

Memorandum

To: Ken Hiatt, City Manager, City of Woodland
Erika Bumgardner, Business Development Liaison, City of Woodland
Kimberly McKinney, Director of Administrative Services, City of Woodland

From: Matt Kowta, Managing Principal
Matt Fairris, Senior Associate

Date: May 4, 2021

Re: Woodland Research and Technology Park Fiscal Impact Analysis

INTRODUCTION

To understand the fiscal implications of the proposed Woodland Research and Technology Park (WRTP) project, the City of Woodland engaged BAE Urban Economics to conduct a fiscal impact analysis. The following memorandum summarizes the results of the fiscal impact model, including the expected revenues and City expenditures to provide ongoing services to the WRTP residents and employees if developed according to the proposed plan.

Project Description

The WRTP is located along Woodland's southern boundary, at the intersection of Highway 113 and County Road 25A. In total, the project encompasses nearly 350 acres and includes residential and non-residential development proposed for construction over the next 25 years. As summarized in more detail below in Table 1, at full buildout the WRTP project would include nearly 1,675 residential units ranging from low-density single-family homes to high-density multifamily units. The project also proposes roughly 1.1 million square feet of research park space, 625,000 square feet of light industrial space, 250,000 square feet of retail space, and 200,000 square feet of hotel space.

As also shown in Table 1, the project is expected to develop over a 25-year period. The earlier development years include a larger portion of the residential units, with absorption of all units expected by Year 15. The non-residential development is expected to occur over the full 25-year time frame, with a fairly equal delivery of space each of the five-year increments shown in the table below.

Table 1: Woodland Research and Technology Park (WRTP) Development by Absorption Period

Use Type	Year of Delivery				
	0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Low -Density Residential Units	186	186	157	0	0
<i>Cumulative Units</i>	186	372	529	529	529
Medium-Density Residential Units	186	186	254	0	0
<i>Cumulative Units</i>	186	372	626	626	626
High-Density Residential Units	186	186	147	0	0
<i>Cumulative Units</i>	186	372	519	519	519
Research Park Sq. Ft.	225,000	226,244	226,244	226,244	226,242
<i>Cumulative Sq. Ft.</i>	225,000	451,244	677,488	903,732	1,129,974
Light Industrial Sq. Ft.	75,000	137,456	137,456	137,456	137,457
<i>Cumulative Sq. Ft.</i>	75,000	212,456	349,912	487,368	624,825
Hotel	0	200,000	0	0	0
<i>Cumulative Sq. Ft.</i>	0	200,000	200,000	200,000	200,000
Retail	8,000	60,509	60,509	60,509	60,508
<i>Cumulative Sq. Ft.</i>	8,000	68,509	129,018	189,527	250,035

Sources: City of Woodland; BAE, 2021.

FISCAL IMPACT ANALYSIS

Methodology

To estimate the fiscal impacts of the WRTP project, BAE developed a fiscal model to assess the expected General Fund revenues and expenditures associated with the proposed project. To estimate the projected revenues, BAE assessed the current market values for the land uses proposed in the WRTP, in order to estimate property-related tax revenue, as well as the average per-capita and per-employee sales tax generation. The remaining revenue items, including permits, fees, and charges for service, are assumed to increase based on the City's existing average annual per-service population¹ revenue. To estimate the future Woodland General Fund expenditures associated with the WRTP, BAE conducted interviews with the City's fire, police, and finance departments. These interviews indicated that additional costs to provide fire service to the WRTP area will be associated with the future planned fire station (i.e., estimated on a case study basis) to serve the southern expansion of the City, while costs to provide police service will increase commensurate with service population growth (i.e., estimated on an average cost per service population basis). Aside from roadway maintenance, which is calculated based on an average annual cost per-lane mile, and custom calculations to demonstrate transfers out from the General Fund for future capital expenditures and a reduction in transit subsidies, the remaining expenditures are based on the existing average

¹ Service population is defined as the City resident population plus one-half of the number of local employees.

annual costs for City services such as library (costs per resident), community development (per service population), and administration (per service population). Similar to nearby developments in the City of Woodland, costs to maintain the parks, greenbelts, and street lighting will be covered through a supplemental levy (e.g., Community Facilities District) and therefore are not included in the following General Fund fiscal impact analysis.

