



EXHIBIT 2:  
Fiscal Impact Analysis

## ***EXHIBIT 2 MEMORANDUM***

To: City of Davis  
From: David Zehnder and Amy Lapin  
Subject: Davis Innovation Centers Fiscal Impact Analysis;  
EPS #152006  
Date: September 8, 2015

*The Economics of Land Use*



### **Introduction**

The City of Davis (City) retained Economic & Planning Systems, Inc. (EPS) to prepare a Fiscal Impact Analysis (Analysis) for the City of Davis (City) on behalf of Yolo 101 Joint Venture (JV) and R&B Delta, LLC representing the Mace Ranch Innovation Center (MRIC) project and Nishi Gateway LLC representing the Nishi Gateway Innovation District (Nishi) project. Collectively, these projects are referred to as a singular "Project" although each project is evaluated individually as well as in aggregate in this Analysis. The MRIC project is currently located in unincorporated Yolo County (County). The Nishi project is largely located in the unincorporated County and the City's adopted Sphere of Influence (SOI) with a small portion already located within the City's boundary. See **Map 1** for the MRIC and Nishi project locations.

The Analysis estimates the overall fiscal impacts to the City's General Fund, based on development of the proposed Project following annexation into the City. The objective of the Analysis is to determine whether the Project will generate adequate revenues at buildout to meet the costs of providing new development with City services (e.g., police protection, fire protection). The Analysis is based on the assumption that the unincorporated portion of the Project will be annexed into the City and municipal services will be provided by the City.

This memorandum and the attached technical appendices describe the methodology, assumptions, and results of the Analysis under a "Base Development Program," as defined later in this memorandum. This Analysis also evaluates the net fiscal impacts under several sensitivity scenarios, as described later in this memorandum, and presents the results of these scenarios in summary only.

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Map 1  
Proposed Innovation Centers in Davis



## Base Development Program

The Base Development Program represents a set of land uses and key assumptions that are described in the sections of this memorandum and attached technical appendices (**Appendix A** through **Appendix E**). This Analysis also evaluates a set of sensitivity scenarios that modify the Base Development Program land uses and key assumptions. These sensitivity scenarios are described in further detail at the end of the memorandum, with fiscal impact analysis summaries for each sensitivity scenario provided in **Appendix F**.

At buildout, the Base Development Program comprises 650 residential units and 3.1 million building square feet of nonresidential uses. Specific land uses for each project used in the Analysis are described below.

- **MRIC.** The Base Development Program for MRIC includes 2.7 million building square feet of nonresidential uses and does not include any residential uses. Nonresidential uses include: nearly 1.4 million square feet of office/flex/research & development (R&D) uses; about 950,000 square feet of industrial manufacturing uses; 125,000 square feet of retail uses; one 160,000 square foot hotel; and about 128,000 square feet of public/nonprofit uses.<sup>1</sup> These land uses are consistent with the August 2015 MRIC Draft Environmental Impact Report (DEIR) and includes proposed development in MRIC and the Mace Triangle.<sup>2</sup>
- **Nishi.** The Base Development Program for Nishi includes 650 high-density residential units (approximately 30 percent are assumed to be ownership condominiums; while the remaining 70 percent are assumed to be rental apartments), and about 401,000 building square feet of nonresidential uses. Nonresidential uses include: 245,000 square feet of office/flex/R&D uses; 28,000 square feet of manufacturing uses; about 48,000 square feet of retail uses; and over 80,000 square feet of public/nonprofit uses. These land uses are consistent with the September 2015 Nishi Draft EIR and includes proposed development in the Nishi Gateway area and Olive Drive area.<sup>3</sup>

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<sup>1</sup> This Analysis includes two sensitivity scenarios which evaluate modifications to MRIC's Base Development Program land uses. **Scenario 1** evaluates the net fiscal impacts of the addition of 850 residential dwelling units; **Scenario 2** evaluates the net fiscal impacts of the Project assuming the planned hotel is not developed. These scenarios are described in further detail at the end of this memorandum.

<sup>2</sup> While the MRIC DEIR evaluates the environmental impacts of proposed development in the Mace Triangle, some sections of the document may not include Mace Triangle land uses.

<sup>3</sup> The Nishi Gateway Area is bounded by the Union Pacific Railroad and UC Davis Campus to the northwest, Putah Creek to the northeast, and Interstate 80 (I-80) to the south. The Nishi Gateway Area is located in the unincorporated County. The Olive Drive area is bounded by Richards Blvd. to the northeast, the I-80/Richards Blvd. Interchange to the southeast, Putah Creek to the southwest, and the Union Pacific railroad to the northwest. The Olive Drive area is currently in the boundaries of the City.

## Summary of Results

### Base Development Program

Below is a summary table illustrating the estimated net fiscal impacts to the City's General Fund under the Base Development Program. At buildout, the Project is estimated to generate an annual net fiscal surplus of approximately \$2.1 million for the City's General Fund. At buildout, the MRIC project is estimated to generate an annual net fiscal surplus of nearly \$2.2 million for the City's General Fund. The Nishi project is estimated to produce an annual net General Fund deficit of approximately \$78,000 at buildout. A detailed summary of Project revenues and expenditures at buildout is provided in **Table 1**.

These results assume a 50%/50% property tax sharing allocation between the City and County of the applicable property tax rate for the portion of the Project in the unincorporated County.<sup>4</sup> Other key assumptions used to derive this estimated net fiscal impact are described throughout this memorandum.

### Estimated Annual Fiscal Impact Summary at Buildout (2015\$)

Fund	Base Development Program		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a + b</i>
<b>City General Fund</b>			
Annual Revenues	\$3,786,000	\$1,273,000	\$5,059,000
Annual Expenditures	\$1,585,000	\$1,351,000	\$2,936,000
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,201,000</b>	<b>(\$78,000)</b>	<b>\$2,123,000</b>

*buildout*

Source: EPS.

Two primary reasons that account for the annual net fiscal deficit estimated for the Nishi project include: 1) the inclusion of 650 residential units; and 2) an assumed 80,000 square feet of public/nonprofit space (20% of total nonresidential space).<sup>5</sup> Residential development – in particular higher-density, moderately valued residential development – is often a net fiscal burden on a city's operating budget. That is, the cost of providing municipal services can exceed General Fund revenues (e.g., property tax revenue, sales tax revenue) generated per unit. However, cities desire residential land uses to accommodate a balance of land uses, provide workforce housing, and fulfill other policy objectives. For the Nishi project in particular, the presence of housing is a positive attribute that will enhance the mixed-use character valued in innovation centers and may improve the internal economics of the project (e.g., lease rates, land

<sup>4</sup> This Analysis also evaluates two sensitivity scenarios that examine the net fiscal impacts of the Project assuming both a higher and lower property tax allocation split for the City. More details regarding the assumptions and methodology of estimating property tax revenue under the Base Development Program and sensitivity scenarios is provided later in the memorandum.

<sup>5</sup> Although the MRIC project has more public/nonprofit square footage (about 128,000 square feet), it is estimated to comprise only 5-percent of total nonresidential square footage.

**Table 1**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual General Fund Revenue and Expenditure Summary at Buildout (2015\$)**

**Base Development Program**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [1]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,370,000</b>	<b>\$1,104,000</b>	<b>\$4,474,000</b>
<b>Other Annual Non-General Fund Revenues [1] [2]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,786,000</b>	<b>\$1,273,000</b>	<b>\$5,059,000</b>
<b>Annual General Fund Expenditures [3]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,201,000</b>	<b>(\$78,000)</b>	<b>\$2,123,000</b>

*summary*

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] See Table B-1 for details on revenue estimating procedures.

[2] Reflects additional revenues used to fund General Fund expenditures.

[3] See Table C-1 for details on expenditure estimating procedures.

values). Similarly, public/nonprofit space is estimated to be a net fiscal burden on a city's General Fund because of low General Fund revenue generation (i.e., public/nonprofit uses are assumed to be exempt from paying property tax revenue and real property transfer tax revenue, and are not estimated to generate any onsite taxable sales tax revenue). However, this type of space – in particular for the Nishi project – has the potential to attract University of California at Davis (UC Davis)-related users, capitalizing on the university's research strengths, strengthening the local innovation ecosystem and local project economics.

The fiscal impact analysis is predicated on a set of assumptions that reflect current, conservative economic and demographic conditions.<sup>6</sup> The annual net fiscal deficit produced by the Nishi project may be lessened by actual conditions that are more favorable than those modeled in this Analysis. For example, a moderate increase in taxable sales generated by the onsite retail and other nonretail, nonresidential uses will produce additional sales tax revenue that may diminish the estimated annual deficit for the City's General Fund. In addition, a higher property tax sharing allocation for the City or the addition of a potential hotel project onsite may result in an annual net fiscal surplus for the City's General Fund. Finally, privatization of parks, open space, and public works maintenance obligations may also result in an annual net fiscal surplus for the City's General Fund. The details of these potential amendments to the Base Development Program (sensitivity scenarios) are discussed in detail throughout the memorandum.

### **Sensitivity Scenarios**

This Analysis includes ten sensitivity scenarios which recognize that key modifications to the Base Development Program could have notable impacts on the net fiscal impacts of the Project. Specifically, the Analysis evaluates modifications to Project land uses and specific key revenue and expenditure assumptions. **Table 2** provides an overview of each sensitivity scenario, their annual fiscal impacts at Project buildout, and the total change in net fiscal impacts at buildout related to the Base Development Program. A detailed description of each scenario is provided at the end of this memorandum and a detailed summary of the net fiscal impacts for each scenario is provided in **Appendix F**.

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<sup>6</sup> As a conservative assumption, this Analysis excludes Measure O, the City's current additional 1-percent sales tax rate to fund General Fund services, which was approved by voters and is anticipated to sunset on December 31, 2020. Additional details are provided later in this memorandum.

**Table 2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Fiscal Impacts of Sensitivity Scenarios (2015\$)**

Fiscal Impact Analysis Scenario	Item	Annual Fiscal Impacts at Buildout			
		MRIC	Nishi	Total	
<b>Base Development Program [1]</b>		<b>\$2,201,000</b>	<b>(\$78,000)</b>	<b>\$2,123,000</b>	
<b>Sensitivity Scenarios</b>					
1	<b>MRIC Housing</b> <i>Optional addition of 850 dwelling units (340 owner-occupied; 510 renter-occupied). Includes no change to planned commercial square</i>	<b>Total Annual Fiscal Impacts</b> Difference from Base	<b>\$1,966,000</b> (\$235,000)	<b>(\$78,000)</b> \$0	<b>\$1,888,000</b> (\$235,000)
2	<b>No MRIC Hotel</b> <i>Assumes the planned hotel in MRIC is not developed. In its place, 160,000 square feet of additional R&amp;D Flex and Offices uses are developed.</i>	<b>Total Annual Fiscal Impacts</b> Difference from Base	<b>\$1,469,000</b> (\$732,000)	<b>(\$78,000)</b> \$0	<b>\$1,391,000</b> (\$732,000)
3	<b>Nishi Hotel</b> <i>Optional addition of 70,000 sq. ft., 125-room hotel in Nishi. Assumes displacement of 70,000 square feet of Office, Flex, Industrial Commercial, and Public/Nonprofit uses.</i>	<b>Total Annual Fiscal Impacts</b> Difference from Base	<b>\$2,201,000</b> \$0	<b>\$416,000</b> \$494,000	<b>\$2,617,000</b> \$494,000
4	<b>Property Tax Sharing Allocation: Alt. 1</b> <i>The Base Development Program assumes a 50%/50% split of the applicable property tax rate between the City and County. This alternative assumes a 75%/25% allocation to the City and County.</i>	<b>Total Annual Fiscal Impacts</b> Difference from Base	<b>\$2,392,000</b> \$191,000	<b>\$24,000</b> \$102,000	<b>\$2,416,000</b> \$293,000
5	<b>Property Tax Sharing Allocation: Alt. 2</b> <i>The Base Development Program assumes a 50%/50% split of the applicable property tax rate between the City and County. This alternative assumes a 25%/75% allocation to the City and County.</i>	<b>Total Annual Fiscal Impacts</b> Difference from Base	<b>\$2,011,000</b> (\$190,000)	<b>(\$179,000)</b> (\$101,000)	<b>\$1,832,000</b> (\$291,000)



**Table 2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Fiscal Impacts of Sensitivity Scenarios (2015\$)**

Fiscal Impact Analysis Scenario	Item	Annual Fiscal Impacts at Buildout			
		MRIC	Nishi	Total	
<b>Base Development Program [1]</b>		<b>\$2,201,000</b>	<b>(\$78,000)</b>	<b>\$2,123,000</b>	
<b>Sensitivity Scenarios</b>					
6	<b>Increased Taxable Sales</b> <i>This sensitivity scenario models increased taxable sales per square foot assumptions (relative to the Base Development Program), based on data from land uses in the 2nd Street Corridor and Interland URP.</i>	<b>Total Annual Fiscal Impacts</b>	<b>\$3,305,000</b>	<b>(\$17,000)</b>	<b>\$3,288,000</b>
		Difference from Base	\$1,104,000	\$61,000	\$1,165,000
7	<b>Sales Tax Capture: Alt. 1</b> <i>The Base Development Program assumes a 50% capture rate of taxable sales generated by Project development within the City. This alternative assumes a 75% capture rate.</i>	<b>Total Annual Fiscal Impacts</b>	<b>\$2,250,000</b>	<b>(\$25,000)</b>	<b>\$2,225,000</b>
		Difference from Base	\$49,000	\$53,000	\$102,000
8	<b>Sales Tax Capture: Alt. 2</b> <i>The Base Development Program assumes a 50% capture rate of taxable sales generated by Project development within the City. This alternative assumes a 25% capture rate.</i>	<b>Total Annual Fiscal Impacts</b>	<b>\$2,155,000</b>	<b>(\$134,000)</b>	<b>\$2,021,000</b>
		Difference from Base	(\$46,000)	(\$56,000)	(\$102,000)
9	<b>Ongoing Operations &amp; Maintenance Responsibility: Alt. 1</b> <i>The Base Development Program assumes ongoing operations and maintenance will either be publicly- or privately-funded. Refer to Table E-1 and Table E-2 for a listing of these items and the assumed responsibility for the Base and Alternative scenarios.</i>	<b>Total Annual Fiscal Impacts</b>	<b>\$2,126,000</b>	<b>\$55,000</b>	<b>\$2,181,000</b>
		Difference from Base	(\$75,000)	\$133,000	\$58,000
10	<b>Ongoing Operations &amp; Maintenance Responsibility: Alt. 2</b> <i>The Base Development Program assumes ongoing operations and maintenance will either be publicly- or privately-funded. Refer to Table E-1 and Table E-2 for a listing of these items and the assumed responsibility for the Base and Alternative scenarios.</i>	<b>Total Annual Fiscal Impacts</b>	<b>\$2,375,000</b>	<b>\$103,000</b>	<b>\$2,478,000</b>
		Difference from Base	\$174,000	\$181,000	\$355,000

alternatives

Source: City of Davis; EPS.

[1] Represents the Base Development Program as described in the memorandum and documented in the attached technical appendices.

## Memorandum Overview

This memorandum describes the Base Development Program associated with the Project, the net fiscal impacts to the City's General Fund, and concisely describes the assumptions and methodology used to estimate the net fiscal impacts of the Project.

The data, assumptions, and detailed calculations underlying the Base Development Program are shown in **Appendices A** through **E** (**Tables A-1** through **E-2**) of this memorandum:

- **Appendix A** identifies the proposed land uses and general assumptions used in this Analysis.
- **Appendix B** identifies the projected annual revenues that will be generated by the Project for the City's General Fund.
- **Appendix C** details the estimated annual expenditures for the City to provide General Fund services to the Project.
- **Appendix D** provides supporting revenue calculations. Specifically, this appendix includes details on the estimated property tax rate for the City following annexation; assessed values of future anticipated development within the Project, which serve as the basis for calculating property tax revenues; and estimated household income, which is used to derive sales tax revenue from existing and future households within the Project area.
- **Appendix E** summarizes infrastructure facility maintenance funding obligations under the Base Development Program, as well as two alternative funding scenarios (evaluated as sensitivity scenarios).
- **Appendix F** contains the net fiscal impact analysis summaries for each sensitivity scenario.

## Methodology and Assumptions

This section details the underlying methodology and assumptions used to estimate the fiscal impact of the Project on the City's General Fund. Specifically, this section details the methodology used to forecast the Project's General Fund revenues and expenditures at buildout. In addition, this section describes assumptions concerning municipal service delivery, land use development, and General Fund budgeting.

### Citywide Services

This Analysis examines the Project's ability to generate adequate revenues to fund the City's costs of providing public services to the proposed Project. The services analyzed in this study comprise City General Fund services (e.g., police, fire, general government).

This Analysis does not address activities budgeted in other Governmental Funds or Proprietary Funds (e.g., Water Fund, Sewer Fund, Storm Sewer Fund), nor does it include an evaluation of capital facilities or funding of capital facilities needed to serve new development. In addition, this Analysis excludes the ongoing operations and maintenance of Project facilities that are proposed to be funded through private sources (e.g., lighting and landscape district; Mello-Ross community facilities district [CFD] for services). Refer to **Appendix E** for a listing of maintenance items proposed to be privately funded under the Base Development Program and two alternative maintenance-funding scenarios, analyzed as sensitivity scenarios.

