summary

| Item | Estimated Sales Tax Revenue [1] | | |
|---|---------------------------------|--|-------------------------|
| | Base Case Analysis | Scenario B: 25% Sales Tax Revenue Increase | Scenario B Net Increase |
| Railyards Cumulative Development | | | |
| Phase 1A | \$413,000 | \$517,000 | \$104,000 |
| Phase 1B | \$1,864,000 | \$2,330,000 | \$466,000 |
| Phase 2 | \$2,073,120 | \$2,591,000 | \$517,880 |
| Phase 3 | \$2,541,380 | \$3,177,000 | \$635,620 |
| Phase 4 | \$3,061,000 | \$3,826,000 | \$765,000 |

"sales_tax_comp"

Source: EPS.

[1] Values are rounded.

STREET MAINTENANCE FUNDS

Street Maintenance Funds are projected to have a slight annual deficit of \$31,000 during Phase 1A and break even during Phases 1B and 2. Surpluses of \$370,000 and \$513,000 were estimated for Phases 3 and 4. **Table A-1** shows projected revenues and expenditures and ending annual deficit or surplus for each phase.

REVENUE IMPACTS

GENERAL FUND

Table B-2 presents the annual projections of revenue by phase for each revenue source resulting from cumulative development of the Project. Total revenues are estimated to increase from nearly \$1 million in Phase 1A to \$16.5 million at buildout. The following revenue sources were found to generate the greatest shares of total Project revenue at buildout:

- Property Tax in lieu of VLF—40 percent (\$6.5 million);
- Sales Tax—19 percent (\$3.1 million); and
- Utility Taxes—16 percent (\$2.7 million).

Property Tax

Property Tax revenue is usually a major contributor to the City's General Fund. However, since the Project is located in a Redevelopment Area, property tax revenues will go to the Redevelopment Agency and other taxing entities based on the requirements of Redevelopment Law. This Analysis assumes that the City will not receive a share of the property tax revenues passed through to other entities. Thus, property tax revenues will not be available for the General Fund until the end of the Redevelopment Project (30+ years). Even without property tax revenue, however, a surplus is produced.

Property Tax in Lieu of VLF

The Project does generate other property tax-based revenues, including Property Tax in lieu of VLF, which was identified as the greatest source of Project revenue at buildout. This is a result of high amount of AV anticipated from Project development. At buildout, the Project's AV is estimated to reach \$6.8 billion.

Sales Tax

The Project is estimated to produce a significant level of Sales Tax revenues for the City. This Analysis provides a conservative estimate of revenues by accounting for taxable retail sales that represent a shift of retail purchases from other existing retail outlets in the City to the on-site retail outlets in the Project. Specifically, it nets out 35 percent of on-site retail sales from the gross sales estimated from the Project. **Table B-5B** shows the detailed calculations used to estimate the City's net gain in Sales Tax.

Because of the Project's relatively large quantity of regional-serving retail, Sales Tax revenue per capita for the Project is projected to exceed the City's FY 2007–08 per capita average. This is consistent with the relatively high proportion of retail land uses proposed for the Project.

Utility Tax

The Analysis showed that Utility Tax revenue would be another significant share of total Project revenues. Costs were projected by applying the FY 2007–08 per persons served multiplier of nearly \$96, shown in **Table B-1**, to the Project's persons served population, which is expected to reach 28,000 at buildout.

STREET MAINTENANCE FUNDS

Table B-2 also shows projections by phase for street maintenance funding. Because revenues are estimated on a per-capita basis, revenue generation is not expected until Phase 1B, when the Project's residential development commences. Revenues increase from approximately \$97,000 in Phase 1B to \$675,000 at buildout (the end of Phase 4).

EXPENDITURE IMPACTS

GENERAL FUND

Table C-2 presents the annual expenditure estimates for each cost item by phase resulting from cumulative development of the Project. Total expenditures for the Project increase from approximately \$551,000 in Phase 1A to \$15.1 million at buildout. The following expenditure items were found to generate the greatest share of total expenditures at buildout:

- Police Protection—45 percent (\$6.8 million);
- Fire Protection—18 percent (\$2.7 million); and
- Parks and Recreation—14 percent (\$2.2 million).

Police Protection

According to the Sacramento Police Department, "staffing levels will need to be relatively higher within the Railyards project than within other non-core commercial areas of the City." To estimate police protection costs for residential and nonresidential development, EPS has preliminarily inflated the FY 2007–08 applicable per capita or per employee cost for police protection by 20 percent. The rationale for the higher level of service is described in the methodology section of the Analysis. Detailed calculations are shown in **Table C-3**.

This analysis assumes that a police protection facility will be constructed in Phase 3 of the Project. In the initial phases, (Phase 1A, 1B, and 2), police protection services will be provided by police staff based in facilities outside of the Project. The cost for police services are projected to be inflated by 20 percent regardless of whether police services are based in or outside of the Project.

Fire Protection

As stated previously, fire protection costs have a strong influence on the Project's fiscal impact results. During Phase 3, a fire station will be constructed and commence operations. The operation of a new station is expected to cause fire protection costs to

rise substantially, from approximately \$1.0 million in Phase 2 to \$2.7 million in Phases 3 and 4, resulting in a lower fiscal surplus during those phases. During Phases 1A, 1B, and 2, when fire protection services will be provided by other stations outside the Project, fire protection costs were projected using a FY 2007–08 persons served multiplier. For Phases 3 and 4, annual costs were based on an estimate for the new station provided by the City. Detailed calculations are shown in **Table C-4**.

Estimated fire station operations and maintenance costs for the Railyards fire station include a cost sharing component. The Railyards fire station will serve not only the Project, but also portions of the River District and Downtown. As a result, the annual operations and maintenance costs of the fire station (\$5.3 million) have been allocated 50 percent to the Project and 50 percent to these other plan areas. This cost sharing assumption is preliminary and will be revised following the update of the City's General Plan and completion of the Fire Services Master Plan.

Parks and Maintenance

Parks and Maintenance costs are largely driven upward because of the Project's small parks, which are more expensive for the City to maintain on a per-acre basis. Costs for Recreation and Urban Forest Services were assumed to reflect current FY 2007–08 per capita costs. Detailed calculations are shown in **Table C-5**.

Non-Departmental Expenditures

Table C-6 calculates non-departmental expenditures for the project. Those expenditures assumed to be impacted by the Project include general insurance/termination, library, and Sacramento County charges. Expenditures increase from approximately \$33,000 in Phase 1A to nearly \$1.2 million at buildout (the end of Phase 4).

STREET MAINTENANCE FUNDS

Table C-7 calculates street maintenance expenditures by phase for the Project. Expenditures increase from approximately \$31,000 in Phase 1A to nearly \$162,000 at buildout (the end of Phase 4).

IV. FISCAL METHODOLOGY AND ASSUMPTIONS

This section identifies the methodology underlying this Analysis. It details general assumptions and data sources and describes revenue- and expenditure-estimating procedures.

GENERAL ASSUMPTIONS

The Analysis is based on the City's FY 2007–08 Approved Budget, current State legislation and City resolutions and ordinances as of October 2007, and general assumptions shown on **Table A-2**. **Table A-2** shows the fiscal study's assumptions including City population and employment demographics. All figures in this Analysis are expressed in 2007 dollars.

EPS also used information provided by the City's Finance Department to estimate costs for police and fire protection and parks and street maintenance.

Future changes in real estate market trends, State legislation or City resolutions and ordinances could directly affect the estimates described in this study. Variations from the land use assumptions detailed in **Chapter II** will also affect the results of this Analysis.

REVENUE-ESTIMATING METHODOLOGY

GENERAL FUND

EPS used either a marginal revenue case study approach or an average-revenue approach to estimate Project-related General Fund revenues. A listing of all City General Fund revenue sources and the estimating procedure used to forecast future revenues from the Project are shown on **Table B-1**.

The Analysis is based on the City's 2007–08 Approved Budget, net of Department-generated revenues and one-time capital funding. Department-generated revenues are excluded from the Analysis as it is assumed either that these revenues are generated independently of changes in residential or employee populations or that any change in revenues would be offset by a corresponding change in expenditures irrespective of the annexation of the Project.

Only revenues associated with the funding of ongoing department operations and maintenance services are included. As a result, budgeted funding for one-time costs

associated with repair, replacement or new acquisitions of capital have also been excluded from the Analysis.⁶

Average-Revenue Approach

For the following City General Fund revenue sources, EPS used an average-revenue approach to estimate future revenues resulting from the Project's residents and employees:

- Utility Taxes;
- Business Operations Tax;
- Franchise Fees;
- Motor Vehicle in lieu; and
- Enterprise Funds/General Tax.

The average-revenue approach uses the City's FY 2007-08 budgeted revenue amounts on a citywide per capita, per employee, or persons served basis to forecast revenues derived from estimated residents and employees of the Project.⁷

EPS estimated Motor Vehicle in-lieu revenue by using the "average revenue *per capita*" approach because this revenue source is expected to be impacted only by additional residents in the Project. It should be noted that the revenue multiplier used to estimate Motor Vehicle in-lieu revenue is not based on the City's budget. To achieve a higher level of precision, EPS applied a FY 2005-06 per-capita multiplier, escalated to 2007\$, provided by the California State Controller to allocate Motor Vehicle in-lieu revenues to cities.

In addition to the per capita approach, two additional revenue-estimating methods are used in this Analysis: "per employee" and "per person served." Business operations tax was forecast using average revenue *per employee*, as it is unlikely that new residents will impact this revenue source.⁸ Contributions to the General Fund from Enterprise Funds/General Tax were forecast by using total additional residents *and* employees. Average revenue *per person served* was used to estimate the remaining General Fund revenues: utility taxes and franchise fees.

⁶ Schedule 4 of the City's 2007-08 Approved Budget identifies \$4.5 million in General Fund funding for capital. The City's Department of Finance has identified that this funding will be used for one time capital expenditures. As a result, funding and the associated capital costs have been excluded from this Analysis.

⁷ "Persons served" population is defined as 100 percent of residents plus 50 percent of employees.

⁸ Although some of the Project's residents may have home-based businesses generating business-license taxes, this Analysis assumes the revenue generated is nominal and does not estimate this source of revenue from new residents.

Revenue sources *not* expected to increase as a result of Project development include the following sources:

- Residential Development Property Tax;
- Licenses and Permits;
- Fines and Forfeitures;
- Use of Money;
- Other Intergovernmental Revenue (Refers to all intergovernmental revenues other than Motor Vehicle in-lieu revenue);
- Charges for Services;
- Other Revenue; and
- In-Lieu Franchise Fees and Property Taxes Contributed from other Funds.

These sources of revenue are not impacted by development because they are either one-time revenue sources not guaranteed to be available in the future or there is no direct relation between population and employment growth and increased revenue.

Case Studies

The “marginal revenue” case-study approach, which simulates actual revenue generation based on new development, is used to estimate the following General Fund revenue sources:

- Property Tax;
- Property Tax in lieu of Sales Tax;
- Property Tax in lieu of VLF;
- Real Property Transfer Tax;
- Sales Tax;
- Public Safety Sales Tax; and
- TOT.

Property Tax-Based Revenues

Estimated annual property tax revenue resulting from development in the Project is presented in **Table B-3**. It is assumed that the City will not receive a share of the property tax received by the Redevelopment Agency.

The project is expected to generate other property-tax based revenues for the City, such as Property Tax in lieu of Sales Tax and Property Tax in lieu of VLF. Projections of these

taxes resulting from the Project are derived from the total AV of the Project. Since the AV estimate is expressed in constant FY 2007 dollars, the AV for residential units and nonresidential square feet is assumed to remain static. The Property Tax in lieu of VLF calculation is based on a factor provided by the City that estimates the percentage increase in Property Tax in lieu of VLF resulting from the Project's AV.

Real Property Transfer Tax

Table B-4 estimates the future revenues associated with the transfer of residential and nonresidential properties in the Project. As a Charter City, the City has established a rate of \$2.75 per \$1,000 of AV. This amount does not include the County of Sacramento's rate of \$0.55 per \$1,000 of AV.

As indicated in **Table A-2**, this Analysis assumes that owner-occupied residential property will transfer property ownership at a rate of 10 percent per year. Renter-occupied and nonresidential property is assumed to transfer at a rate of 5 percent per year.

Sales Tax and Public Safety Sales Tax

Table B-5 presents estimated sales tax revenue to the City. To estimate the annual sales tax revenues attributable to the Project, EPS combined the following two methodologies to account for both an expanding local market of residents and employees *and* the proposed new retail development:

- **Hybrid Market Support Method**, which accounts for an expanding local market of residents and employees; and
- **Adjusted Retail-Space Method**, which accounts for the development of new taxable retail outlets contained in the Project.

These two methodologies are combined in the following steps:

1. **Hybrid Market Support Method (Table B-5A)**
 - 1a. Estimate household retail expenditures from new residents of the Project, based on estimated household incomes.
 - 1b. Estimate employee retail expenditures from new employees of commercial development in the Project.
 - 1c. Compute the combined total of estimated household and employee retail expenditures to determine taxable sales from market support.
2. **Adjusted Retail-Space Method (Table B-5B)**
 - 2a. Estimate taxable retail sales from on-site retail outlets in the Project.

- 2b. Subtract total estimated household and employee retail expenditures derived in 1c to prevent double-counting of sales tax revenue generated from market support.
 - 2c. Subtract the estimated percentage of taxable retail sales that represents a shift of retail purchases from other existing retail outlets in the City to the on-site retail outlets in the Project.
 - 2d. Compute the total estimated taxable retail sales from on-site retail outlets in the Project.
3. Estimate Annual Sales Tax Revenue (**Table B-5**)
- 3a. Combine total taxable retail sales derived from market support (1c) and on-site retail development in the Project (2d).
 - 3b. Apply 1-percent Uniform Local Sales Tax rate, Proposition 172 Sales Tax Rate (for the Public Safety Augmentation Fund) and Property Tax in lieu of Sales Tax rate (as authorized by Senate Bill [SB] 1096 and amended by Assembly Bill [AB] 2115) to determine annual sales tax revenue resulting from the Project.

The following text provides a detailed description of the two methodologies used to estimate sales tax revenue in this analysis.

Hybrid Market-Support Method

Purchases made in the City by residents of future residential development in the Project and employees of future commercial development in the Project will result in significant sales tax revenues, as shown on **Table B-5A**.

Sales tax revenues derived from residential market support are estimated by multiplying average taxable retail expenditures per household (i.e., the dollar amount of taxable retail goods a household is expected to purchase) by the forecasted new household growth of the Project. To estimate the taxable retail expenditures per household, this analysis estimates average annual household income then applies assumptions regarding the percentage of annual household income spent on total expenditures, as well as the percentage of total expenditures spent on taxable retail goods.

As shown on **Table B-5A**, annual taxable retail expenditures is multiplied by a capture rate of retail goods purchased in the City (i.e., the percentage of retail goods a household is expected to purchase *inside the City limits*). This analysis assumes the City will capture 80 percent of the new residents' taxable retail expenditures. The estimated capture rate is a preliminary estimate developed by EPS. A market study has not been developed.

Estimated taxable retail sales derived from market support also include current average retail expenditures per employee (i.e., the dollar amount of goods an employee is expected to purchase *inside the City limits*). This expenditure estimate is multiplied by the forecasted new employee population of the Project.

Combined, the estimated total amount spent on retail goods and services in the City by the Project's households and employees equals the projected total taxable sales in the City from market support.

Adjusted Retail-Space Method

Adding retail space in the City usually generates additional taxable sales not estimated in the Hybrid Market-Support Method. The Adjusted Retail-Space Method assumes that new retail space⁹ increases the potential of capturing an additional share of purchases from existing City residents and non-City residents alike, which otherwise would have occurred outside the City limits.

Because the new retail development is expected to have a significant share of regional retail development, and, as shown on **Table B-5B**, total taxable sales from the new on-site retail exceeds estimated taxable sales from market support, the Project is projected to produce additional sales tax beyond that generated from market support.

Sales Tax Sensitivity Analysis

Because EPS's assumptions used to estimate sales tax revenue are conservative and many factors could influence the Project's generation of sales tax revenues, EPS conducted a sensitivity analysis that evaluated the fiscal impact of the Project given a higher sales tax revenue scenario. Specifically, the analysis considered the impact of a 25 percent increase in sales tax revenues above the base case sales tax projections. **Chapter III** discusses the results of the analysis in detail.

TRANSIENT OCCUPANCY TAX

According to current city ordinance, TOT is reserved for costs associated with the Convention Center, Sacramento Convention Center and Visitor's Bureau, and Metro Arts Chamber. Because it is a non-discretionary revenue source, it has been excluded from this analysis.

⁹ The project's RMU and RCMU land uses are proposed to include hotel development encompassing 1,100 hotel rooms. While it is likely that the project's hotels will contain retail, the quantity and type of retail has not been identified at this date. To provide a conservative estimate, this analysis does not incorporate hotel square footage into the sales tax projections.

It is important to note that TOT is expected to yield a significant amount of non-discretionary revenue. At buildout, this Analysis estimates that the Project's proposed 1,100 rooms will generate \$3.7 million in TOT. EPS assumed an average daily room rate of \$110 and vacancy rate of 70 percent based on Sacramento area hotel trends. This results in a conservative revenue estimate; it is likely that downtown hotels will garner higher room rates and experience lower vacancy rates than the regional average.

STREET MAINTENANCE FUNDS

The City uses State Gas Tax (City Funds 202, 203 and 204), Transportation Sales Tax/Maintenance Fund (City Fund 207) and Traffic Safety Fund (City Fund 208) revenues to fund street maintenance activities.

Changes in City revenues for these sources are based on different factors, and the allocation of these revenues to eligible City activities is based on the City's annual budget priorities. Therefore, since the impact of the proposed annexation on future City priorities is not known, a per capita-allocation methodology was used to account for increased allocation of these revenue sources to street maintenance activities in the Project.

RECENT LEGISLATIVE UPDATES AFFECTING REVENUE ESTIMATES

This Analysis incorporates the recent legislative updates of SB 1096 as amended by AB 2115, which impact future Property Tax, Motor Vehicle in lieu, and Sales Tax revenue streams to jurisdictions. SB 1096 and AB 2115 include the following provisions.

- First, one-fourth (25 percent) of the 1 percent sales tax revenue distributed to jurisdictions is exchanged for an equal dollar amount of property tax revenue. After FY 2004–05, jurisdictions will receive less sales tax revenue but will receive a dollar-for-dollar exchange in property tax revenue annually. This analysis incorporates this dollar-for-dollar exchange on **Table B-5** and assumes that the net fiscal impact of this provision will be revenue neutral over the long term.
- Second, the legislation included a permanent reduction in the Motor Vehicle in lieu effective rate, reducing the rate from 2 percent to 0.65 percent of the value of a vehicle. This reduction in the effective rate reduced annual per capita Motor Vehicle in-lieu revenue from approximately \$60 to \$9 for the City. **Table B-1** shows the estimated ongoing per capita revenue multiplier amount used to estimate Motor Vehicle in-lieu revenue shown on **Table B-2**.

- Third, the provision replaced 100 percent of County Motor Vehicle in-lieu revenues, except for “Program Realignment” funding, and approximately 87.5 percent of City Motor Vehicle in-lieu revenues with an equal dollar amount of property tax revenues. This “Property Tax in lieu of VLF” amount is estimated in the lower portion of **Table B-3**. After FY 2004–05, the Property Tax in lieu of VLF will increase annually, based on the change in each municipal jurisdiction’s gross taxable assessed valuation.

EXPENDITURE-ESTIMATING METHODOLOGY

GENERAL FUND

EPS estimated General Fund expenditures by using average-cost and case study methodologies. The following expenditures were estimated using case studies:

- Police protection;
- Fire protection;
- Park maintenance and recreation; and
- Non-Departmental.

All others expenditures were estimated using an average-cost approach from the City’s FY 2007–8 Budget. A listing of all City General Fund expenditures and the estimating procedure used to forecast future expenditures from the Project is shown on **Table C-1**.

Consistent with the methodology applied to revenues, departmental revenues and one-time capital costs were subtracted from departmental expenditures. As noted in the discussion of the revenue-forecasting methodology, it is assumed that departmental revenues are generated independently of changes in residential or employee populations or that any change in revenues would be offset by a corresponding change in expenditures.

This analysis only includes expenditures associated with ongoing department services operations and maintenance. As a result, one-time costs associated with repair, replacement or new acquisitions of capital were excluded.¹⁰ The City provided EPS with a detailed list of capital improvement costs allocated to the General Fund by department. These costs were subtracted from General Fund expenditures in **Table C-1**.

¹⁰ Schedule 4 of the City’s 2007-08 Approved Budget identifies \$4.5 million in General Fund funding for capital improvements. The City’s Department of Finance has identified that this funding will be used for one-time capital expenditures.

Average Cost Approach

Table C-1 shows the average-cost methodology used to estimate future costs for the affected City departments. The average-cost methodology calculates a cost multiplier for each City General Fund expenditure category. The cost multiplier is derived by taking FY 2007–08 budgeted costs for each department, net of any department generated revenues and one-time capital costs, and dividing that number by the total residents or persons served population to obtain a *per-capita* or *per-persons-served* expenditure level.

A *per capita* basis of estimating expenditures assumes that only residents have a fiscal impact on City services. A *per persons served* basis of estimating service-related expenditures assumes that businesses (and their employees) have a fiscal impact on many City services, but at a lower level than residential development's impact. The *persons served* population is equal to 100 percent of residents and 50 percent of employees.

In this analysis, a *per-capita* basis of costing services is used to calculate the Convention, Culture and Leisure Services and the Parks and Recreation Departments because businesses do not impact the need for these services.

An average cost *per person served* approach was used to estimate the following General Fund expenditures because these expenditures are affected by additional residents *and* employees:

- General Government¹¹
- General Services
- Utilities
- Economic Development
- Neighborhood Services
- Development Services
- Planning
- Code Enforcement
- Transportation

Cost multipliers for General Government (Mayor/City Council, City Manager, City Attorney, City Clerk, City Treasurer, Finance, Information Technology, Human Resources, and Labor Relations), are discounted by 50 percent to reflect the capacity of the City to absorb some additional service without a corresponding increase in costs.

Debt Service and Fund Reserves/Contingencies were excluded from the Analysis because it is assumed these expenditures will not be impacted by the Project.

¹¹ General Government expenses include operating and maintenance costs for the following departments: Mayor/City Council; City Manager; City Attorney; City Clerk; City Treasurer; Finance, Information Technology, Human Resources, and Labor Relations.

Case Studies

For the following expenditure items, the Project is expected to require a level of service that will be greater than that currently budgeted in the FY 2007–08 City Budget. As a result, case studies were developed using modified average costs or other cost estimates data to project expenditures generated by the Project.

Police Protection

A modified average cost case study was used to estimate police protection costs for the Project. According to the Sacramento Police Department, Railyards land uses are expected to generate per persons served costs that will be greater than the FY 2007–08 budgeted average. On October 10, 2007, the SPD produced a memorandum entitled, “Railyards Police Cost Projections,” discussing the police service levels anticipated for the Project. According to the memorandum, “staffing levels will need to be relatively higher in the Railyards project than those in other non-core commercial areas of the City.” It includes the following additional comments regarding the high-density residential, retail, and entertainment land uses proposed:

- “The Railyards will have a higher ratio of residential units creating additional calls for service that typically only occurred outside this type of commercial area and within residential neighborhoods.”
- “The Railyards will have relatively more vibrant entertainment and nightlife, which traditionally requires additional staffing and resources as we have experienced throughout the Downtown Core.”

RCMU retail land uses are anticipated to receive private security protection. However, this is not anticipated to reduce the greater police protection service requirements. To the contrary, the SPD indicated that “private security and loss prevention officers does not reduce the need for police officers but rather creates additional calls for service for the police department.”

To estimate police protection costs for residential and nonresidential development, EPS has inflated preliminarily the FY 2007–08 applicable per-capita and per-employee cost for police protection by 20 percent. **Table C-3** shows the detailed calculations and assumptions used to estimate the Project’s annual cost by phase.

Fire Protection

During Phases 1A, 1B, and 2, fire protection will be provided by existing stations located outside of the project area. Fire protection costs during these phases are based on a per-persons-served multiplier from the City’s FY 2007–08 Budget. Beginning in Phase 3 and through buildout, fire protection services will be provided by the Railyards’ fire station, which will be located in the Project area. Annual Railyards fire station costs for phases 3

and 4 are based on an estimate provided by the City's Department of Finance. The annual costs associated with operating and maintaining the Railyards station are expected to be significantly higher than the costs anticipated during Phases 1A, 1B, and 2. This greatly influences the Project's fiscal outlook during Phases 3 and 4. **Table C-4** shows the calculations and assumptions used to estimate costs for the Project.

Estimated fire station operations and maintenance costs for the Railyards fire station include a cost sharing component. The Railyards fire station will serve not only the Project, but also portions of the River District and Downtown. As a result, the annual operations and maintenance costs of the fire station (\$5.3 million) have been allocated 50 percent to the Project and 50 percent to these other plan areas. This cost sharing assumption is preliminary and will be revised following the update of the City's General Plan and completion of the Fire Services Master Plan.

Parks and Recreation

The Project's estimated Parks and Recreation costs are comprised of three service components:

- Parks Maintenance (including bikeways in landscaped corridors);
- Recreation; and
- Urban Forest Services.

Park maintenance costs are based on per-acre costs from the City for the following park types:

- 0-4 Acre Parks;
- 4-7 Acre Parks;
- 7-10 Acre Parks; and
- 10+ Acre Parks.

As a component of park maintenance costs, this analysis estimates the cost to maintain bikeways in landscaped corridors based on a per-linear mile cost provided by the City. Operation and maintenance costs for bikeways included in the Project roadway network are accounted for in the \$17,000 Street Maintenance Cost per Center Line Mile estimate provided in **Table C-7**.

The City Parks and Recreation Department Open Space Summary dated October 23, 2007, was used to identify the quantity of park acreage and bikeway linear mileage by phase.

Recreation costs are based on a modified per capita analysis using the FY 2007–08 City Budget. Costs are based on the FY 2007–08 Recreation and Community Services costs, net of Special Recreation funding.

Urban Forest Services costs are also estimated using a modified per capita approach. Costs are based on budget detail provided by the City indicating the portion of costs allocated to the General Fund.

Table C-5 shows the calculations used to estimate costs for these three Parks and Recreation service components.

Non-Departmental

A case study based on a modified average-cost methodology was developed to estimate Non-Departmental expenditures. The Non-Departmental case study (**Table C-6**) applies different average-cost factors to individual Non-Departmental cost elements. This method was used based on City staff comments that some Non-departmental expenditure categories are more closely correlated to changes in residential population (Library, Sacramento County charges), some are more closely correlated to persons served (General Insurance/Termination), and some Non-Departmental costs will not be impacted by the Project (Council Districts, Major Tax Revenues, Other Major Tax revenues, Other Program Support, Retired/Transferred Employee Benefits, Technology, Transit Support, and Utility Users' Tax Rebate).

Street Maintenance Funds

A case study was developed to estimate street maintenance–related expenditures. As shown on **Table C-7**, annual street maintenance expenses are derived from the estimated quantities of proposed roadways¹² to be maintained and an estimated annual street maintenance cost provided by the City. The City's Finance Department estimates the City's annual street maintenance cost per center-line mile at approximately \$17,000. The Project is estimated to have, at buildout, 9.5 center-line miles.

The City's cost estimate is based on a 20-year maintenance program that calls for slurry seal at year 5, rubberized cap seal at year 10, micro seal at year 15, and a rubberized overlay at year 20. While no street maintenance costs are anticipated during Phases 1A and 1B, costs have been included to provide a conservative estimate and amortize costs over all phases.

