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Economics Research Associates

Placer County Urban Decay and Fiscal Impact Analysis: Redevelopment of Former Bohemia Lumber Company Site

Prepared for

Placer County Redevelopment Agency
Placer County, California

Submitted by

Economics Research Associates

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388 Market Street Suite 1580
San Francisco, CA 94111
415.956.8152 FAX 415.956.5274 www.econres.com
Los Angeles San Francisco San Diego
Chicago Washington DC London New York

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This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

I. Executive Summary

Economics Research Associates (ERA) has been engaged to examine 1) the potential for urban decay as a result of a proposed redevelopment of the former Bohemia Lumber Company site in the North Auburn Redevelopment Area and 2) the fiscal impact of the proposed project on Placer County's General Fund. We examine 3 scenarios consisting of 155,000 square feet (sf) of retail space for a) a club store with a fueling site, b) a discount supercenter, and c) a home improvement center. For the urban decay study we evaluate each scenario first as a stand alone project assuming no other new retail space is built within the trade area. We then evaluate each scenario by taking into account the relevant retail projects currently under construction and further assuming that all the projects currently under review by the Placer County Planning Department come to fruition.

Table A summarizes the results of the urban decay study. ERA projects total retail demand of approximately $3 billion in 2010; $3.315 billion in 2015; and $3.67 billion in 2020. We also project annual sales of $143 million for a club store, $79 million for a discount supercenter, and $45 million for a home improvement center. In addition to the proposed project, ERA evaluated other retail space currently under construction or review by the Placer County Planning Department, such as the new Home Depot scheduled to open nearby in February 2009, or the Target expansion currently under review. If all the projects under review, not including the development of the Bohemia site, are approved and built, there would be an additional 290,000 sf of retail space, which would generate an additional $100 million in annual sales.

We examined the potential impact of the new retail space on existing businesses by looking at the portion of new demand that is accounted by the sales generated by the all of the new retail space including the Bohemia site. Aggregate annual sales of a club store and all the other projected new retail space, for example, totals $243 million per year. However, by 2015, rising incomes and projected population growth increase overall retail demand by $317 million per year (from $2.998 billion in 2010 to $3.315 billion in 2015). This means that the sales generated by the club store sales and all the other potential new retail space account for 77 percent of new retail demand. It also means that there are $72 million of new demand that could support existing buildings or encourage new business formation. By 2020, the club store and all the other retail space currently in the planning process account for 36 percent of new demand.

While the potential impact of the club store is not significant when looking at aggregate demand there are various retail categories where existing retailers could be negatively impacted by the new retail space. In Table A we look at the projected annual sales as a percentage of new demand for different retail categories. In instances where new retail space sales exceed new demand (e.g. percentage is greater than 100) there is a potential for a shift in sales from existing stores. In the club store scenario, some categories, such as Apparel Stores, General Merchandise & Drug, Food Stores, Furnishings & Appliances, and Building Materials & Farm Equipment could be affected in the medium-run (i.e. through 2015). In the long-run (i.e. by 2020), as incomes continue to increase and population grows, retail in most retail categories continues to increase eventually surpassing sales by the new retail space. However, retailers in the Furnishings & Appliances category could be affected through 2020 as the new store supply continues to exceed new demand through 2020.

The conclusion from the analysis of the club store scenario is that the entry of this store into the market is not likely to cause urban decay as net new overall retail demand greatly exceeds supply by 2015. There are some categories where sales by the new store will be larger than new demand, such as Furnishings & Appliances. In instances, such as this, it is possible that existing retailers will simply be unable to compete with the new project. However, unmet retail demand in other categories means that there are opportunities for new tenants to compete effectively against the new store across other retail categories. Any potential vacancies resulting from the opening of the new store could be occupied by retailers that operate in the categories where demand exceeds supply. The conclusions are similar for the two other scenarios analyzed.

Sales of the discount supercenter, for example, account for only 56 percent of new net retail demand within the trade area by 2015 and 26 percent by 2020. Sales in the new retail space, including the supercenter, are likely to surpass new retail demand in certain categories such as Apparel Stores, General Merchandise & Drug Stores, and Building Materials & Farm Equipment. However, in the long-run, new retail demand is larger than the sales of the new retail projects.

A home improvement center's retail sales (coupled with sales by the new retail space currently under planning review or construction) would account for only 46 percent of new retail demand within the trade area by 2015 and 21 percent by 2020. Not surprisingly, the retail categories most impacted in this scenario, which includes two large home improvement centers, are Furnishings & Appliances, and Building Materials & Farm Equipment. Sales by the new stores are likely to exceed new retail demand in these two categories through 2020. However, the impact to other retail categories is minimal even in the short run.

In addition to analyzing the economic impact on existing retail and the potential for urban decay caused by the proposed development, ERA also examined the impact of the development on the County's general fund. Table B summarizes the fiscal impact of the proposed new project. The new development would increase the operating costs of the County by approximately $50,000 per year. However, a club store would increase revenue in the form of property taxes and sales taxes by approximately $898,000. The analysis concludes that the net fiscal impact of the project on Placer County would be positive. A new club store would add approximately $847,000 of annual net revenue to the County's operating budget. A discount supercenter would add approximately $586,000, and a home improvement center would add approximately $415,000 annual net revenue to the County's operating budget. These numbers, however, represent best case scenarios insofar as they do not account for any potential shifts in sales from existing stores within the county. Table B.1 presents 4 scenarios assuming that various portions of the new store's sales materialize not because of new demand but rather because of shifts in sales from existing stores. In the club store scenario, if 10 percent of its sales are transactions that were previously taking place in other stores within the county, then the net revenue to the County is $809,000 rather than $898,000. The fiscal impact to the County in that case is only $758,000 instead of the $874,000 that is projected in the best case scenario. In the worst case scenario, when 50 percent of the new store's sales come from declining sales at other county outlets, the County's net revenue is only $403,000.

This report is organized into three Sections. Section I is this Executive Summary. Section II presents a description of the project. Section III analyses the potential for the proposed project to create long-term urban decay in Placer County. Section IV details the projected fiscal impact of the proposed project.

II. Description of the Project

The proposed project is located on the former Bohemia Lumber Company site. The site is currently undeveloped, and consists of 18.62 acres located approximately two and one-quarter miles north of the City of Auburn on the east side of Hwy 49 north of Luther Road (Figure 1). The site is bound by Wise Canal on the west, a single family residential neighborhood to the north, Canal Street on the east, and the PG&E Rock Creek Corporation Yard to the south. The site is designated under the General Plan as Commercial and zoned CPD-Dc-AO, Commercial Planned Development-Design Review within the Aircraft Overflight zone.[1]

The project is to be constructed as a single phase retail development consisting of:

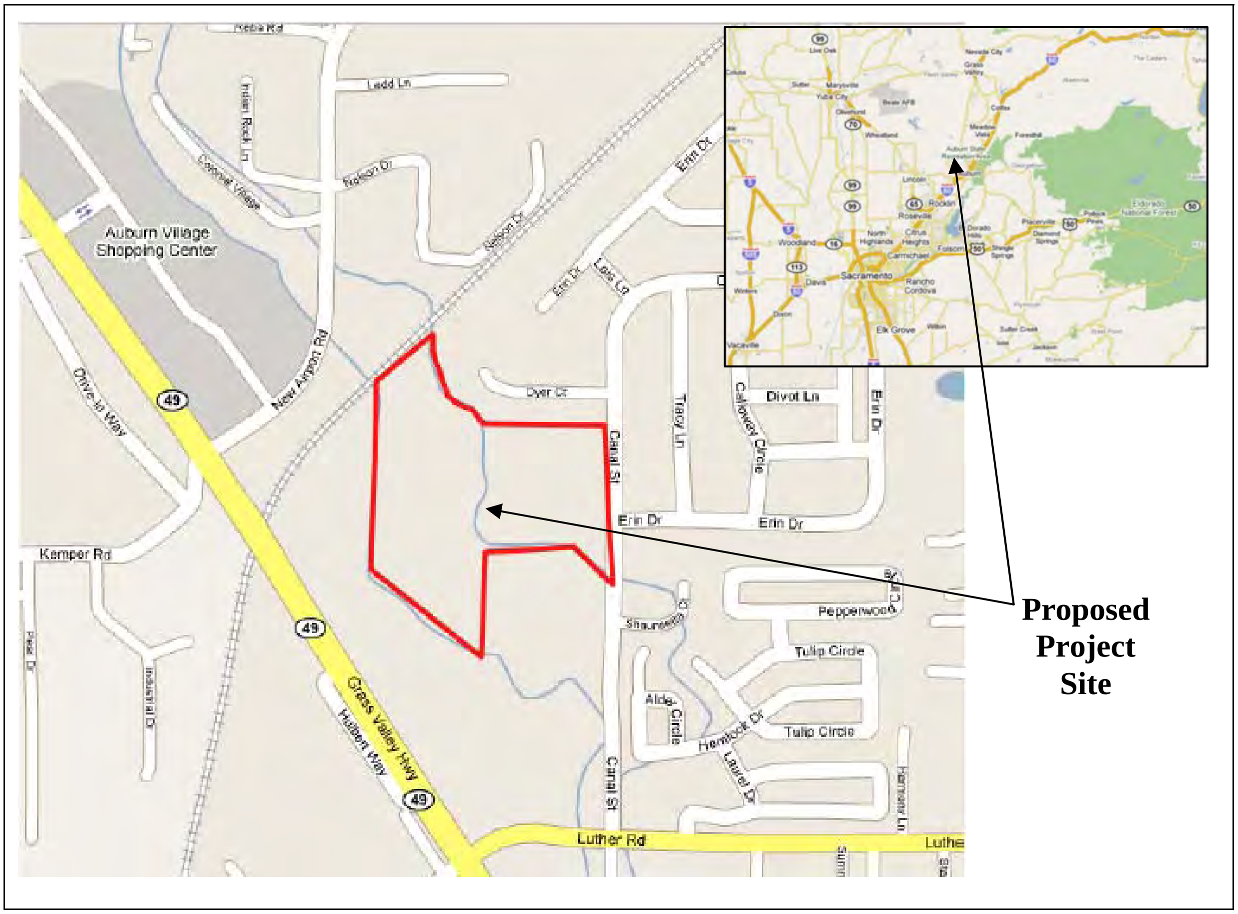
- 155,000 sf of retail space in a single building.
- Fueling site with approximately nine multi-purpose dispenser and underground storage tanks (a mini-mart is not proposed)
- 200 full and part time employees (management and retail positions)
- Hours of operation are anticipated to be from 6 am to 12 am, seven days a week.

A tenant for the building has not been identified. It is possible that the building could contain one or more tenants. The tenant(s) could be selected during or after the improvements to the site. The project site plan also shows an area that could be configured as an outdoor garden center, material storage, or lumber yard as typical of a home improvement retail use.

The project has the potential for a range of retail tenants. The user(s) could be a club store, discount supercenter, home improvement center, or general retailer. Products could vary from those provided at a home improvement center to clothing, electronics, furniture or groceries. A snack bar could be included. A typical feature of a club store is a tire and automotive service center performing minor maintenance duties such as oil and fluid changes. The proposed fueling site would have a typical canopy with a kiosk.

The implications for urban decay and fiscal impacts of the project vary significantly depending on the type of tenant at the site. For the purpose of this analysis ERA analyzed three scenarios. The first scenario assumes that the tenant is a club store, such as Costco. The second scenario assumes the construction of a discount supercenter, complete with a full grocery store, such as Walmart. The third scenario assumes that a home improvement center such as Lowe's is the tenant.

Figure 1 – Proposed Project Site



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1 The site consists of four Assessor's parcels. A small portion of the site, APN 052-102-053 is designated as Industrial and is zoned INP-Dc-AO, Industrial Park-Design Review within the Aircraft Overflight zone.

III. Urban Decay Analysis

Introduction

This document accompanies the urban decay model and is intended to explain ERA's methodology, delineate data sources, and specify ERA's assumptions. Assuming the proposed project is approved and constructed, the assumptions used in our forecast may vary depending on a number of factors that are not addressed herein and cannot be predicted with certainty. These factors include changes in State policy regarding revenue sharing and funding for infrastructure, desired service levels as determined by the County, employee contract negotiations, inflation and real cost increases, the business cycle, and actual population and employment trends. The conclusions reached herein are based upon numerous assumptions, forecasts of future events, and the anticipated actions of public agencies. At all times, a realistic and conservative approach was taken in making necessary assumptions, forecasting future events, and anticipating the actions of involved agencies.

Overview and Methodology

To conduct the urban decay analysis, ERA:

- Established a trade area based on an analysis of existing retailers in the region that are likely to compete with the proposed project for customers.
- Conducted targeted research on population growth, employment, income and demographic trends for Placer County as a whole, Unincorporated Areas of Placer County, and the designated trade area for the project.
- Examined historic taxable sales data in incorporated and unincorporated Placer County and projected a twelve-year (2008-2020) baseline forecast of the trade area retail sales growth by industry category.
- Estimated per capita retail sales in the trade area to estimate new retail demand in the trade area by major retail category.
- Using industry averages for store performance, estimated future sales for the proposed store by major category over a ten-year period. Future sales are estimated for three types of stores: club store, discount supercenter, and home improvement center.

- Compared the net new retail volume created by the proposed development to net new retail demand for 2010 to 2020 in order to determine the likelihood that the project would create urban decay or blight.

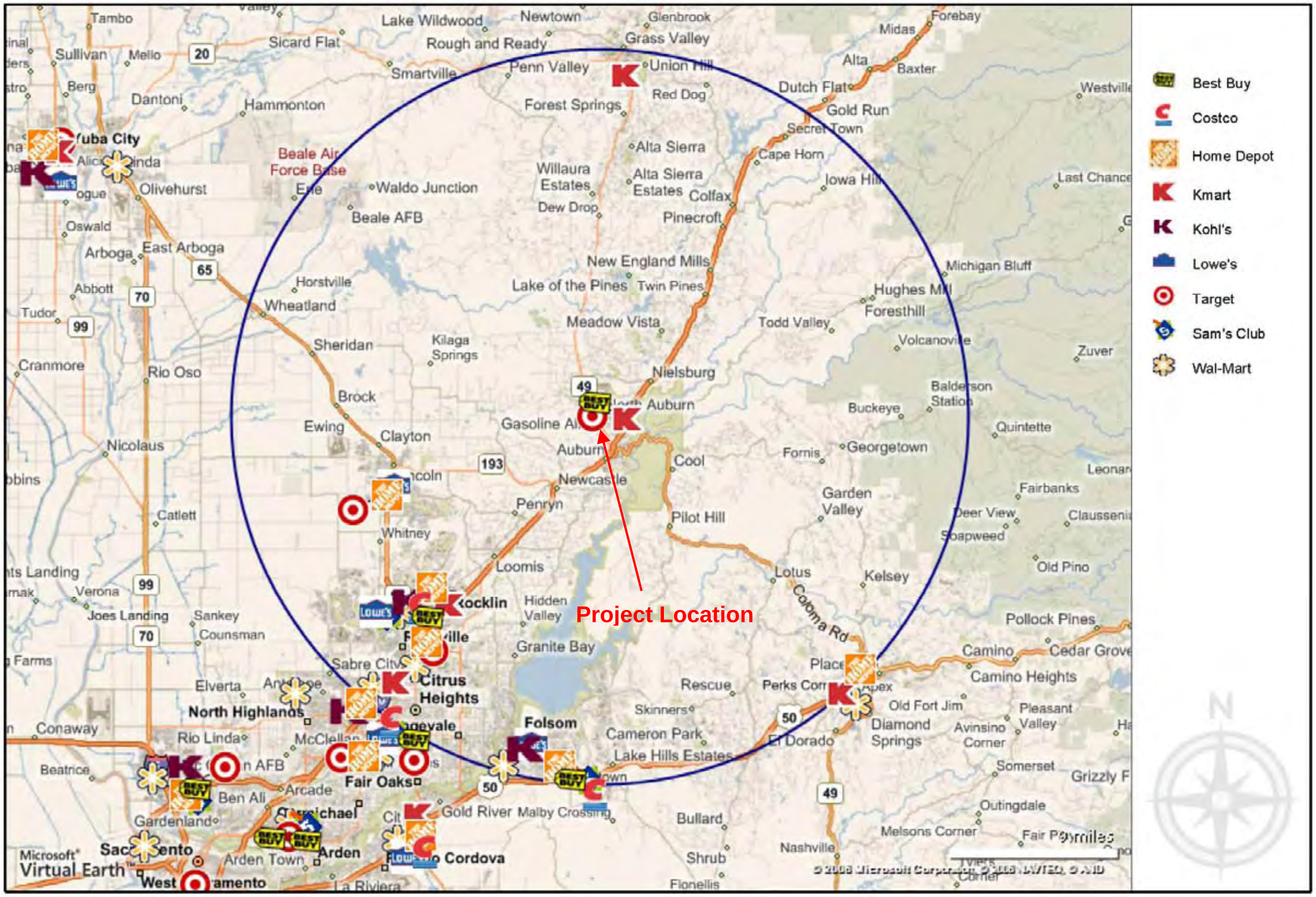
- Determined the net sales impact of the proposed store on retail sales in the area by major retail category over the twelve-year period.

Retail Trade Area Profile

ERA determined a trade area based on an analysis of existing retailers in the region that are likely to compete with the proposed project for customers. To define this area we first identified retail clusters composed primarily of retailers such as Walmart, Costco, Sam's Club, Target, Kohl's, Kmart and other large-floor plate retailers such as Home Depot and Best Buy within 40 miles from the proposed site (Figure 2). With the exception of the retail area around Rock Creek Plaza, which houses Kmart, Best Buy, and Target, and which is located approximately one mile north of the site, most big box retailers are located outside a ten-mile radius from the site. The majority of these clusters are to the southwest of the site in Rocklin and Roseville. There are also clusters in Yuba City to the northwest, and Placerville and Folsom to the south and southeast.