## General Assumptions

The Analysis is based on the City's Fiscal Year (FY) 2015–16 City Council Adopted Budget, tax regulations and statutes current as of August 2015, and other general assumptions discussed herein. Each revenue and expenditure item is estimated based on current State of California (State) legislation and current City practices. Future changes by State legislation or City practices can affect the revenues and expenditures estimated in this Analysis. All revenues and expenditures are shown in constant 2015 dollars, and general fiscal and demographic assumptions are detailed in **Table A-1** in **Appendix A**.

EPS consulted the City's budget documents to develop forecasting methodologies for specific revenues and expenditures affected by new development in the proposed Project. In addition, EPS consulted with the City Finance Department to clarify budget data and review assumptions and Analysis results related to revenue and expenditure estimates. This Analysis also uses information from the following sources: Project applicants; Project DEIRs and supporting documents; County Assessor and Auditor-Controller; State Department of Finance (DOF); State Board of Equalization (BOE); the U.S. Bureau of Labor Statistics (BLS); and subscription-based data sources (e.g., CoStar; Smith Travel Research).

The actual fiscal impacts of new development in the Project will vary from those presented in this study if development plans or other assumptions (e.g., assessed valuations, sales tax revenue assumptions) change from those on which this Analysis is based.

## Development Assumptions

The following list documents land use and other development-related assumptions used in the Analysis, as summarized in **Tables A-2** through **A-5**:

- **Total and Occupied Land Uses.** **Table A-2** provides the residential and nonresidential land uses associated with the Base Development Program at buildout. **Table A-3** summarizes occupied dwelling units and nonresidential building square feet, assuming 5-year average vacancy rates for land uses in Davis.
- **Estimated Population.** Projections of future residents are calculated using an average persons-per-household factor provided by the City of Davis. Employment density estimates are based on average square feet per employee factors based on data from existing development in the 2nd Street Corridor and Interland University Research Park (URP), Urban Land Institute (ULI), and subscription-based data (ESRI, CoStar) and EPS's experience with employment densities for suburban retail, office, industrial, and hotel land uses.<sup>7</sup> In estimating certain annual revenues and expenditures (service demands) related to the Project, EPS developed a "persons served" population estimate to approximate the impacts of an employee in Project nonresidential land uses as compared to a Project resident. EPS uses a factor of 0.5 employees plus all residents to derive the Project's "persons served" population. Estimated residential, employment, and persons served populations are provided in **Table A-4**.

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<sup>7</sup> The 2<sup>nd</sup> Street Corridor and Interland University Research Park are two districts located in the City that exhibit many characteristics similar to an innovation center.

- **Analysis Assumptions.** The Analysis is based on key assumptions including average assessed value per residential unit and building square foot and property turnover rates, as shown in **Table A-5**.
  - **Assessed Values.** Andy Plescia and the Goodwin Consulting Group provided owner-occupied and renter-occupied residential assessed values per unit, current as of July 2015. Commercial assessed values per building square foot were based on myriad sources including: current FY 2014-15 assessed values for similar land uses in the City of Davis and Sacramento region; current brokerage listings for similar land uses in the City and Sacramento region; and interviews with local real estate professionals. This Analysis assumes public/nonprofit uses will be exempt from paying property tax revenue and thus have no assessed value.
  - **Property Turnover Rates.** The Analysis is based on the assumption that a for-sale residential unit would turn over once every 10 years, and nonresidential properties, including rental residential units, would turn over once every 20 years. These assumptions are based on EPS research on real property turnover rates in the Sacramento Region.

### Revenue-Estimating Methods and Assumptions

EPS uses either an average-revenue approach or a marginal-revenue case study approach to estimate Project-related annual General Fund revenues and additional non-General Fund revenues that are used to fund General Fund expenditures.

- The **average-revenue approach** uses the City's FY 2015–16 budgeted revenues on a citywide per capita or per-persons-served basis to forecast revenues derived from estimated future residents and employees of the Project.<sup>8</sup>
- The **marginal-revenue case study approach** simulates estimated revenue generation resulting from new development. The case-study approach for estimating property tax revenues, for instance, forecasts the increase in assessed valuation of Project property as well as the share of property taxes that would be allocated to the City's General Fund. Case studies used in this Analysis are discussed in detail later in this section.

This Analysis excludes revenue sources that are *not* expected to increase because of new development. These sources of revenue are assumed to be unaffected by development because they are either one-time revenue sources not guaranteed to be available in the future or there is no direct relationship between new Project development and increased revenue.

A listing of all City General Fund and other non-General Fund revenues and the corresponding estimating procedure used to forecast future Project revenues is shown in **Table B-1**.

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<sup>8</sup> A *per capita* basis of estimating revenues assumes that only residents have a fiscal impact on City revenues. A *per-persons-served* basis of estimating revenues is used to take into account that businesses (and their employees) have a fiscal impact on many City revenues but at a lower level than residential development's impact.

A summary of estimated annual General Fund and other non-General Fund revenues generated by the Project at buildout is provided in **Table B-2**. As shown, the Project is estimated to generate about \$4.5 million in General Fund revenues and about \$585,000 in other non-General Fund revenues for a total of \$5.1 million in annual revenues at buildout. Of this total, the MRIC project is estimated to generate about \$3.8 million and the Nishi project is estimated to generate nearly \$1.3 million in annual revenues for the City. Revenues associated with the marginal-revenue case study approach are detailed in the next sections.

### ***Property Tax***

Estimated annual property tax revenue resulting from Project development is shown in **Table B-3**. The MRIC project is contained in one Tax Rate Area (TRA) currently located within the unincorporated County. The Nishi project falls within two TRAs, one within the unincorporated County (Nishi Gateway area) and one within the City (Olive Drive area).

The property taxes the City will receive from the Project are derived from the total assessed value of the Project, as shown in **Table D-2**, and the City's post-annexation, post-Educational Revenue Augmentation Fund (ERAF) share of the 1 percent ad valorem property tax in the tax rate areas (TRA) comprising the Project, as shown in **Table D-1**. Note that all proposed residential and commercial development, with the exception of estimated commercial public/nonprofit land uses, are assumed to pay property tax.

### **Property Tax Sharing Allocation**

**Table D-1** shows the property tax allocation factors before and following annexation. The Project's annexation into the City will be contingent on a negotiated exchange of property tax revenue and the City and County have not concluded discussions to determine a property tax-sharing arrangement related to the Project. Because such an agreement is not in place, this Analysis, under the Base Development Program, uses a 50%/50% property tax sharing split of the applicable property tax rate. Under a revenue-sharing agreement, it is assumed that the following taxing entities identified in the Project's TRAs would be subject to tax sharing between the City and County:

- County General Fund
- County Accumulative Capital Overlay (ACO) Fund

### **Property Tax Sharing Allocation Sensitivity Scenarios**

EPS developed two sensitivity analyses to examine the impacts of a property tax sharing allocation for the City that was both higher and lower than the Base Development Program. These alternative property tax sharing allocation scenarios (**Scenario 4** and **Scenario 5**) are described in detail at the end of this memorandum.

### ***Property Tax in Lieu of Vehicle License Fee***

The Analysis uses a formula provided by the California State Controller's Office to forecast Property Tax in Lieu of Vehicle License Fee (PTIL VLF). PTIL VLF is calculated by taking the percentage increase in the City's assessed value resulting from the Project and applying that percentage increase to the City's current State allocation of PTIL VLF revenue, as shown in the City's FY 2015-16 budget. This calculation is shown in **Table B-3**.

### **Real Property Transfer Tax**

Real property transfer tax is based on the assessed value of the proposed Project land uses and the anticipated turnover of residential nonresidential property over time. This Analysis is based on the assumption that the proposed Project's residential owner-occupied property will turn over 10 percent per year (or once every 10 years) and residential renter-occupied and nonresidential property will turn over 5 percent per year (or once every 20 years). As noted previously, this Analysis assumes public/nonprofit uses do not have an assessed value. As a conservative assumption, this Analysis assumes that these land uses, in the event the property turns over, would continue to be owned by public/non-profit uses, which are exempt from paying this tax pursuant to California Revenue and Tax Code §11921-11930. Real property transfer tax revenue projections are identified in **Table B-4**.

### **Sales Tax**

The sales tax components examined in this Analysis include the Bradley-Burns local 1-percent rate and a revenue-neutral factor to estimate the State-mandated exchange of 25 percent of sales tax revenue for PTIL VLF revenue. City voters recently approved an additional 1-percent sales tax rate to fund General Fund services (Measure O). The Measure O general sales and use tax rate is authorized through December 31, 2020. As a conservative assumption, this Analysis assumes Measure O will not be renewed and, because buildout of the Project is anticipated to occur after this date, this additional sales tax rate is excluded. Estimated annual sales tax and PTIL VLF revenues to the City are summarized in **Table B-5**.

EPS uses a combination of methodologies to account for taxable sales generated by the Project.

- 1. Market Support Method.** This methodology measures taxable sales generated from new Project households and employees spending money within the City's boundaries.
- 2. Retail Space Method.** This methodology estimates taxable sales from new retail uses in the Project.
- 3. Business-to-Business Taxable Sales.** This methodology estimates taxable sales generated by non-retail businesses in the Project.

#### Market Support Method

This methodology measures taxable retail expenditures by future Project residents and employees (excluding residents estimated to be employed onsite) and the portion of expenditures that would be captured in the City (i.e., sales in the City's retail establishments).

New residents are estimated to spend approximately 24 to 25 percent of their household income on taxable retail expenditures. Household income, based on estimated residential values, and associated income spent on taxable retail expenditures are detailed in **Table D-3**. The Analysis conservatively estimates the City will capture about 50 percent of Project households' taxable retail expenditures. That is, half of the taxable retail expenditures of Project households (50 percent) are estimated to occur in competing retail outlets outside of the City.

New employees (excluding residents estimated to be employed onsite) are estimated to spend an average of \$20 in taxable retail expenditures per day for each of the 240 workdays annually.<sup>9</sup> This Analysis conservatively estimates the City will capture approximately 50 percent of taxable sales from the Project's new employees. This estimate is not based on a market analysis; rather, EPS developed the capture rate based on a qualitative appraisal of existing shopping opportunities in the City.

Of the amount estimated to be captured within the City, EPS estimates 10 percent of household expenditures and 30 percent of employee expenditures will be captured by the retail development within the Project. The remainder will be captured within the City outside of the Project.

Refer to **Table B-5A** for estimated annual taxable sales from market support at buildout of the Project.

#### Retail Space Method

The retail land uses in the Project will generate taxable retail sales in excess of taxable sales generated from Project residents and employees (market support). That is, other consumers outside of the Project will purchase taxable goods and services from the Project's retail development.

Annual taxable sales generated by retail businesses in the Project are calculated based on an "annual sales-per-square-foot" factor published in the Urban Land Institute's *Dollars and Cents of Shopping Centers: 2008* (escalated to 2015 dollars) and proposed retail building square feet at buildout of the Project.

Annual taxable sales generated by retail businesses are estimated net of market support captured within the Project. In addition, consistent with the findings of the MRIC DEIR, this Analysis does not assume there will be a shift from retail establishments in the City to the Project if retail development in the Project is phased appropriately.

Refer to **Table B-5B** for estimated annual taxable sales from onsite retail development at buildout of the Project.

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<sup>9</sup> Project residents assumed to work onsite is derived from the project DEIRs. The MRIC DEIR indicates, under the MRIC Housing alternative (**Scenario 1**), that 100 percent of project residents are assumed to work onsite; the Base Development Program does not contain any residential units and thus, does not contain any residents. The Nishi DEIR assumes that about 48 households (136 residents or about 8 percent of total project residents) will work onsite.

For MRIC, under the MRIC Housing alternative, a lower percentage of project residents working onsite (less than 100 percent) would generate a greater amount of sales tax revenue and thus, increase the annual net fiscal revenues estimated for the City's General Fund. For Nishi, a lower percentage of project residents working onsite (less than 8 percent) would also generate a nominally greater amount of sales tax revenue and nominally decrease the estimated annual net fiscal deficit to the City's General Fund; a higher percentage of Nishi project residents working onsite (greater than 8 percent) would increase the estimated annual net fiscal deficit to the City's General Fund.

### Business-to-Business Taxable Sales

In addition to taxable sales generated by retail uses in the Project, EPS recognized that the type of uses proposed for the Project (innovation-oriented office, R&D/Flex, and industrial manufacturing) have the potential to generate significant annual sales tax revenue. EPS consulted myriad sources to determine appropriate, albeit conservative, estimates of annual taxable sales per square foot generated by proposed nonretail uses in the Project. EPS reviewed actual annual taxable sales data over the five years for nonretail uses in the 2<sup>nd</sup> Street Corridor and Interland URP. In addition, EPS reviewed published taxable sales data in the City and County from the State BOE and calculated estimated taxable sales per square foot for aggregated office, R&D/Flex, and industrial uses. And, EPS consulted any publicly available, recent published reports that cited taxable sales per square foot for nonretail uses.

Under the Base Development Program, EPS identified a conservative set of taxable sales per square foot assumptions for nonretail uses. These assumptions are significantly lower than actual taxable sales data from the 2<sup>nd</sup> Street Corridor and Interland URP nonretail land uses, and consistent with the findings from other resources described above. EPS did not choose to use the actual taxable sales data in the Base Development Program because of a small sample size. The estimated annual business-to-business taxable sales from Project development at buildout are shown in **Table B-5B**.

#### **Sales Tax Sensitivity Scenarios**

This Analysis evaluates the net fiscal impacts of the Project assuming higher taxable sales for retail uses and nonretail uses consistent with actual taxable sales data from 2<sup>nd</sup> Street Corridor and Interland URP nonretail land uses. This sensitivity scenario (**Scenario 6**) is described in detail at the end of this memorandum.

This Analysis also evaluates the net fiscal impacts of the Project assuming both a higher and lower capture of annual sales tax revenue generated from market support. These sensitivity scenarios (**Scenario 7** and **Scenario 8**) are described in detail at the end of this memorandum.

#### **Proposition 172 Public Safety Sales Tax**

Public safety sales tax is collected on a countywide basis and allocated principally to the County, with a small portion of revenues allocated to incorporated cities in the County. This non-General Fund revenue source is used to fund police and fire services in the City. The Analysis estimates these tax revenues using the current FY 2015-16 relationship between total sales tax revenue and Proposition 172 public safety sales tax revenue. This relationship may vary in the future (at buildout of the Project) because actual revenues received by the City are affected by several factors in the rest of the County. Further, the relationship is based on the City's current sales tax rate of 2.0%, which may vary if the Measure O sales tax rate sunsets and no new sales taxes are approved. The estimated revenues shown in this Analysis reflect an informed estimate based on current, available information. Estimated revenues from the City's share of the County's half-cent sales tax for public safety are shown in **Table B-5**.

#### **Transient Occupancy Tax (TOT)**

This analysis uses a case-study methodology to estimate TOT revenues generated by the hotel proposed for the MRIC project. The hotel proposed in the MRIC project is envisioned as a 160,000 square foot, 186-room hotel. TOT revenue is estimated based on the number of lodging units (hotel rooms) available annually, an annual occupancy rate of 70 percent, an average daily



room rate of \$150, and the City's TOT rate of 10 percent. The occupancy rate and average daily room rate assumptions are derived from current occupancy and room rates of upper midscale to upscale hotels in the City of Davis and Sacramento region. Refer to **Table B-6** for estimated TOT revenue generated by the Project.

#### Nishi Hotel Sensitivity Scenario

EPS conducted a sensitivity analysis based on the inclusion of a hotel in the Nishi project. The potential hotel would comprise a 70,000 square foot, 125-room hotel, and would replace 70,000 square feet of proposed other nonresidential land uses. The Nishi hotel scenario (**Scenario 3**) uses the same TOT revenue assumptions (occupancy rate, average daily room rate, City TOT rate) described above for the MRIC hotel.

#### **Business License Tax**

Annual business license taxes in the City are assessed to businesses based on a tax rate per \$10,000 of annual gross receipts. Because actual gross receipts for proposed land uses are unavailable, this Analysis estimates annual business license tax revenue based on average annual business license revenue per nonresidential building square foot, as provided by the City. Public and nonprofit land uses are exempt from paying this tax. Refer to **Table B-7** for the assumptions and methodology used to estimate annual business license tax revenue generated by the Project.

#### **Municipal Service Tax**

Since August 1986, the City has assessed a municipal service tax on residential units and nonresidential building square feet to fund general municipal services. The City imposes both a base residential tax rate per unit and a lot size tax rate per lot square foot for residential uses, and a base commercial tax rate per building square foot and lot size tax rate per lot square foot for commercial uses. Nonprofit land uses are subject to paying the municipal service tax, while public land uses affiliated with the University of California, Davis (UC Davis) are exempt from paying this tax. Refer to **Table B-8** for the assumptions and methodology used to estimate municipal service tax revenue generated by the Project.

#### **Public Safety Tax**

The City funds police and fire services in the City with a supplemental non-General Fund public safety tax on residential units and nonresidential building square feet. The City imposes both a base residential tax rate per unit and a lot size tax rate per lot square foot for residential uses, and a base commercial tax rate per building square foot and lot size tax rate per lot square foot for commercial uses. Nonprofit land uses are subject to paying the public safety tax, while public land uses affiliated with UC Davis are exempt from paying this tax. Refer to **Table B-9** for the assumptions and methodology used to estimate public safety tax revenue generated by the Project.