¹² Based on Kimley-Horn's engineering cost estimates dated July 11, 2007.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDICES

APPENDIX A: FISCAL IMPACT SUMMARY AND
ASSUMPTION TABLES

APPENDIX B: REVENUE-ESTIMATING TABLES

APPENDIX C: EXPENDITURE-ESTIMATING TABLES

APPENDIX D: SUPPORTING TABLES FOR REVENUE
ESTIMATES

APPENDIX E: FISCAL IMPACT SCENARIO SUMMARIES



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX A

FISCAL IMPACT SUMMARY AND ASSUMPTION TABLES

| | | |
|-----------|---|------|
| Table A-1 | Summary of Cumulative Fiscal Impacts by Phase | A-1 |
| Table A-2 | General Assumptions | A-2 |
| Table A-3 | Railyards Land Use Summary (6 pages)..... | A-3 |
| Table A-4 | Land Use Assumptions for Proposed Development (2 pages)..... | A-9 |
| Table A-5 | Estimated Residential and Employee Population by Phase..... | A-11 |
| Table A-6 | Cumulative Residential and Employee Population | A-12 |

**Table A-1
Sacramento Railyards
Fiscal Impact Analysis
Summary of Cumulative Fiscal Impacts by Phase (2007\$)**

| Item | Cumulative Development by Phase | | | | |
|---|---------------------------------|--------------------|--------------------|---------------------|---------------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| GENERAL FUND | | | | | |
| Annual General Fund Revenues | | | | | |
| Property Tax [1] | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Tax in lieu of Sales Tax | \$137,805 | \$621,277 | \$691,041 | \$847,128 | \$1,020,394 |
| Property Tax in lieu of VLF | \$183,485 | \$1,197,342 | \$1,866,042 | \$4,283,009 | \$6,553,979 |
| Real Property Transfer Tax | \$26,301 | \$208,878 | \$328,985 | \$840,963 | \$1,326,672 |
| Sales Tax | \$413,415 | \$1,863,831 | \$2,073,123 | \$2,541,385 | \$3,061,181 |
| Sales Tax - Prop. 172 (Public Safety) | \$44,098 | \$198,809 | \$221,133 | \$271,081 | \$326,526 |
| Transient Occupancy Tax (TOT) | NA | NA | NA | NA | NA |
| Utility Taxes | \$109,410 | \$518,988 | \$832,524 | \$1,771,579 | \$2,676,540 |
| Business Operations Tax | \$58,365 | \$166,246 | \$261,477 | \$270,890 | \$277,979 |
| Residential Development Property Tax | NA | NA | NA | NA | NA |
| Licenses and Permits | \$9,608 | \$45,578 | \$73,113 | \$155,582 | \$235,057 |
| Fines and Forfeitures | NA | NA | NA | NA | NA |
| Use of Money | NA | NA | NA | NA | NA |
| Intergovernmental Revenue | \$0 | \$19,398 | \$32,029 | \$118,230 | \$201,649 |
| Charges for Services | NA | NA | NA | NA | NA |
| Other Revenues | NA | NA | NA | NA | NA |
| Contributions From Other Funds | \$53,671 | \$203,734 | \$324,424 | \$559,080 | \$784,306 |
| Total Annual General Fund Revenues | \$1,036,158 | \$5,044,080 | \$6,703,892 | \$11,658,928 | \$16,464,281 |
| Annual General Fund Expenditures | | | | | |
| General Government [2] | \$29,658 | \$140,685 | \$225,677 | \$480,233 | \$725,546 |
| Police | \$277,403 | \$1,315,871 | \$2,110,827 | \$4,491,758 | \$6,786,245 |
| Fire | \$135,921 | \$644,747 | \$1,034,257 | \$2,669,000 | \$2,669,000 |
| General Services | \$25,828 | \$122,516 | \$196,532 | \$418,212 | \$631,843 |
| Other Expenditures [3] | \$16,306 | \$77,349 | \$124,078 | \$264,034 | \$398,908 |
| Development Services | \$7,339 | \$34,815 | \$55,847 | \$118,841 | \$179,548 |
| Parks and Recreation | \$9,025 | \$262,950 | \$512,075 | \$1,388,172 | \$2,152,929 |
| Planning | \$4,781 | \$22,678 | \$36,379 | \$77,413 | \$116,957 |
| Code Enforcement | \$11,642 | \$55,225 | \$88,588 | \$188,513 | \$284,809 |
| Transportation | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service | NA | NA | NA | NA | NA |
| Non-Departmental | \$33,105 | \$205,300 | \$303,770 | \$705,895 | \$1,159,926 |
| Total Annual General Fund Exp. | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual General Fund Surplus/(Deficit) | \$485,149 | \$2,161,942 | \$2,015,861 | \$856,857 | \$1,358,570 |
| STREET MAINTENANCE FUNDS (Non-General Fund) | | | | | |
| Annual Street Maintenance Fund Revenues | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |
| Street Maintenance (Non-General Fund) Expenditures | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |
| Annual Street Maintenance Fund Surplus/(Deficit) | (\$30,571) | \$7,151 | \$3,416 | \$369,739 | \$512,684 |

"summary"

Source: EPS.

- [1] The City is assumed to not receive a share of the property passed through to other taxing entities.
 [2] General Government category includes Mayor/City Council, City Manager, City Attorney, City Clerk, City Treasurer, Finance, Information Technology, Human Resources and Labor Relations. See Table C-2 for department information.
 [3] Other Expenditures category includes Convention, Culture and Leisure, Utilities, Economic Development, Neighborhood Services, Fund Reserves and Contingency. See Table C-2 for detailed information.

**Table A-2
Sacramento Railyards
Fiscal Impact Analysis
General Assumptions**

| Item | Assumption |
|--|-------------------------------------|
| General Assumptions | |
| Fiscal Year of Analysis and Year to Which Dollars Are Discounted [1] | 2007-08 |
| General Government Expenditure Weighting Factor [2] | 80% |
| Estimated Turnover Rates | |
| High-Density Owner-Occupied | 10.0% |
| High-Density Renter-Occupied | 5.0% |
| Nonresidential | 5.0% |
| General Demographic Characteristics | |
| | January 1, 2007 Estimate |
| City of Sacramento | |
| Population [3] | 467,343 |
| Employees [4] | 289,980 |
| Persons Served [5] | 612,333 |

"gen_assumps"

Source: Claritas, California Department of Finance, U.S. Census, and EPS.

- [1] This fiscal impact analysis is based on the City of Sacramento's FY 2007-08 Proposed Budget.
- [2] Cost multipliers for General Government are discounted to reflect the capacity of the City to absorb some additional service without a corresponding increase in costs.
- [3] California Department of Finance estimate for January 1, 2007.
- [4] Based on Claritas' Business-Facts Report for the City of Sacramento as of September 28, 2007. Includes private and public sector employees for all industries.
- [5] "Persons Served" is defined as City of Sacramento's population plus 50% of employees.

Phase 1A

**Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary**

| Land Use [1] | Residential | | | | | Nonresidential | | | | |
|---|-------------|-------|-------------|----------------|----------------|-------------------------------|--------------------------------|-------------------|-------|-------------|
| | Total Acres | Units | Units/ Acre | Retail Sq. Ft. | Office Sq. Ft. | Cultural/Historic Sq. Ft. [2] | Flexible Mixed Use Sq. Ft. [3] | Total Sq. Ft. | Rooms | Sq. Ft. [4] |
| Formula | a | b | c = b/a | d | e | f | g | h = d + e + f + g | i | j = i * 700 |
| Mixed Use Land Uses | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 3.6 | - | - | 91,200 | 492,000 | - | - | 583,200 | - | - |
| Residential Mixed Use (RMU) | - | - | - | - | - | - | - | - | - | - |
| Residential Commercial Mixed Use (RCMU) | 7.2 | - | - | 200,000 | - | - | - | 200,000 | - | - |
| Total Mixed Use Land Uses | 10.8 | - | - | 291,200 | 492,000 | - | - | 783,200 | - | - |
| Other Land Uses | | | | | | | | | | |
| Open Space | 1.2 | - | - | - | - | - | - | - | - | - |
| Transportation Use [6] [7] | 16.8 | - | - | - | - | - | - | - | - | - |
| Railroad Technology Museum [6] | - | - | - | - | - | - | - | - | - | - |
| Other Cultural/Historic [8] | - | - | - | - | - | - | - | - | - | - |
| Parking/Public Uses [6] [9] | - | - | - | - | - | - | - | - | - | - |
| Total Other Land Uses | 17.9 | - | - | - | - | - | - | - | - | - |
| Total Land Uses | 28.7 | - | - | 291,200 | 492,000 | - | - | 783,200 | - | - |

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR), 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [7] Includes the proposed performing arts center. Parcel acreage not available.
- [8] Refers to the proposed parking and the Pump Station.
- [9] Includes 1-5 Parking and the Pump Station.

Phase 1B

**Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary**

| Land Use [1] | Residential | | | | | Nonresidential | | | | | Hotel | |
|---|-------------|--------------|------------|----------------|----------------|-------------------------------|--------------------------------|-------------------|------------|----------------|-------|---|
| | Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Cultural/Historic Sq. Ft. [2] | Flexible Mixed Use Sq. Ft. [3] | Total Sq. Ft. | Rooms | Sq. Ft. [4] | | |
| Formula | a | b | c = b/a | d | e | f | g | h = d + e + f + g | i | j = i * 700 | | |
| Mixed Use Land Uses | | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 1.0 | - | - | - | - | - | - | - | - | - | - | - |
| Residential Mixed Use (RMU) | - | - | - | - | - | - | - | - | - | - | - | - |
| Residential Commercial Mixed Use (RCMU) | 30.4 | 1,032 | 34 | 844,100 | - | 197,560 | 473,000 | 1,514,660 | 600 | 420,000 | | |
| Total Mixed Use Land Uses | 31.4 | 1,032 | | 844,100 | | 197,560 | 473,000 | 1,514,660 | 600 | 420,000 | | |
| Other Land Uses | | | | | | | | | | | | |
| Open Space | 7.3 | - | - | - | - | - | - | - | - | - | - | - |
| Transportation Use [6] [7] | - | - | - | - | - | - | - | - | - | - | - | - |
| Railroad Technology Museum [6] | 3.9 | - | - | - | - | 187,830 | - | 187,830 | - | - | - | - |
| Other Cultural/Historic [8] | - | - | - | - | - | 100,000 | - | 100,000 | - | - | - | - |
| Parking/Public Uses [6] [9] | 3.4 | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Land Uses | 14.6 | | | | | 287,830 | | 287,830 | | | | |
| Total Land Uses | 46.0 | 1,032 | | 844,100 | | 485,390 | 473,000 | 1,802,490 | 600 | 420,000 | | |

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR); 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.
- [7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [8] Refers to the proposed performing arts center. Parcel acreage not available.
- [9] Includes I-5 Parking and the Pump Station.

Phase 2

**Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary**

| Land Use [1] | Phase 2 | | | | | | Nonresidential | | | | |
|---|-------------|----------------|-------------------|-------------------|-------------|---------------|--------------------------|-----------------------|--------------------|-------|--|
| | Residential | | | Office | | | Cultural/ Historic | Flexible Mixed Use | Rooms | Hotel | |
| Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Sq. Ft. [2] | Sq. Ft. [3] | Total Sq. Ft. | Rooms | Sq. Ft. [4] | | |
| <i>a</i> | <i>b</i> | <i>c = b/a</i> | <i>d</i> | <i>e</i> | <i>f</i> | <i>g</i> | <i>h = d + e + f + g</i> | <i>i</i> | <i>j = i * 700</i> | | |
| Mixed Use Land Uses | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 9.3 | - | 66,500 | 1,045,200 | - | - | 1,111,700 | - | - | | |
| Residential Mixed Use (RMU) | - | - | - | - | - | - | - | - | - | | |
| Residential Commercial Mixed Use (RCMU) | 4.8 | 141 | 18,000 | - | - | 18,000 | 36,000 | - | - | | |
| Total Mixed Use Land Uses | 14.1 | 672 | 84,500 | 1,045,200 | - | 18,000 | 1,147,700 | - | - | | |
| Other Land Uses | | | | | | | | | | | |
| Open Space | 17.4 | - | - | - | - | - | - | - | - | | |
| Transportation Use [6] [7] | - | - | - | - | - | - | - | - | - | | |
| Railroad Technology Museum [6] | - | - | - | - | - | - | - | - | - | | |
| Other Cultural/Historic [8] | - | - | - | - | - | - | - | - | - | | |
| Parking/Public Uses [6] [9] | - | - | - | - | - | - | - | - | - | | |
| Total Other Land Uses | 17.4 | - | - | - | - | - | - | - | - | | |
| Total Land Uses | 31.5 | 672 | 84,500 | 1,045,200 | - | 18,000 | 1,147,700 | - | - | | |

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR); 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.
- [7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [8] Refers to the proposed performing arts center. Parcel acreage not available.
- [9] Includes I-5 Parking and the Pump Station.

Phase 3

**Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary**

| Land Use [1] | Residential | | | | | Nonresidential | | | | | Total Sq. Ft. | Rooms | Sq. Ft. [4] |
|---|----------------|--------------|------------|-------------------|-------------------|--------------------------------------|--------------------------------------|---------------|------------|-------------|------------------|-------|-------------|
| | Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Cultural/ Historic Sq. Ft. [2] | Flexible Mixed Use Sq. Ft. [3] | Hotel | | | | | |
| | a | b | c = b/a | d | e | f | g | h = d+e+f+g | i | j = i * 700 | | | |
| Mixed Use Land Uses | | | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 4.8 | 728 | 153 | - | - | - | - | - | - | - | - | - | |
| Residential Mixed Use (RMU) | 17.8 | 3,858 | 217 | 40,000 | - | - | - | 40,000 | 500 | - | 350,000 | - | |
| Residential Commercial Mixed Use (RCMU) | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Mixed Use Land Uses | 22.5 | 4,586 | | 40,000 | | | | 40,000 | 500 | | 350,000 | | |
| Other Land Uses | | | | | | | | | | | | | |
| Open Space | 12.5 | - | - | - | - | - | - | - | - | - | - | - | |
| Transportation Use [6] [7] | 12.2 | - | - | - | - | - | - | - | - | - | - | - | |
| Railroad Technology Museum [6] | - | - | - | - | - | - | - | - | - | - | - | - | |
| Other Cultural/Historic [8] | - | - | - | - | - | - | - | - | - | - | - | - | |
| Parking/Public Uses [6] [9] | - | - | - | - | - | - | - | - | - | - | - | - | |
| Total Other Land Uses | 24.7 | | | | | | | | | | | | |
| Total Land Uses | 47.2 | 4,586 | | 40,000 | | | | 40,000 | 500 | | 350,000 | | |

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR); 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.
- [7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [8] Refers to the proposed performing arts center. Parcel acreage not available.
- [9] Includes I-5 Parking and the Pump Station.

Phase 4

Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary

| Land Use [1] | Residential | | | | | Nonresidential | | | | | Total Sq. Ft. [4] |
|---|-------------|--------------|------------|----------------|----------------|-------------------------------|--------------------------------|-------------------|-------|-------------|-------------------|
| | Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Cultural/Historic Sq. Ft. [2] | Flexible Mixed Use Sq. Ft. [3] | Total Sq. Ft. | Rooms | Hotel | |
| Formula | a | b | c = b/a | d | e | f | g | h = d + e + f + g | i | j = i * 700 | |
| Mixed Use Land Uses | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | - | - | - | - | - | - | - | - | - | - | |
| Residential Mixed Use (RMU) | 24.2 | 4,438 | 183 | 125,000 | - | - | - | 125,000 | - | - | |
| Residential Commercial Mixed Use (RCMU) | - | - | - | - | - | - | - | - | - | - | |
| Total Mixed Use Land Uses | 24.2 | 4,438 | | 125,000 | | | | 125,000 | | | |
| Other Land Uses | | | | | | | | | | | |
| Open Space | 4.0 | - | - | - | - | - | - | - | - | - | |
| Transportation Use [6] [7] | - | - | - | - | - | - | - | - | - | - | |
| Railroad Technology Museum [6] | - | - | - | - | - | - | - | - | - | - | |
| Other Cultural/Historic [8] | - | - | - | - | - | - | - | - | - | - | |
| Parking/Public Uses [6] [9] | - | - | - | - | - | - | - | - | - | - | |
| Total Other Land Uses | 4.0 | | | | | | | | | | |
| Total Land Uses | 28.2 | 4,438 | | 125,000 | | | | 125,000 | | | |

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR); 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.
- [7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [8] Refers to the proposed performing arts center. Parcel acreage not available.
- [9] Includes I-5 Parking and the Pump Station.

BUILDOUT

**Table A-3
Sacramento Railyards
Fiscal Impact Analysis
Railyards Land Use Summary**

| Land Use [1] | Residential | | | | | Nonresidential | | | | | Hotel | |
|---|--------------|---------------|------------|------------------|------------------|-------------------------------|--------------------------------|-------------------|--------------|----------------|-------|-------------|
| | Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Cultural/Historic Sq. Ft. [2] | Flexible Mixed Use Sq. Ft. [3] | Total Sq. Ft. | Rooms | Sq. Ft. [4] | Rooms | Sq. Ft. [4] |
| | a | b | c = b/a | d | e | f | g | h = d + e + f + g | i | j = i * 700 | | |
| Mixed Use Land Uses | | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 18.7 | 728 | 39 | 157,700 | 1,537,200 | - | - | 1,694,900 | - | - | - | - |
| Residential Mixed Use (RMU) | 42.0 | 8,296 | 198 | 165,000 | - | - | - | 165,000 | 500 | 350,000 | - | - |
| Residential Commercial Mixed Use (RCMU) | 42.3 | 1,704 | 40 | 1,062,100 | - | 197,560 | 491,000 | 1,750,660 | 600 | 420,000 | - | - |
| Total Mixed Use Land Uses | 103.0 | 10,728 | | 1,384,800 | 1,537,200 | 197,560 | 491,000 | 3,610,560 | 1,100 | 770,000 | | |
| Other Land Uses | | | | | | | | | | | | |
| Open Space | 42.4 | - | - | - | - | - | - | - | - | - | - | - |
| Transportation Use [6] [7] | 29.0 | - | - | - | - | - | - | - | - | - | - | - |
| Railroad Technology Museum [6] | 3.9 | - | - | - | - | 187,830 | - | 187,830 | - | - | - | - |
| Other Cultural/Historic [8] | - | - | - | - | - | 100,000 | - | 100,000 | - | - | - | - |
| Parking/Public Uses [6] [9] | 3.4 | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Land Uses | 78.6 | | | | | 287,830 | | 287,830 | | | | |
| Total Land Uses | 181.6 | 10,728 | | 1,384,800 | 1,537,200 | 485,390 | 491,000 | 3,898,390 | 1,100 | 770,000 | | |

"land_use_summary"

Source: 4/5/07 and 7/14/07 Railyards Land Use Phasing Scenario, Thomas Enterprises; Bay Area Economics 7/19/07 Financial Analysis; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR); 10/23/07 Open Space Summary, City of Sacramento; and EPS.

- [1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand. Actual development sequencing will be determined by market conditions.
- [2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.
- [3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.
- [4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.
- [5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.
- [6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.
- [7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.
- [8] Refers to the proposed performing arts center. Parcel acreage not available.
- [9] Includes I-5 Parking and the Pump Station.

**Table A-4
Sacramento Railyards
Fiscal Impact Analysis
Land Use Assumptions For Proposed Development (2007\$)**

| Land Use | Development at Buildout | | | Estimated Value Assessed | | | Turnover Rate [4] | Persons per Unit [5] | Square Feet per Employee [4] |
|----------------------------------|-------------------------|----------------|---------------------------|------------------------------|-----------------|-------------|-------------------|----------------------|------------------------------|
| | Description | Units [1] | Square Feet/ Rooms [2] | per Unit/ Ft./Room [3] | per Unit | per Sq. Ft. | | | |
| Residential Land Uses | | <u>Units</u> | | | <u>per Unit</u> | | | | |
| High Density - Owner Occupied | Dwelling Unit | 5,364 | - | \$525,000 | 10% | 2.10 | - | - | |
| High Density - Renter Occupied | Dwelling Unit | 5,364 | - | \$525,000 | 5% | 2.10 | - | - | |
| Residential Land Uses | | 10,728 | | | | | | | |
| Nonresidential Land Uses | | | <u>Sq. Ft.</u> | | | | | | |
| Retail [6] [7] | | | | | | | | | |
| Neighborhood Retail | | | | | | | | | |
| ORMU Retail | | 39,425 | | \$300 | 5% | - | 450 | | |
| RMU Retail | | 165,000 | | \$300 | 5% | - | 450 | | |
| Cultural/Historic [8] | | 119,608 | | NA | 5% | - | 450 | | |
| Total Neighborhood Retail | | 324,033 | | | | | | | |
| Regional Retail | | | | | | | | | |
| RCMU | | | | | | | | | |
| Bass Pro Retail [9] | Square Feet | - | 200,000 | \$150 | 5% | - | 450 | | |
| All Other RCMU Retail | Square Feet | - | 862,100 | \$300 | 5% | - | 450 | | |
| ORMU Retail | Square Feet | - | 118,275 | \$300 | 5% | - | 450 | | |
| Cultural/Historic [8] | Square Feet | - | 34,958 | NA | 5% | - | 450 | | |
| Total Regional Retail | | | 1,215,333 | | | | | | |
| Total Retail | | | 1,539,366 | | | | | | |
| Office | | | | | | | | | |
| ORMU Office | Square Feet | - | 1,537,200 | \$300 | 5% | - | 300 | | |
| Flexible Mixed Use [10] | Square Feet | - | 491,000 | \$300 | 5% | - | 300 | | |
| Cultural/Historic [8] | Square Feet | - | 42,994 | NA | 5% | - | 450 | | |
| Total Office | | | 2,071,194 | | | | | | |
| Total Square Footage | | | 3,610,560 | | | | | | |
| Hotel [6] | Square Feet | - | <u>rooms</u> 1,100 | <u>per room</u> \$200,000 | 5% | - | 1,250 | | |

¹⁰tu_assumps

Source: City of Sacramento; 7/14/07 Railyards Land Use Phasing Scenario; 8/07 Railyards Specific Plan Draft Environmental Impact Report (DEIR) and EPS.

**Table A-4
Sacramento Railyards
Fiscal Impact Analysis
Land Use Assumptions For Proposed Development (2007\$)**

- [1] In this analysis, units are considered 50% owner-occupied and 50% renter-occupied.
- [2] Based on the 7/14/07 Railyards Land Use Phasing Scenario.
- [3] Estimated assessed values for residential, retail, and office per the City of Sacramento as of 9/20/07. Hotel AV based on discussions with the Redevelopment Agency of the City of Sacramento as of 6/7/06.
- [4] EPS assumptions based on data findings for the Sacramento region over a period of several decades. Turnover rate used in calculating property transfer tax revenues as shown in Table B-4.
- [5] Based on the 8/07 Railyards Specific Plan DEIR.
- [6] The project's RCMU and RMU land uses are proposed to include hotel development encompassing 1,100 hotel rooms. While it is likely that the project's hotels will contain retail, the quantity and type of retail has not been identified at this date. To provide a conservative estimate, this analysis does not incorporate hotel square footage into the retail space method.
- [7] RCMU retail is considered regional retail; ORMU retail is considered 75% regional and 25% neighborhood-supporting retail; RMU retail is considered neighborhood-supporting retail.
- [8] Cultural land uses are assumed to be non-taxable. Thus, this analysis does not estimate an AV for this use. Square footage is assumed to comprise the following land uses, as identified in Table 3-5 of the 8/07 Railyards Specific Plan Draft Environmental Impact Report. Although Cultural/Historic retail is anticipated to serve a regional market, it is anticipated that the sales per square foot for certain land uses will be consistent with neighborhood-serving retail.

| Cultural/Historic Land Use Category | Sq. Ft. |
|---|----------------|
| Neighborhood-Supporting Retail | |
| Food & Beverage | 63,330 |
| Market | 56,278 |
| Total Neighborhood-Supporting Retail | 119,608 |
| Regional Retail | 34,958 |
| Office | 42,994 |
| Total Cultural/Historic | 197,560 |

- [9] Refers to Bass Pro retail planned for parcel #2 during phase 1A of development.
- [10] In this analysis, Flexible Mixed Use square footage is considered 100% office.

**Table A-5
Sacramento Railyards
Fiscal Impact Analysis
Estimated Residential and Employee Population by Phase**

| Land Use | Phase | | | | Buildout | |
|--|--------------|--------------|--------------|--------------|--------------|---------------|
| | 1A | 1B | 2 | 3 | | 4 |
| Residential Land Uses [1] | | | | | | |
| High Density - Owner Occupied | - | 1,084 | 706 | 4,815 | 4,660 | 11,264 |
| High Density - Renter Occupied | - | 1,084 | 706 | 4,815 | 4,660 | 11,264 |
| Total Residential | - | 2,167 | 1,411 | 9,631 | 9,320 | 22,529 |
| Nonresidential Uses [1] | | | | | | |
| <i>Residents</i> | | | | | | |
| Retail | | | | | | |
| RCMU Retail | 444 | 1,876 | 40 | - | - | 2,360 |
| ORMU Retail | 203 | - | 148 | - | - | 350 |
| RMU Retail | - | - | - | 89 | 278 | 367 |
| Total Retail | 647 | 1,876 | 188 | 89 | 278 | 3,077 |
| ORMU Office | 1,640 | - | 3,484 | - | - | 5,124 |
| Flexible Mixed Use | - | 1,577 | 60 | - | - | 1,637 |
| Cultural/Historic Land Uses [2] | - | 439 | - | - | - | 439 |
| Hotel | - | 336 | - | 280 | - | 616 |
| Total Nonresidential | 2,287 | 4,227 | 3,732 | 369 | 278 | 10,893 |
| Total Residential and Employee Population | 2,287 | 6,395 | 5,143 | 9,999 | 9,598 | 33,422 |
| Total Persons Served [3] | 1,144 | 4,281 | 3,277 | 9,815 | 9,459 | 27,975 |

"pop_empl"

Source: EPS.

[1] Based on persons per dwelling unit and employee per sq. ft. factors identified in Table A-4.

[2] Includes only retail and office employees for Cultural/Historic Land Uses. Does not include the Railroad Technology Museum or the Performing Arts Center.

[3] "Total Persons Served" is defined as 100% of residential population and 50% of employees.

**Table A-6
Sacramento Railyards
Fiscal Impact Analysis
Cumulative Residential and Employee Population**

| Land Use | Cumulative Development by Phase | | | | |
|--|---------------------------------|--------------|------------------|---------------|---------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Cumulative Development | | | | | |
| Residential Development | | | <i>Residents</i> | | |
| High Density - Owner Occupied | - | 1,084 | 1,789 | 6,605 | 11,264 |
| High Density - Renter Occupied | - | 1,084 | 1,789 | 6,605 | 11,264 |
| Total Residential | - | 2,167 | 3,578 | 13,209 | 22,529 |
| Nonresidential Uses | | | <i>Employees</i> | | |
| Retail | | | | | |
| RCMU Retail | 444 | 2,320 | 2,360 | 2,360 | 2,360 |
| ORMU Retail | 203 | 203 | 350 | 350 | 350 |
| RMU Retail | - | - | - | 89 | 367 |
| Total Retail | 647 | 2,523 | 2,711 | 2,800 | 3,077 |
| ORMU Office | 1,640 | 1,640 | 5,124 | 5,124 | 5,124 |
| Cultural/Historic Land Uses [2] | - | 439 | 439 | 439 | 439 |
| Flexible Mixed Use | - | 1,577 | 1,637 | 1,637 | 1,637 |
| Hotel | - | 336 | 336 | 616 | 616 |
| Total Nonresidential | 2,287 | 6,515 | 10,246 | 10,615 | 10,893 |
| Total Cumulative Population | 2,287 | 8,682 | 13,825 | 23,824 | 33,422 |
| Total Cumulative Persons Served | 1,144 | 5,424 | 8,702 | 18,517 | 27,975 |

"cumulative_pop"

Source: EPS.

[1] Based on population projections by phase presented in Table A-5.

[2] Includes only retail and office employees for Cultural/Historic Land Uses. Does not include the Railroad Technology Museum or the Performing Arts Center.



