



ROCKLIN CITY COUNCIL

City Council Special Meeting

City Hall - Council Chambers
3970 Rocklin Rd. Rocklin, CA 95677
Website: www.rocklin.ca.us

Tuesday, January 17, 2023

KEN BROADWAY, *Mayor*
GREG JANDA, *Vice Mayor*
DAVID BASS, *Council Member*
JILL GAYALDO, *Council Member*
BILL HALLDIN, *Council Member*

ALY ZIMMERMANN, *City Manager*
SHERI CHAPMAN, *City Attorney*
HOPE ITHURBURN, *City Clerk*
DANIEL CHOE, *City Treasurer*

MEETING PROCEDURES AND STANDARDS OF DECORUM

For items listed on the agenda, any person may address the City Council at the time the item is considered. Speakers are requested to restrict their comments to the item as it appears on the agenda and stay within the required five minute time limit, unless the time is adjusted by the Mayor.

For items not listed on the agenda, any person may do so under Citizens Addressing the City Council. Speakers are limited to five minutes and the item must be under the jurisdiction of the Rocklin City Council. As a reminder, the Brown Act does not permit the City Council to take action on items brought up under Citizens Addressing the City Council.

Whenever any group of persons wishes to address the City Council on the same subject matter, it shall be proper for the Mayor to request that a spokesperson be chosen.

Although not required, speakers are requested to identify themselves by stating their name and city of residence for the official record. Time will be monitored on the lectern. When the time reaches zero, please be seated.

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All remarks shall be addressed to the City Council as a body and not to any member thereof, or to staff, or to the public. No person, other than a member of the City Council, the City Manager or the City Attorney and the person having the floor, shall be permitted to enter into any discussion without the permission of the presiding officer.

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POSTING OF AGENDA

In accordance with Government Code Section 54954.2(a) this agenda was posted on the City's bulletin board at City Hall, 3970 Rocklin Road, Rocklin, and City of Rocklin website at www.rocklin.ca.us.

AGENDA

SPECIAL MEETING INSTRUCTIONS

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1. **Introduction**
2. **Pledge of Allegiance**
3. **Roll Call**

CITIZENS ADDRESSING THE COUNCIL

4. DISCUSSION ITEMS

4.A [Citywide Fiscal Impact Analysis](#)

Recommendation: Receive a presentation by NBS on a Citywide Fiscal Impact Analysis (FIA).

Staff Presentation by Sherri Conway, Assistant City Manager

ADJOURNMENT



City Council Staff Report

Subject: Citywide Fiscal Impact Analysis

Date: January 17, 2023

Submitted By: Sherri Conway, Assistant City Manager

Department: City Manager's Office

Recommendation:

Receive a presentation by NBS on a Citywide Fiscal Impact Analysis (FIA).

Background:

As part of the overall decision-making process to move forward with proposed development, it is important to evaluate the contributions and demands that future development will place upon the City's operating funds. To better understand the fiscal impact of development, the City enlisted the consulting firm NBS to prepare a comprehensive review of the net fiscal impact to its General Fund in anticipation of projected future development within the City. This analysis (Attachment 1) seeks to determine the fiscal impact of future development throughout the City and the accompanying impact placed upon the City's General Fund.

A review of the revenues expected to be generated by projected development, as compared with expenditures the City will incur to provide certain public services, determined that projected residential development (both Single-Family and Multi-Family residential) within the City will have a negative fiscal impact on the City's General Fund, whereas Commercial and Industrial development will have a positive fiscal impact.

As a general policy approach to balance fiscal sustainability with State mandates, in most instances the City of Rocklin should only consider conversion of non-residential land to residential uses in instances where the change is necessary to maintain the Housing Element's required Regional Housing Needs Allocation Available Sites Inventory including General Plan Amendment and Rezone programs and associated ongoing compliance with Housing Element No Net Loss Requirements.

It is important to note that the City has more than 40 Regional Housing Needs Allocation (RHNA) residential sites that have not been accounted for in the data used to generate FIA outcomes. Additionally, the City may need to convert numerous other sites to residential uses in the future to adhere to Senate Bill 166 – Housing Element No Net Loss Law requirements. These anticipated conversions are expected to be necessary because the City's 2021-2029 Housing Element did not include a significant amount of surplus sites beyond the minimum

numbers required to meet the City's RHNA requirements.

This joint workshop of the City Council and Planning Commission will consist of a presentation of the Fiscal Impact Analysis by NBS, questions to and responses from the consultant and staff, the opportunity for public comment, and a discussion among the City Councilmembers and Planning Commissioners regarding the report and its findings.

ATTACHMENTS:

[1. Citywide Fiscal Impact Analysis December 2022](#)

CITY OF ROCKLIN

Report For:

Fiscal Impact Analysis of Future Development

December 30, 2022

Prepared by:



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TABLE OF CONTENTS

Section 1 INTRODUCTION.....	1
Section 2 BACKGROUND.....	2
Analysis Methodology.....	2
Current City Persons Served	3
Future City Persons Served	4
Section 3 REVENUE ESTIMATE	6
Property Tax Revenue	6
Property Tax in Lieu of Vehicle License Fee (“VLF”) Revenue	12
Documentary Transfer Tax.....	13
Sales Tax Revenue	14
Other City Revenue	16
Revenue Summary	18
Section 4 EXPENDITURES ESTIMATE	19
Current Service Level Expenditures	19
Allocation of Expenditures to Population Served	20
Current Service Level Expenditures per Person Served	20
Total Expenditures Summary	21
Section 5 FISCAL IMPACT.....	23
Section 6 RECOMMENDATIONS	24

LIST OF TABLES

Table 1.	Current Persons Served	3
Table 2.	Future Persons Served.....	4
Table 3.	Change in Persons Served.....	5
Table 4.	Growth in Housing Units.....	6
Table 5.	Total Future Assessed Value of SFR and MFR Development.....	7
Table 6.	Undeveloped Residential Acreage and Assessed Value	8
Table 7.	Incremental Assessed Value of Future Residential Development.....	8
Table 8.	Property Tax Revenue Generated by Future Residential Development	9
Table 9.	Future Development Employee Population	9
Table 10.	Estimated Non-residential Building Square Feet to Develop (KSF)	10
Table 11.	Current Assessed Value of Future Non-residential Development.....	10
Table 12.	Commercial and Industrial Price per Building Square Foot.....	11
Table 13.	Incremental Assessed Value of Future Non-residential Development	11
Table 14.	Property Tax Revenue Generated by Future Non-residential Development	12
Table 15.	Property Tax in Lieu of VLF Ratio	12
Table 16.	Property Tax in Lieu of VLF Revenue	13
Table 17.	Documentary Transfer Tax Generated by Future Development.....	13
Table 18.	Residential Household Incomes	14
Table 19.	Sales Tax Revenue Generated by Increase in Residential Population.....	14
Table 20.	Sales Tax Revenue Generated by Increase in Employee Population.....	15
Table 21.	Sales Tax Revenue Generated by Future Commercial Development.....	16
Table 22.	Other City Revenue.....	17
Table 23.	Other City Revenue per Person Served/Employee.....	17
Table 24.	Other City Revenue Generated by Future Development	18
Table 25.	Revenue Summary	18
Table 26.	Revenue Summary By Future Development Type.....	18
Table 27.	Current Service Level Expenditures.....	19
Table 28.	Expenditures Allocation to Persons Served, Residents Served, or Employees Served	20
Table 29.	Current Service Level Expenditures per Person Served	20
Table 30.	Current Service Level Expenditures Generated by Future Development	21
Table 31.	Expenditures Summary.....	21
Table 32.	Expenditures Summary by Future Development Type.....	22
Table 33.	Annual Fiscal Impact.....	23
Table 34.	Fiscal Impact by Development Type.....	23

