

## **MEMORANDUM**

To: Tim Raney, Raney Management and Planning, Inc.  
From: Tim Youmans, Tapa Banda, and Lucas Perretti  
Subject: Natomas Crossing Economic Analysis; EPS #19448  
Date: April 15, 2009

*The Economics of Land Use*



### **Introduction**

Raney Planning and Management, Inc., retained Economic & Planning Systems, Inc., (EPS) to prepare an Economic Analysis comparing the potential economic and fiscal revenue impacts of two development scenarios for the Natomas Crossing project (Project) by Alleghany Properties, LLC, (Applicant). The Project is located in the North Natomas Community Plan Area (North Natomas) in the City of Sacramento (City). One development scenario, the Approved Project, was approved for development by the City of Sacramento in February 1997. To date, none of the approved land uses have been developed.

In September 2008, the Applicant submitted a new application to the City—the Proposed Project—which proposes a different amount and mix of land uses for the Project area. Because of the major differences in the land uses proposed under each scenario, the two scenarios are expected to have significantly different economic and fiscal impacts on the local economy and City fiscal revenues, respectively.

### **Land Uses and Development Schedule**

The major differences between the two Project scenarios are the mix and quantity of land uses and the anticipated buildout timeframe. As shown in **Table 1**, the Approved Project includes 1.9 million square feet of nonresidential land uses consisting of 122,000 square feet of retail, 250 hotel rooms, and office. The majority of the Approved Project, 1.6 million square feet or 84 percent, is designated for office uses. The Approved Project includes no residential land uses. In contrast, the Proposed Project includes 180 dwelling units of multifamily residential in

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**Table 1**  
**Natomas Crossing Economic Analysis**  
**Summary of Developed Land Uses in Year 12**

Land Uses	Proposed Project (9/2008)			Approved Project (2/1997) [1]			Increase/(Decrease)		
	Acres	Units	Sq. Ft.	Acres	Units	Sq. Ft.	Acres	Units	Sq. Ft.
<b>Residential</b>									
Multifamily [2]	9.0	180	162,000	-	-	-	9.0	180	162,000
<b>Nonresidential</b>									
Retail	74.7	-	857,114	16.2	-	122,500	58.5	-	734,614
Hotel (250 rooms)	5.0	-	150,000	5.9	-	189,000	(0.9)	-	(39,000)
Office	22.7	-	440,000	51.4	-	672,000	(28.7)	-	(232,000)
Medical Office	18.2	-	600,000	-	-	-	18.2	-	600,000
Hospital	18.2	-	600,000	-	-	-	18.2	-	600,000
<b>Subtotal Nonresidential</b>	<b>147.8</b>	<b>-</b>	<b>2,647,114</b>	<b>73.5</b>	<b>-</b>	<b>983,500</b>	<b>65.3</b>	<b>-</b>	<b>1,825,614</b>
Urban Park	1.0	-	-	-	-	-	1.0	-	-
<b>TOTAL - Year 12</b>	<b>148.8</b>	<b>180</b>	<b>2,809,114</b>	<b>73.5</b>	<b>-</b>	<b>983,500</b>	<b>75.3</b>	<b>180</b>	<b>1,825,614</b>
<b>% of Buildout in Year 12</b>			<b>100%</b>			<b>52%</b>			
TOTAL - Buildout [3]	148.8		2,809,114	148.8		1,900,500			

"land\_use"

Source: Alleghany Properties, LLC.

[1] This analysis assumes the Approved Project would only be 52% developed by Year 12 of project development. Of the 1.6 million sq. ft. of planned office uses, only 672,000 sq. ft. are expected to develop over the first 12 years, while all other land uses would be fully developed.

[2] Multifamily units are expected to have an average floor space of 900 sq. ft. per unit.

[3] The total 148.8 acres in the Approved Project includes 5.2 acres zoned for roads, which are now designated for office uses in the Proposed Project.

addition to increased and reconfigured 2.6 million square feet of nonresidential land uses. The Proposed Project includes significantly increased retail square feet (857,000 square feet), including regional and community serving retail, a 600,000-square-foot hospital facility, 600,000 square feet of medical office, hotel land uses, along with reduced office space (440,000 square feet).

The Approved Project is anticipated to complete development over a significantly longer time period. A study (Gruen Gruen and Associates, 2005) examining the existing supply and expected demand of office space in Natomas determined that the Project could absorb a maximum of approximately 56,000 square feet of office on an annual basis. At that rate, the Approved Project would take about 28 years to complete buildout. The retail and hotel uses, however, are expected to be fully developed within the first 12 years, while only 672,000 square feet, or 42-percent, of the planned office is expected to be developed by Year 12.

Given market demographics and past development history of North Natomas, it is expected that the retail, hotel, and general office uses in the Proposed Project will develop within the anticipated 12-year time frame. The remaining land uses, hospital and medical offices, are also expected to build out within the 12-year period. It is anticipated that the Natomas area can easily accommodate a major hospital and the related medical office space within 12 years given that the area is not served by a hospital complex. **Tables A-1 and A-2 in Appendix A** show the development schedule for each scenario. **Table A-3** estimates the absorption of nonresidential acreage for Years 1 through 12 for each scenario. The estimated acreage is based on the average floor area ratio (FAR) for each land use in its respective development scenario.

