

DRAFT REPORT

FISCAL IMPACT ANALYSIS OF AREAS 3 AND 4 SPECIFIC PLAN

Prepared for:

The City of Newark

Prepared by:

Economic & Planning Systems, Inc.

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EPS #16058



TABLE OF CONTENTS

I. INTRODUCTION, FINDINGS, AND ASSUMPTIONS.....	1
Summary of Findings.....	2
Key Assumptions.....	4
Organization of Report	6
II. PROJECT DESCRIPTION	14
III. METHODOLOGY AND ASSUMPTIONS	16
General Fund Revenues.....	16
General Fund Expenditures	18
APPENDIX A: Scenario 1 – Area 3 and Area 4 Fiscal Model	
APPENDIX B: Scenario 2 – Area 3 and Area 4 Fiscal Model	
APPENDIX C: Scenario 3 – Area 3 and Area 4 Fiscal Model	
APPENDIX D: Scenario 4 – Area 3 and Area 4 Fiscal Model	

LIST OF TABLES

Table S-1: Project Description Summary for Scenarios 1 and 2.....	7
Table S-2: Project Description Summary for Scenarios 3 and 4.....	8
Table S-3: Summary of Fiscal Impact Results	9
Table S-4: Summary of Fiscal Impact Results, Baseline Pricing Scenario-- On-Site Affordable Housing.....	10
Table S-5: Summary Of Fiscal Impact Results, Reduced Pricing Scenario-- On-Site Affordable Housing.....	11
Table S-6: Summary Of Fiscal Impact Results, Baseline Pricing Scenario-- Off-Site Affordable Housing	12
Table S-7: Summary Of Fiscal Impact Results, Reduced Pricing Scenario-- Off-Site Affordable Housing	13

I. INTRODUCTION, FINDINGS, AND ASSUMPTIONS

Economic & Planning System, Inc. (EPS) was retained by the City of Newark to conduct a fiscal impact analysis of the residential component of the Areas 3 and 4 Specific Plan. This report describes the fiscal impacts of the Specific Plan's development program on the City's General Fund at buildout.

The current analysis represents the latest version of a series of evolving analyses. An initial analysis based on illustrative development programs was prepared in 2006. In 2008, the analysis was updated with revised development program and market value information and the latest City budget available at that time, the estimated FY2007/08 City budget. In this analysis, EPS refined its 2008 fiscal impact analysis to reflect input from City staff on cost and revenue assumptions, to incorporate new information from the City's 2008/2010 Biennial Budget and recent contract negotiations, and to expand the number of scenarios evaluated.

Fiscal impact results are provided for four scenarios that are each distinguished by variations in the overall development program and the assumed home prices. The four scenarios are described below and illustrated in **Tables S-1** and **S-2**:

- **Scenario 1: Baseline Scenario** (Baseline Development Program and Baseline Pricing). The baseline scenario assumes a project (Areas 3 and 4 combined) buildout of 1,260 housing units, including 189 affordable housing units in Area 3. It also includes the developer's current estimates of the home prices necessary to make the project financially feasible.
- **Scenario 2: Baseline Development Program with Reduced Homes Prices.** This scenario continues to assume a total project (Areas 3 and 4) buildout of 1,260 housing units, including 189 affordable housing units in Area 3. It takes a more conservative approach to achievable market rate housing pricing and assumes prices of 10 percent below the developer's targeted price points.
- **Scenario 3: Refined Development Program and Baseline Pricing Scenario.** This scenario assumes that all affordable housing is developed offsite. The project (Areas 3 and 4) buildout in this case is 1,111 housing units, with 40 additional market rate unit assumed on the land where the onsite affordable housing would have been developed.
- **Scenario 4: Refined Development Program with Reduced Home Prices.** This scenario also assumes that all affordable housing is developed offsite. The project (Areas 3 and 4) buildout in this case is 1,111 housing units, with 40 additional market rate units assumed on the land where the onsite affordable housing would have been developed. The pricing of the market rate housing units is assumed to be 10 percent below the developer's targeted price points.

The fiscal impact analyses for each scenario compare estimates of new project-related General Fund costs to new project-related General Fund revenues at Specific Plan buildout to estimate the net annual fiscal impact of the Specific Plan. Incremental General Fund costs are based on average City-wide costs of service provision unless otherwise provided by City staff. This average cost approach provides a planning-level estimate of the costs of providing public services to the Project. New General Fund revenues are based on standard revenue estimating procedures.

The subsequent sections of this chapter describe the key findings and key assumptions of the fiscal impact analysis and describe the organization of the report.

SUMMARY OF FINDINGS

The key findings of the fiscal impact analysis are described below and shown in **Table S-3**.

1. The Project generates sufficient revenues to cover the costs to the City of providing public services under all four scenarios analyzed, even when revenues from sales and use taxes are excluded.

The fiscal impact of the Project (Areas 3 and 4, combined) on the City's General Fund at Project buildout is positive under all four scenarios, meaning the revenues generated by the Project are estimated to be greater than the costs of providing additional public services. By buildout, the Project is expected to generate annual revenues ranging from \$2.2 million to \$2.5 million, depending on the scenario, when sales and use taxes are excluded. Annual General Fund expenditures are expected to range from \$2.0 million to \$2.2 million. The resulting net impact on the General Fund ranges from an annual positive surplus of about \$120,000 under Scenario 2 to about \$440,000 under Scenario 3. The inclusion of the additional sales and use taxes associated with the additional City of Newark taxable sales to Project residents increases the annual fiscal surplus by about \$250,000 to \$300,000 annually, depending on the scenario (see **Table S-3**).

2. Area 4 generates better fiscal balances than Area 3 under all scenarios.

Under Scenarios 1 and 2 (with on-site affordable housing all in Area 3), Areas 3 and 4 are expected to include a similar number of new residents at buildout. However, the combination of larger and higher priced market rate units in Area 4 and the 15 percent requirement of affordable units in Area 3 results in differences in revenue generation and associated fiscal impacts. As shown in **Tables S-4** and **S-5**, these differences result in annual fiscal surpluses for Scenario 1 of about \$100,000 in Area 3 and \$250,000 in Area 4 (excluding sales and use tax estimates). For Scenario 2, the difference is between a breakeven fiscal balance for Area 3 and a \$120,000 annual fiscal surplus in Area 4. For Scenarios 3 and 4, where the affordable housing units are removed from the analysis (assumed to occur off-site), the differences in fiscal surpluses between Areas 3 and 4 are more modest, based on the higher pricing of Area 4 units (see **Tables S-6** and **S-7**).

3. Shifting affordable housing off-site and excluding it from the analysis improves the Project's fiscal performance.

Scenarios 3 and 4 (the off-site affordable housing scenarios) show higher fiscal surpluses than Scenarios 1 and 2 (the on-site affordable housing scenarios). As described above, Scenarios 3 and 4 assume the provision of affordable housing off-site and their replacement with 40 additional market rate units. As all the affordable housing development is envisioned for Area 3 under the baseline development program represented in Scenarios 1 and 2, all the fiscal improvement occurs in Area 3. Comparing the equivalent market rate pricing scenarios, Scenario 3 increases the Area 3 and overall Project fiscal surplus by close to \$100,000 relative to Scenario 1, and Scenario 4 improves the fiscal surplus by a similar amount relative to Scenario 2.

4. Variations in housing price assumptions have a direct and significant impact on the estimated fiscal balances.

Scenarios 1 and 3 (the baseline market rate pricing scenarios) show higher fiscal surpluses than Scenarios 2 and 4 (the reduced pricing scenarios). As described above, Scenarios 1 and 3 assume baseline market rate housing pricing consistent with the developer's current target price points. Scenarios 2 and 4 take a more conservative approach and reduce this pricing by 10 percent. As described further below, given the direct relationship between estimates of new assessed value and several important sources of General Fund revenues (property taxes, property taxes in lieu of vehicle license fees, and property transfer taxes), a reduction in sales prices and associated assessed value has a direct and significant impact on General Fund estimates. Comparing the equivalent development program scenarios, the reduced pricing scenarios results in General Fund revenues of about \$250,000 below the baseline pricing scenarios, a reduction of 9 percent in overall revenues.

5. Under all scenarios, General Fund revenues will come from various sources, though property tax will make up the majority of the City's new revenues.

Property tax will make the greatest contribution to the new stream of General Fund revenues and is expected to generate between \$1.5 million and \$1.75 million each year at buildout, depending on the scenario. Property tax in-lieu of vehicle license fees (also driven by increases in assessed value) will also make a significant contribution to General Fund revenues, between \$540,000 and \$620,000 annually. Increases in the City's taxable sales associated with new Project residents will also make a significant contribution to the new stream of General Fund revenues of between \$250,000 and \$300,000 annually, though, to be conservative, revenue estimates are also provided excluding these revenues. Finally, franchise fees and property transfer taxes are expected to make more modest contributions to the new General Fund revenues.

6. Under all scenarios, police and fire service provision are expected to represent the large majority of new General Fund costs associated with the Project.

New public safety costs will make up over 75 percent of the new General Fund costs associated with the Project. At buildout, combined police and fire expenditures are estimated to range from \$1.55 million to \$1.75 million annually. Other significant cost items will include street, bridge, and street lighting maintenance costs of about \$200,000 each year and park and landscape maintenance costs of over \$125,000 each year. Smaller cost impacts are also associated with the provision of general government, management/ support, and community promotion services.

KEY ASSUMPTIONS

A detailed description of assumptions is provided in the body of this report. This section provides a summary of some of the key assumptions driving the fiscal results, which include:

- **Project Population.** The project population combines with per capita cost estimates to drive the total General Fund cost estimates. The number of persons per household estimates is based on current City of Newark information with refinements made based on product type.
- **Market Rate and Affordable Units Developed.** The Specific Plan provides flexibility to respond to market conditions in terms of unit types and counts within the framework of a maximum of 1,260 onsite units and a 15 percent below market rate requirement. Scenarios 1 and 2 evaluate the maximum project buildout with 15 percent of the units affordable to moderate income households, all provided onsite in Area 3. Scenarios 3 and 4 assume that the affordable units are developed off-site. Additionally, in place of the affordable units, 40 market rate units are added to the Area 3 residential program.
- **Fiscal Impacts of Affordable Housing.** The analysis assumes the provision of onsite for-sale affordable housing units affordable to moderate income households under Scenarios 1 and 2. This results in the payment of property taxes by these affordable properties. Although these homes command lower prices (because of the affordability requirements), they still generate a significant annual property tax revenue stream. To the extent that these units do not pay property taxes or an equivalent charge for public services, the Area 3 fiscal balances will worsen. Scenarios 3 and 4 assume affordable housing is provided offsite. Because of the uncertainties concerning the location and nature of offsite affordable housing, the fiscal impacts of offsite affordable housing are excluded from the analysis. This improves the fiscal results under these two scenarios.

- **Achievable Price Points/ Property Values.** The home sales prices assumed are a critical determinant of overall General Fund revenues, directly determining project-related property tax revenues and property tax revenues in-lieu of vehicle license fees (the Project's two largest revenue generators). The assumed baseline price points in Scenarios 1 and 3 were provided by the Sobrato Development Company and represent their current estimates of the price points required to make the project financially feasible (i.e., to initiate development). These price points are below the price points originally assumed in 2006 at the peak of the market, though also well above the current lows in the housing market.

To test the sensitivity of the price point assumptions, Scenarios 2 and 4 reflect prices that are approximately 10 percent below the baseline pricing assumptions. This adjustment is based on a review of current market conditions. The market review indicated that baseline price points are approximately 15 percent higher than the current market would support, though it is also assumed that a market recovery representing a pricing improvement of about 5 percent would be necessary prior to development.

- **Turnover Rates.** Property transfer tax is generated when real property is transferred (i.e., sold) and is determined by the value and frequency of the transactions. In this analysis, it is assumed that in any given year, an average of 7.5 percent of the residential units will be resold. This turnover rate estimate is lower than what EPS has seen in comparable new home communities but higher than the City of Newark's average turnover rate.
- **Sales Tax Revenues.** The fiscal impact analysis shows the net fiscal results with and without sales and use tax revenues. The estimates of new sales and use tax revenues are based on estimates of the retail expenditures of new project households in the City of Newark. Historically, the City has requested that fiscal impact results are shown with and without sales tax revenues to allow for a more conservative approach to analysis.
- **Fire Costs.** The City's recently negotiated fire contract is for \$7.8 million, equaling per capita costs of approximately \$177.00. In this analysis, this per capita expense is applied to the Project population. As a result, fire cost estimates may be conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing nonresidential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact.

ORGANIZATION OF REPORT

Beyond this summary chapter, **Chapter II** describes the assumed project description/development program. **Chapter III** provides a detailed explanation of the methodology and assumptions. **Appendices A through D** include the detailed fiscal assumptions and calculations for Area 3 and Area 4 under each of the four scenarios.

Table S-1
Project Description Summary for Scenarios 1 and 2
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Residential Units	Avg Unit Size (SqFt)	Baseline Market Value per Unit (1)	Reduced Market Value per Unit (2)	Persons/ Household (3)	Occupied Households (4)	New Population
Area 3							
<u>Market Rate</u>							
2,750 sq. ft. lots	140 units	2,000	\$757,500	\$681,750	3.00	137	412
4,000 sq. ft. lots	201 units	2,600	\$972,425	\$875,183	3.25	197	640
5,000 sq. ft. lots	<u>130 units</u>	<u>2,800</u>	<u>\$1,059,725</u>	<u>\$953,753</u>	<u>3.25</u>	<u>127</u>	<u>414</u>
Total/Average	471 units	2,477	\$932,636	\$839,184	3.18	462	1,466
<u>Below Market Rate</u>							
Affordable Units	189 units	1,200	\$363,171	\$363,171	2.50	185	463
Total/Average	660 units	2,111	\$769,562	\$839,184	2.98	647	1,929
Area 4							
<u>Market Rate</u>							
3,200 sq. ft. lots	211 units	2,100	\$877,895	\$790,105	3.00	207	620
4,000 sq. ft. lots	172 units	2,600	\$1,002,500	\$902,250	3.25	169	548
4,800 sq. ft. lots	189 units	2,800	\$1,092,500	\$983,250	3.25	185	600
6,000 sq. ft. lots	24 units	3,200	\$1,217,500	\$1,095,750	3.50	23	82
Estate Homes	<u>4 units</u>	<u>4,000</u>	<u>\$1,500,000</u>	<u>\$1,350,000</u>	<u>3.50</u>	<u>4</u>	<u>15</u>
Total/Average	600 units	2,521	\$999,266	\$899,339	3.17	588	1,866
Project Total (5)	1,260 units	2,307	\$878,945	\$871,671	3.07	1,235	3,795

NOTE: Scenarios 3 and 4 reflect the same development program. They are differentiated only by the residential price point estimates.