SECTION 1 | INTRODUCTION

The City of Rocklin (“City”) is undertaking a comprehensive review of the net fiscal impact to its General Fund in anticipation of projected future development within the City. A review of the revenues expected to be generated by projected development, as compared with expenditures the City will incur to provide certain public services, determined that projected Single-Family Residential (“SFR”) and Multi-Family Residential (“MFR”) development within the City will have a negative fiscal impact on the City’s General Fund, whereas Commercial (“Commercial”) and Industrial (“Industrial”) development will have a positive fiscal impact.

This fiscal impact analysis (FIA) will provide background information, applicable financial information, and recommended actions for the City’s consideration. To accomplish these objectives, this report includes the following information:

- **Background Information.** The introductory portion of the report focuses on the City and public services/operations under review. Existing development information is also addressed in this section.
- **Revenues.** The revenue section of the report identifies the various revenue sources and the potential recurring revenues, given certain reasonable assumptions.
- **Expenditures.** The expenditure section of the report identifies the estimated recurring cost burden placed upon the City’s operations.
- **Fiscal Impact.** Using projected development’s identified revenues and expenditures, this section of the report identifies the overall fiscal impact on the City’s operations. Fiscal impacts are addressed on a land use category basis using either a per dwelling unit, building square foot, lot square foot, or acre factor.
- **Recommendations.** The report concludes with a summary of fiscal analysis findings and recommendations for the City’s consideration.

SECTION 2 | BACKGROUND

As part of the overall decision-making process to move forward with proposed development, it is important to evaluate the contributions and demands that future development will place upon a public agency's operating funds. This analysis seeks to determine the fiscal impact of future development throughout the City and the accompanying impact placed upon the City's General Fund. The General Fund is used to account for all the general revenues of the City not specifically levied or collected for other City funds or related expenditures. The General Fund accounts for all financial resources of a governmental unit not accounted for in another fund. To determine the anticipated fiscal impacts placed upon the City, this fiscal impact analysis is designed to quantify the approximate cost of providing services to the City's projected future population.

Analysis Methodology

The revenue portion of the fiscal impact analysis focuses on various taxes, fees, and other City revenues collected to fund ongoing operational costs. The expenditure portion of the fiscal impact analysis focuses on recurring expenditures incurred by the City to provide ongoing services to its population.

This analysis utilizes data from various sources including, but not limited to, the US Census Bureau, California Department of Finance, the General Plan, the City's Travel Demand Model, and financials of the City. Data sources are detailed where applicable in this report. Current-day dollar values are used in this analysis due to the inability to project with accuracy revenues and expenditures at the time of buildout. The rounding of decimals may cause marginal variances between calculated and listed figures that appear in this report.

There are several industry-accepted methods for allocating a public agency's recurring revenues and expenditures to future development. This fiscal analysis primarily employs two industry-standard approaches: the case study approach and the multiplier approach. Both approaches are described below.

CASE STUDY APPROACH

When data used in a fiscal impact analysis is specific to the analysis itself and is not dependent on industry-accepted generalized multipliers such as the number of residents, employees, etc., the case study approach is utilized. The case study approach relies on development-specific data to estimate the fiscal impacts of projected future development. Data used in the case study approach may include anything applicable to the future projections, including assessed valuations, property turnover rates, residential and employee populations, household incomes, estimated sales, and taxable expenditures.

MULTIPLIER APPROACH

The multiplier approach is used in a fiscal impact analysis when relationships between projected future development and revenues or expenditures generated from projected future development are difficult to quantify. This approach anticipates that certain revenues and expenditures are indicators of future anticipated revenues and expenditures, which can be quantified based on changes in, for example, the number of persons served by a public agency. To apply the multiplier approach, this report determines an

average revenue or expenditure amount based upon a per person served basis. Depending on the type of revenue or expenditure, persons served can include residents, employees, or a combination of both.

Current City Persons Served

To best apply the multiplier approach in this fiscal impact analysis, and to allocate applicable revenues and expenditures, population information is utilized.

RESIDENTIAL POPULATION

Current residential population data was obtained from the California Department of Finance ("CA DOF"). Per the California Department of Finance, as of 2022, the residential population of the City is 71,663.

EMPLOYEE POPULATION

Current employee population data was obtained from the City of Rocklin Travel Demand Model (TDM). Per the TDM, in 2016 the employee population of the City (i.e., number of jobs within the City) was 18,707 and is expected to grow annually through Buildout. Using the 2016 employee population and projected annual growth rate by land use category, this analysis estimates that as of 2022 the employee population of the City is 21,444.

PERSONS SERVED

Using residential and employee population estimates, the total number of persons served within the City can be determined. When establishing the total number of persons served within the City, this analysis recognizes that an employee population does not have the same impact on demand for public services as a residential population. This is especially true for the portion of the employee population which works within the City but resides outside of its boundaries. While the exact service-demand relationship between an employee and a resident is difficult to quantify with accuracy, an industry-standard correlation of one-half employee to one resident is commonly used. This 50% adjustment suggests that a resident will have twice the impact on a public agency's revenues and demand for services as that of an employee within the City. The 50% adjustment also seeks to account for employees included within the identified employee population count that are also residents of the City. Applying the 50% adjustment to the City's existing employee population base, the total number of persons served within the City is calculated in the following table.

TABLE 1. CURRENT PERSONS SERVED

Description	Total
Current Residential Population ⁽¹⁾	71,663
Current Employee Population ⁽²⁾	21,444
Adjusted Employee Population ⁽³⁾	10,722
Current Persons Served ⁽⁴⁾	82,385

(1) Per CA DOF.

(2) 2022 Employee Population per the City of Rocklin TDM.

(3) Current Employee Population adjusted by 50%, rounded to the nearest whole number.

(4) Equal to (Current Residential Population) + (Adjusted Employee Population).

Future City Persons Served

Projection of future city persons served relies on the City's TDM data at Buildout of future development. "Buildout" is a term used to describe the state of maximum development as permitted by the City's General Plan or other land use regulations. While no specific time frame or end date is assumed in the TDM for the Buildout of future development, for purposes of analysis, this study uses the year 2040 as a theoretical Buildout date.