Service Population

As shown below in Table 2, at full buildout the WRTP will include an estimated 4,316 total residents and roughly 4,912 total employees. The expected residents are fairly evenly distributed between the various residential unit types, while the majority of the employment growth is driven by the Research Park land use. Because employees do not generate the same demand for city services as full-time residents, BAE estimates the future service population as the total number of residents and half of the total employees. BAE utilizes these future service population figures to estimate the future demand for services and associated City expenditures. Based on this methodology, BAE estimates a total of 6,773 new service population at full buildout of the WRTP project.

Table 2: WRTP New Service Population by Absorption Period

Residential	Population Density	Planned Units (New Residents)				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Low-Density SFR (Units)		186	372	529	529	528
<i>New Residents</i>	<i>2.86 persons per unit</i>	532	1,064	1,513	1,513	1,510
Med-Density SFR (Units)		186	372	626	626	626
<i>New Residents</i>	<i>2.65 persons per unit</i>	492	985	1,657	1,657	1,657
High-Density MFR (Units)		186	372	519	519	519
<i>New Residents</i>	<i>2.21 persons per unit</i>	412	824	1,149	1,149	1,149
Commercial	Employment Density	Planned Square Feet (New Employees) (a)				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Research Park (Sq. Ft.)		225,000	451,244	677,488	903,732	1,129,974
<i>New Employees</i>	<i>310 sq. ft. per employee</i>	689	1,382	2,076	2,769	3,462
Industrial (Sq. Ft.)		75,000	212,456	349,912	487,368	624,825
<i>New Employees</i>	<i>800 sq. ft. per employee</i>	89	252	416	579	742
Hotel (Sq. Ft.)		0	200,000	200,000	200,000	200,000
<i>New Employees</i>	<i>1,667 sq. ft. per employee</i>	0	114	114	114	114
Retail (Sq. Ft.)		8,000	68,509	129,018	189,527	250,035
<i>New Employees</i>	<i>400 sq. ft. per employee</i>	19	163	307	451	594
		New Service Population				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Total Residents		1,436	2,872	4,319	4,319	4,316
Total Employees		797	1,912	2,912	3,912	4,912
Total Persons Served (b)		1,835	3,828	5,775	6,275	6,773

Notes:

- (a) Assumes a five percent vacancy rate across all property types.
- (b) Persons served is defined as residents plus 50% of employees.

Sources: City of Woodland; AECOM; BAE, 2021.

Revenue

The following section summarizes the projected WRTP revenue generation, including property-related revenue, sales tax revenue, and other City revenue. In order to better understand the revenue generated during the 25-year buildout timeline, the analysis projects revenues in five-year increments, following the absorption schedule shown above in Table 1. The revenue estimates for each five-year increment represents the expected annual revenue at the end of that five-year period. For example, the projected revenue in the “5-10 Years” period represents the annual revenue by year 10 of the WRTP buildout.

Property-Related Revenue

By full buildout, BAE estimates the WRTP project will have an assessed value of nearly \$1.2 billion, based on the assumptions regarding average value per residential unit and average value per non-residential square foot shown in Table 3. Residential value estimates are based on recent sales of new comparable residential units in Woodland, while non-residential values are based on recent sales or newly assessed non-residential properties in the City. Particularly in the case of the Research Park and Industrial land use category, the new buildings that are expected to be developed in the WRTP will likely be more modernized and involve a higher level of improvements than most of the space that currently exists in the city; therefore, these assessed values are likely conservative and may underestimate the total assessed value of the WRTP project.

The total projected assessed value drives direct property tax and property transfer tax revenue to the City, shown in Table 3 and Table 4 on the following pages. As shown in Table 3, based on the allocation of property tax to the City of Woodland, at roughly 16.5 percent of the ad-valorem tax amount, the City is expected to receive roughly \$2.0 million in annual property tax from the WRTP project by full buildout. In addition to secured and unsecured property tax, the City is also projected to receive approximately \$986,000 per year of In-Lieu of Vehicle License Fee (ILVLF) revenue at full buildout.

In addition to property tax and ILVLF revenue, the City will also receive a tax upon transfer of the real estate in the WRTP. Based on assumed turnover rates shown below in Table 4, BAE projects roughly \$62,000 of additional annual revenue generated by the property transfer tax allocated to the City at full buildout of the WRTP.