#### **Expenditure-Estimating Methods and Assumptions**

Expenditure estimates are based on the City's FY 2015–16 Adopted Budget and supplemental information from City staff. This analysis estimates General Fund expenditures related to providing municipal services to the Project. General Fund department expenditures that are expected to be affected by the Project are forecasted using an average-cost approach or a marginal-cost case study approach.

- The **average-cost approach** uses the City's FY 2015-16 budgeted expenditures on a citywide per-persons-served basis to forecast expenditures required to serve new development.
- The **marginal-cost case study approach** simulates estimated expenditures required to serve new development. Parks and Open Space Management, Fire, Police, and Public Works expenditures are estimated using a case study approach and are described later in this section.

This Analysis excludes expenditures that are *not* expected to increase because of new development. These expenditures are assumed to be unaffected by development because they are either one-time costs or there is no direct relationship between new Project development and increased expenditures.

A listing of all City General Fund expenditures and the corresponding estimating procedure used to forecast future Project expenditures is shown in **Table C-1**.

A summary of estimated annual General Fund expenditures required to serve the Project at buildout is provided in **Table C-2**. As shown, the Project is estimated to result in about \$2.9 million in annual General Fund costs at buildout. Of this total, the MRIC project is estimated to result in about \$1.6 million in annual costs and the Nishi project is estimated to result in nearly \$1.4 million in annual costs for the City's General Fund. Expenditures associated with the average cost and marginal-expenditure case study approaches are detailed in the next sections.

#### ***Average-Cost Expenditures***

Expenditures that are affected by residents and employees are projected using a *per-person-served* average cost multiplier. This Analysis applies an average citywide per-persons-served methodology to estimate general government (e.g., City Council, City Attorney), community development, and community services expenditures. The average per-persons-served multiplier for general government services equals 75% of total citywide per-persons-served multiplier to reflect the percentage of expenditures estimated to be impacted by new growth. This adjustment factor was based on input from the City. No adjustment was applied to the community development and community service expenditure multipliers.

#### ***Marginal-Cost Case Studies***

##### Parks and Open Space Management

Annual parks and open space management expenditures are based on the number of proposed acres of parks and open space and current, annual maintenance cost estimates provided by the City. These estimates are based upon preliminary sustainability plans and land plans prepared for the Nishi DEIR and will be refined through the public review process. As documented in **Table E-1**, parks and open space in the MRIC project is proposed to be privately funded under the Base Development Program (and alternative funding scenarios). Thus, this Analysis does estimate any General Fund expenditures to fund ongoing operations and maintenance of parks and open space in the MRIC project. **Table E-2** indicates that parks and open space in the Nishi project are proposed to be publicly funded through the General Fund under the Base

Development Program.<sup>10</sup> Estimated annual parks and open space management expenditures are shown in **Table C-3**.

#### Fire Department Operations and Maintenance

Based on correspondence with the City, no increases in average citywide fire department expenditures were identified to serve Project development.<sup>11</sup> Thus, EPS estimated annual fire department operations and maintenance expenditures based on an amended average-cost methodology, per City input. Currently, fire department expenditures are funded through the General Fund-budgeted expenditures for the department and half of Proposition 172 Public Safety Sales Tax and Public Safety tax revenues. The sum of the expenditures and revenue sources were then used to estimate an average cost per-persons-served. This expenditure multiplier was applied to the estimated persons served population in the Project to determine total annual fire department expenditures at buildout, as shown in **Table C-4**.

#### Police Department Operations and Maintenance

Based on correspondence with the City, no increases in average citywide police department expenditures were identified to serve Project development. Thus, EPS estimated annual police department operations and maintenance expenditures based on an amended average-cost methodology, per City input. Currently, police department expenditures are funded through the General Fund-budgeted expenditures for the department and half of Proposition 172 Public Safety Sales Tax and Public Safety tax revenues. The sum of the expenditures and revenue sources were then used to estimate an average cost per-persons-served. This expenditure multiplier was applied to the estimated persons served population in the Project to determine total annual police department expenditures at buildout, as shown in **Table C-5**.

#### Public Works Operations and Maintenance

Annual public works operations and maintenance expenditures required for the Project are based on estimated annual amortized costs and unit quantities estimated for Project buildout, and estimated annual administrative and engineering expenditures associated with maintaining public works facilities. The public works case study estimates expenditures associated with the operations and maintenance of the following facilities.

- Roadways (including Class 2 bike lanes).
- Curbs, gutters, and sidewalks (including bike paths within the sidewalk network).
- Streetlights.
- Signalized intersections.
- Non-street corridor bike paths.
- Median landscaping.
- Parkway planter landscaping.

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<sup>10</sup> EPS conducted a sensitivity analysis that evaluates the impact of alternative funding scenarios that envision privately-funding parks and open space. These scenarios (**Scenario 9** and **Scenario 10**) are discussed in greater detail at the end of this memorandum.

<sup>11</sup> However, note that actual businesses and facilities that locate in the Project may have unanticipated fire safety needs that are not reflected in this Analysis. An updated Analysis may be warranted to determine net fiscal impacts to the City's General Fund.

The City provided all estimated, annual amortized costs for maintenance items described above, current as of August 2015. Project applicants supplied all maintenance quantities, with the exception of streetlights and parkway planter acreage in the Nishi project. EPS estimated the quantity of streetlights based on the National Lighting Product Information Program's report titled "Streetlights for Collector Roads," and estimated Nishi parkway planter acreage based on a proportionately similar quantity provided for the MRIC project. **Table C-6** details the assumptions and methodology used to estimate public works expenditures for the Project at buildout.

#### **Public Works Sensitivity Scenarios**

As detailed in **Table E-1** and **Table E-2**, EPS evaluated sensitivity scenarios associated with two alternative maintenance funding obligation scenarios. These sensitivity scenarios (**Scenario 9** and **Scenario 10**) examine the net fiscal impacts modifying maintenance obligations from publicly funded to privately funded (or vice versa) for specific public works facilities. These sensitivity scenarios are described in more detail later in this memorandum.

## **Sensitivity Scenarios**

As mentioned previously, this Analysis includes ten sensitivity scenarios which recognize that key modifications to the Base Development Program could have notable impacts on the net fiscal impacts of the Project. The results of these sensitivity scenarios are provided in **Table 2** with full revenue and expenditure summaries provided in **Appendix F**. Detailed descriptions of each sensitivity scenario are provided below.

### **Scenario 1: MRIC Housing**

**Scenario 1** evaluates the net fiscal impacts of the Project assuming the inclusion of 850 dwelling units. Of these dwelling units, 340 units (40 percent) are assumed to be owner-occupied and 510 units (60 percent) are assumed to be renter-occupied. The additional units are estimated to result in 2,285 residents. This scenario assumes no reduction in planned commercial square footage.

This scenario uses the same owner-occupied and renter-occupied housing values and household income assumptions, which are used to derive property tax and sales tax revenues respectively. The additional residents influence both average revenue and average cost estimates. This scenario also influences public works quantities, as provided by the MRIC project applicant. Specifically, roadway lane miles and sidewalk linear feet are estimated to increase and non-street corridor bike path lane miles are estimated to decrease nominally.

**Overall Impact:** *The addition of 850 dwelling units reduces the net fiscal impact of the Base Development Program by approximately \$235,000 annually at buildout. However, the MRIC project continues to result in a substantial net fiscal surplus of just under \$2.0 million annually for the City's General Fund. The combined annual net fiscal impact of the Project is estimated to be about \$1.9 million at buildout.*

### **Scenario 2: No MRIC Hotel**

**Scenario 2** evaluates the net fiscal impacts of the Project assuming the planned hotel in the MRIC project is not developed. In place of the 160,000 square foot hotel, an additional 80,000

square feet of office space and 80,000 square feet of R&D/flex space is anticipated to be developed.

Assuming the MRIC hotel is not developed results in \$0 TOT revenue generated by the Project. Replacement of the hotel use with office and R&D/flex space will generate 5,805 employees (2,903 persons served), about 170 additional employees.

*Overall Impact: This scenario reduces the net fiscal impacts of the Base Development Program by approximately \$732,000 annually at buildout. However, the MRIC project continues to result in a substantial net fiscal surplus of approximately \$1.5 million annually for the City's General Fund. The combined annual net fiscal impact of the Project is estimated to be approximately \$1.4 million at buildout.*

### **Scenario 3: Nishi Hotel**

**Scenario 3** includes the addition of a 70,000 square foot, 125-room hotel in the Nishi Gateway portion of the Nishi project. The 70,000 square feet of hotel is estimated to displace 70,000 square feet of proposed nonresidential land uses, including: 40,606 square feet of office space, 14,486 square feet of R&D/flex space, 4,812 square feet of industrial commercial space, and 10,096 square feet of public/nonprofit space.

This scenario uses the same TOT revenue assumptions applied to the MRIC hotel to estimate annual revenue derived from a hotel in the Nishi project. Replacement of the nonresidential land uses described above with a hotel results in 882 employees (2,188 persons served), 160 fewer employees than the Base Development Program.

*Overall Impact: This scenario significantly increases the net fiscal impacts of the Project relative to the Base Development Program. At buildout, this scenario results in an annual net fiscal surplus for the Nishi project of about \$416,000 and, combined with the MRIC project, about \$2.6 million annually for the City's General Fund.*

### **Scenario 4: Property Tax Sharing Allocation: Alternative 1 (Higher City Allocation)**

The Base Development Program assumes a 50%/50% property tax sharing split of applicable property tax rates between the City and County for the portion of the Project in the unincorporated County. **Scenario 4** examines the net fiscal impacts of the Project assuming an alternative property tax sharing split of 75%/25% to the City and County, respectively. This scenario does not impact the Olive Drive portion of the Nishi project area as it is already located within the City boundaries.

This scenario increases the City General Fund rate of the 1-percent property tax rate from 6.17 percent and 6.93 percent in the MRIC project and Nishi Gateway portion of the Nishi project, respectively, to 9.25 percent and 10.39 percent.

*Overall Impact: An increased share of the property tax for the City's General Fund increases the annual net fiscal impacts of the Project by approximately \$290,000 annually. In total, the annual net fiscal impact of the Project is estimated to be about \$2.4 million at buildout. It is worth noting that this scenario results in an annual net fiscal surplus of about \$24,000 for the Nishi project at buildout.*

### **Scenario 5: Property Tax Sharing Allocation: Alternative 2 (Lower City Allocation)**

As discussed in the previous scenario, the Base Development Program assumes a 50%/50% property tax sharing split of applicable property tax rates between the City and County for the portion of the Project in the unincorporated County. **Scenario 5** examines the net fiscal impacts of the Project assuming an alternative property tax sharing split of 25%/75% to the City and County, respectively. This scenario does not impact the Olive Drive portion of the Nishi project area as it is already located within the City boundaries.

This scenario reduces the City General Fund rate of the 1-percent property tax rate from 6.17 percent and 6.93 percent in the MRIC project and Nishi Gateway portion of the Nishi project, respectively, to 3.08 percent and 3.46 percent.

*Overall Impact: A reduced share of the property tax for the City's General Fund decreases the annual net fiscal impacts of the Project by approximately \$290,000 annually. In total, the annual net fiscal impact of the Project is estimated to be about \$1.8 million at buildout.*

### **Scenario 6: Increased Taxable Sales**

This scenario examines the annual net fiscal impacts of increased taxable sales revenue generated by R&D/flex, manufacturing, and retail land uses in the Project. Specifically, the Base Development program assumes these uses generate an average of \$20, \$50, and \$185 in annual taxable sales per square foot, respectively. **Scenario 6** uses increased taxable sales per square foot assumptions of \$60, \$150, and \$205, respectively (a 200-percent increase for R&D/flex and manufacturing, and a 10-percent increase for retail). Although the percentage increase in taxable sales for R&D/flex and manufacturing is significant, the higher taxable sales assumptions are reflective of the wide range of taxable sales determined to be generated by these types of uses. Notably, these assumptions are consistent with actual taxable sales data collected from land uses in the 2<sup>nd</sup> Street Corridor and Interland URP.

*Overall Impact: This scenario results in a substantial increase of nearly \$1.2 million in net fiscal impacts to the City's General Fund, relative to the Base Development Program. In total, if the Project is able to generate taxable sales similar to the few R&D/flex and industrial manufacturing companies present in the 2<sup>nd</sup> Street Corridor and Interland URP, the Project has the potential to generate nearly \$3.3 million in net annual revenue for the City's General Fund at buildout. This scenario reduces the net fiscal deficit of the Nishi project by approximately \$61,000 resulting in a small annual net fiscal deficit of \$17,000 for the City's General Fund.*

### **Scenario 7: Sales Tax Capture Rate: Alternative 1 (Higher City Capture)**

The Base Development Program assumes the City captures 50% of taxable retail expenditures generated by Project residents and employees. **Scenario 7** examines the net fiscal impacts assuming a higher capture rate of 75%. This alternative assumption applies to the City's capture of taxable retail expenditures of new households and employees only.

*Overall Impact: This scenario results in an increase of about \$100,000 in net fiscal impacts relative to the Base Development Program. In total, this scenario generates an annual net fiscal surplus of approximately \$2.2 million at Project buildout. This scenario reduces the net fiscal deficit of the Nishi project by approximately \$53,000 resulting in a small annual net fiscal deficit of \$25,000 for the City's General Fund.*

### **Scenario 8: Sales Tax Capture Rate: Alternative 2 (Lower City Capture)**

As discussed in the previous scenario, the Base Development Program assumes the City captures 50% of taxable retail expenditures generated by Project residents and employees. **Scenario 8** examines the net fiscal impacts assuming a lower capture rate of 25%. This alternative assumption applies to the City's capture of taxable retail expenditures of new households and employees only.

*Overall Impact: This scenario results in a decrease of about \$100,000 in net annual revenues relative to the Base Development Program. In total, this scenario generates an annual net fiscal surplus of approximately \$2.0 million at Project buildout. This scenario increases the net fiscal deficit of the Nishi project by approximately \$56,000 resulting in an annual net fiscal deficit of \$134,000 for the City's General Fund.*

### **Scenario 9: Ongoing Operations and Maintenance Responsibility: Alternative 1**

**Table E-1** and **Table E-2** provide a listing of parks and open space and public works maintenance funding obligations, for MRIC and Nishi respectively, under the Base Development Program and two alternative funding scenarios. **Scenario 9** reflects the first of two alternative funding scenarios (labeled as Alternative #1 in the **Appendix E** tables) evaluated in this Analysis. Under this scenario, the principal differences are noted below.

- **MRIC.** Median landscaping, parkway planter landscaping, and streetlights are assumed to be funded through the General Fund, instead of privately funded.
- **Nishi.** Parkway planter landscaping and all parks and open space are assumed to be funded privately, instead of through the General Fund.

*Overall Impact: For the MRIC project, the additional maintenance items funded through the General Fund decrease the annual net fiscal surplus by \$75,000 annually relative to the Base Development Program. For the Nishi project, the additional maintenance items funded through private sources has a sizable impact on the project's annual net fiscal deficit at buildout, resulting in an annual net fiscal surplus of \$55,000 for the City's General Fund. In total, this scenario results in an annual net fiscal surplus of about \$2.2 million at Project buildout.*

### **Scenario 10: Ongoing Operations and Maintenance Responsibility: Alternative 2**

As discussed in the previous scenario, **Table E-1** and **Table E-2** provide a listing of parks and open space and public works maintenance funding obligations, for MRIC and Nishi respectively, under the Base Development Program and two alternative funding scenarios. **Scenario 10** reflects the second of two alternative funding scenarios evaluated in this Analysis (labeled as Alternative #2 in the **Appendix E** tables). Under this scenario, all parks and open space and public works maintenance items are assumed to be funded through private sources.

*Overall Impact: This scenario increases the annual net fiscal surplus by about \$355,000 at Project buildout. In total, this scenario produces an annual net fiscal surplus of nearly \$2.5 million at Project buildout, with an annual net fiscal surplus of about \$2.4 million for the MRIC project and an annual net fiscal surplus of about \$103,000 for the Nishi project.*

## DEIR Alternatives

Two sensitivity scenarios described in the previous section (Scenario 1: MRIC Housing and Scenario 3: Nishi Hotel) reflect two of the Project alternatives included in the MRIC and Nishi DEIRs. Additional Project alternatives and their respective land uses evaluated in the DEIRs are described in **Table 3**. This table also denotes the potential effects these alternatives may have on annual net fiscal impacts of the Project under the Base Development Program. The potential effects reflect a qualitative assessment of each alternative; the fiscal impacts of each DEIR alternative have not been evaluated.

### MRIC

The MRIC DEIR project alternatives are estimated to result in either reduced net fiscal revenues or have similar impacts to the proposed project. Unsurprisingly, the “No Project” alternative would eliminate the project’s significant annual net fiscal surplus for the City’s General Fund. Similar to the “Mixed Use” alternative (MRIC Housing sensitivity scenario), the “Reduced Project” alternative, with 2.1 million fewer square feet of nonresidential development would substantially reduce key revenues (e.g., property tax revenue, sales tax revenue) thereby reducing the estimated annual net fiscal surplus.