FUTURE RESIDENTIAL POPULATION

Per the California Department of Finance, as of 2022, there are 26,776 total housing units in the City of Rocklin with an average Persons Per Housing Unit (PPHU) of 2.68. Per the City's TDM, the City is projected to have a total of 33,057 housing units in 2040. Using the 2.68 PPHU and number of anticipated housing units, this analysis estimates that in 2040 the City's residential population will be approximately 88,473.

FUTURE EMPLOYEE POPULATION

The City's TDM projects that the City's employee population will grow to approximately 33,143 employees at Buildout. Using the 2016 and Buildout (2040) employment estimates by land use category, 2022 employee population is estimated at 21,444 employees by applying an annual growth rate for each land use category to the 2016 estimates. Between 2022 and 2040, the number of employees will grow by approximately 11,699.

FUTURE PERSONS SERVED

Using projected future residential and employee population estimates, the total number of future persons served within the City can be determined. Applying the 50% adjustment (described earlier in this report) to the City's projected future employee population, the total number of future persons served within the City is provided in the following table.

TABLE 2. FUTURE PERSONS SERVED

Description	Total
Future Residential Population ⁽¹⁾	88,473
Future Employee Population ⁽¹⁾	33,143
Adjusted Future Employee Population ⁽²⁾	16,572
Future Persons Served ⁽³⁾	105,045

(1) Current Residential/Employee Population adjusted to Buildout (2040).

(2) Future Employee Population adjusted by 50%, rounded to the nearest whole number.

(3) Equal to (Future Residential Population) + (Adjusted Future Employee Population).

CHANGE IN PERSONS SERVED

A summary of the change in persons served as a result of projected future development within the City is presented in the following table.

TABLE 3. CHANGE IN PERSONS SERVED

Description	Total
Change in Residential Population	16,810
Change in Employee Population ⁽¹⁾	11,699
Change in Persons Served ⁽²⁾	22,660

(1) Reflects change in employee population prior to application of 50% adjustment.

(2) Equal to residential population plus 50% of the employee population.

SECTION 3 | REVENUE ESTIMATE

The City relies on revenue received from several sources. A majority of the City's operating revenue derives from property taxes, sales taxes, property taxes in lieu of vehicle license fees, property transfer taxes (i.e., documentary transfer taxes), and various other taxes and fees. The case study approach is used to determine the estimated property tax revenue generated from projected future development within the City, and the multiplier approach is used to allocate certain types of other revenue the City receives.

Property Tax Revenue

Under California law, non-exempt property pays an *ad valorem* property tax equal to 1% of the assessed value of the property. Any additional voter-approved taxes or assessments will result in a total property tax rate burden that can exceed 1% of the property's assessed value. The property tax revenue received from the 1% *ad valorem* property tax rate is then allocated to various overlapping public agencies based upon their authorized allocation for each Tax Rate Area ("TRA"). Across the City's various TRAs, of the 1% *ad valorem* property tax collected from property within its boundaries, the City receives approximately 12.6%.

There are also several former redevelopment project areas ("RDA Zones") managed by the City Successor Agency ("Successor Agency"). The 1% *ad valorem* incremental property tax generated within these former project areas is allocated each January 2 and June 1 per redevelopment dissolution statutes. The 1% *ad valorem* tax increment revenue is allocated on these dates by first deducting County administrative costs and then by the payment of pass-through obligations. The tax increment revenue remaining is available for payment of the former redevelopment agency's obligations and the administrative costs of the Successor Agency. Tax increment revenue remaining after payment of all obligations is referred to as Residual Revenue ("Residual Revenue"). The Residual Revenue is allocated to relevant taxing entities based on their proportional shares of the total tax increment revenue. The City's share of the Residual Revenue equates to approximately 10.5% of the 1% *ad valorem* property tax revenue.

RESIDENTIAL DEVELOPMENT

To calculate the amount of property tax revenue projected to be generated for the City by future residential development, the projected increase in housing units is considered. Per the CA DOF, as of 2022, there are 26,776 households in the City. Per the TDM, the City is projected to grow to 33,057 total housing units at Buildout. Table 4 shows the projected growth in housing units, separated between SFR and MFR development.

TABLE 4. GROWTH IN HOUSING UNITS

Description	SFR	MFR	Total
Housing Units in 2022 ⁽¹⁾	19,742	7,034	26,776
Housing Units in Future (Buildout) ⁽²⁾	22,498	10,559	33,057
Growth in Housing Units ⁽³⁾	2,756	3,525	6,281

(1) Per CA DOF.

(2) Per City TDM, annual growth in housing units through Buildout (2040).

(3) Equal to (Households in Future) - (Households in 2022).

Property is subject to the 1% *ad valorem* tax rate unless it can qualify for an exemption under existing California laws. Certain types of property that are granted this property tax exemption, also known as the Welfare Exemption (“Welfare Exemption”), include hospitals, universities, churches, affordable housing, and other non-profits. If the Welfare Exemption is granted, the property will not be subject to the 1% *ad valorem* property tax. However, the property may still be subject to other assessments, taxes, and charges levied by local governments. Future SFR and MFR development will be subject to the 1% *ad valorem* property tax rate.

To calculate the amount of property tax revenue projected to be generated for the City by future SFR and MFR development, the estimated sales price of each property type as of February 2022 is considered.

TABLE 5. TOTAL FUTURE ASSESSED VALUE OF SFR AND MFR DEVELOPMENT

Description	SFR	MFR	Total
Estimated Price per Unit ⁽¹⁾	\$704,628	\$301,995	N/A
Unit Count ⁽²⁾	2,756	3,525	6,281
Total Future Assessed Value ⁽³⁾	\$1,941,954,768	\$1,064,533,632	\$3,006,488,400

(1) Sales price data drawn from Zillow.com Home Value Index for the City. Figures reflect market conditions as of February 2022 and are subject to fluctuation.

(2) Calculated in Table 4.

(3) Equal to (Estimated Price per Unit) x (Unit Count).

Undeveloped land zoned for residential use currently generates a level of property tax revenue for the City. For purposes of assigning current assessed value to the property that will contain projected residential development, the most recent Placer County Secured Tax Roll data was analyzed to determine the average assessed value per acre of vacant residential land, at \$119,070 per acre. The total acreage and assessed value of undeveloped property zoned for residential use and projected to develop in the City are detailed in the following table.

TABLE 6. UNDEVELOPED RESIDENTIAL ACREAGE AND ASSESSED VALUE

Description ⁽¹⁾	Undeveloped Acreage ⁽²⁾	Current Assessed Value ⁽³⁾
Rural	24.5	\$2,916,020
Low	308.2	36,702,086
Medium	119.8	14,260,994
Medium High	13.3	1,587,201
High	63.8	7,595,465
Mixed Use (50%)	89.9	10,700,211
Total	619.49	\$73,761,976

(1) Per Rocklin Land Use Element (October 2012) and Land Use Balance Assessment (2019).

(2) Provided by City GIS staff.

(3) Equal to (Undeveloped Acreage) x (Average Assessed Value for Vacant Land).