- (1) EPS pricing estimates based on developer estimates of pricing. Baseline pricing applies to Scenarios 1 and 3.
- (2) EPS pricing estimates based on 10 percent reductions to developer estimates of pricing. Reduced pricing applies to Scenarios 2 and 4.
- (3) Based on data from California Department of Finance and adjusted by EPS for unit sizes.
- (4) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.
- (5) Project total includes affordable units in Scenarios 1 and 2.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

**Table S-2
Project Description Summary for Scenarios 3 and 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Residential Units	Avg Unit Size (SqFt)	Baseline Market Value per Unit (1)	Reduced Market Value per Unit (2)	Persons/ Household (3)	Occupied Households (4)	New Population
Area 3							
<u>Market Rate</u>							
2,750 sq. ft. lots	152 units	2,000	\$757,500	\$681,750	3.00	149	448
4,000 sq. ft. lots	218 units	2,600	\$972,425	\$875,183	3.25	214	694
5,000 sq. ft. lots	<u>141 units</u>	<u>2,800</u>	<u>\$1,059,725</u>	<u>\$953,753</u>	<u>3.25</u>	<u>138</u>	<u>448</u>
Total/Average	511 units	2,476	\$932,426	\$839,184	3.18	501	1,590
<u>Below Market Rate</u>							
Affordable Units	0 units	1,200	\$363,171	\$363,171	2.50	0	0
Total/Average	511 units	2,476	\$932,426	\$839,184	3.18	501	1,590
Area 4							
<u>Market Rate</u>							
3,200 sq. ft. lots	211 units	2,100	\$877,895	\$790,105	3.00	207	620
4,000 sq. ft. lots	172 units	2,600	\$1,002,500	\$902,250	3.25	169	548
4,800 sq. ft. lots	189 units	2,800	\$1,092,500	\$983,250	3.25	185	600
6,000 sq. ft. lots	24 units	3,200	\$1,217,500	\$1,095,750	3.50	23	82
Estate Homes	<u>4 units</u>	<u>4,000</u>	<u>\$1,500,000</u>	<u>\$1,350,000</u>	<u>3.50</u>	<u>4</u>	<u>15</u>
Total/Average	600 units	2,521	\$999,266	\$899,339	3.17	588	1,866
Project Total (5)	1,111 units	2,501	\$968,523	\$871,671	3.17	1,089	3,457

NOTE: Scenarios 3 and 4 reflect the same development program. They are differentiated only by the residential price point estimates.

(1) EPS pricing estimates based on developer estimates of pricing. Baseline pricing applies to Scenarios 1 and 3.

(2) EPS pricing estimates based on 10 percent reductions to developer estimates of pricing. Reduced pricing applies to Scenarios 2 and 4.

(3) Based on data from California Department of Finance and adjusted by EPS for unit sizes.

(4) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

(5) Project total includes affordable units in Scenarios 1 and 2.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

**Table S-3
Summary of Fiscal Impact Results
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Scenario 1	Scenario 2	Scenario 3	Scenario 4
GENERAL FUND				
<u>Total Project General Fund Revenues (1)</u>				
Property Tax	\$1,750,239	\$1,585,896	\$1,700,499	\$1,530,271
Sales and Use Taxes	\$301,966	\$273,882	\$291,020	\$261,918
Franchise Fees	\$77,792	\$77,792	\$68,593	\$68,593
Property Transfer Tax	\$45,637	\$41,352	\$44,340	\$39,901
VLF and Property Tax In-Lieu of VLF	<u>\$620,956</u>	<u>\$564,225</u>	<u>\$602,344</u>	<u>\$543,581</u>
Subtotal Revenues	\$2,796,590	\$2,543,146	\$2,706,796	\$2,444,265
Subtotal Revenues without Sales and Use Taxes	\$2,494,624	\$2,269,265	\$2,415,776	\$2,182,346
<u>Total Project General Fund Expenditures (1)</u>				
General Government	\$17,879	\$17,879	\$16,284	\$16,284
Management/ Support Services	\$65,007	\$65,007	\$59,206	\$59,206
Police Services	\$1,048,949	\$1,048,949	\$955,348	\$955,348
Fire Services	\$672,634	\$672,634	\$612,613	\$612,613
Community Promotion	\$6,167	\$6,167	\$5,616	\$5,616
Park and Landscape Maintenance Contribution	\$138,198	\$138,198	\$125,866	\$125,866
Street Maintenance Contribution	\$170,150	\$170,150	\$170,150	\$170,150
Street Lighting Contribution	<u>\$29,889</u>	<u>\$29,889</u>	<u>\$27,222</u>	<u>\$27,222</u>
Subtotal Expenditures	\$2,148,873	\$2,148,873	\$1,972,305	\$1,972,305
Net Fiscal General Fund Balance	\$647,717	\$394,273	\$734,491	\$471,959
Net Fiscal General Fund Balance without Sales Taxes	\$345,751	\$120,392	\$443,470	\$210,041

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund th funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

**Table S-4, SCENARIO 1
Summary of Fiscal Impact Results, BASELINE PRICING SCENARIO--ON-SITE AFFORDABLE HOUSING
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Area 3	Area 4	Total Project
GENERAL FUND			
<u>Total Project General Fund Revenues (1)</u>			
Property Tax	\$802,625	\$947,613	\$1,750,239
Sales and Use Taxes	\$141,263	\$160,703	\$301,966
Franchise Fees	\$40,748	\$37,044	\$77,792
Property Transfer Tax	\$20,928	\$24,709	\$45,637
VLF and Property Tax In-Lieu of VLF	<u>\$285,586</u>	<u>\$335,370</u>	<u>\$620,956</u>
Subtotal Revenues	\$1,291,151	\$1,505,439	\$2,796,590
Subtotal Revenues without Sales and Use Taxes	\$1,149,888	\$1,344,736	\$2,494,624
<u>Total Project General Fund Expenditures (1)</u>			
General Government	\$9,087	\$8,792	\$17,879
Management/ Support Services	\$33,040	\$31,967	\$65,007
Police Services	\$533,127	\$515,822	\$1,048,949
Fire Services	\$341,865	\$330,769	\$672,634
Community Promotion	\$3,134	\$3,032	\$6,167
Park and Landscape Maintenance Contribution	\$70,239	\$67,959	\$138,198
Street Maintenance Contribution	\$46,200	\$123,950	\$170,150
Street Lighting Contribution	<u>\$15,191</u>	<u>\$14,698</u>	<u>\$29,889</u>
Subtotal Expenditures	\$1,051,883	\$1,096,990	\$2,148,873
Net Fiscal General Fund Balance	\$239,269	\$408,449	\$647,717
Net Fiscal General Fund Balance without Sales Taxes	\$98,006	\$247,746	\$345,751

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

**Table S-5, SCENARIO 2
Summary of Fiscal Impact Results, REDUCED PRICING SCENARIO--ON-SITE AFFORDABLE HOUSING
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Area 3	Area 4	Total Project
GENERAL FUND			
<u>Total Project General Fund Revenues (1)</u>			
Property Tax	\$733,133	\$852,763	\$1,585,896
Sales and Use Taxes	\$129,249	\$144,633	\$273,882
Franchise Fees	\$40,748	\$37,044	\$77,792
Property Transfer Tax	\$19,116	\$22,235	\$41,352
VLF and Property Tax In-Lieu of VLF	<u>\$261,598</u>	<u>\$302,627</u>	<u>\$564,225</u>
Subtotal Revenues	\$1,183,843	\$1,359,303	\$2,543,146
Subtotal Revenues without Sales and Use Taxes	\$1,054,595	\$1,214,670	\$2,269,265
<u>Total Project General Fund Expenditures (1)</u>			
General Government	\$9,087	\$8,792	\$17,879
Management/ Support Services	\$33,040	\$31,967	\$65,007
Police Services	\$533,127	\$515,822	\$1,048,949
Fire Services	\$341,865	\$330,769	\$672,634
Community Promotion	\$3,134	\$3,032	\$6,167
Park and Landscape Maintenance Contribution	\$70,239	\$67,959	\$138,198
Street Maintenance Contribution	\$46,200	\$123,950	\$170,150
Street Lighting Contribution	<u>\$15,191</u>	<u>\$14,698</u>	<u>\$29,889</u>
Subtotal Expenditures	\$1,051,883	\$1,096,990	\$2,148,873
Net Fiscal General Fund Balance	\$131,961	\$262,313	\$394,273
Net Fiscal General Fund Balance without Sales Taxes	\$2,712	\$117,680	\$120,392

11

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

**Table S-6, SCENARIO 3
Summary of Fiscal Impact Results, BASELINE PRICING SCENARIO--OFF-SITE AFFORDABLE HOUSING
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Area 3	Area 4	Total Project
GENERAL FUND			
<u>Total Project General Fund Revenues (1)</u>			
Property Tax	\$752,885	\$947,613	\$1,700,499
Sales and Use Taxes	\$130,317	\$160,703	\$291,020
Franchise Fees	\$31,549	\$37,044	\$68,593
Property Transfer Tax	\$19,631	\$24,709	\$44,340
VLF and Property Tax In-Lieu of VLF	<u>\$266,974</u>	<u>\$335,370</u>	<u>\$602,344</u>
Subtotal Revenues	\$1,201,357	\$1,505,439	\$2,706,796
Subtotal Revenues without Sales and Use Taxes	\$1,071,040	\$1,344,736	\$2,415,776
<u>Total Project General Fund Expenditures (1)</u>			
General Government	\$7,492	\$8,792	\$16,284
Management/ Support Services	\$27,239	\$31,967	\$59,206
Police Services	\$439,526	\$515,822	\$955,348
Fire Services	\$281,844	\$330,769	\$612,613
Community Promotion	\$2,584	\$3,032	\$5,616
Park and Landscape Maintenance Contribution	\$57,907	\$67,959	\$125,866
Street Maintenance Contribution	\$46,200	\$123,950	\$170,150
Street Lighting Contribution	<u>\$12,524</u>	<u>\$14,698</u>	<u>\$27,222</u>
Subtotal Expenditures	\$875,315	\$1,096,990	\$1,972,305
Net Fiscal General Fund Balance	\$326,042	\$408,449	\$734,491
Net Fiscal General Fund Balance without Sales Taxes	\$195,725	\$247,746	\$443,470

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

**Table S-7, SCENARIO 4
Summary of Fiscal Impact Results, REDUCED PRICING SCENARIO--OFF-SITE AFFORDABLE HOUSING
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Area 3	Area 4	Total Project
GENERAL FUND			
<u>Total Project General Fund Revenues (1)</u>			
Property Tax	\$677,508	\$852,763	\$1,530,271
Sales and Use Taxes	\$117,285	\$144,633	\$261,918
Franchise Fees	\$31,549	\$37,044	\$68,593
Property Transfer Tax	\$17,666	\$22,235	\$39,901
VLF and Property Tax In-Lieu of VLF	<u>\$240,954</u>	<u>\$302,627</u>	<u>\$543,581</u>
Subtotal Revenues	\$1,084,962	\$1,359,303	\$2,444,265
Subtotal Revenues without Sales and Use Taxes	\$967,677	\$1,214,670	\$2,182,346
<u>Total Project General Fund Expenditures (1)</u>			
General Government	\$7,492	\$8,792	\$16,284
Management/ Support Services	\$27,239	\$31,967	\$59,206
Police Services	\$439,526	\$515,822	\$955,348
Fire Services	\$281,844	\$330,769	\$612,613
Community Promotion	\$2,584	\$3,032	\$5,616
Park and Landscape Maintenance Contribution	\$57,907	\$67,959	\$125,866
Street Maintenance Contribution	\$46,200	\$123,950	\$170,150
Street Lighting Contribution	<u>\$12,524</u>	<u>\$14,698</u>	<u>\$27,222</u>
Subtotal Expenditures	\$875,315	\$1,096,990	\$1,972,305
Net Fiscal General Fund Balance	\$209,647	\$262,313	\$471,959
Net Fiscal General Fund Balance without Sales Taxes	\$92,361	\$117,680	\$210,041

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

II. PROJECT DESCRIPTION

The Areas 3 and 4 Specific Plan Project is located adjacent to the Cargill Salt production operation between Mowry Avenue and Stevenson Boulevard. EPS analyzed four development scenarios for Areas 3 and 4. Scenarios 1 and 2 share the same baseline development program consisting of 660 units in Area 3, including 189 on-site affordable units, and 600 units in Area 4 for a total of 1,260 units. Scenarios 1 and 2 vary in the assumed residential price points. Scenario 1 assumes baseline pricing as estimated by the developer, while Scenario 2 assumes price points 10 percent lower. Scenarios 3 and 4 share the same 1,111-unit development program, including 511 units in Area 3 (with affordable units provided off-site and replaced with 40 market rate homes) and 600 units in Area 4. Scenario 3 assumes baseline pricing as estimated by the developer, while Scenario 4 assumes price points 10 percent lower.

In Scenarios 1 and 2, Area 3 includes an affordable housing component, which is expected to generate 463 new residents in 189 units. Each below market rate unit is expected to have an average per unit price of \$363,000. In Scenarios 3 and 4, the affordable units are assumed to be provided off-site and are replaced with 40 market rate units, resulting in 511 units in Area 3.

Unit sizes range from 2,000 to 4,000 square feet, not including the below market rate units, which are assumed to be 1,200 square feet. The average household size for all units is assumed to be 3.07 persons per household. This assumes that the average household for the market-rate development is consistent with the City's average household size.¹ At Project buildout, the combined development program of Areas 3 and 4 is expected to accommodate approximately 3,795 new residents under Scenarios 1 and 2 and approximately 3,457 under Scenarios 3 and 4 which move the affordable housing off-site and replace the affordable units with 40 additional market rate units.

Under the baseline pricing scenarios (Scenarios 1 and 3), the market rate units' prices range from \$750,000 to \$1.5 million depending on size. The weighted average per-unit price of the market rate units is \$970,000. Under the reduced pricing scenarios (Scenarios 2 and 4), the market rate units' prices are 10 percent lower, ranging from \$680,000 to \$1.35 million, with a weighted average of about \$870,000.