To define the trade area, we split the distance between those sites and the project to create the boundaries to the south, west, and northwest (Figure 3). The northeast boundary line is defined by a 40-mile ring centered at the site. The trade area encompasses Auburn, Colfax, and unincorporated areas of Placer County such as Foresthill, Meadow Vista, and North Auburn. It also includes Grass Valley, Nevada City and unincorporated areas of Nevada County such as Alta Sierra, Penn Valley, and Lake Wildwood. The proposed store will capture sales mostly from Auburn, North Auburn and the portion of Nevada County that is not served by Yuba City's retail.

Figure 2 – Big-Box Retail Centers



Note: Blue ring has a 20-mile radius from the location of the proposed project.
Source: Costar. Logos are displayed to depict store locations only and are the property of their respective owners.

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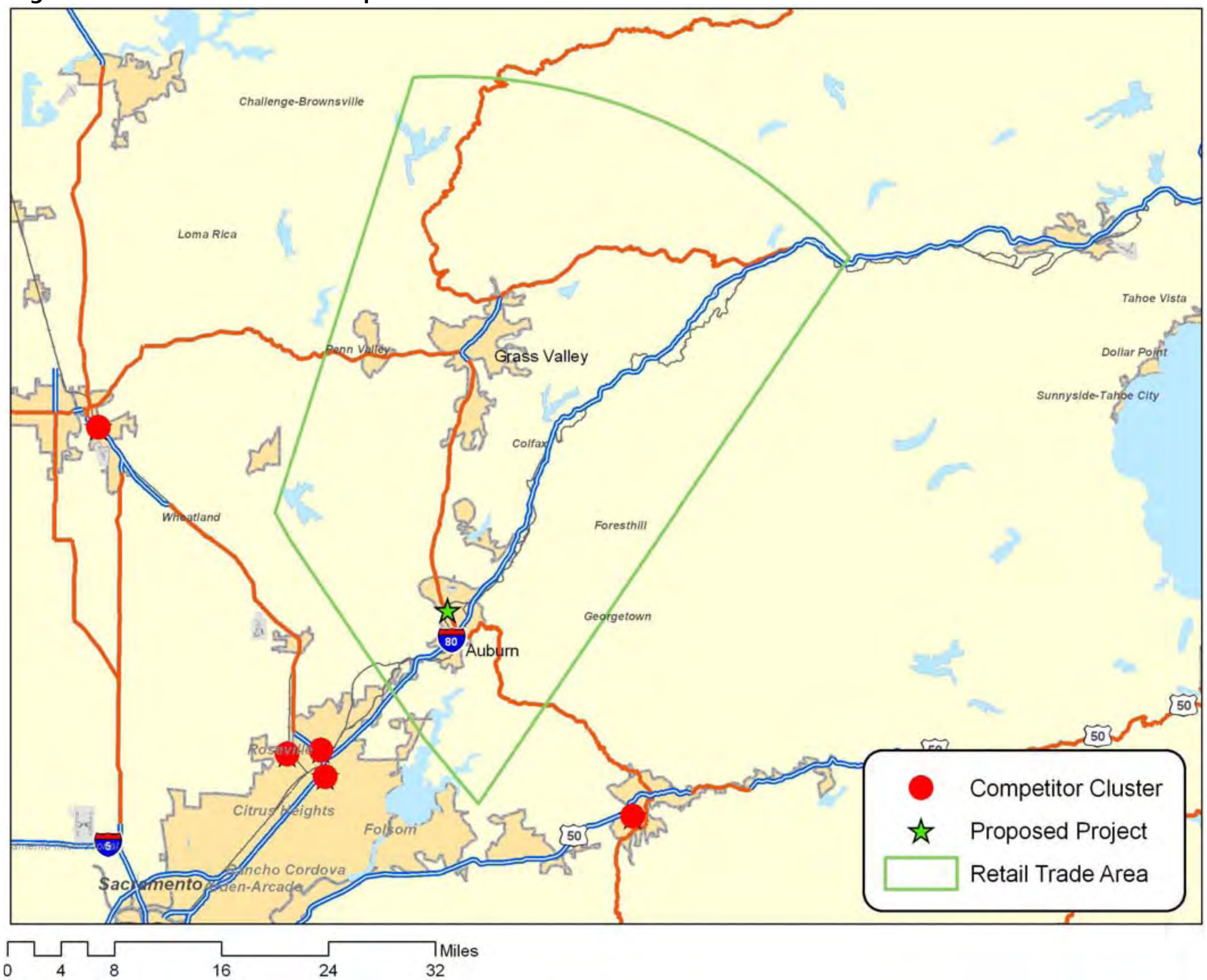
Figure 3 – Retail Trade Area Map



Source: ESRI Business Analyst, Economics Research Associates

Existing Retail Analysis

The trade area described above has approximately 3.4 million square feet of retail. Vacancy rates are currently at 6 percent and they have fluctuated between 3 and 7 percent for the past 5 years (Figure 4). The vacancy rate in the trade area has been 100 to 200 basis points lower than the national average, and the average for the tri-county area of El Dorado, Placer, and Nevada Counties. Average rental rates have hovered around $25 per square foot per year for the past year after a steady increase from $15 per square foot in 2005. Average Rental Rates are above the national average, but slightly below the tri-county average (Figure 5). These statistics reveal a relatively healthy retail market within the trade area. Discussions with commercial/retail brokers support this conclusion. Even with the current economic slowdown, the retail sector in the trade area was performing relatively well judging by the low vacancy rates and solid absorption and rental rates.

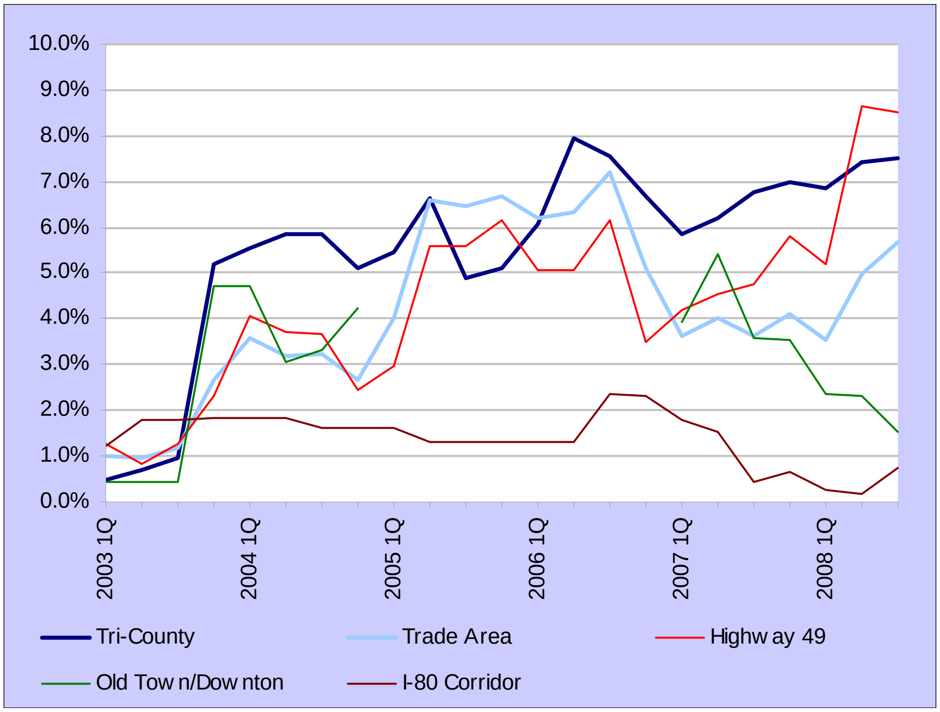
To better understand the vitality and performance of the retail area and stores potentially impacted by the proposed development, ERA assessed the current and recent changes in performance of the areas likely to be impacted using information from Costar. Retail in the trade area is concentrated in Auburn and along the I-80 corridor. To the north, the City of Grass Valley is another large retail area. For the purposes of this study ERA focused on the retail areas within Placer County. The trade area consists of three distinct retail areas described below.

Highway 49 Corridor. Retail in this area is clustered around Highway 49, but also includes other areas north of I-80. Retail in this area consists mostly of stores located in neighborhood shopping centers or as stand alone buildings. It is characterized by large supermarkets, Auto Dealers, Auto Repair and Service, and the area’s largest retailers (in sf) such as Kmart, Target, Gottschalks, Best Buy and Staples. The area has approximately 1.66 million square feet of retail development. The vacancy rate is 8 percent which is higher than the average for the three counties. However, neighborhood shopping centers tend to have a higher vacancy rate than other types of retail and this area has a high concentration of neighborhood shopping centers. Rental rates in this area average $28 per square foot which is slightly higher than the rest of the trade area and the three-county average.

Old Town/Downtown Auburn. Retail in this area is clustered around Old Town Auburn and Lincoln Way and High Street (Downtown). This sub-area could be divided into two separate areas given that Old Town Auburn retail is primarily tourist driven, where as downtown is more locally driven. Retail in the downtown area is composed primarily of street level retail, such as independent stores, specialty shops, and dining and entertainment establishments. The area has approximately 525,000 sf of retail space. Vacancy in this area fluctuates widely, but it has overall trended with the rest of the trade area. Vacancy rates currently stand at 2 percent. Rental rates average $18 per square foot per year; below the regional average.

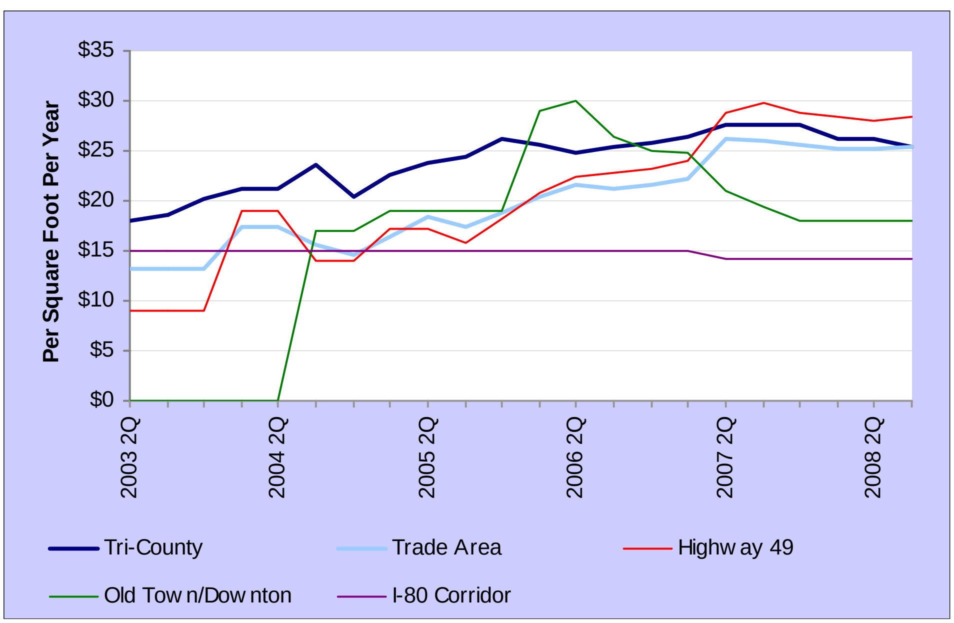
I-80 Corridor. This area extends along I-80 from Foresthill Road in Auburn to Colfax. Most of the retail in this area caters to traveler needs (e.g. Service Stations, Hotels, etc.). However, there are also some specialty shops in retail centers off Highway 80, such as Main Street, and Railroad Avenue in Colfax. There is also some neighborhood retail in Meadow Vista. In terms of vacancy, this is one of the most robust retail areas with vacancy currently at 1 percent (it has remained below 2 percent for the past 5 years). However, rents have been relatively low at an average of approximately $15 per square foot per year for the past 5 years.

Figure 4 – Trade Area Vacancy Rates



Source: Costar

Figure 5 – Trade Area Average Rental Rates (Triple Net)



Source: Costar

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Competitive Projects

In addition to the retail space described above, there are three retail projects being reviewed by Placer County which, if approved and completed, will significantly increase the amount of retail space in the area.

- Auburn Creekside Center is a proposed neighborhood center currently undergoing environmental review (preparation of the Administrative Draft Environmental Impact Report is expected in late-Spring/early-Summer of 2009). This project is located in North Auburn just north of the Target Store, approximately 1 mile away from the Bohemia Lumber site. The development will be phased and will ultimately consist of approximately 93,000 sf of new retail space and parking for 321 vehicles. Potential tenants have not yet been identified. Retail spaces range in size from 7,200 sf to 27,000 sf (with the possibility of as much as a 53,000 sf space). Given the space sizes, tenants are likely to be a supermarket, drugstore and medium size retailers. An optimistic timeline for this project is 3 years.

- The existing Target is planning an extension of 42,566 sf to their existing retail space and increasing the number of parking spaces at the site. The project is pending environmental review mostly related to traffic issues. Despite the current economic situation, this project continues to move forward even while Target is putting construction of new stores elsewhere on hold. A best case scenario for the completion of the project is 2010/11.

- Phase I of the Plaza at 1900 Grass Valley Road was recently completed. Approximately 74,000 sf of new retail was completed during this phase. This project is located directly adjacent to the proposed project. Some of the spaces are already occupied by retailers such as a realty company, a mattress store and a cellular service store as well as chain restaurants such as Little Caesar's and Quizno's. Approximately 40,000 sf remain vacant, but up to 22,400 sf are under lease negotiations and likely to be leased in the coming months to a national grocer and a pet supply store. An Additional 26,700 sf of retail will be added during phase II of the project. Phase II could be completed in less than two years, but the current economic situation could delay it.

In addition to these three projects, a Home Depot is scheduled to open a store in February 2009. The store is located at 11755 Willow Creek Drive, approximately 1 mile north of the site. The new store has 104,000 sf of indoor retail space and 24,000 sf of outdoor retail and storage.

These four projects combined would add approximately 290,000 sf of retail. Only the space for the Home Depot is currently under construction. Under the best case scenario the remainder of the additional space would come on the market by 2012. Despite the uncertainty of these projects the potential impact of having this additional retail space competing for consumer demand is analyzed below along with the proposed project.

There is a fifth project, Placer Vineyards, which will add 600,000 of retail space including restaurants with 3,000 parking spaces. However, given the location of the project (west of Roseville), this project is unlikely to have a significant impact on the retail capacity of the trade area. Placer Vineyards is more likely to affect areas such as Citrus Heights, Roseville, and Rocklin. Also, the proposed retail will serve the residential units that are being created as part of the project. Moreover, the future of the project is uncertain, given the state of the real estate market and the scrutiny the project has received.

Smaller projects, which incorporate retail space, that are currently under review by the Planning Department include a discount tire company (6,800 sf) in North Auburn, Dry Creek Industrial Park near the Auburn airport, and The Village at Horseshoe Bar, a small commercial village consisting of three buildings that would consist of a neighborhood market, a restaurant and specialty retail space. We do not believe that they significantly alter our analysis of the impacts associated with the development of the former Bohemia Lumber site.

Demographic and Economic Trends

ERA examined and projected population and household trends and economic conditions in the region to estimate future retail demand in the retail trade area.

Regional Population and Household Trends

The California Department of Finance (DOF) estimates the population of Placer County to be approximately 333,401 in 2008. The population of Placer County nearly doubled between 1990 and 2008. The bulk of this growth concentrated in the southwest portion of the County in cities such as Rocklin, Roseville, and Lincoln which account for more than two-thirds of the County's population.

Population growth in central and northeast Placer County, including Auburn and Unincorporated Placer County, has been lower than the rest of the County. Population growth accelerated slightly from 2000 to 2008 for the County as a whole, compared to the previous decade. DOF population projections predict slower growth, continuing at a steady 2.1 percent per year through year 2020, adding an additional 95,000 residents between 2008 and 2020. Between 2020 and 2030 Placer County is expected to grow at 1.8 percent per year adding an additional 83,000 residents.

Household incomes in Placer County are expected to continue to rise through 2012. Median Household Income is expected to increase from $75,229 in 2007 to $88,176 in 2012 (Table 4). In 1990, almost 50 percent of households in Placer County earned between $15,000 and $49,999 and 32 percent had incomes between $50,000 and $150,000 (Table 2). By 2012, the proportion of households in the $15,000 to $49,000 income range is expected to decline to 19 percent. At the same time the proportion of households in the $50,000 to $150,000 income range will increase to 53 percent by 2012. From 1990 to 2000, the proportion of households earning more than $150,000 increased from two percent to eight percent. This trend is expected to continue as the proportion of households in this income range will more than double between the year 2000 and 2012 from eight percent to 22 percent.

Trade Area Population Trends

ERA estimates that just over 166,000 residents live within the proposed store retail trade area (Table 3). The trade area is composed of segments from Placer, Nevada, El Dorado, Yuba, and Sierra Counties. The bulk of the population in the trade area is concentrated in Placer and Nevada County; in the Cities of Auburn and Grass Valley more specifically. Population growth in the trade area has lagged behind the rest of the County. This is partly due to two reasons. As previously mentioned, population growth in Placer County has been largely driven by growth in Rocklin, Roseville, and Lincoln. Also, the trade area includes parts of Nevada, El Dorado, Yuba, and Sierra Counties, which have been growing at a much slower pace than Placer County. Growth is expected to accelerate slightly between 2007 and 2012. During that period the trade area will add more than 15,000 new residents. The bulk of those new residents will settle in the Placer County portion of the trade area.