Next, the incremental assessed value of projected future SFR and MFR development within the City is calculated in the following table by subtracting the current assessed land value for undeveloped acreage from the total projected assessed value from future development.

TABLE 7. INCREMENTAL ASSESSED VALUE OF FUTURE RESIDENTIAL DEVELOPMENT

Description	SFR	MFR	Total
Total Future Development Assessed Value ⁽¹⁾	\$1,941,954,768	\$1,064,533,632	\$3,006,488,400
Current Assessed Land Value ⁽²⁾	39,618,106	34,143,870	73,761,976
Incremental Assessed Value ⁽³⁾	\$1,902,336,662	\$1,030,389,762	\$2,932,726,424

(1) Calculated in Table 5.

(2) Calculated in Table 6.

(3) Equal to (Total Future Development Assessed Value) - (Current Assessed Value).

Finally, the amount of property tax revenue expected to be generated by projected SFR and MFR development is also dependent on whether property on which it will develop is within an RDA Zone. Per Placer County Secured Roll Data, of the total amount of undeveloped land zoned for residential use, approximately 6.34% is within an existing RDA Zone. For purposes of this analysis, it is assumed that 6% of projected residential development will occur within an RDA Zone. Given this assumption, the amount of property tax revenue projected SFR and MFR development is expected to generate for this City is calculated in the following table.

TABLE 8. PROPERTY TAX REVENUE GENERATED BY FUTURE RESIDENTIAL DEVELOPMENT

Description	SFR	MFR	Total
Incremental Assessed Value ⁽¹⁾	\$1,902,336,662	\$1,030,389,762	\$2,932,726,424
1% Ad Valorem – RDA Zones ⁽²⁾	1,141,402	618,234	1,759,636
1% Ad Valorem – Non-RDA Zones ⁽³⁾	17,881,965	9,685,664	27,567,628
Allocation of 1% Ad Valorem - RDA Zones ⁽⁴⁾	10.50%	10.50%	N/A
Allocation of 1% Ad Valorem - Non-RDA Zones ⁽⁴⁾	12.60%	12.60%	N/A
Property Tax Revenue Generated for City ⁽⁵⁾	\$2,372,975	\$1,285,308	\$3,658,283

(1) Calculated in Table 7.

(2) Equal to (Incremental Assessed Value) x (1.00%) x (6%, the percent of future residential development expected to occur within existing RDA Zones). 6% is estimated and subject to change.

(3) Equal to (Incremental Assessed Value) x (1.00%) x (94%, the percent of future residential development expected to occur outside of existing RDA Zones). 94% is estimated and subject to change.

(4) Provided by City or estimated using data provided by the City.

(5) Equal to [(1% Ad Valorem – RDA Zones) x (Allocation of 1% Ad Valorem – RDA Zones)] + [(1% Ad Valorem – Non-RDA Zones) x (Allocation of 1% Ad Valorem – Non-RDA Zones)].

NON-RESIDENTIAL DEVELOPMENT

To calculate the amount of property tax revenue projected to be generated for the City by future Commercial and Industrial development, projected increases in employee population and non-residential building square footage are considered.

The City's TDM model provides a breakdown of total estimated growth in employees and non-residential square footage by land use category through Buildout. The following two tables show that information extrapolated for 2022 through 2040 (Buildout). As shown, the projected increase in employees is 11,699, and the projected increase in non-residential square footage is approximately 7.6 million square feet.

TABLE 9. FUTURE DEVELOPMENT EMPLOYEE POPULATION

Land Use Category	2016 Estimate	2040 (Buildout)	Growth Rate ⁽¹⁾	2022 Escalated	Growth 2022 - 2040
Retail	7,044	13,068	2.61%	8,221	4,847
Office	3,825	9,636	3.92%	4,819	4,817
Industrial	1,852	1,990	0.30%	1,886	104
High Tech Industrial	2,168	2,788	1.05%	2,309	479
Church	280	322	0.58%	290	32
Med Office	573	879	1.80%	638	241
Hotel	265	530	2.93%	315	215
Schools	2,700	3,930	1.58%	2,966	964
Total	18,707	33,143	2.41%	21,444	11,699

TABLE 10. ESTIMATED NON-RESIDENTIAL BUILDING SQUARE FEET TO DEVELOP (KSF)

Land Use Category	2016 Estimate	2040 (Buildout)	Growth Rate ⁽¹⁾	2022 Escalated	Growth 2022 - 2040
Retail	3,522	6,534	2.6%	4,110	2,424
Office	1,275	3,212	3.9%	1,606	1,606
Industrial	1,852	1,990	0.3%	1,886	104
High Tech Industrial	1,084	1,394	1.1%	1,154	240
Church	280	322	0.6%	290	32
Med Office	191	293	1.8%	213	80
Convalescent Care	167	414	3.9%	210	204
Hotel	239	239	0.0%	239	-
Schools K-12	951	1,210	1.0%	1,010	2,175
Schools Community College	1,539	2,451	2.0%	1,729	722
Total	11,100	18,058	2.0%	12,447	7,587

(1) Values are shown in KSF (thousand square feet); hotels and schools are converted to square feet from rooms/students.

Undeveloped land zoned for non-residential use currently generates a level of property tax revenue for the City. For purposes of assigning current assessed value to property that will contain projected future Commercial and Industrial development, the City's GIS staff provided an estimate of undeveloped acreage by land use category. Land use categories are reflective of the City's current zoning designations. Additionally, Placer County Secured Roll Data was analyzed to establish a current average value per acre for undeveloped non-residential parcels at \$204,162 for commercial and \$95,817 for industrial.

TABLE 11. CURRENT ASSESSED VALUE OF FUTURE NON-RESIDENTIAL DEVELOPMENT

Land Use Category	Undeveloped Acreage ⁽¹⁾	Average AV per Acre ⁽²⁾	Estimated AV ⁽³⁾
Mixed Use (50%) ⁽¹⁾	89.87	\$204,162	\$18,347,061
Retail Commercial	145.76	204,162	29,758,722
Service Commercial	2.87	204,162	585,946
Business Professional	129.48	204,162	26,434,957
Business Professional Commercial	1.63	204,162	332,785
Business Professional Commercial Light Industrial	35.79	204,162	7,306,975
Light Industrial	93.94	95,817	9,001,045
Heavy Industrial	7.71	95,817	738,749
Recreation/Conservation	n/a	n/a	n/a
Public / Quasi Public	n/a	n/a	n/a
Total	507.05		\$92,506,240

- (1) Acreage provided by City GIS staff. Mixed Use assumes 50% of total undeveloped acreage is commercial purpose.
- (2) Each land use category is assigned an average AV per acre based on Placer County Secured Roll data
- (3) Equal to (Undeveloped Acres) x (Average AV per Acre)

To calculate the total assessed value of projected future non-residential development, the average sales price per building square foot of each property type was calculated. An average price per building square foot was calculated for Commercial and Industrial property using listing price data of property listed for sale within the City and neighboring cities.

