HAUSRATH
ECONOMICS
GROUP

# MEMORANDUM

**Date:** July 22, 2011

**To:** George Rosasco, Placer County Planning Department
Allison Carlos, Placer County Executive Office

**From:** Sally Nielsen

**Subject:** **Final *Timberline at Auburn Fiscal Impact Analysis***

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The memorandum summarizes the results of a fiscal impact analysis of the Timberline at Auburn project (Timberline, or "the project") proposed for development north of the Bell Road / Richardson Drive intersection in unincorporated Placer County. Hausrath Economics Group (HEG) prepared this fiscal impact analysis using service cost and local public revenue factors derived from analysis of the *Placer County 2010/2011 Final Adopted Budget,* project-specific characteristics, and other estimating assumptions as needed.

The fiscal impact analysis evaluates the relationship between the costs to the County to provide local public services to project residents and businesses and the revenues to the County that would be generated by project development, household population, and business activity. The analysis evaluates the adequacy of the most significant County discretionary revenue sources generated by proposed development and associated population, employment, and business activity to cover County costs to serve the proposed project. The range of costs evaluated includes costs to provide countywide services (those costs provided throughout the county, including to residents and business located in the cities) and the costs to provide municipal-type services in the unincorporated area.

Many aspects of the analysis are based on average cost and revenue factors from the 2010/2011 Placer County budget that reflect average levels of County service and current local government revenue sources and state/local fiscal relationships.[1] As such, the analysis provides a generalized indication of the cost/revenue balance for the proposed project. Costs and revenues are compared for Phase 1, Phase 2, and build-out of both phases.

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[1] The one exception to the per capita average in the cost analysis is in the police protection cost spending assumptions. Because of the unique characteristics of the project, police protection costs for the Continuing Care Retirement Community component of the proposed project are assumed to be somewhat less than the per capita average.

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Attachment K334

## Project Description

The entire project site covers 119 acres. This fiscal impact analysis focuses on the 95-acre Timberline at Auburn project; the rest of the project site consists of a 24-acre parcel owned by the Auburn Area Recreation and Park District (ARD) where a trail network would be developed. The ARD parcel is not considered in this fiscal impact analysis.

The Timberline project proposes development of a Continuing Care Retirement Community (CCRC) consisting of 780 residential units (apartments and detached and duplex units) and various common facilities and service and support buildings, adjacent to a complex of commercial/office buildings totaling about 300,000 square feet where 78 residential lofts would also be developed in some 2nd and 3rd story space.[2] **Table 1** summarizes the components of the project that are analyzed in the fiscal impact analysis.

The Timberline at Auburn CCRC is proposed as an age-restricted, independent-living community offering housing as well as a range of services to residents. Assisted-living and skilled-nursing services would be provided through agreements with adjacent existing facilities. The apartments and villas would not be for-sale housing. Residents would pay a large entry fee (90 percent refunded when the unit is vacated) and a monthly fee. These revenue sources fund the following supportive services: meal plan (one meal a day, for apartment residents only); maintenance; grounds-keeping and housekeeping; utilities; property taxes; 24-hour staffing; gated entry and grounds security; planned social, recreational, educational, and cultural activity; and scheduled transportation to shopping, special events, and recreation/entertainment. The CCRC on-site facilities would include dining rooms where residents are served meals and can purchase additional meals including guest meals, a café and lounge/bar, convenience store, hair salon/spa, banking kiosk, conference room, furnished guest apartments available for nightly rental to family members and other guests, business center, library, media center, fitness center, and multi-purpose rooms.

[2] The current proposal shows commercial/ office space ranging from 271,500 to 321,500 square feet, depending on whether the office buildings are developed as medical offices (lower end of the range) or professional office buildings (higher end of the range). The square footage for the 78 residential units is in addition to these estimates.

**TABLE 1**
**Land Use Components Relevant to Fiscal Impact Analysis: Timberline at Auburn**

| | Residential (units) | Building Square Footage/a/ |
|---|---|---|
| **Continuing Care Retirement Community** | | |
| Independent Living buildings | 640 | |
| Duplex Villas | 72 | |
| Detached Villas | 68 | |
| Commons Buildings/b/ | | 40,000 |
| Service & Amenity Buildings/b/ | | 51,000 |
| Support Building | | 12,000 |
| **Subtotal** | **780** | **103,000** |
| **Commercial/Professional Buildings** | | |
| Medical/Professional Office Buildings/c/ | | 90,000 - 140,000 |
| Mixed Use / Commercial Buildings/d/ | 78 | 33,500 |
| Commercial Recreation & Fitness | | 45,000 |
| **Subtotal** | **78** | **168,500 - 218,500** |
| **Total** | **858** | **271,500 - 321,500** |

/a/ Does not include residential square footage.
/b/ CCRC common facilities include dining and lounge facilities, visitor rooms for short-term stays, convenience store, hair salon, multi-purpose rooms, library, business center, media center and fitness center.
/c/ If these buildings were built to accommodate medical offices the buildings would be two stories tall and would have 90,000 square feet of office space and 5,000 square feet of retail space. The larger amount of space would be for 3-story professional office buildings.
/d/ Two-story residential lofts are proposed on top of one floor of commercial or office space.
SOURCE: *Timberline at Auburn Draft Environmental Impact Report*, November 2010.