Remaining DEIR project alternatives (“Reduced Site Size,” “Off-Site Alternative A,” and “Off-Site Alternative B”) are estimated to have a similar impacts to the proposed project based on their location within the unincorporated County and similar land uses. The “Off-Site Alternative B” may reduce annual net fiscal impacts, based on an estimated 70,000 square foot reduction in nonresidential development, but the reduction is estimated to be nominal.

### Nishi

All Nishi DEIR project alternatives are estimated to have a positive effect, relative to the net fiscal impacts estimated for the project under the Base Development Program. The “No Project” alternative would eliminate the annual net fiscal deficit to the City’s General Fund. The “R&D Only” alternative includes nearly 875,000 additional square feet of R&D space and no residential units which would substantially increase estimated General Fund revenues and result in an annual net fiscal surplus to the City’s General Fund. The “Off-Site Option” alternative has the potential to eliminate the estimated annual net fiscal deficit of the proposed Project (and possibly result in an annual net fiscal surplus), given its location within the City and higher City General Fund property tax share allocation. However, a combination of reduced nonresidential space and the proposed residential units in this DEIR alternative may counter any reductions in the estimated annual net fiscal deficit to the City’s General Fund. It is likely that the “Off-Site Option” would have a fiscally neutral impact on the City’s General Fund.



**Table 3**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**DEIR Alternatives Potential Effect on Fiscal Impact Analysis**

Project/Alternative	Nonresidential Square Feet	Dwelling Units	Gross Acres	Potential Effect Relative to Buildout of Project [1]
<b>MRIC</b>				
Proposed Project	2,725,056	0	229	NA
1. No Project	0	0	0	Reduced Net Revenues
2. Reduced Site Size	2,725,056	0	123	Similar Impact
3. Reduced Project	611,056	0	66	Reduced Net Revenues
4. Off-Site Alternative A (Davis IC)	2,654,000	0	208	Similar Impact
5. Off-Site Alternative B (Covell)	2,654,000	0	247	Similar Impact
6. Infill Alternative [2]	-	-	-	-
7. Mixed Use Alternative [3]	2,725,056	850	229	Reduced Net Revenues
<b>Nishi</b>				
Proposed Project	400,900	650	47	NA
1. No Project	0	0	0	Elim. Net Fiscal Deficit
2. R&D Only	1,275,000	0	47	Net Fiscal Surplus
3. Alternative Land Use (Hotel) [4]	400,900	650	47	Net Fiscal Surplus
4. Offsite Option (5th Street)	345,000	650	47	Reduced Net Fiscal Deficit/ Potential Net Fiscal Surplus

*eir\_alt*

Source: Raney Planning and Management; Ascent; EPS.

[1] Reflects buildout of the Project under the Base Development Program land uses and assumptions.

[2] This alternative is considered in the MRIC DEIR, but is dismissed because it does not meet project objectives. Thus this alternative is excluded from evaluation in this analysis.

[3] Evaluated as sensitivity scenario 1.

[4] Evaluated as sensitivity scenario 3.



## APPENDICES:

- Appendix A: Fiscal Impact Analysis Assumptions
- Appendix B: Revenue-Estimating Tables
- Appendix C: Expenditure-Estimating Tables
- Appendix D: Supporting Tables for Revenue Estimates
- Appendix E: Infrastructure Facility Maintenance Responsibility: Base Development Program and Alternative Scenarios
- Appendix F: Fiscal Impact Analysis Summary Tables: Sensitivity Scenarios

## APPENDIX A:

### Fiscal Impact Analysis Assumptions

Table A-1	General Assumptions .....	A-1
Table A-2	Land Use Summary: Base Development Program .....	A-2
Table A-3	Estimated Occupied Land Uses: Base Development Program .....	A-3
Table A-4	Estimated Residential and Employee Population: Base Development Program .....	A-4
Table A-5	Fiscal Impact Analysis Assumptions .....	A-5



**Table A-1  
Davis Innovation Centers  
Fiscal Impact Analysis  
General Assumptions**

Item	Assumption
<b>General Assumptions</b>	
Base Fiscal Year [1]	FY 2015-16
<b>City of Davis Demographic Characteristics [2]</b>	
City of Davis Population [3]	66,757
City of Davis Employees [4]	18,952
<b>City of Davis Persons Served [5]</b>	<b>76,233</b>

*assum*

Source: California Department of Finance; ESRI Business Analyst Online; EPS.

- [1] Reflects the FY 2015-16 City of Davis budget adopted by City Council. Revenues and expenditures are in 2015 dollars. This Analysis does not reflect changes in values resulting from inflation or appreciation.
- [2] Used to estimate average citywide revenues and expenditures in Table B-1 and Table C-1, respectively.
- [3] Based on population estimates from the California Department of Finance (DOF) data for January 1, 2015.
- [4] Based on the ESRI BAO Business Summary for 2015.
- [5] Defined as total City population plus half of total City employees.

**Table A-2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Land Use Summary: Base Development Program [1]**

Land Use	MRIC [2]		Nishi [3]				Total	
	Dwelling Units/	Commercial Bldg. Sq. Ft./	Dwelling Units/	Commercial Building Square Feet/Acreage		Dwelling Units/	Commercial Bldg. Sq. Ft./	
	Hotel Rooms	Acreage	Hotel Rooms	Nishi Gateway [4]	Olive Drive [5]	Total	Acreage	
<b>Residential (Units)</b>			<u>Dwelling Units</u>				<u>Dwelling Units</u>	
Owner-Occupied	-	-	210	-	-	-	210	-
Renter-Occupied	-	-	440	-	-	-	440	-
<b>Total Residential</b>	-	-	<b>650</b>	-	-	-	<b>650</b>	-
<b>Commercial (Sq. Ft.)</b>								
<b>Office/Flex/R&amp;D</b>								
Office	-	846,468	-	152,685	19,702	172,387	-	1,018,855
Flex: R&D/Office	-	513,011	-	63,914	8,248	72,162	-	585,173
<b>Total Office/Flex/R&amp;D</b>	-	<b>1,359,479</b>	-	<b>216,599</b>	<b>27,950</b>	<b>244,549</b>	-	<b>1,604,028</b>
Manufacturing [6]	-	952,169	-	28,221	-	28,221	-	980,390
<b>Retail</b>								
Industrial Commercial	-	62,578	-	10,000	0	10,000	-	72,578
Ancillary Retail	-	62,578	-	10,000	27,950	37,950	-	100,528
<b>Total Retail</b>	-	<b>125,155</b>	-	<b>20,000</b>	<b>27,950</b>	<b>47,950</b>	-	<b>173,105</b>
Hotel/Conference [7]	<u>Hotel Rooms</u>						<u>Hotel Rooms</u>	
	186	160,000	-	-	-	-	186	160,000
<b>Public/Nonprofit [8]</b>								
UC Davis-Owned	-	115,428	-	72,162	-	72,162	-	187,590
Other Nonprofits	-	12,825	-	8,018	-	8,018	-	20,843
<b>Total Public/Nonprofit</b>	-	<b>128,253</b>	-	<b>80,180</b>	-	<b>80,180</b>	-	<b>208,433</b>
<b>Total Commercial Sq. Ft.</b>	-	<b>2,725,056</b>	-	<b>345,000</b>	<b>55,900</b>	<b>400,900</b>	-	<b>3,125,956</b>
<b>Other Land Uses</b>		<u>acres</u>				<u>acres</u>		
Open Space	-	75	-	-	-	9	-	84
Public Parks	-	-	-	-	-	5	-	5
Greenbelt	-	-	-	-	-	5	-	5
Private Parks	-	-	-	-	-	4	-	4
<b>Total Other Land Uses</b>	-	<b>75</b>	-	-	-	<b>23</b>	-	<b>98</b>
<b>Total Acres</b>	-	<b>229</b>	-	-	-	<b>47</b>	-	<b>276</b>

base\_lu

Source: City of Davis; Yolo 101 JV and R&B Delta, LLC; Nishi Gateway LLC; EPS.

- [1] The Base Development Program represents the land uses shown in this table and assumptions documented in the attached technical appendices. The analysis also tests variations in land uses and assumptions, as described in the summary of sensitivity scenarios and Table 2.
- [2] Includes Mace Triangle.
- [3] Includes Nishi Gateway and redevelopment opportunities on West Olive Drive.
- [4] The Nishi Gateway Area is bounded by the Union Pacific Railroad and UC Davis Campus to the northwest, Putah Creek to the northeast, and Interstate 80 (I-80) to the south. The Nishi Gateway Area is outside of current boundaries of the City of Davis.
- [5] The Olive Drive area is bounded by Richards Blvd. to the northeast, the I-80/Richards Blvd. Interchange to the southeast, Putah Creek to the southwest, and the existing railroad to the northwest. The Olive Drive area is currently in the boundaries of the City of Davis.
- [6] Manufacturing may encompass small to large-scale manufacturing operations in the MRIC project, and small-scale (e.g., boutique) manufacturing operations in the Nishi project.
- [7] The Base Development Program include a 186-room, 160,000 sq. ft. hotel.
- [8] Total Public/Nonprofit square feet is assumed to comprise 90% UC Davis-owned (public) uses and 10% non UC-Davis nonprofit uses.

**Table A-3**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Occupied Land Uses: Base Development Program**

Land Use	Vacancy Rate Assumption [1]	Occupied Dwelling Units and Building Square Feet				Total
		MRIC	Nishi Gateway	Olive Drive	Nishi Total	
<b>Residential (Units)</b>						
Owner-Occupied	5%	-	-	-	200	200
Renter-Occupied	5%	-	-	-	418	418
<b>Total Residential</b>		-	-	-	<b>618</b>	<b>618</b>
<b>Commercial (Sq. Ft.)</b>						
<b>Office/Flex/R&amp;D</b>						
Office	8%	777,058	140,164	18,087	158,251	935,309
Flex: R&D/Office	10%	461,710	57,523	7,423	64,946	526,656
<b>Total Office/Flex/R&amp;D</b>		<b>1,238,768</b>	<b>197,687</b>	<b>25,510</b>	<b>223,197</b>	<b>1,461,965</b>
Manufacturing	9%	865,522	25,653	-	25,653	891,175
<b>Retail</b>						
Industrial Commercial	5%	59,511	9,510	-	9,510	69,021
Ancillary Retail	5%	59,511	9,510	26,580	36,090	95,602
<b>Total Retail</b>		<b>119,022</b>	<b>19,020</b>	<b>26,580</b>	<b>45,600</b>	<b>164,623</b>
Hotel/Conference	-	160,000	-	-	-	160,000
<b>Public/Nonprofit</b>						
UC Davis	0%	115,428	72,162	-	72,162	187,590
Other Public/Nonprofit	0%	12,825	8,018	-	8,018	20,843
<b>Total Public/Nonprofit</b>		<b>128,253</b>	<b>80,180</b>	<b>0</b>	<b>80,180</b>	<b>208,433</b>
<b>Total Commercial Sq. Ft.</b>		<b>2,511,565</b>	<b>322,540</b>	<b>52,090</b>	<b>374,630</b>	<b>2,886,195</b>

*occupied*

Source: City of Davis; Yolo 101 JV and R&B Delta, LLC; Nishi Gateway LLC; EPS.

[1] Vacancy rate assumption based on a review of vacancy rates over the last 5 years (2010-2014) for land uses in the City of Davis. Data collected from CoStar as of fourth quarter, 2014.

**Table A-4**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Residential and Employee Population: Base Development Program**

Land Use	Assumption [1]	MRIC [2]	Nishi [3]	Total
<b>Residential</b>				
	<i>Persons/DU</i>		<i>Residents</i>	
Owner-Occupied	2.83	0	565	565
Renter-Occupied	2.83	0	1,183	1,183
<b>Total Residential</b>		<b>0</b>	<b>1,748</b>	<b>1,748</b>
<b>Commercial</b>				
<b>Office/Flex/R&amp;D</b>	<i>Sq. Ft./Employee</i>		<i>Employees</i>	
Office	290	2,680	546	3,225
Flex: R&D/Office	450	1,026	144	1,170
<b>Total Office/Flex/R&amp;D</b>		<b>3,706</b>	<b>690</b>	<b>4,396</b>
Manufacturing	800	1,082	32	1,114
<b>Retail</b>				
Industrial Commercial	500	119	19	138
Ancillary Retail	500	119	72	191
<b>Total Retail</b>		<b>238</b>	<b>91</b>	<b>329</b>
Hotel/Conference	2,000	80	0	80
Public/Nonprofit	350	366	229	596
<b>Total Commercial Employment</b>		<b>5,472</b>	<b>1,042</b>	<b>6,514</b>
<b>Persons Served [4]</b>		<b>2,736</b>	<b>2,269</b>	<b>5,005</b>

*base\_emp*

Source: City of Davis; CoStar; EPS.

[1] Refer to Table A-5 for assumption sources.

[2] Includes Mace Triangle.

[3] Includes Nishi Gateway and West Olive Drive Area.

[4] Persons Served defined as total project area population plus half of total project area employees.

**Table A-5**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Fiscal Impact Analysis Assumptions**

Land Use	Estimated Average Assessed Value [1]	Turnover Rate [2]	Average Persons Per Dwelling Unit [3]	Sq. Ft./ Employee [4]
<b>Residential</b>				
	<i>Per Unit</i>			
Owner-Occupied	\$460,000	10%	2.83	-
Renter-Occupied	\$308,000	5%	2.83	-
<b>Commercial (Sq. Ft.)</b>				
	<i>Per Sq. Ft</i>			
<b>Office/Flex/R&amp;D</b>				
Office	\$225	5%	-	290
Flex: R&D/Office	\$245	5%	-	450
<b>Total Office/Flex/R&amp;D</b>	-		-	
Manufacturing	\$250	5%	-	800
<b>Retail</b>				
Industrial Commercial	\$225	5%	-	500
Ancillary Retail	\$225	5%	-	500
<b>Total Retail</b>	-		-	
Hotel/Conference	\$225	5%	-	2,000
Public/Nonprofit	\$0	5%	-	350

*lu\_assum*

Source: City of Davis; Urban Land Institute (ULI); Andy Plescia/Goodwin Consulting Group; ESRI; CoStar; Loopnet; DTZ; EPS.

[1] Residential assessed value based on data prepared by Andy Plescia and Goodwin Consulting Group as of July 2015. Commercial assessed values based on research conducted utilizing current FY 2014-15 assessed values for similar land uses in the City of Davis, current brokerage listings for similar land uses in the city and broader Sacramento Region, and interviews with local real estate professionals

[2] Based on EPS research on real property turnover rates in the Sacramento Region.

[3] Average persons per dwelling unit from the City of Davis.

[4] Sq. ft. per employee based on data from existing development in the 2nd Street Corridor and Interland Urban Research Park, Urban Land Institute (ULI), and subscription-based data (ESRI, CoStar).





## APPENDIX B: Revenue-Estimating Tables

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**Table B-1**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Revenue-Estimating Procedures (2015\$)**

Item	Estimating Procedure	Case Study Reference	FY 2015-16 Adopted Revenues	Service Population [1]	Adjustment Factor [2]	Revenue Multiplier
<b>General Fund Revenues</b>						
Property Taxes	Case Study	Table B-3	\$12,313,869	NA	-	-
Property Tax In-Lieu of Vehicle License Fees	Case Study	Table B-3	\$5,661,520	NA	-	-
Property Transfer Tax	Case Study	Table B-4	\$225,000	NA	-	-
Sales and Use Taxes	Case Study	Table B-5	\$12,394,283	NA	-	-
Property Tax in-Lieu of Sales Tax	Case Study	Table B-5	\$1,408,244	NA	-	-
Transient Occupancy Tax	Case Study	Table B-6	\$1,270,000	NA	-	-
Business License Tax	Case Study	Table B-7	\$1,706,707	NA	-	-
Municipal Service Tax	Case Study	Table B-8	\$2,842,670	NA	-	-
Franchise Fees	Per Person Served	-	\$1,201,979	76,233	100%	\$15.77
Intergovernmental	[3]	-	\$164,634	NA	-	-
Charges for Services	Per Capita	-	\$2,292,964	66,757	100%	\$34.35
Community Services Revenue	Per Capita	-	\$2,519,560	66,757	64%	\$58.97
Fines and Forfeitures	Per Person Served	-	\$686,900	76,233	100%	\$9.01
Use of Money & Property	[3]	-	\$4,521,041	NA	-	-
All Other Revenue	[3]	-	\$2,900,000	NA	-	-
<b>Total General Fund Revenues</b>			<b>\$52,109,371</b>			
<b>Other Non-General Fund Revenues [4]</b>						
Gas Tax Revenues	Per Capita	-	\$1,406,033	66,757	100%	\$21.06
Parks Maintenance Tax	Per Person Served	-	\$1,355,000	76,233	100%	\$17.77
Prop. 172 Public Safety Sales Tax	Case Study	Table B-5	\$491,000	NA	-	-
Public Safety Tax	Case Study	Table B-9	\$2,955,040	NA	-	-
<b>Total Non-General Fund Other Revenues</b>			<b>\$6,207,073</b>			
<b>Total General Fund and Other Non-General Fund Revenues</b>			<b>\$58,316,444</b>			

rev\_pro

Source: City of Davis FY 2015-16 Adopted Budget; EPS.

[1] Represents Citywide residents or persons served as shown in Table A-1.

[2] Adjustment factors provided by the City of Davis. Reflects the percentage of revenue estimated to be impacted by new growth.