TABLE 12. COMMERCIAL AND INDUSTRIAL PRICE PER BUILDING SQUARE FOOT

Description	Commercial ⁽¹⁾	Industrial ⁽¹⁾
Average Price per Bldg. Sq. Ft.	\$356	\$247

- (1) Listing price data drawn from the online commercial real estate marketplace LoopNet.com. Listing price data of Commercial and Industrial property for sale within the City of Rocklin and surrounding cities. Figures reflect market conditions as of May 2022 and are subject to fluctuation.

The total assessed value and the incremental assessed value of projected Commercial and Industrial development are calculated in the following table.

TABLE 13. INCREMENTAL ASSESSED VALUE OF FUTURE NON-RESIDENTIAL DEVELOPMENT

Description	Commercial	Industrial	Total
Total Future Assessed Value ⁽¹⁾	\$1,535,784,000	84,898,663	\$1,620,682,663
Current Assessed Value ⁽²⁾	82,766,446	9,739,793	92,506,240
Incremental Assessed Value ⁽³⁾	\$1,453,017,554	\$75,158,870	\$1,528,176,424

- (1) Equal to (Building Square Footage Projected to Develop identified in Table 10) x (Average Price per Bldg. Sq. Ft. identified in Table 12). Commercial includes Retail, Office, Medical Office, Convalescent Care and Hotel. Industrial includes High Tech and Industrial. Churches and Schools omitted from calculations.
- (2) Identified in Table 11.
- (3) Equal to (Total Assessed Value) – (Current Assessed Value).

As with future residential development, the amount of property tax revenue expected to be generated by projected non-residential development is dependent on whether property on which it will develop is within an RDA Zone. Per County Secured Roll Data, of the total amount of undeveloped land zoned for non-residential use, approximately 81% is within an existing RDA Zone. For purposes of this analysis, it is assumed that 81% of projected non-residential development will occur within an RDA Zone. Given this assumption, the amount of property tax revenue projected non-residential development is expected to generate for the City is calculated in the following table.

TABLE 14. PROPERTY TAX REVENUE GENERATED BY FUTURE NON-RESIDENTIAL DEVELOPMENT

Description	Commercial	Industrial	Total
Incremental Assessed Value ⁽¹⁾	\$1,453,017,554	\$75,158,870	\$1,528,176,424
1% Ad Valorem – RDA Zones ⁽²⁾	11,769,442	608,787	12,378,229
1% Ad Valorem – Non-RDA Zones ⁽³⁾	2,760,733	142,802	2,903,535
Allocation of 1% Ad Valorem - RDA Zones ⁽⁴⁾	10.50%	10.50%	N/A
Allocation of 1% Ad Valorem - Non-RDA Zones ⁽⁴⁾	12.60%	12.60%	N/A
Property Tax Revenue Generated for City ⁽⁵⁾	\$1,583,644	\$81,916	\$1,665,559

(1) Calculated in Table 13.

(2) Equal to (Incremental Assessed Value) x (1.00%) x (81%, the percent of future non-residential development expected to occur within existing RDA Zones). 81% is estimated and subject to change.

(3) Equal to (Incremental Assessed Value) x (1.00%) x (19%, the percent of future non-residential development expected to occur outside of existing RDA Zones). 19% is estimated and subject to change.

(4) Provided by City.

(5) Equal to [(1% Ad Valorem – RDA Zones) x (Allocation of 1% Ad Valorem – RDA Zones)] + [(1% Ad Valorem – Non-RDA Zones) x (Allocation of 1% Ad Valorem – Non-RDA Zones)].

Property Tax in Lieu of Vehicle License Fee (“VLF”) Revenue

Property tax in lieu of VLF is revenue the City receives in addition to the City’s share of *ad valorem* property tax revenues. In 2004, the California Legislature permanently reduced the VLF rate from 2.00% to 0.65% and compensated cities and counties for their revenue loss with a like amount of property taxes, dollar for dollar. A public agency’s property tax in lieu of VLF revenue allocation changes in proportion to the growth or decline in gross assessed valuation.

Per assessed value data provided by the CA BOE, and the Fiscal Year 2020/21 Property Tax in Lieu of VLF revenue received by the City, the ratio of property tax in lieu of VLF received by the City to the City’s assessed value is calculated, as shown in the following table.

TABLE 15. PROPERTY TAX IN LIEU OF VLF RATIO

Description	Fiscal Year 2021/22 Value
City Total Assessed Value ⁽¹⁾	\$11,870,832,000
VLF Revenue ⁽²⁾	5,939,349
Property Tax in Lieu of VLF Ratio ⁽³⁾	0.0500%

(1) Per the CA BOE.

(2) Confirmed by City staff.

(3) Equal to (VLF Revenue) / (City Total Assessed Value).

The property tax in lieu of VLF ratio is applied to the incremental assessed value of projected future development within the City to estimate the amount of property tax in lieu of VLF to be generated by said development.

TABLE 16. PROPERTY TAX IN LIEU OF VLF REVENUE

Description	Incremental Assessed Value ⁽¹⁾	Property Tax in Lieu of VLF Ratio	Property Tax in Lieu of VLF Revenue ⁽²⁾
SFR	\$1,902,336,662	0.0500%	\$951,168
MFR	1,030,389,762	0.0500%	515,195
Commercial	1,453,017,554	0.0500%	726,509
Industrial	75,158,870	0.0500%	37,579
Totals	\$4,460,902,848		\$2,230,451

(1) Identified in Tables 7 and 13.

(2) Equal to (Incremental Assessed Value) x (Property Tax in Lieu of VLF Ratio).

Documentary Transfer Tax

When property is sold, a documentary transfer tax is charged and distributed to the City and County. The documentary transfer tax is charged at a rate of \$0.55 per \$500 of assessed value, or \$1.10 per \$1,000 of assessed value. To determine the annual documentary transfer tax revenue, estimated property turnover rates are considered. This analysis assumes that SFR and MFR units will turnover approximately every 13 years, which results in an annual turnover rate of about 8%. Commercial and Industrial land uses typically have minimal ownership turnover. However, to consider the potential for land use turnover, a conservative estimate of once every 20 years, or an annual turnover rate of 5%, is applied in this analysis to the projected non-residential development. Utilizing the estimated incremental assessed value of projected future development and estimated annual turnover rates, the City's share of the documentary transfer tax is calculated in the following table.

TABLE 17. DOCUMENTARY TRANSFER TAX GENERATED BY FUTURE DEVELOPMENT

Description	SFR	MFR	Commercial	Industrial
Incremental Assessed Value	\$1,902,336,662	\$1,030,389,762	\$1,453,017,554	\$75,158,870
Estimated Annual Turnover Rate ⁽¹⁾	8%	8%	5%	5%
Annual Turnover Assessed Value ⁽²⁾	152,186,933	82,431,181	72,650,878	3,757,944
Annual Turnover Assessed Value / \$1,000	152,187	82,431	72,651	3,758
Documentary Transfer Tax Rate per \$1,000 ⁽³⁾	0.55	0.55	0.55	0.55
Documentary Transfer Tax Revenue	\$83,703	\$45,337	\$39,958	\$2,067

(1) Source for SFR and MFR rates: "Latest Calculations Show Average Buyer Expected to Stay in Home 13 Years," Economic and Housing Policy, National Association of Homebuilders.