## Phasing, Population, Employment, and Development Cost (Assessed Value)

**Table 2** summarizes key estimates for the project that are used in the fiscal impact analysis. The County service population represented by the proposed development consists of the residents living at the CCRC and the other proposed housing, as well as the employment and business activity represented by the CCRC operation itself and the businesses located in the commercial center. The resident service population accounts for a stabilized occupancy rate of 90 percent for the CCRC and a 95 percent occupancy rate for the residential lofts. The development cost assumptions are used to approximate assessed value for estimating property tax revenue. The phasing and development cost assumptions were provided by the project applicant, Western Care Construction Company, and reflect preliminary project budgets. HEG evaluated the development cost assumptions in light of industry standards, including CCRC standards for costs per unit, and determined the cost estimates to be reasonable for the purposes of this fiscal impact analysis.

**TABLE 2**
**Households, Population, Employment, Development Cost, By Phase: Timberline at Auburn**

| | Phase 1 | Phase 2 | Build-out |
|---|---|---|---|
| Units | | | |
| Apartments | 180 | 460 | 640 |
| Villas/Duplexes | 69 | 71 | 140 |
| **Total CCRC** | **249** | **531** | **780** |
| **Loft Housing** | **42** | **36** | **78** |
| **Total Units** | **291** | **567** | **858** |
| Households | | | |
| Apartments/a/ | 162 | 414 | 576 |
| Villas/Duplexes/a/ | 62 | 64 | 126 |
| **Total CCRC** | **224** | **478** | **702** |
| **Loft Housing/b/** | **40** | **34** | **74** |
| **Total Households** | **264** | **512** | **776** |
| Population | | | |
| Apartments/c/ | 203 | 518 | 720 |
| Villas/Duplexes/c/ | 78 | 80 | 158 |
| **Total CCRC** | **280** | **597** | **878** |
| **Loft Housing/d/** | 92 | 79 | **170** |
| **Total Population** | **372** | **676** | **1,048** |
| Employment | | | |
| CCRC/e/ | 71 | 99 | 170 |
| Commercial Center/f/ | 86 | 439 | 525 |
| **Total Employment** | **157** | **538** | **695** |
| **Development Cost/g/** | **$121,499,000** | **$160,862,000** | **$282,361,000** |

/a/ Assumes 90 percent stabilized occupancy as documented in Irving Levin Associates, Inc., *The Senior Care Acquisition Report*, Fifteenth Edition 2010, Abstract.

/b/ Assumes 95 percent stabilized occupancy, reflecting industry standards for rental housing vacancy and turnover.

/c/ Household size assumptions provided by the project sponsor based on national trends in CCRC residency, as recorded by the U.S. Department of Health & Human Services. Three-quarters of the units are assumed single occupancy and one-quarter of the units are assumed double occupancy, resulting in an average of 1.25 persons per household.

/d/ Assumes 2.3 persons per household based on 2010 Census results for the City of Auburn. Average household sizes are larger in unincorporated North Auburn (2.6 persons per household according to the 2010 Census); the smaller household size is a more appropriate estimate for the residential loft housing type proposed.

/e/ CCRC staffing estimates provided by Western Care Construction Company. This estimate counts all persons employed, which is greater than estimated full-time-equivalent jobs.

/f/ Based on national standards for office and retail space per worker. The factors (387 sq. ft. of office space per employee, 945 sq. ft. of retail space per employee, and 550 sq. ft. of food service space per employee) account for vacant space and common areas and are generally applicable to the proposed commercial center.

/g/ Development cost estimate provided by Western Care Construction Company, based on preliminary project construction budgets. The "pro forma" estimate includes site development costs, building construction costs and soft costs. In the absence of market value data, the Placer County Assessor's office uses this type of development cost estimate to determine assessed value. For the CCRC component, the building cost reflects an average of about $200,000 per unit, which appears reasonable in light of industry standards referenced by Irving Levin Associates, Inc. in *Senior Living Business* and *The Senior Care Acquisition Report*.

Detail may not add to totals due to independent rounding.

Source: Western Care Construction Company, Census 2010, and Hausrath Economics Group.

At build-out, assuming a stabilized occupancy rate of 90 percent, there would be about 702 households at the CCRC, housing a resident population of 878 adults, averaging about 80 years of age.[3] The loft housing in the commercial center, proposed to provide an opportunity for affordable housing on-site for some of the people employed at the CCRC, would accommodate 170 residents.[4] According to a staffing plan provided by the project applicant, the CCRC would employ about 170 people at build-out, including positions in administration, marketing, activities, food services, housekeeping, and maintenance. The retail and office businesses located in the adjacent commercial center would employ another 525 people, assuming the larger amount of development associated with professional offices, as opposed to medical offices.

**Fiscal Impact Analysis Results for Placer County**

**Table 3** presents the conclusions of the fiscal impact analysis of the proposed Timberline at Auburn project for each of four County funds: General Fund, Public Safety Fund, Library Fund, and Road Fund. The table shows revenues and expenditures and net revenue or cost for each fund and for the combined funds. In the County's annual budget, the General Fund typically funds the un-reimbursed costs of most programs and departments. According to current County budget practice, transfers from the General Fund offset operating deficits in other County funds, such as the Public Safety Fund. On the other hand, annual "surplus" revenue in any particular other fund is retained in that fund and is not transferred to the General Fund. Thus, the Combined Funds summary does not include the small "surplus" revenue indicated in this analysis for the Library Fund, the Road Fund, and (at Phase 1 and Build-out) for the Public Safety Fund. The Combined Funds result is the best indicator of overall net fiscal impact on County discretionary spending.