[3] Non-General Fund revenue categories that are affected by the introduction of new employees and residents resulting from the project used partially to fund expenditures included in the analysis.

[4] Reflects additional revenues used to fund General Fund expenditures.

**Table B-2  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Project Revenues at Buildout (2015\$)**

Revenues	Annual Revenues at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a + b</i>
<b>General Fund Revenues [1]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,370,000</b>	<b>\$1,104,000</b>	<b>\$4,474,000</b>
<b>Other Non-General Fund Revenues</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Non-General Fund Other Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total General Fund and Other Non-General Fund Revenues</b>	<b>\$3,786,000</b>	<b>\$1,273,000</b>	<b>\$5,059,000</b>

revenues

Source: City of Davis FY 2015-16 Adopted Budget; EPS.

Note: Values are rounded to the nearest \$1,000.

[1] Refer to Table B-1 for details regarding revenue categories. Revenue categories not included in analysis have been omitted.

**Table B-3**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Property Tax Revenue (2015\$)**

Item	Assumptions/ Source	Formula	Annual Property Tax Revenues at Buildout				
			MRIC	Nishi Gateway	Nishi Olive Drive	Total Nishi	Total
<b>Property Tax Revenue (1% of Assessed Value)</b> <b>Assessed Value (2015\$)</b>	Table D-2	<i>a</i>	\$618,345,120	\$293,688,314	\$12,742,451	\$306,430,765	\$924,775,885
<b>Property Tax Revenue (1% of Assessed Value)</b>	1.00%	$b = a * 1.00\%$	\$6,183,451	\$2,936,883	\$127,425	\$3,064,308	\$9,247,759
City General Fund Property Tax Rate [1]		<i>c</i>	6.17%	6.93%	18.81%		
<b>Estimated Property Tax Allocation</b>							
<b>City General Fund</b>		$d = b * c$	<b>\$381,239</b>	<b>\$203,453</b>	<b>\$23,969</b>	<b>\$227,421</b>	<b>\$608,660</b>
Other Agencies/ERAF		$e = b * (1-c)$	\$5,802,213	\$2,733,431	\$103,456	\$2,836,887	\$8,639,099
<b>Property Tax In-Lieu of Motor Vehicle In-Lieu Fee Revenue (VLF)</b>							
Total Citywide Assessed Value [2]		<i>f</i>	\$6,978,905,700	\$6,978,905,700	\$6,978,905,700	\$6,978,905,700	\$6,978,905,700
Total Assessed Value of Project		<i>a</i>	\$618,345,120	\$293,688,314	\$12,742,451	\$306,430,765	\$924,775,885
<b>Total Assessed Value</b>		$g = a + f$	\$7,597,250,820	\$7,272,594,014	\$6,991,648,151	\$7,285,336,465	\$7,903,681,585
Percent Change in AV		$h = a / f$	8.86%	4.21%	0.18%	4.39%	13.25%
<b>Property Tax In-Lieu of VLF [3]</b>	<b>\$5,661,520</b>	$i = h * \$5,661,520$	\$501,622	\$238,250	\$10,337	\$248,587	\$750,209

prop\_tax

Source: City of Davis; Yolo County; EPS.

[1] For assumptions and calculation of the estimated property tax allocation, refer to Table D-1. Based on 50%/50% tax sharing split between the City of Davis and Yolo County for development in MRIC and Nishi Gateway. The Olive Drive area is currently in the city and is not subject to a tax sharing split assumption.

[2] Reflects final assessed valuation for FY 2014-15. Includes Citywide secured, unsecured, homeowner exemption, and public utility rolls.

[3] Property tax in-lieu of VLF amount taken from FY 2015-16 Approved City Budget. See Table B-1.

**Table B-4  
Davis Innovation Centers  
Fiscal Impact Analysis  
Real Property Transfer Tax Revenue (2015\$)**

Description	Source/ Assumption	Annual Transfer Tax Revenue at Buildout					
		MRIC		Nishi [1]		Total	
		Assessed Value [2]	Annual Transfer Tax Revenue [3]	Assessed Value [2]	Annual Transfer Tax Revenue [3]	Assessed Value [2]	Annual Transfer Tax Revenue [3]
<b>Rate per \$1,000 of AV</b>	\$1.10						
<b>Property Turnover Rate (% per year) [4]</b>							
Residential Owner-Occupied	10%						
Residential Renter-Occupied	5%						
Nonresidential	5%						
<b>Annual Transfer Tax Revenue</b>							
<b>Residential</b>							
Owner-Occupied		\$0	\$0	\$96,600,000	\$10,626	\$96,600,000	\$10,626
Renter-Occupied		\$0	\$0	\$135,520,000	\$7,454	\$135,520,000	\$7,454
<b>Total Residential Land Uses</b>		<b>\$0</b>	<b>\$0</b>	<b>\$232,120,000</b>	<b>\$18,080</b>	<b>\$232,120,000</b>	<b>\$18,080</b>
<b>Nonresidential [5]</b>		<b>\$618,345,120</b>	<b>\$34,009</b>	<b>\$74,310,765</b>	<b>\$4,087</b>	<b>\$692,655,885</b>	<b>\$38,096</b>
<b>Total Annual Transfer Tax Revenue</b>		<b>\$618,345,120</b>	<b>\$34,009</b>	<b>\$306,430,765</b>	<b>\$22,167</b>	<b>\$924,775,885</b>	<b>\$56,176</b>

transfer\_tax

Source: City of Davis; EPS.

[1] Comprises both the Nishi Gateway and Olive Drive areas.

[2] Assessed Values (AV) derived in Table D-2. Note that assessed values are expressed in 2015\$ and include no real AV growth.

[3] Formula for Transfer Tax = Assessed Value/\$1,000 \* Rate per \$1,000 of Assessed Value \* Turnover rate.

[4] Based on EPS research on real property turnover rates in the Sacramento Region.

[5] The nonresidential AV for Public/Nonprofit uses is omitted in this analysis. As a conservative assumption, this analysis assumes that these land uses would continue to be owned by public/non-profit uses, which are exempt from paying this tax pursuant to California Revenue and Tax Codes 11921-11930.

**Table B-5**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Taxable Sales and Use Tax Revenue (2015\$)**

Item	Formula	Source/ Assumptions	Annual Taxable Sales Revenue at Buildout		
			MRIC	Nishi	Total
<b>Estimated Annual Taxable Sales</b>					
Annual Taxable Sales from New HH/Employee Expenditures	<i>a</i>	<b>Table B-5A</b>	\$13,132,596	\$12,075,674	\$25,208,270
Net Annual Taxable Sales from Onsite Nonresidential Uses	<i>b</i>	<b>Table B-5B</b>	\$86,130,798	\$12,539,967	\$98,670,765
<b>Annual Taxable Sales from Total Net New Development</b>	$c = a + b$		<b>\$99,263,394</b>	<b>\$24,615,641</b>	<b>\$123,879,034</b>
<b>Annual Sales Tax Revenue</b>					
Bradley Burns Sales Tax Rate		1.0000%			
Measure O Sales Tax Rate [1]		0.0000%			
Less Property Tax in Lieu of Sales Tax Rate [2]		(0.2500%)			
<b>Total Bradley Burns Sales Tax Revenue</b>	$d = c * 0.75\%$	<b>0.7500%</b>	<b>\$744,475</b>	<b>\$184,617</b>	<b>\$929,093</b>
<b>Annual Property Tax in Lieu of Sales Tax Revenue [2]</b>	$e = b * .25\%$	<b>0.2500%</b>	<b>\$248,158</b>	<b>\$61,539</b>	<b>\$309,698</b>
<b>Gross Proposition 172 Public Safety Sales Tax Revenue [3]</b>	$f = c * 3.56\%$	<b>3.56%</b>	<b>\$26,483</b>	<b>\$6,567</b>	<b>\$33,051</b>

sales\_tax

Source: City of Davis; Yolo County; California State Board of Equalization; EPS.

- [1] Measure O is a 1% general sales and use tax rate authorized through December 31, 2020. As a conservative assumption, this analysis assumes Measure O will not be renewed and because buildout of both projects is anticipated to occur after this date, this additional sales tax rate is excluded from the analysis.
- [2] Based on Senate Bill 1096 as amended by Assembly Bill 2115 which states 1/4 of the 1 percent sales tax revenue (.2500 percent) will be exchanged for an equal dollar amount of property tax revenue.
- [3] Calculated as the ratio of Proposition 172 Public Safety Tax revenue to total sales tax revenue based on the FY 2015-16 Budget. Current total sales tax revenue includes sales tax revenue generated through Measure O. At buildout, the percentage may be higher if Measure O is not renewed. Any variation in the relationship between Proposition 172 Public Safety Tax revenue and total sales tax revenue affecting the estimate of this revenue source is estimated to be nominal.

**Table B-5A  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Taxable Sales from Proposed Development, Hybrid Market Support Method (2015\$)**

Annual Taxable Sales from Market Support	Assumption	Annual Taxable Sales Revenue from Market Support		
		MRIC	Nishi	Total
<b>Annual Taxable Sales from New Households</b>				
<b>Residential Development [1]</b>				
Owner-Occupied Residential		0	210	210
Renter-Occupied Residential		0	440	440
<b>Total Residential Development</b>		<b>0</b>	<b>650</b>	<b>650</b>
<b>Retail Expenditures [2]</b>				
Owner-Occupied Residential	\$25,000	\$0	\$11,000,000	\$11,000,000
Renter-Occupied Residential	\$20,000	\$0	\$8,800,000	\$8,800,000
<b>Total Retail Expenditures</b>		<b>\$0</b>	<b>\$19,800,000</b>	<b>\$19,800,000</b>
<b>Taxable Sales from New Households</b>				
Est. Retail Capture Rate within the City of Davis [3]		50%	50%	50%
<b>Total Taxable Sales from New Households</b>		<b>\$0</b>	<b>\$9,900,000</b>	<b>\$9,900,000</b>
<b>Total Annual Taxable Sales from Market Support Within the City of Davis</b>				
Estimated Total Annual Taxable Sales Onsite (Within the Project)	10%	\$0	\$990,000	\$990,000
Estimated Total Annual Taxable Sales Offsite (Outside the Project)	90%	\$0	\$8,910,000	\$8,910,000
<b>Annual Taxable Sales from New Employees</b>				
<b>Taxable Sales from New Employment</b>				
New Employees [4]		5,472	1,042	6,514
Project Residents Assumed to Work Onsite [5]		0	136	136
Net New Employees (Excluding Project Residents Assumed to Work Onsite)		5,472	907	6,378
Average Daily Taxable Sales per New Employee [6]	\$20.00			
Work Days per Year	240			
Est. Retail Capture Rate within the City of Davis [3]		50%	50%	50%
<b>Total Taxable Sales from Net New Employees</b>		<b>\$13,132,596</b>	<b>\$2,175,674</b>	<b>\$15,308,270</b>
<b>Total Annual Taxable Sales from Market Support Within the City of Davis</b>				
Estimated Total Annual Taxable Sales Onsite (Within the Project)	30%	\$3,939,779	\$652,702	\$4,592,481
Estimated Total Annual Taxable Sales Offsite (Outside the Project)	70%	\$9,192,817	\$1,522,972	\$10,715,789
<b>Total Annual Taxable Sales from Market Support Within the City of Davis</b>				
Estimated Total Annual Taxable Sales Onsite (Within the Project)		\$3,939,779	\$1,642,702	\$5,582,481
Estimated Total Annual Taxable Sales Offsite (Outside the Project)		\$9,192,817	\$10,432,972	\$19,625,789

sales\_a

Source: U.S. Department of Labor, Bureau of Labor Statistics; Yolo 101 JV and R&B Delta, LLC; Nishi Gateway LLC; City of Davis; EPS.

**Table B-5A**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Taxable Sales from Proposed Development, Hybrid Market Support Method (2015\$)**

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- [1] Refer to Table A-2.
- [2] Refer to Table D-3 for assumptions related to average household retail expenditures by residential unit.
- [3] Estimated retail capture rate within the City of Davis is based on EPS's qualitative appraisal of retail establishments within and outside of the City of Davis.
- [4] Refer to Table A-4 for employee estimates.
- [5] Project residents assumed to work onsite is derived from the project DEIRs. The MRIC DEIR assumes, under the MRIC Housing alternative (Scenario 1) that all residents are assumed to work onsite; the Base Development Program does not contain any residential units. The Nishi DEIR assumes that about 48 households (136 residents or about 8% of total project residents) will work onsite. For MRIC, under the MRIC Housing alternative, a lower percentage of project residents working onsite (less than 100 percent) would generate a greater amount of sales tax revenue and thus, increase the annual net fiscal revenues estimated for the City's General Fund. For Nishi, a lower percentage of project residents working onsite (less than 8 percent) would also generate a nominally greater amount of sales tax revenue and nominally decrease the estimated annual net fiscal deficit to the City's General Fund; a higher percentage of Nishi project residents working onsite (greater than 8 percent) would increase the estimated annual net fiscal deficit to the City's General Fund.
- [6] Based on the International Council of Shopping Centers' 2012 study "Office Worker Retail Spending in the Digital Age" for suburban areas with retail opportunities and adjusted to reflect Davis' retail mix. The data in this resource was escalated to reflect 2015 dollars using the Bureau of Labor Statistics Consumer Price Index, West Region. In addition, data was adjusted to reflect spending on taxable goods and services only.



**Table B-5B**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Taxable Sales from Nonresidential Development (2015\$)**

Item	Annual Taxable Sales per Sq. Ft. [1]	Annual Taxable Sales Revenue from Nonresidential Development					
		MRIC		Nishi		Total	
		Occupied Bldg. Sq. Ft. [2]	Total Annual Taxable Sales	Occupied Bldg. Sq. Ft. [2]	Total Annual Taxable Sales	Occupied Bldg. Sq. Ft. [2]	Total Annual Taxable Sales
<b>Annual Taxable Sales from Onsite Nonresidential Development</b>							
<b>Office/Flex/R&amp;D</b>							
Office	\$20	777,058	\$15,541,152	158,251	\$3,165,025	935,309	\$18,706,178
Flex: R&D/Office	\$20	461,710	\$9,234,198	64,946	\$1,298,916	526,656	\$10,533,114
<b>Total Office/Flex/R&amp;D</b>		<b>1,238,768</b>	<b>\$24,775,350</b>	<b>223,197</b>	<b>\$4,463,941</b>	<b>1,461,965</b>	<b>\$29,239,292</b>
Manufacturing	\$50	865,522	\$43,276,081	25,653	\$1,282,644	891,175	\$44,558,726
<b>Retail</b>							
Industrial Commercial	\$185	59,511	\$11,009,572	9,510	\$1,759,350	69,021	\$12,768,922
Ancillary Retail	\$185	59,511	\$11,009,572	36,090	\$6,676,733	95,602	\$17,686,306
<b>Total Retail</b>		<b>119,022</b>	<b>\$22,019,145</b>	<b>45,600</b>	<b>\$8,436,083</b>	<b>164,623</b>	<b>\$30,455,228</b>
<b>Hotel/Conference</b>	\$0	160,000	\$0	0	\$0	160,000	\$0
<b>Public/Nonprofit</b>	\$0	128,253	\$0	80,180	\$0	208,433	\$0
<b>Total Annual Taxable Sales from Onsite Nonresidential Development</b>		<b>2,511,565</b>	<b>\$90,070,576</b>	<b>374,630</b>	<b>\$14,182,669</b>	<b>2,886,195</b>	<b>\$104,253,245</b>
Less Total Annual Taxable Sales from Market Support (within the Project) [3]			\$3,939,779		\$1,642,702		\$5,582,481
<b>Annual Taxable Sales less Market Support</b>			<b>\$86,130,798</b>		<b>\$12,539,967</b>		<b>\$98,670,765</b>
Less Shift of Sales from Existing Regional and Community Retail to the Project [4]		<i>Shift from Existing Retail</i> 0%	\$0		\$0		\$0
<b>Subtotal Nonresidential Taxable Sales</b>			<b>\$86,130,798</b>		<b>\$12,539,967</b>		<b>\$98,670,765</b>

Source: City of Davis; California Board of Equalization (BOE); CoStar; March 2015 Mace Ranch Innovation Center Urban Decay Analysis, ALH Urban & Regional Economics; EPS.

[1] Annual taxable sales per sq. ft. based on taxable sales data collected from existing development in the 2nd Street Corridor and Interland University Research Park. Data is based on annual retail and nonretail business-to-business taxable sales by land use category over the last 5 years (2010-2014), as provided by the City of Davis. In addition, EPS consulted published taxable sales data from CA BOE (calendar year 2013), estimated occupied nonretail building square footage from CoStar, and published reports citing taxable sales per square foot for nonretail uses.

[2] For vacancy rate assumptions, refer to Table A-3.

[3] Estimated in Table B-5A.

[4] Reflects a 0% shift predicated on March 2015 Urban Decay Analysis completed by ALH Economics which concluded that development of the project's retail component is not likely to result in long-term retail sales diversions relevant to the existing retail base.