Median household income is lower in the trade area than Placer County as a whole. In 2007, the median household income in the trade area was $56,316 compared to $75,229 for Placer County (Table 4). During 2000-2007, median household income grew faster in Placer County than in the trade area. This will continue to hold during the 2007-2012 period. However, growth will accelerate in the trade area and it will slow down slightly in the County as a whole. Moreover, within the trade area, the proportion of households earning between $15,000 and $49,999 will decline from 34 percent to 29 percent between 2007 and 2012, while the proportion of households in the $50,000 to $149,999 income range is expected to increase from 48 percent to 52 percent during the same period.

The median age of the population in the trade area is 47 years old. The median age has increased from 44 in the year 2000 and is projected to increase to 48 in the year 2012. By comparison the median age in Placer County as a whole is 39 years old and is expected to remain the same through the year 2012.

Net Sales Impact on Trade Area

The population trends described above will drive future retail demand. The impact of the development on net sales in the trade area, in turn, will depend on whether projected retail demand can support the retail sales volume expected at the new store. ERA has identified, by major retail category, the expected short term and long term retail demand for the trade area as well as the expected sales volume for the store. The retail categories analyzed are based on the California Board of Equalization retail categories. A detailed description of each category is presented in Table 7. To project retail demand we use the population trends discussed above as well as taxable sales trends discussed below.

Historic Per Capita Taxable Sales Trends

Historic per capita taxable retail sales in Placer County are presented in Table 8. Per capita retail sales in Placer County have increased at a compounded annual rate of 4.3 percent from 2000 to 2006.[2] By comparison, during the same period, per capita taxable retail sales increased at a compounded annual rate of 3.8 percent. The largest retail categories in the County are Auto Dealers and Supplies and Other Retail Stores. By far the fastest growing retail category was Service Stations. This was probably due to the dramatic increase in fuel prices. The slowest growing categories have been Food Stores and General Merchandise & Drug stores. These trends largely reflect the trends at the state level.

While County data is helpful to identify trends across time, they are not particularly helpful in projecting future retail sales demand in the trade area because the population of Placer County as a whole appears to be slightly wealthier than those living in the trade area (Tables 2 and 4). To estimate per capita retail expenditures in the trade area ERA examined per capita expenditures in the largest jurisdictions included in the trade area: Auburn, Grass Valley and Unincorporated Placer County. The City of Auburn accounts for approximately 8 percent, Grass Valley 7.8 percent, and Unincorporated Placer County for 37 percent of the trade area population. In Table 9, ERA calculated the trade area per capita retail expenditures based on the weighted average expenditures in those three jurisdictions.

Per capita expenditures in the trade area are lower than per capita expenditures in Placer County. The biggest differences are in the categories of Apparel Stores, General Merchandise & Drug, Food Stores, and Furnishings & Appliances where per capita expenditures in the trade area are roughly half of what they are at the County level. Lower expenditures in the trade area can be attributed to two factors: lower income per capita and leakage of expenditures to nearby areas such as Rocklin and Roseville. As shown on Tables 2 and 4, incomes tend to be lower in the trade area. Figure 2 illustrates a high concentration of large floor retailers in the Rocklin/Roseville area which may attract expenditures away from the trade area which affects our calculations of per capita expenditures.

Future Retail Demand

Since the project is so early in the planning process and it is not expected to come on line earlier than 2010, ERA adjusted 2006 per capita retail sales in the trade area to reflect 2010 levels. As shown in Table 11, the total per capita retail sales are estimated at approximately $17,100 in 2010. ERA then applied this number to the estimated population of the trade area to determine total retail sales demand by retail category in 2010, 2015 and 2020. A real income adjustment of 0.2 percent was assumed through 2012 and 0.3 percent thereafter.[3]

ERA estimates that per capita retail demand will grow to $17,320 in 2015, and $17,590 in 2020. Total retail demand is projected to grow from $3 billion in 2010 to $3.3 billion in 2015 and $3.7 billion in 2020.

Net New Retail Demand

ERA compared the projected annual retail sales in 2015 and 2020 with estimated retail sales demand in 2010 to calculate the net new sales demand in the trade area. The results are shown by major

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[2] Taxable sales are reported in nominal terms. During the 2000-2006, inflation averaged 2.8 percent. This means that, in real terms, taxable per capita sales increased approximately 1.5 percent.

retail category in Table 10. Total new retail sales demand of over $317 million are expected by 2015 and more than $675 million by 2020. New retail sales demand for General Merchandise & Drugs will increase by $24 million by 2015 and almost $51 million by 2020. Demand for Food Stores will increase by almost $67 million by 2015 and $143 million by 2020.

Table 11 presents annual projections for retail demand in the trade area. These projections are presented in 2010 dollars but assume a 0.2 percent real income increase during the first two years of the projections and 0.3 percent thereafter.

Estimated Future Retail Sales Volume

In order to estimate the potential impact of the project it is first necessary to understand the likely sales volume of the proposed development. The project description assumes that the store will have 155,000 sf of retail and an auxiliary service station, but a tenant has not been identified. The potential for urban decay and fiscal impacts of the project vary significantly depending on the type of tenant at the site. For the purpose of this analysis we analyze three scenarios.

The first scenario assumes that the tenant is a club store, such as Costco. For this scenario we have assumed a project with 155,000 sf of retail space and a service station. The average size of Costco stores is 142,000 sf, but newer stores tend to be larger. Costco's national average sales per square foot are $926. We assume that per square foot sales at this location are the same as the national average.

The second scenario assumes the construction of a discount supercenter, such as a Walmart supercenter. Supercenters stock everything a regular Wal-Mart discount store does, but also includes a full-service supermarket. Some Walmart supercenters also have a garden center, pet shop, pharmacy, tire & lube express, optical center, one-hour photo processing lab, portrait studio, and numerous alcove shops, such as cellular phone stores, hair and nail salons, and video rental stores. Walmart supercenters range in size between 98,000 sf and 246,000 sf. The average supercenter is 187,000 sf. We assume that this store is 155,000 sf. ERA assumes that the Supercenters' average sales per square foot are $513.[4]

[3] This is a conservative estimate given that during the 2000-2006 period, taxable sales increased (in real terms) approximately 0.3 percent per year.
[4] HHC Publishing reports that average annual per-store sales of $96 million. The average supercenter is 187,000 square feet. http://www.warehouseclubfocus.com/supercenter_industry.php. Accessed December 15, 2008.

The third scenario assumes that a home improvement center such as Lowe's is the tenant. We assume that the retail area is 155,000 sf. The national average store size is 113,000 sf, and the last two Lowe's stores that opened in California were 117,000 sf in size. Lowe's national average sales per square foot are $294.

The assumptions for net annual sales per square foot and product mix for each of the three types of stores is presented in Table 12. These statistics are based on each company's most recent financial statements.

Comparison of Net New Demand to Sales Volume and Potential for Urban Decay

To determine the potential for the proposed development to cause long-term urban decay, ERA compared the projected new retail sales demand with the expected new sales volume created by the new store.

Explanation of Relationship between Demand and Supply and Urban Decay

In a situation where supply exceeds demand, there is a potential for urban decay as a result of business closures, depending upon the relative strength of other retail stores and store sites. However, if demand exceeds supply, there should be sufficient retail spending such that any business closure would only result in a temporary vacancy. While the introduction of a strong retail competitor could accelerate the decline of already marginal businesses, in an environment where retail demand exceeds supply, any vacancies could be absorbed with new businesses or expansions of existing businesses.

To illustrate further, if the supply of retail was considerably greater than the demand, the less competitive shopping centers in weaker locations in the region will have difficulty attracting retail tenants. Over time, landlords may not be able to afford the upkeep in these buildings, resulting in urban decay.

In the case of Placer County, as will be shown below, rising incomes and increasing population mean that there is demand for additional retail space. Any space vacated by marginal retail as a result of

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Wal-Mart's 2007 10-K report average store sales of $421. However, this figure includes supercenters, discount centers, and neighborhood markets. According to *Retail Merchandiser*, supercenters' sales are 20 to 25 percent higher than regular discount stores. http://www.allbusiness.com/retail-trade/4300811-1.html. Accessed December 15, 2008.

more efficient competition will be occupied by newer tenants able to compete in the new environment. Thus, while the introduction of a strong new retail store may result in some closures, in an environment where retail demand exceeds retail supply, the closure of a store is unlikely to result in urban decay.

New Retail Demand versus Projected New Store Sales

Club Store Scenario

Retail sales for the club store for the next 10 years are projected in Table 13A. ERA estimates that a club store will generate $143 million in annual sales. The potential impact on existing retailers is presented in Tables 13B and 13C. As shown in Table 13B, the new sales volume created by the club store exceeds the projected demand increase for Apparel Stores, General Merchandise & Drugs, and Furnishing & Appliances by 2015. However, by 2020, new demand in the trade area for those categories increases well above the club store's projected sales. Furnishings & Appliances are the only category where sales by the club store continue to exceed new demand through 2020. For all other categories affected by the club store's sales volume will be less than projected new demand in all individual categories in the medium and long run.

Table 13C shows the potential impact to other retailers by looking at residual demand. Residual demand is measured as total demand minus the club store sales. Residual demand represents the demand that is potentially available to other retailers in the area. In the bottom portion of the table, ERA calculated residual demand as a percentage of total demand in 2010 to have a better understanding of how long it would take for demand growth to offset the impact of the club store's sales. If the percentage is below 100 percent, then there is potential for urban decay as existing businesses could face lower sales. When the percentage is above 100, it means that residual demand is higher than what it was before arrival of the club store. Table 13C shows that sales for Apparel Stores, General Merchandise & Drug, Eating & Drinking Places, Service Stations and Other Retail Stores could be affected by the club store during the first three to five years. However, sales for those categories recover after that period. The most significant impact is likely to accrue to retailers in the Furnishings & Appliances category in the trade area as the club store sales are likely to exceed new demand in this category through 2020.

Despite the impacts to retailers in specific retail categories, for the economy of the trade area as a whole the impact of the club store is offset by growth in new demand. In the medium term (2015), the club store sales will represent 49 percent of new retail sales demand in the product categories likely to be impacted by its presence. That means that even after accounting for the additional club store sales of $143 million there are $150 million in new demand to support new or existing businesses within the affected retail categories. By 2020, the club store accounts for only 23 percent of new retail sales demand.

Discount Supercenter

Retail sales for the discount supercenter for the next 10 years are projected in Table 14A. ERA estimates that a discount supercenter will generate almost $80 million in annual sales. The potential impact on existing retailers is presented in Tables 14B and 14C. As shown in Table 14B, the new sales volume created by the discount supercenter exceeds the projected new demand increase for Apparel Stores and Furnishings & Appliances by 2015. However, by 2020, new demand in the trade area for those categories increases well above the discount supercenter's projected sales. For all other categories impacted, the discount supercenter's sales volume will be less than projected new demand in all individual categories in the medium and long run.

Table 14C shows the potential impact to other retailers by looking at residual demand. Sales of Apparel Stores, General Merchandise & Drug, Food Stores, Furnishings and Appliances, Auto Dealers & Supplies, and Other Retail Stores are impacted by the discount supercenter during the first three to five years. However, residual demand in those categories is greater than baseline demand after 2015, except for residual demand for Apparel Stores and Furnishings & Appliances. Sales in other categories such as Eating & Drinking Places, Building Materials & Farm Equipment, and Auto Dealers and Supplies are not significantly affected by the store and continue to grow significantly providing opportunities for other business to enter the market or for existing businesses to expand.

In the medium term (2015), the discount supercenter's sales will represent only 35 percent of new retail sales demand in the product categories likely to be impacted by its presence (Table 14B). By 2020, the discount supercenter accounts for only 17 percent of new retail sales demand in the retail categories likely to be impacted by the store.

Home Improvement Center

A new home improvement center would generate approximately $45 million in retail sales per year. Retail sales for the home improvement center for the next 10 years are projected in Table 15A. A home improvement center would affect only three major retail categories: Furnishings & Appliances, Building Materials & Farm Equipment, and Other Retail Stores. Table 15C shows the impact of the home improvement center on regional sales for these categories. The impact is likely to be short-lived as residual demand recovers to baseline levels by 2013 for all three categories. Not only is the impact to individual categories short-lived, but also new demand for all retail categories exceeds sales by the home improvement center after year one.

Additional Retail Space

The Planning Department is currently reviewing retail projects in the area, which if approved will increase retail space within the trade area by approximately 290,000 sf. This includes 42,000 sf for the proposed Target expansion, 93,000 sf for the proposed Creekside project, 26,700 sf additional retail space at the Plaza, and 128,000 sf for the new Home Depot opening in early 2009. In the analysis, ERA has accounted for the additional retail sales likely to be generated by those projects. We assume that the proposed Target expansion and the Creekside and Plaza projects will not be completed until early 2012. ERA also assumes national average sales per square foot for Target and Home Depot, and neighborhood shopping centers in the western United States. The distribution of sales across retail categories for Target and Home Depot is based on patterns at existing stores nationwide. The retail mix for neighborhood shopping center space is assumed to replicate the current distribution of sales in the City of Auburn excluding Auto Dealers & Supplies and Services stations.[5]

Based on these assumptions, these projects will add approximately $45 million in annual sales during the first two years and $100 million thereafter (Table 16A). We examine the potential impact to existing retailers by looking at residual demand in Table 16C. Furnishings & Appliances and Building Materials & Farm Equipment are the categories more likely to be affected by the new retail space if it were approved. Residual demand in these retail categories remains below baseline levels through 2016. However, growth in other retail categories offsets declines in sales in the impacted categories. After 2016, residual demand is higher than the baseline year total demand for all the retail categories.

Three Scenarios + Additional Retail Space under Review or Construction

Table 17 also shows the combined effect of the different alternatives for the proposed site combined with the effect of the additional retail space under planning review or under construction. The results are detailed below:

[5] None of the proposed projects includes retail space for these types of products.

- When the additional retail space under review/construction is considered along with a potential new club store, the aggregate sales of the new retail space exceed new demand for all of the retail categories upon completion. However, by 2014, residual demand exceeds baseline demand in the retail categories of Eating & Drinking Places, Auto Dealers & Supplies, Service Stations, and Other Retail Stores. The categories of General Merchandise & Drug and Bldg. Materials & Farm Equipment return to baseline levels by 2017. The most significant impact on sales is for Furnishings & Appliances retailers where residual demand remains below baseline demand through 2020. This category is the most likely to be affected by the opening of a club store as well as all the new retail space currently under review/construction.

  However as indicated earlier, while the introduction of new retail space occupied by strong retail competitors could accelerate the decline of already marginal businesses, in an environment where retail demand exceeds supply, any vacancies can be absorbed with new businesses or expansions of existing businesses. Table A shows that by 2015 the sales of a new club store, the Target expansion, 119,000 sf of neighborhood shopping center space, and a new Home Depot represent only 77 percent of the projected new retail demand. That means that if the $243 million in sales by the new retailers is absorbed by new demand, there are still $74 million of unmet new demand that could be absorbed by new or existing retailers in the trade area.

- The impact on sales is larger and lasts longer when the discount supercenter and other new retail space are accounted for than the stand alone scenario for the discount supercenter. Existing businesses in the categories of General Merchandise & Drug, Food Stores, Building Materials & Farm Equipment, and Other Retail Stores could potentially experience lower sales during the first to fourth year. The impact on Apparel Stores and Furnishings & Appliances lasts through 2018 and 2020 respectively. However, after 2012 residual demand for all the retail categories is higher than the base year representing a potential for expansion of existing business or entry of new businesses in the categories not affected by the discount supercenter and the rest of the proposed new projects.

- Not surprisingly, the impact of the new projects under review/construction and a new home improvement center is concentrated on Furnishings & Appliances and Building Materials & Farm Equipment. A Home Depot and Lowe's would affect residual demand in those two categories through 2020. The only two other categories that are likely to be affected are

Apparel Stores and Other Retail Stores, but the impact is likely to be small. After 2013, residual demand for all the retail categories, except Furnishings & Appliances and Building Materials & Farm Equipment, is higher than the base year representing a potential for expansion of existing businesses or entry of new businesses in the categories not affected by the proposed new projects.

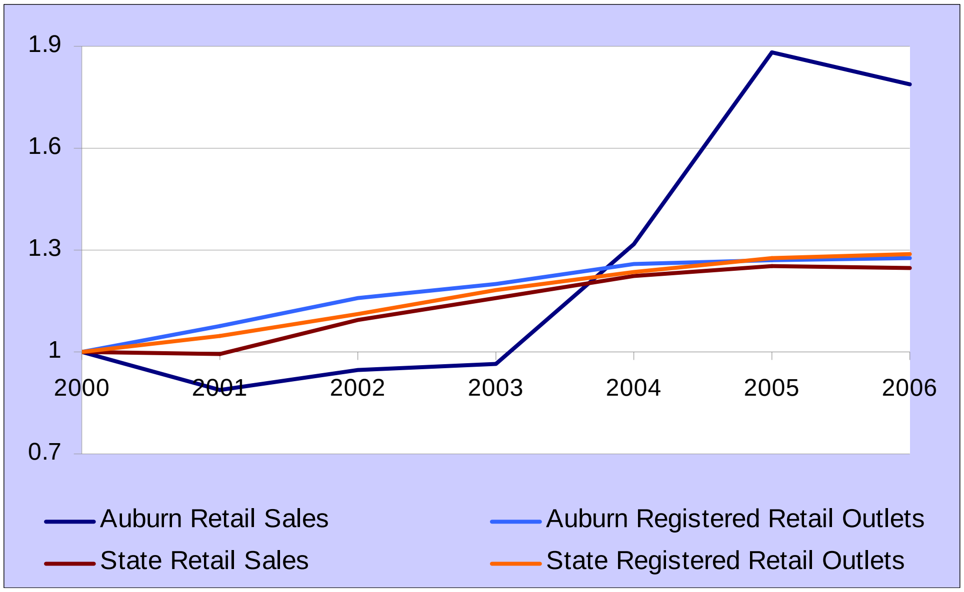
Effects of shifts in spending on the potential for urban decay

ERA's analysis indicates that, at least in the medium- and long-run, growth in market demand will exceed the increase in sales associated with the project. Nevertheless, there are a few retail categories, where in the short-run the projected sales exceed new market demand thereby indicating a potential for a shift in spending from existing outlets. Given the diversity of retail in the trade area, it is unlikely that the full impact of the project would be absorbed in a particular location. Any potential shift in spending from existing establishments is likely to be spread among a variety of outlets, such as supermarkets, drug stores, clothing stores, hardware stores, bookstores, home furnishings, etc. We have identified broadly which retail categories are likely to be impacted by the development of the site, but it is impossible to ascertain which particular businesses will be affected by the proposed project. It is also impossible to establish what magnitude in spending shifts is likely to lead to urban decay.