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX B

REVENUE-ESTIMATING TABLES

| | | |
|------------|---|-----|
| Table B-1 | Revenue-Estimating Procedures (2 pages) | B-1 |
| Table B-2 | Estimated Annual Project Revenues..... | B-3 |
| Table B-3 | Estimated Annual Property Tax Revenues..... | B-4 |
| Table B-4 | Real Property Transfer Tax | B-5 |
| Table B-5 | Estimated Annual Sales and Use Tax Revenues..... | B-6 |
| Table B-5A | Estimated Annual Taxable Sales from Proposed Development, Hybrid Market Support Method | B-7 |
| Table B-5B | Estimated Annual Taxable Sales, Adjusted Retail Space Method (2 pages)..... | B-8 |

**Table B-1
Sacramento Railyards
Fiscal Impact Analysis
Revenue-Estimating Procedures (2007\$)**

| Revenues | Estimating Procedure | Reference Table [1] | City of Sacramento Approved FY 2007-08 Revenues | Offsetting Revenues [2] | Adjusted Net FY 2007-08 Revenues | Est. 1/1/07 Population or Persons Served | Revenue Multiplier |
|--|-------------------------------|---------------------|---|-------------------------|----------------------------------|--|--------------------|
| | | | a | b | c = a - b | d | e = c / d |
| Annual General Fund Revenues | | | | | | | |
| Taxes | | | | | | | |
| Property Tax | Case Study | Table B-3 | \$101,898,000 | \$0 | \$101,898,000 | NA | NA |
| Property Tax in lieu of Sales Tax [3] | Case Study | Table B-5 | \$17,500,000 | \$0 | \$17,500,000 | NA | NA |
| Property Tax in lieu of VLF [4] | Case Study | Table B-3 | \$36,000,000 | \$0 | \$36,000,000 | NA | NA |
| Real Property Transfer Tax | Case Study | Table B-4 | \$9,000,000 | \$0 | \$9,000,000 | NA | NA |
| Sales Tax | Case Study | Table B-5 | \$54,000,000 | \$0 | \$54,000,000 | NA | NA |
| Sales Tax - Prop. 172 (Public Safety) | Case Study | Table B-5 | \$5,500,000 | \$0 | \$5,500,000 | NA | NA |
| Transient Occupancy Tax (TOT) | [5] | NA | \$3,300,000 | \$0 | \$3,300,000 | NA | NA |
| Utility Taxes | Per Person Served | Table B-2 | \$59,740,000 | \$1,155,000 | \$58,585,000 | 612,333 | \$95.68 |
| Business Operations Tax | Per Employee | Table B-2 | \$7,400,000 | \$0 | \$7,400,000 | 289,980 | \$25.52 |
| Residential Development Property Tax | [6] | NA | \$1,000,000 | \$0 | \$1,000,000 | NA | NA |
| Subtotal Taxes | | | \$295,338,000 | \$1,155,000 | \$294,183,000 | | |
| Licenses and Permits | | | | | | | |
| Franchise Fees | Per Person Served | Table B-2 | \$5,145,000 | \$0 | \$5,145,000 | 612,333 | \$8.40 |
| Other Licenses & Permits | [7] | Table B-2 | \$14,385,000 | \$14,385,000 | \$0 | NA | NA |
| Subtotal Licenses and Permits | | | \$19,530,000 | \$14,385,000 | \$5,145,000 | | |
| Fines and Forfeitures | | | | | | | |
| Use of Money | [7] | Table B-2 | \$7,476,000 | \$7,476,000 | \$0 | NA | NA |
| | [6] | NA | \$5,001,000 | \$0 | \$5,001,000 | NA | NA |
| Intergovernmental Revenue | | | | | | | |
| Motor Vehicle in-lieu | Per Capita [8] | Table B-2 | \$3,089,000 | \$0 | \$3,089,000 | NA | \$8.95 |
| Other Intergovernmental Revenue | [6] | NA | \$11,867,000 | \$10,541,000 | \$1,326,000 | NA | NA |
| Subtotal Intergovernmental Revenue | | | \$14,956,000 | \$10,541,000 | \$4,415,000 | | |
| Charges for Services | | | | | | | |
| Other Revenues | [7] | Table B-2 | \$34,471,000 | \$33,017,000 | \$1,454,000 | NA | NA |
| | [6] | NA | \$2,221,000 | \$1,525,000 | \$696,000 | NA | NA |
| Contributions From Other Funds | | | | | | | |
| Enterprise Funds/General Tax | Per Capita plus Per Employees | Table B-2 | \$17,772,000 | \$0 | \$17,772,000 | 757,323 | \$23.47 |
| In-lieu Franchise Fee | [7] | Table B-2 | \$2,780,000 | \$2,780,000 | \$0 | NA | NA |
| In-lieu Property Tax | [8] | Table B-2 | \$735,000 | \$735,000 | \$0 | NA | NA |
| Subtotal Contributions From Other Funds | | | \$21,287,000 | \$3,515,000 | \$17,772,000 | | |
| Total Annual Gen. Fund Revenues | | | \$400,280,000 | \$71,614,000 | \$328,666,000 | NA | NA |
| Other Fund Sources & Undesignated Funds | [9] | NA | \$26,397,000 | \$0 | \$26,397,000 | NA | NA |
| Total Current Funding | [10] | | \$426,677,000 | \$71,614,000 | \$355,063,000 | | |
| Annual Street Maintenance Fund Revenues | | | | | | | |
| Gas Tax | Per Capita | Table B-2 | \$9,092,000 | \$0 | \$9,092,000 | 467,343 | \$19.45 |
| Traffic Safety | Per Capita | Table B-2 | \$1,614,000 | \$0 | \$1,614,000 | 467,343 | \$3.45 |
| Transportation Sales Tax | Per Capita | Table B-2 | \$10,233,000 | \$0 | \$10,233,000 | 467,343 | \$21.90 |
| Subtotal Annual Street Maint. Fund Revenues | | | \$20,939,000 | \$0 | \$20,939,000 | | |

rev_est_procedures

Source: City of Sacramento FY 2007-08 Proposed Budget, California Office of the Controller, California Department of Finance, and EPS.

**Table B-1
Sacramento Railyards
Fiscal Impact Analysis
Revenue-Estimating Procedures (2007\$)**

- [1] Refers to table with detailed revenue calculations.
- [2] Revenues are adjusted by user fees and cost recovery amounts shown in the City's FY 2007-08 Budget. These deductions in ongoing revenues also are deducted from ongoing costs, as shown in Table C-1. If Offsetting Revenues (b) exceeds Expenditures (a) then Adjusted Net Revenues (c) equals \$0.
- [3] Property Tax in lieu of Sales Tax is authorized by SB 1096 as amended by AB 2115.
- [4] Property Tax in lieu of Motor Vehicle License Fees is authorized by SB 1096 as amended by AB 2115.
- [5] According to current city ordinance, TOT funds operations and maintenance costs and debt service repayments for the Convention Center, Sacramento Convention Center & Visitor's Bureau, and Metro Arts Chamber. This Analysis assumes TOT revenue generated by the Project (approximately \$3.7 at buildout) will also fund non-General Fund expenditures. Because it is a non-discretionary revenue source, it has been excluded from this analysis.
- [6] This revenue source is not expected to be affected by the Project and therefore is not evaluated in this analysis.
- [7] This revenue source is based on cost recovery or transfers from another fund and is therefore not evaluated in this analysis (see footnote [2] above).
- [8] Per Capita Revenue Multiplier from FY 2005-06 *State of California Shared Revenue Estimates*, published by California State Controller. Escalated by 3% to 2007\$.
- [9] Represents General Fund financing used to cover current operating deficits. Other Fund Sources primarily comprise Reserves, Interest Earnings, and Advanced List Support Reserves.
- [10] Does not include Capital Improvements funding of \$4,502,000.

**Table B-2
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Project Revenues (2007\$)**

| Revenues | Reference Table [1] | Cumulative Development by Phase | | | | |
|--|------------------------|---------------------------------|--------------------|--------------------|---------------------|---------------------|
| | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Annual General Fund Revenues | | | | | | |
| Taxes | | | | | | |
| Property Taxes | | | | | | |
| Property Tax [2] | Table B-3 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Tax in lieu of Sales Tax | Table B-5 | \$137,805 | \$621,277 | \$691,041 | \$847,128 | \$1,020,394 |
| Property Tax in lieu of VLF | Table B-3 | \$183,485 | \$1,197,342 | \$1,866,042 | \$4,283,009 | \$6,553,979 |
| Subtotal Property Taxes | | \$321,290 | \$1,818,619 | \$2,557,084 | \$5,130,137 | \$7,574,372 |
| Real Property Transfer Tax | Table B-4 | \$26,301 | \$208,878 | \$328,985 | \$840,963 | \$1,326,672 |
| Sales Taxes | | | | | | |
| Sales Tax | Table B-5 | \$413,415 | \$1,863,831 | \$2,073,123 | \$2,541,385 | \$3,061,181 |
| Sales Tax - Prop. 172 (Public Safety) | Table B-5 | \$44,098 | \$198,809 | \$221,133 | \$271,081 | \$326,526 |
| Subtotal Sales Taxes | | \$457,513 | \$2,062,640 | \$2,294,256 | \$2,812,466 | \$3,387,707 |
| Other Taxes | | | | | | |
| Transient Occupancy Tax (TOT) | NA | NA | NA | NA | NA | NA |
| Utility Taxes | Table B-2 | \$109,410 | \$518,988 | \$832,524 | \$1,771,579 | \$2,676,540 |
| Business Operations Tax | Table B-2 | \$58,365 | \$166,246 | \$261,477 | \$270,890 | \$277,979 |
| Residential Development Property Tax | NA | NA | NA | NA | NA | NA |
| Other Taxes | | \$167,775 | \$685,234 | \$1,094,001 | \$2,042,469 | \$2,954,519 |
| Subtotal Taxes | | \$972,878 | \$4,775,370 | \$6,274,326 | \$10,826,036 | \$15,243,270 |
| Licenses and Permits | | | | | | |
| Franchise Fees | Table B-2 | \$9,608 | \$45,578 | \$73,113 | \$155,582 | \$235,057 |
| Other Licenses & Permits | NA | NA | NA | NA | NA | NA |
| Subtotal Licenses and Permits | | \$9,608 | \$45,578 | \$73,113 | \$155,582 | \$235,057 |
| Fines and Forfeitures | NA | NA | NA | NA | NA | NA |
| Use of Money | | NA | NA | NA | NA | NA |
| Intergovernmental Revenue | | | | | | |
| Motor Vehicle in-lieu | Table B-2 | \$0 | \$19,398 | \$32,029 | \$118,230 | \$201,649 |
| Other Intergovernmental Revenue | NA | NA | NA | NA | NA | NA |
| Subtotal Intergovernmental Revenue | | \$0 | \$19,398 | \$32,029 | \$118,230 | \$201,649 |
| Charges for Services | NA | NA | NA | NA | NA | NA |
| Other Revenues | NA | NA | NA | NA | NA | NA |
| Contributions From Other Funds | | | | | | |
| Enterprise Funds/General Tax | Table B-2 | \$53,671 | \$203,734 | \$324,424 | \$559,080 | \$784,306 |
| In-lieu Franchise Fee | NA | NA | NA | NA | NA | NA |
| In-lieu Property Tax | NA | NA | NA | NA | NA | NA |
| Subtotal Contributions From Other Funds | | \$53,671 | \$203,734 | \$324,424 | \$559,080 | \$784,306 |
| Total Annual General Fund Revenues | | \$1,036,158 | \$5,044,080 | \$6,703,892 | \$11,658,928 | \$16,464,281 |
| Annual Street Maintenance Fund Revenues | | | | | | |
| Gas Tax | Table B-2 | \$0 | \$42,162 | \$69,617 | \$256,977 | \$438,290 |
| Traffic Safety | Table B-2 | \$0 | \$7,485 | \$4,874 | \$33,260 | \$32,187 |
| Transportation Sales Tax | Table B-2 | \$0 | \$47,453 | \$30,900 | \$210,873 | \$204,067 |
| Total Annual Street Maintenance Fund Revenues | | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |

"revenues"

Source: EPS.

[1] Refers to table with detailed revenue calculations.

[2] The City is assumed to not receive a share of the property passed through to other taxing entities.

**Table B-3
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Property Tax Revenues (2007\$)**

| Item | Assumption | Formula | Cumulative Development by Phase | | | | |
|--|------------|------------------|---------------------------------|-----------------|-----------------|-----------------|-----------------|
| | | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Cumulative Assessed Value (2007\$) [1] | | <i>a</i> | \$191,280,000 | \$1,246,210,000 | \$1,945,320,000 | \$4,464,970,000 | \$6,832,420,000 |
| Property Tax (1% of Assessed Value) | 1.0% | $b = a * 1.00\%$ | \$1,912,800 | \$12,482,100 | \$19,453,200 | \$44,649,700 | \$68,324,200 |
| Estimated Property Tax Allocation [2] | | | | | | | |
| City of Sacramento General Fund | 0.0% | <i>c</i> | | | | | |
| Other Agencies | 100.0% | <i>d</i> | | | | | |
| Total Estimated Property Tax Allocation | | | | | | | |
| Property Taxes to City of Sacramento | | $e = b * c$ | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Taxes to Other Agencies | | $f = b * d$ | \$1,912,800 | \$12,482,100 | \$19,453,200 | \$44,649,700 | \$68,324,200 |
| Property Tax in lieu of Motor Vehicle In-lieu Fee Revenue (VLF) [3] | | | | | | | |
| Cumulative Assessed Value (2007\$) [1] | | <i>g</i> | \$191,280,000 | \$1,246,210,000 | \$1,945,320,000 | \$4,464,970,000 | \$6,832,420,000 |
| Property Tax in lieu of VLF factor [4] | 0.0955% | <i>h</i> | | | | | |
| Property Tax in lieu of VLF | | $i = g * h$ | \$183,485 | \$1,197,342 | \$1,866,042 | \$4,283,009 | \$6,553,979 |

property_tax

Source: Sacramento County Auditor-Controllers Office, City of Sacramento, and EPS.

[1] For assumptions and calculation of adjusted assessed value, see Table D-1.

[2] It is assumed that the City will not receive a pass-through allocation of property tax revenues generated by the Project.

[3] Estimated impact of the adjustment in Vehicle License Fee Revenue based on Senate Bill 1096 (SB 1096), as amended by Assembly Bill 2115 (AB 2115).

[4] Represents the estimated percentage increase in Property Tax in lieu of VLF resulting from the Project's assessed value. Provided by the City of Sacramento.

Table B-4
Sacramento Railyards
Fiscal Impact Analysis
Real Property Transfer Tax (2007\$) [1]

| Item | Source/ Assumption | Cumulative Development by Phase | | | | |
|---|----------------------------|---------------------------------|---------------|-----------------|-----------------|-----------------|
| | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Rate per \$1,000 of Assessed Value [2] | \$2.75 | | | | | |
| Turnover rate | | | | | | |
| Residential | | | | | | |
| High Density - Owner Occupied | 10% | | | | | |
| High Density - Renter Occupied | 5% | | | | | |
| Nonresidential | 5% | | | | | |
| Real Property Transfer Tax Revenues | | | | | | |
| Cumulative Residential Assessed Value (AV) [3] | | | | | | |
| High Density - Owner Occupied AV | a | \$0 | \$270,900,000 | \$447,300,000 | \$1,651,125,000 | \$2,816,100,000 |
| Turnover of High-Density Owner Occupied Property | $b = a * 10\%$ | \$0 | \$27,090,000 | \$44,730,000 | \$165,112,500 | \$281,610,000 |
| Real Property Transfer Tax | $c = \$2.75 * b / \$1,000$ | \$0 | \$74,498 | \$123,008 | \$454,059 | \$774,428 |
| High Density - Renter Occupied AV | d | \$0 | \$270,900,000 | \$447,300,000 | \$1,651,125,000 | \$2,816,100,000 |
| Turnover of High Density Renter Occupied Property | $e = d * 5\%$ | \$0 | \$13,545,000 | \$22,365,000 | \$82,556,250 | \$140,805,000 |
| Real Property Transfer Tax | $f = \$2.75 * e / \$1,000$ | \$0 | \$37,249 | \$61,504 | \$227,030 | \$387,214 |
| Total Residential Real Property Transfer Tax | $g = c + f$ | \$0 | \$111,746 | \$184,511 | \$681,089 | \$1,161,641 |
| Cumulative Nonresidential Assessed Value [3] | h | \$191,280,000 | \$706,410,000 | \$1,050,720,000 | \$1,162,720,000 | \$1,200,220,000 |
| Turnover of Nonresidential Property | $i = h * 5\%$ | \$9,564,000 | \$35,320,500 | \$52,536,000 | \$58,136,000 | \$60,011,000 |
| Nonresidential Real Property Transfer Tax | $j = \$2.75 * i / \$1,000$ | \$26,301 | \$97,131 | \$144,474 | \$159,874 | \$165,030 |
| Total Transfer Tax | $k = g + j$ | \$26,301 | \$208,878 | \$328,985 | \$840,963 | \$1,326,672 |

Source: City of Sacramento, Finance Department and EPS. "transfer_tax"

[1] Formula for Real Property Transfer Tax = Assessed Value/\$1,000 * Rate per \$1,000 of Assessed Value * Turnover rate.
 [2] The rate of \$2.75 per \$1,000 of Assessed Value is for the City of Sacramento only and does not include the County of Sacramento rate of \$0.55 per \$1,000 of Assessed Value.
 [3] Values derived in Table D-1.

Scenario B: 25% Sales-Tax Revenue Increase

Table B-5
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Sales and Use Tax Revenues (2007\$)

| Item | Formula | Sources/ Assumptions | Cumulative Development by Phase | | | | | | |
|---|------------------------|-------------------------|---------------------------------|----------------------|----------------------|----------------------|----------------------|--|--|
| | | | 1A | 1B | 2 | 3 | 4 (Buildout) | | |
| Annual City Taxable Sales from Market Support and On-Site Retail | | | | | | | | | |
| City Taxable Sales inside Project from Market Support | | Table B-5A | \$1,536,939 | \$9,254,615 | \$14,937,973 | \$36,857,468 | \$58,016,348 | | |
| City Taxable Sales outside Project from Market Support | | Table B-5B | \$384,235 | \$12,473,694 | \$20,510,373 | \$71,139,417 | \$120,121,247 | | |
| Other Annual On-Site City Taxable Sales [1] | | Table B-5B | \$53,200,850 | \$226,782,485 | \$240,968,096 | \$230,854,424 | \$230,019,903 | | |
| Total Taxable Sales from Market Support and On-Site Retail | <i>a</i> | | \$55,122,023 | \$248,510,794 | \$276,416,443 | \$338,851,310 | \$408,157,497 | | |
| Annual Sales-Tax Revenue From Proposed Development | | | | | | | | | |
| Bradley Burns Sales Tax Rate [2] | <i>b</i> | 1.0000% | | | | | | | |
| Less Property Tax in lieu of Sales Tax Rate (SB 1096/AB 2115) [3] | <i>c</i> | -0.2500% | | | | | | | |
| Total Annual Sales-Tax Revenue | <i>d = a * (b - c)</i> | 0.7500% | \$413,415 | \$1,863,831 | \$2,073,123 | \$2,541,385 | \$3,061,181 | | |
| Estimated Proposition 172 Sales Tax Factor [3] | <i>e = a * 0.080%</i> | 0.0800% | \$44,098 | \$198,809 | \$221,133 | \$271,081 | \$326,526 | | |
| Annual Property Tax in lieu of Sales Tax (SB 1096/AB 2115) [4] | <i>f = a * 0.250%</i> | 0.2500% | \$137,805 | \$621,277 | \$691,041 | \$847,128 | \$1,020,394 | | |

"sales_tax"

Source: California State Board of Equalization, City of Sacramento and EPS.

[1] Other Annual On-Site Taxable Sales represents those portions of taxable sales resulting from individuals who are neither residents or employees.

[2] The City of Sacramento is allocated a full 1.0000% of the Uniform Local Sales Tax.

[3] The City of Sacramento receives approximately \$.08 for every \$1 generated by of the Public Safety Sales Tax authorized by Proposition 172.

[4] Based on Senate Bill 1096 as amended by Assembly Bill 2115, which states 1/4 of the 1 percent sales-tax revenue (.2500 percent) will be exchanged for an equal dollar amount of property tax revenue.

Table B-5A
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Taxable Sales from Proposed Development, Hybrid Market Support Method (2007\$)

| Item | Formula | Assumption | Cumulative Development by Phase | | | |
|--|------------------------------|--------------|---------------------------------|--------------|--------------|---------------|
| | | | 1A | 1B | 2 | 3 |
| Annual Taxable Sales from Market Support (New Households Plus Employment) | | | | | | |
| Taxable Sales from New Households | | | | | | |
| Average Annual Household Income Calculation [1] | a | \$89,500 | | | | |
| Taxable Retail Expenditures as a percentage of Total Pretax Income [2] | b | 22% | | | | |
| Total Taxable Expenditures per Household | $c = a * b$ | \$19,690 | | | | |
| New Households by Phase [3] | d | | 0 | 1,032 | 672 | 4,438 |
| Cumulative Growth in New Households | e | | 0 | 1,032 | 1,704 | 6,290 |
| Taxable Sales from New Households | $f = c * e$ | | \$0 | \$20,320,080 | \$33,551,760 | \$123,850,100 |
| Estimated Retail Capture Rate [4] | g | 80% | | | | |
| Total City Taxable Sales from New Households | $h = f * g$ | | \$0 | \$16,256,064 | \$26,841,408 | \$99,080,080 |
| Estimated City Taxable Sales inside Project Area [5] | $i = h * 30\%$ | 30% | \$0 | \$4,876,819 | \$8,052,422 | \$29,724,024 |
| Estimated City Taxable Sales outside Project Area [5] | $j = h * 70\%$ | 70% | \$0 | \$11,379,245 | \$18,788,986 | \$69,356,056 |
| Taxable Sales from New Employment | | | | | | |
| Average Daily Taxable Sales per New Employee | k | \$7.00 | | | | |
| Work Days per Year | l | 240 | | | | |
| Estimated Capture in Sacramento | m | 100% | | | | |
| Cumulative Growth in New Employees [6] | n | | 2,287 | 6,515 | 10,246 | 10,893 |
| Total City Taxable Sales from New Employees [7] | $o = k * l * m * (n * 50\%)$ | 50% of total | \$1,921,173 | \$5,472,245 | \$8,606,939 | \$8,916,805 |
| Estimated City Taxable Sales inside Project Area [5] | $p = o * 80\%$ | 80% | \$1,536,939 | \$4,377,796 | \$6,885,551 | \$7,133,444 |
| Estimated City Taxable Sales outside Project Area [5] | $q = o * 20\%$ | 20% | \$384,235 | \$1,094,449 | \$1,721,388 | \$1,783,361 |
| Total Annual City Taxable Sales from Market Support | | | | | | |
| Taxable City Sales inside Project Area | $r = h + i$ | | \$1,921,173 | \$21,728,309 | \$35,448,347 | \$178,137,595 |
| Taxable City Sales outside Project Area | $s = j + p$ | | \$384,235 | \$9,254,615 | \$14,937,973 | \$58,016,348 |
| Taxable City Sales outside Project Area | $t = j + q$ | | \$384,235 | \$12,473,694 | \$20,510,373 | \$71,139,417 |

sales_tax_e

Source: U.S. Department of Labor, Bureau of Labor Statistics and EPS.

[1] Derived in Table D-2.
 [2] Based on 2004 data from the Bureau of Labor Statistics.
 [3] Households based on the land use plan presented in Table A-3.
 [4] Preliminary estimate developed by EPS to estimate the percentage of taxable retail sales from new residents that will occur in the City of Sacramento.
 [5] Project capture rate based on a qualitative analysis of the Project's residential market and composition of retail product types in the Project area.
 [6] Estimated in Table A-6.
 [7] "Taxable Sales from New Employees" is calculated by multiplying daily sales per new employee by the number of work days per year, the estimated capture of sales in the City of Sacramento, and the cumulative number of new employees. Discounted by 50% to avoid double-counting employees who are also residents.

**Table B-5B
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Taxable Sales, Adjusted Retail Space Method (2007\$)**

| Item | Formula | Cumulative Development by Phase | | | |
|--|-------------------------|---------------------------------|----------------------|----------------------|----------------------|
| | | 1A | 1B | 2 | 3 |
| | | | | | 4 (Buildout) |
| Annual Taxable Sales from On-Site Retail Development [1] | | | | | |
| Regional Retail [2] | | | | | |
| Taxable Sales per Sq. Ft. [3] | a | \$288 | \$288 | \$288 | \$288 |
| Sq. Ft. Developed by Phase [4] [5] | b | 268,400 | 879,058 | 67,875 | - |
| Cumulative Sq. Ft. in Project | c = a * b | 268,400 | 1,147,458 | 1,215,333 | 1,215,333 |
| Subtotal, Annual Taxable Sales | d = a * c | \$77,299,200 | \$330,467,904 | \$350,015,904 | \$350,015,904 |
| Neighborhood-Supporting Retail [2] | | | | | |
| Taxable Sales per Sq. Ft. [3] | e | \$159 | \$159 | \$159 | \$159 |
| Sq. Ft. Developed by Phase [4] [5] | f | 22,800 | 119,608 | 16,625 | 40,000 |
| Cumulative Sq. Ft. in Project | g | 22,800 | 142,408 | 159,033 | 199,033 |
| Subtotal, Annual Taxable Sales | h = e * g | \$3,625,200 | \$22,642,872 | \$25,266,247 | \$31,646,247 |
| Office | | | | | |
| Taxable Sales per Sq. Ft. [6] | i | \$5 | \$5 | \$5 | \$5 |
| Sq. Ft. Developed by Phase [4] [5] | j | 492,000 | 515,994 | 1,063,200 | - |
| Cumulative Sq. Ft. in Project | k | 492,000 | 1,007,994 | 2,071,194 | 2,071,194 |
| Subtotal, Annual Taxable Sales | l = i * k | \$2,460,000 | \$5,039,970 | \$10,355,970 | \$10,355,970 |
| Annual Taxable Sales from On-Site Retail Dev. | m = d + h + l | \$83,384,400 | \$358,150,746 | \$385,658,121 | \$411,893,121 |
| <i>Less On-Site Market Support from Residents & Employees inside Project [7]</i> | n = "s" from Table B-5A | \$1,536,939 | \$9,254,615 | \$14,937,973 | \$58,016,348 |
| Subtotal Annual Sales less Market Support | o = m - n | \$81,847,461 | \$348,896,131 | \$370,720,148 | \$353,876,773 |
| <i>Less Percentage Reduction of Sales Tax [8]</i> | p = o * 35% | \$28,646,611 | \$122,113,646 | \$129,752,052 | \$123,856,871 |
| Other Annual On-Site Taxable Sales [9] | q = o - p | \$53,200,850 | \$226,782,485 | \$240,968,096 | \$230,019,903 |

"sales_tax_b"

Source: 7/14/07 Railyards Land Use Distribution and Phasing Scenario; 8/20/07 Railyards Specific Plan; 8/07 Railyards Specific Plan Draft Environmental Impact Report; "Dollars & Cents of Shopping Centers: 2004", Urban Land Institute; and EPS.

**Table B-5B
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Taxable Sales, Adjusted Retail Space Method (2007\$)**

| | | | |
|--|---|-----------------------|---------------------|
| [1] The project's RCMU and RMU land uses are proposed to include hotel development encompassing 1,100 hotel rooms. While it is likely that the project's hotels will contain retail, the quantity and type of retail has not been identified at this date. To provide a conservative estimate, this analysis does not incorporate hotel square footage into the retail space method. | | | |
| [2] RCMU retail is considered regional retail; ORMU retail is considered 75% regional and 25% neighborhood-supporting retail; RMU retail is considered neighborhood-supporting retail. | | | |
| [3] Represents the percentage of total annual sales subject to sales tax. Based on a weighted average of sales per square foot for U.S. regional and neighborhood shopping centers in the West, as identified in the ULI's <i>Dollars & Cents of Shopping Centers</i> and taxable sales information from the State of California's Board of Equalization. | | | |
| | Retail Type | Taxable Retail | Ann. Taxable |
| | Regional Retail | 96% | \$288 |
| | Neighborhood-Supporting Retail | 47% | \$159 |
| [4] Sq. Ft. taken from the 7/14/07 Railyards Land Use Distribution and Phasing Scenario. Flexible Mixed Use square footage is considered 100% office. | | | |
| [5] Cultural/Historic square footage is assumed to comprise the following land uses, as identified in Table 3-5 of the 8/07 Railyards Specific Plan Draft Environmental Impact Report. | | | |
| | Cultural/Historic Land Use Category | Sq. Ft. | |
| | Neighborhood-Supporting Retail | | |
| | Food & Beverage | 63,330 | |
| | Market | 56,278 | |
| | Total Neighborhood-Supporting Retail | 119,608 | |
| | Regional Retail | 34,958 | |
| | Office | 42,994 | |
| | Total Cultural/Historic | 197,560 | |

[6] Based on prior EPS analyses of sales per square footage for offices.

[7] Derived in Table B-5A.

[8] Represents a discount of 35% to account for sales-tax revenues that may shift from existing City retail centers to those inside the Project.

[9] Refers to new sales in the Project from customers other than new Project residents and employees.