**Table B-6**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Transient Occupancy Tax (TOT) Revenue (2015\$)**

Item	Formula	Assumption	Annual TOT Revenue at Buildout		
			MRIC	Nishi	Total
<b>Hotel Rooms [1]</b>	<i>a</i>		186	0	186
Annual Rooms Available	$b = a * 365$	365	68,039	0	68,039
Occupancy Rate [2]	<i>c</i>	70%			
Average Daily Room Rate [2]	<i>d</i>	\$150			
City of Davis TOT Rate	<i>e</i>	10%			
<b>Annual Transient Occupancy Tax (Rounded)</b>	$f = b * c * d * e$		<b>\$714,408</b>	<b>\$0</b>	<b>\$714,408</b>

*tot*

Source: Smith Travel Research; EPS.

[1] Hotel rooms based on information provided by the project applicants, as shown in Table A-2.

[2] Assumptions based on recent hotel trends in the City of Davis derived from Smith Travel Research as of July 2015.

**Table B-7**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Business License Tax Revenue (2015\$)**

Item	Average Annual Business License Revenue per Bldg. Sq. Ft. [1]	Annual Business License Tax Revenue at Buildout					
		MRIC		Nishi		Total	
		Occupied Commercial Building Sq. Ft. [2]	Business License Tax	Occupied Commercial Building Sq. Ft. [2]	Business License Tax	Occupied Commercial Building Sq. Ft. [2]	Business License Tax
<b>Office/Flex/R&amp;D</b>							
Office	\$0.18	777,058	\$139,870	158,251	\$28,485	935,309	\$168,356
Flex: R&D/Office	\$0.18	461,710	\$83,108	64,946	\$11,690	526,656	\$94,798
<b>Total Office/Flex/R&amp;D</b>		<b>1,238,768</b>	<b>\$222,978</b>	<b>\$223,197</b>	<b>\$40,175</b>	<b>1,461,965</b>	<b>\$263,154</b>
Manufacturing	\$0.18	865,522	\$155,794	25,653	\$4,618	891,175	\$160,411
<b>Retail</b>							
Industrial Commercial	\$0.12	59,511	\$7,141	9,510	\$1,141	69,021	\$8,283
Ancillary Retail	\$0.12	59,511	\$7,141	36,090	\$4,331	95,602	\$11,472
<b>Total Retail</b>		<b>119,022</b>	<b>\$14,283</b>	<b>\$45,600</b>	<b>\$5,472</b>	<b>164,623</b>	<b>\$19,755</b>
Hotel/Conference	\$0.03	160,000	\$4,800	0	\$0	160,000	\$4,800
Public/Nonprofit [3]	\$0.00	0	\$0	0	\$0	0	\$0
<b>Commercial Business License Tax Revenue</b>		<b>2,383,312</b>	<b>\$397,855</b>	<b>294,450</b>	<b>\$50,265</b>	<b>2,677,762</b>	<b>\$448,120</b>

*license*

Source: City of Davis; Yolo 101 JV and R&B Delta, LLC; Nishi Gateway LLC; EPS.

[1] Reflects average business license revenue per building square foot, as provided by the City of Davis.

[2] For vacancy rate assumptions, refer to Table A-3.

[3] Public/Nonprofit land uses are exempt from paying the business license tax.

B-10

**Table B-8**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Municipal Service Tax Revenue (2015\$)**

Item	Assumption	Annual Municipal Service Tax Revenue at Buildout					
		MRIC		Nishi		Total	
		Building Sq. Ft. / Units	Average Lot Size	Building Sq. Ft. / Units	Average Lot Size	Building Sq. Ft. / Units	Average Lot Size
<b>Residential Units</b>							
Owner-Occupied		0	0	210	315,000	210	315,000
Renter-Occupied		0	0	440	660,000	440	660,000
<b>Total Residential Units</b>		<b>0</b>	<b>0</b>	<b>650</b>	<b>975,000</b>	<b>650</b>	<b>975,000</b>
Base Residential Tax Rate per Unit	\$83.64						
Lot Size Tax Rate per Sq. Ft.	\$0.00058						
<b>Total Residential Municipal Service Tax</b>		<b>\$0</b>		<b>\$54,928</b>		<b>\$54,928</b>	
<b>Commercial (Sq. Ft.)</b>							
<b>Office/Flex/R&amp;D</b>							
Office		846,468	2,418,480	172,387	492,534	1,018,855	2,911,014
Flex: R&D/Office		513,011	1,465,746	72,162	206,177	585,173	1,671,923
<b>Total Office/Flex/R&amp;D</b>		<b>1,359,479</b>	<b>3,884,226</b>	<b>244,549</b>	<b>698,711</b>	<b>1,604,028</b>	<b>4,582,937</b>
Manufacturing		952,169	1,904,338	28,221	56,442	980,390	1,960,780
<b>Retail</b>							
Industrial Commercial		62,578	250,310	10,000	40,000	72,578	290,310
Ancillary Retail		62,578	250,310	37,950	151,800	100,528	402,110
<b>Total Retail</b>		<b>125,155</b>	<b>500,620</b>	<b>47,950</b>	<b>191,800</b>	<b>173,105</b>	<b>692,420</b>
Hotel/Conference		160,000	640,000	0	0	160,000	640,000
Public/Nonprofit [1]		12,825	51,301	8,018	32,072	20,843	83,373
<b>Total Commercial Sq. Ft.</b>		<b>2,609,628</b>	<b>6,980,485</b>	<b>328,738</b>	<b>979,025</b>	<b>2,938,366</b>	<b>7,959,510</b>
Base Commercial Tax Rate per Sq. Ft.	\$0.11						
Lot Size Tax Rate per Sq. Ft.	\$0.00058						
<b>Total Commercial Municipal Service Tax</b>		<b>\$280,902</b>		<b>\$35,443</b>		<b>\$316,345</b>	
<b>Total Municipal Service Tax</b>		<b>\$280,902</b>		<b>\$90,371</b>		<b>\$371,273</b>	

Source: City of Davis; EPS.

municipal

[1] Estimated Public/Nonprofit uses not owned by UC Davis is subject to paying municipal service tax. Estimated Public/Nonprofit uses owned by UC Davis are exempt from paying municipal service taxes and are excluded from this analysis.

**Table B-9  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Public Safety Tax Revenue (2015\$)**

Item	Annual Public Safety Tax Revenue at Buildout						
	Assumption	MRIC		Nishi		Total	
		Units/ Bldg. Sq. Ft.	Average Lot Size	Units/ Bldg. Sq. Ft.	Average Lot Size	Units/ Bldg. Sq. Ft.	Average Lot Size
<b>Residential Units</b>							
Owner-Occupied		0	0	210	315,000	210	315,000
Renter-Occupied		0	0	440	660,000	440	660,000
<b>Total Residential Units</b>		<b>0</b>	<b>0</b>	<b>650</b>	<b>975,000</b>	<b>650</b>	<b>975,000</b>
Base Residential Tax Rate per Unit	\$65.64						
Lot Size Tax Rate per Sq. Ft.	\$0.00049						
<b>Total Residential Public Safety Tax Revenue</b>		<b>\$0</b>		<b>\$43,144</b>		<b>\$43,144</b>	
<b>Commercial</b>							
<b>Office/Flex/R&amp;D</b>							
Office		846,468	2,418,480	172,387	492,534	1,018,855	2,911,014
Flex: R&D/Office		513,011	1,465,746	72,162	206,177	585,173	1,671,923
<b>Total Office/Flex/R&amp;D</b>		<b>1,359,479</b>	<b>3,884,226</b>	<b>244,549</b>	<b>698,711</b>	<b>1,604,028</b>	<b>4,582,937</b>
Manufacturing		952,169	1,904,338	28,221	56,442	980,390	1,960,780
<b>Retail</b>							
Industrial Commercial		62,578	250,310	10,000	40,000	72,578	290,310
Ancillary Retail		62,578	250,310	37,950	151,800	100,528	402,110
<b>Total Retail</b>		<b>125,155</b>	<b>500,620</b>	<b>47,950</b>	<b>191,800</b>	<b>173,105</b>	<b>692,420</b>
Hotel/Conference		160,000	640,000	0	0	160,000	640,000
Public/Nonprofit [1]		12,825	51,301	8,018	32,072	20,843	83,373
<b>Total Commercial</b>		<b>2,596,803</b>	<b>6,929,184</b>	<b>320,720</b>	<b>946,953</b>	<b>2,917,523</b>	<b>7,876,137</b>
Commercial Tax Rate per Sq. Ft.	\$0.13						
Lot Size Tax Rate per Sq. Ft.	\$0.00049						
<b>Total Commercial Public Safety Tax Revenue</b>		<b>\$340,980</b>		<b>\$42,158</b>		<b>\$383,137</b>	
<b>Total Public Safety Tax Revenue</b>		<b>\$340,980</b>		<b>\$85,301</b>		<b>\$426,281</b>	

Source: City of Davis; EPS.

safety

[1] Estimated Public/Nonprofit uses not owned by UC Davis are subject to paying municipal service taxes. Estimated Public/Nonprofit uses owned by UC Davis are exempt from paying these taxes and are excluded from this analysis.



## APPENDIX C: Expenditure-Estimating Tables

Table C-1	Expenditure-Estimating Procedures.....	C-1
Table C-2	Estimated Annual Expenditures at Buildout .....	C-2
Table C-3	Estimated Annual Parks & Open Space Management Expenditures.....	C-3
Table C-4	Estimated Annual Fire Department Operating and Maintenance Expenditures .....	C-4
Table C-5	Estimated Annual Police Department Operating and Maintenance Expenditures .....	C-5
Table C-6	Estimated Annual Public Works Expenditures (2 pages) .....	C-6

**Table C-1  
Davis Innovation Centers  
Fiscal Impact Analysis  
Expenditure-Estimating Procedures (2015\$)**

Expenditure Category	Estimating Procedure	Case Study Reference	FY 2015-16 City Adopted Expenditures	Service Population [1]	Adjustment Factor [2]	Expenditure Multiplier
<b>General Fund Expenditures</b>						
City Attorney	Per Person Served	-	\$362,967	76,233	75%	\$3.57
City Council	Per Person Served	-	\$170,299	76,233	75%	\$1.68
City Manager's Office	Per Person Served	-	\$2,549,984	76,233	75%	\$25.09
Administrative Services	Per Person Served	-	\$2,638,435	76,233	75%	\$25.96
Community Dev. & Sustainability	Per Person Served	-	\$1,969,493	76,233	100%	\$25.84
Community Services	Per Person Served	-	\$4,737,420	76,233	100%	\$62.14
Parks & Open Space Management	Case Study	Table C-3	\$5,352,063	NA	NA	NA
Fire	Case Study	Table C-4	\$8,745,077	NA	NA	NA
Police	Case Study	Table C-5	\$16,080,902	NA	NA	NA
Public Works	Case Study	Table C-6	\$1,779,363	NA	NA	NA
Capital Improvements	[3]	-	\$6,574,280	NA	NA	NA
Debt Service	[3]	-	\$183,453	NA	NA	NA
RDA Successor Agency	[3]	-	\$0	NA	NA	NA
Nondepartmental	[3]	-	\$285,979	NA	NA	NA
<b>Total General Fund Expenditures</b>			<b>\$51,429,715</b>			
General Fund Reserve			\$679,656			
<b>Total General Fund (Incl. General Fund Reserve)</b>			<b>\$52,109,371</b>			

Source: City of Davis FY 2015-16 Adopted Budget; EPS.

*expend*

[1] Represents Citywide residents or persons served as shown in Table A-1.

[2] Adjustment factors provided by the City of Davis. Represents the percentage of expenditures estimated to be impacted by new growth.

[3] This expenditure category is not expected to be impacted by the project and is omitted from this analysis.

**Table C-2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Expenditures at Buildout (2015\$)**

Expenditures	Annual Net Expenditures at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a + b</i>
<b>General Fund Expenditures</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>

*net\_exp*

Source: City of Davis; EPS.

C-2



**Table C-3  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Parks & Open Space Management Expenditures (2015\$)**

Item	Annual Maintenance Cost Estimate Per Acre [1]	Annual Parks/Open Space Maintenance Costs		
		MRIC [2]	Nishi [3]	Total
<b>Parks and Open Space Acreage</b>				
Parks	\$10,855	-	4.9	4.9
Greenbelts and Linear Greens	\$7,961	-	5.0	5.0
Habitat/Open Space	\$3,618	-	9.4	9.4
<b>Total</b>		-	<b>19.3</b>	<b>19.3</b>
<b>Total Parks and Open Space Expenditures</b>		<b>\$0</b>	<b>\$127,004</b>	<b>\$127,004</b>

*parks\_exp*

Source: City of Davis; EPS.

[1] Annual maintenance cost estimates for parks and open space provided by the City of Davis, as of July 2015.

[2] Under the Base Development Program, parks and open space expenditures for MRIC will be funded with private sources and are excluded from this analysis.

[3] Allocation of parks and open space acreage provided by the City of Davis, based on information in the Nishi DEIR.

**Table C-4  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Fire Department Operating and Maintenance Expenditures (2015\$)**

Item	City of Davis FY 2015-16 Budget	Assumption	Adjusted City of Davis FY 2015-16 Budget	Annual Fire Expenditures		
				MRIC	Nishi	Total
<b>Annual City Fire Dept. Expenditures [1]</b>		<i>Adj. Factor</i>				
General Fund Fire Dept. Expenditures	\$8,745,077	100%	\$8,745,077			
Prop. 172 Public Safety Sales Tax Revenues	\$491,000	50%	\$245,500			
Public Safety Tax Revenues	\$2,955,040	50%	\$1,477,520			
<b>Total Annual Fire Department Expenditures</b>	<b>\$12,191,117</b>		<b>\$10,468,097</b>			
Citywide Persons Served		76,233				
Citywide Fire Expenditures per Persons Served		\$137				
Project Persons Served				2,736	2,269	5,005
<b>Total Annual Fire Department Expenditures</b>				<b>\$375,694</b>	<b>\$311,533</b>	<b>\$687,227</b>

fire

Source: City of Davis; EPS.

[1] Assumes annual City Fire Department expenditures are funded with half of Proposition 172 Sales Tax and half of Public Safety tax revenues, in addition to other General Fund Revenues, per the City of Davis.

C-4

**Table C-5  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Police Department Operating and Maintenance Expenditures (2015\$)**

Item	City of Davis FY 2015-16 Budget	Assumption	Adjusted City of Davis FY 2015-16 Budget	Annual Police Expenditures		
				MRIC	Nishi	Total
<b>Annual City Police Dept. Expenditures [1]</b>		<i>Adj. Factor</i>				
General Fund Police Dept. Expenditures	\$16,080,902	100%	\$16,080,902			
Prop. 172 Public Safety Sales Tax Revenues	\$491,000	50%	\$245,500			
Public Safety Tax Revenues	\$2,955,040	50%	\$1,477,520			
<b>Total Annual Police Department Expenditures</b>	<b>\$19,526,942</b>		<b>\$17,803,922</b>			
Citywide Persons Served		76,233				
Citywide Police Expenditures per Person Served		\$234				
Project Persons Served				2,736	2,269	5,005
<b>Total Annual Police Department Expenditures</b>				<b>\$638,972</b>	<b>\$529,849</b>	<b>\$1,168,821</b>

*police*

Source: City of Davis; EPS.

[1] Assumes annual City Police Department expenditures are funded with half of Proposition 172 Sales Tax and half of Public Safety tax revenues, in addition to other General Fund Revenues, per the City of Davis.

**Table C-6  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Annual Public Works Expenditures (2015\$)**

Item	Annual Amortized Cost [1] /Unit	Annual Public Works Expenditures		
		MRIC [2]	Nishi	Total
<b>Quantity Assumptions [3]</b>				
Roadway Lane Miles [4]		5.67	0.80	6.47
Sidewalk Linear Feet [5]		23,810	3,339	27,149
Sidewalk Curb and Gutter Linear Feet		22,270	3,339	25,609
Streetlights [6]		NA	42	42
Signalized Intersections		5	2	7
Non-Street Corridor Bike Path Lane Miles		1.9	1.2	3.0
Median Landscaping Acres [7]		NA	-	-
Parkway Planter Landscaping Acres [7] [8]		NA	0.63	0.63
<b>Public Works Expenditures [9]</b>				
<b>Road Maintenance</b>				
Surface Maintenance	\$8,870 Per Lane Mile	\$50,316	\$7,056	\$57,372
Pavement Overlay Maintenance	\$3,399 Per Lane Mile	\$19,280	\$2,704	\$21,984
<b>Total Road Maintenance</b>	<b>\$12,269</b>	<b>\$69,596</b>	<b>\$9,760</b>	<b>\$79,356</b>
<b>Sidewalk Maintenance</b>				
Surface Maintenance	\$0.80 Per Linear Foot	\$19,048	\$2,671	\$21,719
Sidewalk Rehab.	\$0.56 Per Linear Foot	\$13,334	\$1,870	\$15,203
<b>Total Sidewalk Maintenance</b>	<b>\$1.36</b>	<b>\$32,382</b>	<b>\$4,541</b>	<b>\$36,923</b>
<b>Other Annual Maintenance Costs</b>				
Sidewalk Curb and Gutter Rehab.	\$0.07 Per Linear Foot	\$1,514	\$227	\$1,741
Streetlights	\$159 Per Streetlight	\$0	\$6,682	\$6,682
Signalized Intersections	\$10,900 Per Signalized Int.	\$54,500	\$21,800	\$76,300
Non-Street Corridor Bike Paths	\$1,331 Per Lane Mile	\$2,506	\$1,538	\$4,043
Median Landscaping	\$7,961 Per Acre	\$0	\$0	\$0
Parkway Planter Landscaping	\$7,961 Per Acre	\$0	\$5,034	\$5,034
<b>Total Other Annual Maintenance Costs</b>		<b>\$58,520</b>	<b>\$35,281</b>	<b>\$93,801</b>
<b>Subtotal Public Works Expenditures</b>		<b>\$160,498</b>	<b>\$49,582</b>	<b>\$210,080</b>
		<i>Percentage</i>		
Administrative Expenses [10]	1.82% of Expenditures	\$2,921	\$902	\$3,823
Engineering Expenses [10]	6.50% of Expenditures	\$10,432	\$3,223	\$13,655
<b>Total Public Works Expenditures</b>		<b>\$173,851</b>	<b>\$53,707</b>	<b>\$227,558</b>

works

Source: City of Davis; Yolo 101 JV and R&B Delta, LLC; Nishi Gateway LLC; EPS.