We can examine historical data on sales and number of registered businesses to shed some light on the likelihood that shifts in spending from existing businesses would lead to urban decay. Retail sales data for the City of Auburn, which accounts for a large share of retail in the trade area, shows a decline in sales between 2000 and 2001 associated with the nationwide economic slow down. Figure 6 details this decline. Statewide retail sales and retail sales in the City of Auburn are shown as a ratio of 2001 retail sales.[6] Figure 6 also includes the number of registered retail outlets in the State of California and the City of Auburn. While retail sales declined across the state by 1 percent between 2000 and 2001, the decline was more severe in the City of Auburn where retail sales declined by 12 percent. The impact on sales was also more extended in the City of Auburn, where sales did not recover until 2004. However, even during this prolonged period of sales declines, the number of operating retail businesses continued to increase surpassing even the statewide pace of growth. This highlights the resilience, at least in the short term, of existing retailers in the Auburn area to withstand severe shifts in s spending.

[6] The ratio is based on real retail sales rather than nominal retail sales.

Figure 6 – Impact of Shifts in Spending



Retail sales and number of outlets are shown as a ratio of the baseline year (2000).
Source: California Board of Equalization

Shifts in spending can also have a positive affect other retailers in the adjacent area. The proposed project could capture additional sales from customers from the Grass Valley, and Colfax Region and by preventing leakage to the Rocklin/Roseville area. Our methodology captures the effect of drawing customers from Grass Valley and Colfax, however it does not account for the leakage to other areas. It is not possible to measure this effect more accurately without formal customer surveys to determine consumer preferences. There is anecdotal evidence of potential retail sales being lost to retailers in the southwest portion of the County (Rocklin/Roseville Area).[7] People from within the trade area travel to places like Rocklin, which offer opportunities to shop at club stores and discount supercenters. During those shopping trips people may dine or shop at other establishments (secondary purchases) in addition to the club store or discount superstore. If instead, costumers avoid the trip to shop at a club store 20 miles away, then some of the secondary purchases may also stay in the area.

Short-Term Retail Outlook: Implications for Urban Decay Study

The current recession has had a profound impact on the nation's retailers, as consumer spending has dropped precipitously. Recent statistics indicate that same-store sales for October, November, and

December of 2008 were very weak for all sectors with almost every retailer reporting a decline from the previous year. In December alone retail sales, excluding auto sales, were down a record 3.1 percent. This reflected declines at department stores, specialty clothing stores, furniture stores, hardware stores, restaurants and service stations. Discount retailers like Costco, Target, and Kmart performed poorly. By October, even luxury retailers' sales began to decline. The only major retailer to experience a gain in same-store sales in November was Walmart, which reported a 3.4 percent increase. However, by December, Walmart's sales began to show weaknesses growing at a much slower pace than anticipated. Until that point, Walmart had propped up the retail sector as consumers traded down from more expensive department stores and supermarkets. These figures are particularly troubling given that the last quarter of the calendar year is typically the most profitable for retailers when many of them make their first profits of the year.

In addition, the credit crunch has hurt many small and large retailers and mall owners. Federated Department Stores (owner of Macy's), which recently bought May Department Stores, has implemented cost cutting measures, including closing 11 underperforming stores, in the face of a debt of $17 billion. Many stores are expected to close, and it is unlikely to open any new stores in the near future. Circuit City, Mervyn's, and Linens-N-Things are in liquidation and closing stores. Gottschalks Inc., which has a store in Auburn, filed for Chapter 11 and put itself up for sale in January 2009. The nation's second-largest mall owner General Growth Properties is in danger of bankruptcy with a debt of over $27 billion due to its recent acquisitions. There are no signs that the economy will improve in the near future. Strategic Resources Group predicts that the retail economy is only a third of the way into a 1,000-day slump.[8] This means that retailers on the margin that are able to survive through the holiday season may still end up closing their doors by spring or summer of 2009. The International Council of Shopping Centers predicted the number of retail stores will shrink 3 to 4 percent in 2009 as mom-and-pop businesses and small retail chains go out of businesses and or close stores. The sectors that are most vulnerable include specialty retailers, luxury stores, auto dealership, and apparel stores. Some supermarkets and drug stores are the only type of retail that is likely to continue doing well.

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[7] Based on our conversations with commercial brokers and an article by Ann Romero: "Think Auburn First", *Small Street Journal*, Auburn Chamber of Commerce, November 2008.
[8] Battered Stores Pare Forecasts, Wal-mart, Others See Tough Months Ahead: December Same-Store Sales Disapoint. *The Wall Street Journal.* Friday, January 9, 2009.

While the short term outlook is negative, this study is intended to identify the long term potential for retail in the trade area identified above, from 2010 to 2020. In the long term, there are several factors that indicate a healthy future for retailers in Auburn, including:

- A diverse and strong local economy. The sources of employment in the trade area include a variety of industry sectors including manufacturing, retail trade, health and education, and government. The distribution of businesses across types of businesses within the trade area mirrors that of the County and the State, except for a slightly larger share of employment in construction and the health care industry.

- Unemployment rates in the Cities of Auburn and Grass Valley, which accounts for a significant portion of the population with the trade area, has been lower than the unemployment rate in Nevada and Placer Counties and the State. Employment in the Cities of Auburn and Grass Valley has been growing faster than at the state or county levels.

As an indication of the strength of the local economy, the three largest retail projects within the trade area that are currently under review by the Planning Department are moving forward and a large regional grocer and a national pet supply chain are planning to open new 20,000 sf stores at the recently completed Auburn Plaza. By comparison, in many other parts of the country, the bleak outlook in the retail sector has forced developers to put retail projects on hold and retailers are delaying or eliminating plans for opening of new stores. Data on vacancy rates for retail space during the 4th quarter of 2008 are not yet available. However, anecdotal evidence from retail brokers indicates that the market for retail space in the trade area continues to be robust.

The current economic conditions, however, may affect ERA's retail demand projections if incomes do not increase as predicted because of declining employment or declining real incomes, or if the projected population growth does not materialize. ERA has adjusted downward its assumptions about annual real income growth from the observed 1.9 percent per year to 0.2 to 0.3 percent per year.[9] Also, while population growth is unlikely to be affected by the current crisis in the long run, ERA assumes a conservative 1.8 percent annual growth in the trade area. DOF by comparison estimates that the county's population will grow at 2.12 percent per year between 2010 and 2020.

[9] Average Real Income Annual growth between 1993 and 2006 in the United States grew at 1.9 percent. Saez, Emmanuel. "Striking it Richer: The Evolutions of Top Incomes in the United States (Updated using 2006 preliminary estimates.)" University of California, Economics Department, March, 15, 2008.

These relatively assumptions address some of the uncertainty associated with the national economic outlook.

Conclusions

In ERA's opinion, the proposed project, if developed as a club store, a discount supercenter, or a home improvement center is not likely to cause blight or urban decay in Placer County for the following reasons:

1) Net new retail demand greatly exceeds supply by 2020 in most retail categories. In the club store scenario, projected sales exceed new demand in two categories through 2020. It is true that some existing retailers will be unable to compete with the new project. However, unmet retail demand means that there are opportunities for new tenants to compete effectively against the new store in other retail categories.

2) While retail supply by the proposed project exceeds new retail demand for some categories by 2015, any potential vacancies created by the new store can be occupied by retailers that operate in the categories where demand exceeds supply. Also, looking at historic data we have seen that periods of declines in sales, which is a particular type of spending shift, have not led to significant urban decay in the Auburn area.

3) The new store creates shopping opportunities which will attract customers from the Grass Valley area and trade area residents who are currently traveling to places like Rocklin to shop at club stores, discount supercenters, or home improvement centers. This may have a positive spillover effect on other retailers in the area as a result of the added traffic.

These observations hold even when we account for other proposed retail projects that the County is currently considering.

IV. Fiscal Impact Analysis

Introduction

This section of the report accompanies the fiscal impact model and is intended to explain ERA's methodology, delineate data sources, and specify ERA's assumptions. This fiscal impact analysis is intended to reveal basic feasibility issues and to inform the public sector decision-making process. Assuming the development is approved and constructed, the actual costs and revenues may vary from the forecast depending on a number of factors that are not addressed herein and cannot be predicted with certainty. These factors include changes in State policy regarding revenue sharing and funding for infrastructure, desired service levels as determined by the County, employee contract negotiations, inflation and real cost increases, the business cycle, and actual population and employment trends. The conclusions reached herein are based upon numerous assumptions, forecasts of future events, and the anticipated actions of public agencies. At all times, a realistic and conservative approach was taken in making necessary assumptions, forecasting future events, and anticipating the actions of involved agencies.

Overview of Methodology

To generate costs for the fiscal impact model, ERA used per capita cost factors developed by Hausrath Economics Group. These factors are based on the 2005-06 budget, therefore, we have used an inflation factor to project these costs in 2010 dollars. General expenditures were forecasted as average impacts calculated on a per person served basis, which for a project such as this one includes only on-site employees. Typically, it is assumed that only a portion of the on-site employees are served by a project such as this. However we assume that all the employees at the site are served by county services.

To estimate sales and property tax revenues, ERA conducted case studies. We assume that the project is completed in early 2010 and therefore sales and property tax revenues are collected for a full year starting in 2010. All results of the analysis are presented in 2010 dollars.

This analysis focuses on ongoing revenues and costs. One-time revenues, which are collected in the form of development processing fees, impact fees, traffic mitigation fees, or other capital funding fees are not included. One-time costs, such as capital costs incurred to provide the needed infrastructure of the project are also excluded.

Explanation of Tables and Assumptions

Revenues

Placer County receives revenues from new developments in the form of taxes (property and sales), licenses, fines, franchise and user fees, and money from other agencies (e.g. federal and state government), etc. For this project only the property and sales taxes and business license fees are affected. In this section we describe our estimates for these sources of revenue.

Property Tax

The proposed site is located in the North Auburn Redevelopment Area. If the project were not within a Redevelopment Area (RDA), property tax revenues would have been shared among the County, school districts, and other special districts as illustrated in Table 18. [10] However, under redevelopment law and tax increment financing, an RDA receives all the property tax increases minus some funds, called pass-throughs, which are shared with some local jurisdictions. ERA has calculated the share of property tax that is passed through to local jurisdictions based on data provided by Placer County's Auditor-Controllers Office (Table 19). Based on these estimates, Placer County is expected to receive 5.8 percent of any tax-increment. All other local jurisdictions, such as County Library and Parks, are expected to receive, combined, approximately 18 percent of the tax increment. We must note, however, that the County and other local jurisdictions continue collecting all property taxes on the baseline assessed value of the property at the time of the RDA was established plus a 2 percent annual inflation adjustment. The property tax allocation to Placer County is 0.20 percent of the baseline assessed value.

For this project, property taxes will be collected on land, improvements, and personal property. Since the improvements and personal property on the site will be new they will be shared among local jurisdictions per the schedule shown in Table 19. Land property taxes will be distributed among local jurisdictions per Table 18 only for the baseline assessed value of the land. The tax-increment on the land (e.g. the difference between the most recent assessment and the baseline assessed value) will be distributed per Table 19.

The property values on which property taxes will be assessed are estimated in Table 20. As of January 2008, the assessed value on the land was $4.0 million. This value is adjusted by 2 percent, so that by 2010, the value is expected to be $4.2 million. The land value is assumed to be the same for all three scenarios.

There are no current construction cost estimates available for this project. To estimate property taxes that will be collected from improvements and personal property on site, ERA calculated property values for each of the scenarios based on appraised estimates for similar projects in the County and new construction projects around the State. For the club store scenario ERA examined the assessed values for the Costco facility in Roseville, CA, as well as the two newest Costco stores built in Woodland and Lancaster, California. The average assessed value per square foot for these facilities ranged from $47 to $70. For the supercenter scenario ERA examined the assessed values of the Walmarts located in Roseville and Rocklin. Per square foot assessed value for these facilities ranged from $59 to $102. For the home improvement center, we examined the assessed values of the Lowe's Home Improvement Center in Rocklin as well as the newest facility that opened in Turlock, California. Per square foot assessed values for these facilities ranged from $63 to $77. Table 20 details our estimated improvement and personal property. The improvements and personal property associated with a club store, such as Costco, would be approximately $19 million dollars, a discount supercenter would be $23 million and a home improvement center would be approximately $20 million.

Taxed at 1 percent these property values will generate approximately $187,000 for a club store. A discount supercenter is expected to generate approximately $227,000 in property tax revenues, and a home improvement center would generate approximately $200,000 in property tax revenues. However, not all of that revenue will be channeled to the County's General Fund. ERA uses the property value estimates (Table 20), along with the distribution of the tax-increment and the baseline assessed property value (Tables 18 and 19), to calculate the property tax that will accrue to Placer County. Table 21 summarizes the projected property tax revenues for each of the three scenarios. The club store and the home improvement center are projected to generate approximately $9,500 and $10,300 in annual property taxes respectively. The discount supercenter is projected to generate

[10] In 1992, to meet its obligations to fund education at specified levels under Proposition 98, the state enacted legislation that shifted partial financial responsibility for funding education to local governments. The state instructed Counties to shift the allocation of local property tax revenues from local governments to "education revenue augmentation funds" (ERAFs), directing that specified amounts of city, county, and other local agency property taxes be deposited into these funds to support schools. In our analysis we have accounted for this shift of revenues to the ERAF.

$12,000 in annual property taxes. These numbers do not include the revenue collected on the baseline assessed values since those revenues will accrued to the county regardless of whether the project moves forward or not. These figures also exclude the revenue collected by the Redevelopment Agency or pass-throughs to other agencies. The tax revenues accrued to those entities are shown in Table 22.

Sales Tax

For each dollar spent in unincorporated Placer County, the County receives 1 cent of sales tax revenue. In Section III of this study we estimated annual sales for each of the three types of stores (Tables 13A, 14A, 15A). However, not all sales are taxable. Food and Drugs are generally non-taxable. We discount food store sales by two-thirds and General Merchandise & Drugs by 3 percent to account for non-taxable goods. We also reduced the club store sales by an additional 10 percent to account for non-taxable sales to businesses. Reports on Costco's taxable sales range from 58 percent to 65 percent. For this analysis we assume that 62 percent of sales are taxable. Table 23 reports the projected annual taxable sales for the three scenarios. A club store would generate approximately $889,000 in annual sales tax revenue. A discount superstore would generate $626,000, and a home improvement center would generate $456,000 in annual sales tax revenue.

Business Licenses

Any resident or non-resident doing business in the unincorporated areas of Placer County is required to obtain a business license. A business operating in a commercial location in Placer County requires a General Business license. The County collects a $127 application fee and $16 annual renewal.

Total Revenue

Table 24 summarizes the projected revenues. A club store would generate approximately $898,000 in annual property and sales taxes. A discount superstore would generate approximately $637,000 in annual revenue and a home improvement center would generate approximately $466,000.

Costs

Placer County provides multiple services to its residents, including general government (e.g. County Administration, County Council, etc.), police and fire protection, community development, libraries, parks & recreations, and street and road maintenance. This analysis focuses on the costs that are covered by the General Fund, Public Safety Fund, Library Fund, and Public Ways & Facilities Fund.

To estimate the ongoing costs associated with the proposed project, ERA used per capita cost developed by Hausrath Economics Group. These factors are based on the 2005-06 budget. Therefore ERA has used the average inflation rate between 2000 and 2007 as published by the Bureau of Labor Statistics to project these costs in 2010 dollars.[11] The County's general expenditures were forecasted as average impacts calculated on a per person served basis, which, for a project such as this one, includes only on-site employees. We assume that 200 new employees will be hired at the new store. Table 25 details County expenditures by type of fund.

County costs associated with the development are estimated at approximately $50,800 per year. This includes administrative and legislative costs, public health, road maintenance, and fire and police protection. ERA interviewed appropriate personnel at the Sheriff and Fire Departments, as well as the Department of Public Works to corroborate these cost estimates.

Placer County Sheriff. The Sheriff's department indicated that an impact report for this project had already been prepared. The report includes sworn and support personnel as well as equipment needed to provide police monitoring and protection. The Sheriff's department estimates the costs associated with this project to be $17,629 annually. As shown in Table 21, ERA estimates annual public safety costs at $24,800 using the adjusted Hausrath factors. This includes the Public Safety Fund cost estimates as well as the General Fund's Contribution to Public Safety.

Fire Department. The Fire department indicated that the proposed project would be serviced by station 180 at 11645 Atwood Road. The second response station will be station 10 at 13760 Lincoln Way. Department staff does not anticipate significant changes in demand for services with the proposed store. The number of calls for false alarms and medical services may increase but not significantly. An annual inspection of the facilities will be conducted but the costs associated with this inspection will be offset by a fee paid by the owner.