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX C

EXPENDITURE-ESTIMATING TABLES

| | | |
|-----------|---|-----|
| Table C-1 | Expenditure-Estimating Procedures..... | C-1 |
| Table C-2 | Estimated Annual Project Expenditures | C-2 |
| Table C-3 | Police Department Case Study | C-3 |
| Table C-4 | Fire Protection Costs Case Study | C-4 |
| Table C-5 | Parks and Recreation Case Study..... | C-5 |
| Table C-6 | Non-Departmental Case Study | C-6 |
| Table C-7 | Street Maintenance Case Study | C-7 |

Annual General Fund Expenditures

General Government

| | | | | | | |
|------------------------------------|--------------------------|-----------|---------------------|------------------|---------------------|--------------------|
| Mayor/Council | 80% of Per Person Served | Table C-2 | \$2,710,000 | \$0 | \$2,710,000 | \$40,000 |
| City Manager | 80% of Per Person Served | Table C-2 | \$3,250,000 | \$0 | \$3,250,000 | \$0 |
| City Attorney | 80% of Per Person Served | Table C-2 | \$5,170,000 | \$0 | \$5,170,000 | \$10,000 |
| City Clerk | 80% of Per Person Served | Table C-2 | \$1,410,000 | \$0 | \$1,410,000 | \$107,000 |
| City Treasurer | 80% of Per Person Served | Table C-2 | \$2,010,000 | \$147,000 | \$1,863,000 | \$2,825,000 |
| Finance | 80% of Per Person Served | Table C-2 | \$7,400,000 | \$0 | \$7,400,000 | \$738,000 |
| Information Technology | 80% of Per Person Served | Table C-2 | \$8,860,000 | \$0 | \$8,860,000 | \$0 |
| Human Resources | 80% of Per Person Served | Table C-2 | \$3,200,000 | \$0 | \$3,200,000 | \$139,000 |
| Labor Relations | 80% of Per Person Served | Table C-2 | \$860,000 | \$0 | \$860,000 | \$64,000 |
| Subtotal General Government | | | \$34,870,000 | \$147,000 | \$34,723,000 | \$3,923,000 |

| | | | | | | |
|------------------|---------------------------|-----------|---------------|-------------|---------------|--------------|
| Police | Case Study | Table C-3 | \$129,800,000 | \$2,250,000 | \$127,550,000 | \$3,767,000 |
| Fire | Case Study | Table C-4 | \$91,625,000 | \$0 | \$91,625,000 | \$18,844,000 |
| General Services | 100% of Per Person Served | Table C-2 | \$14,555,000 | \$0 | \$14,555,000 | \$725,000 |

Other Expenditures

| | | | | | | |
|------------------------------------|---------------------------|-----------|---------------------|------------|---------------------|--------------------|
| Convention, Culture, and Leisure | Per Capita | Table C-2 | \$6,237,000 | \$0 | \$6,237,000 | \$914,000 |
| Utilities | [6] | NA | \$84,000 | \$0 | \$84,000 | \$0 |
| Economic Development | 100% of Per Person Served | Table C-2 | \$5,014,000 | \$0 | \$5,014,000 | \$4,744,000 |
| Neighborhood Services | 100% of Per Person Served | Table C-2 | \$1,487,000 | \$0 | \$1,487,000 | \$0 |
| Fund Reserves & Contingency | [6] | NA | \$5,500,000 | \$0 | \$5,500,000 | \$0 |
| Subtotal Other Expenditures | | | \$18,322,000 | \$0 | \$18,322,000 | \$5,658,000 |

| | | | | | | |
|--|---------------------------|-----------|----------------------|--------------------|----------------------|---------------------|
| Development Services | 100% of Per Person Served | Table C-2 | \$22,100,000 | \$0 | \$22,100,000 | \$18,170,000 |
| Parks and Recreation | Case Study | Table C-2 | \$31,560,000 | \$0 | \$31,560,000 | \$855,000 |
| Planning | 100% of Per Person Served | Table C-2 | \$2,680,000 | \$0 | \$2,680,000 | \$120,000 |
| Code Enforcement | 100% of Per Person Served | Table C-2 | \$9,330,000 | \$0 | \$9,330,000 | \$3,096,000 |
| Transportation | 100% of Per Person Served | Table C-2 | \$8,737,000 | \$0 | \$8,737,000 | \$12,591,000 |
| Debt Service | [6] | NA | \$26,140,000 | \$0 | \$26,140,000 | \$350,000 |
| Non-Departmental | Case Study | Table C-6 | \$41,260,000 | \$2,105,000 | \$39,155,000 | \$3,515,000 |
| Subtotal Annual General Fund Expenditures | | | \$430,979,000 | \$4,502,000 | \$426,477,000 | \$71,614,000 |

| | | | | | | |
|---|------------|-----------|---------------------|------------|---------------------|------------|
| Street Maintenance (Non-General Fund) Expenditures | Case Study | Table C-7 | \$20,939,000 | \$0 | \$20,939,000 | \$0 |
|---|------------|-----------|---------------------|------------|---------------------|------------|

Source: City of Sacramento FY 2007-08 Proposed and EPS.

- [1] Refers to table with expenditure category calculation.
- [2] Rounded.
- [3] Represents capital costs associated with maintenance, replacement and new acquisitions of capital. Since these are one-time costs, they have been netted out of the expenditure category.
- [4] Revenues are adjusted by user fees and cost recovery amounts shown in the City's FY 2007-08 Budget. These deductions in ongoing expenditures also are deducted from ongoing revenues. If Offsetting Revenues (b) exceeds Expenditures (a) then Adjusted Net Expenditures (c) equals \$0.
- [5] Cost multipliers for General Government are discounted to reflect the capacity of the City to absorb some additional service without a corresponding increase in costs.
- [6] This expenditure category is not expected to be affected by the Project and is not evaluated in this analysis.

**Table C-2
Sacramento Railyards
Fiscal Impact Analysis
Estimated Annual Project Expenditures (2007\$)**

| Expense Category | Reference Table [1] | Cumulative Development by Phase | | | | |
|---|---------------------|---------------------------------|--------------------|--------------------|---------------------|---------------------|
| | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Annual General Fund Expenditures | | | | | | |
| General Government | | | | | | |
| Mayor/Council | Table C-1 | \$2,493 | \$11,826 | \$18,971 | \$40,370 | \$60,991 |
| City Manager | Table C-1 | \$3,035 | \$14,395 | \$23,092 | \$49,139 | \$74,240 |
| City Attorney | Table C-1 | \$4,818 | \$22,856 | \$36,663 | \$78,018 | \$117,871 |
| City Clerk | Table C-1 | \$1,217 | \$5,771 | \$9,258 | \$19,701 | \$29,765 |
| City Treasurer | Table C-1 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Finance | Table C-1 | \$6,221 | \$29,508 | \$47,335 | \$100,728 | \$152,182 |
| Information Technology | Table C-1 | \$8,273 | \$39,244 | \$62,953 | \$133,961 | \$202,391 |
| Human Resources | Table C-1 | \$2,858 | \$13,558 | \$21,749 | \$46,282 | \$69,923 |
| Labor Relations | Table C-1 | \$743 | \$3,526 | \$5,656 | \$12,035 | \$18,183 |
| Subtotal General Government | | \$29,658 | \$140,655 | \$225,677 | \$480,233 | \$725,546 |
| Police | Table C-3 | \$277,403 | \$1,315,871 | \$2,110,827 | \$4,491,758 | \$6,786,245 |
| Fire | Table C-4 | \$135,921 | \$644,747 | \$1,034,257 | \$2,669,000 | \$2,669,000 |
| General Services | Table C-1 | \$25,828 | \$122,516 | \$196,532 | \$418,212 | \$631,843 |
| Other Expenditures | | | | | | |
| Convention, Culture, and Leisure | Table C-1 | \$13,025 | \$61,785 | \$99,110 | \$210,903 | \$318,637 |
| Utilities | NA | NA | NA | NA | NA | NA |
| Economic Development | Table C-1 | \$504 | \$2,392 | \$3,837 | \$8,165 | \$12,335 |
| Neighborhood Services | Table C-1 | \$2,777 | \$13,173 | \$21,131 | \$44,966 | \$67,936 |
| Fund Reserves & Contingency [2] | NA | NA | NA | NA | NA | NA |
| Subtotal Other Expenditures | | \$16,306 | \$77,349 | \$124,078 | \$264,034 | \$398,908 |
| Development Services | Table C-1 | \$7,339 | \$34,815 | \$55,847 | \$118,841 | \$179,548 |
| Parks and Recreation | Table C-5 | \$9,025 | \$262,950 | \$512,075 | \$1,388,172 | \$2,152,929 |
| Planning | Table C-1 | \$4,781 | \$22,678 | \$36,379 | \$77,413 | \$116,957 |
| Code Enforcement | Table C-1 | \$11,642 | \$55,225 | \$88,588 | \$188,513 | \$284,809 |
| Transportation | Table C-1 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service [2] | NA | NA | NA | NA | NA | NA |
| Non-Departmental | Table C-6 | \$33,105 | \$205,300 | \$303,770 | \$705,895 | \$1,159,926 |
| Total Annual General Fund Exp. | | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Street Maintenance (Non-General Fund) Expenditures | Table C-7 | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |

"expenditures"

Source: EPS.

[1] Refers to table with expenditure category calculation.

[2] This expenditure category is not evaluated in this analysis. See Table C-1 footnotes for additional information.

Table C-3
Sacramento Railyards
Fiscal Impact Analysis
Police Department Case Study (2007\$)

| Item | Formula | Assumptions | Cumulative Development by Phase | | | |
|---|---------------------------|----------------------|---------------------------------|-------------|-------------|--------------|
| | | | 1A | 2 | 3 | 4 (Buildout) |
| FY 2007-08 Police Cost per Person Served [1] | | | | | | |
| Cost per Capita | a | \$202.15 | | | | |
| Cost per Employee | $b = a$ $c = a * 50\%$ | \$202.15 \$101.07 | | | | |
| Project Per-Capita Cost | | | | | | |
| Inflation Adjustment for High-Density Residential [2] | d | 20.0% | | | | |
| Adjusted Cost per Capita | $e = b * (100\% + d)$ | \$242.58 | | | | |
| Project Per-Employee Cost | | | | | | |
| Inflation Adjustment for RCMU [2] [3] | f | 20.0% | | | | |
| Inflation Adjustment for all other Nonresidential [2] | g | 20.0% | | | | |
| Adjusted Cost per RCMU and Flexible Mixed Use Employee | $h = c * (100\% + f)$ | \$121.29 | | | | |
| Adjusted Cost per Employee for all other Nonresidential | $i = c * (100\% + g)$ | \$121.29 | | | | |
| Railyards Police Protection [4] | | | | | | |
| Residents [5] | j | | 0 | 2,167 | 13,209 | 22,529 |
| Residential Police Protection Costs | $k = e * j$ | | \$0 | \$525,719 | \$3,204,236 | \$5,465,031 |
| Nonresidential Development Employees | | | | | | |
| RCMU Employees [5] | | | | | | |
| RCMU Retail | l | | 444 | 2,320 | 2,360 | 2,360 |
| Flexible Mixed Use Employees | m | | 0 | 1,577 | 1,637 | 1,637 |
| Cultural Historic Employees | n | | 0 | 439 | 439 | 439 |
| Total RCMU Employees | $o = l + m + n$ | | 444 | 4,336 | 4,436 | 4,436 |
| All Other Nonresidential Employees [5] | p | | 1,843 | 2,179 | 6,179 | 6,457 |
| Total Employees | $q = o + p$ | | 2,287 | 6,515 | 10,615 | 10,893 |
| Nonresidential Police Protection | | | | | | |
| RCMU Land Uses [3] | $r = h * o$ | | \$53,907 | \$525,902 | \$538,031 | \$538,031 |
| All other Nonresidential Land Uses | $s = i * p$ | | \$223,497 | \$264,250 | \$749,491 | \$783,182 |
| Total Nonresidential Police Protection Costs | $t = r + s$ | | \$277,403 | \$790,152 | \$1,287,522 | \$1,321,213 |
| Residential and Nonresidential Police Protection Costs | $u = k + t$ | | \$277,403 | \$1,315,871 | \$4,491,758 | \$6,786,245 |

police_case_study

Sources: City of Sacramento FY 2007-08 Budget and EPS.

- [1] Derived in Table C-1.
- [2] The Project's high-density residential and nonresidential land uses are expected to generate costs greater than the average costs from the FY 2007-08 budget. Per resident and per employee costs have been inflated by varying factors based on the increased level of service anticipated from each land use designation. Assumptions based on anticipated staffing required by the Sacramento Police Department to provide police protection for Railyards land uses.
- [3] RCMU land uses include RCMU retail, Flexible Mixed Use, and Cultural Historic land uses.
- [4] During Phases 1A, 1B, and 2 police services will be provided by existing stations located outside of the project area. Beginning in Phase 3, police protection services will be provided by the Railyards police facility in the project area.
- [5] Cumulative resident and employee projections by phase derived in Table A-6.

**Table C-4
Sacramento Railyards
Fiscal Impact Analysis
Fire Protection Costs Case Study (2007\$)**

| Item | Cumulative Development by Phase | | | | | |
|---|---------------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| | Assumptions | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Railyards Fire Protection [1] | | | | | | |
| FY 2007-08 Fire Protection Costs | | | | | | |
| Fire Cost per Person Served | \$118.86 | | | | | |
| Per Capita | \$118.86 | | | | | |
| Per Employee | \$59.43 | | | | | |
| Railyards Service Population [2] | | | | | | |
| Cumulative Residents | | | - | 2,167 | 3,578 | NA |
| Cumulative Employees | | | 2,287 | 6,515 | 10,246 | NA |
| Railyards Fire Station [3] | | | | | | |
| Proposed Construction | Phase 3 | | | | | |
| Annual Projected Staffing and Equipment Costs [4] | \$5,195,000 | | | | | |
| Annual Projected Fire Facilities O & M Costs [4] | \$143,000 | | | | | |
| Total Annual Projected Costs | \$5,338,000 | | | | | |
| Annual Fire Protection Cost Sharing [5] | \$2,669,000 | | | | | |
| Total Railyards Fire Protection Costs | \$2,669,000 | | | | | |
| Projected Fire Protection Costs by Phase | | \$135,921 | \$644,747 | \$1,034,257 | \$2,669,000 | \$2,669,000 |

"fire_case_study"

Source: City of Sacramento and EPS.

[1] During Phases 1A, 1B, and 2 fire services will be provided by existing stations located outside of the project area. Fire protection costs during these phases are based on a persons served multiplier from the City's FY 2007-08 Budget.

[2] Derived in Table A-6.

[3] Beginning in Phase 3, fire protection services will be provided by the Railyards fire station in the project area.

[4] Costs provided by the City of Sacramento. Fire facilities O & M includes maintenance, janitorial services, and utilities.

[5] Other plan areas (e.g. the River District) are expected to benefit from the proposed station in the Railyards. This Analysis estimates preliminarily that approximately \$2,669,000 (50%) of the station's total costs associated with operations and maintenance will be shared among these benefit areas.

This cost sharing assumption will be revised following the update of the City's General Plan and completion of the Fire Services Master Plan.

**Table C-5
Sacramento Railyards
Fiscal Impact Analysis
Parks and Recreation Case Study (2007\$)**

| Item | Assumptions | Cumulative Development by Phase | | | | |
|---|-------------------------|---------------------------------|------------------|------------------|--------------------|--------------------|
| | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Neighborhood/Community Park Maintenance Cost | | | | | | |
| Cumulative Park Development [1] | | | | | | |
| 0-4 Acre Park | acres | 0.7 | 7.7 | 9.3 | 20.1 | 23.8 |
| 4-7 Acre Park | acres | - | - | 4.3 | 4.3 | 4.3 |
| 7-10 Acre Park | acres | - | - | - | - | - |
| 10+ Acre Park | acres | - | - | 10.4 | 10.4 | 10.4 |
| Bikeways (Within Landscaped Corridors only) | linear miles | 0.1 | 0.1 | 0.3 | 0.6 | 0.8 |
| Park Maintenance Cost [2] | | | | | | |
| 0-4 Acre Park | \$12,317 per acre | \$8,622 | \$95,207 | \$114,543 | \$246,946 | \$292,517 |
| 4-7 Acre Park | \$9,902 per acre | - | - | \$42,576 | \$42,576 | \$42,576 |
| 7-10 Acre Park | \$8,694 per acre | - | - | - | - | - |
| 10+ Acre Park | \$7,487 per acre | - | - | \$77,485 | \$77,485 | \$77,485 |
| Bikeways (Within Landscaped Corridors only) | \$5,040 per linear mile | \$403 | \$706 | \$1,663 | \$3,074 | \$3,931 |
| Subtotal Park Maintenance Costs | | \$9,025 | \$95,912 | \$236,268 | \$370,082 | \$416,510 |
| Recreation and Urban Forest Services Costs | | | | | | |
| Citywide Population | 467,343 | - | 2,167 | 3,578 | 13,209 | 22,529 |
| Cumulative Project Population | | - | 2,167 | 3,578 | 13,209 | 22,529 |
| Recreation Program Cost | | | | | | |
| Annual Citywide Recreation Cost | \$30,454,576 | - | - | - | - | - |
| Less Special Recreation Revenues | \$3,079,668 | - | - | - | - | - |
| Net Citywide Recreation Program Cost | \$33,534,244 | - | - | - | - | - |
| Citywide Recreation Program Net Cost per Capita | \$71.76 | - | - | - | - | - |
| Estimated Recreation Cost | | - | \$155,508 | \$256,768 | \$947,813 | \$1,616,556 |
| Urban Forest Services (UFS) [3] | | | | | | |
| UFS General Fund Cost [4] | \$2,486,460 | - | - | - | - | - |
| UFS General Fund Cost per Capita | \$5.32 | - | - | - | - | - |
| Estimated Urban Forest Services Cost | | - | \$11,530 | \$19,039 | \$70,277 | \$119,863 |
| Total Parks and Recreation Cost | | - | \$262,950 | \$512,075 | \$1,388,172 | \$2,152,929 |

Source: 10/23/07 Open Space and Bikeway Summary, City of Sacramento Parks and Recreation Department, 7/11/07 Kimley-Horn and Assoc. cost estimates, City of Sacramento, and EPS. ^{"parks_case_study"}

[1] Park acreage and bikeway linear mileage derived from the 10/23/07 Open Space Summary provided by the City of Sacramento. Park acreage differs from total shown in Table A-3; Table A-3 includes acreage instead of linear mileage associated with bikeways.
 [2] Per acre costs provided by the City of Sacramento's Finance Department. Includes the following components: O & M, 15% administration, and utilities.
 [3] Urban Forest Services will be provided by the City's Department of Transportation beginning in FY 2008-09.
 [4] Provided by the City.

Table C-6
Fiscal Impact Analysis
Non-Departmental Case Study

| Item | Cost Estimating Procedure | FY 2007-08 Budget | 1/1/2007 Population or Persons Served | FY 2007-08 | | Cumulative Development by Phase | | | | | | | | | |
|---|---------------------------|---------------------|---------------------------------------|--------------|-----------------------|---------------------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | | | | Average Cost | Weighted Average Cost | 1A | 1B | 2 | 3 | 4 (Buildout) | | | | | |
| Non-Departmental Costs | | | | | | | | | | | | | | | |
| Council District Support | NA [1] | \$630,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| General Insurance/Termination | 100% of Per Person Served | \$12,898,329 | 612,333 | \$21.06 | \$21.06 | \$24,088 | \$114,263 | \$183,292 | \$390,039 | \$589,279 | \$589,279 | \$589,279 | \$589,279 | \$589,279 | \$589,279 |
| Library | Per Capita | \$9,481,100 | 467,343 | \$20.29 | \$20.29 | - | \$43,967 | \$72,596 | \$267,974 | \$457,047 | \$457,047 | \$457,047 | \$457,047 | \$457,047 | \$457,047 |
| Major Tax Revenues | NA [1] | \$650,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Other Major Tax Revenues | NA [1] | \$2,470,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Other Program Support | NA [1] | \$11,091,446 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Rental of Real Property | NA [1] | \$600,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Retired/Transfer Emp. Benefit | NA [1] | \$9,289,967 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Sacramento County Charges | Per Capita | \$2,356,550 | 467,343 | \$5.04 | \$5.04 | \$9,017 | \$47,071 | \$47,882 | \$47,882 | \$113,600 | \$113,600 | \$113,600 | \$113,600 | \$113,600 | \$113,600 |
| Technology | NA [1] | \$62,849 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Transit Support | NA [1] | \$650,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Utility Users Tax Rebate | NA [1] | \$225,000 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Total Non-Departmental Costs | | \$50,405,241 | | | | \$33,105 | \$205,300 | \$303,770 | \$705,895 | \$1,159,926 | \$1,159,926 | \$1,159,926 | \$1,159,926 | \$1,159,926 | \$1,159,926 |
| Average Cost per Person Served (Project) | | | | | | | | | | | | | | | \$41.46 |
| Cost Multiplier per New Resident | | | | | | | | | | | | | | | \$41.46 |
| Cost Multiplier per New Employee | | | | | | | | | | | | | | | \$20.73 |

non_departmental_costs

Source: City of Sacramento FY 2006-07 Proposed Budget and EPS.

[1] Per the City, expenditures associated with these items will not be affected by the Project.

**Table C-7
Sacramento Railyards
Fiscal Impact Analysis
Street Maintenance Case Study (2007\$)**

| Item | Formula | Cumulative Development by Phase | | | | |
|--|-----------|---------------------------------|-----------------|------------------|------------------|------------------|
| | | 1A | 1B | 2 | 3 | 4 (Buildout) |
| Street Maintenance Cost | | | | | | |
| Center Line Miles by Phase [1] | a | 1.8 | 3.5 | 0.7 | 1.7 | 1.8 |
| Cumulative Center Line Miles in Project Area | b | 1.8 | 5.3 | 6.0 | 7.7 | 9.5 |
| Street Maintenance Cost per Center Line Mile [2] | c | \$17,000 | \$17,000 | \$17,000 | \$17,000 | \$17,000 |
| Total Street Maintenance Cost | d = b * c | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |

"streets_case_study"

Source: City of Sacramento; Kimley-Horn's 7/11/07 cost estimates; and EPS.

[1] Based on linear feet proposed for each roadway segment by phase in Kimley-Horn's 7/11/07 cost estimates.

[2] Cost per center line mile provided by City of Sacramento, Finance Department. Costs are annualized over a 20-year time frame. Cost per center line mile includes the cost to maintain the entire roadway, including bikeways.

| Street Maintenance | Formula | Total | Unit |
|---|-------------|------------------|----------------------|
| Year 5 - Slurry Seal | a | \$1.20 | per square yard |
| Year 10 - Rubberized Cap Seal | b | \$6.50 | per square yard |
| Year 15 - Micro Seal | c | \$3.50 | per square yard |
| Year 20 - Rubberized Overlay | d | \$27.00 | per square yard |
| Total | e = a+b+c+d | \$38.20 | per square yard |
| Unit Conversion | | | |
| Center line mile length | f | 5,280 | feet |
| Center line mile width | g | 15 | feet |
| Total | h = f * g | 79,200 | feet |
| Feet per sq. yd. | i | 9 | feet |
| Total sq. yds. per center line mile | j = h / i | 8,800 | square yards |
| Total Street Maintenance Cost | k = e * j | \$336,000 | per center line mile |
| Total Years | l | 20 | |
| Total Street Maintenance Cost per Year | m = k / l | \$17,000 | per center line mile |



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX D

SUPPORTING TABLES FOR REVENUE ESTIMATES

| | | |
|-----------|---|-----|
| Table D-1 | Adjusted Assessed Valuation (2 pages) | D-1 |
| Table D-2 | Average Income Calculation..... | D-3 |

**Table D-1
Sacramento Railyards
Fiscal Impact Analysis
Adjusted Assessed Valuation (2007\$)**

| Item | Total Secured and Unsecured Value per Unit/Sq. Ft. [1] | Phase 1A | | Phase 1B | | Phase 2 | |
|---|--|-------------------|----------------------|-------------------|------------------------|-------------------|------------------------|
| | | Units/ Sq. Ft. | Assessed Value | Units/ Sq. Ft. | Assessed Value | Units/ Sq. Ft. | Assessed Value |
| Assessed Value (2007\$) | | | | | | | |
| Residential Assessed Value | <i>per unit</i> | | | | | | |
| High Density - Owner Occupied Cumulative Residential Assessed Value | \$525,000 | - | - | 516 | \$270,900,000 | 336 | \$176,400,000 |
| High Density - Renter Occupied Cumulative Residential Assessed Value | \$525,000 | - | - | 516 | \$270,900,000 | 336 | \$176,400,000 |
| Total Residential | | | | 1,032 | \$541,800,000 | 672 | \$352,800,000 |
| Total Cumulative Residential | | | | | \$541,800,000 | 1,704 | \$894,600,000 |
| Nonresidential Assessed Value | <i>per sq. ft.</i> | | | | | | |
| Retail | | | | | | | |
| Neighborhood Retail | \$300 | 91,200 | \$13,680,000 | - | - | 66,500 | \$19,950,000 |
| RCMU | | | | | | | |
| Bass Pro Retail | \$150 | 200,000 | \$30,000,000 | - | - | - | - |
| All Other RCMU Retail | \$300 | - | - | 844,100 | \$253,230,000 | 18,000 | \$5,400,000 |
| Total Regional Retail | | 200,000 | \$30,000,000 | 844,100 | \$253,230,000 | 18,000 | \$5,400,000 |
| Total Retail | | 291,200 | \$43,680,000 | 844,100 | \$253,230,000 | 84,500 | \$25,350,000 |
| Office | \$300 | 492,000 | \$147,600,000 | - | - | - | \$313,560,000 |
| Flexible Mixed Use | \$300 | - | \$0 | 473,000 | \$141,900,000 | 18,000 | \$5,400,000 |
| Cultural Land Uses | NA | - | - | 197,560 | \$0 | - | - |
| Subtotal Commercial/Retail | <i>per room</i> | 783,200 | \$191,280,000 | 1,514,660 | \$395,130,000 | 1,147,700 | \$344,310,000 |
| Hotel | \$200,000 | - | - | 600 | \$120,000,000 | - | - |
| Total Nonresidential | | | \$191,280,000 | | \$515,130,000 | | \$344,310,000 |
| Total Cumulative Nonresidential | | | \$191,280,000 | | \$706,410,000 | | \$1,050,720,000 |
| Total Annual Assessed Value (2007\$) | | | \$191,280,000 | | \$1,056,930,000 | | \$697,110,000 |
| Total Cumulative Assessed Value (2007\$) | | | \$191,280,000 | | \$1,248,210,000 | | \$1,945,320,000 |

Source: EPS.

[1] Derived in Table A-4.

**Table D-1
Sacramento Railyards
Fiscal Impact Analysis
Adjusted Assessed Valuation (2007\$)**

| Item | Total Secured and Unsecured Value per Unit/Sq. Ft. [1] | Phase 3 | | Phase 4 | | Buildout | |
|---|--|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------|
| | | Units/ Sq. Ft. | Assessed Value | Units/ Sq. Ft. | Assessed Value | Units/ Sq. Ft. | Assessed Value |
| Assessed Value (2007\$) | | | | | | | |
| Residential Assessed Value | | | | | | | |
| High Density - Owner Occupied Cumulative Residential Assessed Value | <i>per unit</i> \$525,000 | 2,293 | \$1,203,825,000 \$1,651,125,000 | 2,219 | \$1,164,975,000 \$2,816,100,000 | 5,364 | \$2,816,100,000 |
| High Density - Renter Occupied Cumulative Residential Assessed Value | \$525,000 | 2,293 | \$1,203,825,000 \$1,651,125,000 | 2,219 | \$1,164,975,000 \$2,816,100,000 | 5,364 | \$2,816,100,000 |
| Total Residential | | 4,586 | \$2,407,650,000 | 4,438 | \$2,329,950,000 | 10,728 | \$5,632,200,000 |
| Total Cumulative Residential | | 6,290 | \$3,302,250,000 | 10,728 | \$5,632,200,000 | | |
| Nonresidential Assessed Value | | | | | | | |
| | <i>per sq. ft.</i> | | | | | | |
| Retail | | | | | | | |
| Neighborhood Retail | \$300 | 40,000 | \$12,000,000 | 125,000 | \$37,500,000 | 322,700 | \$83,130,000 |
| RCMU | | | | | | | |
| Bass Pro Retail | \$150 | - | - | - | - | 200,000 | \$30,000,000 |
| All Other RCMU Retail | \$300 | - | - | - | - | 862,100 | \$258,630,000 |
| Total Regional Retail | | | | | | 1,062,100 | \$288,630,000 |
| Total Retail | | 40,000 | \$12,000,000 | 125,000 | \$37,500,000 | 1,384,800 | \$371,760,000 |
| Office | \$300 | - | - | - | - | 1,537,200 | \$461,160,000 |
| Flexible Mixed Use | \$300 | - | - | - | - | 491,000 | \$147,300,000 |
| Cultural Land Uses | NA | - | - | - | - | 485,390 | - |
| Subtotal Commercial/Retail | | 40,000 | \$12,000,000 | 125,000 | \$37,500,000 | 3,898,390 | \$980,220,000 |
| Hotel | <i>per room</i> \$200,000 | 500 | \$100,000,000 | - | - | 1,100 | \$220,000,000 |
| Total Nonresidential | | | \$112,000,000 | | \$37,500,000 | | \$1,200,220,000 |
| Total Cumulative Nonresidential | | | \$1,162,720,000 | | \$1,200,220,000 | | |
| Total Annual Assessed Value (2007\$) | | | \$2,519,650,000 | | \$2,367,450,000 | | \$6,832,420,000 |
| Total Cumulative Assessed Value (2007\$) | | | \$4,464,970,000 | | \$6,832,420,000 | | |

Source: EPS.