Table 3: Property-Related Revenue by Absorption Period

Secured Property Tax Revenue	Estimated Value/Unit	Planned Units (New Assessed Value)				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Low-Density SFR (Units)		186	372	529	529	529
New Assessed Value	\$548,000	\$101,928,000	\$203,856,000	\$289,892,000	\$289,892,000	\$289,892,000
Med-Density SFR (Units)		186	372	626	626	626
New Assessed Value	\$443,000	\$82,398,000	\$164,796,000	\$277,318,000	\$277,318,000	\$277,318,000
High-Density MFR (Units)		186	372	519	519	519
New Assessed Value	\$362,000	\$67,332,000	\$134,664,000	\$187,878,000	\$187,878,000	\$187,878,000
Research Park (Sq. Ft.)		225,000	451,244	677,488	903,732	1,129,974
New Assessed Value	\$200	\$45,000,000	\$90,248,800	\$135,497,600	\$180,746,400	\$225,994,800
Industrial (Sq. Ft.)		75,000	212,456	349,912	487,368	624,825
New Assessed Value	\$132	\$9,894,263	\$28,027,940	\$46,161,617	\$64,295,294	\$82,429,104
Hotel (Sq. Ft.)		0	200,000	200,000	200,000	200,000
New Assessed Value	\$300	\$0	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000
Retail (Sq. Ft.)		8,000	68,509	129,018	189,527	250,035
New Assessed Value	\$280	\$2,240,000	\$19,182,520	\$36,125,040	\$53,067,560	\$70,009,800
Total New Assessed Valuation		\$308,792,263	\$700,775,260	\$1,032,872,257	\$1,113,197,254	\$1,193,521,704
Minus Existing AV		\$3,234,684	\$3,234,684	\$3,234,684	\$3,234,684	\$3,234,684
Net AV Increase		\$305,557,579	\$697,540,576	\$1,029,637,573	\$1,109,962,570	\$1,190,287,020
Net Ad-Valorem Property Tax Increase		\$3,055,576	\$6,975,406	\$10,296,376	\$11,099,626	\$11,902,870
Assumed Share to City (a)		16.5%	16.5%	16.5%	16.5%	16.5%
New Property Tax to City		\$505,685	\$1,154,401	\$1,704,008	\$1,836,942	\$1,969,876
Unsecured Property Tax Revenue						
Unsecured Property Tax as % of Unsecured		10%	10%	10%	10%	10%
Unsecured Property Tax Revenue		\$50,569	\$115,440	\$170,401	\$183,694	\$196,988
Property Tax In-Lieu of Vehicle License Fees						
2020/2021 Net Citywide AV		\$6,772,170,413	\$6,772,170,413	\$6,772,170,413	\$6,772,170,413	\$6,772,170,413
2020/2021 City ILVLF		\$5,608,676	\$5,608,676	\$5,608,676	\$5,608,676	\$5,608,676
ILVLF as % of Net AV		0.08%	0.08%	0.08%	0.08%	0.08%
Estimated New City ILVLF		\$253,061	\$577,699	\$852,740	\$919,265	\$985,789

Note:

(a) Property Tax Allocation based on the Revenue Sharing Agreement between the City and County which includes the following:

Fund	Existing Share	Sharing Agreement Split	Total City Allocation
County General Fund	11.7%	37%	4.3%
County ACO Fund	1.4%	37%	0.5%
County Library	2.1%	100%	2.1%
County Road District #2	2.2%	100%	2.2%
Springlake Fire District	7.3%	100%	7.3%
Total Share of Property Tax to City			16.5%

Sources: City of Woodland; BAE, 2021.