**Table 3** shows *annual* results for Phase 1, separately for Phase 2, and at build-out for the combined phases. The relationship of Net Revenue to Expenditures is expressed as a percentage and indicates the extent to which the net fiscal impact results are positive or negative, with respect to existing service levels in the County (as measured by current expenditures per capita).[5]

Overall for these four funds under current levels of service the fiscal impact analysis results indicate that the proposed Timberline at Auburn project would have a neutral fiscal impact on Placer County, because net revenue is within ±10 percent of cost. Phase 1 shows a net surplus, while Phase 2 shows costs exceeding revenue by about $118,000 per year in the General Fund or 17 percent of estimated annual General Fund service costs. The overall result, at build-out,

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[3] Assumptions about household size for CCRC households and the age of CCRC residents are based on national data provided by the project applicant from the U.S. Department of Health and Human Services (*Continuing Care Retirement Communities: A Background and Summary of Current Issues*, February 1997).

[4] Assuming, on average, five percent of the units are vacant at any one time and an average household size of 2.3 persons per household, based on 2010 Census results for the City of Auburn.

[5] As a general rule, HEG defines a fiscally neutral project, i.e., revenues about equal to expenditures, as falling within the range of ± 10 percent of net revenues relative to expenditures. This range reflects the general level of precision we feel is appropriate given the assumptions and methodology of the fiscal impact analysis and of long-term forecasting in general.

**TABLE 3**
**Fiscal Impact by Fund (2010 dollars): Timberline at Auburn**

| | Phase 1 | Phase 2/a/ | Build-out |
|---|---|---|---|
| *General Fund* | | | |
| Revenues | $390,000 | $546,800 | $936,500 |
| Expenditures | ($339,400) | ($664,600) | ($1,003,900) |
| Net Revenue | $50,300 | ($117,700) | ($67,500) |
| Net Revenue/(Expenditure) | 15% | -18% | -7% |
| *Public Safety Fund* | | | |
| Revenues | $27,300 | $49,600 | $76,800 |
| Expenditures | ($25,100) | ($49,900) | ($75,100) |
| Net Revenue | $2,100 | ($400) | $1,800 |
| Net Revenue/(Expenditure) | 8% | -1% | 2% |
| *Library Fund* | | | |
| Revenues | $13,900 | $18,400 | $32,300 |
| Expenditures | ($7,600) | ($13,900) | ($21,500) |
| Net Revenue | $6,300 | $4,600 | $10,800 |
| Net Revenue/(Expenditure) | 82% | 33% | 50% |
| *Road Fund* | | | |
| Revenues | $2,300 | $4,200 | $6,500 |
| Expenditures | $0 | $0 | $0 |
| Net Revenue | $2,300 | $4,200 | $6,500 |
| Net Revenue/(Expenditure) | n/a | n/a | n/a |
| *Combined Funds, if Net Deficit* | | | |
| Revenues | $390,000 | $596,400 | $936,500 |
| Expenditures | ($339,400) | ($714,500) | ($1,003,900) |
| Net Revenue | $50,300 | ($118,100) | ($67,500) |
| Net Revenue/(Expenditure) | 15% | -17% | -7% |

NOTE: For the purposes of the Combined Funds analysis, only those funds showing an annual deficit of costs over revenue are combined with the General Fund. This reflects current Placer County budget practice; transfers from the General Fund offset operating deficits in other County funds, such as the Public Safety Fund. On the other hand, annual "surplus" revenue in any particular fund is retained in that fund and is not transferred to the General Fund. See **Appendix A** for more information on fiscal impact estimating factors and assumptions.

/a/ Incremental costs and revenue for Phase 2 only.

Detail may not add to total due to independent rounding.

Sources: Placer County and Hausrath Economics Group.

indicates annual County General Fund costs of just over $1 million offset by discretionary revenue of about $940,000—a net result for the General Fund in which costs exceed revenue by seven percent. All other funds show a surplus of discretionary revenue over cost.

The variation by phase is to some extent an artifact of the estimating assumptions; the site development component of the assessed value estimate is allocated entirely to Phase 1, thereby generating property tax revenue disproportionate to the service population and therefore to service costs in that phase. At the same time, two thirds of the CCRC residential development and almost all of the commercial center office development are planned for Phase 2.

**County Costs to Serve New Development**

The cost estimates in the fiscal impact analysis are based on analysis of Placer County's 2010/2011 Final Adopted Budget. Budgeted spending for each County department is compared to budgeted revenue. To calculate the *net cost* funded by the discretionary revenue sources associated with new development, the analysis deducts dedicated revenue such as charges for services, license and permit fees, and state and federal grants, as well as other miscellaneous revenue sources not directly associated with new development and associated population and employment. Costs are allocated to either a countywide service population (services provided throughout Placer County) or to a less-than-countywide service population (municipal-type services provided specifically to the unincorporated area (building inspection and public works administration) and in some cases also to selected cities and towns, e.g., sheriff patrol and library services. **Appendix Table A.1** presents the per capita cost factors used in this fiscal impact analysis. The list below indicates the range of County services covered in the fiscal impact analysis.