C-6

**Table C-6**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual Public Works Expenditures (2015\$)**

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- [1] Annual maintenance costs provided by the City of Davis, as of July 2015.
- [2] MRIC quantity assumptions exclude quantities in the Mace Triangle because a preliminary site plan has not been completed at the time of this analysis. Updates to this analysis may be warranted when data becomes available.
- [3] Quantities of items funded through the City Public Works department provided by project applicants as of July 2015, except where otherwise noted.
- [4] Includes Class 2 bikeways that are envisioned as part of the roadway network.
- [5] Includes 10' bikeways that are envisioned as part of the 6' sidewalk network.
- [6] A placeholder of 1 streetlight per 100 linear feet was used based on the National Lighting Product Information Program's November 2010 report "Streetlights for Collector Roads" for staggered light emitting diode (LED) streetlights.
- [7] Under the Base Development Program, median and parkway planter landscaping for MRIC will be funded with private sources and are excluded from this analysis.
- [8] Parkway Planter Acres for the Nishi project is calculated using a ratio of MRIC parkway planter acres to total MRIC roadway lane miles applied to Nishi roadway lane miles.
- [8] The Nishi project is anticipated to comprise a single bus stop to serve project development. However, the Public Works Department has estimated no significant annual expenditures to maintain bus stops.
- [10] Percentage defined as the ratio of total administrative and engineering costs to the total Pubic Works budget, as provided by the City.

## APPENDIX D:

### Supporting Tables for Revenue Estimates

Table D-1	Preliminary Property Tax Allocations .....	D-1
Table D-2	Estimated Assessed Valuation at Buildout: Base Development Program (3 pages) .....	D-2
Table D-3	Average Income and Retail Expenditures for Nishi Residential Units .....	D-5



**Table D-1  
Davis Innovation Centers  
Fiscal Impact Analysis  
Preliminary Property Tax Allocations**

Fund/Agency	MRIC			Nishi			
	Pre-Annexation Property Tax Allocation TRA 061-003	Post-Annexation Property Tax Allocation		Pre-Annexation Property Tax Allocation TRA 061-030	Nishi Gateway		Olive Drive TRA 001-023
		Yolo County	City of Davis		Yolo County	City of Davis	
<b>City/County Tax Sharing Assumption [1]</b>		<b>50%</b>	<b>50%</b>		<b>50%</b>	<b>50%</b>	<b>NA</b>
<b>Taxing Entities for Analysis</b>							
County General Fund	11.0129%	5.5065%	5.5065%	12.3740%	6.1870%	6.1870%	-
County ACO Fund	1.3180%	0.6590%	0.6590%	1.4810%	0.7405%	0.7405%	-
City General Fund [2]	-	-	-	-	-	-	18.8100%
<b>Total Taxing Entities for Analysis</b>	<b>12.3309%</b>	<b>6.1655%</b>	<b>6.1655%</b>	<b>13.8550%</b>	<b>6.9275%</b>	<b>6.9275%</b>	<b>18.8100%</b>
<b>Other Taxing Entities</b>							
County Library	1.9700%	-	-	2.2140%	-	-	NA
County Road District #2	2.0998%	-	-	0.0000%	-	-	NA
Davis Cemetery District	0.3162%	-	-	0.0000%	-	-	NA
East Davis Fire District	9.6613%	-	-	0.0000%	-	-	NA
Sacto-Yolo Mosquito & Vector Control	0.9268%	-	-	0.0000%	-	-	NA
Yolo County Flood Control District	0.6757%	-	-	0.0000%	-	-	NA
Solano County Flood Control	0.0000%	-	-	4.2960%	-	-	NA
Yolo County Resources Conservation District	0.0317%	-	-	0.3130%	-	-	NA
County Schools	3.3291%	-	-	3.7410%	-	-	NA
Davis Joint Unified School District	40.1260%	-	-	45.0860%	-	-	NA
Los Rios Community College District	4.9785%	-	-	5.5930%	-	-	NA
ERAF	23.5540%	-	-	24.9020%	-	-	NA
<b>Total Other Taxing Entities</b>	<b>87.6691%</b>	-	-	<b>86.1450%</b>	-	-	NA
<b>Total Property Tax Allocation</b>	<b>100.0000%</b>	<b>6.1655%</b>	<b>6.1655%</b>	<b>100.0000%</b>	<b>6.9275%</b>	<b>6.9275%</b>	<b>18.8100%</b>

tax\_alloc

Source: Goodwin Consulting Group February 13, 2015 Memorandum "Preliminary Analysis of Infrastructure Alternatives - Nishi Property Development Plan"; Yolo County; EPS.

[1] Preliminary tax sharing assumption, subject to negotiations between the City and County. Additional tax sharing assumptions evaluated in sensitivity scenarios.

[2] TRA 001-023 is currently part of Davis Successor Agency (formerly redevelopment agency) and the precise property tax breakdown by entity is not available from Yolo County. However, the County Auditor-Controller provided a reasonable estimate for the post-ERAF allocation factor for the City's General Fund for FY 2015-16. Any variation in the exact allocation factor is estimated to be nominal.

**Table D-2  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Assessed Valuation at Buildout: Base Development Program (2015\$)**

Item	Rounded Value per Unit/Sq. Ft. [1]	Total Assessed Value (Rounded)	
		MRIC	
		Units/ Sq. Ft.	Assessed Value
<b>Residential (Units)</b>	<i>Per Unit</i>	<i>Units</i>	
Owner-Occupied Residential	\$460,000	0	\$0
Renter-Occupied Residential	\$308,000	0	\$0
<b>Total Residential</b>		<b>0</b>	<b>\$0</b>
<b>Commercial Land Use</b>	<i>Per Sq. Ft.</i>	<i>Sq. Ft.</i>	
<b>Office/Flex/R&amp;D</b>			
Office	\$225	846,468	\$190,455,300
Flex: R&D/Office	\$245	513,011	\$125,687,695
<b>Total Office/Flex/R&amp;D</b>		<b>1,359,479</b>	<b>\$316,142,995</b>
Manufacturing	\$250	952,169	\$238,042,250
<b>Retail</b>			
Industrial Commercial	\$225	62,578	\$14,079,938
Ancillary Retail	\$225	62,578	\$14,079,938
<b>Total Retail</b>		<b>125,155</b>	<b>\$28,159,875</b>
Hotel/Conference	\$225	160,000	\$36,000,000
Public/Nonprofit	\$0	128,253	\$0
<b>Total Commercial Sq. Ft.</b>		<b>2,725,056</b>	<b>\$618,345,120</b>
<b>Total Proposed Land Uses</b>			<b>\$618,345,120</b>

D-2



**Table D-2  
Davis Innovation Centers  
Fiscal Impact Analysis  
Estimated Assessed Valuation at Buildout: Base Development Program (2015\$)**

Item	Rounded Value per Unit/Sq. Ft. [1]	Total Assessed Value (Rounded)					
		Nishi Gateway		Nishi Olive Drive		Total	
		Units/Sq. Ft.	Assessed Value	Units/Sq. Ft.	Assessed Value	Units/Sq. Ft.	Assessed Value
<b>Residential (Units)</b>	<i>Per Unit</i>	<i>Units</i>		<i>Units</i>		<i>Units</i>	
Owner-Occupied Residential	\$460,000	210	\$96,600,000	0	\$0	210	\$96,600,000
Renter-Occupied Residential	\$308,000	440	\$135,520,000	0	\$0	440	\$135,520,000
<b>Total Residential</b>		<b>650</b>	<b>\$232,120,000</b>	<b>0</b>	<b>\$0</b>	<b>650</b>	<b>\$232,120,000</b>
<b>Commercial Land Use</b>	<i>Per Sq. Ft.</i>	<i>Sq. Ft.</i>		<i>Sq. Ft.</i>		<i>Sq. Ft.</i>	
<b>Office/Flex/R&amp;D</b>							
Office	\$225	152,685	\$34,354,022	19,702	\$4,433,053	172,387	\$38,787,075
Flex: R&D/Office	\$245	63,914	\$15,659,042	8,248	\$2,020,648	72,162	\$17,679,690
<b>Total Office/Flex/R&amp;D</b>		<b>216,599</b>	<b>\$50,013,064</b>	<b>27,950</b>	<b>\$6,453,701</b>	<b>244,549</b>	<b>\$56,466,765</b>
Manufacturing	\$250	28,221	\$7,055,250	0	\$0	28,221	\$7,055,250
<b>Retail</b>							
Industrial Commercial	\$225	10,000	\$2,250,000	0	\$0	10,000	\$2,250,000
Ancillary Retail	\$225	10,000	\$2,250,000	27,950	\$6,288,750	37,950	\$8,538,750
<b>Total Retail</b>		<b>20,000</b>	<b>\$4,500,000</b>	<b>27,950</b>	<b>\$6,288,750</b>	<b>47,950</b>	<b>\$10,788,750</b>
Hotel/Conference	\$225	0	\$0	0	\$0	0	\$0
Public/Nonprofit	\$0	80,180	\$0	0	\$0	80,180	\$0
<b>Total Commercial Sq. Ft.</b>		<b>345,000</b>	<b>\$61,568,314</b>	<b>55,900</b>	<b>\$12,742,451</b>	<b>400,900</b>	<b>\$74,310,765</b>
<b>Total Proposed Land Uses</b>			<b>\$293,688,314</b>		<b>\$12,742,451</b>		<b>\$306,430,765</b>

D-3

**Table D-2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Assessed Valuation at Buildout: Base Development Program (2015\$)**

Item	Rounded Value per Unit/Sq. Ft. [1]	Total Assessed Value (Rounded)	
		Units/ Sq. Ft.	Assessed Value
<b>Residential (Units)</b>	<i>Per Unit</i>	<i>Units</i>	
Owner-Occupied Residential	\$460,000	210	\$96,600,000
Renter-Occupied Residential	\$308,000	440	\$135,520,000
<b>Total Residential</b>		<b>650</b>	<b>\$232,120,000</b>
<b>Commercial Land Use</b>	<i>Per Sq. Ft.</i>	<i>Sq. Ft.</i>	
<b>Office/Flex/R&amp;D</b>			
Office	\$225	1,018,855	\$229,242,375
Flex: R&D/Office	\$245	585,173	\$143,367,385
<b>Total Office/Flex/R&amp;D</b>		<b>1,604,028</b>	<b>\$372,609,760</b>
Manufacturing	\$250	980,390	\$245,097,500
<b>Retail</b>			
Industrial Commercial	\$225	72,578	\$16,329,938
Ancillary Retail	\$225	100,528	\$22,618,688
<b>Total Retail</b>		<b>173,105</b>	<b>\$38,948,625</b>
Hotel/Conference	\$225	160,000	\$36,000,000
Public/Nonprofit	\$0	208,433	\$0
<b>Total Commercial Sq. Ft.</b>		<b>3,125,956</b>	<b>\$692,655,885</b>
<b>Total Proposed Land Uses</b>			<b>\$924,775,885</b>

av\_base

Source: City of Davis; EPS.

[1] See Table A-5 for assumption sources.

**Table D-3**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Average Income and Retail Expenditures for Nishi Residential Units (2015\$)**

<b>Residential Land Use</b>	<b>Nishi Dwelling Units</b>	<b>Estimated Home Value / Monthly Rent [1]</b>	<b>Estimated Annual Housing Costs [2]</b>	<b>Estimated Household Income [3]</b>	<b>Taxable Expenditures as a Percent of Income [4]</b>	<b>Annual Taxable Expenditures per Household (Rounded) [5]</b>
<b>Average Household Income</b>						
Owner-Occupied Residential	210	\$460,000	\$36,000	\$103,000	24%	\$25,000
Renter-Occupied Residential	440	\$2,300	\$28,000	\$80,000	25%	\$20,000

*income*

Source: City of Davis; Andy Plescia/Goodwin Consulting Group; EPS.

- [1] Residential assessed value based on data prepared by Andy Plescia and Goodwin Consulting Group as of July 2015. Annual rent based on a unit size of 970 sq. ft., capitalization rate of 6% and a target value per unit of \$308,000.
- [2] Annual mortgage based on a 6%, 30-year fixed rate mortgage with a 20% down payment and 2% for annual taxes and insurance. Values have been rounded to the nearest thousand dollars.
- [3] Assumes mortgage lending guidelines allow no more than 35% of income dedicated to mortgage payments, taxes and insurance. Assumes renters pay 35% of income in rent.
- [4] Taxable expenditures as a percentage of income derived from the 2013 BLS Consumer Expenditure Survey.
- [5] Average retail expenditures per household used to estimate annual sales tax revenues, as shown in Table B-5A.

## APPENDIX E:

### Infrastructure Facility Maintenance Responsibility: Base Development Program and Alternative Scenarios

Table E-1      MRIC Infrastructure Facility Maintenance Responsibility..... E-1

Table E-2      Nishi Infrastructure Facility Maintenance Responsibility ..... E-2



**Table E-1  
Davis Innovation Centers  
Fiscal Impact Analysis  
MRIC Infrastructure Facility Maintenance Responsibility**

MRIC
------

No.	Item	Maintenance Funding Scenarios			City Fund Funding [2]		
		Base [1]	Alternative #1	Alternative #2	Base	Alternative #1	Alternative #2
<b>Street Maintenance</b>							
1	Street Pavement Behind Curbs	Public	Public	Private	General Fund	General Fund	NA
2	Street Sidewalk	Public	Public	Private	General Fund	General Fund	NA
3	Traffic Signals/Signalized Intersections	Public	Public	Private	General Fund	General Fund	NA
3	Bike Path	Public	Public	Private	General Fund	General Fund	NA
4	Bike Path (Non-Street Corridors)	Public	Public	Private	General Fund	General Fund	NA
<b>Landscaping and Lighting</b>							
5	Median Landscaping	Private	Public	Private	NA	General Fund	NA
6	Parkway Planter Landscaping	Private	Public	Private	NA	General Fund	NA
7	Street Lights	Private	Public	Private	NA	General Fund	NA
8	Internal Areas Lights	Private	Private	Private	NA	NA	NA
<b>Transit Maintenance</b>							
9	Transit Plaza	Private	Private	Private	NA	NA	NA
<b>Utilities Maintenance</b>							
10	Water Distribution Mainline Piping	Public	Public	Private	Water Fund	Water Fund	NA
11	Sewer Collection Mainline Piping	Public	Public	Private	Sewer Fund	Sewer Fund	NA
12	Sewer Lift Stations	Public	Public	Private	Sewer Fund	Sewer Fund	NA
13	Irrigation Well	Private	Private	Private	NA	NA	NA
14	Irrigation Distribution Mainline Piping	Private	Private	Private	NA	NA	NA
15	Onsite Reach of Mace Channel	Public	Public	Private	Storm Sewer Fund	Storm Sewer Fund	NA
16	Offsite Reach of Mace Channel	Public	Public	Private	Storm Sewer Fund	Storm Sewer Fund	NA
17	Onsite Detention Storage	Private	Private	Private	NA	NA	NA
18	Storm Drain Pipes/Inlets	Public	Public	Private	Storm Sewer Fund	Storm Sewer Fund	NA
<b>Parks and Open Space</b>							
19	Public Parks	Private	Private	Private	NA	NA	NA
20	Greenbelts and Linear Greens	Private	Private	Private	NA	NA	NA
21	Habitat/Open Space	Private	Private	Private	NA	NA	NA
22	Private Parks	Private	Private	Private	NA	NA	NA

m\_maint

Source: City of Davis; Yolo 101 JV and R&B Delta, LLC; EPS.

[1] The Base Development Program is consistent with the August 2015 Draft Environmental Impact Report for the Mace Ranch Innovation Center Project, prepared by Raney Planning

[2] Non-General Fund City funds (e.g., Water Fund, Sewer Fund, Storm Sewer Fund) are enterprise funds and are not evaluated in this analysis.