Tables S-1 and S-2 summarize the project description details, which are further described below.

- **Scenario 1.** In Scenario 1, Area 3 includes 660 units, divided among four product types: market rate 2,000-square foot units, market rate 2,600-square foot units, market rate 2,800-square foot units, and below market rate 1,200-square foot units. Area 4 includes 600 units, comprising five market rate product types: 2,100-square foot units, 2,600-square foot units, 2,800-square foot units, 3,200-square foot units,

¹ The average household in the City of Newark currently includes 3.31 persons according to California Department of Finance data.

and 4,000-square foot estate homes. Pricing in this scenario is based on information provided by the developer.

- **Scenario 2.** In Scenario 2, Area 3 includes 660 units, divided among four product types: market rate 2,000 sq. ft. units, market rate 2,600-square foot units, market rate 2,800-square foot units, and below market rate 1,200-square foot units. Area 4 includes 600 units, comprising five market rate product types: 2,100-square foot units, 2,600-square foot units, 2,800-square foot units, 3,200-square foot units, and 4,000-square foot estate homes. Pricing in this scenario is reduced by approximately 10 percent from the baseline pricing estimates used in Scenarios 1 and 3.
- **Scenario 3.** In Scenario 3, Area 3 includes 511 units, divided among three product types: market rate 2,000 sq. ft. units, market rate 2,600-square foot units, and market rate 2,800-square foot units. The 15 percent affordable requirement is assumed to be provided off-site. Area 4 includes 600 units, comprising five market rate product types: 2,100-square foot units, 2,600-square foot units, 2,800-square foot units, 3,200-square foot units, and 4,000-square foot estate homes. Pricing in this scenario is based on information provided by the developer.
- **Scenario 4.** In Scenario 4, Area 3 includes 511 units, divided among three product types: market rate 2,000-square foot units, market rate 2,600-square foot units, and market rate 2,800-square foot units. The 15 percent affordable requirement is assumed to be provided off-site. Area 4 includes 600 units, comprising five market rate product types: 2,100-square foot units, 2,600-square foot units, 2,800-square foot units, 3,200-square foot units, and 4,000-square foot estate homes. Pricing in this scenario is reduced by approximately 10 percent from the baseline pricing estimates used in Scenarios 1 and 3.

III. METHODOLOGY AND ASSUMPTIONS

This chapter describes the methodology and key assumptions used in estimating the fiscal impacts of the Areas 3 and 4 development scenarios. The analysis is based on a number of sources including the City of Newark 2009-2010 Budgeted Revenues and Expenditures; City, County, and State data sources; and EPS's experience in comparable jurisdictions.

The analysis describes annual operating costs and revenue impacts on the City's General Fund. All revenue and expenditure forecasts are in constant dollars. For the purpose of evaluating the potential fiscal impact of the Project, this analysis considers impacts at buildout. Fiscal impacts before buildout will display similar results but on a smaller scale. Key assumptions and specific calculations for each of the scenarios are shown in **Appendices A through D**. Each Appendix corresponds with a scenario. The Area 3 and Area 4 models are presented separately. Because the models are structurally the same, table references below pertain to all of the models, unless specifically referenced otherwise.

GENERAL FUND REVENUES

This section describes the methodology and assumptions used for each General Fund revenue item. **Table 3** provides a summary of the City's current General Fund revenues as estimated in the 2009-2010 Budget as well as estimating factors. Project-wide demographic assumptions and detailed estimating factors are presented in **Tables 4 through 7**. A general description of the methods used for this analysis is provided for each revenue item. Some items are not forecasted because they are either not expected to be affected by the Project (e.g., transient occupancy tax) or assumed to be offset by expenditures (e.g., Permit and License Fees).

PROPERTY TAX

In Scenarios 1 and 3, new residential units achieve a weighted average per-unit sales price of \$970,000 for the combined project, not including the below market rate units associated with Scenario 1. In Scenarios 2 and 4, the total project's weighted average per-unit sales price is \$872,000, not including Scenario 2's below market rate units. Annual property tax is 1 percent of assessed value, of which the City receives 15.8 percent; taxes are calculated based on the net increase in assessed value from the existing assessed value of the illustrative Project site.² The annual property tax forecast at Project buildout for each Area is illustrated in **Table 8**.

² The City's property tax share of 15.8% is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015 and is current as of February 2010.

TRANSFER TAX

The City will receive property transfer tax for any units that are sold. Transfer tax is charged at \$1.10 per \$1,000 of property sale value. The City receives half of the transfer tax charged, or \$0.55 for every \$1,000 of value. It is assumed that in any given year, an average of 7.5 percent of the residential units will be resold.³ The annual property transfer tax forecast at Project buildout for each scenario is illustrated in **Table 8**.

SALES TAX

Although no retail establishments are included in the Area 3 and 4 Specific Plan, new households will purchase retail goods and services in the City. It is expected that each new household will spend, on average, 25 to 30 percent of its income on taxable goods, depending on income level.⁴ At the current time, the City of Newark is conservatively estimated to capture 50 percent of its residents' taxable retail expenditure. This capture rate is based on an examination of the City's current retail supply as well as a comparison of taxable sales in the city relative to retail expenditure potential. This analysis assumes that this same overall capture rate continues and applies throughout the Project. The City receives a 1 percent sales tax on taxable retail expenditures in the City, and **Table 9** illustrates sales tax forecast at buildout.

FRANCHISE FEES

The City collects franchise fees for cable television service in the amount of 5 percent of gross receipts annually; fees for gas and electric are the equivalent of 2 percent of gross receipts annually. Assumptions regarding typical monthly utility bills per household are illustrated in **Table 5**, and the annual franchise fee forecast at Project buildout is illustrated in **Table 10**.

VEHICLE LICENSE FEE AND PROPERTY IN-LIEU OF VEHICLE LICENSE FEE

Beginning in the 2005-2006 fiscal year, the State reduced the VLF received by cities and offset the reduction by property tax in-lieu of VLF. This analysis assumes that the City will receive approximately \$4.00 per capita for the reduced vehicle license fee. The revenue lost from the reduction will be backfilled by property tax, which is based on the growth of the real property assessed value in City of Newark. **Table 7** summarizes the result of the fees. Detailed calculations of the VLF and property taxes in-lieu of VLF are presented in **Table 11**.

³ This turnover rate estimate is lower than what EPS has seen in comparable new home communities (typically 10 %) but higher than the City of Newark's average turnover rate.

⁴ Based on Consumer Expenditure Survey published by the U.S. Department of Labor, 2002. Lower income households generally spend a higher proportion of their incomes on retail expenditures.

GENERAL FUND EXPENDITURES

This section describes the methodology and assumptions used for the General Fund expenditure items. As an approximate measure of the general fund costs, some of the expenditures, such as General Government, Community Development and others, consist of both fixed and variable costs. While fixed costs are independent of new development, variable costs increase based on new growth in the City. Acknowledging the difference, only variable costs are used to project the General Fund expenditures in this analysis.

Table 3 provides a summary of the City's current General Fund expenditures as outlined in the 2009-2010 Estimated Budget as well as the estimating factors. A general description of the method used for this analysis is provided for each item.

GENERAL GOVERNMENT

According to the City's estimated budget, the City spends \$19 per capita to provide general government services, which include general administrative service, policy development, and city council support. This analysis assumes that 25 percent of General Government costs are variable and may increase with the addition of new population. Therefore costs resulting from the Project are estimated at 25 percent of current per capita expenditure, or \$5 per person (see **Table 7**).

MANAGEMENT/SUPPORT SERVICES

This category includes costs associated with funding the Mayor Council, the City Attorney, and the City Clerk. It is assumed that 50 percent of these services' costs are variable and are subject to change with the addition of new residents. Therefore, costs resulting from the implementation of the Area 3 and 4 Specific Plan are estimated at 50 percent of the current per capita expenditure, or \$17, is used to forecast future spending (see **Table 7**).

LAW ENFORCEMENT

As the Project develops, police officers will need to be added to serve the increasing population. It is assumed that the current service level of 1.4 officers per 1,000 population would be maintained and applied to the Project, resulting in a need for 2.7 new officers in Area 3 if the affordable units are provided on-site or 2.2 new officers if the affordable units are provided off-site and 2.6 new officers in Area 4. An estimated annual average variable cost of \$200,000 per officer (including costs associated with other personnel and materials) is applied to the projected number of new officers that would be required by the Project's new population at buildout.⁵ Forecasted law enforcement expenditures are illustrated in **Table 12**.

FIRE SERVICES

A population increase in the City of Newark associated with the implementation of the Areas 3 and 4 Specific Plan will require an increase in fire protection services. It is assumed that the City's level of fire service would remain consistent with the existing standard. The City's recently negotiated fire contract is for \$7.8 million, equaling per capita costs of approximately \$177.00. In this analysis, this per capita expense is applied to the project population. As a result, fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing nonresidential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. Forecasted expenditures are illustrated in **Table 13**.

COMMUNITY DEVELOPMENT/PROMOTION

This category includes all public information and business promotion related services. In addition, it includes work with the Chamber of Commerce, publication of the City newsletter, and economic development promotion efforts. It is assumed that 25 percent of the department's costs will be subject to change based on new residents from this Project and that the remaining fixed costs will not be affected.⁶ Therefore, an estimating factor of 25 percent of the current per capita expenditure, or \$2 per capita, is used to forecast future spending (see **Table 7**).

⁵ Assumes 90% of police department expenditures are variable.

⁶ Percent variable estimate provided by the Community Development Director.

PARK AND LANDSCAPE MAINTENANCE CONTRIBUTION

This section includes the General Fund contribution to the Capital Assets Maintenance Enterprise Fund to support park and landscape maintenance. It is assumed that 100 percent of these services' costs are variable and are subject to change with the addition of new residents. Therefore, costs resulting from the implementation of the Project are estimated at 100 percent of the current per capita expenditure, or \$37, is used to forecast future spending (see **Table 7**).

STREETS/BRIDGE MAINTENANCE CONTRIBUTION

This section includes the General Fund contribution to the Capital Assets Maintenance Enterprise Fund to support streets maintenance. The City's Public Works Department estimated annual maintenance costs of \$150,000 to maintain 2.8 linear miles of new streets in Area 3 and 6.3 linear miles of new streets in Area 4. This is equivalent to \$16,500 per street mile. Area 4 also includes bridge maintenance costs which are estimated to be \$20,000 per year, as provided by the Public Works Department. Calculations are provided on **Table 14**.

STREET LIGHTING CONTRIBUTION

This section includes the General Fund contribution to the Capital Assets Maintenance Enterprise Fund to support street lighting maintenance. It is assumed that 100 percent of these services' costs are variable and are subject to change with the addition of new residents. Therefore, costs resulting from the implementation of the Project are estimated at 100 percent of the current per capita expenditure, or \$8, is used to forecast future spending (see **Table 7**).



Economic &
Planning Systems

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX A

SCENARIO 1



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 1

AREA 3

AREA 3

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Scenario 1, Table A-1
Summary of Proposed Development Project Descriptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<u>Market Rate</u>				
2,750 sq. ft. lots	3.00	2,000	140	412
4,000 sq. ft. lots	3.25	2,600	201	640
5,000 sq. ft. lots	<u>3.25</u>	<u>2,800</u>	<u>130</u>	<u>414</u>
Total/Average	3.18	2,477	471	1,466
<u>Below Market Rate</u>				
Affordable units	<u>2.50</u>	<u>1,200</u>	<u>189</u>	<u>463</u>
Total Development	2.98	2,111	660	1,929

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 1, Table A-2
Summary of Fiscal Impact Analysis, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$802,625
Sales and Use Taxes	\$141,263
Franchise Fees	\$40,748
Property Transfer Tax	\$20,928
VLF and Property Tax In-Lieu of VLF	<u>\$285,586</u>
Subtotal Revenues	\$1,291,151
Subtotal Revenues without Sales and Use Taxes	\$1,149,888
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$9,087
Management/ Support Services	\$33,040
Police Services	\$533,127
Fire Services	\$341,865
Community Promotion	\$3,134
Park and Landscape Maintenance Contribution	\$70,239
Street Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$15,191</u>
Subtotal Expenditures	\$1,051,883
Net Fiscal General Fund Balance	\$239,269
Net Fiscal General Fund Balance without Sales Taxes	\$98,006

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 1, Table A-3
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	-	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

- (1) Percentage of costs that increases with growth, as opposed to fixed costs.
- (2) Includes Mayor-Council, City Attorney, and City Clerk.
- (3) Includes management services, personnel services, information systems, and financial services.
- (4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.
- (5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Ma
- (6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.
- (7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 1, Table A-4
Detailed Project Description & Assumptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
2,750 sq. ft. lots	140 units	\$757,500	\$106,050,000	3.00	137	412
4,000 sq. ft. lots	201 units	\$972,425	\$195,457,425	3.25	197	640
5,000 sq. ft. lots	<u>130 units</u>	<u>\$1,059,725</u>	<u>\$137,764,250</u>	<u>3.25</u>	<u>127</u>	<u>414</u>
Total/Average	471 units	\$932,636	\$439,271,675	3.18	462	1,466
<u>Below Market Rate</u>						
Affordable Product (4)	189 units	\$363,171	\$68,639,370	2.50	185	463
<u>Total/Average</u>	660 units	\$769,562	\$507,911,045	2.98	647	1,929

(1) EPS pricing estimates based on developer estimates of pricing.

(2) Based on data from California Department of Finance, 2005, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

(4) The price point for below market rate unit is estimated based HUD's income limits for a moderate income household with 2.5 persons in Alameda County.

The for-sale price for affordable units is based on household income of \$87,800 and 30% of income going towards housing costs.