**General Fund**

- Administrative & Legislative (Administrative Services, Board of Supervisors, County Executive Office, Assessor, Auditor-Controller, County Counsel, Personnel, Facility Services, Public Works Administration, Treasurer/Tax Collector, Economic Development)
- County Clerk/Recorder/Registrar of Voters
- Community Development (Administration, Planning, Building Inspection)
- Emergency Services
- Environmental Health
- Community Health, Clinics, and Animal Services
- Human Services
- Education & Recreation
- Child Support, Grand Jury, Indigent Defense, Court Operations
- Contribution to Public Safety
- Contribution to Road Fund

**Public Safety Fund**

- Detention and Correction
- District Attorney
- Police Protection – Sheriff Patrol and Investigation
- Sheriff Administration and Support

**Library Fund**

- Library Services

**Public Ways & Facilities (Road) Fund**

- Engineering and Transportation Planning
- Road Maintenance

### Project-Specific Cost Adjustment

The CCRC would be gated community with 24-hour private security service. Therefore, County public protection costs are assumed to be less than the average reflected in the per capita budget analysis. Police protection costs are represented in both the Public Safety Fund (Police Protection – Sheriff Patrol and Investigation) and related Sheriff Administration and Support and in the General Fund Contribution to these units of the Public Safety Fund. For the purposes of estimating costs associated with the CCRC (based on resident population and employment at the CCRC), these police protection costs are assumed to be 67 percent of the costs represented by the average per capita factor.

### County Revenue Associated with New Development

The fiscal impact analysis focuses on the discretionary revenue to Placer County that would be generated by proposed new development and the households, population, and business activity accommodated by that new development. **Table 4** provides the detail on revenue by source for the proposed Timberline at Auburn project.

General fund property tax is by far the most significant source of local revenue, accounting for about half of the total in both phases and at build-out. The Timberline project is located in a Tax Rate Area (TRA) where the County General Fund receives 28.4 percent of the one percent property tax, before the shift of about one third of the revenue to the state for education (ERAF). The net General Fund property tax share after ERAF in this TRA is 19.0 percent, just under the average throughout unincorporated Placer County (19.7 percent in the 2010-2011 tax year). Property tax revenue to the County Library Fund is based on an allocation of 1.4 percent of the total before ERAF and 1.1 percent after the shift of 19 percent to ERAF. See **Appendix Table A.2** for detailed assumptions.

**TABLE 4**
**Detailed Revenue Estimates (2010 dollars): Timberline at Auburn Fiscal Impact Analysis**

| | Phase 1 | Phase 2/a/ | Build-out |
|---|---|---|---|
| General Fund Property Tax | $230,700 | $305,400 | $536,100 |
| Library Fund Property Tax | $13,900 | $18,400 | $32,300 |
| Property Tax in lieu of Vehicle License Fee | $65,300 | $86,400 | $151,700 |
| Vehicle License Fee (Other) | $5,600 | $10,100 | $15,600 |
| General Fund Sales Tax | $78,800 | $125,400 | $204,100 |
| Other Property Taxes and Penalties | $8,700 | $17,000 | $25,700 |
| Transient Occupancy Tax | $700 | $2,500 | $3,200 |
| Public Safety Sales Tax | $27,300 | $49,600 | $76,800 |
| Road Fund Local Sales Tax for Transportation | $2,300 | $4,200 | $6,500 |
| **Total** | **$433,200** | **$619,000** | **$1,052,100** |

Note: See **Appendix A** for detailed assumptions.
/a/ Incremental revenue for Phase 2 only.
Detail may not add to total due to independent rounding.
Source: Placer County, Western Care Construction Company, and Hausrath Economics Group.

General Fund sales tax is the next most important revenue source, representing about 20 percent of total revenue to the County. In the case of Timberline at Auburn, the estimate of General Fund sales tax accounts for the taxable retail spending of CCRC and other households, taxable retail spending of people employed at the CCRC and at the commercial center, and taxable sales occurring in project retail space as well as at the CCRC. To avoid double-counting, the analysis makes assumptions about resident and employee spending that would be captured within the project, either at the CCRC facilities or at the proposed commercial center. See **Appendix Tables A.4a – A.4d** for detailed assumptions.

Property tax in lieu of vehicle license fee is another important source of discretionary General Fund revenue, allocated to local governments by the state. It accounts for about 15 percent of total revenue generated by the proposed project. Reflecting current state law and revenue apportionment practices, property tax in lieu of vehicle license fee is estimated as a function of the increase in assessed value represented by the proposed project. See **Appendix Table A.3** for estimating assumptions.

Other revenue sources are estimated using per capita factors from the 2010/2011 budget analysis. See **Appendix Table A.1** for the estimating factors and assumptions.

## Property tax revenue for other taxing entities

Development of the Timberline at Auburn project would generate property tax revenue to other taxing agencies besides the Placer County. Local schools (Auburn Elementary School, Placer High School, and Sierra College, in addition to the County Office of Education) would claim about 50 percent of the property tax revenue generated by development of these parcels. The Nevada Irrigation District would receive about six percent of the property tax revenue, and less than one percent of the property tax revenue would be allocated to the Placer County Water Agency and the County Resource Conservation District. **Table 5** presents estimates of property tax revenue for two other special districts: CSA 28 Zone 193 (North Auburn/Ophir Fire) and the Auburn Area Recreation and Park District. **Appendix Table A.2** provides background information on the estimates.

**TABLE 5**
**Property Tax Revenue, Selected Special Districts (2010 dollars): Timberline at Auburn**

| | Phase 1 | Phase 2/a/ | Build-out |
|---|---|---|---|
| CSA 28 Zone 193 (North Auburn / Ophir Fire)/b/ | $89,300 | $118,200 | $207,500 |
| Auburn Area Recreation & Park District/c/ | $59,700 | $79,100 | $138,900 |

NOTE: Estimates reflect a necessarily simplified assumption of assessed value, based on total development cost (2010 dollars) as provided by the project applicant. The estimate of assessed value at build-out is likely an over-estimate, if only accounting for assessment practices as stipulated under Proposition 13, whereby annual increases in assessed value are limited to two percent per year unless the property is transferred or subject to significant improvements that trigger reassessment. Typically, these limitations mean real declines in assessed value over time, relative to annual inflation and County costs. For the purposes of this fiscal impact analysis, no such real declines are assumed.