Department of Public Works (DPW). DPW is responsible for street maintenance, street lighting, water, storm drains, and traffic signals. DPW indicated that most of these functions would be unaffected by the project. Any additional infrastructure needed as well as any other impacts caused by additional traffic would be offset by traffic mitigation fees paid at the time of building permit issuance. Water and sewer connection fees and offsite infrastructure improvements are required to

[11] Average inflation as published by the Bureau of Labor Statistics for All Urban Consumers in the San Francisco Metropolitan Statistical Area was 2.6 percent between 2000 and 2007. By comparison, Placer County's Total Financing Requirements per person served between 2005/06 fiscal year and 2007/08 fiscal year increased 2.3 percent.

be provided by the developer. Also the main access road, Highway 49 is maintained by the State of California therefore the county does not incur significant maintenance costs. Using the Hausrath per capita cost factors, ERA estimated Public Ways and Facilities costs of approximately $3,400 per year. This includes contributions from the General Fund to the Road Fund.

Net Fiscal Impact

Table B summarizes the net fiscal impact of the proposed project. It takes into account only the development at the site and does not account for any potential loss of sales tax revenue from existing outlets in the Placer County that would result if some of the sales at the new store were shifted from other outlets within the County (such analysis is conducted below). This fiscal impact analysis also focuses only on ongoing revenues and costs. One-time revenues, which are collected in the form of development processing fees, impact fees, traffic mitigation fees, or other capital funding fees are not included. One-time costs, such as capital costs incurred to provide the needed infrastructure of the project are also excluded. With these caveats, on an annual basis, the project will generate net revenue of:

- $848,000 if a club store is built.
- $587,000 if a discount supercenter is built.
- $415,000 if a new home improvement center is built.

These estimates do not account for the portion of the property taxes which are collected on the baseline assessed value of the land since those taxes will continue to be collected regardless of whether the project moves forward or not. This analysis also excludes the tax increment collected by the Redevelopment Agency, or the pass-throughs accrued to other jurisdictions within the County. This analysis focuses on the potential impacts to the County's general fund resulting from the development of the site. However, a club store would generate an additional $172,000 in property tax revenues to the Placer County Redevelopment Agency and other local jurisdictions. A discount supercenter would generate approximately $210,000 in property tax revenues for those entities. A home improvement center would generate approximately $164,000 in property tax revenues for the Redevelopment Agency and other local jurisdictions (Table 22).

Sensitivity Analysis

The fiscal impacts described above rely on the assumption that the sales generated by the project are new to Placer County. In Section III of this report, ERA compared the net sales generated by the project against new retail demand with the trade area. In general, new retail demand exceeds net new sales by the new stores within a few years. However, it is possible that rather than capturing all new demand, the sales generated by the new project represent a shift of sales from other retail outlets within the County. In section III of the report, for example, we noted that the new project could potentially prevent leakage from the trade area to other places within the County such as Rocklin and Roseville. For this reason, ERA examines alternative scenarios with different assumptions about how much of the proposed project's sales are in fact net new sales within the county rather than a shift of sales from other outlets within the county.

Table 26 presents the revenues associated with the project under four assumptions about the proportions of the new project's sales that represent new sales within the county rather than sales that are shifted from existing stores in the County. For example, if 10 percent of the sales generated by a club store are in fact sales that were shifted from other retail outlets within the county, then revenues associated with the project will be $809,000 rather than the $898,000 that are projected in the baseline scenario. Table 26 demonstrates that even under the most unfavorable case examined (e.g. when 50 percent of the club store sales come from existing retail outlets) the project still continues to generate approximately $453,000 in revenue. The discount supercenter would still generate $324,000 in sales tax revenue under the most unfavorable scenario. A home improvement center would generate approximately $236,000 in sales tax revenue under the most unfavorable case. Table B.1 shows the net fiscal impact under the various revenues examined in Table 26. Even under the most unfavorable scenario, all three types of stores continue to generate a positive fiscal impact to the County.

In conclusion, even under the most unfavorable case analyzed (e.g. when 50 percent of the new store's sales are shifted from other Placer County Outlets), the project would still create a fiscal benefit for Placer County, although that benefit would be reduced by slightly more than half compared to the baseline scenario.

Table A
Summary of Urban Decay Analysis

	Projected Retail Demand (000's)			**Projected Annual Sales** (000's)				**Projected Annual Sales as a Percentage of New Demand**					
				Club Store	**Discount Supercenter**	**Home Improvement Center**	**Other Retail Space under Review/ Construction**[a]	**Club Store Sales + Other Retail Space Sales**		**Discount Supercenter Sales + Other Retail Space Sales**		**Home Improvement Center Sales + Other Retail Space Sales**	
Retail Category	**2010**	**2015**	**2020**					**2015**	**2020**	**2015**	**2020**	**2015**	**2020**
Apparel Stores	$47,459	$52,482	$58,153	$5,741	$6,361	$0	$2,397	162%	76%	174%	82%	48%	22%
Gen. Merchandise & Drug	$228,704	$252,911	$280,240	$25,835	$17,493	$0	$7,850	139%	65%	105%	49%	32%	15%
Food Stores	$634,719	$701,903	$777,747	$66,024	$24,650	$0	$8,765	111%	52%	50%	23%	13%	6%
Eating & Drinking Places	$292,760	$323,747	$358,730	$1,435	$0	$0	$3,570	16%	8%	12%	5%	12%	5%
Furnishing & Appliances	$75,563	$83,561	$92,590	$17,224	$11,927	$7,221	$10,503	347%	163%	280%	132%	222%	104%
Bldg Materials & Farm Eqmt	$228,204	$252,359	$279,627	$0	$0	$32,530	$34,054	141%	66%	141%	66%	276%	129%
Auto Dealers & Supplies	$541,482	$598,796	$663,499	$1,435	$2,385	$0	$638	4%	2%	5%	2%	1%	1%
Service Stations	$346,194	$382,837	$424,205	$10,047	$0	$0	$0	27%	13%	0%	0%	0%	0%
Other Retail Stores	$602,730	$666,527	$738,549	$15,788	$16,698	$5,812	$31,630	74%	35%	76%	36%	59%	28%
Total Retail Stores	$2,997,814	$3,315,124	$3,673,341	$143,530	$79,515	$45,563	$99,408	77%	36%	56%	26%	46%	21%

[a] Other retail space Includes 43,000 sf for the Target store expansion, 119,000 sf for Creekside Shopping Center and Phase II of the Plaza, and 128,000 sf for the new Home Depot.

Source: Economics Research Associates

Table B
Fiscal Impact Summary

	Club Store	Discount Store	Home Improvement Center
Revenue[a]	$898,355	$637,554	$465,896
Costs[b]	$50,778	$50,778	$50,778
Net Revenue	$847,577	$586,776	$415,118

[a] See table 24
[b] See table 25
Source: Economics Research Associates

Table B.1
Fiscal Impact Sensitivity Analysis[a]

Shift in Sales from Exisiting Stores	Club Store	Discount Store	Home Improvement Center
0%	$847,577	$586,776	$415,118
10%	$758,692	$524,203	$369,554
25%	$625,364	$430,345	$301,210
50%	$403,150	$273,914	$187,302

[a] Assumes that various portions of the new project sales represent shifts in sales from existing outlets within the county rather than new retail demand. See table 26.
Source: Economics Research Associates

Table 1
Historic and Projected Population Trends

	1990	2000	2007	2008	2010	2020	2030	1990-2000 CAGR	1990-2000 Abs. Increase	2000-2008 CAGR	2000-2008 Abs. Increase	2010-2020 CAGR	2010-2020 Abs. Increase	2020-2030 CAGR	2020-2030 Abs. Increase
Placer County															
Auburn	10,653	12,462	13,112	13,273	13,836	17,060	20,403	1.58%	1,809	0.79%	811	2.12%	3,224	1.81%	3,343
Colfax	1,306	1,520	1,838	1,855	1,934	2,384	2,852	1.53%	214	2.52%	335	2.12%	451	1.81%	467
Lincoln	7,248	11,205	37,410	39,758	41,444	51,103	61,117	4.45%	3,957	17.15%	28,553	2.12%	9,658	1.81%	10,014
Loomis	5,705	6,260	6,529	6,624	6,905	8,514	10,183	0.93%	555	0.71%	364	2.12%	1,609	1.81%	1,668
Rocklin	18,806	36,330	51,951	53,843	56,127	69,207	82,768	6.81%	17,524	5.04%	17,513	2.12%	13,080	1.81%	13,561
Roseville	44,685	79,921	106,266	109,154	113,784	140,300	167,793	5.99%	35,236	3.97%	29,233	2.12%	26,516	1.81%	27,493
Unincorporated	84,393	100,701	107,389	108,894	113,513	139,966	167,393	1.78%	16,308	0.98%	8,193	2.12%	26,453	1.81%	27,427
Total Placer County	172,796	248,399	324,495	333,401	347,543	428,535	512,509	3.70%	75,603	3.75%	85,002	2.12%	80,992	1.81%	83,974
EL Dorado County															
El Dorado unincorp	96,123	123,080	144,733	145,726	153,499	179,309	200,740	2.50%	26,957	2.13%	22,646	1.57%	25,811	1.14%	21,431
Total El Dorado County	125,995	156,299	178,674	179,722	189,308	221,140	247,570	2.18%	30,304	1.76%	23,423	1.57%	31,832	1.14%	26,430
Nevada County															
Grass Valley	9,048	10,922	12,915	12,929	13,380	14,919	16,156	1.90%	1,874	2.13%	2,007	1.09%	1,538	0.80%	1,237
Nevada City	2,855	2,996	3,057	3,074	3,181	3,547	3,841	0.48%	141	0.32%	78	1.09%	366	0.80%	294
Truckee		13,864	15,901	16,165	16,729	18,653	20,199		13,864	1.94%	2,301	1.09%	1,923	0.80%	1,546
Balance Of County	66,607	64,251	67,153	67,018	69,358	77,332	83,744	-0.36%	-2,356	0.53%	2,767	1.09%	7,974	0.80%	6,412
Total Nevada County	78,510	92,033	99,026	99,186	102,649	114,451	123,940	1.60%	13,523	0.94%	7,153	1.09%	11,802	0.80%	9,489

Sources: California Department of Finance.
Projections for 2010, 2020, and 2030 are from State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, Sacramento, California, July 2007.
Note that the projections are only available at the county level. Projections for Cities and Unincorporated County assume that the share of each jurisdiction remains the same as in 2008.

Table 2
Historic & Projected Household Income Trends, Trade Area and Placer County

Total Households									Absolute Change			
	1990		2000		2007		2012		1990 - 2000		2007 - 2012	
Household Income	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County
< $15,000	n/a	11,001	7,341	8,230	6,480	8,139	5,920	7,894	n/a	(2,771)	(560)	(245)
$15,000 to $34,999	n/a	18,612	14,652	17,462	12,655	16,636	11,462	16,296	n/a	(1,150)	(1,193)	(340)
$35,000 to $49,999	n/a	12,844	10,094	14,132	10,408	15,627	9,831	13,764	n/a	1,288	(577)	(1,863)
$50,000 to $74,999	n/a	12,914	12,637	20,570	13,461	24,114	14,789	26,555	n/a	7,656	1,328	2,441
$75,000 to $99,999	n/a	5,100	6,971	13,909	9,864	22,414	10,226	23,563	n/a	8,809	362	1,149
$100,000 to $149,999	n/a	2,747	5,536	12,063	8,831	22,975	12,735	33,895	n/a	9,316	3,904	10,920
$150,000 +	n/a	1,284	3,162	7,144	5,681	19,709	9,023	35,251	n/a	5,860	3,342	15,542
Total		64,502	60,393	93,510	67,380	129,614	73,986	157,218		29,008	6,606	27,604

% of Total Households									Absolute Change			
	1990		2000		2007		2012		1990 - 2000		2007 - 2012	
Household Income	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County	Trade Area	Placer County
< $15,000	n/a	17.1%	12.2%	8.8%	9.6%	6.3%	8.0%	5.0%	n/a	-8.3%	-1.6%	-1.3%
$15,000 to $34,999	n/a	28.9%	24.3%	18.7%	18.8%	12.8%	15.5%	10.4%	n/a	-10.2%	-3.3%	-2.5%
$35,000 to $49,999	n/a	19.9%	16.7%	15.1%	15.4%	12.1%	13.3%	8.8%	n/a	-4.8%	-2.2%	-3.3%
$50,000 to $74,999	n/a	20.0%	20.9%	22.0%	20.0%	18.6%	20.0%	16.9%	n/a	2.0%	0.0%	-1.7%
$75,000 to $99,999	n/a	7.9%	11.5%	14.9%	14.6%	17.3%	13.8%	15.0%	n/a	7.0%	-0.8%	-2.3%
$100,000 to $149,999	n/a	4.3%	9.2%	12.9%	13.1%	17.7%	17.2%	21.6%	n/a	8.6%	4.1%	3.8%
$150,000 +	n/a	2.0%	5.2%	7.6%	8.4%	15.2%	12.2%	22.4%	n/a	5.6%	3.8%	7.2%
Total		100%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				

Source: Data for 1990 and 2000 are from the U.S. Bureau of Census 1990. 2007 and 2012 projections are from ESRI Business Analyst 2007

Table 3
Trade Area Population & Household Trends

Region	2000	2007	2012	2000 - 2007 CAGR	2000 - 2007 Abs. Increase	2007 - 2012 CAGR	2007 - 2012 Abs. Increase
Placer County							
Population	248,399	339,691	410,232	4.6%	91,292	3.8%	70,541
Households	93,382	129,615	157,219	4.8%	36,233	3.9%	27,604
Trade Area							
Population	151,153	166,319	181,551	1.4%	15,166	1.8%	15,232
Households	60,163	67,380	73,986	1.6%	7,217	1.9%	6,606
Breakdown of Trade Area by County							
Placer County							
Total Population	69,073	76,527	85,907	1.5%	7,454	2.3%	9,380
% of Trade Area	45.7%	46.0%	47.3%		0.3%		1.3%
Total Households	26,850	30,719	34,813	1.9%	3,869	2.5%	4,094
% of Trade Area	44.6%	45.6%	47.1%		1.0%		1.5%
Nevada County							
Total Population	76,833	84,136	89,664	1.3%	7,303	1.3%	5,528
% of Trade Area	50.8%	50.6%	49.4%		-0.2%		-1.2%
Total Households	31,277	34,428	36,812	1.4%	3,151	1.3%	2,384
% of Trade Area	52.0%	51.1%	49.8%		-0.9%		-1.3%
El Dorado County							
Total Population	6,324	6,923	7,552	1.3%	599	1.8%	629
% of Trade Area	4.2%	4.2%	4.2%		0.0%		0.0%
Total Households	2,303	2,525	2,763	1.3%	222	1.8%	238
% of Trade Area	3.8%	3.7%	3.7%		-0.1%		0.0%
Yuba County							
Total Population	794	873	924	1.4%	79	1.1%	51
% of Trade Area	0.5%	0.5%	0.5%		0.0%		0.0%
Total Households	346	380	403	1.3%	34	1.2%	23
% of Trade Area	0.6%	0.6%	0.5%		0.0%		0.0%
Sierra County							
Total Population	227	222	218	-0.3%	-5	-0.4%	-4
% of Trade Area	0.2%	0.1%	0.1%		0.0%		0.0%
Total Households	104	105	105	0.1%	1	0.0%	0
% of Trade Area	0.2%	0.2%	0.1%		0.0%		0.0%

Source: ESRI Business Analyst 2007, Economics Research Associates
Aggregate sum of trade area population by county is off by less than 1% due to rounding

Table 4
Trade Area Income & Age Trends

Region	2000	2007	2012	2000 - 2007 CAGR	2000 - 2007 Abs. Increase	2007 - 2012 CAGR	2007 - 2012 Abs. Increase
Placer County							
Median Household Income	57,411	75,229	88,176	3.9%	17,818	3.2%	12,947
Per Capita Income	27,964	37,086	46,179	4.1%	9,122	4.5%	9,093
Median Age	38	39	39	0.4%	1	0.0%	0
Trade Area							
Median Household Income	46,925	56,316	65,399	2.6%	9,391	3.0%	9,083
Per Capita Income	24,546	30,638	36,368	3.2%	6,092	3.5%	5,730
Median Age	44	47	48	0.9%	3	0.4%	1
Breakdown of Trade Area by County							
Placer County							
Median Household Income	51,149	60,133	69,633	2.3%	8,984	3.0%	9,500
Per Capita Income	26,295	32,463	38,905	3.1%	6,168	3.7%	6,442
Median Age	42	45	47	1.0%	3	0.9%	2
Nevada County							
Median Household Income	43,722	53,534	62,460	2.9%	9,812	3.1%	8,926
Per Capita Income	23,504	29,777	35,015	3.4%	6,273	3.3%	5,238
Median Age	45	48	50	0.9%	3	0.8%	2
El Dorado							
Median Household Income	59,680	73,198	84,510	3.0%	13,518	2.9%	11,312
Per Capita Income	26,207	31,952	38,259	2.9%	5,745	3.7%	6,307
Median Age	41	45	46	1.3%	4	0.4%	1
Yuba County							
Median Household Income	28,099	32,322	35,973	2.0%	4,223	2.2%	3,651
Per Capita Income	15,426	18,615	20,977	2.7%	3,189	2.4%	2,362
Median Age	45	48	51	0.9%	3	1.2%	3
Sierra County							
Median Household Income	41,573	51,468	57,250	3.1%	9,895	2.2%	5,782
Per Capita Income	22,182	27,463	30,881	3.1%	5,281	2.4%	3,418
Median Age	47	50	54	0.9%	3	1.6%	4