[1] Derived in Table A-4.

Table D-2
Sacramento Railyards
Fiscal Impact Analysis
Average Income Calculation (2007\$)

| Item | Assumptions | Estimated Annual Income |
|--|-------------|-------------------------|
| Railyards High-Density Residential | | |
| Owner-Occupied Residential Units [1] | | |
| Estimated Home Value [2] | 5,364 | |
| Total Annual Mortgage Insurance and Tax Payments [3] | \$525,000 | |
| Owner-Occupied Units [4] | \$44,000 | \$110,000 |
| Renter-Occupied Residential Units | | |
| Estimated Monthly Rent [5] | 5,364 | |
| Estimated Annual Rent | \$2,000 | |
| Rent as a Percentage of Household Income [6] | \$24,000 | |
| Renter-Occupied Units [6] | 35% | \$69,000 |
| Railyards High-Density Residential Average | | |
| | | \$89,500 |

"income_calc"

Source: American Community Survey and EPS.

- [1] Based on estimated residential development indicated in Table D-1.
- [2] See Table A-4 for detail on estimated values.
- [3] Based on a 7.0%, 30-year fixed rate mortgage with a 20% down payment and 2% for annual taxes and insurance. Values have been rounded to the nearest thousand dollars.
- [4] Assumes mortgage lending guidelines allow no more than 40% of income dedicated to mortgage payments, taxes and insurance.
- [5] Based on rents for comparable rental products in the downtown area.
- [6] Rent is assumed to be 35 percent of household income. Based on 2006 median gross rent and household income for Sacramento from the American Community Survey.



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX E

FISCAL IMPACT SCENARIO SUMMARIES

| | | |
|-----------|---|-----|
| Table E-1 | Summary of Cumulative Fiscal Impacts by Phase— Scenario A: Residential Only | E-1 |
| Table E-2 | Summary of Cumulative Fiscal Impacts by Phase— Scenario B: 25% Sales-Tax Revenue Increase..... | E-2 |

**Table E-1
Sacramento Railyards
Fiscal Impact Analysis
Summary of Cumulative Fiscal Impacts by Phase (2007\$) Scenario A: Residential Only**

| Item | Cumulative Development by Phase | | | | |
|---|---------------------------------|--------------------|--------------------|----------------------|----------------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| GENERAL FUND | | | | | |
| Annual General Fund Revenues | | | | | |
| Property Tax [1] | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Tax in lieu of Sales Tax | \$0 | \$40,640 | \$67,104 | \$247,700 | \$422,469 |
| Property Tax in lieu of VLF | \$0 | \$519,720 | \$858,142 | \$3,167,674 | \$5,402,671 |
| Real Property Transfer Tax | \$0 | \$111,746 | \$184,511 | \$681,089 | \$1,161,641 |
| Sales Tax | \$0 | \$121,920 | \$201,311 | \$743,101 | \$1,267,406 |
| Sales Tax - Prop. 172 (Public Safety) | \$0 | \$13,005 | \$21,473 | \$79,264 | \$135,190 |
| Transient Occupancy Tax (TOT) | NA | NA | NA | NA | NA |
| Utility Taxes | \$0 | \$207,347 | \$342,364 | \$1,263,772 | \$2,155,444 |
| Business Operations Tax | \$0 | \$0 | \$0 | \$0 | \$0 |
| Residential Development Property Tax | NA | NA | NA | NA | NA |
| Licenses and Permits | \$0 | \$18,209 | \$30,067 | \$110,986 | \$189,294 |
| Fines and Forfeitures | NA | NA | NA | NA | NA |
| Use of Money | NA | NA | NA | NA | NA |
| Intergovernmental Revenue | \$0 | \$19,398 | \$32,029 | \$118,230 | \$201,649 |
| Charges for Services | NA | NA | NA | NA | NA |
| Other Revenues | NA | NA | NA | NA | NA |
| Contributions From Other Funds | \$0 | \$50,857 | \$83,974 | \$309,974 | \$528,680 |
| Total Annual General Fund Revenues | \$0 | \$1,102,844 | \$1,820,974 | \$6,721,789 | \$11,464,444 |
| Annual General Fund Expenditures | | | | | |
| General Government [2] | \$0 | \$56,207 | \$92,807 | \$342,579 | \$584,290 |
| Police | \$0 | \$525,719 | \$868,047 | \$3,204,236 | \$5,465,031 |
| Fire | \$0 | \$257,590 | \$425,323 | \$2,669,000 | \$2,669,000 |
| General Services | \$0 | \$48,948 | \$80,821 | \$298,335 | \$508,830 |
| Other Expenditures [3] | \$0 | \$30,903 | \$51,025 | \$188,351 | \$321,244 |
| Development Services | \$0 | \$13,909 | \$22,966 | \$84,776 | \$144,592 |
| Parks and Recreation | \$9,025 | \$262,950 | \$512,075 | \$1,388,172 | \$2,152,929 |
| Planning | \$0 | \$9,060 | \$14,960 | \$55,223 | \$94,187 |
| Code Enforcement | \$0 | \$22,064 | \$36,431 | \$134,477 | \$229,360 |
| Transportation | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service | NA | NA | NA | NA | NA |
| Non-Departmental | \$0 | \$89,617 | \$147,972 | \$546,212 | \$1,045,199 |
| Total Annual General Fund Exp. | \$9,025 | \$1,316,967 | \$2,252,429 | \$8,911,362 | \$13,214,661 |
| Annual General Fund Surplus/(Deficit) | (\$9,025) | (\$214,123) | (\$431,454) | (\$2,189,573) | (\$1,750,218) |
| STREET MAINTENANCE FUNDS (Non-General Fund) | | | | | |
| Annual Street Maintenance Fund Revenues | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |
| Street Maintenance (Non-General Fund) Expenditures | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |
| Annual Street Maintenance Fund Surplus/(Deficit) | (\$30,571) | \$7,151 | \$3,416 | \$369,739 | \$512,684 |

"summary"

Source: EPS.

- [1] The City is assumed to not receive a share of the property passed through to other taxing entities.
 [2] General Government category includes Mayor/City Council, City Manager, City Attorney, City Clerk, City Treasurer, Finance, Information Technology, Human Resources and Labor Relations. See Table C-2 for department information.
 [3] Other Expenditures category includes Convention, Culture and Leisure, Utilities, Economic Development, Neighborhood Services, Fund Reserves and Contingency. See Table C-2 for detailed information.

**Table E-2
Sacramento Railyards
Fiscal Impact Analysis
Summary of Cumulative Fiscal Impacts by Phase (2007\$) Scenario B: 25% Sales-Tax Revenue Increase**

| Item | Cumulative Development by Phase | | | | |
|---|---------------------------------|--------------------|--------------------|---------------------|---------------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| GENERAL FUND | | | | | |
| Annual General Fund Revenues | | | | | |
| Property Tax [1] | \$0 | \$0 | \$0 | \$0 | \$0 |
| Property Tax in lieu of Sales Tax | \$137,805 | \$621,277 | \$691,041 | \$847,128 | \$1,020,394 |
| Property Tax in lieu of VLF | \$183,485 | \$1,197,342 | \$1,866,042 | \$4,283,009 | \$6,553,979 |
| Real Property Transfer Tax | \$26,301 | \$208,878 | \$328,985 | \$840,963 | \$1,326,672 |
| Sales Tax | \$516,769 | \$2,329,789 | \$2,591,404 | \$3,176,731 | \$3,826,477 |
| Sales Tax - Prop. 172 (Public Safety) | \$44,098 | \$198,809 | \$221,133 | \$271,081 | \$326,526 |
| Transient Occupancy Tax (TOT) | NA | NA | NA | NA | NA |
| Utility Taxes | \$109,410 | \$518,988 | \$832,524 | \$1,771,579 | \$2,676,540 |
| Business Operations Tax | \$58,365 | \$166,246 | \$261,477 | \$270,890 | \$277,979 |
| Residential Development Property Tax | NA | NA | NA | NA | NA |
| Licenses and Permits | \$9,608 | \$45,578 | \$73,113 | \$155,582 | \$235,057 |
| Fines and Forfeitures | NA | NA | NA | NA | NA |
| Use of Money | NA | NA | NA | NA | NA |
| Intergovernmental Revenue | \$0 | \$19,398 | \$32,029 | \$118,230 | \$201,649 |
| Charges for Services | NA | NA | NA | NA | NA |
| Other Revenues | NA | NA | NA | NA | NA |
| Contributions From Other Funds | \$53,671 | \$203,734 | \$324,424 | \$559,080 | \$784,306 |
| Total Annual General Fund Revenues | \$1,139,512 | \$5,510,038 | \$7,222,173 | \$12,294,274 | \$17,229,576 |
| Annual General Fund Expenditures | | | | | |
| General Government [2] | \$29,658 | \$140,685 | \$225,677 | \$480,233 | \$725,546 |
| Police | \$277,403 | \$1,315,871 | \$2,110,827 | \$4,491,758 | \$6,786,245 |
| Fire | \$135,921 | \$644,747 | \$1,034,257 | \$2,669,000 | \$2,669,000 |
| General Services | \$25,828 | \$122,516 | \$196,532 | \$418,212 | \$631,843 |
| Other Expenditures [3] | \$16,306 | \$77,349 | \$124,078 | \$264,034 | \$398,908 |
| Development Services | \$7,339 | \$34,815 | \$55,847 | \$118,841 | \$179,548 |
| Parks and Recreation | \$9,025 | \$262,950 | \$512,075 | \$1,388,172 | \$2,152,929 |
| Planning | \$4,781 | \$22,678 | \$36,379 | \$77,413 | \$116,957 |
| Code Enforcement | \$11,642 | \$55,225 | \$88,588 | \$188,513 | \$284,809 |
| Transportation | \$0 | \$0 | \$0 | \$0 | \$0 |
| Debt Service | NA | NA | NA | NA | NA |
| Non-Departmental | \$33,105 | \$205,300 | \$303,770 | \$705,895 | \$1,159,926 |
| Total Annual General Fund Exp. | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual General Fund Surplus/(Deficit) | \$588,502 | \$2,627,900 | \$2,534,142 | \$1,492,203 | \$2,123,865 |
| STREET MAINTENANCE FUNDS (Non-General Fund) | | | | | |
| Annual Street Maintenance Fund Revenues | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |
| Street Maintenance (Non-General Fund) Expenditures | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |
| Annual Street Maintenance Fund Surplus/(Deficit) | (\$30,571) | \$7,151 | \$3,416 | \$369,739 | \$512,684 |

"summary"

Source: EPS.

- [1] The City is assumed to not receive a share of the property passed through to other taxing entities.
 [2] General Government category includes Mayor/City Council, City Manager, City Attorney, City Clerk, City Treasurer, Finance, Information Technology, Human Resources and Labor Relations. See Table C-2 for department information.
 [3] Other Expenditures category includes Convention, Culture and Leisure, Utilities, Economic Development, Neighborhood Services, Fund Reserves and Contingency. See Table C-2 for detailed information.



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

FINAL REPORT

SACRAMENTO RAILYARDS SPECIFIC PLAN ECONOMIC IMPACT ANALYSIS

Prepared for:

City of Sacramento

Prepared by:

Economic & Planning Systems, Inc.

November 2007

EPS #15574

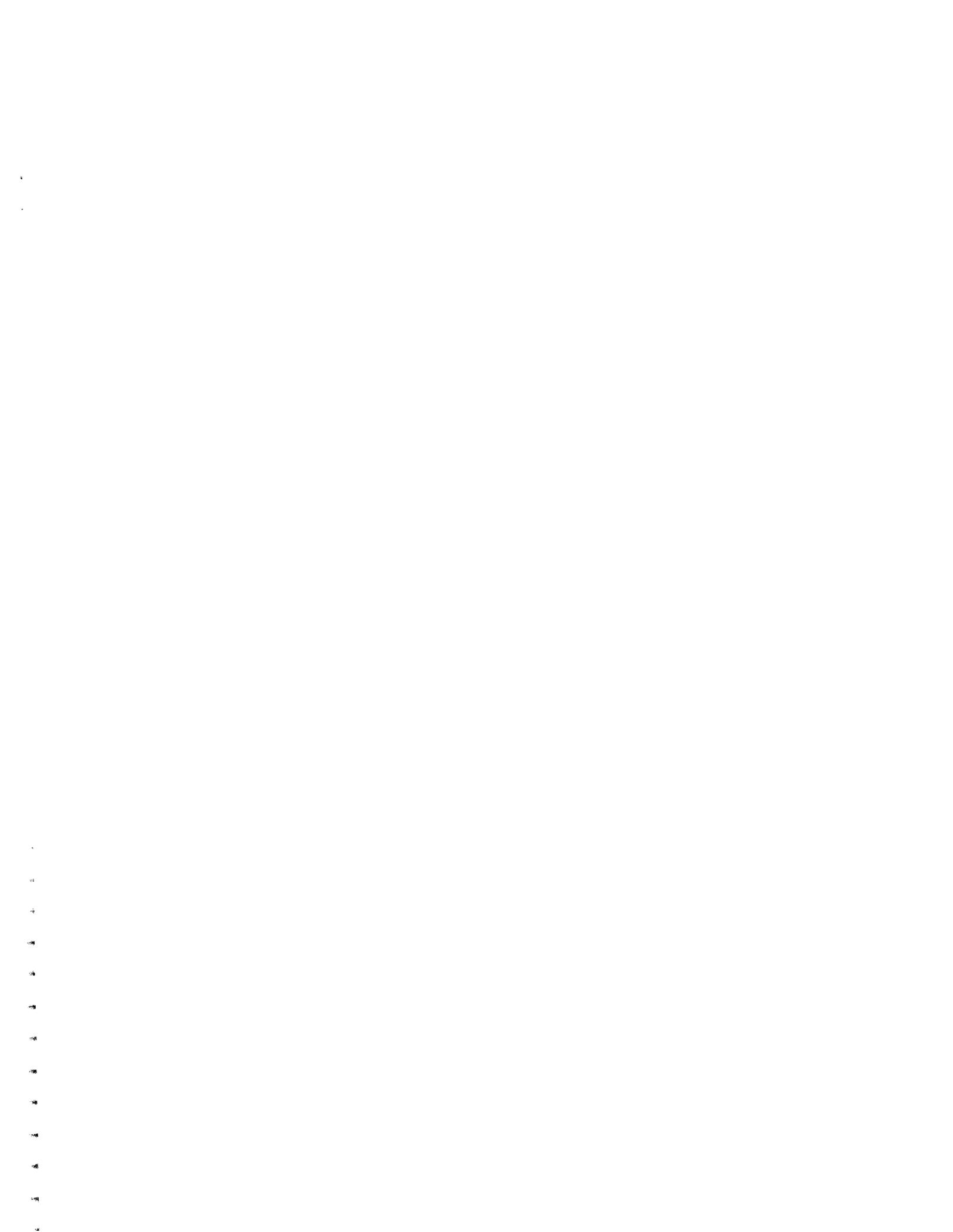


TABLE OF CONTENTS

| | | |
|------|--|----|
| I. | INTRODUCTION | 1 |
| | Project Description | 2 |
| | Summary Findings..... | 4 |
| | Organization of this Report..... | 8 |
| II. | METHODOLOGY..... | 9 |
| III. | ECONOMIC IMPACTS OF BASE PROJECT | 14 |
| | One-Time Economic Impacts..... | 14 |
| | Ongoing Economic Impacts | 16 |
| IV. | ECONOMIC IMPACT OF HISTORIC/CULTURAL USES | 21 |
| | Introduction..... | 21 |
| | Economic Impacts..... | 22 |
| V. | FISCAL ANALYSIS SUMMARY..... | 27 |
| | Significant Findings..... | 27 |
| | Sensitivity Analyses | 29 |
| | Fiscal Analysis Assumptions | 30 |
| VI. | MAJOR INFILL, MIXED-USE PROJECT CASE STUDIES | 32 |
| | Pearl District (Portland, Oregon) | 32 |
| | Lower Downtown District/Central Platte Valley (Denver, Colorado) | 34 |
| | Horton Plaza/Gaslamp Quarter (San Diego, California) | 35 |
| | Arena District (Columbus, Ohio) | 36 |

Appendices

- Appendix A: Project Construction Economic Impacts
- Appendix B: Ongoing Operations Economic Impacts Generated by Proposed Uses
- Appendix C: Economic Impacts Generated by Historic and Cultural District
- Appendix D: Land Use Assumptions

LIST OF MAPS AND TABLES

| | | |
|---------|---|----|
| Map 1 | Project Area | 3 |
| Table 1 | Summary of Total Economic Impacts at Buildout | 5 |
| Table 2 | Summary of Construction Impacts at Buildout..... | 15 |
| Table 3 | Summary of Annual Economic Impacts of Base Project Uses at Buildout | 18 |
| Table 4 | Impacts of Historic/Cultural Uses and Additional Impacts from Visitor Offsite Expenditures..... | 23 |
| Table 5 | Annual Fiscal Impact Summary by Phase | 29 |

I. INTRODUCTION

At the request of the City of Sacramento (City), Economic & Planning Systems, Inc., (EPS) prepared an Economic Impact Analysis (Economic Analysis) of the Sacramento Railyards Specific Plan (Project or Railyards) based on the proposed residential and nonresidential development in the Project area. The objective of this Economic Analysis is to estimate the quantifiable impacts of Project construction and operations of the proposed uses on the local economy with respect to jobs, income, and total output. EPS also completed the Railyards Specific Plan Fiscal Impact Analysis (Fiscal Analysis) dated November 2007, which is detailed in a separate companion report. The Fiscal Analysis addresses the Project's estimated fiscal impacts at buildout on the City's operating budgets. A summary of the Fiscal Analysis findings also is included here.

The Railyards is envisioned to create a dynamic 24-hour transit-oriented mixed-use urban environment as an integral extension of downtown Sacramento and as a key tourism destination. The Project proposes a range of complementary uses, including office, hospitality, entertainment, retail, residential, educational, cultural, and open space, and a mixture of housing products. These proposed uses will complement and support the City's planned Sacramento Intermodal Transportation Facility (SITF) connecting the Central City to the region, thereby reinforcing the role of downtown as a regional transportation hub and principal employment center of the region.

The preservation of historic resources through a designated historic district in the Specific Plan along with a variety of cultural and recreational amenities will enhance downtown Sacramento as a major tourist destination in the region while enriching the experience of residents and workers, which will help to create a culturally vibrant, urban community.

While the intangible social benefits of new mixed-use culturally vibrant urban districts are widely acknowledged, new arts, culture, entertainment, employment, and visitor and shopping opportunities also generate significant additional related economic activity in the region through increased tourism, visitor spending, and commercial investment. The economic stimulus generated by new commercial and cultural uses (as proposed for the Railyards), has a multiplying effect throughout the economy as local businesses, consumers, and employees in the district make other expenditures locally.

This study attempts to quantify these impacts through the use of an input-output economic modeling system, which measures the change in regional economic activity resulting from a specific economic stimulus—in this case, development of the proposed Project. Case studies of the economic impacts resulting from similar redevelopment projects completed in the United States in the recent past also are offered.

This chapter presents a brief background and description of the Project and summary findings of the Economic Analysis and Fiscal Analysis.

PROJECT DESCRIPTION

The Project consists of 244 acres of proposed development and is located in the City in the Richards Boulevard Redevelopment Project Area. The site is immediately north of downtown Sacramento, east of the Sacramento River, south of North B Street, and west of the Alkali Flat neighborhood. **Map 1** shows the Project area in the context of adjacent neighborhoods in the City.

PHASING AND DEVELOPMENT

The Project's development will occur over a multiple-year timeline (20 years or longer). For analytical purposes, Project development is assumed to occur over a 20-year timeline. For initial planning purposes, the Project has been divided into five phases: 1A, 1B, 2, 3, and 4. The Fiscal Analysis evaluates the fiscal impact on local government operating budgets of the Project's cumulative development during these five phases. The August 2007 Railyards Draft Environmental Impact Report and the October 2007 Administrative Draft Public Facilities Financing Plan (Financing Plan) both analyze the Project based on two phases: an Initial Phase (comprising Phases 1A, 1B, and 2) and a Remaining Phase (comprising Phases 3 and 4). The Economic Analysis evaluates the economic impacts of the Project's cumulative development at buildout.

This Economic Analysis assumes, at buildout, the Project will include approximately 10,700 housing units, 1.4 million square feet of retail space, 2.0 million square feet of office space,¹ 490,000 square feet consisting of a mix of uses in a historic/cultural district,² and 1,100 hotel rooms. **Table D-1** shows the proposed development for each land use designation at buildout. The Specific Plan provides considerable flexibility in the mix of land uses permitted for each land use designation and identifies total square footage. EPS, in consultation with the City, has made assumptions concerning the anticipated land uses that will be developed in each land use designation. A detailed explanation of the land use assumptions is contained in the draft Financing Plan and draft Fiscal Analysis reports. Modifying these land use assumptions would modify the results of the Economic Analysis detailed in this report.

¹ Office space includes Flexible Mixed-Use square footage identified in Thomas Enterprises July 14, 2007, Land Use Distribution and Phasing Scenario.

² Historic/cultural district uses include a railroad museum, performing arts theaters, public/farmers' market, retail, restaurants, and offices.

SUMMARY FINDINGS

This section presents summary results from the Economic Analysis and the Fiscal Analysis, which assume Project buildout as summarized in the previous section. The Economic Analysis estimated the Project's quantifiable impacts on the local economy, while the Fiscal Analysis (contained in a separate report) estimated the Project's impacts on the City's operating budgets.³ Other intangible benefits are discussed in detail in **Chapter IV**.

ECONOMIC IMPACTS

Economic impacts analyzed include direct impacts (changes in the specific industries being analyzed), indirect effects (changes in inter-industry purchases), and induced effects (changes in spending by new households resulting from Project-generated employment).⁴

Because economic data is limited at the City level, the Economic Analysis estimated economic impacts generated in Sacramento County (County);⁴ however, it is expected that most impacts, particularly direct impacts, will occur in the City because of the large size of the City's economy relative to the County and the Project's central location in the City. **Table 1** summarizes the one-time economic impacts generated by Project construction and the recurring annual impacts generated by operations of the proposed land uses at buildout.

One-Time Economic Impacts—Project Construction

EPS estimated the economic impacts generated in the County during Project construction, including output (new dollars in the local economy), employment, and income generated. Note that income is a component of output.

Output

Over the entire period of project construction, EPS estimates that the Project would generate a total of \$5.7 billion (2007\$) in output, including direct and indirect impacts. Induced impacts were not estimated because any increase in economic activity relating

³ Refer to **Chapter V** of this report for a summary of the Fiscal Analysis prepared by EPS (October 2007).

⁴ Please refer to the methodology section in **Chapter II** for a complete discussion.

Table 1
Railyards Specific Plan
Economic Impact Analysis
Summary of Total Economic Impacts of the Project at Buildout (2007\$)

| Activity/ Impact Categories | Impact Type | | | Total Impact |
|--|------------------------|------------------------|----------------------|------------------------|
| | Direct | Indirect | Induced | |
| ONE-TIME CONSTRUCTION IMPACTS [1] | | | | |
| Output [2] | | | | |
| Industry Output (excl. Income) | \$1,749,000,000 | \$487,000,000 | - | \$2,236,000,000 |
| Income [3] | \$2,938,000,000 | \$548,000,000 | - | \$3,486,000,000 |
| Total Output | \$4,687,000,000 | \$1,035,000,000 | - | \$5,722,000,000 |
| Employment (Job years) [4] | 46,460 | 9,241 | - | 55,701 |
| Annual Average Employment [5] | 2,320 | 462 | - | 2,782 |
| ONGOING ANNUAL IMPACTS | | | | |
| <u>Economic Impacts of the Base Project [6]</u> | | | | |
| Output [2] | | | | |
| Industry Output (excl. Income) | \$729,000,000 | \$207,000,000 | \$174,000,000 | \$1,110,000,000 |
| Income [3] | \$1,053,000,000 | \$271,000,000 | \$220,000,000 | \$1,544,000,000 |
| Total Output | \$1,782,000,000 | \$478,000,000 | \$394,000,000 | \$2,654,000,000 |
| Employment (Annual Average) | 10,450 | 4,360 | 3,610 | 18,420 |
| <u>Economic Impacts of the Historic/Cultural District</u> | | | | |
| Output [2] | | | | |
| Industry Output (excl. Income) | \$30,000,000 | \$8,000,000 | \$8,000,000 | \$46,000,000 |
| Income [3] | \$24,000,000 | \$8,000,000 | \$8,000,000 | \$40,000,000 |
| Total Output | \$54,000,000 | \$16,000,000 | \$16,000,000 | \$86,000,000 |
| Employment (Annual Average) | 603 | 75 | 85 | 763 |

"summary"

Source: EPS.

- [1] Note that total construction impacts include direct and indirect impacts only; induced impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Output is the amount of business expenditures on goods and services retained within the local economy.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Employment includes both full-time and part-time workers. Job years refer to the number of jobs in each year summed over the entire period of construction.
- [5] Assumes a 20-year construction period.
- [6] Includes proposed retail, office, and hotel uses outside the historic and cultural district.

to Project construction is expected to be temporary and therefore unlikely to generate significant new household expenditures in the County.⁵ Total output includes approximately \$3.5 billion (2007\$) in income impacts discussed below.

Employment

Direct and indirect employment impacts generated by Project construction total approximately 55,700 job years (approximately 2,800 jobs annually for 20 years). As explained for induced output impacts, induced employment impacts also are not estimated.⁴

Income

Economic activity relating to Project construction is expected to generate a total of \$3.5 billion in new income, including both direct and indirect income impacts. Income, which includes employee compensation, proprietary income, and industry profits, is a subset of the output impacts discussed above. Induced income impacts were not measured.⁴

Ongoing Annual Economic Impacts—Operations of Proposed Land Uses

Ongoing impacts are generated by the economic activity created by the operations of tenant uses (retail stores, hotels, offices, a railroad museum, performing arts theaters, a public market, and restaurants and other food and beverage businesses). EPS analyzed the ongoing economic impacts resulting from business operations with respect to the following Project components:

- **The Base Project** including all retail, office, hotel, and residential land uses outside the proposed historic and cultural district; and
- **The Historic and Cultural District** consisting of a railroad museum, performing arts theaters, a public market, retail, office, and a variety of food and beverage businesses. EPS also analyzed the additional impacts expected to be generated by new off-site spending by visitors to the Project's Historic and Cultural District.⁶

⁵ Construction activities resulting in temporary increases to economic activity are not anticipated to generate new resident employees and therefore new (induced) household expenditures in the local economy. Exclusion of the induced impacts prevents overestimation of economic impacts associated with temporary increases in economic activity. (MIG, Inc., 2004. IMPLAN Professional Version 2.0 Analysis Guide). Note that this is a conservative assumption and that actual economic impacts could be greater than estimated.

⁶ On-site spending by visitors is accounted for in the impact of the Project's tenant operations.

Output

The Base Project is expected to generate an estimated \$2.7 billion annually in direct, indirect, and induced output countywide. The Historic and Cultural District is estimated to generate additional output of approximately \$86 million based on preliminary projections of new visitors.