/a/ Incremental revenue for Phase 2 only.

/b/ After the shift of property tax revenue to ERAF, the fire district receives just over five percent (5.19 percent) of the property tax generated by assessed value in this Tax Rate Area.

/c/ After the shift of property tax revenue to ERAF, the ARD receives just under five percent (4.92 percent) of the property tax generated by assessed value in this Tax Rate Area.

Source: Placer County Auditor-Controller, Western Care Construction Company, and Hausrath Economics Group.

With development of Phase 1, the fire district would expect about $90,000 per year in property tax revenue and the ARD would expect about $60,000 per year. At build-out, the combined phases of the Timberline at Auburn project would generate property taxes of about $200,000 per year for the fire district and about $140,000 per year for the ARD.

## Additional considerations

There are a number of features of the proposed project that a necessarily simplified fiscal impact analysis may not adequately capture. Additional fiscal impact considerations include the following.

- **Property tax revenue** estimates are likely to be over-estimated because the estimates are based on 2010 development costs and do not reflect the expected real decline in assessed value over time, assuming the long-term inflation rate exceeds the two percent per year limitation on assessed value increases.

- **Real property transfer tax** revenue is not estimated. If, however, the property were sold at some point during or after build-out, the transaction would generate transfer tax at a rate of $1.10 per $1,000 of the transaction value. Furthermore, subsequent property tax revenue would be based on the market value established by the transaction.

- **General Fund sales tax** revenue requires numerous assumptions (see **Appendix Tables A.4a – A.4d**). One of the most important is the percentage of taxable spending that would occur in unincorporated Placer County, since the County only collects the full one percent local general fund sales tax on those transactions that occur in the unincorporated area. Rough estimates are used in this analysis, generally reflecting the range and distribution of retail inventory amongst various locations in the market area. Some business-to-business sales that would occur as a result of the business activity located in the commercial center office space might also generate General Fund sales tax. These transactions are not estimated in this analysis, but would add to the County's discretionary revenue to offset Timberline at Auburn service costs.

- **Transient occupancy tax** is a relatively small source of revenue and is estimated here based on the standard per-employee method used in Placer County fiscal impact analysis. The proposed project, however, would provide furnished guest rooms that would be available for over-night stays. These rooms would be subject to Placer County's Uniform Transient Occupancy Tax (TOT).[6] Currently, the tax rate in the Western Slope Transient Occupancy Tax Area is 8 percent of the room rate. By offering relatively inexpensive guest accommodations (in the range of $45 per night, according to the project applicant), the CCRC might generate more TOT revenue to Placer County than otherwise expected. On the other hand, to the extent that the CCRC guest rooms simply substituted for guest stays that would otherwise occur in other nearby establishments, there would be no net additional revenue and perhaps somewhat less revenue than otherwise expected.

- **County costs** to serve the CCRC resident population might be less than estimated according to the per capita averages used in the fiscal impact model. Specifically, demand for library services might be less than average because the CCRC would provide a library on-site. The fiscal analysis already incorporates an adjustment factor for County police protection costs on the assumption that demand for these public safety services would be less than average because the CCRC would be a gated community with 24-hour on-site security staff.

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[6] Sandy Conte, Manager, Placer County Revenue Services Division.

# APPENDIX A
## BACKGROUND INFORMATION FOR THE
## TIMBERLINE AT AUBURN
## FISCAL IMPACT ANALYSIS

## TABLE A.1

**PLACER COUNTY COST AND REVENUE FACTORS BY FUND (2010 dollars): Timberline at Auburn Fiscal Impact Analysis**

Per Capita Net Costs by Fund

| | Per Resident | Per Employee |
|---|---|---|
| **General Fund/a/** | | |
| Countywide Services | $399.07 | $79.90 |
| Unincorporated Area/Municipal Services | 412.66 | 108.93 |
| **Total** | **$811.73** | **$188.83** |
| **Public Safety Fund** | | |
| Countywide Services | $23.65 | $7.33 |
| Unincorporated Area/Municipal Services/a/ | 30.74 | 9.53 |
| **Total** | **$54.39** | **$16.86** |
| **Library Fund/b/** | | |
| Library Services (municipal) | 20.50 | - |
| **Total** | **$20.50** | **$0.00** |
| **Public Ways & Facilities (Road) Fund/c/** | | |
| Countywide Services | na | na |
| Unincorporated Area/Municipal Services | *na* | na |
| **Total** | | |
| **Total All Funds** | **$886.62** | **$205.69** |

Per Capita Revenue by Fund

| | Per Resident | Per Employee |
|---|---|---|
| General Fund | | |
| Other Property Tax and Penalties/d/ | $21.13 | $5.07 |
| Transient Occupancy Tax - Western Slope/e/ | - | 4.63 |
| Vehicle License Fee (social services, health, and welfare)/f/ | 14.92 | - |
| **Total** | **$36.05** | **$9.70** |
| **Public Safety Fund** | | |
| Public Safety Sales Tax/g/ | **$73.31** | **$0.00** |
| **Library Fund/b/** | ***$0.00*** | ***$0.00*** |
| **Public Ways & Facilities (Road) Fund** | | |
| Transportation Sales Tax/h/ | **$6.22** | **$0.00** |