(2) Equal to (Incremental Assessed Value) x (Estimated Annual Turnover Rate).

(3) \$1.10 tax rate is split \$0.55 to the County and \$0.55 to the City.

Sales Tax Revenue

A sales tax is a tax levied on the sale, transfer, or exchange of a taxable item or service. The base sales tax rate in California is 7.25%. Revenue generated from the sales tax is allocated to certain state and local jurisdictions, with the City receiving 1.00% of the base sales tax rate.

FUTURE RESIDENTS

To determine the amount of sales tax revenue expected to be generated by the residential population that will result from projected residential development, the median income per household within the City and the percentage of income spent on taxable retail sales per household are considered.

The US Census Bureau reports the 2016-20 Median Household income for the City of Rocklin as \$100,664, and per capita income as \$42,792. Combining per capita income with persons per housing unit factors obtained from the City's recent Development Impact Fee Study completed by NBS, estimated household incomes for SFR and MFR development are shown in the table below.

TABLE 18. RESIDENTIAL HOUSEHOLD INCOMES

Land Use Category	Per Capita Income ⁽¹⁾	Persons per Housing Unit ⁽²⁾	Projected Household Income ⁽³⁾
SFR	\$42,792	3.03	\$129,660
MFR	42,792	2.08	89,007

(1) US Census Bureau.

(2) Development Impact Fee Study analysis completed by NBS and adopted by City Council May 24, 2022.

(3) SFR and MFR household income equal to (Per Capita Income) x (Persons per Housing Unit).

Per the California Board of Equalization, approximately 29.5% of a household's spending is spent on taxable retail goods. This percentage is discounted by 40% to reasonably account for purchases made outside of City boundaries and shifts in taxable sales from one point of sale to another within the City. The estimated sales tax revenue generated by projected future households is calculated in the following table.

TABLE 19. SALES TAX REVENUE GENERATED BY INCREASE IN RESIDENTIAL POPULATION

Description	SFR	MFR
Median Household Income ⁽¹⁾	\$129,660	\$89,007
Percentage of Income Spent on Taxable Retail Sales per Household ⁽²⁾	17.70%	17.70%
Income Spent on Taxable Retail Sales Within City per Household ⁽³⁾	22,950	15,754
Number of Households	2,756	3,525
Sales Tax Revenue – Residential Population ⁽⁴⁾	\$632,496	\$555,339

(1) Identified in Table 18.

(2) 29.5%, per BOE.gov household spending for California taxable retail goods, discounted by 40% to account for shifts in taxable sales and purchases made outside of the City boundaries. Estimate; subject to change.

(3) Equal to (Median Household Income) x (Percentage of Income Spent on Taxable Retail Sales per Household).

(4) Equal to (Income Spent on Taxable Retail Sales Within City per Household) x (Number of Households) x (1%).

FUTURE EMPLOYEES

In addition to the increased residential population, the increase in employees resulting from projected non-residential development will generate a certain amount of sales tax revenue for the City. The International Council of Shopping Centers conducted a survey that determined the approximate dollar amount an average employee spends per year on taxable goods and services. After adjusting this amount to the year 2022 using the change in Consumer Price Index (“CPI”) of the San Francisco-Oakland-Hayward region, it’s estimated that an average employee within the City will spend approximately \$8,089 per year on taxable goods and services. While personal spending is unique to each individual, this analysis assumes that approximately 60% of the employee’s annual spending will be on taxable purchases that will occur near their place of employment within the City’s boundaries. Using this information, the estimated sales tax revenue generated from future employees is calculated in the following table.

TABLE 20. SALES TAX REVENUE GENERATED BY INCREASE IN EMPLOYEE POPULATION

Description	Commercial	Industrial
Average Annual Taxable Spending per Employee ⁽¹⁾	\$8,089	\$8,089
Additional Employee Count ⁽²⁾	11,116	583
Estimated % of Taxable Sales within City ⁽³⁾	60%	60%
Employee Taxable Sales within City	53,950,394	2,829,532
Sales Tax Revenue – Employee Population ⁽⁴⁾	\$539,504	\$28,295

(1) Drawn from a survey conducted by The International Council of Shopping Centers, adjusted to the year 2022 using the change in CPI of the San Francisco-Oakland-Hayward region.

(2) Identified in Table 9.

(3) 40% reduction seeks to account for taxable sales made outside of the City boundary.

(4) Equal to (Average Annual Spending per Employee) x (Additional Employee Count) x (Estimated % of Taxable Sales within City) x (1%).

NON-RESIDENTIAL SALES TAX REVENUE

Sales tax revenue will be generated from taxable sales that occur within future non-residential development. Economic activity within future Industrial development may generate sales tax revenue; though due to an inability to accurately determine the types of businesses that will reside within future Industrial development, this analysis takes a conservative approach and does not attempt to estimate the amount of sales tax revenue that may be generated by Industrial property.

To best estimate the increase in sales tax revenue that will be generated by future Commercial property, this analysis considers the estimated taxable sales per square foot for commercial property calculated within a retail benchmarking report authored by PwC in 2013.¹ After adjusting the PwC estimate to the year 2021 using the change in CPI for the San Francisco-Oakland-Hayward region, it’s estimated that future commercial property will generate approximately \$505 per building square foot.

This analysis recognizes that some taxable sales generated from future Commercial development will not be new taxable sales for the City. A portion of these taxable sales will come from shifts from one existing place of business within the City to a place of business located within the projected Commercial development

¹ *Measuring Up Retail Benchmarking Survey, PwC Consulting, 2013.*

area. Furthermore, a portion of the sales tax revenue generated by projected Commercial development will derive from purchases made by the projected increase in the residential and employee population, purchases which are quantified separately in this analysis. Therefore, to account for shifts in taxable sales from one point of sale to another point of sale within the City and separately calculated sales tax revenue from the increased residential and employee population, an estimated 50% reduction has been applied. Applying the estimated taxable sales per square foot and the sales tax revenue reduction percentage, the estimated sales tax revenue from projected commercial development can be determined.

TABLE 21. SALES TAX REVENUE GENERATED BY FUTURE COMMERCIAL DEVELOPMENT

Description	Amount
Estimated Taxable Sales per Bldg. Sq. Ft. ⁽¹⁾	\$505
Commercial Bldg. Sq. Ft. Projected to Develop ⁽²⁾	4,030,000
Taxable Sales ⁽³⁾	2,035,150,000
Sales Tax Revenue – Commercial Development ⁽⁴⁾	\$10,175,750

(1) Figure drawn from the Measuring Up Retail Benchmarking Survey prepared by PwC, adjusted to the year 2022 using the change in CPI for the San Francisco-Oakland-Hayward. Figure from PwC report is derived from the median sales per square foot estimates for various retail categories.

(2) Identified in Table 10, includes retail and office sq. ft. only.