**Table E-2  
Davis Innovation Centers  
Fiscal Impact Analysis  
Nishi Infrastructure Facility Maintenance Responsibility**

Nishi

No.	Item	Maintenance Funding Scenarios [1]			City Fund Funding [2]		
		Base	Alternative #1	Alternative #2	Base	Alternative #1	Alternative #2
<b>Street Maintenance</b>							
1	Street Pavement Behind Curbs	Public	Public	Private	General Fund	General Fund	NA
2	Street Sidewalk	Public	Public	Private	General Fund	General Fund	NA
3	Traffic Signals/Signalized Intersections	Public	Public	Private	General Fund	General Fund	NA
4	Bike Path (Non-Street Corridors)	Public	Public	Private	General Fund	General Fund	NA
<b>Landscaping and Lighting</b>							
5	Parkway Planter Landscaping	Public	Private	Private	General Fund	NA	NA
6	Street Lights	Public	Public	Private	General Fund	General Fund	NA
7	Internal Areas Lights	Private	Private	Private	NA	NA	NA
<b>Transit Maintenance</b>							
8	Bus Stop	Public	Private	Private	General Fund	NA	NA
<b>Utilities Maintenance</b>							
9	Water Distribution Mainline Piping	Public	Public	Private	Water Fund	Water Fund	NA
10	Sewer Collection Mainline Piping	Public	Public	Private	Sewer Fund	Sewer Fund	NA
11	Sewer Lift Stations	Public	Public	Private	Sewer Fund	Sewer Fund	NA
12	Irrigation Well	Public	Private	Private	Water Fund	NA	NA
13	Irrigation Distribution Mainline Piping	Public	Private	Private	Water Fund	NA	NA
14	Onsite Detention Storage	Public	Public	Private	Storm Sewer Fund	Storm Sewer Fund	NA
15	Storm Drain Pipes/Inlets	Public	Public	Private	Storm Sewer Fund	Storm Sewer Fund	NA
<b>Parks and Open Space</b>							
16	Public Parks	Public	Private	Private	General Fund	NA	NA
17	Greenbelts and Linear Greens	Public	Private	Private	General Fund	NA	NA
18	Habitat/Open Space	Public	Private	Private	General Fund	NA	NA
19	Private Parks	Private	Private	Private	NA	NA	NA
20	Putah Creek Parkway [3]	Public	Private	Private	NA	NA	NA
21	Parking Lots/Courtyards	Private	Private	Private	NA	NA	NA

Source: City of Davis; Nishi Gateway LLC; EPS.

n\_maint

[1] The Base Development Program and alternative funding scenarios were provided by the City of Davis in July 2015.

[2] Non-General Fund City funds (e.g., Water Fund, Sewer Fund, Storm Sewer Fund) are enterprise funds and are not evaluated in this analysis.

[3] Putah Creek Parkway is not a new cost and is excluded from the fiscal analysis.



## APPENDIX F:

### Fiscal Impact Analysis Summary Tables: Sensitivity Scenarios

Table F-1	Estimated Annual General Fund Revenue and Expenditure Summary: MRIC Housing (Scenario 1) .....	F-1
Table F-2	Estimated Annual General Fund Revenue and Expenditure Summary: No MRIC Hotel (Scenario 2).....	F-2
Table F-3	Estimated Annual General Fund Revenue and Expenditure Summary: Nishi Hotel (Scenario 3) .....	F-3
Table F-4	Estimated Annual General Fund Revenue and Expenditure Summary: Property Tax Sharing Allocation: Alt. 1 (Scenario 4) .....	F-4
Table F-5	Estimated Annual General Fund Revenue and Expenditure Summary: Property Tax Sharing Allocation: Alt. 2 (Scenario 5) .....	F-5
Table F-6	Estimated Annual General Fund Revenue and Expenditure Summary: Increased Taxable Sales (Scenario 6) .....	F-6
Table F-7	Estimated Annual General Fund Revenue and Expenditure Summary: Sales Tax Capture: Alt. 1 (Scenario 7) .....	F-7
Table F-8	Estimated Annual General Fund Revenue and Expenditure Summary: Sales Tax Capture: Alt. 2 (Scenario 8) .....	F-8
Table F-9	Estimated Annual General Fund Revenue and Expenditure Summary: Ongoing Operations & Maintenance Responsibility: Alt. 1(Scenario 9) .....	F-9
Table F-10	Estimated Annual General Fund Revenue and Expenditure Summary: Ongoing Operations & Maintenance Responsibility: Alt. 2 (Scenario 10) .....	F-10

**Table F-1**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

<b>Scenario 1:</b> <b>MRIC Housing</b>
---

**Estimated Annual General Fund Revenue and Expenditure Summary: MRIC Housing (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$575,000	\$227,000	\$802,000
Property Tax In-Lieu of Vehicle License Fees	\$756,000	\$249,000	\$1,005,000
Property Transfer Tax	\$60,000	\$22,000	\$82,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$353,000	\$90,000	\$443,000
Franchise Fees	\$79,000	\$36,000	\$115,000
Charges for Services	\$78,000	\$60,000	\$138,000
Community Services Revenue	\$135,000	\$103,000	\$238,000
Fines and Forfeitures	\$45,000	\$20,000	\$65,000
<b>Total General Fund Revenues</b>	<b>\$4,185,000</b>	<b>\$1,104,000</b>	<b>\$5,289,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$48,000	\$37,000	\$85,000
Parks Maintenance Tax	\$89,000	\$40,000	\$129,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$397,000	\$85,000	\$482,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$560,000</b>	<b>\$169,000</b>	<b>\$729,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$4,745,000</b>	<b>\$1,273,000</b>	<b>\$6,018,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$18,000	\$8,000	\$26,000
City Council	\$8,000	\$4,000	\$12,000
City Manager's Office	\$126,000	\$57,000	\$183,000
Administrative Services	\$130,000	\$59,000	\$189,000
Community Dev. & Sustainability	\$130,000	\$59,000	\$189,000
Community Services	\$312,000	\$141,000	\$453,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$689,000	\$312,000	\$1,001,000
Police	\$1,173,000	\$530,000	\$1,703,000
Public Works	\$193,000	\$54,000	\$247,000
<b>Total General Fund Expenditures</b>	<b>\$2,779,000</b>	<b>\$1,351,000</b>	<b>\$4,130,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$1,966,000</b>	<b>(\$78,000)</b>	<b>\$1,888,000</b>

scen\_1

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.



**Table F-2**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

<b>Scenario 2: No MRIC Hotel</b>
--------------------------------------

**Estimated Annual General Fund Revenue and Expenditure Summary: No MRIC Hotel (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$382,000	\$227,000	\$609,000
Property Tax In-Lieu of Vehicle License Fees	\$503,000	\$249,000	\$752,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$770,000	\$185,000	\$955,000
Property Tax in-Lieu of Sales Tax	\$257,000	\$62,000	\$319,000
Transient Occupancy Tax	\$0	\$0	\$0
Business License Tax	\$419,000	\$50,000	\$469,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$46,000	\$36,000	\$82,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$26,000	\$20,000	\$46,000
<b>Total General Fund Revenues</b>	<b>\$2,718,000</b>	<b>\$1,104,000</b>	<b>\$3,822,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$52,000	\$40,000	\$92,000
Prop. 172 Public Safety Sales Tax	\$27,000	\$7,000	\$34,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$420,000</b>	<b>\$169,000</b>	<b>\$589,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,138,000</b>	<b>\$1,273,000</b>	<b>\$4,411,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$73,000	\$57,000	\$130,000
Administrative Services	\$75,000	\$59,000	\$134,000
Community Dev. & Sustainability	\$75,000	\$59,000	\$134,000
Community Services	\$180,000	\$141,000	\$321,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$399,000	\$312,000	\$711,000
Police	\$678,000	\$530,000	\$1,208,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,669,000</b>	<b>\$1,351,000</b>	<b>\$3,020,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$1,469,000</b>	<b>(\$78,000)</b>	<b>\$1,391,000</b>

scen\_2

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

- [1] Refer to Table 2 for a full description of this sensitivity scenario.
- [2] See Table B-1 for details on revenue estimating procedures.
- [3] Reflects additional revenues used to fund General Fund expenditures.
- [4] See Table C-1 for details on expenditure estimating procedures.

**Table F-3**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

<b>Scenario 3:</b> <b>Nishi Hotel</b>
--

**Estimated Annual General Fund Revenue and Expenditure Summary: Nishi Hotel (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$229,000	\$610,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$250,000	\$752,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$169,000	\$913,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$56,000	\$304,000
Transient Occupancy Tax	\$714,000	\$479,000	\$1,193,000
Business License Tax	\$398,000	\$43,000	\$441,000
Municipal Service Tax	\$281,000	\$91,000	\$372,000
Franchise Fees	\$43,000	\$35,000	\$78,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,370,000</b>	<b>\$1,557,000</b>	<b>\$4,927,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$39,000	\$88,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$6,000	\$32,000
Public Safety Tax	\$341,000	\$87,000	\$428,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,786,000</b>	<b>\$1,726,000</b>	<b>\$5,512,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$55,000	\$124,000
Administrative Services	\$71,000	\$57,000	\$128,000
Community Dev. & Sustainability	\$71,000	\$57,000	\$128,000
Community Services	\$170,000	\$136,000	\$306,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$301,000	\$677,000
Police	\$639,000	\$511,000	\$1,150,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,310,000</b>	<b>\$2,895,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,201,000</b>	<b>\$416,000</b>	<b>\$2,617,000</b>

scen\_3

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

- [1] Refer to Table 2 for a full description of this sensitivity scenario.
- [2] See Table B-1 for details on revenue estimating procedures.
- [3] Reflects additional revenues used to fund General Fund expenditures.
- [4] See Table C-1 for details on expenditure estimating procedures.

**Table F-4**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

**Scenario 4:**  
**Property Tax Sharing Allocation: Alt. 1**

**Estimated Annual General Fund Revenue and Expenditure Summary: Property Tax Sharing Allocation: Alt. 1 (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$572,000	\$329,000	\$901,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,561,000</b>	<b>\$1,206,000</b>	<b>\$4,767,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,977,000</b>	<b>\$1,375,000</b>	<b>\$5,352,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,392,000</b>	<b>\$24,000</b>	<b>\$2,416,000</b>

scen\_4

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.

**Table F-5**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

**Scenario 5:**  
**Property Tax Sharing Allocation: Alt. 2**

**Estimated Annual General Fund Revenue and Expenditure Summary: Property Tax Sharing Allocation: Alt. 2 (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$191,000	\$126,000	\$317,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,180,000</b>	<b>\$1,003,000</b>	<b>\$4,183,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,596,000</b>	<b>\$1,172,000</b>	<b>\$4,768,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,011,000</b>	<b>(\$179,000)</b>	<b>\$1,832,000</b>

scen\_5

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.

**Table F-6**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

**Scenario 6:**  
**Increased Taxable Sales**

**Estimated Annual General Fund Revenue and Expenditure Summary: Increased Taxable Sales (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$1,550,000	\$230,000	\$1,780,000
Property Tax in-Lieu of Sales Tax	\$517,000	\$77,000	\$594,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$4,445,000</b>	<b>\$1,164,000</b>	<b>\$5,609,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$55,000	\$8,000	\$63,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$445,000</b>	<b>\$170,000</b>	<b>\$615,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$4,890,000</b>	<b>\$1,334,000</b>	<b>\$6,224,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$3,305,000</b>	<b>(\$17,000)</b>	<b>\$3,288,000</b>

scen\_6

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.

**Table F-7**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

<b>Scenario 7:</b> <b>Sales Tax Capture: Alt. 1</b>
--

**Estimated Annual General Fund Revenue and Expenditure Summary: Sales Tax Capture: Alt. 1 (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$779,000	\$224,000	\$1,003,000
Property Tax in-Lieu of Sales Tax	\$260,000	\$75,000	\$335,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,417,000</b>	<b>\$1,156,000</b>	<b>\$4,573,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$28,000	\$8,000	\$36,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$418,000</b>	<b>\$170,000</b>	<b>\$588,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,835,000</b>	<b>\$1,326,000</b>	<b>\$5,161,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,250,000</b>	<b>(\$25,000)</b>	<b>\$2,225,000</b>

scen\_7

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.

**Table F-8**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

<b>Scenario 8:</b> <b>Sales Tax Capture: Alt. 2</b>
--

**Estimated Annual General Fund Revenue and Expenditure Summary: Sales Tax Capture: Alt. 2 (2015\$) [1]**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$710,000	\$145,000	\$855,000
Property Tax in-Lieu of Sales Tax	\$237,000	\$48,000	\$285,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,325,000</b>	<b>\$1,050,000</b>	<b>\$4,375,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$25,000	\$5,000	\$30,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$415,000</b>	<b>\$167,000</b>	<b>\$582,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,740,000</b>	<b>\$1,217,000</b>	<b>\$4,957,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$127,000	\$127,000
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$174,000	\$54,000	\$228,000
<b>Total General Fund Expenditures</b>	<b>\$1,585,000</b>	<b>\$1,351,000</b>	<b>\$2,936,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,155,000</b>	<b>(\$134,000)</b>	<b>\$2,021,000</b>

scen\_8

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

[1] Refer to Table 2 for a full description of this sensitivity scenario.

[2] See Table B-1 for details on revenue estimating procedures.

[3] Reflects additional revenues used to fund General Fund expenditures.

[4] See Table C-1 for details on expenditure estimating procedures.

**Table F-9**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**  
**Estimated Annual General Fund Revenue and Expenditure Summary: Ongoing Operations & Maintenance Responsibility: Alt. 1 (2015\$) [1]**

<b>Scenario 9:</b> <b>Ongoing Operations &amp; Maintenance</b> <b>Responsibility: Alt. 1</b>
--

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
Formula	a	b	c = b + a
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,370,000</b>	<b>\$1,104,000</b>	<b>\$4,474,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,786,000</b>	<b>\$1,273,000</b>	<b>\$5,059,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$0	\$0
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$249,000	\$48,000	\$297,000
<b>Total General Fund Expenditures</b>	<b>\$1,660,000</b>	<b>\$1,218,000</b>	<b>\$2,878,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,126,000</b>	<b>\$55,000</b>	<b>\$2,181,000</b>

scen\_9

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

- [1] Refer to Table 2 for a full description of this sensitivity scenario.
- [2] See Table B-1 for details on revenue estimating procedures.
- [3] Reflects additional revenues used to fund General Fund expenditures.
- [4] See Table C-1 for details on expenditure estimating procedures.



**Table F-10**  
**Davis Innovation Centers**  
**Fiscal Impact Analysis**

**Estimated Annual General Fund Revenue and Expenditure Summary: Ongoing Operations & Maintenance Responsibility: Alt. 2 (2015\$) [1]**

**Scenario 10:**  
**Ongoing Operations & Maintenance**  
**Responsibility: Alt. 2**

Item	Annual Fiscal Impacts at Buildout		
	MRIC	Nishi	Total
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = b + a</i>
<b>Annual General Fund Revenues [2]</b>			
Property Taxes	\$381,000	\$227,000	\$608,000
Property Tax In-Lieu of Vehicle License Fees	\$502,000	\$249,000	\$751,000
Property Transfer Tax	\$34,000	\$22,000	\$56,000
Sales and Use Taxes	\$744,000	\$185,000	\$929,000
Property Tax in-Lieu of Sales Tax	\$248,000	\$62,000	\$310,000
Transient Occupancy Tax	\$714,000	\$0	\$714,000
Business License Tax	\$398,000	\$50,000	\$448,000
Municipal Service Tax	\$281,000	\$90,000	\$371,000
Franchise Fees	\$43,000	\$36,000	\$79,000
Charges for Services	\$0	\$60,000	\$60,000
Community Services Revenue	\$0	\$103,000	\$103,000
Fines and Forfeitures	\$25,000	\$20,000	\$45,000
<b>Total General Fund Revenues</b>	<b>\$3,370,000</b>	<b>\$1,104,000</b>	<b>\$4,474,000</b>
<b>Other Annual Non-General Fund Revenues [2] [3]</b>			
Gas Tax Revenues	\$0	\$37,000	\$37,000
Parks Maintenance Tax	\$49,000	\$40,000	\$89,000
Prop. 172 Public Safety Sales Tax	\$26,000	\$7,000	\$33,000
Public Safety Tax	\$341,000	\$85,000	\$426,000
<b>Total Other Non-General Fund Revenues</b>	<b>\$416,000</b>	<b>\$169,000</b>	<b>\$585,000</b>
<b>Total Annual General Fund and Non-General Fund Revenues</b>	<b>\$3,786,000</b>	<b>\$1,273,000</b>	<b>\$5,059,000</b>
<b>Annual General Fund Expenditures [4]</b>			
City Attorney	\$10,000	\$8,000	\$18,000
City Council	\$5,000	\$4,000	\$9,000
City Manager's Office	\$69,000	\$57,000	\$126,000
Administrative Services	\$71,000	\$59,000	\$130,000
Community Dev. & Sustainability	\$71,000	\$59,000	\$130,000
Community Services	\$170,000	\$141,000	\$311,000
Parks & Open Space Management	\$0	\$0	\$0
Fire	\$376,000	\$312,000	\$688,000
Police	\$639,000	\$530,000	\$1,169,000
Public Works	\$0	\$0	\$0
<b>Total General Fund Expenditures</b>	<b>\$1,411,000</b>	<b>\$1,170,000</b>	<b>\$2,581,000</b>
<b>Annual General Fund Surplus/(Deficit)</b>	<b>\$2,375,000</b>	<b>\$103,000</b>	<b>\$2,478,000</b>

*scen\_10*

Source: EPS.

Note: All values are rounded to the nearest \$1,000.

- [1] Refer to Table 2 for a full description of this sensitivity scenario.
- [2] See Table B-1 for details on revenue estimating procedures.
- [3] Reflects additional revenues used to fund General Fund expenditures.
- [4] See Table C-1 for details on expenditure estimating procedures.