Additionally, the price points are based on a 30-year mortgage with a 10% downpayment and a 7% interest rate.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 1, Table A-5
Description of Typical New Household, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$150,342	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 3

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Scenario 1, Table A-6
Citywide Demographic Data, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 1, Table A-7
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues					
Property Tax	Scenario 1, Table A-8	\$10,026,000	-	15.8% of assessed value	\$802,625
Sales and Use Taxes	Scenario 1, Table A-9	\$10,000,000	-	1% of estimated taxable sales	\$141,263
Transient Occupancy Tax		\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 1, Table A-10	\$2,512,000	-	5% of total receipts	\$40,748
Property Transfer Tax	Scenario 1, Table A-8	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$20,928
Permits and Licenses		\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,130,000	-		
Vehicle License Fees	Scenario 1, Table A-11		-	\$4 per capita	\$8,213
Property Tax In Lieu of VLF	Scenario 1, Table A-11		-	varies, see detailed calculations	\$277,374
Revenue from Other Agencies		\$193,000	-	- not estimated	-
Charges for Current Services		\$402,300	-	- not estimated	-
Other Revenue		<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		\$33,630,700			\$1,291,151
Expenditures					
General Government (2)		\$829,800	25%	\$5 per capita	\$9,087
Management/ Support Services (3)		\$3,017,100	25%	\$17 per capita	\$33,040
Police Services	Scenario 1, Table A-12	\$13,523,200	90%	\$221,692 per officer	\$533,127
Fire Services	Scenario 1, Table A-13	\$9,493,700	-	\$177 per capita	\$341,865
Community Promotion		\$286,200	25%	\$2 per capita	\$3,134
Library Support (4)		\$57,700	-	- not estimated	-
Park and Landscape Maintenance Contribution (5)		\$1,603,500	100%	\$36 per capita	\$70,239
Street Maintenance Contribution (6)	Scenario 1, Table A-14	\$476,000	100%	\$16,500 per road mile	\$46,200
Street Lighting Contribution (7)		<u>\$346,800</u>	100%	\$8 per capita	<u>\$15,191</u>
Subtotal Expenditures		\$29,634,000			\$1,051,883

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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Scenario 1, Table A-8
Property Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
New Assessed Value (1)	See Scenario 1, Tat	\$507,911,045
Existing Assessed Value (2)		<u>\$562,500</u>
Net New Assessed Value		\$507,348,545
Property Tax Total	1% of AV	\$5,073,485
City Prop. Tax Share	15.8% of Property Tax (3)	\$802,625
Transfer Tax	\$0.55 per \$1,000 value	\$20,928
Turnover Rate (4)	7.5%	

(1) Includes market rate units only. See Table A-4.

(2) Per Sobrato Development Corporation.

(3) The City's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 1, Table A-9
 Sales Tax Calculation, Area 3
 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Assumptions	Below Market Rate	Market Rate	Total
SALES TAX GENERATED FROM NEW HOUSEHOLDS			
<u>Income Assumptions</u>			
Average unit selling price	\$363,171	\$932,636	
Mortgage % (1)	90%	80%	
Total mortgage amount	\$326,854	\$746,109	
Annual mortgage payment (2)	\$26,340	\$60,126	
Housing cost/household income	33%	33%	
Required household income/unit	\$79,818	\$182,201	
<u>Average HH Taxable Retail Exp. (3)</u>			
% of Income (3)	28%	28%	
Total amount	\$22,349	\$51,016	
<u>Net Exp. Captured by Newark per New HH</u>			
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$11,175	\$25,508
Total New Retail Sales	660 households	\$2,111,989	\$12,014,316
Total Sales Tax Generated From the Project	1% of taxable sales	\$21,120	\$120,143
			\$141,263

(1) Assumes 20 percent down payment.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the City.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 1, Table A-10
Utility Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$21,344
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$19,404
Total Franchise Fees	\$40,748

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 1, Table A-11
Vehicle License Fee Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2007-2008 Motor Vehicle in-Lieu Fee Revenue (1)	\$187,489
per Capita	\$4.26
Cumulative Project Population	1,929
Total Vehicle License Fee	\$8,213
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$507,911,045
% Increase in Assessed Value	9.6%
Total Property Tax In-Lieu of VLF (5)	\$277,374

(1) 2007-2008 Vehicle License Fee (VLF) amount from California State Controller Office.

(2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.

The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.

(3) Secured property assessed value in the City of Newark as of June 2007.
(Comprehensive Annual Financial Report, 2007)

(4) The assessed value of the project is equal to the total market value of the market rate units and the below market rate units.

(5) 9.6% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 1, Table A-12
Police Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1) Per 1,000 Population	61 1.39
Project Population	1,929
Total New Officers Required	2.67
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$533,127

(1) Includes officers for both fire and police services.

(2) Estimated from 2008-2010 City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 1, Table A-13
Fire Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,929
Total Cost	\$341,865

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 1, Table A-14
Street Maintenance Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Number
Area 3, Street Miles [1]	2.8
Maintenance Cost per Mile [2]	\$16,500
Total Street Maintenance Costs	\$46,200

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 1, Table A-15
Summary of Fiscal Impact Analysis for Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$802,625
Sales and Use Taxes	\$141,263
Franchise Fees	\$40,748
Property Transfer Tax	\$20,928
VLF and Property Tax In-Lieu of VLF	<u>\$285,586</u>
Subtotal Revenues	\$1,291,151
Subtotal Revenues without Sales and Use Taxes	\$1,149,888

Total Project General Fund Expenditures

General Government	\$9,087
Management/ Support Services	\$33,040
Police Services	\$533,127
Fire Services	\$341,865
Community Promotion	\$3,134
Library Support	-
Park and Landscape and Other Capital Assets-Maintenance	\$70,239
Streets Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$15,191</u>
Subtotal Expenditures	\$1,051,883

Net Fiscal General Fund Balance	\$239,269
Net Fiscal General Fund Balance without Sales and Use Taxes	\$98,006

Source: City of Newark; Economic and Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 1

AREA 4

AREA 4

DRAFT

Scenario 1, Table B-1

Summary of Proposed Development Project Descriptions, Area 4 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
3,200 sq. ft. lots	3.00	2,100	211	620
4,000 sq. ft. lots	3.25	2,600	172	548
4,800 sq. ft. lots	3.25	2,800	189	600
6,000 sq. ft. lots	3.50	3,200	24	82
Estate Homes	<u>3.50</u>	<u>4,000</u>	<u>4</u>	<u>15</u>
Total/Average	3.17	2,521	600	1,866

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

DRAFT

Scenario 1, Table B-2
Summary of Fiscal Impact Analysis, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$947,613
Sales and Use Taxes	\$160,703
Franchise Fees	\$37,044
Property Transfer Tax	\$24,709
VLF and Property Tax In-Lieu of VLF	<u>\$335,370</u>
Subtotal Revenues	\$1,505,439
Subtotal Revenues without Sales and Use Taxes	\$1,344,736
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Park and Landscape Maintenance Contribution	\$67,959
Street Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990
Net Fiscal General Fund Balance	\$408,449
Net Fiscal General Fund Balance without Sales Taxes	\$247,746

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-3
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	90%	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance and Other Capital Assets-Maintenance for FY 2008-09. Figures for FY 2007-08 are not available.

(6) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Maintenance for FY 2008-09. Figures from FY 2007-08 are not available.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09. Figures from FY 2007-08 are not available.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 4

DRAFT

Scenario 1, Table B-4
 Detailed Project Description & Assumptions, Area 4
 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
3,200 sq. ft. lots	211 units	\$877,895	\$185,211,710	3.00	207	620
4,000 sq. ft. lots	172 units	\$1,002,500	\$172,500,000	3.25	169	548
4,800 sq. ft. lots	189 units	\$1,092,500	\$205,967,581	3.25	185	600
6,000 sq. ft. lots	24 units	\$1,217,500	\$29,147,132	3.50	23	82
Estate Homes	4 units	<u>\$1,500,000</u>	<u>\$6,733,167</u>	<u>3.50</u>	<u>4</u>	15
Total/Average	600 units	\$999,266	\$599,559,591	3.17	588	1,866

(1) EPS pricing estimates based on developer estimates of pricing.

(2) Based on data from California Department of Finance, 2008, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

DRAFT

Scenario 1, Table B-5
Description of Typical New Household, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$195,218	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 4

DRAFT

Scenario 1, Table B-6
Citywide Demographic Data, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009;
Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-7
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues					
Property Tax	Scenario 1, Table B-8	\$10,026,000	-	15.8% of assessed value	\$947,613
Sales and Use Taxes	Scenario 1, Table B-9	\$10,000,000	-	1% of estimated taxable sales	\$160,703
Transient Occupancy Tax		\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 1, Table B-10	\$2,512,000	-	5% of total receipts	\$37,044
Property Transfer Tax	Scenario 1, Table B-8	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$24,709
Permits and Licenses		\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,130,000	-		
Vehicle License Fees	Scenario 1, Table B-11		-	\$4 per capita	\$7,946
Property Tax In Lieu of VLF	Scenario 1, Table B-11		-	varies, see detailed calculations	\$327,424
Revenue from Other Agencies		\$193,000	-	- not estimated	-
Charges for Current Services		\$402,300	-	- not estimated	-
Other Revenue		<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		\$33,630,700			\$1,505,439
Expenditures					
General Government (2)		\$829,800	25%	\$5 per capita	\$8,792
Management/ Support Services (3)		\$3,017,100	25%	\$17 per capita	\$31,967
Police Services	Scenario 1, Table B-12	\$13,523,200	90%	\$221,692 per officer	\$515,822
Fire Services	Scenario 1, Table B-13	\$9,493,700	90%	\$177 per capita	\$330,769
Community Promotion		\$286,200	25%	\$2 per capita	\$3,032
Library Support (4)		\$57,700	-	- not estimated	\$0
Park and Landscape Maintenance Contribution (5)		\$1,603,500	100%	\$36 per capita	\$67,959
Street Maintenance Contribution (6)	Scenario 1, Table B-14	\$476,000	100%	\$16,500 per road mile	\$123,950
Street Lighting Contribution (7)		<u>\$346,800</u>	100%	\$8 per capita	<u>\$14,698</u>
Subtotal Expenditures		\$29,634,000			\$1,096,990

(1) Percentage of costs that increases with growth, as opposed to fixed costs

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week.

It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc

AREA 4

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Scenario 1, Table B-8
Property Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
Assessed Value (1)	See Scenario 1, Tat	\$599,559,591
Existing Assessed Value (2)		<u>\$562,500</u>
Net Assessed Value		\$598,997,091
Property Tax Total	1% of AV	\$5,989,971
City Prop. Tax Share	15.8% of Property Tax (3)	\$947,613
Transfer Tax	\$0.55 per \$1,000 value	\$24,709
Turnover Rate (4)	7.5%	

(1) Takes assumed market values shown on Table 2 and applies them to the number of total units.

(2) Per Sobrato Development Corporation.

(3) The city's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 1, Table B-9
Sales Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Assumptions	Market Rate
SALES TAX GENERATED FROM NEW HOUSEHOLDS		
<u>Income Assumptions</u>		
Average unit selling price		\$999,266
Mortgage % (1)		80%
Total mortgage amount		\$799,413
Annual mortgage payment (2)		\$64,422
Housing cost/household income		33%
Required household income/unit		\$195,218
<u>Average HH Taxable Retail Exp. (3)</u>		
% of Income (3)		28%
Total amount		\$54,661
<u>Net Exp. Captured by Newark per New HH</u>		
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$27,330
<u>Total New Retail Sales</u>	588 households	\$16,070,311
Total Sales Tax Generated From the Project	1% of taxable sales	\$160,703

(1) Assumes 20 percent down payment for market-rate units.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the city.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic and Planning Systems, Inc.

AREA 4

DRAFT

Scenario 1, Table B-10
Utility Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$19,404
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$17,640
Total Franchise Fees	\$37,044

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-11
Vehicle License Fee Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2005-2006 Motor Vehicle in-Lieu Fee Revenue (1) per Capita	\$187,489 \$4.26
Project Population	1,866
Total Vehicle License Fee	\$7,946
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$599,559,591
% Increase in Assessed Value	11.4%
Total Property Tax In-Lieu of VLF (5)	\$327,424

- (1) 2005-2006 Vehicle License Fee (VLF) amount from California State Controller Office.
- (2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.
The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.
- (3) Secured property assessed value in the City of Newark.
(Comprehensive Annual Financial Report, 2007)
- (4) For the purpose of this analysis, the assessed value of the project is equal to the total market value.
- (5) 11.4% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-12
Police Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1)	61
Per 1,000 Population	1.39
Project Population Equivalent	1,866
Total New Officers Required	2.59
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$515,822

(1) Includes officers for both fire and police services.

(2) Estimated from 2005/06 adopted City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-13
Fire Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,866
Total Cost	\$330,769

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-14
Street Maintenance Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 4, Street Miles [1]	6.3
Maintenance Cost per Mile [2]	\$16,500
Bridge Maintenance [3]	\$20,000
Total Street Maintenance Costs	\$123,950

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

[3] Bridge maintenance costs apply to Area 4 only. Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 1, Table B-15
Summary of Fiscal Impact Analysis for Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$947,613
Sales and Use Taxes	\$160,703
Franchise Fees	\$37,044
Property Transfer Tax	\$24,709
VLF and Property Tax In-Lieu of VLF	<u>\$335,370</u>
Subtotal Revenues	\$1,505,439
Subtotal Revenues without Sales and Use Taxes	\$1,344,736

Total Project General Fund Expenditures

General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Library Support	-
Park and Landscape Maintenance	\$67,959
Streets Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990

Net Fiscal General Fund Balance	\$408,449
Net Fiscal General Fund Balance without Sales and Use Taxes	\$247,746

Source: City of Newark; Economic & Planning Systems, Inc.



Economic &
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Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX B

SCENARIO 2



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 2 AREA 3

AREA 3

DRAFT

Scenario 2, Table A-1
Summary of Proposed Development Project Descriptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
2,750 sq. ft. lots	3.00	2,000	140	412
4,000 sq. ft. lots	3.25	2,600	201	640
5,000 sq. ft. lots	<u>3.25</u>	<u>2,800</u>	<u>130</u>	<u>414</u>
Total/Average	3.18	2,477	471	1,466
 <u>Below Market Rate</u>				
Affordable units	<u>2.50</u>	<u>1,200</u>	<u>189</u>	<u>463</u>
Total Development	2.98	2,111	660	1,929

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 2, Table A-2
Summary of Fiscal Impact Analysis, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$733,133
Sales and Use Taxes	\$129,249
Franchise Fees	\$40,748
Property Transfer Tax	\$19,116
VLF and Property Tax In-Lieu of VLF	<u>\$261,598</u>
Subtotal Revenues	\$1,183,843
Subtotal Revenues without Sales and Use Taxes	\$1,054,595
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$9,087
Management/ Support Services	\$33,040
Police Services	\$533,127
Fire Services	\$341,865
Community Promotion	\$3,134
Park and Landscape Maintenance Contribution	\$70,239
Street Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$15,191</u>
Subtotal Expenditures	\$1,051,883
Net Fiscal General Fund Balance	\$131,961
Net Fiscal General Fund Balance without Sales Taxes	\$2,712

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 2, Table A-3
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	-	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Ma

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-4
Detailed Project Description & Assumptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
2,750 sq. ft. lots	140 units	\$681,750	\$95,445,000	3.00	137	412
4,000 sq. ft. lots	201 units	\$875,183	\$175,911,683	3.25	197	640
5,000 sq. ft. lots	<u>130 units</u>	<u>\$953,753</u>	<u>\$123,987,825</u>	<u>3.25</u>	<u>127</u>	<u>414</u>
Total/Average	471 units	\$839,373	\$395,344,508	3.18	462	1,466
<u>Below Market Rate</u>						
Affordable Product (4)	189 units	\$363,171	\$68,639,370	2.50	185	463
<u>Total/Average</u>	660 units	\$703,006	\$463,983,878	2.98	647	1,929

(1) EPS pricing estimates based on 90% of developer estimated of pricing.