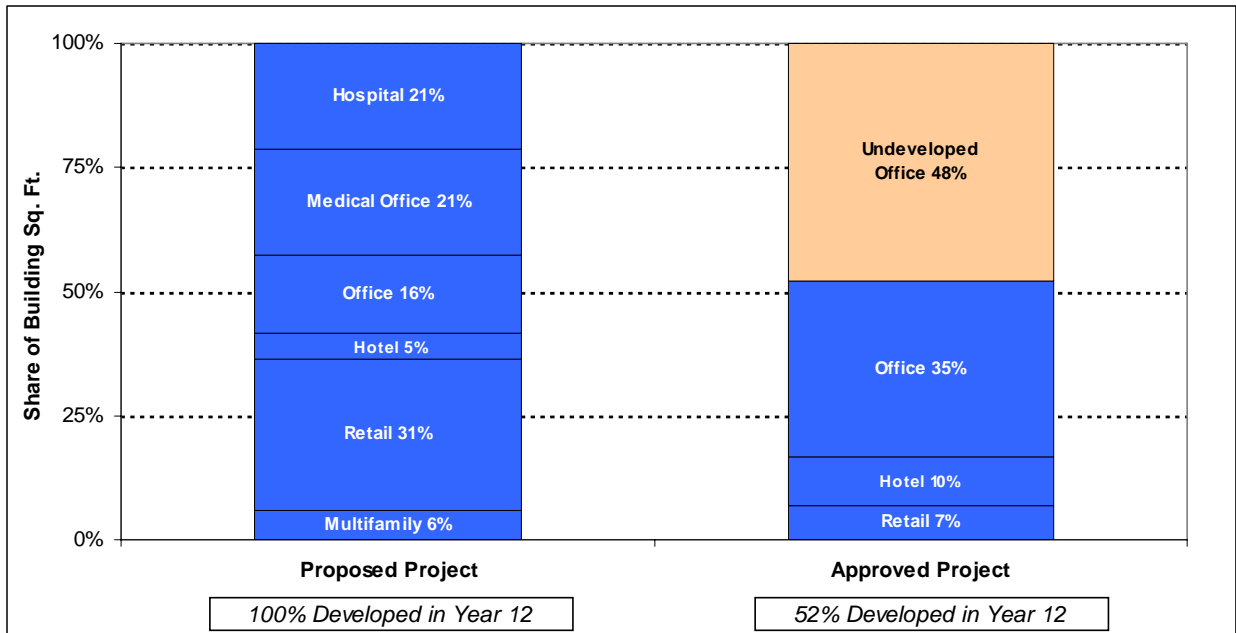
Please note that this analysis compares the two development scenarios over the first 12 years of development. As a result, the Proposed Project reaches total buildout (in Year 12); while the Approved Project achieves only 52 percent of buildout (in Year 12). **Figure 1** shows the percentage of Project buildout by Year 12 under each scenario.

## Study Objectives

This analysis examines the impacts of the two scenarios over a 12-year period, the timeframe expected to fully absorb the Proposed Project. The scenarios were compared with respect to the following impacts from Year 1 to 12:

- **Economic Impacts:** Economic output, employment, and employee income that would be generated by Year 12 under each scenario.
- **Impact on City Revenues:** Major tax revenue for the City's General Fund and other operating funds that would be generated annually during Project development and at buildout of the Proposed Project. The tax revenues analyzed include property tax revenue, sales tax revenues (local sales tax, public safety sales tax, and Measure A sales tax), utility user tax revenue, and transient occupancy tax (TOT) revenue. In addition, estimated City revenues include annual development impact fee revenue that would be generated for the City under the North Natomas Development Impact Fee Program.

**Figure 1**  
**Project Development in Year 12 by Scenario**



**Other Project Benefits to City Residents**

In addition to the economic impacts and City revenues addressed in this analysis, the Applicant proposes to form a Community Facilities District (CFD) to provide funding for police services and youth programs in North Natomas. Based on a preliminary CFD revenue analysis (EPS, February 2009), the Proposed Project is anticipated to generate approximately \$365,000 in CFD revenue in the year after buildout (Year 13) for police services and youth programs. CFD revenue from the Proposed Project is projected to grow to more than \$520,000 by Year 30, with funds allocated equally to both police services and youth programs.

## Economic Impacts

Economic impacts are typically estimated on a regional level to capture the ripple-effects of initial direct expenditures through various inter-related sectors in a regional (countywide) economy. Although the analysis estimated economic impacts on a countywide basis, the City is likely to capture most of the impacts because of its relatively large economy and central location in the County's economy.

### Summary Findings

#### *Short-Term Economic Impacts of Project Construction*

The Proposed Project is projected to generate significantly larger economic impacts than the Approved Project during construction. During the 12-year construction period, the Proposed Project is expected to generate a total of approximately 11,200 job years, which is 9,600 more job years than the Approved Project. This implies average annual construction-related employment of 930 jobs under the Proposed Project and 140 jobs under the Approved Project.<sup>1</sup> The Proposed Project would also generate about \$1.3 billion more in total economic output, which includes \$480 million more in total wages and benefits for construction-related employment, as summarized in **Table 2**. The construction of a hospital and an additional 735,000 square feet of retail account for the significantly higher construction impacts for the Proposed Project.

**Figure 2** shows a graphical comparison of the economic output and employment impacts (total and average annual) of Project construction under each development scenario. While the Approved Project will generate additional impacts beyond Year 12 during construction of the remaining office space, total impacts at buildout will still be significantly less than the Proposed Project because total construction costs for the Proposed Project far outstrip the Approved Project. Detailed economic impacts of construction are presented in **Tables B-1 to B-4** in **Appendix B**.

#### *Ongoing Annual Economic Impacts of Project Employment Uses*

Similarly, the Proposed Project is projected to have a larger economic impact than the Approved Project from the ongoing business operations of employment uses. Under the Proposed Project, a total of approximately 12,400 jobs would be supported compared with 4,600 jobs under the Approved Project by Year 12. The Proposed Project would also generate \$960 million more in total annual economic output, which includes \$491 million more in total wages and benefits for new employment, as shown in **Table 2**.

**Figures 3** and **4** graphically show the annual trends in annual economic output and permanent employment, respectively, under each scenario. Although the Approved Project will generate additional impacts beyond Year 12, total impacts at buildout will still be significantly less than the

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<sup>1</sup> Please note that the portion of total construction impacts generated in any given year will be proportional to the percentage of total construction that occurs and may be higher or lower than the averages shown.