Employment

Direct, indirect, and induced employment impacts generated by the Base Project are expected to total approximately 18,400 jobs annually, including both full- and part-time workers. The historic and cultural district is expected to generate approximately 760 additional jobs countywide. Note that not all new employees will necessarily reside in the County, and that this estimate may not represent net new jobs to the County should increased competition from Project development result in job losses occurring at other sites in the County.

Income

Of the total output above, approximately \$1.5 billion annually in total income would be earned through direct, indirect, and induced impacts of the Base Project, while income impacts of the Historic and Cultural District are estimated to total approximately \$40 million annually.

FISCAL IMPACTS

The Fiscal Analysis estimated the impact of the Project on the City's operating budgets. The summary fiscal impacts presented here are based on the Fiscal Analysis and are discussed in **Chapter V** of this report.

General Fund

At buildout, an annual surplus of approximately \$1.4 million was estimated for the General Fund. The estimated annual surplus is positive through all Project phases but fluctuates as the mix of revenue-generating development and public services costs vary. Generally, increased development of residential land uses during Phases 3 and 4 produced a lower fiscal surplus relative to retail land uses.

Street Maintenance Funds

Street Maintenance Funds are projected to have a slight annual deficit of \$31,000 during Phase 1A and break even during Phases 1B and 2. Surpluses of \$370,000 and \$513,000 were estimated for Phases 3 and 4.

In addition to the economic and fiscal impacts quantified above, the Project is anticipated to generate additional intangible benefits by enhancing the quality of life for

residents, improving the City's competitiveness to attract businesses and skilled workers, and raising the City's image as a regional cultural center. This conclusion assumes the Project is built out as envisioned. Achievement of these benefits will materialize over buildout of the Project, anticipated to occur over 20 years or longer.

ORGANIZATION OF THIS REPORT

This report is organized into six chapters and four appendices. In addition to the introduction and summary contained in this chapter, the report contains these chapters:

- **Chapter II** describes the methodology used to estimate the economic impacts of the Project on the County;
- **Chapter III** discusses the total construction impacts of the entire Project and the ongoing annual economic impacts generated by the proposed commercial uses in the Project;
- **Chapter IV** discusses the total ongoing annual economic impacts generated by the proposed uses in the Historic and Cultural District in the Project;
- **Chapter V** presents a summary of the Fiscal Analysis of the Project; and
- **Chapter VI** discusses economic impacts of other projects in the United States similar to the Railyards that were completed in the recent past.

These are the four appendices:

- **Appendix A** details the estimated one-time economic impacts resulting from project construction;
- **Appendix B** contains tables with detailed assumptions and calculations of the annual economic impacts to the County economy generated by the different proposed uses at Project buildout;
- **Appendix C** contains tables with detailed assumptions and calculations of the ongoing annual economic impacts to the County's economy generated by the proposed uses in the Historic and Cultural District, as well as additional impacts generated by offsite visitor spending; and
- **Appendix D** contains the land use assumptions used in the analysis.

II. METHODOLOGY

This chapter details the methodology used to estimate the economic impacts of the proposed Project. While the project would likely generate regionwide economic impacts, this analysis focuses on the economic impacts generated in the County. Impacts accruing to neighboring counties are outside the scope of this study. Because the City's economy is a large portion of the countywide economy, it is expected that most impacts will occur in the City.

This study used the IMPLAN software package and IMPLAN County database to calculate economic multipliers for the County. The software and model data is used by economists and planners to generate economic multipliers for hundreds of specific industries in counties and states or combinations of counties and states throughout the nation. The IMPLAN software generates a model of the industrial structure and household profile for the County (local) economy, which in turn determines the extent to which spending by retail stores, hotels, office firms, or households is captured and recirculated in the local economy, rather than being allowed to "leak" outside of the County. In general, a more structurally diverse economy will capture and recirculate spending and will generate a larger economic multiplier.

The most current available IMPLAN model data for the County is from 2004; as such the analysis' results are adjusted to reflect 2007 dollars. The smallest geographic boundary for which IMPLAN data are available is the county; therefore, this analysis represents the potential impacts in the entire County, including all of the cities located in the County. As mentioned above, because the City's economy is a major component of the countywide economy, it is expected that most impacts, especially direct impacts, will occur in the City.

IMPACTS MEASURED

For purposes of this analysis, EPS analyzed these three major economic impacts resulting from the proposed Project development:

- **Output**—Measures the value of goods and services produced in the County as a result of the Project's construction activities and buildout operations. Different measures were used to estimate output resulting from operations of the different land uses. For retail and hotel uses, projected annual sales were used to estimate output. Projected direct employment was used to estimate output of proposed office-related uses;
- **Employment**—Estimates the total number of jobs, both full-time and part-time, created as a result of the Project. The duration of each job reported is 12 months.

The number of estimated jobs does not account for job losses that may occur at other job sites in the County because of competition from the Project; as such, these estimates do not represent net new jobs; and

- **Income**—Total compensation (wages and benefits) received by employees and proprietors, and other income earned, i.e., profits, rents, and royalties. Income represents a portion of the Project's value added and is one component of the Project's total output described above.

The total economic impact of the Project in each of the three areas above is the sum of its direct, indirect, and induced effects:

- **Direct Effects**—Changes in the specific industries (retail trade, hospitality) being analyzed;
- **Indirect Effects**—Changes in inter-industry purchases as other industries respond to the new demands of the directly affected industries, e.g., increased output from manufacturing firms as a result of new demand from Project retail outlets; and
- **Induced Effects**—Changes in spending by employees (households) because of new income earned directly and indirectly from the Project.

ANALYTICAL FRAMEWORK

The Project's economic impact was analyzed with respect to one-time impacts and ongoing impacts to the County:

1. **One-Time Economic Impacts**—Impacts that are associated with construction of the Project through buildout. One-time impacts include the value of new construction and employment created and income earned during Project construction; as such the duration of one-time impacts is limited to the development period of the Project. Because construction activities associated with specific components of the Project are expected to last for relatively short periods of time, significant increases in household spending in the County based on income earned from these activities (induced impacts) are not anticipated; therefore, induced impacts for Project construction have not been estimated. Estimated impacts of Project construction are presented in **Chapter III**.
2. **Ongoing Impacts**—Impacts that are associated with occupancy and operation of the Project's proposed uses and are measured at buildout on an annual basis. Ongoing impacts occur annually throughout the life of a project and are based primarily on expenditures on goods and services by project tenants. EPS

analyzed the annual impacts of the Project at buildout and full occupancy of all proposed land uses.

Analysis of the ongoing economic impacts of the Project was further separated into impacts of the Base Project and impacts of the Historic and Cultural District.

- **The Base Project** includes retail, office, hotel, and residential land uses outside the proposed Historic and Cultural District. Estimated annual impacts of the Base Project are presented following construction impacts in **Chapter III**.
- **The Historic and Cultural District** consists of the following proposed uses: railroad museum, performing arts theaters, a public market, retail, office, and a variety of food and beverage businesses. Because of the tourist draw inherent in historic and cultural attractions, the district is considered uniquely different from the rest of the Project. The Historic and Cultural District generates impacts in two ways:
 - First, expenditures by on-site businesses and employees generate economic impacts; and
 - Second, by attracting tourists to the City, the Historic and Cultural District indirectly generates sales at off-site businesses because visitors spend their dollars at off-site locations when they visit or attend events in the Historic and Cultural District. Estimated annual impacts of the Historic and Cultural District are presented in **Chapter IV**.

ANALYTICAL AND DATA ASSUMPTIONS

The following list documents the key assumptions that were used to estimate the economic impacts of the Project:

- **Constant Dollars**—All monetary amounts shown in this analysis are constant 2007 dollars;
- **Economy**—Economic impact estimates are derived based on the most recent available data (IMPLAN 2004) describing input-output relations in and between various sectors of the economy and current technology employed in the production of goods and services. Any significant changes in production technology or the relations between various sectors would significantly alter the estimated economic impacts of the Project;
- **Retail Sales**—Retail store sales per square foot were based on average center sales in U.S. community shopping centers in the West published in *Dollars & Cents of Shopping Centers 2006* by the Urban Land Institute and International

Council of Shopping Centers. Hotel sales per room were based on 2007 average room rates and occupancy rates in the Sacramento region from Smith Travel Research;

- **Direct Employment**—Direct employment was estimated using square-foot-per-employee assumptions based on several recent industry studies in the Sacramento Region and nationwide;
- **Household Expenditures**—Impacts of household expenditures were not estimated to avoid double-counting. Spending by Project residents who move in from other parts of the County represents existing spending, while spending by new out-of-County residents employed in the Project is accounted for in the induced impacts of the Project’s employment uses. Only off-site spending by residents who are (1) new to the County and (2) not employed in the Project would be considered as new spending. This amount is likely to be insignificant and is therefore not estimated in this analysis;
- **Historic and Cultural District**—Total impacts of the Historic and Cultural District were estimated in two steps. First, the analysis estimated impacts from operational expenditures of businesses and organizations that are proposed for the district. Second, the analysis estimated impacts that would be generated as visitors to the Historic and Cultural District spend their dollars on other businesses in the City but outside the Project area. The sum of these impacts forms the total estimated impact of the Historic and Cultural District on the local economy; and
- **Off-site Spending by Visitors to the Historic and Cultural District**—Estimated off-site spending and spending patterns for local visitors and tourists were based on survey results from a 2004 study of the economic impact of the arts and cultural organizations in California.⁷ Based on the most recent data available from the California Department of Parks and the Sacramento Convention Visitors Bureau, approximately 2.5 million to 3.0 million visitors toured a variety of historic and cultural attractions in the City during 2006. To estimate the range of potential impacts from new visitor spending, EPS assumed that approximately 500,000 to 1,000,000 visitors annually would visit the Historic and Cultural District at buildout. For analytical purposes, EPS used an average of 750,000 visitors annually, which represents roughly 25 to 30 percent growth over 2006 levels of 2.5 million to 3.0 million visitors. To net out visitors who would still visit other attractions in the City in the absence of the Project, EPS assumed that only 10 percent of the total number of visitors to the district would be net new

⁷ Source: California Arts Council (CAC) (2004), *The Arts: A Competitive Advantage for California II. The Economic Impact of Nonprofit Arts and Cultural Organizations in California.*

visitors.⁸ This yields a projection of 75,000 net new visitors as a result of the Historic and Cultural District. Of these, about 90 percent (67,500 visitors) are expected to be local visitors, while tourists would make up the remaining 10 percent (7,500).⁹

⁸ Net new visitors are visitors who would otherwise not visit the City in the absence of the Historic and Cultural District. Estimate of 10 percent is based on EPS's review of economic studies and visitor surveys of similar arts and cultural attractions in cities throughout the nation.

⁹ According to the 2004 CAC study, close to 10 percent of visitors to historic and cultural events in California were tourists, i.e., persons spending at least one night away from home while attending a cultural event.

III. ECONOMIC IMPACTS OF BASE PROJECT

Economic impact is derived by taking direct expenditures and adding multipliers to account for the chain of spending and respending that is set in motion by the initial direct spending. Tenants' purchases of goods and services stimulate production and employment at other businesses that supply the goods and services. These businesses and their employees, in turn, spend their income, and the impact grows. In addition, when employees of these businesses spend their salaries on household needs, such as groceries, retail purchases, health care, or mortgage or rent payments, their spending induces additional economic activity in each of these industries. These various indirect effects multiply and when added to direct expenditures of the tenants yield the total economic impact of the Project's land uses.

ONE-TIME ECONOMIC IMPACTS

One-time economic impacts are generated by Project construction-related spending on goods and services. As such, the duration of these impacts is limited to the development period of the Project. Because construction activities result in only temporary increases to economic activity, Project construction is not anticipated to create new resident employees and therefore new (induced) household expenditures in the local economy. Thus, total impacts do not include induced impacts to avoid overestimation of economic impacts associated with temporary increases to economic activity.¹⁰

Table 2 shows a summary of the estimated one-time impacts generated by construction of the Project's residential uses, commercial uses, public facilities, and backbone infrastructure. **Appendix A** shows detailed cost and land use assumptions relating to the one-time economic impacts generated by construction of the Project. These impacts are summarized below.

CONSTRUCTION OUTPUT

Construction cost estimates are shown in **Table A-2**. Construction costs for residential units are estimated at approximately \$2.6 billion, for commercial and cultural uses at \$1.3 billion, for backbone infrastructure and public facilities at \$744 million, and for in-tract infrastructure at \$98.5 million, for a total estimated cost for construction of \$4.7 billion at buildout.

¹⁰ MIG, Inc., 2004. IMPLAN Professional Version 2.0 Analysis Guide.

Table 2
Railyards Specific Plan
Economic Impact Analysis
Summary of Economic Impacts of Project Construction (2007\$)

| |
|---------------------------|
| Entire Project |
|---------------------------|

| Activity/ Impact Categories | Impact Type | | | Total Impact |
|---|------------------------|------------------------|-------------|------------------------|
| | Direct | Indirect | Induced [1] | |
| ONE-TIME IMPACTS | | | | |
| <u>Cumulative Construction Impacts</u> | | | | |
| Output [2] | | | | |
| Industry Output (excl. Income) | \$1,749,000,000 | \$487,000,000 | - | \$2,236,000,000 |
| Income [3] | \$2,938,000,000 | \$548,000,000 | - | \$3,486,000,000 |
| Total Output | \$4,687,000,000 | \$1,035,000,000 | - | \$5,722,000,000 |
| Employment (Job years) [4] | | | | |
| Annual Average Employment [5] | 46,460 | 9,241 | - | 55,701 |
| | 2,320 | 462 | - | 2,782 |

"summary_1"

- [1] Note that total construction impacts include direct and indirect impacts only; induced impacts were not estimated because construction activities are temporary and thus are not anticipated to generate net new household expenditures in the local economy.
- [2] Output is the amount of business expenditures on goods and services retained within the local economy.
- [3] Includes employee compensation, proprietors income, and other income (industry profits, rents, and royalties).
- [4] Employment includes both full-time and part-time workers. Job years refer to the number of jobs in each year summed over the entire period of construction.
- [5] Assumes a 20-year construction period.

Based on this estimated construction expenditure, construction of the Project is projected to generate total one-time impact of approximately \$5.7 billion in total output countywide. Of this amount, \$4.7 billion would be generated directly by the Project's construction spending, while an additional \$1.0 billion would be generated indirectly through other related industries in the County (e.g., truck transporters, suppliers of building materials). Total output includes construction income discussed below.

CONSTRUCTION EMPLOYMENT

The construction of the Project is projected to support 55,700 job years or approximately 2,800 jobs annually for the duration of the construction activity, based on a 20-year buildout period. Because of the assumed multiyear construction period, total construction employment is estimated as job years.¹¹ Please note that while the employment estimates are for jobs generated in the County, not all workers are likely to live in the County.

CONSTRUCTION INCOME

Of the Project's total estimated output, a significant portion would be earned as income by employees, proprietors, and investors countywide. An estimated total of approximately \$3.5 billion countywide in total income is projected to be generated through direct and indirect effects of Project construction.

ONGOING ECONOMIC IMPACTS

Ongoing economic impacts would be generated by operational expenditures of the Project's commercial uses and spending by households. Because household expenditures are not expected to generate significant net impacts, they are not estimated in this report. Please refer to **Chapter II** for a discussion of household expenditure impacts.

Because tenant expenditures are not available, other measures, such as estimated number of employees or annual sales, are used to estimate the impact of the land uses. Based on economic data for specific industries in the County, the IMPLAN software

¹¹ Job years measure the number of jobs in each year summed over the entire period of construction. Employment estimates in IMPLAN are based on the average annual output per worker; as such, estimated jobs (i.e., job years) assume that the entire activity occurs within 1 year. If construction extends longer than 1 year, then the average number of jobs in each year is estimated by dividing the job years by the duration of the construction period (in years). If construction takes place within 1 year, then job years equal number of jobs supported in that year.

describes the production relations (functions) in these industries. Using these production relations, the level of business expenditures on goods and services can be derived based on their sales activity or number of employees.

Projected retail and hotel room sales were used to determine impacts of retail and hotel uses respectively, while projected employment was used to determine impacts for office and related uses.

Because ongoing impacts are generated throughout the life of the Project, they are estimated on an annual basis at buildout and assume full occupancy. **Table 3** shows a summary of total annual impacts generated by all nonresidential uses. Please note that ongoing impacts generated by nonresidential land uses in the Historic and Cultural District are discussed separately in the following chapter.

Table B-1 shows the estimated annual impacts generated by each nonresidential land use (retail, office, and hotel) in the Project. At buildout, these uses are projected to generate total output of approximately \$2.7 billion annually, support approximately 18,400 jobs annually, and generate about \$1.5 billion in income annually countywide. These impacts are summarized by each proposed land use below and detailed in **Appendix B** of this report.

ANNUAL OUTPUT

The annual output impacts include annual income impacts discussed later in this section.

Neighborhood and Regional Retail

At buildout and full occupancy of the proposed neighborhood and regional retail space, the Project is projected to generate approximately \$453.4 million in annual retail sales (see **Table B-2**). Based on this sales activity, the Project would generate approximately \$187.5 million in direct output on an annual basis.¹² Additional output resulting from indirect and induced effects is estimated to equal \$110.3 million, for total countywide output of \$297.7 million annually.

¹² Note that the direct output is significantly lower than estimated retail sales because only the portion of the cost to produce a retail product that accrues to local businesses and the cost of the retail services provided will directly impact the local economy. Retail sales prices typically include marketing margins—producer, wholesaler, transporter, and retailer. Therefore, for a given amount of retail sales, IMPLAN software estimates the direct impact to the local economy based on the margin(s) expected to accrue to local businesses as determined by the County's industry structure.

Table 3
Railyards Specific Plan
Economic Impact Analysis
Summary of Annual Economic Impacts of Base Project Uses at Buildout (2007\$)

| |
|-------------------------|
| Base Project |
|-------------------------|

| Activity/ Impact Categories | Impact Type | | | Total Impact |
|--|------------------------|----------------------|----------------------|------------------------|
| | Direct | Indirect | Induced | |
| ONGOING ANNUAL IMPACTS | | | | |
| <u>Neighborhood & Regional Retail, Office, and Hotels</u> | | | | |
| Output [1] | | | | |
| Industry Output (excl. Income) | \$729,000,000 | \$207,000,000 | \$174,000,000 | \$1,110,000,000 |
| Income [2] | \$1,053,000,000 | \$271,000,000 | \$220,000,000 | \$1,544,000,000 |
| Total Output | \$1,782,000,000 | \$478,000,000 | \$394,000,000 | \$2,654,000,000 |
| Employment (Annual Average) [3] | 10,450 | 4,360 | 3,610 | 18,420 |

"summary_2"

Source: EPS.

- [1] Output is the portion of expenditures on goods and services retained within the local economy.
- [2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).
- [3] Employment includes both full-time and part-time workers.

Office-Related Commercial Uses

Operations of businesses in the Project's proposed 2 million square feet of office space are projected to employ approximately 6,760 employees at buildout.¹³ Based on this level of employment, office land uses are estimated to generate approximately \$1.6 billion in direct output annually. Through indirect and induced effects, additional output of approximately \$746 million is estimated to be generated, for total countywide output of \$2.3 billion annually.

Hotels

Based on projected room sales of approximately \$30.9 million, the Project's hotel operations would generate about \$30.9 million direct output annually. Additional output generated by indirect and induced effects would amount to approximately \$16.4 million, for total countywide output of \$47.3 million annually.

ANNUAL EMPLOYMENT

Project operations will create employment for both full-time and part-time workers in the Project and in other businesses in the County. Please note that while the employment estimates are for jobs created in the County, it is unlikely that all workers will be County residents; therefore, the estimated number of new jobs does not necessarily represent a net increase in the number of employed residents and as a result actual induced impacts from employee spending may be lower than estimated in this analysis.

Neighborhood and Regional Retail

At buildout, the Project's neighborhood and regional retail uses are projected to support approximately 3,900 jobs annually countywide. About 3,080 jobs would be generated directly, while an additional 800 jobs would be generated through indirect and induced effects.

Office-Related Commercial Uses

In addition to the 6,760 direct employees estimated for the Project's office land uses, approximately 6,940 jobs would be generated through indirect and induced effects, for total employment of 13,700 jobs countywide.

¹³ Assumes 300 square feet per employee in office-related uses based on EPS's data findings for the Sacramento Region.

Hotels

Hotel uses are projected to support 840 jobs annually countywide. Approximately 620 jobs would be generated directly, while an additional 220 jobs would be generated through indirect and induced effects.

ANNUAL INCOME

Income as used in this report comprises labor income and other property-type income (other income). Labor income consists of employee compensation and income to proprietors, while other income includes corporate (industry) profits, rents, and royalties. Income is a major component of total output discussed earlier in this section.

Neighborhood and Regional Retail

Of the total output generated by the Project's retail uses, approximately \$150.2 million would be earned as income in the County. About \$89.8 million would be earned based on direct output, while an additional \$60.4 million would be earned through indirect and induced output.

Labor income (employee income and proprietors' income) would account for approximately \$115.2 million of total income, while other income would make up about \$35 million.

Office-Related Commercial Uses

Office uses are estimated to generate approximately \$944.7 million annual income directly, and an additional \$421.6 million through indirect and induced effects, for total income of \$1.4 billion annually countywide.

Of the total income, labor income would account for approximately \$654.7 million, while other income would amount to approximately \$711.5 million.

Hotels

Approximately \$26.4 million annual income would be generated in the County as a result of the Project's hotel operations. Of this total amount, about \$17.4 million would be generated directly, while the remainder would be generated through indirect and induced output.

Labor income would account for approximately \$17.0 million of total income, while other income would equal about \$9.4 million.

IV. ECONOMIC IMPACT OF HISTORIC/CULTURAL USES

INTRODUCTION

According to the August 2007 Railyards Draft Environmental Impact Report, the Historic and Cultural District will be anchored by a 188,000-square-foot railroad technology museum, a 100,000-square-foot performing arts complex, and a 56,000-square-foot public market. Ancillary uses will include 98,000 square feet of restaurants and retail space and 43,000 square feet of office space. Because of their unique difference from other nonresidential uses in the Project, impacts of historic and cultural uses were analyzed separately.

In addition to the specific output, employment, and income impacts quantified in this report, other significant intangible benefits generated by creating a new regional destination and tourist draw are likely to have far-reaching impacts on the City and the region. These impacts are discussed below:¹⁴

1. **The Historic and Cultural District as an asset in attracting skilled workers and businesses.** A vibrant arts and cultural environment is becoming an increasingly important factor in business location decisions. By developing arts and cultural programs and activities specifically targeting young professionals, museums and arts organizations contribute to enhancing a city's attractiveness to skilled workers and businesses.
2. **The Historic and Cultural District as a key player in community building.** Institutions such as museums and arts organizations can take an active role in engaging the community in their activities and undertaking outreach to local neighborhoods. From participating in community-building efforts to offering their facilities to local community groups, such institutions can act as catalysts in helping build vibrant communities.
3. **The role of the Historic and Cultural District in enhancing the City's creative economy.** By drawing artists to a city through teaching and employment opportunities, arts and cultural organizations raise the national visibility of the city as a regional cultural center. A concentration of artist's actively involved in a variety of activities contributes to the vibrancy of the local creative sector. Museums and arts organizations can offer lectures and art classes to thousands of residents and host students from across the region. Scholars note that some of

¹⁴ References: Landau, Steven, et. al. "Measuring the Economic Impact of Museums: The Museum of Fine Arts, Boston" in *Northeastern Journal of Economic Development*. Autumn 2002. Northeastern Economic Developers Association.

Americans for the Arts. 2007. *Arts and Economic Prosperity III: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in Charlotte-Mecklenburg, NC*.

the general skills developed through fine arts—self-direction, visual sophistication, intellectual flexibility—are highly valued in today’s economy by helping develop a more creative and adaptable workforce.

The contribution of historic and cultural institutions to a city’s quality of life and attractiveness as a tourist destination has long been recognized. Historic and cultural institutions are an important component of a city’s artistic and cultural environment. More importantly, studies show that as cities compete to attract new businesses as well as young professionals, the winners will be communities that offer an abundance of arts and cultural opportunities. In addition, tourism research shows that cultural tourists stay longer and spend more. In general, a vibrant arts and culture industry enhances a city’s competitiveness and helps local businesses thrive.

ECONOMIC IMPACTS

Operational expenditures of the businesses (tenants) in the district form the basis for quantifying the economic impact of the historic and cultural land uses. In addition, the impact of historic and cultural uses will be complemented by (1) offsite spending by tourists who will visit the County with the Historic and Cultural District as their primary destination and (2) new off-site expenditures by County residents (local visitors) made during visits to the district’s historic and cultural attractions. See **Table 4** for a summary of the ongoing economic impacts generated by the historical and cultural land uses.

To estimate business expenditures of proposed tenants, projected employment was used for the museum, performing arts theater, and office uses. Annual projected sales were used to estimate impacts of the public market, as well as retail and restaurant businesses. A summary of these assumptions is provided in **Table C-2**.

Estimates of additional off-site spending by visitors to the Historic and Cultural District were based on survey results from a 2004 study of the economic impact of the arts and cultural organizations in California.¹⁵ According to the study, audience members attending cultural or art events spent an average of \$17 (2004\$) per day on expenditures away from the event location.¹⁶ Audience members who traveled and spent one or more nights away from home (tourists) spent an additional \$191 (2004\$) on travel, lodging, and other expenses per visit. Expenditure estimates used in this analysis were

¹⁵ CAC (2004). *The Arts: A Competitive Advantage for California II. The Economic Impact of Nonprofit Arts and Cultural Organizations in California.*

¹⁶ This amount was adjusted for expenditures that members would still have made whether or not they had attended the cultural/art event on that day.

Table 4
Railyards Specific Plan
Economic Impact Analysis
Summary of Annual Economic Impacts of Historic and Cultural Land Uses (2007\$)

| |
|---|
| Historic & Cultural District |
|---|

| Impact Categories | Impact Type | | | Total Annual Impact |
|--|---------------------|---------------------|---------------------|---------------------|
| | Direct | Indirect | Induced | |
| <u>Impacts from Onsite Operations in the Historic/Cultural District</u> | | | | |
| Output [1] | | | | |
| Industry Output (excl. Income) | \$29,000,000 | \$7,000,000 | \$7,000,000 | \$43,000,000 |
| Income [2] | \$23,000,000 | \$8,000,000 | \$8,000,000 | \$39,000,000 |
| Total Output | \$52,000,000 | \$15,000,000 | \$15,000,000 | \$82,000,000 |
| Employment (Annual Average) [3] | 570 | 70 | 80 | 720 |
| <u>Additional Impacts from Offsite Expenditures by Visitors to Historic/Cultural District</u> | | | | |
| Output [1] | | | | |
| Industry Output (excl. Income) | \$1,300,000 | \$290,000 | \$260,000 | \$1,850,000 |
| Income [2] | \$1,100,000 | \$330,000 | \$330,000 | \$1,760,000 |
| Total Output | \$2,400,000 | \$620,000 | \$590,000 | \$3,610,000 |
| Employment (Annual Average) [3] | 33 | 5 | 5 | 43 |

"summary_3"

Source: EPS.

- [1] Output is the portion of expenditures on goods and services retained within the local economy.
- [2] Includes employee compensation, proprietors income, and other income (profits, rents, and royalties).
- [3] Employment includes both full-time and part-time workers.

adjusted to 2007 dollars based on the percentage change in the annual consumer price index (all items, all urban consumers) for the San Francisco-Oakland-San Jose metropolitan area between 2004 and 2006 (Bureau of Labor Statistics, 2007).

Because the proposed historic and cultural attractions in the district are still in preliminary planning stages and most of the types of attractions and activities have not yet been determined, it is impossible to project a firm estimate of the expected number of visitors at buildout. In the absence of firm visitor projections, EPS established a conservative methodology based on a review of economic analyses completed throughout the nation for similar attractions. Additional information regarding the proposed historic and cultural attractions would be necessary to complete a more refined analysis of visitor spending.

To estimate the range of potential impacts from new visitor spending, EPS assumed gross visitor attendance in the range of 500,000 to 1,000,000 visitors annually, or an average of 750,000 visitors annually. This represents roughly a 25- to 30-percent increase in the number of visitors to the City compared to 2006 levels of 2.5 million to 3.0 million visitors.