(3) Equal to (Estimated Taxable Sales per Bldg. Sq. Ft.) x (Commercial Bldg. Sq. Ft. Projected to Develop).

(4) Equal to (Taxable Sales) x (City sales tax rate of 1%) x (50% reduction factor). Reduction factor estimated and subject to change.

Other City Revenue

The City receives revenue from various other sources including fees, fines, penalties, charges for services, and other revenues (“Other City Revenues”). For purposes of this analysis, revenues that are not considered include interest from City investments, use of money and property, special project funds, and grants. Revenues for charges for services, licenses, and permits, and other revenue were reviewed at the detailed revenue account level to exclude one-time charges, and/or discount ongoing charges. The following table shows the City’s 2020-21 Other Revenues derived from the City’s Comprehensive Annual Report for the year ended June 2021 (“2021 ACFR”) which apply to the development categories considered in this analysis (i.e., categories of revenue generated by projected residential and non-residential development). The City’s draft 2020/21 Other Revenue amounts in the 2021 ACFR are escalated by 2% annually to estimate FY 2021/22 values.

TABLE 22. OTHER CITY REVENUE

Description	Fiscal Year 2020/21 Value ⁽¹⁾	Estimated Fiscal Year 2021/22 Value ⁽²⁾
Charges for Services	\$885,737	\$903,451
Business License Application Fees and Taxes	435,834	444,551
Other Taxes	3,040,601	3,101,413
Licenses & Permits	2,769,867	2,825,264
Fines & Forfeitures	164,959	168,258
Other Revenue	289,239	295,024
Other City Revenue	\$7,586,236	\$7,737,961

(1) Per 2021 ACFR.

(2) Fiscal Year 2020/21 adjusted to Fiscal Year 2021/22 using a 2% annual adjustment. Estimated, subject to change.

To estimate the overall impact that future development will have on the listed Other City Revenue sources, it is assumed that current per capita revenue amounts will serve as the best indicator of future per capita revenue amounts. Therefore, to best allocate Other City Revenues to projected future development, the multiplier approach is utilized. It was previously identified that the total number of persons served within the City is 82,385 and the employee population is 21,444. Using the current City persons served and employee population, the Other City Revenue per person served or employee served can be determined, as shown in the following table.

TABLE 23. OTHER CITY REVENUE PER PERSON SERVED/EMPLOYEE

Description	Fiscal Year 2021/22 Value	Current City Persons Served or Employee Count ⁽¹⁾	Amount per Person Served/Employee ⁽²⁾
Charges for Services	\$903,451	82,385	\$10.97
Business License Application Fees and Taxes	444,551	21,444	20.73
Other Taxes	3,101,413	82,385	37.65
Licenses & Permits	2,825,264	82,385	34.29
Fines & Forfeitures	168,258	82,385	2.04
Other Revenue	295,024	82,385	3.58

(1) Identified in Table 1.

(2) Equal to (Fiscal Year 2021/22 Value) / (Current City Persons Served or Employee Count).

To determine the amount of other City revenue allocated to projected residential and non-residential development, the amount per person served/employee calculated in Table 23 is multiplied by the increase in persons served or employees that will result from future development.

TABLE 24. OTHER CITY REVENUE GENERATED BY FUTURE DEVELOPMENT

Description	Increase in Persons Served/Employees ⁽¹⁾	Amount per Person Served/Employee ⁽²⁾	Other City Revenue
Charges for Services	22,660	\$10.97	\$248,580
Business License Application Fees and Taxes	11,699	20.73	242,520
Other Taxes	22,660	37.65	853,149
Licenses & Permits	22,660	34.29	777,011
Fines & Forfeitures	22,660	2.04	46,226
Other Revenue	22,660	3.58	81,123
Total			\$ 2,248,610

(1) Identified in Table 3.

(2) Calculated in Table 23.

Revenue Summary

Projected residential and non-residential development will generate various forms of general revenues for the City. A portion of the anticipated revenue was calculated utilizing the case study approach and the remaining City revenue was allocated to projected future development using the multiplier approach. A summary of the revenues projected to be generated by future development is presented in the following tables.

TABLE 25. REVENUE SUMMARY

Revenue Description	Total
Property Tax	\$5,323,842
Property Tax in Lieu of VLF	2,230,451
Documentary Transfer	171,065
Sales Tax	11,931,384
Other	2,248,610
Total	\$21,905,353

TABLE 26. REVENUE SUMMARY BY FUTURE DEVELOPMENT TYPE

Development Type	Total
SFR	\$4,832,770
MFR	3,096,941
Commercial	13,787,849
Industrial	187,794
Total	\$21,905,353

SECTION 4 | EXPENDITURES ESTIMATE

The revenues identified in Section 3 of this report are intended to pay for recurring expenditures related to general services provided by the City. City General Fund expenditures not considered in this analysis include costs associated with infrastructure improvements, special fund expenditures, governmental transfers, and expenses supported by one-time development fees.

For purposes of determining the overall fiscal impact of projected residential and non-residential development, City expenditures are allocated based upon amounts presented in the 2021 ACFR adjusted to estimate Fiscal Year 2021/22 values. Per data sourced from the 2011 - 2021 ACFRs, between Fiscal Years 2011 and 2021, City expenditures increased annually by 6.57% on average.

Current Service Level Expenditures

Future development will add residents and employees to the City's existing population base. This residential and employee population increase will place additional demands on existing services provided by the City. To account for increased expenditures associated with additional demand for public services, City expenditures are allocated to projected development using the multiplier approach. However, development-induced increases in demand for public services will not necessarily result in a direct 1:1 relationship increase in expenditures (i.e., there are some "step" functions). For example, a 20% increase in the City's residential population will likely not cause a 20% increase in City Clerk or City Council expenditures. A portion of the City's expenditures are fixed or will increase marginally as a result of population increases. Therefore, to account for relationships between expenditures and population changes that are less than 1:1, City expenditures have been adjusted to conservatively estimate the impact of projected development on City expenditures. Of note, City expenditure adjustments are estimates based on the individual characteristics of projected development and industry-standard assumptions. The original budgeted expenditure amounts, the demand adjustment percentage, and the adjusted expenditure amounts are presented in the following table.

TABLE 27. CURRENT SERVICE LEVEL EXPENDITURES

Description	Fiscal Year 2020/21 Expenditures	Estimated Fiscal Year 2021/22 Expenditures ⁽¹⁾	Estimated Average Annual Labor Cost Increase ⁽²⁾	Demand Adjustment Percentage ⁽³⁾	Adjusted Average Annual Expenditures ⁽⁴⁾
General Government	\$13,632,581	\$14,528,905	\$100,467	50%	\$7,314,686
Public Safety	29,747,905	31,703,789	979,950	95%	31,049,553
Public Services	3,533,415	3,765,732	24,062	90%	3,410,815
Culture and Recreation	4,059,846	4,326,775	15,154	75%	3,256,447
Community Development	4,236,486	4,515,029	27,160	50%	2,271,095
Totals	\$55,210,233	\$58,840,231	\$1,146,793		\$47,302,595

(1) Expenditures adjusted to Fiscal Year 2021/22 using a 6.57% annual growth rate.