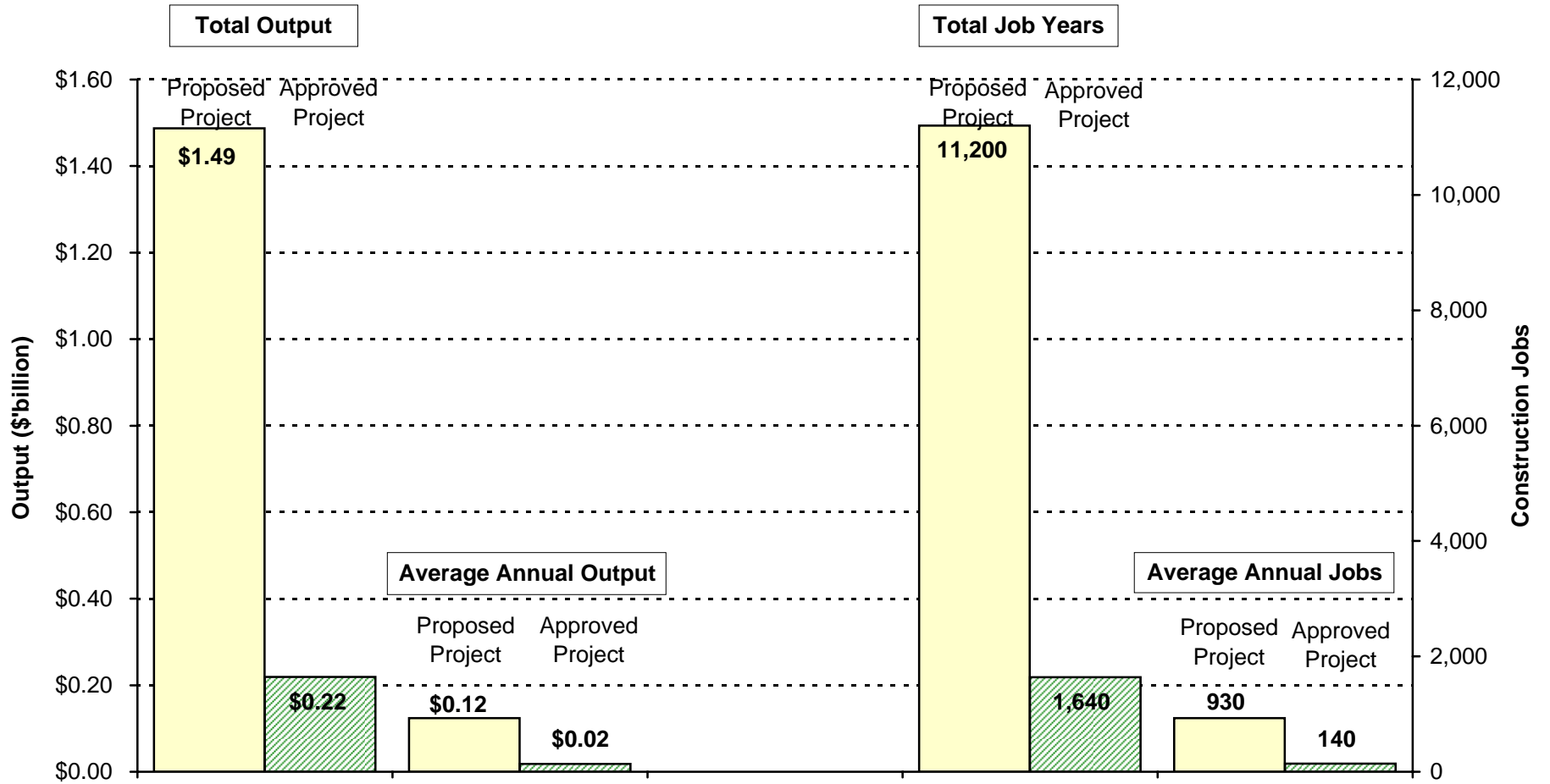
**Table 2**  
**Natomas Crossing Economic Analysis**  
**Summary Comparison of Total Economic Impacts by Year 12 (2009\$) [1]**

<b>Impact Type</b>	<b>Source Table</b>	<b>Proposed Project 100% Buildout</b>	<b>Approved Project 51% Buildout</b>	<b>Increase/ (Decrease)</b>
<b>Total One-Time Construction Impacts (Year 1-12)</b>		<i>Table B-1</i>		
Construction Employment (Job Years) [2]		11,200 job years	1,640 job years	<b>9,560 job years</b>
<i>Average Annual Employment [2]</i>		<i>930 annual jobs</i>	<i>140 annual jobs</i>	<i>800 annual jobs</i>
Construction Output [3]		\$1,486,900,000	\$219,000,000	<b>\$1,267,900,000</b>
Construction Employee Income [4]		\$566,600,000	\$83,200,000	<b>\$483,400,000</b>
<b>Total Ongoing Annual Impacts in Year 12</b>		<i>Table B-5</i>		
Permanent Employment [5]		12,360 jobs	4,610 jobs	<b>7,750 jobs</b>
Annual Output		\$1,472,800,000	\$514,700,000	<b>\$958,100,000</b>
Annual Employee Income		\$705,800,000	\$215,200,000	<b>\$490,600,000</b>