Table 4: Property Tax Transfer Tax by Absorption Period

Use Type	Assumed Turnover Rate	New AV (Avg. Value of Turnover)				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Low-Density Units AV		\$101,928,000	\$203,856,000	\$289,892,000	\$289,892,000	\$289,892,000
Value of Turnover	7 years	\$14,561,143	\$29,122,286	\$41,413,143	\$41,413,143	\$41,413,143
Med-Density Units AV		\$82,398,000	\$164,796,000	\$277,318,000	\$277,318,000	\$277,318,000
Value of Turnover	7 years	\$11,771,143	\$23,542,286	\$39,616,857	\$39,616,857	\$39,616,857
High-Density Units AV		\$67,332,000	\$134,664,000	\$187,878,000	\$187,878,000	\$187,878,000
Value of Turnover	20 years	\$3,366,600	\$6,733,200	\$9,393,900	\$9,393,900	\$9,393,900
Research Park (Sq. Ft.) AV		\$45,000,000	\$90,248,800	\$135,497,600	\$180,746,400	\$225,994,800
Value of Turnover	20 years	\$2,250,000	\$4,512,440	\$6,774,880	\$9,037,320	\$11,299,740
Industrial (Sq. Ft.) AV		\$9,894,263	\$28,027,940	\$46,161,617	\$64,295,294	\$82,429,104
Value of Turnover	20 years	\$494,713	\$1,401,397	\$2,308,081	\$3,214,765	\$4,121,455
Hotel (Sq. Ft.) AV		\$0	\$60,000,000	\$60,000,000	\$60,000,000	\$60,000,000
Value of Turnover	20 years	\$0	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Retail (Sq. Ft.) AV		\$2,240,000	\$19,182,520	\$36,125,040	\$53,067,560	\$70,009,800
Value of Turnover	20 years	\$112,000	\$959,126	\$1,806,252	\$2,653,378	\$3,500,490
Total Average Turnover Per Year		\$32,555,599	\$69,270,734	\$104,313,113	\$108,329,363	\$112,345,585
Property Transfer Tax Rate (per \$1,000)		\$1.10	\$1.10	\$1.10	\$1.10	\$1.10
Share to City		50%	50%	50%	50%	50%
Property Transfer Tax Revenues to City		\$17,906	\$38,099	\$57,372	\$59,581	\$61,790

Sources: BAE, 2021.

Sales Tax Revenue

Based on average annual per-resident and per-employee taxable sales assumptions, the WRTP is projected to generate approximately \$118 million of additional retail sales within the City of Woodland yearly. This assumes new residents spend money in the WRTP and elsewhere throughout the City at a rate that is equal to the Yolo County countywide average per capita figure. This is more conservative than using the current citywide per capita rate, which is relatively high. The per-employee taxable sales estimate includes business-to-business taxable transactions, estimated as the average per-employee taxable sales amount in the Sacramento Region. Again, this is more conservative than assuming that new employees would generate taxable sales at a rate equal to the current citywide rate.

Spurred by the increase in taxable sales, the City is projected to receive nearly \$1.3 million annually in additional sales tax revenue by project buildout. This includes \$1.2 million in the base Bradley Burns sales tax amount, plus an additional \$172,000 annually from the pooled base sales tax revenue, and \$14,150 annually from the Proposition 172 public safety sales tax. Note that this analysis excludes both revenues and expenditures of Measure F and Measure J sales tax revenues.

This analysis does also take into account the City-County revenue sharing agreement, which states that Yolo County will receive 15 percent of any annual sales tax generated above \$155,000 within the WRTP. This amounts to roughly \$110,000 annually allocated to the County at full buildout of the WRTP.

Table 5: Sales Tax Generation by Absorption Period

Spending Type	Estimated Taxable Sales	New Taxable Sales				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
New Residents		1,436	2,872	4,319	4,319	4,316
<i>New Taxable Sales</i>	\$12,277 per resident (a)	\$17,632,550	\$35,265,100	\$53,028,996	\$53,028,996	\$52,993,880
New Employees		797	1,912	2,912	3,912	4,912
<i>New Taxable Sales</i>	\$13,212 per employee (b)	\$10,535,151	\$25,257,466	\$38,472,299	\$51,687,132	\$64,901,868
Total Taxable Sales		\$28,167,701	\$60,522,567	\$91,501,295	\$104,716,128	\$117,895,748
City Share of Sales Tax						
Base Bradley Burns Sales Tax	1% of taxable sales	\$281,677	\$605,226	\$915,013	\$1,047,161	\$1,178,957
Allocation to County (c)	15% of Sales Tax over \$155k	\$0	(\$12,717)	(\$44,484)	(\$76,252)	(\$108,018)
Pooled Sales Tax Revenue as						
% of Base Sales Tax Revenue	14.6% of base sales tax	\$41,125	\$88,363	\$133,592	\$152,886	\$172,128
Public Safety Sales Tax (Prop. 172)						
County Share of Public Safety Sales Tax	95% of total	\$140,839	\$302,613	\$457,506	\$523,581	\$589,479
City Share of Public Safety Sales Tax	2.4% of total	\$3,380	\$7,263	\$10,980	\$12,566	\$14,147
Total City Sales Tax and Public Safety Sales Tax		\$326,182	\$688,134	\$1,015,101	\$1,136,361	\$1,257,214

Notes:

- (a) Based on the 2019 Yolo County per capita retail sales.
- (b) Based on the 2019 Sacramento MSA average non-retail sales per employee.
- (c) According to the Revenue Sharing Agreement, the County receives 15% of any sales tax generated above \$155,000 within the WRTP.