(2) Based on data from California Department of Finance, 2005, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finan

(4) The price point for below market rate unit is estimated based HUD's income limits for a moderate income household with 2.5 persons in Alameda County.

The for-sale price for affordable units is based on household income of \$87,800 and 30% of income going towards housing costs.

Additionally, the price points are based on a 30-year mortgage with a 10% downpayment and a 7% interest rate.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 2, Table A-5
Description of Typical New Household, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$137,340	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-6
Citywide Demographic Data, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-7
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2007/2008	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues						
Property Tax	Scenario 2, Table A-8	\$9,908,000	\$10,026,000	-	15.8% of assessed value	\$733,133
Sales and Use Taxes	Scenario 2, Table A-9	\$10,300,000	\$10,000,000	-	1% of estimated taxable sales	\$129,249
Transient Occupancy Tax		\$3,200,000	\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 2, Table A-10	\$2,400,000	\$2,512,000	-	5% of total receipts	\$40,748
Property Transfer Tax	Scenario 2, Table A-8	\$125,000	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$19,116
Permits and Licenses		\$1,791,000	\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,132,800	\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,050,000	\$3,130,000	-		
Vehicle License Fees	Scenario 2, Table A-11			-	\$4 per capita	\$8,213
Property Tax In Lieu of VLF	Scenario 2, Table A-11			-	varies, see detailed calculations	\$253,385
Revenue from Other Agencies		\$666,300	\$193,000	-	- not estimated	-
Charges for Current Services		\$3,736,800	\$402,300	-	- not estimated	-
Other Revenue		\$546,800	<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		#####	\$33,630,700			\$1,183,843
Expenditures						
General Government (2)		\$848,500	\$829,800	25%	\$5 per capita	\$9,087
Management/ Support Services (3)		\$2,989,600	\$3,017,100	25%	\$17 per capita	\$33,040
Police Services	Scenario 2, Table A-12	\$13,858,700	\$13,523,200	90%	\$221,692 per officer	\$533,127
Fire Services	Scenario 2, Table A-13	\$9,086,800	\$9,493,700	-	\$177 per capita	\$341,865
Community Promotion		\$301,500	\$286,200	25%	\$2 per capita	\$3,134
Library Support (4)		\$304,900	\$57,700	-	- not estimated	-
Park and Landscape Maintenance Contribution (5)		\$1,638,800	\$1,603,500	100%	\$36 per capita	\$70,239
Street Maintenance Contribution (6)	Scenario 2, Table A-14	\$475,700	\$476,000	100%	\$16,500 per road mile	\$46,200
Street Lighting Contribution (7)		\$346,000	<u>\$346,800</u>	100%	\$8 per capita	<u>\$15,191</u>
Subtotal Expenditures		\$29,850,500	\$29,634,000			\$1,051,883

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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Scenario 2, Table A-8
Property Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
New Assessed Value (1)	See Scenario 2, Tat	\$463,983,878
Existing Assessed Value (2)		<u>\$562,500</u>
Net New Assessed Value		\$463,421,378
Property Tax Total	1% of AV	\$4,634,214
City Prop. Tax Share	15.8% of Property Tax (3)	\$733,133
Transfer Tax	\$0.55 per \$1,000 value	\$19,116
Turnover Rate (4)	7.5%	

(1) Includes market rate units only. See Table A-4.

(2) Per Sobrato Development Corporation.

(3) The City's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 2, Table A-9
 Sales Tax Calculation, Area 3
 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Assumptions	Below Market Rate	Market Rate	Total
SALES TAX GENERATED FROM NEW HOUSEHOLDS			
<u>Income Assumptions</u>			
Average unit selling price	\$363,171	\$839,373	
Mortgage % (1)	90%	80%	
Total mortgage amount	\$326,854	\$671,498	
Annual mortgage payment (2)	\$26,340	\$54,114	
Housing cost/household income	33%	33%	
Required household income/unit	\$79,818	\$163,981	
<u>Average HH Taxable Retail Exp. (3)</u>			
% of Income (3)	28%	28%	
Total amount	\$22,349	\$45,915	
<u>Net Exp. Captured by Newark per New HH</u>			
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$11,175	\$22,957
Total New Retail Sales	660 households	\$2,111,989	\$10,812,885
Total Sales Tax Generated From the Project	1% of taxable sales	\$21,120	\$108,129
			\$129,249

(1) Assumes 20 percent down payment.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the City.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic & Planning Systems, Inc.

AREA 3

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Scenario 2, Table A-10
Utility Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$21,344
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$19,404
Total Franchise Fees	\$40,748

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-11
Vehicle License Fee Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2007-2008 Motor Vehicle in-Lieu Fee Revenue (1)	\$187,489
per Capita	\$4.26
Cumulative Project Population	1,929
Total Vehicle License Fee	\$8,213
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$463,983,878
% Increase in Assessed Value	8.8%
Total Property Tax In-Lieu of VLF (5)	\$253,385

- (1) 2007-2008 Vehicle License Fee (VLF) amount from California State Controller Office.
- (2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.
The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.
- (3) Secured property assessed value in the City of Newark as of June 2007.
(Comprehensive Annual Financial Report, 2007)
- (4) The assessed value of the project is equal to the total market value of the market rate units and the below market rate units.
- (5) 8.8% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-12
Police Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1) Per 1,000 Population	61 1.39
Project Population	1,929
Total New Officers Required	2.67
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$533,127

(1) Includes officers for both fire and police services.

(2) Estimated from 2008-2010 City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 2, Table A-13
Fire Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,929
Total Cost	\$341,865

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 2, Table A-14
Street Maintenance Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 3, Street Miles [1]	2.8
Maintenance Cost per Mile [2]	\$16,500
Total Street Maintenance Costs	\$46,200

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 2, Table A-15
Summary of Fiscal Impact Analysis for Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$733,133
Sales and Use Taxes	\$129,249
Franchise Fees	\$40,748
Property Transfer Tax	\$19,116
VLF and Property Tax In-Lieu of VLF	<u>\$261,598</u>
Subtotal Revenues	\$1,183,843
Subtotal Revenues without Sales and Use Taxes	\$1,054,595

Total Project General Fund Expenditures

General Government	\$9,087
Management/ Support Services	\$33,040
Police Services	\$533,127
Fire Services	\$341,865
Community Promotion	\$3,134
Library Support	-
Park and Landscape and Other Capital Assets-Maintenance	\$70,239
Streets Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$15,191</u>
Subtotal Expenditures	\$1,051,883

Net Fiscal General Fund Balance	\$131,961
Net Fiscal General Fund Balance without Sales and Use Taxes	\$2,712

Source: City of Newark; Economic & Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 2

AREA 4

AREA 4

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Scenario 2, Table B-1

Summary of Proposed Development Project Descriptions, Area 4 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
3,200 sq. ft. lots	3.00	2,100	211	620
4,000 sq. ft. lots	3.25	2,600	172	548
4,800 sq. ft. lots	3.25	2,800	189	600
6,000 sq. ft. lots	3.50	3,200	24	82
Estate Homes	<u>3.50</u>	<u>4,000</u>	<u>4</u>	<u>15</u>
Total/Average	3.17	2,521	600	1,866

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-2
Summary of Fiscal Impact Analysis, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$852,763
Sales and Use Taxes	\$144,633
Franchise Fees	\$37,044
Property Transfer Tax	\$22,235
VLF and Property Tax In-Lieu of VLF	<u>\$302,627</u>
Subtotal Revenues	\$1,359,303
Subtotal Revenues without Sales and Use Taxes	\$1,214,670
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Park and Landscape Maintenance Contribution	\$67,959
Street Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990
Net Fiscal General Fund Balance	\$262,313
Net Fiscal General Fund Balance without Sales Taxes	\$117,680

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-3
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	90%	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance and Other Capital Assets-Maintenance for FY 2008-09. Figures for FY 2007-08 are not available.

(6) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Maintenance for FY 2008-09. Figures from FY 2007-08 are not available.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09. Figures from FY 2007-08 are not available.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-4
Detailed Project Description & Assumptions, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
3,200 sq. ft. lots	211 units	\$790,105	\$166,690,539	3.00	207	620
4,000 sq. ft. lots	172 units	\$902,250	\$155,250,000	3.25	169	548
4,800 sq. ft. lots	189 units	\$983,250	\$185,370,823	3.25	185	600
6,000 sq. ft. lots	24 units	\$1,095,750	\$26,232,419	3.50	23	82
Estate Homes	4 units	<u>\$1,350,000</u>	<u>\$6,059,850</u>	<u>3.50</u>	4	15
Total/Average	600 units	\$899,339	\$539,603,632	3.17	588	1,866

(1) EPS pricing estimates based on 90% of developer estimated of pricing.

(2) Based on data from California Department of Finance, 2008, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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Scenario 2, Table B-5
Description of Typical New Household, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$175,696	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 4

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Scenario 2, Table B-6
Citywide Demographic Data, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-7
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues					
Property Tax	Scenario 2, Table B-8	\$10,026,000	-	15.8% of assessed value	\$852,763
Sales and Use Taxes	Scenario 2, Table B-9	\$10,000,000	-	1% of estimated taxable sales	\$144,633
Transient Occupancy Tax		\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 2, Table B-10	\$2,512,000	-	5% of total receipts	\$37,044
Property Transfer Tax	Scenario 2, Table B-8	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$22,235
Permits and Licenses		\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,130,000	-		
Vehicle License Fees	Scenario 2, Table B-11		-	\$4 per capita	\$7,946
Property Tax In Lieu of VLF	Scenario 2, Table B-11		-	varies, see detailed calculations	\$294,681
Revenue from Other Agencies		\$193,000	-	- not estimated	-
Charges for Current Services		\$402,300	-	- not estimated	-
Other Revenue		<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		\$33,630,700			\$1,359,303
Expenditures					
General Government (2)		\$829,800	25%	\$5 per capita	\$8,792
Management/ Support Services (3)		\$3,017,100	25%	\$17 per capita	\$31,967
Police Services	Scenario 2, Table B-12	\$13,523,200	90%	\$221,692 per officer	\$515,822
Fire Services	Scenario 2, Table B-13	\$9,493,700	90%	\$177 per capita	\$330,769
Community Promotion		\$286,200	25%	\$2 per capita	\$3,032
Library Support (4)		\$57,700	-	- not estimated	\$0
Park and Landscape Maintenance Contribution (5)		\$1,603,500	100%	\$36 per capita	\$67,959
Street Maintenance Contribution (6)	Scenario 2, Table B-14	\$476,000	100%	\$16,500 per road mile	\$123,950
Street Lighting Contribution (7)		<u>\$346,800</u>	100%	\$8 per capita	<u>\$14,698</u>
Subtotal Expenditures		\$29,634,000			\$1,096,990

(1) Percentage of costs that increases with growth, as opposed to fixed costs

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week.

It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc

AREA 4

DRAFT

Scenario 2, Table B-8
Property Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
Assessed Value (1)	See Scenario 2, Tat	\$539,603,632
Existing Assessed Value (2)		<u>\$562,500</u>
Net Assessed Value		\$539,041,132
Property Tax Total	1% of AV	\$5,390,411
City Prop. Tax Share	15.8% of Property Tax (3)	\$852,763
Transfer Tax	\$0.55 per \$1,000 value	\$22,235
Turnover Rate (4)	7.5%	

(1) Takes assumed market values shown on Table 2 and applies them to the number of total units.

(2) Per Sobrato Development Corporation.

(3) The city's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-9
Sales Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Assumptions	Market Rate
SALES TAX GENERATED FROM NEW HOUSEHOLDS		
<u>Income Assumptions</u>		
Average unit selling price		\$899,339
Mortgage % (1)		80%
Total mortgage amount		\$719,472
Annual mortgage payment (2)		\$57,980
Housing cost/household income		33%
Required household income/unit		\$175,696
<u>Average HH Taxable Retail Exp. (3)</u>		
% of Income (3)		28%
Total amount		\$49,195
<u>Net Exp. Captured by Newark per New HH</u>		
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$24,597
<u>Total New Retail Sales</u>	588 households	\$14,463,280
Total Sales Tax Generated From the Project	1% of taxable sales	\$144,633

(1) Assumes 20 percent down payment for market-rate units.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the city.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic and Planning Systems, Inc.

AREA 4

DRAFT

Scenario 2, Table B-10
Utility Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$19,404
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$17,640
Total Franchise Fees	\$37,044

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-11
Vehicle License Fee Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2005-2006 Motor Vehicle in-Lieu Fee Revenue (1) per Capita	\$187,489 \$4.26
Project Population	1,866
Total Vehicle License Fee	\$7,946
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$539,603,632
% Increase in Assessed Value	10.2%
Total Property Tax In-Lieu of VLF (5)	\$294,681

- (1) 2005-2006 Vehicle License Fee (VLF) amount from California State Controller Office.
- (2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.
The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.
- (3) Secured property assessed value in the City of Newark.
(Comprehensive Annual Financial Report, 2007)
- (4) For the purpose of this analysis, the assessed value of the project is equal to the total market value.
- (5) 10.2% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-12
Police Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1)	61
Per 1,000 Population	1.39
Project Population Equivalent	1,866
Total New Officers Required	2.59
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$515,822

(1) Includes officers for both fire and police services.