NOTE: This table presents all of the cost factors used in the Timberline at Auburn fiscal impact analysis and all of the factors for revenue estimates generated on a per capita basis. The factors are based on analysis of the *Placer County 2010/2011 Final Adopted Budget*. The analysis also estimates secured and unsecured property tax revenue, property tax in lieu of vehicle license fee, and General Fund sales tax revenue. Those revenues are calculated based on project-specific factors. (See **Tables A.2, A.3, and A.4a - A.4d**). Other revenue sources (licenses, permits, and franchises; fines, forfeits, and penalties (except property tax penalties); revenue from use of money and property; charges for services; tax defaulted land sales, timber tax, race horse tax, aircraft tax; miscellaneous revenue; most contributions from other funds; and all intergovernmental revenue sources (except the property tax in lieu of vehicle license fee, vehicle license fee, homeowners property tax relief, and Proposition 172 Public Safety revenue) are not calculated in the fiscal impact analysis. These revenue sources are either not directly affected by growth and new development or directly offset County costs.

/a/ Costs for the General Fund contribution to Public Safety for police protection and costs for Public Safety Fund police protection services are assumed to be only 67 percent of the average represented by the per capita factors in the budget analysis, reflecting reduced demand from the Timberline at Auburn CCRC because is would be a gated community with 24-hour proivate security. The cost factors in this table incorporate that *project-specific* cost adjustment.

/b/ The Placer County Library service area includes all parts of the county with the exception of the cities of Lincoln and Roseville. The Placer County fiscal impact analysis does not estimate any per capita revenue sources for the library fund. Costs equivalent to the revenue derived from library fines and fees, for example, are deducted from Library costs before the per capita cost factor is calculated. The cost factor represents net costs funded by the Library Fund share of the property tax.

/c/ There is no net Road Fund cost after accounting for charges for services, permit fees, state and federal funding, and General Fund transfers. Those costs are counted as a General Fund cost in the fiscal impact model.

/d/ Property tax on utility properties and all property tax penalties.

/e/ By Board of Supervisor's resolution, the revenue from the Western Slope Transient Occupancy Tax of 8 percent of the room rate is allocated 50 percent ot the General Fund and 50 percent to the Gold Country Tourism and Promotions Fund. The per capita revenue factor reflects the 50 percent General Fund share of 2010-2011 Western Slope TOT revenue. This amount of revenue is assumed to increase proportional to overall economic activity, using employment as a proxy. The balance of the Western Slope Transient Occupancy Tax revenue accrues to the Gold Country Tourism and Promotion Fund which is not modeled in this fiscal impact analysis.

/f/ The remaining vehicle license fee intergovernmental revenue allocated to counties for social services, health, and welfare programs. For the fiscal impact model, per capita revenue factors are based on countywide population.

/g/ County public safety fund sales tax revenue derived from sales throughout Placer County and modeled as a function of countywide population. Public Safety sales tax revenue is estimated based on a countywide per-resident factor, but is allocated against costs based on the current year budget allocation of Public Safety Fund costs: 65 percent allocated to countywide costs and 35% allocated to less-than-countywide costs.

/h/ Revenue from the 0.25 percent local sales tax for county transportation.

SOURCES: Placer County Final Adopted Budget 2010/2011 and Hausrath Economics Group.

# TABLE A.2

## LOCAL PROPERTY TAX REVENUE ASSUMPTIONS

| Assessed Value, based on Development Cost estimate | |
|---|---|
| **Phase 1** | $121,499,000 |
| **Phase 2** | $160,862,000 |
| **Build-out** | **$282,361,000** |

SOURCE: Western Care Construction Company

**Correspondence between Assessor's Parcel Number and Tax Rate Area**

| Assessor's Parcel Number | Tax Rate Area | Acres |
|---|---|---|
| 051-180-058 | 056-026 | 92.60 |
| 051-180-059 | 056-026 | - |
| 051-140-056 | 056-026 | - |
| 051-140-057 | 056-026 | 1.10 |
| 051-211-016 | 056-159 | 24.40 |
| | | **118.10** |

SOURCE: Placer County Assessor

**Distribution of One Percent Property Tax Increment by Taxing Agency and Tax Rate Area**

| Taxing Agency | 056-026 | 056-159 |
|---|---|---|
| ***County Funds*** | | |
| **County General** | **28.42%** | **28.42%** |
| **County Library** | **1.41%** | **1.41%** |
| **Special Districts** | | |
| **CSA #28-Zone 193 (North Auburn/Ophir Fire)** | **8.04%** | **8.04%** |
| **Auburn Area Recreation & Park District** | **5.76%** | **5.76%** |
| Placer Co. Resource Conservation District | 0.07% | 0.07% |
| Placer County Water Agency | 0.22% | 0.22% |
| Nevada Irrigation District | 5.74% | 5.74% |
| **Schools - Placer County Office of Education** | | |
| Auburn Elementary School | 20.65% | 20.65% |
| Placer High School | 18.04% | 18.04% |
| Sierra College | 7.35% | 7.35% |
| County Education Tax | 2.66% | 2.66% |
| County Equalization Aid - General Services | 0.84% | 0.84% |
| Regional Occupational Program Tax - Placer High /Western Placer Unified | 0.79% | 0.79% |
| **Other** | | |
| North Auburn RDA | na | 0.00% |
| **Total** | **100.00%** | **100.00%** |

NOTE: Distribution factors calculated prior to shift to Education Revenue Augmentation Fund (ERAF).
SOURCE: Placer County Auditor-Controller's Office, Tax Year 2010/2011.