Sources: City of Woodland; State Board of Equalization; BAE, 2021.

Other Revenue

At full buildout, the WRTP is projected to generate an additional \$750,000 of other annual revenue to the City. As shown in Table 6 below, the majority of this revenue is associated with permits, fees, and charges for service, followed by Transient Occupancy Tax revenue.

Table 6: Other General Fund Revenue by Absorption Period

Revenue Source	Revenue Generation (a)	Other Revenue				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
<i>New Service Population</i>		1,835	3,828	5,775	6,275	6,773
Transient Occupancy Tax	\$21.74 per person served	\$39,891	\$83,227	\$125,555	\$136,427	\$147,237
Permits, Fees and Charges	\$71.09 per person served	\$130,451	\$272,168	\$410,590	\$446,144	\$481,494
Fines and Forfeitures	\$3.93 per person served	\$7,219	\$15,062	\$22,722	\$24,690	\$26,646
Charges for Services	\$9.47 per person served	\$17,371	\$36,243	\$54,676	\$59,410	\$64,118
Charges to Other Departments (b)	\$4.94 per person served	\$9,058	\$18,898	\$28,510	\$30,978	\$33,433
Total "Other" Revenue Sources		\$203,991	\$425,598	\$642,052	\$697,649	\$752,928

Note:

(a) Calculated using the General Fund Revenue estimates from the City of Woodland Fiscal Year 2020/21 Budget, divided by the service population, which includes 100% of the City's population and 50% employees working in the City.

<i>2020 Population</i>	<i>60,742</i>
<i>2020 Jobs</i>	<i>27,459</i>
<i>Service Population</i>	<i>74,472</i>

(b) Assumes that Charges to Other Departments is 10% variable.

Sources: BAE, 2021.

Total Revenue

Based on the above revenue items, the WRTP is projected to generate a total of roughly \$5.2 million in annual revenues to the City of Woodland General Fund by project buildout. As seen below, the majority of these revenues are associated with property-related taxes, including direct property tax and ILVLF revenues, as well as sales tax. Based on the breakdown by five-year increments shown below in Table 7, it is apparent that the majority of revenues are generated by year 15, driven by the absorption of all residential units and a large share of the non-residential development. In fact, nearly 85 percent of the final annual revenues are expected by year 15, with the remaining 15 percent driven by the buildout of the remaining non-residential space in the following decade.

Table 7: Total General Fund Revenue by Absorption Period

Revenues	General Fund Revenue				
	0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Property Tax					
Secured	\$505,685	\$1,154,401	\$1,704,008	\$1,836,942	\$1,969,876
Unsecured	\$50,569	\$115,440	\$170,401	\$183,694	\$196,988
ILVLF	\$253,061	\$577,699	\$852,740	\$919,265	\$985,789
Property Transfer Tax	\$17,906	\$38,099	\$57,372	\$59,581	\$61,790
Sales Tax					
Bradley Burns	\$281,677	\$592,508	\$870,529	\$970,910	\$1,070,939
County Pool	\$41,125	\$88,363	\$133,592	\$152,886	\$172,128
Prop. 172	\$3,380	\$7,263	\$10,980	\$12,566	\$14,147
"Other Revenues"	\$203,991	\$425,598	\$642,052	\$697,649	\$752,928
Sub-total revenues	\$1,357,393	\$2,999,371	\$4,441,673	\$4,833,493	\$5,224,585

Sources: BAE, 2021.

Expenditures

The following estimates the total annual General Fund expenditures associated with the buildout of the WRTP. Similar to revenue estimates, the anticipated expenditures are broken down into five-year increments driven by the buildout of specific land uses over the 25-year buildout time frame. Similar to the projected revenue, the expenditure estimates for each five-year period represent the annual expenditures at the end of that absorption period. For example, the projected expenditures shown in the “5-10 Years” time period reflect the annual expenditures in Year 10 of the WRTP buildout.

Fire Department Costs

As the new fire station (Station #4) will serve the WRTP project as well as other neighborhoods and developments in the City of Woodland, BAE allocated the expected per-service population cost of the entire Woodland fire department, including future Station #4, to the projected service population of the WRTP. As seen below, this results in roughly \$1.1 million of annual fire service costs allocated to the WRTP at full buildout. Note that this analysis also incorporates the expiration of the SAFER Grant which currently supports fire service costs in the City. This grant of roughly \$475,000 expires in 2024, at which time the City General Fund will absorb those additional costs.