*"summary"*

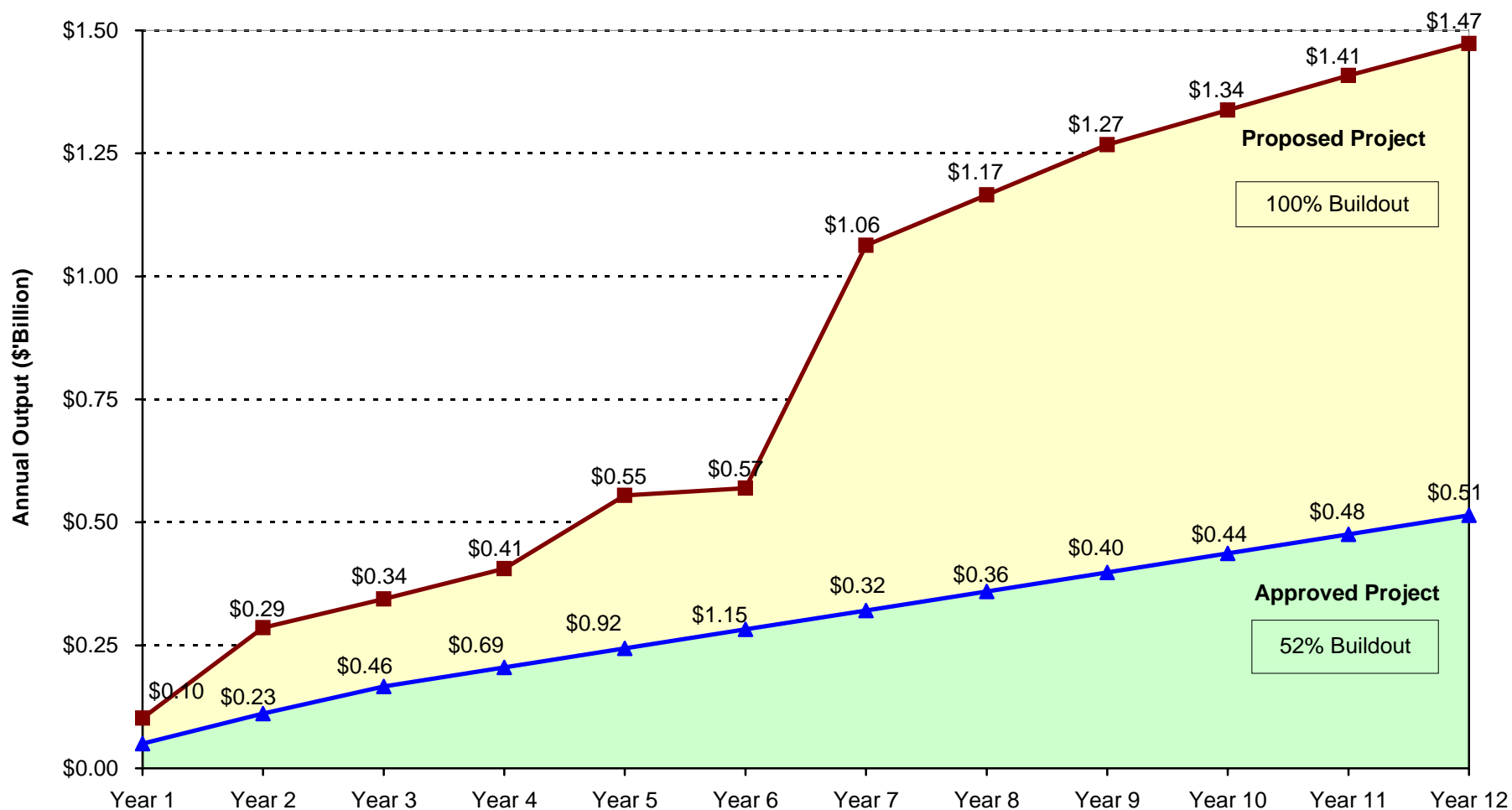
- [1] Note that not all impacts are likely to be retained in the City. Certain value added components of total output such as labor income, indirect business taxes (federal & state) and corporate profits are likely to leak out of the local economy and not all employees will be City residents.
- [2] Job years is a measure of cumulative annual employment over the course of the construction period. This analysis assumes a 12-yr buildout.
- [3] Output is a measure of the amount of economic activity generated by the project as a result of construction spending and business operations at buildout. Total output includes income.
- [4] Employee income includes total wages and benefits. Income is included in total output.
- [5] Average number of jobs annually that would be supported by ongoing business operations at buildout.