EPS assumed that only 10 percent of the total visitors to the Project's historic and cultural attractions would be net new visitors, i.e., would not have visited the City in the absence of the attractions. This was based on economic analyses and survey data provided for similar attractions around the country. After netting out visitors who would still visit other attractions in the City in the absence of the Project, net new visitors to the Project were projected to average 75,000 annually at buildout. Please refer to **Chapter II** for a detailed discussion of the assumptions used in deriving this estimate. Based on the per-visitor spending estimates by category, **Table C-4** shows total estimated off-site visitor spending of approximately \$2.8 million (2007\$) annually that would be attributed to the Project's historic and cultural uses at buildout.

ANNUAL OUTPUT

The total impact of historic and cultural uses is composed of the impacts of operations of the proposed land uses and impacts of off-site expenditures by visitors. Impacts generated by the proposed land uses and additional impacts from visitor off-site expenditures are shown in **Table 4**.

Operations of Historic and Cultural Land Uses

Based on a combined analysis of projected employment and annual sales for the proposed land uses shown in **Table C-2**, approximately \$52 million in direct output may

be generated annually, as shown in **Table C-1**. Through indirect and induced impacts, an additional \$30 million would be generated annually, for total output of \$82 million.

Additional Off-site Spending by Visitors

Additional output will be generated by new expenditures at off-site businesses by visitors to the historic and cultural uses. The \$2.8 million in new off-site expenditures estimated in **Table C-4** are projected to generate annual direct output of approximately \$2.4 million, as identified in **Table C-3**. Indirect and induced impacts are estimated to generate approximately \$1.2 million annually, for total output of \$3.6 million.

ANNUAL EMPLOYMENT

Operations of Historic and Cultural Land Uses

Estimated direct employment was based on square-feet-per-employee assumptions for the Sacramento Region. Based on total floor space of 485,400 square feet and specific employment assumptions for the railroad museum and the performing arts theater,¹⁷ 570 direct jobs are estimated to be generated at buildout. Through indirect and induced impacts, 150 additional jobs would be generated countywide, for total estimated employment of 720 employees.

Please note that while the employment estimates are for jobs created in the County, it is unlikely that all workers will be County residents; therefore, the estimated number of new jobs does not necessarily represent a net increase in the number of employed residents. As a result, actual induced impacts from employees' household spending may be lower than estimated in this analysis.

Additional Off-site Spending by Visitors

Off-site visitor spending is estimated to generate about 30 jobs directly and approximately 10 more jobs through multiplier effects, for total countywide employment of 40 workers.

ANNUAL INCOME

A major component of total output is income. Income as reported in this analysis includes employee compensation, proprietors' income, and other income comprising corporate profits, rents, and royalties.¹⁸

¹⁷ Estimated employment for the railroad museum provided by the California State Department of Parks; employment estimate for the performing arts theater based on data for the UC Davis Mondavi Center.

¹⁸ MIG, Inc., 2004. IMPLAN Professional Version 2.0 Analysis Guide.

Operations of Historic and Cultural Land Uses

Of the total direct output of \$52 million, approximately \$23 million would be earned as income in the Project. Additional income of \$16 million also would be earned through indirect and induced output, for total annual income of \$39 million countywide.

Additional Off-site Spending by Visitors

Approximately \$1.8 million total income would be earned based on the total output generated by off-site visitor spending. Of this amount, approximately \$1.1 million would be based on direct output, while approximately \$660,000 would be earned through additional multiplier effects.

V. FISCAL ANALYSIS SUMMARY

The economic impacts discussed thus far did not specifically address the portion of Project output that will accrue to government entities in the form of taxes, user fees, licenses, and permits. EPS completed the Railyards Specific Plan Fiscal Impact Analysis (Fiscal Analysis) dated November 2007, assessing the impact of Project development on City operating revenues and expenditures. A summary of the Fiscal Analysis is presented in this chapter.

The Project's development will occur over a multiple-year timeline (20 years or longer). For analytical purposes, Project development is assumed to occur over a 20-year timeline. For initial planning purposes, the Project has been divided into five phases: 1A, 1B, 2, 3, and 4. The Fiscal Analysis evaluated the fiscal impact of the Project's cumulative development during these five phases. The August 2007 Railyards Draft Environmental Impact Report and the October 2007 Administrative Draft Public Facilities Financing Plan (Financing Plan) both analyze the Project based on two phases: an Initial Phase and a Remaining Phase. Phases 1A, 1B, and 2 comprise the Initial Phase, and Phases 3 and 4 make up the Remaining Phase in these other documents.

The Fiscal Analysis was based on conservative assumptions used to project City General Fund and Street Maintenance Fund revenues and expenditures generated by the Project. It is possible that the Project's fiscal impact could outperform the projections described in this Fiscal Analysis.

SIGNIFICANT FINDINGS

- Based on this analysis, the Project is expected to produce an annual net fiscal surplus for the City's General Fund during each phase of development. In addition, it will generate a net fiscal surplus for Street Maintenance Funds during the last two phases of development;
- Larger General Fund surpluses are expected during Phases 1B and 2, when the Project's development will consist primarily of regional-serving retail land uses. Starting at Phase 3 through buildout, reduced surpluses are estimated. The reduced surpluses are the result of two main influences:
 - Increased development of residential land uses during Phases 3 and 4, which produces a lower fiscal gain relative to retail land uses; and

- The opening of the Railyards Fire Station in Phase 3, which is expected to generate operation and maintenance costs that will significantly increase fire protection costs for the Project;¹⁹
- It is noteworthy that the Project shows a positive fiscal impact to the City for all phases even though it does not generate property tax revenue for the City's General Fund. Property tax revenue is usually a major contributor to the City's General Fund; however, because the Project is located in a Redevelopment Area, property tax revenues will go to the Redevelopment Agency and other taxing entities based on the requirements of Redevelopment Law. This analysis assumes that the City will not receive a share of the property tax revenue passed through to other entities. Thus, property tax revenue will not be available to the City's General Fund until the end of the Redevelopment Project (30+ years).

The majority of the Project's General Fund revenues are generated by the following sources:

- Property Tax in lieu of Vehicle License Fee (VLF);
- Sales Tax; and
- Utility Taxes; and
- According to current City ordinance, Transient Occupancy Tax (TOT) is reserved for costs associated with the Convention Center, Sacramento Convention Center & Visitor's Bureau, and Metro Arts Commission. Because it is a non-discretionary revenue source, it has been excluded from this analysis.

It is important to note that TOT is expected to yield a significant amount of non-discretionary revenue; \$3.7 million in annual TOT is estimated at buildout.

RESULTS BY PHASE

General Fund

The Project is projected to produce a surplus that increases substantially from nearly \$487,000 in Phase 1A to \$2.09 million in Phase 1B. It decreases slightly to \$2.08 million in Phase 2 because of increased residential and office development, which produces a relatively lower fiscal gain than sales-tax-producing retail development. In Phase 3 a surplus of \$900,000 was estimated, largely because of the opening of the Railyards fire

¹⁹ Estimated fire station operations and maintenance costs for the Railyards fire station include a cost-sharing component. The Railyards fire station will serve not only the Project but also portions of the River District and Downtown. As a result, the annual operations and maintenance costs of the fire station (\$5.3 million) have been allocated 50 percent to the Project and 50 percent to these other plan areas. This cost-sharing assumption is preliminary and will be revised after updating the City's General Plan and completing the Fire Services Master Plan.

station, which is expected to generate substantially higher fire protection services costs for the Project. At buildout, which is the end of Phase 4, an annual surplus of approximately \$1.4 million was estimated for the General Fund.

Street Maintenance Funds

Street Maintenance Funds are projected to have a slight annual deficit of \$31,000 during Phase 1A and break even during Phases 1B and 2. Surpluses of \$370,000 and \$513,000 were estimated for Phases 3 and 4.

Table 5 summarizes the fiscal impacts to the City's General Fund and Street Maintenance Funds resulting from cumulative development of the Project by phase.

Table 5
Annual Fiscal Impact Summary by Phase

| Item | Cumulative Development by Phase | | | | |
|---------------------------------|---------------------------------|--------------------|--------------------|------------------|--------------------|
| | 1A | 1B | 2 | 3 | 4 (Buildout) |
| GENERAL FUND | | | | | |
| Revenues | \$1,036,158 | \$5,044,080 | \$6,703,892 | \$11,658,928 | \$16,464,281 |
| Expenses | \$551,009 | \$2,882,138 | \$4,688,031 | \$10,802,071 | \$15,105,711 |
| Annual Surplus/(Deficit) | \$485,149 | \$2,161,942 | \$2,015,861 | \$856,857 | \$1,358,570 |
| STREET MAINTENANCE FUNDS | | | | | |
| Revenues | \$0 | \$97,100 | \$105,390 | \$501,109 | \$674,544 |
| Expenses | \$30,571 | \$89,949 | \$101,974 | \$131,370 | \$161,861 |
| Annual Surplus/(Deficit) | (\$30,571) | \$7,151 | \$3,416 | \$369,739 | \$512,684 |

"proj_summary"

Source: EPS.

SENSITIVITY ANALYSES

Land use- and sales tax-sensitivity analyses were developed to evaluate the impact of nonresidential development and increased sales tax revenue projections on the Project's overall fiscal results. The sensitivity results then were compared with the results of the base case scenario, which uses the data and assumptions described in this Fiscal Analysis.

LAND USE-SENSITIVITY ANALYSIS

The land use-sensitivity analysis compared the base case scenario with the land use scenario, **Scenario A (Residential Only)**, which includes only the residential

development proposed in the base case scenario (i.e., omits all nonresidential development in the Project).

In **Scenario A**, the Project would produce deficits in each phase. A deficit of approximately \$9,000 in Phase IA increases to as much as \$2.2 million in Phase 3 of development. At buildout of the Project under this land use scenario, the City would incur an annual deficit of approximately \$1.8 million. The negative fiscal results in this scenario occur largely from the absence of sales tax-generating retail development.

SALES TAX-SENSITIVITY ANALYSIS

The Project is estimated to produce a significant amount of sales tax revenue for the City. This Fiscal Analysis provides a conservative estimate of sales tax revenues by accounting for leakage of taxable retail sales to other jurisdictions, as well as those that represent a shift of retail purchases from other existing retail outlets in the City to on-site retail outlets in the Project.

Recognizing that EPS's assumptions used to estimate sales tax revenue are conservative and that many factors could result in greater sales tax revenues for the Project, EPS conducted a sales tax-sensitivity analysis evaluating the fiscal impacts of the Project, given a higher sales tax revenue scenario. The scenario considered was **Scenario B** (25-Percent Sales Tax-Revenue Increase).

According to the projections, a 25-percent increase in sales tax revenue would cause the annual General Fund surpluses in the base case to increase by approximately \$100,000 in Phase 1A and by about \$830,000 at buildout.

FISCAL ANALYSIS ASSUMPTIONS

This Fiscal Analysis is based on a series of assumptions used to provide a conservative estimate of future annual revenues and expenditures resulting from the Project. Actual fiscal impacts of new development in the Project will vary from those presented in this study depending on changes in the level or cost of City services and other changes to major assumptions.

The land use plan for the Project was based on Thomas Enterprises' July 14, 2007, Land Use Distribution and Phasing Scenario and April 5, 2007, Land Use Scenario. The actual fiscal impacts of the Project will vary from the projections in the Fiscal Analysis depending on the extent to which the actual development schedule differs from the phasing scenario and the land use assumptions developed in the analysis.

The Fiscal Analysis was based on the City's Fiscal Year (FY) 2007–08 approved budget. Because the FY 2007–08 approved budget was prepared in calendar year 2007, all figures in this analysis are expressed in 2007 dollars. In addition, the Fiscal Analysis was based on current City service levels, current tax regulations and statutes as of October 2007, and general assumptions documented in the appendices of this report.

VI. MAJOR INFILL, MIXED-USE PROJECT CASE STUDIES

As a supplement to the economic impacts examined in the previous chapters, EPS conducted additional research on projects similar to the Railyards. EPS, in conjunction with the City and the developer, identified four infill mixed-use projects that include a significant tourism component and are located adjacent to a central business or river district to document the economic impacts of similar, catalytic projects. These case study projects highlight the type of impacts that may result from development of the Railyards:

- Pearl District (Portland, Oregon);
- Lower Downtown (LoDo) District (Denver, Colorado);
- Horton Plaza/Gaslamp Quarter (San Diego, California); and
- Arena District (Columbus, Ohio).

PEARL DISTRICT (PORTLAND, OREGON)

The Pearl District, located in the City of Portland, Oregon, was selected as a case study relative to the development opportunities discussed in other sections of this study. The Pearl District met key criteria as a comparable case study including its nature as a primary, urban redevelopment project, providing mixed-use spaces and increased tourism opportunities. Furthermore, the district is located near the City of Portland's central business district.

The Pearl District is a former warehouse and light industrial area located immediately north of downtown Portland, Oregon. The district's boundaries are defined by West Burnside Street to the south, NW Broadway to the east, the Burlington Northern Railroad tracks and Fremont Bridge to the north, and Interstate 405 to the west. The Pearl District enjoys strong locational attributes with a convenient and highly visible location immediately adjacent to the central commercial district of Portland.

During the 1980s, inexpensive loft housing attracted local artists to the Pearl District. At that time, there were only two existing developments, Powell's City of Books and the landmark Blitz-Weinhard Brewery anchoring the area. The demolition of an elevated highway ramp in the district located at NW Lovejoy Street opened up several dozen surrounding blocks for development. At that time, a selected mix of restaurants, brewpubs, shops, and art galleries were attracted to the increasing residential density of the area and attractively low property costs; however, it was not until the late 1990s when the area began undergoing significant planning and development.

Currently, the Pearl District offers a mix of newly built high-rise condominiums, as well as warehouse-to-loft conversions. Furthermore, the area has undergone significant commercial, and specifically, retail development. Art galleries, boutiques, restaurants, and several small clubs and bars have populated the area, capitalizing on the increasing density of affluent consumers residing in the area. Approximately 5,200 housing units and 3.6 million square feet of commercial development have been developed in the Pearl District since 2001.²⁰ The Pearl District is the strongest urban retail market in Portland in terms of high demand and low vacancy rates according to a national transportation research board study.²¹

Additional economic and development opportunities were generated by the Pearl District's focus on transit-oriented development. The Portland Streetcar, which opened in 2001, services residents, commuters, and tourists in the district. Transit-oriented development in the Pearl District has helped the City of Portland attract new jobs and investment to the urban core. The Portland Streetcar has generated more than \$1.4 billion in development along its 4.7-mile loop.²² As the project neared completion in spring 2005, weekday patronage of the streetcar rose by 7,837 passengers, approximately a two-fold increase. Furthermore, the streetcar line facilitated demand for 1.7 million square feet of mixed-use development, including renovated office space, high-end retail, and luxury apartments and condominiums.

Pearl District redevelopment has also created new recreational opportunities. The area includes most of the historic North Park Blocks and two highly innovative public plazas. Built during 2000, Jamison Square is situated around a fountain that simulates a tidal pool. Also, Tanner Springs Park, built in 2003, offers visitors a recreated natural area featuring wetlands, a walking trail, and a creek.

Redevelopment of one notable area in the Pearl District known as the Brewery Blocks created a bridge between the city's central business district and the Pearl District. The Brewery Blocks include five blocks on the southern edge of the district bordering the downtown area. Redevelopment costs of this area totaled approximately \$300 million.²³ As part of these efforts, two new residential mixed-use towers with ground-level retail space and sustainable design features were built in the Brewery Blocks. The towers contain a total of 368 residential units.

²⁰ "Streetcar Named Development," Kevin Osborne, *Cincinnati Citybeat*, <http://citybeat.com/2007-02-28/news.shtml>.

²¹ "Public Transportation: Benefits for the 21st Century," American Public Transportation Association (APTA), http://www.apta.com/research/info/online/documents/twenty_first_century.pdf.

²² "Trolley Travel Could be in City's Future," Jill Rosen, *Baltimore Sun*, June 10, 2005.

²³ "Economic Development and Smart Growth," Editors Alex Iams and Pearl Kaplan, International Economic Development Council, August 2006, http://www.iedconline.org/Downloads/Smart_Growth.pdf.

The Brewery Blocks' redevelopment has generated an increase of more than \$1.3 million in property tax revenue per year for the City of Portland.²⁴ Some of the positive redevelopment aspects of the Brewery Blocks are its reuse of three historic structures and its environmentally conscious design. The Brewery Blocks is indicative of the potential for smart growth techniques to generate economic development, drawing in millions of dollars in new investment to a transit-accessible location.²⁵

LOWER DOWNTOWN DISTRICT/CENTRAL PLATTE VALLEY (DENVER, COLORADO)

The third district of downtown Denver is commonly referred to as Lower Downtown (LoDo). This is the City of Denver's historic center and comprises square blocks of Victorian brick warehouses bordering the South Platte River to the north and extending primarily to the west and south of 50,000-seat Coors Field, home to Major League Baseball's Colorado Rockies. This area is renowned as the oldest and original settlement of the City of Denver; however, since its redevelopment, LoDo also is known as a center for tourism, commercial development, and nightlife centers.

The LoDo historic movement during the 1980s marked the area as historically significant and commenced revitalization of the area, which spent most of the 20th century in a state of decay. The area began to clean up its parks, restore buildings, and attract new commercial, privately funded development. LoDo is home to several vertical, mixed-use developments, as well as Coors Field. Since opening during 1995, taxable sales have increased by \$40 million, and LoDo sales tax revenues jumped 86 percent during its first year of operation.²⁶ The area has attracted many young, increasingly affluent adults as residents with its availability and mix of retailers, restaurants, jazz clubs, microbreweries, and a revitalized nightlife. LoDo is home to nearly 5,000 residents in its historic lofts and urban living areas. LoDo, once notorious for its seedy nature, has become an attraction for shopping, urban living, and tourism adjacent to the central business district of Denver.

LoDo revitalization generated additional redevelopment in adjacent neighborhoods. Immediately west of LoDo is the Central Platte Valley, which boasts numerous shopping and dining destinations and some of the City's most prominent entertainment venues.

²⁴ Ibid

²⁵ "Economic Development and Smart Growth," Editors Alex Iams and Pearl Kaplan, International Economic Development Council, August 2006, http://www.iedconline.org/Downloads/Smart_Growth.pdf.

²⁶ "Downtown Denver Sports," Downtown Denver Partnership, July 2007.

This area was once a large flood plain along the South Platte River; however, the area has recently redeveloped into another mixed-use area adjacent to downtown Denver. In the 1980s, a new river channel was dug, preventing the area from flooding.

The Central Platte Valley is home to the REI flagship store, occupying nearly 100,000 square feet of retail space, The Children's Museum of Denver, the Downtown Aquarium, and the new Denver Museum of Contemporary Art.²⁷ Across the river is a one-hundred-year-old theme park owned by the Six Flags Corporation. The theme park, occupying 56 acres, is the only downtown theme park in the nation. The park was recently redeveloped and relocated in the Central Platte Valley at a cost of nearly \$140 million.²⁸ This area also is home to the 20,000-seat Pepsi Center Arena, used by the National Basketball Association's Denver Nuggets. The Pepsi Center Arena was completed during 1999 at a cost of \$187 million. Sales tax collections at the arena totaled \$80 million during 2000, and 907 hotel rooms were added as a result of the stadium development between 1997 and 2005.²⁹

HORTON PLAZA/GASLAMP QUARTER (SAN DIEGO, CALIFORNIA)

Horton Plaza and the Gaslamp Quarter are historic landmarks located in downtown San Diego, California. Horton Plaza originally developed as a recreational park in the late 1800s and later was redeveloped into a transit center during the 1960s and 70s. Horton Plaza comprises an 11-acre site in the heart of downtown San Diego. The site is bound by Broadway to the north, 4th Avenue to the east, West G Street to the south, and 1st Avenue to the west. The site enjoys desirable locational attributes with a highly visible downtown location and is situated less than one-half mile from the Major League Baseball stadium, Petco Park, as well as Balboa Park and the waterfront of the San Diego Bay.

Horton Plaza was redeveloped as an urban shopping center featuring anchor stores typically found in regional malls. The plaza capitalized on the area's warm, sunny climate and was well received as an outdoor mall with an emphasis on vertical development and open air shopping centers. The development process spanned more than 10 years and opened during the spring of 1984. Horton Plaza consists of nearly

²⁷ "LiveDowntownDenver" Web site, <http://www.livedowntowndenver.com>.

²⁸ "Six Flags Fight Nearing Resolution," *The Denver Business Journal*, November 23, 2005, <http://www.bizjournals.com/denver/stories/2005/11/21/daily37.html>.

²⁹ "Downtown Denver Sports," Downtown Denver Partnership, July 2007.

1.5 million square feet of commercial space, including 140 retail stores, 250,000 square feet of office space, a 452-room hotel, restaurants, and a 14-screen cinema.

Horton Plaza is owned by The Westfield Group and was developed originally by The Hahn Company. Since opening, the Horton Plaza is estimated to attract approximately 11 million visitors per year. This annual volume of visitors nearly equates to that of Disneyland. The city generates \$1.5 million each year from parking, taxes, and rents related to Horton Plaza. The success of Horton Plaza generated the development of several vertical mixed-use retail, office, and residential units in the surrounding area, transforming Horton Plaza into a mixed-use center of contemporary urban living. Current plans call for further redevelopment of the local Balboa Theatre.

Additionally, Horton Plaza redevelopment created new redevelopment opportunities to the south in the Gaslamp Quarter. The Gaslamp Quarter was originally part of San Diego's "New Town" area developed off 5th Avenue by Alonzo Horton in an effort to promote the area as the City of San Diego's civil center. The area comprises a 16-block section of downtown San Diego originally developed during 1867. The area is defined by Broadway to the north, 6th Avenue to the east, Harbor Drive to the south, and 4th Avenue to the west. The Gaslamp Quarter suffered large amounts of urban decay during the mid-20th century and became another center targeted by the San Diego revitalization movement during the late 1970s. Redevelopment of the area was completed in the late 1980s. Today, the area is filled with more than 94 historic buildings, as well as 125 restaurants, coffeehouses, and nightclubs. The area also includes numerous entertainment centers, bars, landmarks, and retail shops. As part of the redevelopment process, several buildings were converted into vertical mixed-use buildings, with retail on the lower floors, office space on the middle floors, and residential lofts on the top floors, which overlook the historic Gaslamp Quarter.

ARENA DISTRICT (COLUMBUS, OHIO)

Before its redevelopment in 2000, the area now known as the Arena District in the City of Columbus, Ohio, was the home of the now obsolete Ohio Penitentiary and a series of surface parking lots. This 75-acre mixed-use infill site is now a sports and entertainment district adjacent to Downtown Columbus. More specifically, the site is defined as Vine Street to the north, High Street to the east, Spring Street to the south, and Neil Avenue to the west. The site enjoys premium locational attributes including a central downtown location, close proximity to a variety of the area's major transportation corridors and highways, and riverfront access. The district features the 685,000-square-foot Nationwide Arena with 20,000 seats, as well as numerous other concerts and big-ticket events. In addition, the Lifestyle Communities Pavilion holds indoor and outdoor concerts for up to 5,000 fans. Other venues include an 8-screen movie theater,

12 restaurants, a fitness facility, and the planned Huntington Park, which will host the Triple-A baseball team, Columbus Clippers. Arena District restaurants and entertainment venues receive an estimated 2.75 million visitors each year.³⁰

Nationwide Realty Investors (NRI) is the private development firm that initially invested \$450 million in construction costs and land acquisition (including \$100 million for the arena's construction). Other private investors contributed \$50 million toward arena construction, and the City of Columbus invested \$35 million in infrastructure improvements, for a total project cost of approximately \$535 million. The City of Columbus also sold \$30 million bonds to be repaid through tax increment financing, and applied two tax incentive programs to attract residential and office development: a 10-year property tax break for new residential projects, and a payment of 50 percent of the income tax withholding from each new job for one to five years.³¹

As a result of this private-public partnership, between 1998 and 2005, approximately 1.2 million of the planned 1.5 million office and retail square footage was occupied by 40 new or relocated businesses, creating roughly 3,600 new employees in the Arena District. In addition, the district generates nearly \$4.5 million annually in property tax revenue for the City of Columbus.³²

³⁰ "Economic Development and Smart Growth," Editors Alex Iams and Pearl Kaplan, International Economic Development Council, August 2006, http://www.iedconline.org/Downloads/Smart_Growth.pdf.

³¹ *Ibid*

³² *Ibid*



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDICES

APPENDIX A: PROJECT CONSTRUCTION ECONOMIC
IMPACTS

APPENDIX B: ONGOING OPERATIONS ECONOMIC
IMPACTS GENERATED BY PROPOSED USES

APPENDIX C: ECONOMIC IMPACTS GENERATED BY
HISTORIC AND CULTURAL DISTRICT

APPENDIX D: LAND USE ASSUMPTIONS



Economic &
Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDIX A

PROJECT CONSTRUCTION ECONOMIC IMPACTS

| | | |
|-----------|--|-----|
| Table A-1 | Estimated Cumulative Impact of Project Construction at Buildout..... | A-1 |
| Table A-2 | Preliminary Project Construction Cost Estimates (2 Pages)..... | A-2 |

Table A-1
Railyards Specific Plan
Economic Impact Analysis
Estimated Cumulative Impact of Project Construction at Buildout (2007\$)

| Land Use/ Impact | Indirect Effect Multiplier | Direct | Indirect | Total Impact [1] |
|-----------------------------------|----------------------------|------------------------|----------------------|-------------------------------|
| Output [2] | | | | |
| Industry Output (excl. Income) | 0.28 | \$1,749,000,000 | \$487,000,000 | \$2,236,000,000 |
| Income | <u>0.19</u> | <u>\$2,938,000,000</u> | <u>\$548,000,000</u> | <u>\$3,486,000,000</u> |
| Total Output | 0.22 | \$4,687,000,000 | \$1,035,000,000 | \$5,722,000,000 |
| Employment (Job years) [3] | 0.20 | 46,456 | 9,241 | 55,697 |
| Annual Average Employment [4] | | 2,323 | 462 | 2,785 |
| Income [5] | | | | |
| Employee Income | 0.17 | \$2,081,000,000 | \$356,000,000 | \$2,437,000,000 |
| Proprietors Income | 0.12 | \$534,000,000 | \$62,000,000 | \$596,000,000 |
| Other Income [6] | <u>0.40</u> | <u>\$323,000,000</u> | <u>\$130,000,000</u> | <u>\$453,000,000</u> |
| Total Income | 0.19 | \$2,938,000,000 | \$548,000,000 | \$3,486,000,000 |

"constr_impacts"

Source: MIG, Inc. *IMPLAN 2004*; and EPS.

- [1] Note that total impacts include direct and indirect impacts only; induced impacts were not estimated because construction activity has a limited duration and thus is not anticipated to generate net new household expenditures in the local economy.
- [2] Output is the sum of total intermediate inputs and the value added (labor income, indirect business taxes, and other income).
- [3] Employment includes both full-time and part-time workers. Job years measure the number of jobs in each year summed over the entire period of construction.
- [4] Assumes a 20-year construction period.
- [5] Income is a component of total output.
- [6] Includes industry profits, rents, and royalties.