Source: ESRI Business Analyst 2007, Economics Research Associates

Table 5
Placer County Historic Employment Trends, by Region

									2000 - 2007	
Region	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**CAGR**	**Abs. Increase**
Auburn	6,500	6,800	7,100	7,500	7,800	8,100	8,400	8,500	3.9%	2,000
Colfax	700	800	800	800	900	900	900	1,000	5.2%	300
Lincoln	5,200	5,400	5,700	5,900	6,200	6,400	6,700	6,700	3.7%	1,500
Loomis	3,300	3,500	3,700	3,800	4,000	4,200	4,300	4,400	4.2%	1,100
Rocklin	19,800	20,800	21,800	22,700	23,700	24,700	25,600	25,900	3.9%	6,100
Roseville	40,000	42,000	43,900	45,900	47,800	49,900	51,700	52,200	3.9%	12,200
Unincorporated[1]	51,800	54,200	56,700	59,400	61,800	64,600	66,800	67,200	3.8%	15,400
Total Placer County Emp.	**127,300**	**133,500**	**139,700**	**146,000**	**152,200**	**158,800**	**164,400**	**165,900**	**3.9%**	**38,600**

Note: Data Includes Farm Labor

1) Employment figures for Unincorporated County are estimated as residual of Total County Employment minus incorporated municipalities

Source: California Employment Development Department Labor Market Information Database

Table 6
Placer County Historic Unemployment Rate, by Region

Region	2000	2001	2002	2003	2004	2005	2006	2007	2000 - 2007 Average Annual	2000 - 2007 Abs. Change
Auburn	3.0%	2.9%	4.1%	3.8%	3.7%	3.6%	3.4%	4.5%	3.6%	1.5%
Colfax	0.0%	0.0%	11.1%	11.1%	10.0%	10.0%	10.0%	9.1%	7.7%	9.1%
Lincoln	7.1%	6.9%	9.5%	9.2%	8.8%	8.6%	8.2%	9.5%	8.5%	2.3%
Loomis	2.9%	2.8%	2.6%	2.6%	2.4%	2.3%	2.3%	2.2%	2.5%	-0.7%
Rocklin	2.5%	2.8%	3.5%	3.4%	3.3%	2.8%	2.7%	3.4%	3.0%	0.9%
Roseville	3.6%	4.1%	5.0%	5.2%	4.8%	4.4%	4.3%	4.9%	4.5%	1.3%
Unincorporated[1]	3.9%	4.4%	5.2%	5.6%	5.2%	4.6%	4.4%	5.1%	4.8%	1.2%
Total Placer County Emp.	**3.6%**	**4.0%**	**5.0%**	**5.1%**	**4.8%**	**4.3%**	**4.2%**	**4.9%**	**4.5%**	**1.2%**
Grass Valley	3.7%	3.9%	4.8%	5.0%	4.8%	4.3%	3.9%	4.4%	4.4%	0.7%
Nevada County	4.1%	4.4%	5.3%	5.6%	5.3%	4.8%	4.4%	4.9%	4.9%	0.8%
California	4.9%	5.4%	6.7%	6.8%	6.2%	5.4%	4.9%	5.4%	5.7%	0.5%

Note: Data Includes Farm Labor
1) Employment figures for Unincorporated county are estimated as residual of Total County Employment minus incorporated municipalities
Source: California Employment Development Department Labor Market Information Database.

Table 7
Detail of Retail Categories

Apparel Stores	
	Women's Apparel
	Men's Apparel
	Family Apparel
	Shoes
General Merchandise & Drug	
	General Merchandise Stores
	Drug Stores
Food Stores	
	Food Stores Selling All Types of Liquor
	All Other Food Stores
Eating & Drinking Places	
	Eating Places: No Alcoholic Beverages
	Eating Places: All Types of Liquor
	Eating Places: Beer and Wine
Furnishings & Appliances	
	Household and Home Furnishsings
	Household Appliance Dealers
Bldg. Materials & Farm Equipment	
	Lumber and Building Materials
	Hardware Stores
	Plumbing and Electrical Supplies
	Paint, Glass & Wallpaper
Auto Dealers & Supplies	
	New and Used Motor Vehicle Dealers
	Automotive Supplies & Parts
Other Retail Stores	
	Florist
	Sporting Goods
	Photographic Equipment and Suppies
	Jewelery
	Office Store and School Supplies
	Gifts, Art Goods, and Novelties

Source: California Board of Equalization

Table 8
Placer County Per Capita Retail Expenditures, By Category
2000-2006

Category	2000	2001	2002	2003	2004	2005	2006	2000-2006 CAGR	2000-2006 Avg. Ann.
Apparel Stores	$350	$505	$518	$533	$617	$632	$611	9.7%	$538
Gen. Merchandise & Drug[1]	$1,912	$2,177	$2,298	$2,376	$2,406	$2,471	$2,466	4.3%	$2,301
Food Stores[2]	$2,604	$2,642	$2,726	$2,709	$2,593	$2,696	$2,656	0.3%	$2,661
Eating & Drinking Places	$1,296	$1,395	$1,437	$1,474	$1,568	$1,641	$1,682	4.4%	$1,499
Furnishings & Appliances	$425	$504	$560	$594	$692	$741	$819	11.6%	$619
Bldg Materials & Farm Eqmt	$1,022	$1,167	$1,318	$1,422	$1,577	$1,562	$1,518	6.8%	$1,370
Auto Dealers & Supplies	$4,430	$4,574	$4,760	$4,972	$5,125	$5,353	$5,177	2.6%	$4,913
Service Stations	$913	$912	$855	$988	$1,244	$1,659	$1,832	12.3%	$1,201
Other Retail Stores	$2,465	$2,620	$2,766	$2,798	$2,925	$3,119	$3,068	3.7%	$2,823
Total	$15,416	$16,497	$17,237	$17,868	$18,746	$19,875	$19,830	4.3%	$17,924
Placer County County Pop.	*248,399*	*258,532*	*271,035*	*283,847*	*296,455*	*307,653*	*317,498*	4.2%	

[1] Adjusted from taxable sales by 3% to reflect non taxable drug sales

[2] Adjusted taxable sales by 3 times to reflect total food store sales

Sources: California Department of Finance, California Board of Equalization

Table 9
Trade Area Jurisdictions per Capita Retail Expenditures by Category
2006

Category	Auburn	Grass Valley	Unincorp. Placer County	Trade Area Average[1]	Placer County
Apparel Stores	$255	$678	$190	$244	$611
Gen. Merchandise & Drug[2]	$2,061	$5,052	$599	$1,176	$2,466
Food Stores[3]	$3,628	$14,101	$1,908	$3,263	$2,656
Eating & Drinking Places	$1,891	$3,014	$1,275	$1,505	$1,682
Furnishings & Appliances	$457	$1,532	$242	$388	$819
Bldg Materials & Farm Eqmt	$826	$3,469	$938	$1,173	$1,518
Auto Dealers & Supplies	$2,717	$6,885	$2,296	$2,784	$5,177
Service Stations	$3,098	$2,767	$1,499	$1,780	$1,832
Other Retail Stores	$12,663	$5,013	$1,697	$3,099	$3,068
Total	$27,596	$42,509	$10,644	$15,412	$19,830
Population	*13,017*	*12,868*	*106,393*		*317,498*

[1] Weighted average of Auburn, Grass Valley, and Unincorporated Placer County
[2] Adjusted from taxable sales by 3% to reflect non taxable drug sales
[3] Adjusted taxable sales by 3 times to reflect total food store sales

Sources: California Department of Finance, California Board of Equalization, Economics Research Associates

Table 10
Retail Demand Generated by Trade Area Population, 2010-2020
(Dollars are in Thousands)

	2006	2010 [1]	2015	2020
Trade Area Population		175,298	191,352	208,876
Real Income Adjustment[2]		1.000	1.013	1.028
Major Retail Category		**Per Capita Retail Sales**		
Apparel Stores	$0.24	$0.27	$0.27	$0.28
Gen. Merchandise & Drug	$1.18	$1.30	$1.32	$1.34
Food Stores	$3.26	$3.62	$3.67	$3.72
Eating & Drinking Places	$1.51	$1.67	$1.69	$1.72
Furnishing & Appliances	$0.39	$0.43	$0.44	$0.44
Bldg Materials & Farm Eqmt	$1.17	$1.30	$1.32	$1.34
Auto Dealers & Supplies	$2.78	$3.09	$3.13	$3.18
Service Stations	$1.78	$1.97	$2.00	$2.03
Other Retail Stores	$3.10	$3.44	$3.48	$3.54
Total Per Capita Retail Sales	**$15.41**	**$17.10**	**$17.32**	**$17.59**
Total Retail Sales Demand				
Apparel Stores		$47,459	$52,482	$58,153
Gen. Merchandise & Drug		$228,704	$252,911	$280,240
Food Stores		$634,719	$701,903	$777,747
Eating & Drinking Places		$292,760	$323,747	$358,730
Furnishing & Appliances		$75,563	$83,561	$92,590
Bldg Materials & Farm Eqmt		$228,204	$252,359	$279,627
Auto Dealers & Supplies		$541,482	$598,796	$663,499
Service Stations		$346,194	$382,837	$424,205
Other Retail Stores		$602,730	$666,527	$738,549
Total Retail Sales Demand		**$2,997,814**	**$3,315,124**	**$3,673,341**
New Sales Demand from 2010			**2010-2015**	**2010-2020**
Apparel Stores			$5,023	$10,694
Gen. Merchandise & Drug			$24,208	$51,536
Food Stores			$67,183	$143,027
Eating & Drinking Places			$30,988	$65,970
Furnishings & Appliances			$7,998	$17,027
Bldg Materials & Farm Eqmt			$24,155	$51,423
Auto Dealers & Supplies			$57,314	$122,017
Service Stations			$36,644	$78,011
Other Retail Stores			$63,797	$135,819
Total New Sales Demand from 2010			**$317,309**	**$675,526**

[1] Based on 2006 per capita retail sales of average per capital retail sales in Trade Area adjusted to 2010 with CPI average increase for 2000-2007 period .
[2] Real income adjustment is 0.2 percent for the first two years and 0.3 percent thereafter.

Source: California Board of Equalization, Bureau of Labor Statistis, Economics Research Associates

Table 11
Trade Area Projected Baseline Retail Demand, 2010-2020
(Dollars are in Thousands)

	Per Capita Sales [2]	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Trade Area Population[1]		175,298	178,397	181,551	184,761	188,027	191,352	194,735	198,178	201,682	205,248	208,876
Apparel Stores	$0.27	$47,459	$48,395	$49,349	$50,372	$51,416	$52,482	$53,571	$54,681	$55,815	$56,972	$58,153
Gen. Merchandise & Drug	$1.30	$228,704	$233,213	$237,811	$242,741	$247,774	$252,911	$258,155	$263,507	$268,971	$274,547	$280,240
Food Stores	$3.62	$634,719	$647,233	$659,994	$673,678	$687,645	$701,903	$716,455	$731,310	$746,472	$761,949	$777,747
Eating & Drinking Places	$1.67	$292,760	$298,531	$304,417	$310,729	$317,171	$323,747	$330,460	$337,311	$344,305	$351,443	$358,730
Furnishings & Appliances	$0.43	$75,563	$77,053	$78,572	$80,201	$81,864	$83,561	$85,293	$87,062	$88,867	$90,710	$92,590
Bldg Materials & Farm Eqmt	$1.30	$228,204	$232,703	$237,291	$242,211	$247,233	$252,359	$257,591	$262,931	$268,383	$273,947	$279,627
Auto Dealers & Supplies	$3.09	$541,482	$552,157	$563,044	$574,717	$586,633	$598,796	$611,211	$623,883	$636,819	$650,022	$663,499
Service Stations	$1.97	$346,194	$353,019	$359,979	$367,443	$375,061	$382,837	$390,775	$398,877	$407,147	$415,588	$424,205
Other Retail Stores	$3.44	$602,730	$614,613	$626,731	$639,725	$652,989	$666,527	$680,347	$694,453	$708,851	$723,548	$738,549
Total Retail Stores	**$17.10**	**$2,997,814**	**$3,056,918**	**$3,117,187**	**$3,181,817**	**$3,247,786**	**$3,315,124**	**$3,383,857**	**$3,454,016**	**$3,525,629**	**$3,598,727**	**$3,673,341**

[1] Based on ESRI population growth projections of 1.8 percent throught 2012. This growth rate is applied through 2020 in our model. The California State Department of Finance projects county growth of 2.12 percent through 2012. However, Auburn and Unincorporated County have experienced typically slower growth than the rest of the County.
[2] Trade Area per capita retail sales in 2006 are based on weighted average for Auburn, Grass Valley, and Unincorporated Placer County adjusted to 2010 with CPI increase. A 0.2% real income adjusment is applied through 2012 and 0.3% thereafter.

Source: ESRI, California Board of Equalization, California Department of Finance, Economics Research Associates

Table 12
Performance Statistics of Potential Tenants for Project

	Club Stores		Discount Superstore	Home Improv. Stores	
	Costo	**Sam's Club**	**Walmart**	**Home Depot**	**Lowe's**
Typical Store Format (sf)	142,000	132,000	187,000	128,000	113,000
Net Sales ($ per sf)	$926	$552	$421	$356	$294
Size of proposed project (sf)	155,000	155,000	155,000	130,000	155,000
Product Mix (percent of net sales)					
Apparel Stores	4%	2%	8%	0%	0%
Gen. Merchandise & Drug	18%	12%	22%	0%	0%
Food Stores	46%	52%	31%	0%	0%
Eating & Drinking Places	1%	0%	0%	0%	0%
Furnishings & Appliances	12%	7%	15%	15%	16%
Bldg Materials & Farm Eqmt	0%	0%	0%	70%	71%
Auto Dealers & Supplies	1%	1%	3%	0%	0%
Service Stations	7%	5%	0%	0%	0%
Other Retail Stores	11%	21%	21%	15%	13%
Projected Sales (Millions per year)	$144	$86	$65	$46	$46

Notes:

Newer stores for all five retailers are larger than the national average.

Walmart net sales per square foot include Supercenter's Discount Stores, and Neighborhood Markets. Walmart Supercenters average sales are typically 20 to 25 percent larger than regular Walmart Discount Stores.

Home Depot and Sam's Club are included only for comparison purposes.

Table 13 A
Club Store Projected Retail Sales, 2010-2020

	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Proposed Store (SF)	155,000											
Estimated Net Sales / SF	$926	$926	$926	$926	$926	$926	$926	$926	$926	$926	$926	$926

		Club Store Projected Retail Sales										
(Dollars are in Thousands)	% Club Store Sales	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	4%	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741	$5,741
Gen. Merchandise & Drug	18%	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835	$25,835
Food Stores	46%	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024	$66,024
Eating & Drinking Places	1%	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435
Furnishings & Appliances	12%	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224	$17,224
Bldg Materials & Farm Eqmt	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Auto Dealers & Supplies	1%	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435	$1,435
Service Stations	7%	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047	$10,047
Other Retail Stores	11%	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788	$15,788
Projected Sales	**100%**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**	**$143,530**

Source: COSTCO Wholesale Corp, and Economics Research Associates

Table 13 B
New Retail Demand versus New Club Store Projected Sales
(Dollars are in Thousands)

Retail Category	New Retail Sales Demand 2015	New Retail Sales Demand 2020	Club Store Sales Volume 2015	Club Store Sales Volume 2020	Club Store Sales as % of New Retail Demand 2015	Club Store Sales as % of New Retail Demand 2020
Apparel Stores	$5,023	$10,694	$5,741	$5,741	114%	54%
Gen. Merchandise & Drug	$24,208	$51,536	$25,835	$25,835	107%	50%
Food Stores	$67,183	$143,027	$66,024	$66,024	98%	46%
Eating & Drinking Places	$30,988	$65,970	$1,435	$1,435	5%	2%
Furnishings & Appliances	$7,998	$17,027	$17,224	$17,224	215%	101%
Bldg Materials & Farm Eqmt	$24,155	$51,423	$0	$0	0%	0%
Auto Dealers & Supplies	$57,314	$122,017	$1,435	$1,435	3%	1%
Service Stations	$36,644	$78,011	$10,047	$10,047	27%	13%
Other Retail Stores	$63,797	$135,819	$15,788	$15,788	25%	12%
Total (affected Categories)	**$293,155**	**$624,103**	**$143,530**	**$143,530**	**49%**	**23%**
Total Retail Stores	**$317,309**	**$675,526**	**$143,530**	**$143,530**	**45%**	**21%**

Source: Economics Research Associates

Table 13 C
Club Store: Residual Demand Analysis

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$41,718	$42,654	$43,608	$44,631	$45,675	$46,741	$47,829	$48,940	$50,074	$51,231	$52,412
Gen. Merchandise & Drug	$202,868	$207,377	$211,975	$216,906	$221,939	$227,076	$232,320	$237,672	$243,135	$248,712	$254,404
Food Stores	$568,696	$581,210	$593,970	$607,654	$621,622	$635,879	$650,432	$665,286	$680,449	$695,925	$711,723
Eating & Drinking Places	$291,324	$297,096	$302,982	$309,293	$315,736	$322,312	$329,024	$335,876	$342,869	$350,008	$357,295
Furnishings & Appliances	$58,339	$59,829	$61,348	$62,977	$64,640	$66,337	$68,070	$69,838	$71,643	$73,486	$75,367
Bldg Materials & Farm Eqmt	$228,204	$232,703	$237,291	$242,211	$247,233	$252,359	$257,591	$262,931	$268,383	$273,947	$279,627
Auto Dealers & Supplies	$540,046	$550,722	$561,608	$573,282	$585,198	$597,361	$609,776	$622,448	$635,383	$648,587	$662,064
Service Stations	$336,147	$342,972	$349,932	$357,396	$365,014	$372,790	$380,728	$388,830	$397,100	$405,541	$414,158
Other Retail Stores	$586,942	$598,825	$610,943	$623,937	$637,200	$650,739	$664,558	$678,664	$693,063	$707,759	$722,761
Affected Categories	$2,626,080	$2,680,685	$2,736,366	$2,796,076	$2,857,024	$2,919,235	$2,982,737	$3,047,554	$3,113,716	$3,181,250	$3,250,183
All Retail Categories	$2,854,284	$2,913,388	$2,973,657	$3,038,287	$3,104,256	$3,171,594	$3,240,327	$3,310,486	$3,382,099	$3,455,197	$3,529,811