**Figure 2**  
**Natomas Crossing Economic Analysis**  
**Total Construction Impacts, Year 1-12 (2009\$) [1]**



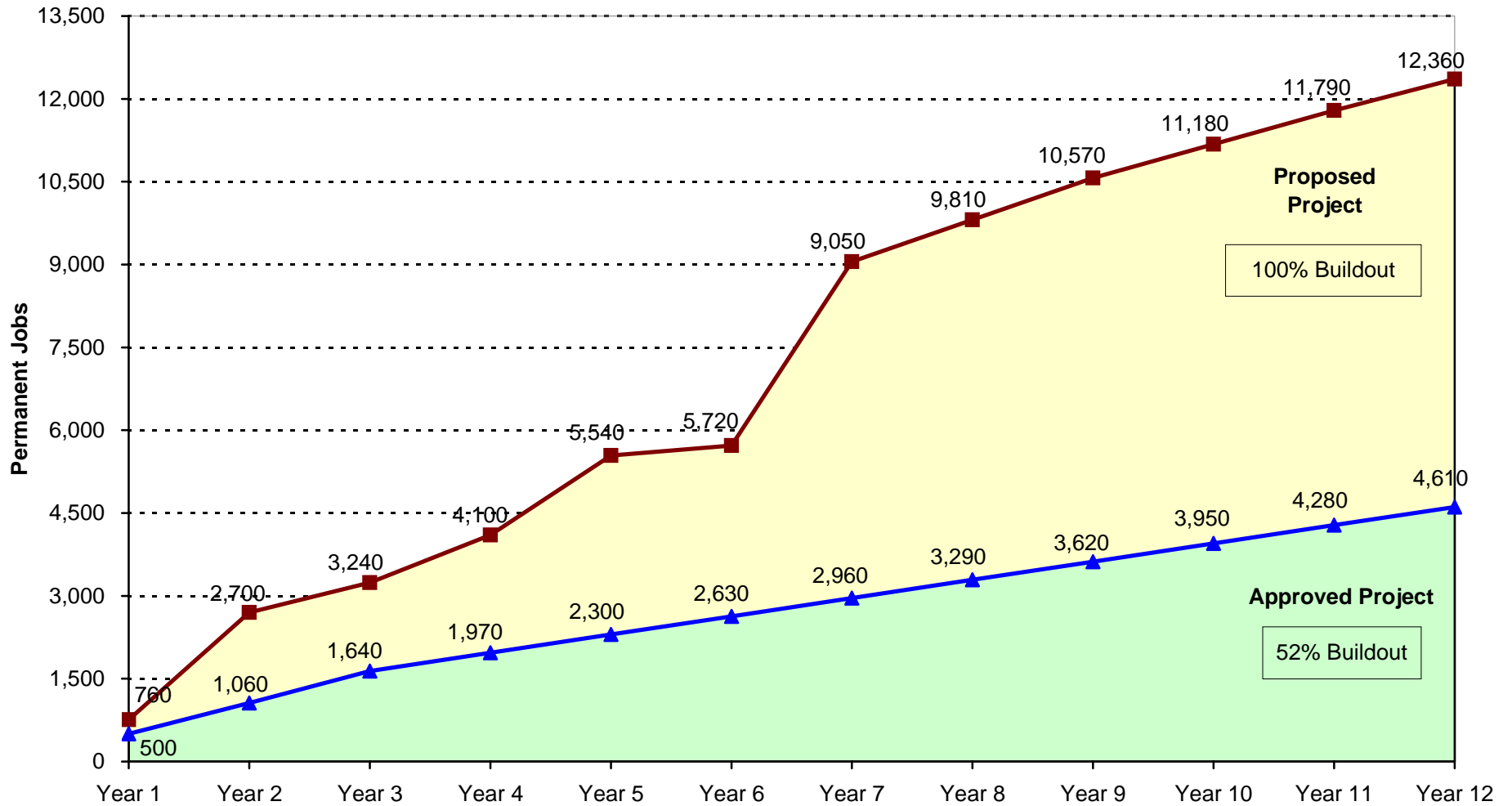
[1] Construction impacts are limited to the construction period. Note that annual output shown here is for analytical purposes only to illustrate the average level of impacts expected over a 12-year construction period. Actual output generated will vary depending on the actual value of construction and the prevailing economic conditions at the time that construction occurs. Please note that estimated impacts provide a general measure of the Project's benefit to the regional (County) economy and may not be used for specific planning purposes such as agency level budgeting.

**Figure 3**  
**Natomas Crossing Economic Analysis**  
**Annual Output from Project Operations (2009\$) [1]**  
**(\$ Billion)**



[1] This figure illustrates that ongoing annual impacts will increase as the Project is developed and the planned uses become operational. Actual impacts generated will vary depending on prevailing economic conditions at the time that Project uses become operational. Please note that estimated impacts provide a general measure of the Project's benefit to the County's economy and may not be used for specific planning purposes such as agency level budgeting.

**Figure 4**  
**Natomas Crossing Economic Analysis**  
**Annual Employment, Year 1-12 [1]**



[1] This figure illustrates that ongoing annual impacts will increase as the Project is developed and the planned uses become operational. Actual impacts generated will vary depending on prevailing economic conditions at the time that Project uses become operational. Please note that estimated impacts provide a general measure of the Project's benefit to the County's economy and may not be used for specific planning purposes such as agency level budgeting.

Proposed Project because more building square feet will be developed and consequently more workers would be employed under the Proposed Project. Detailed economic impacts of business operations of employment uses are presented in **Tables B-5 to B-8** in **Appendix B**.

## **Methodology**

Economic impact is derived by taking direct expenditures (construction, business operations, or household expenditures) and adding multipliers to account for the chain of spending and re-spending that is set in motion by the initial direct spending. Construction spending and business tenants' purchases of goods and services stimulate production and employment at other businesses that supply the goods and services (Indirect Effect). In addition, when employees of the Project's businesses and the indirectly affected business spend part of their wages on household needs, such as groceries, retail purchases, health care, or mortgage or rent payments, their spending induces additional economic activity in each of these industries (Induced Effect). These various indirect and induced effects collectively referred to as multiplier effects, when added to direct expenditures of the Project tenants, yield the total economic impact of the Project's land uses.

This study used the IMPLAN input-output economic impact modeling system to calculate multipliers for the County. IMPLAN is used by economists and planners in more than 1,000 public and private institutions nationwide to create complete, detailed social accounting matrices and multiplier models of local and regional economies. The IMPLAN software generates a model of the industrial structure and household profile for the County (local) economy, which in turn determines the extent to which spending by businesses (retail stores, hotels, office-based firms, schools) and households is captured and recirculated in the local economy.<sup>2</sup> In general, a larger and more structurally diverse economy will capture and recirculate spending more effectively and will generate a larger economic multiplier.

## ***Types of Impacts Measured***

Impacts were estimated and presented separately for the construction phase (one-time impacts) and for the business operations of the employment uses (ongoing annual impacts) after buildout. For each phase, the impacts described below were estimated. Refer to **Appendix B** for detailed assumptions and results for each of the scenarios.

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<sup>2</sup> IMPLAN was originally developed by the U.S. Forest Service in cooperation with the Federal Emergency Management Agency and the U.S. Department of the Interior's Bureau of Land Management to assist in land and resource management planning. Since 1993, the IMPLAN system has been developed under exclusive rights by the Minnesota Implan Group, Inc., as a cost-effective means to develop regional input-output models. The economic data for IMPLAN comes from the system of national accounts for the United States based on data collected by the U. S. Department of Commerce, the U.S. Bureau of Labor Statistics, and other federal and state government agencies. Data are collected for 440 distinct industry sectors of the national economy corresponding to the North American Industrial Classification Standard (NAICS). The IMPLAN accounts closely follow the accounting conventions used by the U.S. Department of Commerce, Bureau of Economic Analysis, and the rectangular format recommended by the United Nations.

