
Fiscal Impact Analysis

Masonic Flatlands Project

City Council Update

October 27, 2009

Purpose of Presentation

- Overview of Fiscal Impact Analysis
- Outline scope of work and methodology
- Describe timeline and next steps
- Comments / questions



Masonic Homes Flatlands -- Proposed Zoning (August 2009)

FIA – Overview

■ What is FIA?

- Systematic examination of the impact of a new development on the City budget:
 - Identifies new costs (police, fire, etc.)
 - Identifies new revenues (property tax, sales tax, etc.)
 - Determines the net impact to the City budget

■ Relation of FIA to other studies

- Environmental Impact Report (EIR)
 - Separate study but with some overlapping topic areas
 - FIA will utilize consistent assumptions, where possible
- Economic Impact Analysis
 - Separate study with separate purpose, not related to FIA
 - Address job creation and economic activity generation

Scope of Work

- **Prepare an independent Fiscal Impact Analysis (FIA)**
 - Focus on the net impact to the City budget
 - Analyze Project and EIR alternatives
 - Provide static and multi-year cash flow analysis
 - Examine ongoing and one-time costs / revenues
 - Address relevant policies in the Hillside Area Plan

- **Evaluate potential community facility uses**
 - Two alternatives as defined by the City
 - Estimate construction and ongoing O&M costs

- **Identify mechanisms to offset negative fiscal impacts (if any)**

FIA – Cost Methodology

- **Review the City budget**
 - Determine average cost over previous 4-5 years

- **Interview department heads to identify marginal costs of new services for the project**
 - Marginal costs are those caused by the project
 - Costs include: facilities, equipment, labor, overhead, misc.

- **Where marginal costs cannot be identified, estimate costs on an average costs basis**

FIA – Costs

■ Police

- Determine impact on law enforcement personnel
- Determine impact on law enforcement facilities



■ Fire

- Determine impact on equipment and associated personnel
- Determine impact on fire inspection services
- Allocate costs between Project and other future development



FIA – Costs (continued)

■ Leisure Services

- Determine impact on City park facilities
- Community facility use addressed separately



■ Public Works

- Identify impact on maintenance responsibilities for public works
 - Addition / modification of traffic signals
 - Addition of new public streets within Project



FIA – Costs (continued)

- **Other Departments – Econ and Community Development, City Management / Administration**
 - Explore adequacy of existing staffing levels to accommodate future growth
 - Attribute incremental share of new FTE requirements to Project

- **Non-Departmental Costs**
 - Determine impact on costs for General Liability and Workers' Comp Insurance

FIA – Revenue Methodology

- **Review budget and consult with Finance Director**
 - Identify revenues impacted by new development
 - General Fund and affected Special Fund revenues

- **Calculate major revenues – property and sales taxes**
 - Utilize detailed, multi-step estimation methodologies
 - Estimate revenue generation as low, mid, and high range based on several years of historic data

- **Calculate other revenues – fines, fees, intergovernmental, etc.**

- **Calculate one-time revenues – impact fees, capital facilities charges**

FIA – Property Taxes

- **Property taxes (~27% of General Fund revenues)**
 - Estimate assessed value
 - Sale prices of for-sale units
 - Construction cost of commercial and apartment development
 - Value of business personal property
 - Determine City share of property tax revenues:
 - ~25% of the base 1% tax assessment + special assessments
 - Adjust for revenues diverted to the State Education Revenue Augmentation Fund (ERAF)

FIA – Sales Taxes

- **Sales taxes (~22% of General Fund revenues)**
 - Estimate sales tax generation from commercial use
 - Estimate spending / taxable sales in commercial space (\$/sq.ft.)
 - Estimate % of new sales versus % captured from existing Union City retailers
 - Estimate retail spending by new residents
 - Estimate typical spending per resident by retail category
 - Net out certain spending assumed to occur on site
 - Net out resident spending assumed to occur outside the City
 - Estimate construction period sales taxes

FIA – Other Revenues

- **Other revenue sources include:**

- Franchise fees
- Vehicle license fees
- Charges for current services
- Building and other permits
- Business license fees
- Intergovernmental revenues
- Property transfer taxes
- Fines and penalties

Community Facility Use Evaluation

- **Evaluate impact of two community facility use alternatives**
 - Alternative 1 – Aquatic Center
 - Alternative 2 – Community Center
- **BAE will estimate construction costs and ongoing O&M**
 - Key data sources will be budgets for existing City facilities and similar facilities in other communities
- **FIA report will quantify these costs separately from the fiscal impact of the proposed development**

Final Deliverable

- **FIA report will detail methodologies, data sources, assumptions, limiting conditions, and findings, including:**
 - Presentation of the annually recurring net fiscal impact for the stabilized project
 - Presentation of 20-year cash flow analysis showing impacts during interim years
 - Delineation of one-time costs and revenues
 - Evaluation of community facility capital and O&M costs
 - Discussion of key items for development agreement negotiation and options to offset negative fiscal impacts, if any

Timeline & Next Steps

- **Draft FIA Report to staff – December 2009**
- **City Council Study Session II – January 2010**
- **Final FIA Report to City Council – February 2010**