Table 8: Fire Department Costs by Absorption Period

Fire Expenditures							
Current Expenditures		\$10,873,729					
SAFER Grant Expiration (2024)		\$474,696					
Future Fire Station #4 Cost		\$2,400,000					
Total Future Fire Budget		\$13,748,425					
Existing Service Population		74,472					
Build Out Service Pop		6,775					
Total Future Service Pop		81,247					
			Fire Department Expenditures				
			<u>0-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20-25 Years</u>
<i>New Service Population</i>			1,835	3,828	5,775	6,275	6,773
Average Future Expenditures	\$169.22	\$310,496	\$647,805	\$977,271	\$1,061,896	\$1,146,037	

Sources: City of Woodland; BAE, 2021.

Roadway Maintenance Costs

To estimate roadway maintenance expenditures, the City of Woodland provided an average maintenance cost per lane-mile throughout the City, of \$2,897 per lane-mile plus a 13.8 percent public works overhead charge. Assuming all roadway infrastructure will be delivered commensurate with the residential growth, BAE assumes all 30.5 lane-miles within the WRTP will be delivered by Year 15. In total, BAE estimates the roadway maintenance cost will amount of roughly \$100,500 annually by Year 15 and will continue at that level through project buildout.

Table 9: Roadway Maintenance Costs by Absorption Period

Expenditure	Existing Demand	General Fund Cost				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Road Lane Miles		10.2	20.3	30.5	30.5	30.5
Maintenance Cost	\$2,897 Per Lane-Mile	\$29,431	\$58,862	\$88,293	\$88,293	\$88,293
Public Works Overhead	13.82% of Maint. Cost	\$4,069	\$8,137	\$12,206	\$12,206	\$12,206
Total Roadway Maintenance Cost		\$33,499	\$66,999	\$100,498	\$100,498	\$100,498

Sources: City of Woodland; BAE, 2021.

Increased Transit Costs

According to City of Woodland staff, the City's allocation of Transportation Development Act (TDA) subsidy is projected to decline by roughly \$25,000 per year through the WRTP buildout. This amount will compound over the next 25 years, suggesting that the decline in subsidy, or increase in transit costs, by Year 10 will be \$250,000 per year. At full buildout, this amounts to \$625,000 per year in additional costs from the reduced TDA subsidy.

Table 10: Transit Costs by Absorption Period

Other General Fund Cost	Cost Factor	General Fund Cost				
		0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Increased Transit Cost (a)	\$25,000 per year	\$125,000	\$250,000	\$375,000	\$500,000	\$625,000

Note:

(a) Based on reduced subsidy from the Transportation Development Act (TDA).

Sources: City of Woodland; BAE, 2021.

Police Service and Other City Costs

All other city General Fund costs, including police, community services, library, etc. are calculated on the basis of the existing per-service population expenditure estimate times the projected WRTP increase in service population, accounting for the variability of expenditures for each department. The analysis excludes any expenditures currently supported by Measure J sales tax revenue, as this source is not included as a revenue source in the revenue projections. As seen in Table 11 below, the per-service population cost ranges from roughly \$8 per year for public works to \$289 for police service. Based on the projected service population of the WRTP, these additional City costs amount to roughly \$2.6 million annually at full buildout, with nearly \$2.0 million in new annual police costs. As stated previously, this does not include expenditures associated with parks, greenbelts, and streetlights within the WRTP which will be maintained using a supplemental revenue source, such as a CFD.

Table 11: Other General Fund Expenditures by Absorption Period

Other General Fund Cost	FY 20/21	Removal of	Adjusted	Persons Served	Service Demand	General Fund Cost (a)				
	Budget	Measure J	Expenditures			0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Administration (b)	\$3,177,732	\$250,000	\$2,927,732	74,472	\$9.83 per person served	\$18,034	\$37,625	\$56,761	\$61,676	\$66,563
Community Development	\$3,349,317	\$0	\$3,349,317	74,472	\$44.97 per person served	\$82,523	\$172,173	\$259,738	\$282,229	\$304,592
Community Services (excl. parks)	\$3,733,783	\$1,344,098	\$2,389,685	60,742	\$39.34 per resident	\$56,503	\$113,005	\$169,929	\$169,929	\$169,816
Police	\$21,503,433	\$485,669	\$21,017,764	74,472	\$282.22 per person served	\$517,852	\$1,080,425	\$1,629,917	\$1,771,056	\$1,911,388
Library	\$2,224,385	\$771,168	\$1,453,217	60,742	\$23.92 per resident	\$34,360	\$68,721	\$103,337	\$103,337	\$103,269
Public Works (Citywide)	\$637,397	\$0	\$637,397	74,472	\$8.56 per person served	\$15,705	\$32,766	\$49,430	\$53,710	\$57,966
Total Other General Fund Costs	\$34,626,047	\$2,850,935	\$31,775,112			\$724,977	\$1,504,715	\$2,269,111	\$2,441,938	\$2,613,594

Note:

(a) Based on new service population or new residents depending on cost item.