(2) Estimated from 2005/06 adopted City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-13
Fire Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,866
Total Cost	\$330,769

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 2, Table B-14
Street Maintenance Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 4, Street Miles [1]	6.3
Maintenance Cost per Mile [2]	\$16,500
Bridge Maintenance [3]	\$20,000
Total Street Maintenance Costs	\$123,950

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

[3] Bridge maintenance costs apply to Area 4 only. Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

Scenario 2, Table B-15
Summary of Fiscal Impact Analysis for Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$852,763
Sales and Use Taxes	\$144,633
Franchise Fees	\$37,044
Property Transfer Tax	\$22,235
VLF and Property Tax In-Lieu of VLF	<u>\$302,627</u>
Subtotal Revenues	\$1,359,303
Subtotal Revenues without Sales and Use Taxes	\$1,214,670

Total Project General Fund Expenditures

General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Library Support	-
Park and Landscape Maintenance	\$67,959
Streets Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990

Net Fiscal General Fund Balance	\$262,313
Net Fiscal General Fund Balance without Sales and Use Taxes	\$117,680

Source: City of Newark; Economic & Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX C

SCENARIO 3



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 3

AREA 3

AREA 3

DRAFT

Scenario 3, Table A-1
Summary of Proposed Development Project Descriptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
2,750 sq. ft. lots	3.00	2,000	152	448
4,000 sq. ft. lots	3.25	2,600	218	694
5,000 sq. ft. lots	<u>3.25</u>	<u>2,800</u>	<u>141</u>	<u>448</u>
Total/Average	3.18	2,476	511	1,590
<u>Below Market Rate</u>				
Affordable units	<u>2.50</u>	<u>1,200</u>	<u>0</u>	<u>0</u>
Total Development	3.18	2,476	511	1,590

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 3, Table A-2
Summary of Fiscal Impact Analysis, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$752,885
Sales and Use Taxes	\$130,317
Franchise Fees	\$31,549
Property Transfer Tax	\$19,631
VLF and Property Tax In-Lieu of VLF	<u>\$266,974</u>
Subtotal Revenues	\$1,201,357
Subtotal Revenues without Sales and Use Taxes	\$1,071,040
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$7,492
Management/ Support Services	\$27,239
Police Services	\$439,526
Fire Services	\$281,844
Community Promotion	\$2,584
Park and Landscape Maintenance Contribution	\$57,907
Street Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$12,524</u>
Subtotal Expenditures	\$875,315
Net Fiscal General Fund Balance	\$326,042
Net Fiscal General Fund Balance without Sales Taxes	\$195,725

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-3
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	-	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

- (1) Percentage of costs that increases with growth, as opposed to fixed costs.
- (2) Includes Mayor-Council, City Attorney, and City Clerk.
- (3) Includes management services, personnel services, information systems, and financial services.
- (4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.
- (5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Ma
- (6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.
- (7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-4
Detailed Project Description & Assumptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
2,750 sq. ft. lots	152 units	\$757,500	\$115,338,352	3.00	149	448
4,000 sq. ft. lots	218 units	\$972,425	\$211,999,625	3.25	214	694
5,000 sq. ft. lots	141 units	<u>\$1,059,725</u>	<u>\$149,131,774</u>	<u>3.25</u>	<u>138</u>	<u>448</u>
Total/Average	511 units	\$932,426	\$476,469,752	3.18	501	1,590
<u>Below Market Rate</u>						
Affordable Product (4)	0 units	\$363,171	\$0	2.50	0	0
<u>Total/Average</u>	511 units	\$932,426	\$476,469,752	3.18	501	1,590

(1) EPS pricing estimates based on developer estimates of pricing.

(2) Based on data from California Department of Finance, 2005, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

(4) The price point for below market rate unit is estimated based HUD's income limits for a moderate income household with 2.5 persons in Alameda County.

The for-sale price for affordable units is based on household income of \$87,800 and 30% of income going towards housing costs.

Additionally, the price points are based on a 30-year mortgage with a 10% downpayment and a 7% interest rate.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 3, Table A-5
Description of Typical New Household, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$182,160	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 3, Table A-6
Citywide Demographic Data, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-7
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2007/2008	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues						
Property Tax	Scenario 3, Table A-8	\$9,908,000	\$10,026,000	-	15.8% of assessed value	\$752,885
Sales and Use Taxes	Scenario 3, Table A-9	\$10,300,000	\$10,000,000	-	1% of estimated taxable sales	\$130,317
Transient Occupancy Tax		\$3,200,000	\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 3, Table A-10	\$2,400,000	\$2,512,000	-	5% of total receipts	\$31,549
Property Transfer Tax	Scenario 3, Table A-8	\$125,000	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$19,631
Permits and Licenses		\$1,791,000	\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,132,800	\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,050,000	\$3,130,000	-		
Vehicle License Fees	Scenario 3, Table A-11			-	\$4 per capita	\$6,771
Property Tax In Lieu of VLF	Scenario 3, Table A-11			-	varies, see detailed calculations	\$260,203
Revenue from Other Agencies		\$666,300	\$193,000	-	- not estimated	-
Charges for Current Services		\$3,736,800	\$402,300	-	- not estimated	-
Other Revenue		\$546,800	<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		#####	\$33,630,700			\$1,201,357
Expenditures						
General Government (2)		\$848,500	\$829,800	25%	\$5 per capita	\$7,492
Management/ Support Services (3)		\$2,989,600	\$3,017,100	25%	\$17 per capita	\$27,239
Police Services	Scenario 3, Table A-12	\$13,858,700	\$13,523,200	90%	\$221,692 per officer	\$439,526
Fire Services	Scenario 3, Table A-13	\$9,086,800	\$9,493,700	-	\$177 per capita	\$281,844
Community Promotion		\$301,500	\$286,200	25%	\$2 per capita	\$2,584
Library Support (4)		\$304,900	\$57,700	-	- not estimated	-
Park and Landscape Maintenance Contribution (5)		\$1,638,800	\$1,603,500	100%	\$36 per capita	\$57,907
Street Maintenance Contribution (6)	Scenario 3, Table A-14	\$475,700	\$476,000	100%	\$16,500 per road mile	\$46,200
Street Lighting Contribution (7)		\$346,000	<u>\$346,800</u>	100%	\$8 per capita	<u>\$12,524</u>
Subtotal Expenditures		\$29,850,500	\$29,634,000			\$875,315

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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Scenario 3, Table A-8
Property Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
New Assessed Value (1)	See Scenario 3, Tat	\$476,469,752
Existing Assessed Value (2)		<u>\$562,500</u>
Net New Assessed Value		\$475,907,252
Property Tax Total	1% of AV	\$4,759,073
City Prop. Tax Share	15.8% of Property Tax (3)	\$752,885
Transfer Tax	\$0.55 per \$1,000 value	\$19,631
Turnover Rate (4)	7.5%	

(1) Includes market rate units only. See Table A-4.

(2) Per Sobrato Development Corporation.

(3) The City's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 3, Table A-9
 Sales Tax Calculation, Area 3
 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Assumptions	Below Market Rate	Market Rate	Total
SALES TAX GENERATED FROM NEW HOUSEHOLDS			
<u>Income Assumptions</u>			
Average unit selling price	\$363,171	\$932,426	
Mortgage % (1)	90%	80%	
Total mortgage amount	\$326,854	\$745,941	
Annual mortgage payment (2)	\$26,340	\$60,113	
Housing cost/household income	33%	33%	
Required household income/unit	\$79,818	\$182,160	
<u>Average HH Taxable Retail Exp. (3)</u>			
% of Income (3)	28%	28%	
Total amount	\$22,349	\$51,005	
<u>Net Exp. Captured by Newark per New HH</u>			
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$11,175	\$25,502
Total New Retail Sales	511 households	\$0	\$13,031,704
Total Sales Tax Generated From the Project	1% of taxable sales	\$0	\$130,317

(1) Assumes 20 percent down payment.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the City.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic & Planning Systems, Inc.

AREA 3

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Scenario 3, Table A-10
Utility Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$16,526
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$15,023
Total Franchise Fees	\$31,549

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-11
Vehicle License Fee Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2007-2008 Motor Vehicle in-Lieu Fee Revenue (1)	\$187,489
per Capita	\$4.26
Cumulative Project Population	1,590
Total Vehicle License Fee	\$6,771
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$476,469,752
% Increase in Assessed Value	9.0%
Total Property Tax In-Lieu of VLF (5)	\$260,203

(1) 2007-2008 Vehicle License Fee (VLF) amount from California State Controller Office.

(2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.

The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.

(3) Secured property assessed value in the City of Newark as of June 2007.
(Comprehensive Annual Financial Report, 2007)

(4) The assessed value of the project is equal to the total market value of the market rate units and the below market rate units.

(5) 9.0% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-12
Police Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1) Per 1,000 Population	61 1.39
Project Population	1,590
Total New Officers Required	2.20
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$439,526

(1) Includes officers for both fire and police services.

(2) Estimated from 2008-2010 City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-13
Fire Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,590
Total Cost	\$281,844

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-14
Street Maintenance Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 3, Street Miles [1]	2.8
Maintenance Cost per Mile [2]	\$16,500
Total Street Maintenance Costs	\$46,200

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

DRAFT

**Scenario 3, Table A-15
Summary of Fiscal Impact Analysis for Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$752,885
Sales and Use Taxes	\$130,317
Franchise Fees	\$31,549
Property Transfer Tax	\$19,631
VLF and Property Tax In-Lieu of VLF	<u>\$266,974</u>
Subtotal Revenues	\$1,201,357
Subtotal Revenues without Sales and Use Taxes	\$1,071,040

Total Project General Fund Expenditures

General Government	\$7,492
Management/ Support Services	\$27,239
Police Services	\$439,526
Fire Services	\$281,844
Community Promotion	\$2,584
Library Support	-
Park and Landscape and Other Capital Assets-Maintenance	\$57,907
Streets Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$12,524</u>
Subtotal Expenditures	\$875,315

Net Fiscal General Fund Balance	\$326,042
Net Fiscal General Fund Balance without Sales and Use Taxes	\$195,725

Source: City of Newark; Economic and Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 3 AREA 4

AREA 4

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**Scenario 3, Table B-1
Summary of Proposed Development Project Descriptions, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
3,200 sq. ft. lots	3.00	2,100	211	620
4,000 sq. ft. lots	3.25	2,600	172	548
4,800 sq. ft. lots	3.25	2,800	189	600
6,000 sq. ft. lots	3.50	3,200	24	82
Estate Homes	<u>3.50</u>	<u>4,000</u>	<u>4</u>	<u>15</u>
Total/Average	3.17	2,521	600	1,866

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-2
Summary of Fiscal Impact Analysis, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$947,613
Sales and Use Taxes	\$160,703
Franchise Fees	\$37,044
Property Transfer Tax	\$24,709
VLF and Property Tax In-Lieu of VLF	<u>\$335,370</u>
Subtotal Revenues	\$1,505,439
Subtotal Revenues without Sales and Use Taxes	\$1,344,736
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Park and Landscape Maintenance Contribution	\$67,959
Street Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990
Net Fiscal General Fund Balance	\$408,449
Net Fiscal General Fund Balance without Sales Taxes	\$247,746

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-3
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	90%	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance and Other Capital Assets-Maintenance for FY 2008-09. Figures for FY 2007-08 are not available.

(6) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Maintenance for FY 2008-09. Figures from FY 2007-08 are not available.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09. Figures from FY 2007-08 are not available.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 3, Table B-4
Detailed Project Description & Assumptions, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
3,200 sq. ft. lots	211 units	\$877,895	\$185,211,710	3.00	207	620
4,000 sq. ft. lots	172 units	\$1,002,500	\$172,500,000	3.25	169	548
4,800 sq. ft. lots	189 units	\$1,092,500	\$205,967,581	3.25	185	600
6,000 sq. ft. lots	24 units	\$1,217,500	\$29,147,132	3.50	23	82
Estate Homes	4 units	<u>\$1,500,000</u>	<u>\$6,733,167</u>	<u>3.50</u>	<u>4</u>	15
Total/Average	600 units	\$999,266	\$599,559,591	3.17	588	1,866

(1) EPS pricing estimates based on developer estimates of pricing.

(2) Based on data from California Department of Finance, 2008, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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Scenario 3, Table B-5
Description of Typical New Household, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$195,218	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 4

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Scenario 3, Table B-6
Citywide Demographic Data, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009;
Economic & Planning Systems, Inc.

AREA 4

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**Scenario 3, Table B-7
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues					
Property Tax	Scenario 3, Table B-8	\$10,026,000	-	15.8% of assessed value	\$947,613
Sales and Use Taxes	Scenario 3, Table B-9	\$10,000,000	-	1% of estimated taxable sales	\$160,703
Transient Occupancy Tax		\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 3, Table B-10	\$2,512,000	-	5% of total receipts	\$37,044
Property Transfer Tax	Scenario 3, Table B-8	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$24,709
Permits and Licenses		\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,130,000	-		
Vehicle License Fees	Scenario 3, Table B-11		-	\$4 per capita	\$7,946
Property Tax In Lieu of VLF	Scenario 3, Table B-11		-	varies, see detailed calculations	\$327,424
Revenue from Other Agencies		\$193,000	-	- not estimated	-
Charges for Current Services		\$402,300	-	- not estimated	-
Other Revenue		<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		\$33,630,700			\$1,505,439
Expenditures					
General Government (2)		\$829,800	25%	\$5 per capita	\$8,792
Management/ Support Services (3)		\$3,017,100	25%	\$17 per capita	\$31,967
Police Services	Scenario 3, Table B-12	\$13,523,200	90%	\$221,692 per officer	\$515,822
Fire Services	Scenario 3, Table B-13	\$9,493,700	90%	\$177 per capita	\$330,769
Community Promotion		\$286,200	25%	\$2 per capita	\$3,032
Library Support (4)		\$57,700	-	- not estimated	\$0
Park and Landscape Maintenance Contribution (5)		\$1,603,500	100%	\$36 per capita	\$67,959
Street Maintenance Contribution (6)	Scenario 3, Table B-14	\$476,000	100%	\$16,500 per road mile	\$123,950
Street Lighting Contribution (7)		<u>\$346,800</u>	100%	\$8 per capita	<u>\$14,698</u>
Subtotal Expenditures		\$29,634,000			\$1,096,990

(1) Percentage of costs that increases with growth, as opposed to fixed costs

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week.

It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc

AREA 4

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Scenario 3, Table B-8
Property Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
Assessed Value (1)	See Scenario 3, Tat	\$599,559,591
Existing Assessed Value (2)		<u>\$562,500</u>
Net Assessed Value		\$598,997,091
Property Tax Total	1% of AV	\$5,989,971
City Prop. Tax Share	15.8% of Property Tax (3)	\$947,613
Transfer Tax	\$0.55 per \$1,000 value	\$24,709
Turnover Rate (4)	7.5%	

(1) Takes assumed market values shown on Table 2 and applies them to the number of total units.

(2) Per Sobrato Development Corporation.