### Economic Output

Economic output is a measure of the gross amount of economic activity generated by the Project and is based on the value of goods (including real property) and services produced in the City as a result of the Project's construction activities and business operations at buildout.

### Employment

Employment estimates the total number of jobs, full-time and part-time, generated by the Project. Construction employment is measured in job years based on the total cost of construction. Average annual construction employment is derived by dividing job years by the length of the construction period in years.

### Employee Compensation (Income)

Employee compensation (income) measures total wages and benefits received by new employees. Income represents a portion of the Project's value-added and is one component of the Project's total output described above.

### ***One-Time (Short-Term) Construction Impacts***

Project construction spending is estimated to total approximately \$1.2 billion under the Proposed Project, and \$173 million under the Approved Project, over the first 12 years.

Under the Approved Project, additional construction of office space beyond Year 12 would cost approximately \$151 million for a total of \$324 million (2009\$) at buildout. Thus, on a buildout basis, construction spending under the Proposed Project would still outstrip the Approved Project by more than \$800 million (2009\$).

EPS employed information provided by Alleghany Properties related to the acreage, building square feet, and construction costs of the Project and the IMPLAN model to estimate the number of employees, employee income, and total economic output expected to result from the Project's construction from Year 1 to 12 under each scenario. The following tables provide detailed results and supporting analytical assumptions used in estimating the construction impacts:

- **Table B-1** summarizes the direct and indirect impacts of Project construction under each scenario.
- **Table B-2** and **B-3** show the detailed direct output, employment, and income impacts by land use for the Proposed Project and Approved Project, respectively.
- **Table B-4** shows the estimated construction costs by land use for each development scenario.

### ***Ongoing Economic Impacts of Project Employment Uses***

Based on employment density assumptions for the Project provided by EPS and Alleghany Properties, the Proposed Project is estimated to generate direct employment for up to 8,120 workers, while the Approved Project would employ approximately 3,120 workers by Year 12.

Under the Approved Project, office uses developed after Year 12 would generate an additional 3,670 jobs for a total of 6,790 direct jobs at buildout. Thus, at buildout the Approved Project

would still generate less direct employment than the Proposed Project by approximately 1,330 direct jobs.

EPS employed the IMPLAN model to estimate the corresponding economic output and employee income associated with the direct jobs. Along with the direct economic impacts of these new jobs, multiplier effects were also estimated. The following tables provide detailed results and supporting analytical assumptions used to estimate the ongoing annual impacts of the Project's employment uses:

- **Table B-5** summarizes the annual direct and multiplier effects (indirect and induced impacts) of employment uses under each scenario in Years 1 through 12.
- **Tables B-6** and **B-7** show detailed direct employment, employee income, and economic output by land use for the Proposed Project and Approved Project, respectively.
- **Table B-8** shows the various IMPLAN industry assumptions used to estimate the direct and indirect impacts of each development scenario. The assumptions include average output per worker, average employee income per worker, and industry multipliers for output, employment, and income.

## Impact on City Revenues

According to the Fiscal Year (FY) 2008–09 City budget, the top three revenue sources for the General Fund are property taxes, sales and use taxes, and utility user tax contributing approximately 60 percent to total General Fund budget revenue. This analysis compared the impacts of the Proposed Project and the Approved Project on these City revenues, plus TOT revenues and select development impact fee revenues (Fee Revenue). Fee revenues included for the analysis include four North Natomas Financing Plan fees, including the Public Facility Fee (PFF), Transit Fee, Public Facility Land Acquisition Fee (PFLAF), and Regional Park Land Acquisition Fee (RPLAF).

### Summary Findings

#### *City Tax Revenues*

The Proposed Project is projected to generate larger City tax revenues than the Approved Project. Shown in **Table 3**, the Proposed Project generates more than twice as much of the total tax revenue over the first 12 years than estimated for the Approved Project (an increase of \$28.6 million). The Proposed Project generates an estimated \$48.9 million, while the Approved Project generates an estimated \$20.3 million in Years 1 through 12. The increase in tax revenue is primarily attributable to the increased retail included in the Proposed Project, which generates approximately \$19.9 million in sales tax revenue, or 41 percent of the Proposed Project's increased tax revenues for the City. **Figure 5** graphically shows the differences in tax revenue generated during Year 1 through Year 12. **Table C-1** compares the select tax revenues generated by the Proposed and Approved Projects in Years 1 through 12.

#### *City Fee Revenue*

In addition, the Proposed Project generates more Fee Revenue than the Approved Project. Shown on **Table 4**, the Proposed Project generates approximately \$13.4 million more in Fee Revenue in Years 1 through 12 than the Approved Project, with most of the increase attributable to the PFF. Because the Approved Project takes more than twice as long to build out, EPS also compared total Fee Revenue generated at buildout for each scenario. Each scenario produces similar levels of Fee Revenue, with the Proposed Project generating \$1.3 million more. Of note, total buildout Fee Revenues will ultimately be very similar because of the structure of the North Natomas Financing Plan, which bases the fees on land designation, not on project design. **Figure 6** graphically shows the differences in Fee Revenue generated during Year 1 through Year 12.

**Tables C-11** and **C-12** compare the Fee Revenues generated by the Proposed and Approved Projects throughout the development schedule.