- (2) Added costs per City Finance Department reflecting recently executed MOUs.
- (3) Estimated, subject to change.
- (4) Equal to (Estimated Fiscal Year 2021/22 Expenditures + Estimated Average Annual Labor Cost Increase) x (Demand Adjustment Percentage). Figures applied in Table 29 to calculate the City expenditures per person currently served.

After adjusting the estimated Fiscal Year 2021/22 Expenditures to account for relationships that are less than a 1:1 relationship, additional anticipated annual labor cost increases have been added per recently executed labor agreements. The total expenditure amount to be considered is approximately \$47.3 million. This figure is used to determine the current service level expenditures per person served in the City, which in turn is used to calculate what additional current City expenditures will result from projected development.

Allocation of Expenditures to Population Served

Each City expenditure line item was categorized as being tied to serving the total persons serviced, which is the residential and employee population, solely the residential population, or solely the employee population. As previously noted, the total number of persons served in the City is 82,385, the number of residents served in the City is 71,663, and the number of employees served is 21,444. The following table provides the persons served category for each of the recurring current expenditure categories.

TABLE 28. EXPENDITURES ALLOCATION TO PERSONS SERVED, RESIDENTS SERVED, OR EMPLOYEES SERVED

Description	Persons Served
General Government	Persons Served
Public Safety	Persons Served
Public Services	Persons Served
Culture and Recreation	Residents Served
Community Development	Persons Served

Current Service Level Expenditures per Person Served

Using the multiplier approach, the number of persons served within each expenditure category is applied to the corresponding adjusted expenditure line item to determine the allocable expenditure per person. The table below provides the current service level expenditures per person served for each of the listed expenditure categories.

TABLE 29. CURRENT SERVICE LEVEL EXPENDITURES PER PERSON SERVED

Description	Adjusted Fiscal Year 2021/22 Expenditures ⁽¹⁾	Current City Persons Served ⁽²⁾	Amount per Person Served ⁽³⁾
General Government	\$7,314,686	82,385	\$88.79
Public Safety	31,049,553	82,385	376.88
Public Services	3,410,815	82,385	41.40
Culture and Recreation	3,256,447	71,663	45.44

Description	Adjusted Fiscal Year 2021/22 Expenditures ⁽¹⁾	Current City Persons Served ⁽²⁾	Amount per Person Served ⁽³⁾
Community Development	2,271,095	82,385	27.57
Totals	\$47,302,595		\$580.08

(1) Identified in Table 27.

(2) Identified in Table 1.

(3) Equal to (Adjusted Fiscal Year 2021/22 Expenditures) / (Current City Persons Served).

To determine the amount of other current service level expenditures allocated to projected residential and non-residential development, the amount per person served calculated in Table 29 is multiplied by the increase in persons served or residents that will result from future development.

TABLE 30. CURRENT SERVICE LEVEL EXPENDITURES GENERATED BY FUTURE DEVELOPMENT

Description	Increase in Persons Served ⁽¹⁾	Amount per Person Served ⁽²⁾	Current Expenditures ⁽³⁾
General Government	22,660	\$88.79	\$2,011,981
Public Safety	22,660	376.88	8,540,101
Public Services	22,660	41.40	938,124
Culture and Recreation	16,810	45.44	763,846
Community Development	22,660	27.57	624,736
Total		\$580.08	\$12,878,789

(1) Identified in Table 3.

(2) Identified in Table 29.

(3) Equal to (Increase in Persons Served) x (Amount per Person Served).

Total Expenditures Summary

Projected residential and non-residential development will cause the City to incur various forms of expenditures to provide public services to its current and future populations. A summary of the expenditures projected to be generated by future development is presented in the following tables.

TABLE 31. EXPENDITURES SUMMARY

Expenditure Description	Total
General Government	\$2,011,981
Public Safety	8,540,101
Public Services	938,124
Culture and Recreation	763,846
Community Development	624,736
Total	\$12,878,789

TABLE 32. EXPENDITURES SUMMARY BY FUTURE DEVELOPMENT TYPE

Development Type	Total
SFR	\$5,192,269
MFR	4,558,876
Commercial	2,971,529
Industrial	156,115
Total	\$12,878,789

SECTION 5 | FISCAL IMPACT

Based on the estimated total revenue calculated in Section 3 and the estimated total expenditures calculated in Section 4, there is a net positive fiscal impact as a result of projected future development within the City. The table below sets forth the total anticipated fiscal impact.

TABLE 33. ANNUAL FISCAL IMPACT

Description	Value
Total City Revenue	\$21,905,353
Total City Expenditures	(12,878,789)
City Positive / (Negative) Fiscal Impact	\$9,026,564

The fiscal impact future development per land use category is projected to have on the City's General Fund is presented in the following table.

TABLE 34. FISCAL IMPACT BY DEVELOPMENT TYPE

Development Type	Revenue	Expenditures	Fiscal Impact	
SFR	\$4,832,770	(\$5,192,269)	(\$359,499)	Negative
MFR	3,096,941	(4,558,876)	(1,461,935)	Negative
Commercial	13,787,849	(2,971,529)	10,816,320	Positive
Industrial	187,794	(156,115)	31,679	Positive
Total	\$21,905,353	(\$12,878,789)	\$9,026,564	

The net fiscal impact identified in this section is based on revenues and expenditures projected to be generated by future development within the City. The fiscal impact analysis determined that projected Single-Family Residential ("SFR") and Multi-Family Residential ("MFR") development within the City will have a negative fiscal impact on the City's General Fund, whereas Commercial ("Commercial") and Industrial ("Industrial") development will have a positive fiscal impact.

SECTION 6 | RECOMMENDATIONS

The results of the FIA are based on various current and available data assumptions. It is important to note that the City has more than 40 Regional Housing Needs Allocation (RHNA) residential sites that have not been accounted for in the data used to generate FIA outcomes. Per the City's Planning Department, the City will need to process General Plan Amendments and/or Rezones to address these requirements as required by the State as part of the Housing Element's implementation. Additionally, the City will have to convert numerous other sites to residential uses in the future to adhere to Senate Bill 166 – Housing Element No Net Loss Law requirements. These anticipated conversions are expected to be necessary because the City's 2021-2029 Housing Element did not include a significant amount of surplus sites beyond the minimum numbers required to meet the City's RHNA requirements. This is likely to be an ongoing challenge throughout the implementation of the 2021-2029 Housing Element as sites on the current inventory continue to be removed when development occurs and are no longer eligible to be counted towards meeting the City's RHNA obligations.

We think this is an important point for the City's decision makers to understand that in addition to their consideration of potential developer projects that are converting non-residential to residential uses, the City will have its own obligations.

Disclaimer: In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions and events that may occur in the future. This information and assumptions, including the City's expenditure, parcel records, taxation, land use, and other key metrics of analysis, were provided by sources we believe to be reliable; however, NBS has not independently verified such information and assumptions. While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.