**Table A-2
 Railyards Specific Plan
 Economic Impact Analysis
 Preliminary Project Construction Cost Estimates (2007\$)**

| Land Uses | IMPLAN Sector | | Units/ Rooms | Sq. Ft. Per Unit [1] | Total Bldg. Sq. Ft. | Construction Costs [1] | |
|--|------------------------------------|------|-----------------|-------------------------|------------------------|------------------------|------------------------|
| | Description | Code | | | | Per Sq. Ft. | Total Costs |
| High Density Residential [2] | | | | | | | |
| Rental Units | New multifamily housing structures | 34 | 5,364 | 1,100 | 5,900,400 | \$210 | \$1,239,084,000 |
| Owner Occupied Units | New multifamily housing structures | 34 | 5,364 | 1,200 | 6,436,800 | \$210 | \$1,351,728,000 |
| Subtotal Residential Construction | | | 10,728 | | 12,337,200 | | \$2,590,812,000 |
| Nonresidential Uses | | | | | | | |
| Retail | | | | | | | |
| Neighborhood Retail (ORMU, RMU) | Commercial & institution buildings | 38 | - | - | 322,700 | \$210 | \$67,767,000 |
| Regional Retail (RCMU) | | | | | | | |
| Bass Pro [3] | Commercial & institution buildings | 38 | - | - | 200,000 | - | \$39,500,000 |
| Other Regional Retail | Commercial & institution buildings | 38 | - | - | 862,100 | \$210 | \$181,041,000 |
| Subtotal Regional Retail | | | | | 1,062,100 | | \$220,541,000 |
| Total Retail | | | | | 1,384,800 | | \$288,308,000 |
| Office | Commercial & institution buildings | 38 | - | - | 1,537,200 | \$190 | \$292,068,000 |
| Flexible Mixed Use [4] | Commercial & institution buildings | 38 | - | - | 491,000 | \$215 | \$105,565,000 |
| Cultural/ Historic | Commercial & institution buildings | 38 | - | - | 485,390 | \$375 | \$182,021,000 |
| Hotels | Commercial & institution buildings | 38 | 1,100 | 700 | 770,000 | \$500 | \$385,000,000 |
| Subtotal Nonresidential Construction | | | | | 4,668,390 | | \$1,252,962,000 |
| Total Residential & Nonresidential Construction Costs | | | | | | | \$3,843,774,000 |

**Table A-2
Railyards Specific Plan
Economic Impact Analysis
Preliminary Project Construction Cost Estimates (2007\$)**

| Land Uses | IMPLAN Sector | | Units/ Rooms | Sq. Ft. Per Unit [1] | Total Bldg. Sq. Ft. | Construction Costs [1] | |
|--|---------------------------------------|-------|-----------------|-------------------------|------------------------|------------------------|------------------------|
| | Description | Code | | | | Per Sq. Ft. | Total Costs |
| Backbone Infrastructure Improvements [5] | | | | | | | |
| Sanitary Sewer | Water, sewer, & pipeline constr. | 40 | - | - | - | - | \$36,540,000 |
| Water | Water, sewer, & pipeline constr. | 40 | - | - | - | - | \$21,603,000 |
| Subtotal | | | | | | | \$58,143,000 |
| Storm Drainage | Hwy, street, bridge, & tunnel constr. | 39 | - | - | - | - | \$45,403,000 |
| Transportation [6] | Hwy, street, bridge, & tunnel constr. | 39 | - | - | - | - | \$257,048,000 |
| Subtotal | | | | | | | \$302,451,000 |
| Subtotal Backbone Infrastructure Improvements | | | | | | | |
| | Commercial & institution buildings | 38 | - | - | - | - | \$383,813,000 |
| Public Facilities [6,7] | | | | | | | |
| Subtotal Backbone Infrastructure & Public Facility Improvements | | | | | | | |
| In-tract Infrastructure Improvements [8] | | | | | | | |
| | | 39,40 | - | - | - | - | \$98,464,000 |
| Total Project Construction Costs | | | | | | | |
| | | | | | | | \$4,686,645,000 |

"constr_costs"

[1] Square feet per residential unit and construction costs per square foot assumptions from BAE Railyards Financial Analysis, 7/19/2007
 [2] Includes all Project residential units in the Office/Residential Mixed Use (ORMU), Residential Mixed Use (RMU), and Residential Commercial Mixed Use (RCMU) land use categories.
 [3] Cost provided as lump sum amount.
 [4] Assumes 100% office uses.
 [5] Cost estimates from EPS Railyards Public Facilities Financing Plan, October 2007 (Admin Draft).
 [6] Includes onsite and offsite roadways, dry utilities, and freeways.
 [7] Includes central shops, community center, parking structures, schools, library, police station, fire station, and parks
 [8] Assumes an average cost of \$21.95 per land square foot based on cost estimates for a comparable project in the Sacramento region. Estimate based on commercial and residential land uses acreage (103.0 acres) since improvements will largely be constructed around these uses



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX B

ONGOING OPERATIONS ECONOMIC IMPACTS GENERATED BY PROPOSED USES

| | | |
|-----------|--|-----|
| Table B-1 | Estimated Annual Impact of Commercial Uses at Buildout | B-1 |
| Table B-2 | Retail Sales, Employment, and Tenant Use Assumptions..... | B-2 |

Table B-1
Railyards Specific Plan
Economic Impact Analysis
Estimated Annual Impact of Commercial Uses at Buildout (2007\$)

| Land Use/ Impact | Multipliers | | Direct | Indirect | Induced | Total Annual Impact |
|--------------------------------|-------------|-------------|------------------------|----------------------|----------------------|------------------------|
| | Indirect | Induced | | | | |
| Retail | | | | | | |
| Output | | | | | | |
| Industry Output (excl. Income) | 0.25 | 0.26 | \$97,700,000 | \$24,800,000 | \$25,085,000 | \$147,585,000 |
| Income | <u>0.32</u> | <u>0.35</u> | <u>\$89,783,000</u> | <u>\$28,787,000</u> | <u>\$31,590,000</u> | <u>\$150,160,000</u> |
| Total Output [1] | 0.29 | 0.30 | \$187,483,000 | \$53,587,000 | \$56,675,000 | \$297,745,000 |
| Employment [2] | 0.12 | 0.14 | 3,077 | 364 | 437 | 3,878 |
| Income | | | | | | |
| Employee Income | 0.24 | 0.25 | \$69,108,000 | \$16,555,000 | \$16,985,000 | \$102,648,000 |
| Proprietary Income | 0.35 | 0.32 | \$7,517,000 | \$2,647,000 | \$2,396,000 | \$12,560,000 |
| Other Income | <u>0.73</u> | <u>0.93</u> | <u>\$13,158,000</u> | <u>\$9,586,000</u> | <u>\$12,209,000</u> | <u>\$34,953,000</u> |
| Total Income | 0.32 | 0.35 | \$89,783,000 | \$28,788,000 | \$31,590,000 | \$150,161,000 |
| Office | | | | | | |
| Output | | | | | | |
| Industry Output (excl. Income) | 0.29 | 0.24 | \$619,411,000 | \$178,697,000 | \$145,629,000 | \$943,737,000 |
| Income | <u>0.25</u> | <u>0.19</u> | <u>\$944,681,000</u> | <u>\$238,157,000</u> | <u>\$183,394,000</u> | <u>\$1,366,232,000</u> |
| Total Output | 0.27 | 0.21 | \$1,564,092,000 | \$416,854,000 | \$329,023,000 | \$2,309,969,000 |
| Employment [2] | 0.58 | 0.45 | 6,761 | 3,894 | 3,049 | 13,704 |
| Income | | | | | | |
| Employee Income | 0.51 | 0.35 | \$283,020,000 | \$144,480,000 | \$98,603,000 | \$526,103,000 |
| Proprietary Income | 0.25 | 0.15 | \$91,440,000 | \$23,277,000 | \$13,909,000 | \$128,626,000 |
| Other Income | <u>0.12</u> | <u>0.12</u> | <u>\$570,221,000</u> | <u>\$70,401,000</u> | <u>\$70,882,000</u> | <u>\$711,504,000</u> |
| Total Income | 0.25 | 0.19 | \$944,681,000 | \$238,158,000 | \$183,394,000 | \$1,366,233,000 |
| Hotels | | | | | | |
| Output | | | | | | |
| Industry Output (excl. Income) | 0.27 | 0.27 | \$13,513,000 | \$3,670,000 | \$3,696,000 | \$20,879,000 |
| Income | <u>0.25</u> | <u>0.27</u> | <u>\$17,397,000</u> | <u>\$4,341,000</u> | <u>\$4,654,000</u> | <u>\$26,392,000</u> |
| Total Output | 0.26 | 0.27 | \$30,910,000 | \$8,011,000 | \$8,350,000 | \$47,271,000 |
| Employment [2] | 0.17 | 0.20 | 616 | 105 | 121 | 842 |
| Income | | | | | | |
| Employee Income | 0.24 | 0.24 | \$10,372,000 | \$2,500,000 | \$2,502,000 | \$15,374,000 |
| Proprietary Income | 0.49 | 0.40 | \$872,000 | \$424,000 | \$353,000 | \$1,649,000 |
| Other Income | <u>0.23</u> | <u>0.29</u> | <u>\$6,153,000</u> | <u>\$1,416,000</u> | <u>\$1,799,000</u> | <u>\$9,368,000</u> |
| Total Income | 0.25 | 0.27 | \$17,397,000 | \$4,340,000 | \$4,654,000 | \$26,391,000 |

"comm_impacts"

Source: MIG, Inc. *IMPLAN 2004*; and EPS.

[1] Note that the direct output is significantly lower than estimated retail sales of \$453,368,400 in Table B-2. Retail sales prices typically include marketing margins – producer, wholesaler, transporter, and retailer. Therefore, for a given amount of retail sales IMPLAN software estimates the direct impact to the local economy based on the margin(s) that is expected to accrue to local businesses as determined by the County's industry structure.

[2] Includes full-time and part-time employment.

**Table B-2
Railyards Specific Plan
Economic Impact Analysis
Retail Sales, Employment, and Tenant Use Assumptions (2007\$)**

| Land Use/ Tenant Uses | IMPLAN Sector(s) | Percent of Total [1] | Sq. Ft. | Annual Sales Per Sq. Ft. [2] | Annual Sales |
|---|------------------|----------------------|------------------|---------------------------------------|------------------------------|
| Neighborhood Retail | | | | | |
| General merchandise stores | 410 | 45% | 145,215 | \$340 | \$49,373,100 |
| Food & beverage stores | 405 | 40% | 129,080 | \$340 | \$43,887,200 |
| Food services & drinking places | 481 | 10% | 32,270 | \$490 | \$15,812,300 |
| Miscellaneous store retailers | 411 | 5% | 16,135 | \$340 | \$5,485,900 |
| Subtotal Retail | | 100% | 322,700 | | \$114,558,500 |
| Regional Retail | | | | | |
| Bass Pro (Sporting goods) | 409 | 19% | 200,000 | \$300 | \$60,000,000 |
| General merchandise stores | 410 | 51% | 543,470 | \$300 | \$163,041,000 |
| Miscellaneous store retailers | 411 | 20% | 212,420 | \$300 | \$63,726,000 |
| Food services & drinking places | 481 | 10% | 106,210 | \$490 | \$52,042,900 |
| Subtotal Retail | | 100% | 1,062,100 | | \$338,809,900 |
| Total Retail | | | 1,384,800 | | \$453,368,400 |
| | | | | <u>Sq. Ft./ Employee [3]</u> | <u>Employees</u> |
| Office | | | | | |
| General office | 452-460 | 35% | 538,020 | 300 | 1,793 |
| Business/ financial | 423-436 | 40% | 614,880 | 300 | 2,050 |
| Professional/ technical | 437-451 | 20% | 307,440 | 300 | 1,025 |
| Medical | 465-466 | 5% | 76,860 | 300 | 256 |
| Subtotal Office | | 100% | 1,537,200 | | 5,124 |
| Flexible Mixed Use (100% Office) | | | | | |
| General office | 452-460 | 35% | 171,850 | 300 | 573 |
| Business/ financial | 423-436 | 40% | 196,400 | 300 | 655 |
| Professional/ technical | 437-451 | 20% | 98,200 | 300 | 327 |
| Medical | 465-466 | 5% | 24,550 | 300 | 82 |
| Subtotal Flexible Mixed Use | | 100% | 491,000 | | 1,637 |
| Total Office | | | 2,028,200 | | 6,761 |
| Hotels | | | | | |
| Hotels | 479 | 100% | 1,100 | Annual Sales per Room [4] \$28,100 | Annual Sales \$30,910,000 |

"nonres_assumps"

Source: Thomas Enterprises, 7/14/2007 Railyards Land Use Phasing Scenario; ULI (2006) Dollars & Cents of Shopping Centers; BizStats.com; Smith Travel Research; MIG, Inc.; and EPS.

[1] Based on the Railyards Specific Plan and EPS assumptions.

[2] Based on data from ULI (2006) Dollars & Cents of Shopping Centers and BizStats.com.

[3] EPS assumptions based on data findings for the Sacramento region over a period of several decades.

[4] Annual sales per hotel room assume an average occupancy rate of 70% and average daily room rate of \$110 based on 2007 data from Smith Travel Research for Sacramento area hotel industry trends.



Economic & Planning Systems

Public Finance
Real Estate Economics
Regional Economics
Land Use Policy

APPENDIX C

ECONOMIC IMPACTS GENERATED BY HISTORIC AND CULTURAL DISTRICT

Table C-1 Estimated Annual Impact of Historic/Cultural District Uses C-1

Table C-2 Tenant Use Assumptions for Historic/Cultural Land Uses..... C-2

Table C-3 Estimated Impact of Off-Site Spending by Visitors to Historic/Cultural Uses C-3

Table C-4 Estimated Off-Site Spending by Visitors to the Historic/Cultural District..... C-4

Table C-5 Local Visitor and Tourist Spending Patterns by Category C-5

18
*
14
17
19
20
21
22
23
24
25
26
27
28
29
30
31
32

**Table C-1
Railyards Specific Plan
Economic Impact Analysis
Estimated Annual Impact of Historic/Cultural District Uses (2007\$)**

| Impact Category | Multipliers | | Economic Impacts | | | Total Annual Impact |
|--|-------------|-------------|---------------------|--------------------|--------------------|---------------------|
| | Indirect | Induced | Direct | Indirect | Induced | |
| Impact of Tenant Operations [1] | | | | | | |
| Output | | | | | | |
| Industry Output (excl. Income) | 0.25 | 0.23 | \$28,291,000 | \$6,939,000 | \$6,452,000 | \$41,682,000 |
| Income | <u>0.32</u> | <u>0.35</u> | <u>\$23,491,000</u> | <u>\$7,562,000</u> | <u>\$8,125,000</u> | \$39,178,000 |
| Total Output [2] | 0.28 | 0.28 | \$51,782,000 | \$14,501,000 | \$14,577,000 | \$80,860,000 |
| Employment [3] | 0.13 | 0.14 | 569 | 74 | 79 | 722 |
| Income | | | | | | |
| Employee Income | 0.25 | 0.25 | \$17,181,000 | \$4,307,000 | \$4,369,000 | \$25,857,000 |
| Proprietary Income | 0.32 | 0.27 | \$2,310,000 | \$739,000 | \$616,000 | \$3,665,000 |
| Other Income | <u>0.63</u> | <u>0.79</u> | <u>\$4,000,000</u> | <u>\$2,515,000</u> | <u>\$3,140,000</u> | \$9,655,000 |
| Total Income | 0.32 | 0.35 | \$23,491,000 | \$7,561,000 | \$8,125,000 | \$39,177,000 |

"hcd_impacts"

Source: MIG, Inc. *IMPLAN 2004*; and EPS.

[1] Proposed tenants include: a railroad museum, performing arts theaters, offices, restaurants, etc. See Table C-2 for details.

[2] Output was estimated using IMPLAN based on estimated employment and annual sales. For the railroad museum, performing arts theater, and office uses, output was based on estimated employment; while for retail, food & beverage, and public market uses, output was estimated based on estimated annual sales. See Table C-2 for details.

[3] Includes full-time and part-time employment.

**Table C-2
 Railyards Specific Plan
 Economic Impact Analysis
 Tenant Use Assumptions for Historic/Cultural Land Uses (2007\$)**

| Land Use/ Tenant Uses | IMPLAN Sector(s) | Square Feet [1] | Sq. Ft. per Employee | Estimated Employment [2] | Annual Sales Per Sq. Ft. | Estimated Annual Sales [3] |
|-------------------------------------|------------------|-----------------|----------------------|--------------------------|--------------------------|----------------------------|
| Historic/ Cultural Uses | | | | | | |
| Railroad Museum [4] | 475 | 187,830 | - | 30 | - | - |
| Performing Arts Theater [5] | 471 | 100,000 | 1,000 | 100 | - | - |
| Office | 452-460 | 42,994 | 450 | 96 | - | - |
| Retail Stores | 410,411 | 34,958 | 450 | 78 | \$300 | \$10,487,400 |
| Food and Beverage | 481 | 63,330 | 450 | 141 | \$490 | \$31,031,700 |
| Public Marketplace [6] | 405 | 56,278 | 450 | 125 | \$100 | \$5,627,800 |
| Total Historic/Cultural Uses | | 485,390 | | 569 | | |

Source: Railyards Specific Plan, Draft EIR, Aug. 2007; ucdavis.edu; ULI (2006) Dollars & Cents of Shopping Centers; BizStats.com; and EPS.
 "tenant_assumps"

- [1] Preliminary use and space allocations for analytical purposes only from the Railyards Specific Plan Draft EIR, Table 3-5.
- [2] Estimated employment was used in IMPLAN to estimate output generated by these uses: railroad museum, performing arts theater, and office uses.
- [3] Estimated annual sales were used in IMPLAN to estimate output generated by these uses: retail stores, food & beverage places, and a public marketplace.
- [4] Estimated employment from the California State Parks Dept. as of October 13, 2007.
- [5] Square feet per employee assumptions based on data for the UC Davis Mondavi Center for the Performing Arts.
- [6] Annual sales per square foot reflects median sales value based on a review of literature on several public markets nationwide.

**Table C-3
Railyards Specific Plan
Economic Impact Analysis
Estimated Impact of Offsite Spending by Visitors to Historic/Cultural Uses [1]**

| Impact Category | Multipliers | | Economic Impacts | | Total Annual Impact |
|--------------------------------|-------------|-------------|--------------------|------------------|---------------------|
| | Indirect | Induced | Direct | Indirect | |
| Output | | | | | |
| Industry Output (excl. Income) | 0.22 | 0.20 | \$1,312,000 | \$293,000 | \$259,000 |
| Income | <u>0.30</u> | <u>0.30</u> | <u>\$1,102,000</u> | <u>\$327,000</u> | <u>\$326,000</u> |
| Total Output [2] | 0.26 | 0.24 | \$2,414,000 | \$620,000 | \$585,000 |
| Employment [3] | 0.14 | 0.15 | 33 | 5 | 5 |
| Income | | | | | |
| Employee Income | 0.28 | 0.27 | \$654,000 | \$185,000 | \$176,000 |
| Proprietary Income | 0.28 | 0.22 | \$111,000 | \$31,000 | \$25,000 |
| Other Income | <u>0.33</u> | <u>0.37</u> | <u>\$338,000</u> | <u>\$111,000</u> | <u>\$126,000</u> |
| Total Income | 0.30 | 0.30 | \$1,103,000 | \$327,000 | \$327,000 |

"visitor_impacts"

Source: MIG, Inc. *IMPLAN 2004*; and EPS.

- [1] Impact of onsite spending is captured in the operation impacts of the proposed land uses. Visitors include local visitors (residents of Sacramento County) and tourists (out-of-county visitors).
- [2] Note that the direct output is lower than estimated total visitor spending of \$2,809,441 in Table C-4. Retail sales prices typically include marketing margins – producer, wholesaler, transporter, and retailer. Therefore, for a given amount of retail spending on commodities IMPLAN software estimates the direct impact to the local economy based on the margin(s) that is expected to accrue to local businesses as determined by the County's industry structure.
- [3] Includes full-time and part-time employment.

**Table C-4
Railyards Specific Plan
Economic Impact Analysis
Estimated Off-site Spending by Visitors to the Historic/Cultural District**

| Spending Category | Local Visitors | | | Tourists (Out-of-Area Visitors) | | | Total Visitor Offsite Spending |
|--------------------------------------|-------------------------------------|------------------------------------|---------------------------------|-------------------------------------|------------------------------------|---------------------------------|--------------------------------------|
| | Percent Spent by Category [1] | Amount Spent per Visitor [2] | Subtotal Offsite Spending | Percent Spent by Category [1] | Amount Spent per Visitor [2] | Subtotal Offsite Spending | |
| <i>Estimated Annual Visitors [3]</i> | | | 67,500 | | | 7,500 | 75,000 |
| Food and Drink | 49.4% | \$8.58 | \$579,326 | 47.0% | \$56.98 | \$427,380 | \$1,006,706 |
| Souvenirs, Books, or Art Objects | 12.6% | \$2.19 | \$147,763 | 26.1% | \$2.19 | \$16,418 | \$164,181 |
| Transportation [4] | 15.1% | \$2.62 | \$177,081 | 1.0% | \$2.62 | \$19,676 | \$196,757 |
| Child-care expenses [5] | 2.5% | \$0.43 | \$29,318 | 1.2% | \$0.43 | \$3,258 | \$32,576 |
| Clothing and Accessories | 11.2% | \$1.95 | \$131,345 | 0.2% | \$51.85 | \$388,899 | \$520,244 |
| Other | 9.2% | \$1.60 | \$107,891 | 23.8% | \$1.60 | \$11,988 | \$119,879 |
| Travel & Lodging | 0.0% | \$0.00 | \$0 | 0.7% | \$102.55 | \$769,098 | \$769,098 |
| Total | 100.0% | \$17.37 | \$1,172,725 | 100.0% | \$218.23 | \$1,636,716 | \$2,809,441 |

"offsite_exp"

Source: California Arts Council, 2004; BLS, 2005; and EPS.

[1] Refer to Table C-5 for additional details.

[2] Amount was adjusted for visitors who would have visited other sites and spent offsite even if the primary destination in question was not an option.

[3] Estimate assumes a probable range of 500,000 to 1 million visitors annually, for an average of 750,000 visitors split 90% local and 10% tourists.

Net new visitors are assumed to make up 10% (7,500) of the projected gross attendance of 750,000 visitors.

[4] Includes gas, parking, tolls, taxi, limo, and public transportation

[5] Child-care expenses related to attending arts events.

**Table C-5
Railyards Specific Plan
Economic Impact Analysis
Local Visitor and Tourist Spending Patterns by Category**

| Expenditure Categories by Type of Visitor | IMPLAN Sector(s) | Percent of Expenditures | Spending per Visitor | |
|---|------------------|-------------------------|----------------------|-----------------|
| | | | 2004\$ | 2007\$ [1] |
| Off-site Spending per Day Visitor [2] | | | | |
| Food and Drink | 481 | 49.4% | \$8.16 | \$8.58 |
| Souvenirs, Books, or Art Objects | 411 | 12.6% | \$2.08 | \$2.19 |
| Transportation [3] | 395,397,407 | 15.1% | \$2.49 | \$2.62 |
| Child-care related to attending arts events | 469 | 2.5% | \$0.41 | \$0.43 |
| Clothing and Accessories | 408 | 11.2% | \$1.85 | \$1.95 |
| Other | 490 | 9.2% | \$1.52 | \$1.60 |
| Subtotal | | 100.0% | \$16.51 | \$17.37 |
| Additional Off-site Spending per Tourist [4] | | | | |
| Travel & Lodging | 395,407,479,480 | 51.1% | \$97.45 | \$102.55 |
| Spending on other days | | | | \$0.00 |
| Food and Drink | 481 | 24.1% | \$46.00 | \$48.40 |
| Clothing, Accessories and Other | 408 | 24.8% | \$47.43 | \$49.91 |
| Subtotal | | 100.0% | \$190.87 | \$200.86 |
| Total Off-site Spending per Tourist [5] | | | | |
| Travel & Lodging | 395,407,479,480 | 47.0% | \$97.45 | \$102.55 |
| Food and Drink | 481 | 26.1% | \$54.15 | \$56.98 |
| Souvenirs, Books, or Art Objects | 411 | 1.0% | \$2.08 | \$2.19 |
| Transportation [3] | 395,397,407 | 1.2% | \$2.49 | \$2.62 |
| Child-care related to attending arts events | 469 | 0.2% | \$0.41 | \$0.43 |
| Clothing and Accessories | 408 | 23.8% | \$49.28 | \$51.85 |
| Other | 490 | 0.7% | \$1.52 | \$1.60 |
| Total Offsite Spending per Tourist | | 100.0% | \$207.38 | \$218.23 |

"visitor_exp"

Source: California Arts Council (2004) The Arts: A Competitive Advantage for California II; BLS; and EPS.

- [1] Escalated using the change in the San Francisco-Oakland-San Jose annual CPI between 2004 and 2006.
 [2] Average offsite spending for all visitors on the day of event or other attraction.
 [3] Includes gas, parking, tolls, taxi, limo, and public transportation.
 [4] Additional spending by tourists (out-of-area visitors) staying for one or more nights per visit.
 [5] Sum of average spending per visitor plus additional spending for tourists.



**Economic &
Planning Systems**

*Public Finance
Real Estate Economics
Regional Economics
Land Use Policy*

APPENDIX D

LAND USE ASSUMPTIONS

| | | |
|-----------|---|-----|
| Table D-1 | Sacramento Railyards Land Use Summary | D-1 |
|-----------|---|-----|

**Table D-1
 Railyards Specific Plan
 Economic Impact Analysis
 Sacramento Railyards Land Use Summary**

BUILDOUT

| Land Use [1] | BUILDOUT | | | | | | | | | | Sq. Ft. [4] | |
|---|--------------|---------------|------------|------------------|------------------|----------------------|-----------------------|------------------|--------------|--------------|----------------|----------|
| | Residential | | | | | Nonresidential | | | | | | Hotel |
| | Total Acres | Units | Units/Acre | Retail Sq. Ft. | Office Sq. Ft. | Historic Sq. Ft. [2] | Mixed Use Sq. Ft. [3] | Subtotal Sq. Ft. | Rooms | | | |
| a | b | c = b/a | d | e | f | g | h = d + e + f + g | i | j | | | |
| Mixed Use Land Uses | | | | | | | | | | | | |
| Office/Residential Mixed Use (ORMU) [5] | 18.7 | 728 | 39 | 157,700 | 1,537,200 | - | - | 1,694,900 | - | - | - | - |
| Residential Mixed Use (RMU) | 42.0 | 8,296 | 198 | 165,000 | - | - | - | 165,000 | 500 | - | 350,000 | - |
| Residential Commercial Mixed Use (RCMU) | 42.3 | 1,704 | 40 | 1,062,100 | - | 197,560 | 491,000 | 1,750,660 | 600 | - | 420,000 | - |
| Total Mixed Use Land Uses | 103.0 | 10,728 | 277 | 1,384,800 | 1,537,200 | 197,560 | 491,000 | 3,610,560 | 1,100 | 1,100 | 770,000 | - |
| Other Land Uses | | | | | | | | | | | | |
| Open Space | 42.4 | - | - | - | - | - | - | - | - | - | - | - |
| Transportation Use [6] [7] | 29.0 | - | - | - | - | - | - | - | - | - | - | - |
| Railroad Technology Museum [6] | 3.9 | - | - | - | - | 187,830 | - | 187,830 | - | - | 187,830 | - |
| Other Cultural/Historic [8] | - | - | - | - | - | 100,000 | - | 100,000 | - | - | 100,000 | - |
| Parking/Public Uses [6] [9] | 3.4 | - | - | - | - | - | - | - | - | - | - | - |
| Total Other Land Uses | 78.6 | - | - | - | - | 287,830 | - | 287,830 | - | - | 287,830 | - |
| Total Land Uses | 181.6 | 10,728 | 277 | 1,384,800 | 1,537,200 | 485,390 | 491,000 | 3,898,390 | 1,100 | 1,100 | 770,000 | - |

Source: Thomas Enterprises, *Railyards Land Use Phasing Scenario*, April 5 & July 14, 2007; Bay Area Economics, *Financial Analysis*, July 19, 2007; Railyards Specific Plan Draft Environmental Impact Report (DEIR), Aug., 2007; City of Sacramento, *Open Space Summary*, October 23, 2007; and EPS.

[1] This plan represents one possible buildout scenario based on reasonable assumptions of market demand and is consistent with land use assumptions in the draft Financing Plan and draft Fiscal Impact Analysis. Certain parcels in the Railyards are designated as housing OR office OR hotel OR a combination thereof. EPS assumes that parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential; Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 0% office and 100% residential.

[2] Refers to Historic Cultural land uses contained in the Central Shops. Square footage based on Table 3-5 of the Railyards Specific Plan DEIR.

[3] Refers to second-level mixed-use commercial space fronting Camille Lane, which may have retail, office, housing, or educational uses. This analysis assumes the square footage associated with these parcels is 100% office.

[4] Assumes 700 sq. ft. per hotel room. Based on Bay Area Economics' 7/19/07 Financial Analysis.

[5] Mixed Use includes both residential and nonresidential. In this Analysis, parcels 40-44 and 46 (south of the track facilities) are considered 100% office and 0% residential. Parcels 47a, 48, 49b and 49c (north of the track facilities) are considered 100% residential and 0% office.

[6] Includes parcels 28 and 29 designated as RRMU identified by the City of Sacramento.

[7] Includes the Intermodal Station, Passenger Facilities, and Depot Plaza.

[8] Refers to the proposed performing arts center. Parcel acreage not available.

[9] Includes I-5 Parking and the Pump Station.