(b) Assumes Administration expenditures are 25% variable.

Sources: City of Woodland; BAE, 2021.

Total Annual Cost

As seen below in Table 12, the total General Fund expenditures to support the full buildout of the WRTP amounts to nearly \$4.5 million annually by WRTP buildout. The largest share of these costs is associated with police and fire services. Based on the buildout plan, nearly 85 percent of these annual expenditures, or \$3.7 million annually, will be required by Year 15. This is primarily driven by the delivery of all residential units by Year 15, with only a limited amount of non-residential development remaining through the final buildout year.

Table 12: Total General Fund Expenditures by Absorption Period

	General Fund Revenue				
	0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Expenditures					
Administration	\$18,034	\$37,625	\$56,761	\$61,676	\$66,563
Community Development	\$82,523	\$172,173	\$259,738	\$282,229	\$304,592
Community Services	\$56,503	\$113,005	\$169,929	\$169,929	\$169,816
Police	\$517,852	\$1,080,425	\$1,629,917	\$1,771,056	\$1,911,388
Fire	\$310,496	\$647,805	\$977,271	\$1,061,896	\$1,146,037
Library	\$34,360	\$68,721	\$103,337	\$103,337	\$103,269
Public Works	\$15,705	\$32,766	\$49,430	\$53,710	\$57,966
Roadway Maintenance	\$33,499	\$66,999	\$100,498	\$100,498	\$100,498
Increased Transit Costs	\$125,000	\$250,000	\$375,000	\$500,000	\$625,000
Sub-total expenditures	\$1,193,972	\$2,469,519	\$3,721,881	\$4,104,332	\$4,485,129

Sources: City of Woodland; BAE, 2021.

Net Fiscal Impact

At full buildout of the WRTP, the development is projected to generate an annual surplus of nearly \$740,000 to the City's General Fund. After the first five years, which includes a large portion of residential development and more modest non-residential development, the initial phase is projected to generate an annual fiscal surplus of \$163,000. This surplus ramps up significantly between Years 5 and 15 (reaching \$720,000 annually by Year 15), as the project delivers all of the residential units and a larger share of the non-residential uses. Between Year 15 and full buildout in Year 25 the project reaches the full projected annual surplus of approximately \$740,000.

Table 13: Net Fiscal Impact by Buildout Year

	General Fund Revenue				
	0-5 Years	5-10 Years	10-15 Years	15-20 Years	20-25 Years
Revenues					
Property Tax					
Secured	\$505,685	\$1,154,401	\$1,704,008	\$1,836,942	\$1,969,876
Unsecured	\$50,569	\$115,440	\$170,401	\$183,694	\$196,988
ILVLF	\$253,061	\$577,699	\$852,740	\$919,265	\$985,789
Property Transfer Tax	\$17,906	\$38,099	\$57,372	\$59,581	\$61,790
Sales Tax					
Bradley Burns	\$281,677	\$592,508	\$870,529	\$970,910	\$1,070,939
County Pool	\$41,125	\$88,363	\$133,592	\$152,886	\$172,128
Prop. 172	\$3,380	\$7,263	\$10,980	\$12,566	\$14,147
"Other Revenues"	\$203,991	\$425,598	\$642,052	\$697,649	\$752,928
Sub-total revenues	\$1,357,393	\$2,999,371	\$4,441,673	\$4,833,493	\$5,224,585
Expenditures					
Administration	\$18,034	\$37,625	\$56,761	\$61,676	\$66,563
Community Development	\$82,523	\$172,173	\$259,738	\$282,229	\$304,592
Community Services	\$56,503	\$113,005	\$169,929	\$169,929	\$169,816
Police	\$517,852	\$1,080,425	\$1,629,917	\$1,771,056	\$1,911,388
Fire	\$310,496	\$647,805	\$977,271	\$1,061,896	\$1,146,037
Library	\$34,360	\$68,721	\$103,337	\$103,337	\$103,269
Public Works	\$15,705	\$32,766	\$49,430	\$53,710	\$57,966
Roadway Maintenance	\$33,499	\$66,999	\$100,498	\$100,498	\$100,498
Increased Transit Costs	\$125,000	\$250,000	\$375,000	\$500,000	\$625,000
Sub-total expenditures	\$1,193,972	\$2,469,519	\$3,721,881	\$4,104,332	\$4,485,129
NET ANNUAL FISCAL SURPLUS/(DEFICIT)	\$163,421	\$529,853	\$719,793	\$729,161	\$739,457

Sources: City of Woodland; BAE, 2021.