(3) The city's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 3, Table B-9
Sales Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Assumptions	Market Rate
SALES TAX GENERATED FROM NEW HOUSEHOLDS		
<u>Income Assumptions</u>		
Average unit selling price		\$999,266
Mortgage % (1)		80%
Total mortgage amount		\$799,413
Annual mortgage payment (2)		\$64,422
Housing cost/household income		33%
Required household income/unit		\$195,218
<u>Average HH Taxable Retail Exp. (3)</u>		
% of Income (3)		28%
Total amount		\$54,661
<u>Net Exp. Captured by Newark per New HH</u>		
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$27,330
<u>Total New Retail Sales</u>		
	588 households	\$16,070,311
Total Sales Tax Generated From the Project	1% of taxable sales	\$160,703

(1) Assumes 20 percent down payment for market-rate units.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the city.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic and Planning Systems, Inc.

AREA 4

DRAFT

Scenario 3, Table B-10
Utility Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$19,404
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$17,640
Total Franchise Fees	\$37,044

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 3, Table B-11
Vehicle License Fee Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2005-2006 Motor Vehicle in-Lieu Fee Revenue (1) per Capita	\$187,489 \$4.26
Project Population	1,866
Total Vehicle License Fee	\$7,946
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$599,559,591
% Increase in Assessed Value	11.4%
Total Property Tax In-Lieu of VLF (5)	\$327,424

- (1) 2005-2006 Vehicle License Fee (VLF) amount from California State Controller Office.
- (2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.
The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.
- (3) Secured property assessed value in the City of Newark.
(Comprehensive Annual Financial Report, 2007)
- (4) For the purpose of this analysis, the assessed value of the project is equal to the total market value.
- (5) 11.4% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-12
Police Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1)	61
Per 1,000 Population	1.39
Project Population Equivalent	1,866
Total New Officers Required	2.59
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$515,822

(1) Includes officers for both fire and police services.

(2) Estimated from 2005/06 adopted City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-13
Fire Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,866
Total Cost	\$330,769

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-14
Street Maintenance Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 4, Street Miles [1]	6.3
Maintenance Cost per Mile [2]	\$16,500
Bridge Maintenance [3]	\$20,000
Total Street Maintenance Costs	\$123,950

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

[3] Bridge maintenance costs apply to Area 4 only. Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 3, Table B-15
Summary of Fiscal Impact Analysis for Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$947,613
Sales and Use Taxes	\$160,703
Franchise Fees	\$37,044
Property Transfer Tax	\$24,709
VLF and Property Tax In-Lieu of VLF	<u>\$335,370</u>
Subtotal Revenues	\$1,505,439
Subtotal Revenues without Sales and Use Taxes	\$1,344,736

Total Project General Fund Expenditures

General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Library Support	-
Park and Landscape Maintenance	\$67,959
Streets Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990

Net Fiscal General Fund Balance	\$408,449
Net Fiscal General Fund Balance without Sales and Use Taxes	\$247,746

Source: City of Newark; Economic & Planning Systems, Inc.



Economic &
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Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

APPENDIX D

SCENARIO 4



**Economic &
Planning Systems**

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Regional Economics

Public Finance

Land Use Policy

SCENARIO 4 AREA 3

AREA 3

DRAFT

Scenario 4, Table A-1

Summary of Proposed Development Project Descriptions, Area 3 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<u>Market Rate</u>				
2,750 sq. ft. lots	3.00	2,000	152	448
4,000 sq. ft. lots	3.25	2,600	218	694
5,000 sq. ft. lots	<u>3.25</u>	<u>2,800</u>	<u>141</u>	<u>448</u>
Total/Average	3.18	2,476	511	1,590
<u>Below Market Rate</u>				
Affordable units	<u>2.50</u>	<u>1,200</u>	<u>0</u>	<u>0</u>
Total Development	3.18	2,476	511	1,590

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

DRAFT

Scenario 4, Table A-2
Summary of Fiscal Impact Analysis, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$677,508
Sales and Use Taxes	\$117,285
Franchise Fees	\$31,549
Property Transfer Tax	\$17,666
VLF and Property Tax In-Lieu of VLF	<u>\$240,954</u>
Subtotal Revenues	\$1,084,962
Subtotal Revenues without Sales and Use Taxes	\$967,677
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$7,492
Management/ Support Services	\$27,239
Police Services	\$439,526
Fire Services	\$281,844
Community Promotion	\$2,584
Park and Landscape Maintenance Contribution	\$57,907
Street Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$12,524</u>
Subtotal Expenditures	\$875,315
Net Fiscal General Fund Balance	\$209,647
Net Fiscal General Fund Balance without Sales Taxes	\$92,361

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-3
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	-	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

- (1) Percentage of costs that increases with growth, as opposed to fixed costs.
(2) Includes Mayor-Council, City Attorney, and City Clerk.
(3) Includes management services, personnel services, information systems, and financial services.
(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.
(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Ma
(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.
(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-4
Detailed Project Description & Assumptions, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
2,750 sq. ft. lots	152 units	\$681,750	\$103,804,517	3.00	149	448
4,000 sq. ft. lots	218 units	\$875,183	\$190,799,663	3.25	214	694
5,000 sq. ft. lots	<u>141 units</u>	<u>\$953,753</u>	<u>\$134,218,597</u>	<u>3.25</u>	<u>138</u>	<u>448</u>
Total/Average	511 units	\$839,184	\$428,822,777	3.18	501	1,590
<u>Below Market Rate</u>						
Affordable Product (4)	0 units	\$363,171	\$0	2.50	0	0
<u>Total/Average</u>	511 units	\$839,184	\$428,822,777	3.18	501	1,590

(1) EPS pricing estimates based on 90% of developer estimated of pricing.

(2) Based on data from California Department of Finance, 2005, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finan

(4) The price point for below market rate unit is estimated based HUD's income limits for a moderate income household with 2.5 persons in Alameda County.

The for-sale price for affordable units is based on household income of \$87,800 and 30% of income going towards housing costs.

Additionally, the price points are based on a 30-year mortgage with a 10% downpayment and a 7% interest rate.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 4, Table A-5
Description of Typical New Household, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$163,944	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 3

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Scenario 4, Table A-6
Citywide Demographic Data, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-7
General Fund 2009/10 and Estimating Factors, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2007/2008	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues						
Property Tax	Scenario 4, Table A-8	\$9,908,000	\$10,026,000	-	15.8% of assessed value	\$677,508
Sales and Use Taxes	Scenario 4, Table A-9	\$10,300,000	\$10,000,000	-	1% of estimated taxable sales	\$117,285
Transient Occupancy Tax		\$3,200,000	\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 4, Table A-10	\$2,400,000	\$2,512,000	-	5% of total receipts	\$31,549
Property Transfer Tax	Scenario 4, Table A-8	\$125,000	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$17,666
Permits and Licenses		\$1,791,000	\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,132,800	\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,050,000	\$3,130,000	-		
Vehicle License Fees	Scenario 4, Table A-11			-	\$4 per capita	\$6,771
Property Tax In Lieu of VLF	Scenario 4, Table A-11			-	varies, see detailed calculations	\$234,183
Revenue from Other Agencies		\$666,300	\$193,000	-	- not estimated	-
Charges for Current Services		\$3,736,800	\$402,300	-	- not estimated	-
Other Revenue		\$546,800	<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		#####	\$33,630,700			\$1,084,962
Expenditures						
General Government (2)		\$848,500	\$829,800	25%	\$5 per capita	\$7,492
Management/ Support Services (3)		\$2,989,600	\$3,017,100	25%	\$17 per capita	\$27,239
Police Services	Scenario 4, Table A-12	\$13,858,700	\$13,523,200	90%	\$221,692 per officer	\$439,526
Fire Services	Scenario 4, Table A-13	\$9,086,800	\$9,493,700	-	\$177 per capita	\$281,844
Community Promotion		\$301,500	\$286,200	25%	\$2 per capita	\$2,584
Library Support (4)		\$304,900	\$57,700	-	- not estimated	-
Park and Landscape Maintenance Contribution (5)		\$1,638,800	\$1,603,500	100%	\$36 per capita	\$57,907
Street Maintenance Contribution (6)	Scenario 4, Table A-14	\$475,700	\$476,000	100%	\$16,500 per road mile	\$46,200
Street Lighting Contribution (7)		\$346,000	<u>\$346,800</u>	100%	\$8 per capita	<u>\$12,524</u>
Subtotal Expenditures		\$29,850,500	\$29,634,000			\$875,315

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting .

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-8
Property Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Assumptions	Project Total
New Assessed Value (1)	See Scenario 4, Tat	\$428,822,777
Existing Assessed Value (2)		<u>\$562,500</u>
Net New Assessed Value		\$428,260,277
Property Tax Total	1% of AV	\$4,282,603
City Prop. Tax Share	15.8% of Property Tax (3)	\$677,508
Transfer Tax	\$0.55 per \$1,000 value	\$17,666
Turnover Rate (4)	7.5%	

(1) Includes market rate units only. See Table A-4.

(2) Per Sobrato Development Corporation.

(3) The City's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 3

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Scenario 4, Table A-9
 Sales Tax Calculation, Area 3
 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Assumptions	Below Market Rate	Market Rate	Total
SALES TAX GENERATED FROM NEW HOUSEHOLDS			
<u>Income Assumptions</u>			
Average unit selling price	\$363,171	\$839,184	
Mortgage % (1)	90%	80%	
Total mortgage amount	\$326,854	\$671,347	
Annual mortgage payment (2)	\$26,340	\$54,101	
Housing cost/household income	33%	33%	
Required household income/unit	\$79,818	\$163,944	
<u>Average HH Taxable Retail Exp. (3)</u>			
% of Income (3)	28%	28%	
Total amount	\$22,349	\$45,904	
<u>Net Exp. Captured by Newark per New HH</u>			
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$11,175	\$22,952
Total New Retail Sales	511 households	\$0	\$11,728,533
Total Sales Tax Generated From the Project	1% of taxable sales	\$0	\$117,285

(1) Assumes 20 percent down payment.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the City.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic & Planning Systems, Inc.

AREA 3

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Scenario 4, Table A-10
Utility Tax Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$16,526
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$15,023
Total Franchise Fees	\$31,549

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-11
Vehicle License Fee Calculation, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2007-2008 Motor Vehicle in-Lieu Fee Revenue (1)	\$187,489
per Capita	\$4.26
Cumulative Project Population	1,590
Total Vehicle License Fee	\$6,771
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$428,822,777
% Increase in Assessed Value	8.1%
Total Property Tax In-Lieu of VLF (5)	\$234,183

(1) 2007-2008 Vehicle License Fee (VLF) amount from California State Controller Office.

(2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.

The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.

(3) Secured property assessed value in the City of Newark as of June 2007.
(Comprehensive Annual Financial Report, 2007)

(4) The assessed value of the project is equal to the total market value of the market rate units and the below market rate units.

(5) 8.1% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-12
Police Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1) Per 1,000 Population	61 1.39
Project Population	1,590
Total New Officers Required	2.20
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$439,526

(1) Includes officers for both fire and police services.

(2) Estimated from 2008-2010 City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-13
Fire Department Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,590
Total Cost	\$281,844

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-14
Street Maintenance Expenditures, Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 3, Street Miles [1]	2.8
Maintenance Cost per Mile [2]	\$16,500
Total Street Maintenance Costs	\$46,200

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 3

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**Scenario 4, Table A-15
Summary of Fiscal Impact Analysis for Area 3
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$677,508
Sales and Use Taxes	\$117,285
Franchise Fees	\$31,549
Property Transfer Tax	\$17,666
VLF and Property Tax In-Lieu of VLF	<u>\$240,954</u>
Subtotal Revenues	\$1,084,962
Subtotal Revenues without Sales and Use Taxes	\$967,677

Total Project General Fund Expenditures

General Government	\$7,492
Management/ Support Services	\$27,239
Police Services	\$439,526
Fire Services	\$281,844
Community Promotion	\$2,584
Library Support	-
Park and Landscape and Other Capital Assets-Maintenance	\$57,907
Streets Maintenance Contribution	\$46,200
Street Lighting Contribution	<u>\$12,524</u>
Subtotal Expenditures	\$875,315

Net Fiscal General Fund Balance	\$209,647
Net Fiscal General Fund Balance without Sales and Use Taxes	\$92,361

Source: City of Newark; Economic & Planning Systems, Inc.



**Economic &
Planning Systems**

Real Estate Economics

Regional Economics

Public Finance

Land Use Policy

SCENARIO 4

AREA 4

AREA 4

DRAFT

Scenario 4, Table B-1

Summary of Proposed Development Project Descriptions, Area 4 Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Persons/ Household	Avg Unit Size (Sq Ft)	Units	Residents (1)
<hr/>				
<u>Market Rate</u>				
3,200 sq. ft. lots	3.00	2,100	211	620
4,000 sq. ft. lots	3.25	2,600	172	548
4,800 sq. ft. lots	3.25	2,800	189	600
6,000 sq. ft. lots	3.50	3,200	24	82
Estate Homes	<u>3.50</u>	<u>4,000</u>	<u>4</u>	<u>15</u>
Total/Average	3.17	2,521	600	1,866

(1) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance, 2009.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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Scenario 4, Table B-2
Summary of Fiscal Impact Analysis, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount
GENERAL FUND	
<u>Total Project General Fund Revenues (1)</u>	
Property Tax	\$852,763
Sales and Use Taxes	\$144,633
Franchise Fees	\$37,044
Property Transfer Tax	\$22,235
VLF and Property Tax In-Lieu of VLF	<u>\$302,627</u>
Subtotal Revenues	\$1,359,303
Subtotal Revenues without Sales and Use Taxes	\$1,214,670
<u>Total Project General Fund Expenditures (1)</u>	
General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Park and Landscape Maintenance Contribution	\$67,959
Street Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990
Net Fiscal General Fund Balance	\$262,313
Net Fiscal General Fund Balance without Sales Taxes	\$117,680

(1) Compares General Fund revenues to General Fund expenditures. General Fund expenditures includes the portion of the Capital Assets - Maintenance Enterprise Fund that is funded through the General Fund.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-3
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor
Revenues			
Property Tax	\$10,026,000	-	15.8% of assessed value
Sales and Use Taxes	\$10,000,000	-	1% of estimated taxable sales
Transient Occupancy Tax	\$3,230,000	-	- not estimated
Franchise Fees	\$2,512,000	-	5% of total receipts
Property Transfer Tax	\$200,000	-	\$0.55 per \$1,000 of value of homes sold
Permits and Licenses	\$942,000	-	- not estimated
Fines, Forfeitures, and Penalties	\$565,000	-	- not estimated
Revenue from Use of Money & Prop	\$1,000,000	-	- not estimated
Vehicle-In-Lieu Tax	\$3,130,000	-	-
Vehicle License Fees		-	\$4 per capita
Property Tax In Lieu of VLF		-	varies, see detailed calculations
Revenue from Other Agencies	\$193,000	-	- not estimated
Charges for Current Services	\$402,300	-	- not estimated
Other Revenue	<u>\$1,430,400</u>	-	- not estimated
Subtotal Revenues	\$33,630,700	-	
Expenditures			
General Government (2)	\$829,800	25%	\$5 per capita
Management/ Support Services (3)	\$3,017,100	25%	\$17 per capita
Police Services	\$13,523,200	90%	\$221,692 per officer
Fire Services	\$9,493,700	90%	\$177 per capita
Community Promotion	\$286,200	25%	\$2 per capita
Library Support (4)	\$57,700	-	- not estimated
Park and Landscape Maintenance Contribution (5)	\$1,603,500	100%	\$36 per capita
Street Maintenance Contribution (6)	\$476,000	100%	\$16,500 per road mile
Street Lighting Contribution (7)	<u>\$346,800</u>	100%	\$8 per capita
Subtotal Expenditures	\$29,634,000		

(1) Percentage of costs that increases with growth, as opposed to fixed costs.