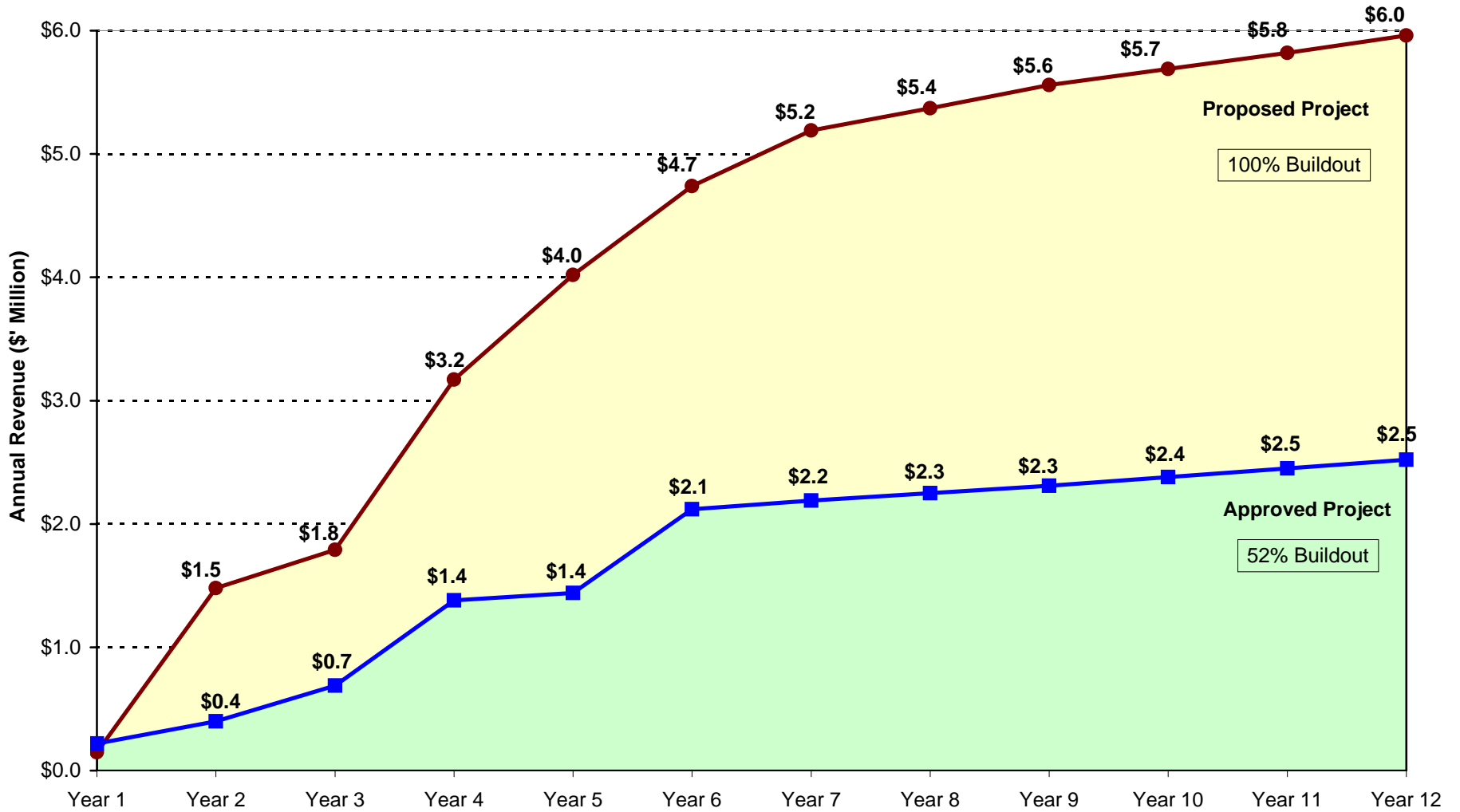
**Table 3**  
**Natomas Crossing Economic Analysis**  
**Total Select City Tax Revenues Generated in Years 1-12 (2009\$)**

Type of Revenue	Source	Proposed Project	Approved Project	Increase/ (Decrease)
Property Tax Revenue	Table C-4	\$17,861,783	\$7,887,020	\$9,974,763
Sales Tax Revenues				
Local Sales Tax	Table C-6	\$18,289,649	\$3,007,750	\$15,281,899
Local Public Safety [1]	Table C-6	\$731,586	\$120,310	\$611,276
Measure A Taxes [1]	Table C-8	\$916,289	\$150,685	\$765,604
<b>Subtotal Sales Tax Revenues</b>		<b>\$19,937,524</b>	<b>\$3,278,745</b>	<b>\$16,658,779</b>
Utility Tax Revenue	Table C-9	\$2,495,640	\$540,258	\$1,955,382
Transient Occupancy Tax	Table C-10	\$8,637,370	\$8,637,370	\$0
<b>TOTAL REVENUES</b>		<b>\$48,932,317</b>	<b>\$20,343,393</b>	<b>\$28,588,925</b>
<i>ROUNDED</i>		<i>\$48,930,000</i>	<i>\$20,340,000</i>	<i>\$28,590,000</i>

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[1] Note. Revenue amount shown is estimated share for City of Sacramento.

**Figure 5**  
**Natomas Crossing Economic Analysis**  
**City Annual Tax Revenues, Year 1-12 [1]**  
**(\$ Million)**



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[1] Includes the following major tax revenue sources: property tax, local sales tax, public safety sales tax, Measure A sales tax, utility user tax, and TOT.