**Property Tax Factors by Fund**

| Funds Estimated | Property Tax Gross Share | ERAF Reduction Factor | Property Tax Net Share |
|---|---|---|---|
| County General | 28.42% | -33.20% | 18.99% |
| County Library | 1.41% | -19.05% | 1.14% |
| CSA #28-Zone 193 (North Auburn/Ophir Fire) | 8.04% | -8.60% | 7.35% |
| Auburn Area Recreation & Park District | 5.76% | -14.68% | 4.92% |

The property tax shares do not vary by TRA.
SOURCE: Placer County Auditor-Controller's Office

# TABLE A.3

## OTHER LOCAL REVENUE ASSUMPTIONS

**Estimating Property Tax in lieu of Vehicle License Fee**

| | | |
|---|---|---|
| 2010-2011 Property Tax in lieu of Vehicle License Fee Revenue to Placer County | $28,976,582 | |
| 2010-2011 Assessed Value in Placer County (secured and unsecured0 | $53,933,668,577 | |
| Property tax in lieu of VLF per $1,000 Assessed Value | $0.54 | |
| **Timberline at Auburn Estimates** | **Assessed Value** | **Property tax in lieu of VLF** |
| Phase 1 | $121,499,000 | $65,300 |
| Phase 2 | $160,862,000 | $86,400 |
| Build-out | **$282,361,000** | **$151,700** |

## TABLE A.4a

GENERAL FUND SALES TAX FROM HOUSEHOLD AND EMPLOYEE SPENDING

| | | Phase 1 | Phase 2 | Build-out | Source/Comment |
|---|---|---|---|---|---|
| Residential Loft Households | | | | | |
| Number of households | | 42 | 36 | **78** | |
| Household income | **$45,000** | | | | ACS 2005 - 2009 median household income, North Auburn CDP |
| Taxable retail spending % of HH income | **24%** | | | | Bureau of Labor Statistics, Consumer Expenditure Survey 2009, Western Region |
| Taxable retail spending per HH | **$10,800** | | | | |
| **Total taxable retail spending** | | $453,600 | $388,800 | **$842,400** | |
| **Share in unincorporated Placer County** | 50% | $226,800 | $194,400 | **$421,200** | HEG estimate |
| **Placer County General Fund Sales Tax at 1%** | | **$2,268** | **$1,944** | **$4,212** | |
| CCRC Households | | **Phase 1** | **Phase 2** | **Build-out** | **Source/Comment** |
| Number of households | | 249 | 531 | **780** | |
| Household income | **$48,600** | | | | Assumes household income at 1.5 times monthly fee, per *Continuing Care Retirement Communities: A Background and Summary of Current Issues*, February 1997, *U.S. Dept. of Health and Human Services*, Assistant Secretary for Planning and Evaluation, Office of Disability, Aging, and Long-Term Care Policy |
| Taxable retail spending % of HH income | **28%** | | | | Bureau of Labor Statistics, Consumer Expenditure Survey 2008-2009, Western Region (consumer units with reference person age 75 an over) |
| Taxable retail spending per HH | **$13,608** | | | | |
| **Total taxable retail spending** | | $3,388,392 | $7,225,848 | **$10,614,240** | |
| **Share in unincorporated Placer County** | **65%** | $2,202,455 | $4,696,801 | **$6,899,256** | HEG estimate, higher than average due to spending options at CCRC and not as likely to commute or to travel as far for shopping, etc. |
| **Spending at CCRC adjustment** | | ($607,365) | ($1,120,215) | ($1,727,580) | See **Table A.4c** for detailed estimates: convenience store, lounge bar and café, and additional meals. *Does not include guest meals.* |
| **Net additional spending outside CCRC** | | $1,595,090 | $3,576,586 | $5,171,676 | |
| **Placer County General Fund Sales Tax at 1%** | | **$15,951** | **$35,766** | **$51,717** | |

| On-site Employment | | Phase 1 | Phase 2 | Build-out | Source/Comment |
|---|---|---|---|---|---|
| CCRC employment | | 71 | 99 | **170** | |
| Other employment | | 86 | 439 | **525** | |
| **Total on-site employment** | | **157** | **538** | **695** | |
| Daily taxable spending per worker | $7.00 | | | | HEG estimate |
| Work days per year | 240 | | | | |
| Taxable spending per year | $1,680 | $263,524 | $903,932 | **$1,167,457** | |
| **Share in unincorporated Placer County** | **90%** | $237,172 | $813,539 | **$1,050,711** | HEG estimate, mostly lunch-time spending done on foot or nearby |
| **Placer County General Fund Sales Tax at 1%** | | **$2,372** | **$8,135** | **$10,507** | |