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week. It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance and Other Capital Assets-Maintenance for FY 2008-09. Figures for FY 2007-08 are not available.

(6) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Maintenance for FY 2008-09. Figures from FY 2007-08 are not available.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09. Figures from FY 2007-08 are not available.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-4
Detailed Project Description & Assumptions, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Total	Market Value (1)		Persons/ Household (2)	Occupied HHs (3)	New Population
		per Unit	Total			
Development						
<u>Market Rate</u>						
3,200 sq. ft. lots	211 units	\$790,105	\$166,690,539	3.00	207	620
4,000 sq. ft. lots	172 units	\$902,250	\$155,250,000	3.25	169	548
4,800 sq. ft. lots	189 units	\$983,250	\$185,370,823	3.25	185	600
6,000 sq. ft. lots	24 units	\$1,095,750	\$26,232,419	3.50	23	82
Estate Homes	4 units	<u>\$1,350,000</u>	<u>\$6,059,850</u>	<u>3.50</u>	4	15
Total/Average	600 units	\$899,339	\$539,603,632	3.17	588	1,866

(1) EPS pricing estimates based on 90% of developer estimated of pricing.

(2) Based on data from California Department of Finance, 2008, and adjusted by EPS for unit sizes.

(3) A residential vacancy rate of 2.0% is assumed, which is higher than the actual current vacancy rate of 1.2% according to the California Department of Finance.

Source: City of Newark; California Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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Scenario 4, Table B-5
Description of Typical New Household, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Estimating Factors	Description/Source
Household Income (2008\$)	\$175,696	Based on the Sales Price of the New Homes, and typical income to home price ratio
Typical Utility Bill		
Water	\$30.00 per mo.	EPS
Telephone bill (1)	\$40.00 per mo.	EPS
Electricity Bill	\$75.00 per mo.	EPS
Gas bill	\$50.00 per mo.	EPS
Cable bill (2)	\$55.00 per mo.	EPS
Total per month	\$250.00	
Total per year	\$3,000.00	

(1) Intrastate service only.

(2) Assumes unit receives cable service.

Source: Economic & Planning Systems, Inc.

AREA 4

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Scenario 4, Table B-6
Citywide Demographic Data, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Amount	Sources
Households	13,263	DoF 2009
Housing Units	13,424	DoF 2009
Single Family Housing Units	10,453	DoF 2009
Multi Family Housing Units	2,912	DoF 2009
Population	44,035	DoF 2009
Persons per Household	3.313	DoF 2009
Employment (2010)	20,350	ABAG 2009

Source: California Department of Finance 2009; Association of Bay Area Governments Projections 2009;
Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-7
General Fund 2009/10 and Estimating Factors, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Table Ref.	2009/2010 Budgeted General Fund	Percent Variable Costs (1)	Allocation Factor	Project Total
Revenues					
Property Tax	Scenario 4, Table B-8	\$10,026,000	-	15.8% of assessed value	\$852,763
Sales and Use Taxes	Scenario 4, Table B-9	\$10,000,000	-	1% of estimated taxable sales	\$144,633
Transient Occupancy Tax		\$3,230,000	-	- not estimated	-
Franchise Fees	Scenario 4, Table B-10	\$2,512,000	-	5% of total receipts	\$37,044
Property Transfer Tax	Scenario 4, Table B-8	\$200,000	-	\$0.55 per \$1,000 of value of homes sold	\$22,235
Permits and Licenses		\$942,000	-	- not estimated	-
Fines, Forfeitures, and Penalties		\$565,000	-	- not estimated	-
Revenue from Use of Money & Prop		\$1,000,000	-	- not estimated	-
Vehicle-In-Lieu Tax		\$3,130,000	-		
Vehicle License Fees	Scenario 4, Table B-11		-	\$4 per capita	\$7,946
Property Tax In Lieu of VLF	Scenario 4, Table B-11		-	varies, see detailed calculations	\$294,681
Revenue from Other Agencies		\$193,000	-	- not estimated	-
Charges for Current Services		\$402,300	-	- not estimated	-
Other Revenue		<u>\$1,430,400</u>	-	- not estimated	-
Subtotal Revenues		\$33,630,700			\$1,359,303
Expenditures					
General Government (2)		\$829,800	25%	\$5 per capita	\$8,792
Management/ Support Services (3)		\$3,017,100	25%	\$17 per capita	\$31,967
Police Services	Scenario 4, Table B-12	\$13,523,200	90%	\$221,692 per officer	\$515,822
Fire Services	Scenario 4, Table B-13	\$9,493,700	90%	\$177 per capita	\$330,769
Community Promotion		\$286,200	25%	\$2 per capita	\$3,032
Library Support (4)		\$57,700	-	- not estimated	\$0
Park and Landscape Maintenance Contribution (5)		\$1,603,500	100%	\$36 per capita	\$67,959
Street Maintenance Contribution (6)	Scenario 4, Table B-14	\$476,000	100%	\$16,500 per road mile	\$123,950
Street Lighting Contribution (7)		<u>\$346,800</u>	100%	\$8 per capita	<u>\$14,698</u>
Subtotal Expenditures		\$29,634,000			\$1,096,990

(1) Percentage of costs that increases with growth, as opposed to fixed costs

(2) Includes Mayor-Council, City Attorney, and City Clerk.

(3) Includes management services, personnel services, information systems, and financial services.

(4) Library Support includes the supplemental funding that the City of Newark provides to the County so that the Newark Library is open for an average of 43 hours each week.

It is not expected that this expense will increase with population growth.

(5) General Fund Contribution to Capital Assets Maintenance Fund to support Park Maintenance. Includes General Fund contributions to Other Capital Assets-Maintenance.

(6) General Fund Contribution to Capital Assets Maintenance Fund to support Street Maintenance.

(7) General Fund Contribution to Capital Assets-Maintenance Fund to support Street Lighting for FY 2008-09.

Source: City of Newark Biennial Budget 2008-2010; Economic & Planning Systems, Inc

AREA 4

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Scenario 4, Table B-8
Property Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Assumptions	Project Total
Assessed Value (1)	See Scenario 4, Tat	\$539,603,632
Existing Assessed Value (2)		<u>\$562,500</u>
Net Assessed Value		\$539,041,132
Property Tax Total	1% of AV	\$5,390,411
City Prop. Tax Share	15.8% of Property Tax (3)	\$852,763
Transfer Tax	\$0.55 per \$1,000 value	\$22,235
Turnover Rate (4)	7.5%	

(1) Takes assumed market values shown on Table 2 and applies them to the number of total units.

(2) Per Sobrato Development Corporation.

(3) The city's property tax share is computed based on an average of the tax allocation factors for relevant tax rate areas including 11-003, 11-007, and 11-015.

(4) Assumes that on average, 7.5 percent of the units are sold in a given year based on the midpoint between EPS experience with other new home projects in the Bay Area and the City's actual turnover rate.

Source: City of Newark; Department of Finance; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-9
Sales Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Assumptions	Market Rate
SALES TAX GENERATED FROM NEW HOUSEHOLDS		
<u>Income Assumptions</u>		
Average unit selling price		\$899,339
Mortgage % (1)		80%
Total mortgage amount		\$719,472
Annual mortgage payment (2)		\$57,980
Housing cost/household income		33%
Required household income/unit		\$175,696
<u>Average HH Taxable Retail Exp. (3)</u>		
% of Income (3)		28%
Total amount		\$49,195
<u>Net Exp. Captured by Newark per New HH</u>		
Expenditures per New HH Captured by Newark	50% of taxable exp. (4)	\$24,597
<u>Total New Retail Sales</u>		
	588 households	\$14,463,280
Total Sales Tax Generated From the Project	1% of taxable sales	\$144,633

(1) Assumes 20 percent down payment for market-rate units.

(2) Assumes 7 percent interest rate and 30 year mortgage period.

(3) Based on Bureau of Labor Statistics Consumer Expenditure Survey (2006).

(4) Assumes 50 percent of taxable retail spending by Newark residents is captured by the retailers within the City. This estimate is based on taxable retail sales per capita as reported by the Board of Equalization, average per capita spending on retail based on consumer spending pattern as reported by the Bureau of Labor Statistics, as well as consideration of existing retail in the city.

Source: U.S. Bureau of Labor Statistics; State Board of Equalization; Economic and Planning Systems, Inc.

AREA 4

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Scenario 4, Table B-10
Utility Tax Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058

Item	Project Total
Franchise Fees: (1)	
<u>Cable</u>	5%
Annual Cable Bill Per Home	\$660
Franchise Fee per Home	\$33
Total Cable	\$19,404
<u>Gas & Electric</u>	2%
Annual Gas & Electric Bill Per Home	\$1,500
Franchise Fee per Home	\$30
Total Gas & Electric	\$17,640
Total Franchise Fees	\$37,044

(1) Calculated on cable, gas, and electric services.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-11
Vehicle License Fee Calculation, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Amount
Vehicle License Fee:	
2005-2006 Motor Vehicle in-Lieu Fee Revenue (1) per Capita	\$187,489 \$4.26
Project Population	1,866
Total Vehicle License Fee	\$7,946
Property Tax in-lieu of VLF (2):	
2006-2007 Property Tax in lieu of VLF (Base Value) (2)	\$2,879,156
2006-2007 Assessed Value (Base Value) (3)	\$5,272,146,873
Project Assessed Value at Buildout (4)	\$539,603,632
% Increase in Assessed Value	10.2%
Total Property Tax In-Lieu of VLF (5)	\$294,681

- (1) 2005-2006 Vehicle License Fee (VLF) amount from California State Controller Office.
- (2) Property tax in-lieu of VLF calculation is based on method provided by the Accounting Standards Committee of the California State Association of County Auditors.
The 2006-2007 fiscal year is used as the base year to project the Property Tax in-lieu of VLF, because it is the fiscal year for which the most recent assessed value is available for the City.
- (3) Secured property assessed value in the City of Newark.
(Comprehensive Annual Financial Report, 2007)
- (4) For the purpose of this analysis, the assessed value of the project is equal to the total market value.
- (5) 10.2% of 2007-2008 Property Tax In Lieu of VLF Amount.

Source: City of Newark 2005 CAFR; CA State Controller Office, Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-12
Police Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Officers FY 2009-10 (1)	61
Per 1,000 Population	1.39
Project Population Equivalent	1,866
Total New Officers Required	2.59
Annual General Fund Expenditure per Officer (2)	\$221,692
Variable Expenditure per Officer (3)	\$199,523
Total Cost	\$515,822

(1) Includes officers for both fire and police services.

(2) Estimated from 2005/06 adopted City budget; includes community safety services, fire services, personnel and training services, police services, and special operations.

(3) Assumes 90% of police department expenditures are variable.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-13
Fire Department Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Existing Citywide Contract for Fire Services, FY 2009-10	\$7,804,530
Per Capita	\$177.23
Project Population	1,866
Total Cost	\$330,769

[1] Fire costs are conservatively high as Citywide overhead expenses are spread equally to both new and existing development, which does not presume any economies of scale or fixed cost advantages of providing services to new development. The fire costs are also conservatively high because they do not take account of the service demands of existing non-residential development and their share of City fire costs. On the other hand, the need for a new fire company in the City is unknown at this time. The addition of a new fire company could trigger a larger cost impact. More detailed analysis is required to determine whether or not a new fire company is required.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

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**Scenario 4, Table B-14
Street Maintenance Expenditures, Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item	Number
Area 4, Street Miles [1]	6.3
Maintenance Cost per Mile [2]	\$16,500
Bridge Maintenance [3]	\$20,000
Total Street Maintenance Costs	\$123,950

[1] Street miles provided via e-mail from John Noori to Tim Steele, dated 2/28/10.

[2] Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

[3] Bridge maintenance costs apply to Area 4 only. Maintenance costs provided via e-mail from Terrence Grindall to Teifion Rice-Evans, dated 02/26/10.

Source: City of Newark; Economic & Planning Systems, Inc.

AREA 4

DRAFT

**Scenario 4, Table B-15
Summary of Fiscal Impact Analysis for Area 4
Area 3 and 4 Specific Plan Fiscal Impact Analysis; EPS #16058**

Item

GENERAL FUND

Total Project General Fund Revenues

Property Tax	\$852,763
Sales and Use Taxes	\$144,633
Franchise Fees	\$37,044
Property Transfer Tax	\$22,235
VLF and Property Tax In-Lieu of VLF	<u>\$302,627</u>
Subtotal Revenues	\$1,359,303
Subtotal Revenues without Sales and Use Taxes	\$1,214,670

Total Project General Fund Expenditures

General Government	\$8,792
Management/ Support Services	\$31,967
Police Services	\$515,822
Fire Services	\$330,769
Community Promotion	\$3,032
Library Support	-
Park and Landscape Maintenance	\$67,959
Streets Maintenance Contribution	\$123,950
Street Lighting Contribution	<u>\$14,698</u>
Subtotal Expenditures	\$1,096,990

Net Fiscal General Fund Balance	\$262,313
Net Fiscal General Fund Balance without Sales and Use Taxes	\$117,680

Source: City of Newark; Economic & Planning Systems, Inc.