Residual demand = total demand - club store sales. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand[a] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	88%	90%	92%	94%	96%	98%	101%	103%	106%	108%	110%
Gen. Merchandise & Drug	$228,704	89%	91%	93%	95%	97%	99%	102%	104%	106%	109%	111%
Food Stores	$634,719	90%	92%	94%	96%	98%	100%	102%	105%	107%	110%	112%
Eating & Drinking Places	$292,760	100%	101%	103%	106%	108%	110%	112%	115%	117%	120%	122%
Furnishing & Appliances	$75,563	77%	79%	81%	83%	86%	88%	90%	92%	95%	97%	100%
Bldg Materials & Farm Eqmt	$228,204	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	110%	113%	115%	117%	120%	122%
Service Stations	$346,194	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%	120%
Other Retail Stores	$602,730	97%	99%	101%	104%	106%	108%	110%	113%	115%	117%	120%
Affected Categories	$2,769,610	95%	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%
All Retail Categories	**$2,997,814**	95%	97%	99%	101%	104%	106%	108%	110%	113%	115%	118%

[a]Baseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if the club store is not built.
When residual demand as a share of basline demad falls below 100 percent represents potential for lower sales for existing businessess and hence potential for urban decay.
When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businessess to grow or for new businessess to enter the market.
Source: Economics Research Associates

Table 14 A
Discount Supercenter Projected Retail Sales, 2010-2020

Proposed Store (SF)	155,000											
	2010	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Estimated Net Sales / SF	$513	$513	$513	$513	$513	$513	$513	$513	$513	$513	$513	$513

		Discount Store Projected Retail Sales										
(Dollars are in Thousands)	**% Supercenter Sales**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Apparel Stores	8%	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361	$6,361
Gen. Merchandise & Drug	22%	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493	$17,493
Food Stores	31%	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650	$24,650
Eating & Drinking Places	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Furnishings & Appliances	15%	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927	$11,927
Bldg Materials & Farm Eqmt	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Auto Dealers & Supplies	3%	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385	$2,385
Service Stations	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Retail Stores	21%	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698	$16,698
Projected Sales	**100%**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**	**$79,515**

Source: Walmart Annual Report, Economics Research Associates

Table 14 B
New Retail Demand versus New Discount Supercenter Projected Sales
(Dollars are in Thousands)

	New Retail Sales Demand		Discount Supercenter Sales Volume		Discount Supercenter Sales as % of New Retail Demand	
Retail Category	**2015**	**2020**	**2015**	**2020**	**2015**	**2020**
Apparel Stores	$5,023	$10,694	$6,361	$6,361	127%	59%
Gen. Merchandise & Drug	$24,208	$51,536	$17,493	$17,493	72%	34%
Food Stores	$67,183	$143,027	$24,650	$24,650	37%	17%
Eating & Drinking Places	$30,988	$65,970	$0	$0	0%	0%
Furnishings & Appliances	$7,998	$17,027	$11,927	$11,927	149%	70%
Bldg Materials & Farm Eqmt	$24,155	$51,423	$0	$0	0%	0%
Auto Dealers & Supplies	$57,314	$122,017	$2,385	$2,385	4%	2%
Service Stations	$36,644	$78,011	$0	$0	0%	0%
Other Retail Stores	$63,797	$135,819	$16,698	$16,698	26%	12%
Total (affected Categories)	**$225,524**	**$480,121**	**$79,515**	**$79,515**	**35%**	**17%**
Total Retail Stores	**$317,309**	**$675,526**	**$79,515**	**$79,515**	**25%**	**12%**

Source: Economics Research Associates

Table 14 C
Discount Supercenter: Residual Demand Analysis

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$41,098	$42,034	$42,988	$44,011	$45,055	$46,121	$47,209	$48,320	$49,454	$50,611	$51,792
Gen. Merchandise & Drug	$211,210	$215,719	$220,317	$225,248	$230,281	$235,418	$240,662	$246,014	$251,478	$257,054	$262,746
Food Stores	$610,070	$622,584	$635,344	$649,028	$662,996	$677,253	$691,806	$706,660	$721,823	$737,300	$753,097
Eating & Drinking Places	$292,760	$298,531	$304,417	$310,729	$317,171	$323,747	$330,460	$337,311	$344,305	$351,443	$358,730
Furnishings & Appliances	$63,636	$65,125	$66,645	$68,274	$69,936	$71,634	$73,366	$75,135	$76,940	$78,782	$80,663
Bldg Materials & Farm Eqmt	$228,204	$232,703	$237,291	$242,211	$247,233	$252,359	$257,591	$262,931	$268,383	$273,947	$279,627
Auto Dealers & Supplies	$539,096	$549,772	$560,658	$572,332	$584,248	$596,410	$608,825	$621,498	$634,433	$647,636	$661,114
Service Stations	$346,194	$353,019	$359,979	$367,443	$375,061	$382,837	$390,775	$398,877	$407,147	$415,588	$424,205
Other Retail Stores	$586,032	$597,915	$610,033	$623,027	$636,291	$649,829	$663,649	$677,754	$692,153	$706,850	$721,851
Affected Categories	$1,509,660	$1,540,992	$1,572,941	$1,607,202	$1,642,173	$1,677,870	$1,714,306	$1,751,498	$1,789,461	$1,828,211	$1,867,765
All Retail Categories	$2,918,299	$2,977,403	$3,037,672	$3,102,302	$3,168,271	$3,235,609	$3,304,342	$3,374,501	$3,446,114	$3,519,212	$3,593,826

Residual demand = total demand - discount superstore sales. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand[a] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	87%	89%	91%	93%	95%	97%	99%	102%	104%	107%	109%
Gen. Merchandise & Drug	$228,704	92%	94%	96%	98%	101%	103%	105%	108%	110%	112%	115%
Food Stores	$634,719	96%	98%	100%	102%	104%	107%	109%	111%	114%	116%	119%
Eating & Drinking Places	$292,760	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Furnishings & Appliances	$75,563	84%	86%	88%	90%	93%	95%	97%	99%	102%	104%	107%
Bldg Materials & Farm Eqmt	$228,204	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	110%	112%	115%	117%	120%	122%
Service Stations	$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	$602,730	97%	99%	101%	103%	106%	108%	110%	112%	115%	117%	120%
Affected Categories	$1,589,175	95%	97%	99%	101%	103%	106%	108%	110%	113%	115%	118%
All Retail Categories	**$2,997,814**	97%	99%	101%	103%	106%	108%	110%	113%	115%	117%	120%

[a]Baseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if the discount superstore is not built.
When residual demand as a share of basline demad falls below 100 percent represents potential for lower sales for existing businessess and hence potential for urban decay.
When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businessess to grow or for new businessess to enter the market.
Source: Economics Research Associates

Table 15 A
Home Improvement Center Projected Retail Sales, 2010-2020

Proposed Store (SF)	155,000											
	2010	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Estimated Store Sales / SF	$294	$294	$294	$294	$294	$294	$294	$294	$294	$294	$294	$294

		Home Improvement Store Projected Retail Sales										
(Dollars are in Thousands)	**% Home Improv. Store Sales**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Apparel Stores	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gen. Merchandise & Drug	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Food Stores	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Eating & Drinking Places	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Furnishings & Appliances	16%	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221	$7,221
Bldg Materials & Farm Eqmt	71%	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530	$32,530
Auto Dealers & Supplies	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Service Stations	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Retail Stores	13%	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812	$5,812
Projected Sales	**100%**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**	**$45,563**

Source: Lowe's 2007 Financial Statements, Economics Research Associates

Table 15 B
New Retail Demand versus Home Improvement Store Projected Sales
(Dollars are in Thousands)

	New Retail Sales Demand (average per year)		Home Improvment Store Sales Volume (average per year)		Proposed Store % of New Retail Demand	
Retail Category	**2015**	**2020**	**2015**	**2020**	**2015**	**2020**
Apparel Stores	$5,023	$10,694	$0	$0	0%	0%
Gen. Merchandise & Drug	$24,208	$51,536	$0	$0	0%	0%
Food Stores	$67,183	$143,027	$0	$0	0%	0%
Eating & Drinking Places	$30,988	$65,970	$0	$0	0%	0%
Furnishings & Appliances	$7,998	$17,027	$7,221	$7,221	90%	42%
Bldg Materials & Farm Eqmt	$24,155	$51,423	$32,530	$32,530	135%	63%
Auto Dealers & Supplies	$57,314	$122,017	$0	$0	0%	0%
Service Stations	$36,644	$78,011	$0	$0	0%	0%
Other Retail Stores	$63,797	$135,819	$5,812	$5,812	9%	4%
Total (affected Categories)	**$95,950**	**$204,270**	**$45,563**	**$45,563**	**47%**	**22%**
Total Retail Stores	**$317,309**	**$675,526**	**$45,563**	**$45,563**	**14%**	**7%**

Source: Economics Research Associates

Table 15 C
Home Improvement Center: Residual Demand Analysis

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	$48,395	$49,349	$50,372	$51,416	$52,482	$53,571	$54,681	$55,815	$56,972	$58,153
Gen. Merchandise & Drug	$228,704	$233,213	$237,811	$242,741	$247,774	$252,911	$258,155	$263,507	$268,971	$274,547	$280,240
Food Stores	$634,719	$647,233	$659,994	$673,678	$687,645	$701,903	$716,455	$731,310	$746,472	$761,949	$777,747
Eating & Drinking Places	$292,760	$298,531	$304,417	$310,729	$317,171	$323,747	$330,460	$337,311	$344,305	$351,443	$358,730
Furnishings & Appliances	$68,342	$69,832	$71,351	$72,980	$74,643	$76,340	$78,073	$79,841	$81,646	$83,489	$85,369
Bldg Materials & Farm Eqmt	$195,674	$200,173	$204,761	$209,681	$214,702	$219,828	$225,061	$230,401	$235,853	$241,417	$247,097
Auto Dealers & Supplies	$541,482	$552,157	$563,044	$574,717	$586,633	$598,796	$611,211	$623,883	$636,819	$650,022	$663,499
Service Stations	$346,194	$353,019	$359,979	$367,443	$375,061	$382,837	$390,775	$398,877	$407,147	$415,588	$424,205
Other Retail Stores	$596,918	$608,801	$620,919	$633,913	$647,177	$660,715	$674,535	$688,641	$703,039	$717,736	$732,737
Affected Categories	$860,934	$878,806	$897,031	$916,574	$936,522	$956,884	$977,668	$998,883	$1,020,538	$1,042,642	$1,065,204
All Retail Categories	$2,952,251	$3,011,355	$3,071,624	$3,136,254	$3,202,223	$3,269,561	$3,338,294	$3,408,453	$3,480,066	$3,553,164	$3,627,777

Residual demand = total demand - discount superstore sales. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand[a] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Gen. Merchandise & Drug	$228,704	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Food Stores	$634,719	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Eating & Drinking Places	$292,760	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Furnishings & Appliances	$75,563	90%	92%	94%	97%	99%	101%	103%	106%	108%	110%	113%
Bldg Materials & Farm Eqmt	$228,204	86%	88%	90%	92%	94%	96%	99%	101%	103%	106%	108%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Service Stations	$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	$602,730	99%	101%	103%	105%	107%	110%	112%	114%	117%	119%	122%
Affected Categories	$906,497	95%	97%	99%	101%	103%	106%	108%	110%	113%	115%	118%
All Retail Categories	**$2,997,814**	98%	100%	102%	105%	107%	109%	111%	114%	116%	119%	121%

[a]Baseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if the discount superstore is not built.
When residual demand as a share of basline demad falls below 100 percent represents potential for lower sales for existing businessess and hence potential for urban decay.
When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businessess to grow or for new businessess to enter the market.
Source: Economics Research Associates

Table 16 A
Projected Sales of Retail Space Currently under Review or Construction, 2010-2020

Retail Space under Review or Construction

			Projected	77000		
	Square feet	**sales/sf[a]**	**Completion**	12000	1300	15600000
Target store expansion	42,566	300	2012	65000	343	22295000
Shopping Center[b]	119,900	343	2012			37895000
New Home Depot	128,000	356	2009			
Total new retail space	290,466					

	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Additional Square Footage[c]	128,000	128,000	290,466	290,466	290,466	290,466	290,466	290,466	290,466	290,466	290,466

Projected Retail Sales for Retail Space Currently Undergoing Review by Planning Department or Under Construction[c]

(Dollars are in Thousands)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Apparel Stores	$0	$0	$2,397	$2,397	$2,397	$2,397	$2,397	$2,397	$2,397	$2,397	$2,397
Gen. Merchandise & Drug	$0	$0	$7,850	$7,850	$7,850	$7,850	$7,850	$7,850	$7,850	$7,850	$7,850
Food Stores	$0	$0	$8,765	$8,765	$8,765	$8,765	$8,765	$8,765	$8,765	$8,765	$8,765
Eating & Drinking Places	$0	$0	$3,570	$3,570	$3,570	$3,570	$3,570	$3,570	$3,570	$3,570	$3,570
Furnishings & Appliances	$7,213	$7,213	$10,503	$10,503	$10,503	$10,503	$10,503	$10,503	$10,503	$10,503	$10,503
Bldg Materials & Farm Eqmt	$32,494	$32,494	$34,054	$34,054	$34,054	$34,054	$34,054	$34,054	$34,054	$34,054	$34,054
Auto Dealers & Supplies	$0	$0	$638	$638	$638	$638	$638	$638	$638	$638	$638
Service Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other Retail Stores	$5,806	$5,806	$31,630	$31,630	$31,630	$31,630	$31,630	$31,630	$31,630	$31,630	$31,630
Projected Sales	**$45,513**	**$45,513**	**$99,408**	**$99,408**	**$99,408**	**$99,408**	**$99,408**	**$99,408**	**$99,408**	**$99,408**	**$99,408**

[a] Based on national averages.
[b] Includes 93,200sf of retail at Auburn Creekside and 26,700sf of planned retail at the Plaza
[c] Assumes that the Home Depot opens in 2009 and Target expansion, Creekside shopping center and the 27,000sf of additional space at the Plaza are not completed until 2012.
Sources: Board of Equalization, Urban Land Institute, Economics Research Associates

Table 16 B
New Retail Demand versus Projected Sales of Retail Space Currently under Construction or Review
(Dollars are in Thousands)

Retail Category	New Retail Sales Demand 2015	New Retail Sales Demand 2020	Sales Volume of Retail Space under Construction or Review 2015	Sales Volume of Retail Space under Construction or Review 2020	Proposed Store % of New Retail Demand 2015	Proposed Store % of New Retail Demand 2020
Apparel Stores	$5,023	$10,694	$1,598	$1,961	32%	18%
Gen. Merchandise & Drug	$24,208	$51,536	$5,233	$6,423	22%	12%
Food Stores	$67,183	$143,027	$5,844	$7,172	9%	5%
Eating & Drinking Places	$30,988	$65,970	$2,380	$2,921	8%	4%
Furnishings & Appliances	$7,998	$17,027	$9,406	$9,905	118%	58%
Bldg Materials & Farm Eqmt	$24,155	$51,423	$33,534	$33,770	139%	66%
Auto Dealers & Supplies	$57,314	$122,017	$426	$522	1%	0%
Service Stations	$36,644	$78,011	$0	$0	0%	0%
Other Retail Stores	$63,797	$135,819	$23,022	$26,935	36%	20%
Total (affected Categories)	**$223,352**	**$475,498**	**$81,017**	**$89,086**	**36%**	**19%**
Total Retail Stores	**$317,309**	**$675,526**	**$81,443**	**$89,609**	**26%**	**13%**

Source: Economics Research Associates

Table 16 C

Residual Demand Analysis: Retail space under review or construction[a]

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	$48,395	$46,952	$47,975	$49,020	$50,086	$51,174	$52,284	$53,418	$54,575	$55,757
Gen. Merchandise & Drug	$228,704	$233,213	$229,961	$234,891	$239,924	$245,061	$250,305	$255,657	$261,121	$266,697	$272,390
Food Stores	$634,719	$647,233	$651,229	$664,912	$678,880	$693,137	$707,690	$722,544	$737,707	$753,184	$768,981
Eating & Drinking Places	$292,760	$298,531	$300,847	$307,159	$313,601	$320,177	$326,889	$333,741	$340,735	$347,873	$355,160
Furnishings & Appliances	$68,350	$69,840	$68,069	$69,698	$71,361	$73,058	$74,791	$76,559	$78,364	$80,207	$82,087
Bldg Materials & Farm Eqmt	$195,710	$200,209	$203,237	$208,157	$213,179	$218,305	$223,537	$228,878	$234,329	$239,893	$245,573
Auto Dealers & Supplies	$541,482	$552,157	$562,405	$574,079	$585,995	$598,157	$610,572	$623,245	$636,180	$649,383	$662,861
Service Stations	$346,194	$353,019	$359,979	$367,443	$375,061	$382,837	$390,775	$398,877	$407,147	$415,588	$424,205
Other Retail Stores	$596,925	$608,808	$595,101	$608,095	$621,359	$634,897	$648,716	$662,822	$677,221	$691,917	$706,919
Affected Categories	$860,934	$878,806	$897,031	$916,574	$936,522	$956,884	$977,668	$998,883	$1,020,538	$1,042,642	$1,065,204
All Retail Categories	$2,952,251	$3,011,355	$3,071,624	$3,136,254	$3,202,223	$3,269,561	$3,338,294	$3,408,453	$3,480,066	$3,553,164	$3,627,777

[a] "Retail space under planning review or construction" includes the Target expansion, Creekside Center, and Phase II of the Plaza, as well as the New Home Depot. Does not include development of the Bohemia Lumber site.
We assume that the Target expansion, Creekside Center and Phase II of the Plaza are not completed until 2012.
Residual demand = total demand - projected sales of retail space under review or construction. This represents the amount of potential demand that could be captured by other businesses.