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## TABLE A.4b

GENERAL FUND SALES TAX FROM COMMERCIAL CENTER RETAIL SPACE

| Commercial Center Retail Space and Taxable Sales | | Phase 1 | Phase 2 | Build-out | Source/Comment |
|---|---|---|---|---|---|
| Retail space | | 11,500 | 12,000 | 23,500 | |
| Food service space | | 5,000 | | 5,000 | |
| | | | | | |
| Sales per square foot, retail space | $200 | | | | Urban Land Institute, Dollars and Cents of Shopping Centers |
| Sales per square foot, food service space | $300 | | | | Urban Land Institute, Dollars and Cents of Shopping Centers |
| share of retail sales that are taxable | 50% | | | | HEG estimate, reflects mix of stores at neighborhood commercial center where large share of sales are non-taxable grocery store sales |
| share of food service sales that are taxable | 75% | | | | HEG estimate, assuming relatively high proportion of take-out, non-taxable sales |
| | | | | | |
| **Total taxable sales** | | $2,275,000 | $1,200,000 | $3,475,000 | |
| Discount for project household and and employee spending | 25% | ($568,750) | ($300,000) | ($868,750) | HEG estimate of percentage of total sales attributable to project household and employee spending. |
| **Net additional taxable sales** | | $1,706,250 | $900,000 | $2,606,250 | To avoid double-counting, sales attributable to project household and employee spending are subtracted from the total. |
| **Placer County General Fund Sales Tax at 1%** | | $17,063 | $9,000 | $26,063 | |

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# TABLE A.4c

ESTIMATES OF TAXABLE RETAIL SALES ATTRIBUTABLE TO CCRC OPERATIONS
*NOTE: Estimating factors provided by Western Care Construction Company, Inc.*

| | | Phase 1 | Phase 2 | Build-out |
|---|---|---|---|---|
| **Small convenience store** | | | | |
| **(non-perishable items otherwise found in grocery store)** | | | | |
| Sales per resident per day | **$1** | | | |
| Monthly sales | | $8,404 | $17,921 | **$26,325** |
| Annual sales | | **$100,845** | **$215,055** | **$315,900** |
| **Placer County General Fund Sales Tax at 1%** | | $1,008 | $2,151 | $3,159 |
| | | | | |
| **Lounge Bar and Café** | | **Phase 1** | **Phase 2** | **Total** |
| **Revenue per resident per month** | **$30** | | | |
| Monthly revenue | | $9,000 | $18,000 | $27,000 |
| Annual revenue | | **$108,000** | **$216,000** | **$324,000** |
| **Placer County General Fund Sales Tax at 1%** | | $1,080 | $2,160 | $3,240 |
| | | | | |
| **Apartment Resident Additional Meals** | | | | |
| % of apartment residents purchasing add'l meal | **30%** | | | |
| Average tab, lunch | **$6.50** | | | |
| Average tab, Dinner | **$9.50** | | | |
| Assume 50% lunch and 50% dinner | | | | |
| Weighted average revenue per meal | **$8.00** | | | |
| Add'l meals per day, apartment residents | | 61 | 155 | 216 |
| Monthly revenue, add'l meals | | $14,580 | $37,260 | **$51,840** |
| Annual revenue, add'l meals | | **$174,960** | **$447,120** | **$622,080** |
| | | | | |
| **Villa/Duplex Resident Meals** | | | | |
| % eating dinner & lunch (2 meals per day) | **25%** | | | |
| % eating dinner or lunch (1 meal per day) | **50%** | | | |
| Average tab, lunch | **$6.50** | | | |
| Average tab, dinner | **$9.50** | | | |
| Weighted average revenue per meal | **$8.00** | | | |
| Daily add'l revenue from 2 meals per day | | $311 | $320 | $630 |
| Daily add'l revenue from 1 meal per day | | $311 | $320 | $630 |
| Monthly revenue, add'l meals | | $18,630 | $19,170 | $37,800 |
| Annual revenue, add'l meals | | **$223,560** | **$230,040** | **$453,600** |
| | | | | |
| **Total additional resident meal revenue, per year** | | $398,520 | $677,160 | $1,075,680 |
| **Placer County General Fund Sales Tax at 1%** | | $39,852 | $67,716 | $107,568 |
| | | | | |
| **Guest Meals** | | | | |
| Meals per month | **100** | 100 | 213 | 313 |
| Meals per unit per month, Phase 1 | **0.40** | | | |
| Average tab, lunch | **$8.50** | | | |
| Average tab, Dinner | **$12.00** | | | |
| Assume 50% lunch and 50% dinner | | | | |
| Weighted average revenue per meal | **$10.25** | | | |
| Monthly revenue, guest meals | | $1,025 | $2,186 | $3,211 |
| Annual revenue, guest meals | | **$12,300** | **$26,230** | **$38,530** |
| **Placer County General Fund Sales Tax at 1%** | | $1,230 | $2,623 | $3,853 |

Assumes no sales tax on apartment resident meals included in monthly fee (one meal per day). These are likely to substitute for grocery purchases which are not taxable.

# TABLE A.4d

GENERAL FUND SALES TAX FROM CCRC OPERATIONS

| Potential taxable transactions | Annual Average Phase 1 | | | | Source / Comment |
|---|---|---|---|---|---|
| Supplies | $36,840 | | | | Annual average at stabilized operations for Phase 1, based on Month 12 estimates. |
| Linens | $1,200 | | | | Estimates of line item operating expenses from Western Care Construction Company |
| Tableware | $1,200 | | | | |
| Uniforms | $3,000 | | | | |
| Carpets/Blinds/Drapes | $9,600 | | | | |
| | **$51,840** | | | | |
| CCRC Units, Phase 1 | 249 | | | | |
| Expenses per Unit | $208 | | | | |
| CCRC Units, Phase 2 | 531 | | | | |
| | | **Phase 1** | **Phase 2** | **Build-out** | |
| **Potential taxable transactions, annual** | | $51,840 | $110,550 | $162,390 | |
| Share in unincorporated placer County | **50%** | $25,920 | $55,275 | **$81,195** | Western Care Construction Company, Inc. |
| **Placer County General Fund Sales Tax at 1%** | | **$259** | **$553** | **$812** | |

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