Fiscal Impact Sensitivities

To account for potential changes in market conditions and demand, BAE tested the fiscal impacts of two different sensitivities. The first sensitivity estimates the impact of less non-residential space delivered by Year 25, given the strong demand for residential units and potential uncertainty around demand for the non-residential space. The second scenario assesses the impact of lower per-employee business-to-business sales tax generation, given that the potential tenants of the WRTP may or may not produce taxable goods.

Reduced Commercial Buildout - As a simplified approach to assessing the fiscal impact of less commercial space delivered in the WRTP, BAE created a version of the fiscal model that assumes zero non-residential space delivers while all the residential units would be absorbed. While this is not the intention of the project, nor ideal for the City, it merely represents the relative importance of the non-residential space. Based on these assumptions, the project yields a fiscal deficit of nearly \$110,000 at full buildout. This is primarily driven by the assumed increase in transit costs over the 25-year buildout timeline, of \$625,000 annually. This cost is not assumed to decrease despite the elimination of the non-residential component, as demand for transit services is primarily driven by the City's resident population. To yield a marginal annual fiscal surplus, the project would need to deliver at least 15 percent of all proposed non-residential land uses.

Reduced Per-Employee Sales Tax Generation - The fiscal analysis currently assumes employees of the new non-residential spaces will generate non-retail taxable sales equal to the average \$13,212 annual per-employee amount in the four-county Sacramento region. This taxable sales amount generally corresponds to business-to-business sales that generate sales tax revenue. Given the uncertainty around the future users of the WRTP space, BAE tested the sensitivity of the fiscal model to a reduction in this assumed per-employee taxable sales amount. Even with a 50 percent reduction in the per-employee taxable sales estimate, the project would still generate a fiscal surplus, albeit reduced to roughly \$360,000 per year by buildout.

Fiscal Impact Analysis Takeaways

- The WRTP project is projected to generate a fiscal surplus of approximately \$740,000 per year to the City's General Fund.
- Based on the absorption schedule, the City would realize a significant fiscal surplus by Year 15, estimated at nearly \$720,000 per year. This is driven by the delivery of all residential units and nearly two-thirds of the non-residential space by Year 15. Between Year 15 and full buildout in Year 25, the annual fiscal surplus is projected to increase to \$773,000 annually.

REVENUE

- The primary sources of General Fund revenue that WRTP would generate are property-related taxes (i.e., ad valorem property tax, ILVLF, transfer tax) and sales tax. Although not modeled in this analysis, the project would also generate substantial new sales tax revenues from Measures F and J, to the extent that they are extended through the life of the WRTP project. Together, these account for 86 percent of the projected revenue.
- Approximately 63 percent of the estimated new assessed value associated with the WRTP would be generated by the residential component.
- Approximately 55 percent of the estimated sales tax is generated by the non-residential component, including taxable business-to-business retail transactions.

EXPENDITURES

- The primary sources of annual General Fund expenditures associated with WRTP would be Police Service (\$2.0 million annually at buildout) and Fire Service (\$1.1 million annually at buildout). Together these account for 68 percent of the expenditures to serve the WRTP.
- The third largest expenditure is associated with the need for backfill of Public Works Department expenditures due to the loss of Transportation Development Act (TDA) dollars to support transit provision. Driven by growth in the City, this loss of revenue is estimated at nearly \$625,000 annually at full buildout of the WRTP. While this loss of revenue is not directly driven by the WRTP project, this project represents the major growth area within the City and therefore bears the full burden of reduced revenues from this source.

FISCAL IMPACT SENSITIVITES

- The fiscal impact of the WRTP is sensitive to a reduction in the non-residential space. Any reduction from the proposed amount of non-residential space developed and occupied will result in lower fiscal surpluses than projected above. The project must provide at least 15 percent of the proposed non-residential space to achieve General Fund fiscal break even.