Residual Demand as a Share of Baseline Demand

	Baseline Demand[b] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	100%	102%	99%	101%	103%	106%	108%	110%	113%	115%	117%
Gen. Merchandise & Drug	$228,704	100%	102%	101%	103%	105%	107%	109%	112%	114%	117%	119%
Food Stores	$634,719	100%	102%	103%	105%	107%	109%	111%	114%	116%	119%	121%
Eating & Drinking Places	$292,760	100%	102%	103%	105%	107%	109%	112%	114%	116%	119%	121%
Furnishings & Appliances	$75,563	90%	92%	90%	92%	94%	97%	99%	101%	104%	106%	109%
Bldg Materials & Farm Eqmt	$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	110%	113%	115%	117%	120%	122%
Service Stations	$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	$602,730	99%	101%	99%	101%	103%	105%	108%	110%	112%	115%	117%
Affected Categories	$906,497	95%	97%	99%	101%	103%	106%	108%	110%	113%	115%	118%
All Retail Categories	**$2,997,814**	98%	100%	102%	105%	107%	109%	111%	114%	116%	119%	121%

[b]Baseline demand represents total demand in trade area projected for 2010. This is the potential demand that could be captured by all existing businesses if no new retail space is built and the Home Depot does not open.
When residual demand as a share of basline demad falls below 100 percent represents potential for lower sales for existing businessess and hence potential for urban decay.
When residual demand as a share of baseline demand is greater than 100 percent means that there is unmet demand hence potential for businessess to grow or for new businessess to enter the market.
Source: Economics Research Associates

Table 17

Residual Demand Analysis: Review of 3 scenarios accounting for other additional retail space currently under review or construction

(Residual Demand as a Share of Baseline Demand)

Club Store

	Baseline Demand[b] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	88%	90%	87%	89%	91%	93%	96%	98%	100%	103%	105%
Gen. Merchandise & Drug	$228,704	89%	91%	89%	91%	94%	96%	98%	100%	103%	105%	108%
Food Stores	$634,719	90%	92%	92%	94%	97%	99%	101%	103%	106%	108%	111%
Eating & Drinking Places	$292,760	100%	101%	102%	104%	107%	109%	111%	114%	116%	118%	121%
Furnishings & Appliances	$75,563	68%	70%	67%	69%	72%	74%	76%	79%	81%	83%	86%
Bldg Materials & Farm Eqmt	$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	110%	112%	115%	117%	120%	122%
Service Stations	$346,194	97%	99%	101%	103%	105%	108%	110%	112%	115%	117%	120%
Other Retail Stores	$602,730	96%	98%	96%	98%	100%	103%	105%	107%	110%	112%	115%
Affected Categories	$2,769,610	94%	96%	96%	98%	100%	102%	105%	107%	110%	112%	114%
All retail Categories	**$2,997,814**	94%	96%	96%	98%	100%	102%	105%	107%	110%	112%	114%

Discount Supercenter

	Baseline Demand[b] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	87%	89%	86%	88%	90%	92%	94%	97%	99%	102%	104%
Gen. Merchandise & Drug	$228,704	92%	94%	93%	95%	97%	100%	102%	104%	107%	109%	111%
Food Stores	$634,719	96%	98%	99%	101%	103%	105%	108%	110%	112%	115%	117%
Eating & Drinking Places	$292,760	100%	102%	103%	105%	107%	109%	112%	114%	116%	119%	121%
Furnishings & Appliances	$75,563	75%	77%	74%	76%	79%	81%	83%	86%	88%	90%	93%
Bldg Materials & Farm Eqmt	$228,204	86%	88%	89%	91%	93%	96%	98%	100%	103%	105%	108%
Auto Dealers & Supplies	$541,482	100%	102%	103%	106%	108%	110%	112%	115%	117%	119%	122%
Service Stations	$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	$602,730	96%	98%	96%	98%	100%	103%	105%	107%	110%	112%	115%
Affected Categories	$2,358,861	95%	97%	97%	99%	102%	104%	106%	108%	111%	113%	116%
All retail Categories	**$2,997,814**	96%	98%	98%	100%	102%	105%	107%	109%	112%	114%	117%

Home Improvement Center

	Baseline Demand[b] (in thousands)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	$47,459	100%	102%	99%	101%	103%	106%	108%	110%	113%	115%	117%
Gen. Merchandise & Drug	$228,704	100%	102%	101%	103%	105%	107%	109%	112%	114%	117%	119%
Food Stores	$634,719	100%	102%	103%	105%	107%	109%	111%	114%	116%	119%	121%
Eating & Drinking Places	$292,760	100%	102%	103%	105%	107%	109%	112%	114%	116%	119%	121%
Furnishings & Appliances	$75,563	81%	83%	81%	83%	85%	87%	89%	92%	94%	97%	99%
Bldg Materials & Farm Eqmt	$228,204	72%	73%	75%	77%	79%	81%	84%	86%	88%	91%	93%
Auto Dealers & Supplies	$541,482	100%	102%	104%	106%	108%	110%	113%	115%	117%	120%	122%
Service Stations	$346,194	100%	102%	104%	106%	108%	111%	113%	115%	118%	120%	123%
Other Retail Stores	$602,730	98%	100%	98%	100%	102%	104%	107%	109%	111%	114%	116%
Affected Categories	$953,956	97%	99%	99%	101%	103%	105%	107%	110%	112%	115%	117%
All retail Categories	**$2,997,814**	97%	99%	99%	101%	104%	106%	108%	110%	113%	115%	118%

Source: Economics Research Associates

Table 18
Total Secured & Unsecured Property Tax Rates By Jurisdiction, FY 2008
Tax Rate Area 056-154

Taxing Agency	Pre - ERAF Shift	Post - ERAF Shift[a]
Placer County	0.30%	0.20%
County Library	0.02%	0.01%
Fire Control	0.00%	0.00%
Auburn Cementery	0.00%	0.00%
CSA #28-Zone 193 - North Auburn/Opl	0.09%	0.08%
Auburn Park	0.06%	0.05%
Placer County Resource Conserv	0.00%	0.00%
Ackerman Elementary	0.00%	0.00%
Auburn Elementary M&O	0.22%	0.22%
Placer High M&O	0.19%	0.19%
Sierra College M&O	0.08%	0.08%
County Education Tax	0.03%	0.03%
County Equalization Aid -Svc Gen	0.01%	0.01%
ROP Tax-Plcr Hi/W Plcr Unif	0.01%	0.01%
Plcr Co Water Agency M&O	0.00%	0.00%
Nevada Irrigation	0.00%	0.00%
ERAF	0.00%	0.12%
Total Base Tax[b]	**1.00%**	**1.00%**

[a] In 1992, to meet its obligations to fund education at specified levels under Proposition 98, the state enacted legislation that shifted partial financial responsibility for funding education to local governments. The state did this by instructing county auditors to shift the allocation of local property tax revenues from local government to "educational revenue augmentation funds" (ERAFs), directing that specified amounts of city, county, and other local agency property taxes be deposited into these funds to support schools.
[b] Does not include high school and colleges bond revenue.

Source: Placer County Auditor-Controllers Office

Table 19
Tax Increment Breakdown

Description	Total Tier 1 Increment Calc	Passthrough Adjustment Year 1-10	Passthrough Adjustment Year 11-30	Grand Total Pass Thru Adj for RDA	Increment Allocation to Local Jurisdictions
Placer County	392,879	78,576	0	78,576	5.8%
County Library	19,565	3,913	108	4,021	0.3%
Fire Control	1,643	329	11	340	0.0%
Auburn Cementery	3,304	661	39	700	0.1%
CSA #28-Zone 193 - North Auburn/Ophir Fire	100,626	20,125	552	20,677	1.5%
Auburn Park	79,670	15,934	449	16,383	1.2%
Placer County Resource Conserv	890	178	6	184	0.0%
Ackerman Elementary	43,152	8,630	525	9,155	0.7%
Auburn Elementary M&O	247,577	49,515	1,145	50,660	3.8%
Placer High M&O	249,370	49,874	1,403	51,277	3.8%
Sierra College M&O	101,634	20,327	572	20,899	1.6%
County Education Tax	36,785	35,347	207	35,554	2.6%
County Equalization Aid -Svc Gen	11,564	11,113	65	11,178	0.8%
ROP Tax-Plcr Hi/W Plcr Unif	10,905	10,479	62	10,541	0.8%
Plcr Co Water Agency M&O	3,075	615	17	632	0.0%
Nevada Irrigation	42,866	8,573	570	9,143	0.7%
Total	1,345,505	314,189	5,731	319,920	23.8%

Source: Placer County Auditor-Controllers Office

Table 20
Estimated Property Values

	Club Store	Discount Superstore	Home Improvement Center
Land Value			
Adjusted baseline value	$2,487,308	$2,487,308	$2,487,308
Tax Increment	$1,679,489	$1,679,489	$1,679,489
Projected land value[a]	$4,166,797	$4,166,797	$4,166,797
Improvements[b]	$11,260,225	$16,129,226	$12,435,162
Personal Property[b]	$3,301,346	$2,421,186	$3,435,098
	$18,728,368	$22,717,209	$20,037,057
Projected Property Tax Revenue (1%)	$187,284	$227,172	$200,371

[a] Based on current assessed value adjusted by 2 percent yearly adjustment through 2010. The adjusted baseline value is the assessed value at the time of the North Auburn Redevelopment Area formation adjusted for 2 percent annual increases. The tax increment value is the difference between the projected land value minus the adjusted baseline value.

[b] Based on assessed value for similar projects in Placer County; adjusted for inflation.

Source: Placer County Assessor's Office

Table 21
Estimated Placer County Property Tax Revenues[a]

	Club Store	Discount Superstore	Home Improvement Center
Baseline Property Tax[b]			
Land Revenue	$5,012	$5,012	$5,012
Tax Increment[c]			
Land Revenue	$981	$981	$981
Improvements	$6,576	$9,419	$7,262
Personal Property	$1,928	$1,414	$2,006
Tax Increment subtotal	$9,485	$11,814	$10,249
Property Tax Revenue	$14,496	$16,826	$15,261

[a] This table includes only property taxes accrued to the County's General Fund. Property tax revenue accrued to other local jurisdictions are shown in Table 22.

[b] The baseline property tax will accure to the County's General Fund regardles of whether the project is built. Therefore, this revenue is exluded from the fiscal impact analysis. It is included in this table for illustration purposes. The allocation to the County's General Fund is based on the post-ERAF shift as shown in table 18.

[c] The allocation of the tax increment to the County's General Fund is based on the pass-through schedule shown in table 19.

Source: Economics Research Associates

Table 22
Property Tax Revenues Accrued to Other Local Entities[a]

	Club Store	Discount Superstore	Home Improvement Center
Redevelopment Agency	$123,794	$154,198	$133,770
County Library	$789	$908	$828
Fire Control	$41	$51	$44
Auburn Cementery	$84	$105	$91
CSA #28-Zone 193 - North Auburn/Ophir	$4,436	$5,049	$4,637
Auburn Park	$3,274	$3,760	$3,433
Placer County Resource Conserv	$36	$41	$38
Ackerman Elementary	$1,105	$1,376	$1,194
Auburn Elementary M&O	$11,563	$13,065	$12,056
Placer High M&O	$10,950	$12,470	$11,449
Sierra College M&O	$4,464	$5,083	$4,667
County Education Tax	$4,995	$6,049	$5,340
County Equalization Aid -Svc Gen	$1,571	$1,902	$1,680
ROP Tax-Plcr Hi/W Plcr Unif	$1,479	$1,791	$1,581
Plcr Co Water Agency M&O	$114	$132	$120
Nevada Irrigation	$1,104	$1,375	$1,193
ERAF	$2,990	$2,990	$2,990
Total	$172,787	$210,346	$185,110

[a] Includes RDA pass-throughs from tax increment and revenues from baseline valuation.
Source: Placer County Assessor's Office, Economics Research Associates

Table 23
Taxable Sales Revenue

Annual Taxable Sales (Thousand of dollars)	Club Store	Discount Superstore	Home Improvement Center
Apparel Stores	$5,741	$6,361	$0
Gen. Merchandise & Drug[a]	$25,083	$16,984	$0
Food Stores[b]	$22,008	$8,217	$0
Eating & Drinking Places	$1,435	$0	$0
Furnishing & Appliances	$17,224	$11,927	$7,221
Bldg Materials & Farm Eqmt	$0	$0	$32,530
Auto Dealers & Supplies	$1,435	$2,385	$0
Service Stations	$10,047	$0	$0
Other Retail Stores	$15,788	$16,698	$5,812
Projected Taxable Sales[c]	$88,885	$62,572	$45,563
Sales Tax Revenue @ 1 percent	**$889**	**$626**	**$456**

[a] Adjusted from total sales by 3% to reflect non taxable drug sales.

[b] Adjusted from total sales by 2/3 to reflect only the portion of total food store sales that are taxable.

[c] Annual taxable sales for the club store are further adjusted to reflect wholesale, tax-exempt sales. Non-taxable sales at Costco Stores are estimated between 58 and 65 percent. We assume that only 60 percent of the club store sales are taxable.

Source: Economics Research Associates

Table 24
Project Revenues

Source	Club Store	Discount Superstore	Home Improvement Center
Property Tax Secured[a]	$7,557	$10,400	$8,243
Unsecured	$1,928	$1,414	$2,006
Sales and Use Tax	$888,855	$625,724	$455,631
Business Licenses	$16	$16	$16
Total	$898,355	$637,554	$465,896

[a] Includes only tax-increment revenue. Does not include tax revenue on baseline assessment.

Source: Economics Research Associates

Table 25
Increase in Ongoing (Annual) General Fund Costs Resulting from the Proposed Project

Projected Number of Employees 200

	Allocated Per Capita Costs (2006) Dollars Per Capita Cost Factor				Allocated Per Capita Costs (2010) Dollars Per Capita Cost Factor				Ongoing Costs of Serving the Project (2010 Dollars)			
	Countywide		Unincorporated Area		Countywide		Unincorporated Area		Countywide		Unincorporated Area	
General Fund	**Per Resident**	**Per Employee**	**Per Resident**	**Per Employee**	**Per Resident**	**Per Employee**	**Per Resident**	**Per Employee**	**Residents**	**Employees**	**Residents**	**Employees**
Administrative & Legislative - Shared	102.73	24.66	137.68	33.04	113.99	27.36	152.77	36.66		5,473		7,332
Administrative & Legislative	21.6	5.18	10.81	2.59	23.97	5.75	11.99	2.87		1,150		575
Child Support & Other Justice	7.06	2.19			7.83	2.43	0.00	0.00		486		0
Contribution to Public Safety	92.93	28.81	140.46	43.54	103.12	31.97	155.86	48.31		6,394		9,663
Other Protection	16.69	4.00	24.82	5.96	18.52	4.44	27.54	6.61		888		1,323
Other Protection Shared	3.48	0.83	92.98	22.32	3.86	0.92	103.17	24.77		184		4,953
Environmental Health	3.85	0.92			4.27	1.02	0.00	0.00		204		0
Health	46.29				51.36	0.00	0.00	0.00		0		0
Human Services	31.67				35.14	0.00	0.00	0.00		0		0
Education & Recreation	12.05				13.37	0.00	0.00	0.00		0		0
Contribution to Road Fund	2.06	0.49	44.1	10.58	2.29	0.54	48.93	11.74		109		2,348
										14,887		26,194
Public Safety Fund												
Detention and Correction	23.23	7.2			25.78	7.99	0.00	0.00		1,598		0
Judicial (District Attorney)	10.77	3.34			11.95	3.71	0.00	0.00		741		0
Protection and Prevention	5.55	1.72	70.95	21.99	6.16	1.91	78.73	24.40		382		4,880
Administration	3.68	1.14	12.89	4.00	4.08	1.26	14.30	4.44		253		888
										2,974		5,768
Library Fund												
Library Services	16.06				17.82	0.00	0.00	0.00		0		0
Public Ways & Facilities (Road) Fund												
Public Ways & Facilities	0.8	0.19	17.18	4.12	0.89	0.21	19.06	4.57		42		914
Total All Funds	400.5	80.67 0	551.87	148.14	411.05	82.80	566.41	152.04		17,903		32,876

Sources: Hausrath Economics Group, Bureau of Labor Statistics, Placer County, ERA

Table 26
Revenue Senstivity Analysis: Shifts in Sales within Placer County

Sales Shift from Exisiting Stores	Club Store	Discount Superstore	Home Improvement Center
0%	$898,355	$637,554	$465,896
10%	$809,470	$574,982	$420,333
25%	$676,142	$481,123	$351,988
50%	$453,928	$324,692	$238,080

Sources: Economics Research Associates