"chart1"

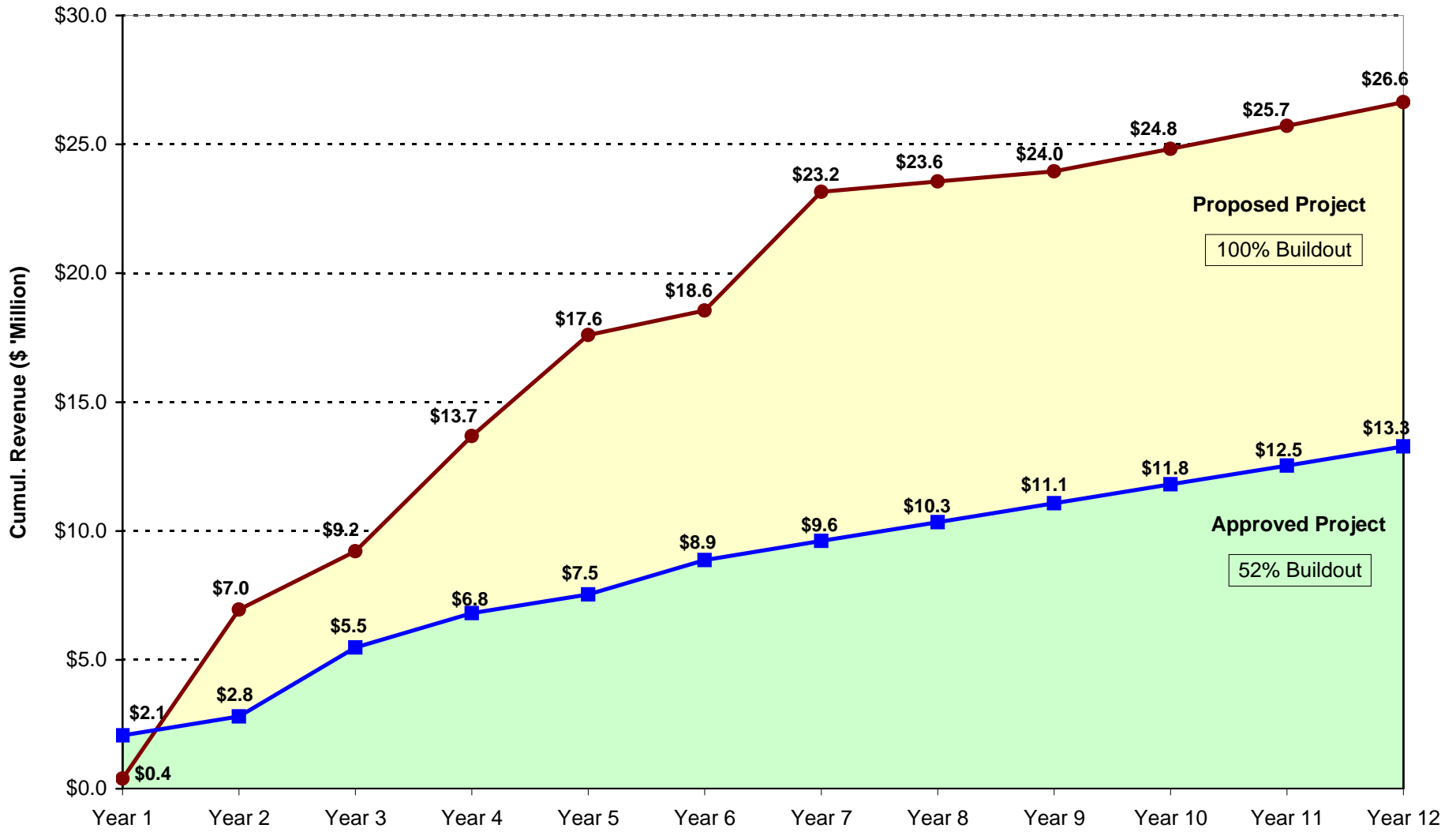
**Table 4**  
**Natomas Crossing Economic Analysis**  
**Summary of North Natomas Impact Fee Revenues (2009\$)**

Item	Source	Proposed Project	Approved Project	Increase/ (Decrease)
<b>Revenue Generated Years 1 through 12</b>	<i>Table C-11</i>			
Total NN Fee Revenue		\$26,640,000	\$13,280,000	<b>\$13,360,000</b>
<b>Revenue Generated at Project Buildout [1]</b>	<i>Table C-12</i>			
Public Facility Fee		\$18,107,425	\$17,143,639	\$963,785
Transit Facility Fee		\$1,741,451	\$1,505,996	\$235,455
Land Acq. Fee		\$5,041,688	\$4,934,096	\$107,592
Park Land Acq. Fee		\$1,748,061	\$1,708,696	\$39,365
<b>TOTAL REVENUES</b>		<b>\$26,638,624</b>	<b>\$25,292,428</b>	<b>\$1,346,197</b>
<i>ROUNDED</i>		<i>\$26,640,000</i>	<i>\$25,290,000</i>	<i>\$1,350,000</i>

"fee\_summBO"

[1] Buildout occurs in Year 12 for the Proposed Project and Year 28 for the Approved Project.

**Figure 6**  
**Natomas Crossing Economic Analysis**  
**Cumulative North Natomas PFFP Fee Revenue, Year 1-12 [1]**



[1] Fee revenue estimated based on proposed fees as of November 2008.

"chart2"

## Methodology

The City revenues analysis examined and compared major categories of general fund revenues generated by the two Project scenarios in 2009 dollars. Remaining revenue may be generated by the Project but was excluded for the analysis because they were either considered nominal or anticipated to occur elsewhere in the City regardless of the ultimate project developed. EPS applied a case-study approach to estimate the impact of the two Project scenarios on City revenues. The case-study approach simulates actual revenue generation based on proposed or approved development.

These are the major revenue sources included in the analysis:

- Property Tax
- Sales Tax
- Public Safety Tax
- Measure A funding
- Utility User Tax
- TOT
- North Natomas Impact Fee Revenue

Refer to **Appendix C** for detailed City revenue impact assumptions and methodology for each of these revenue sources.<sup>3</sup>

### ***Property Tax Revenue***

New development from the Project identified in this analysis will increase the overall assessed valuation (AV) of the City. This will result in increased property tax revenue. **Tables C-2** and **C-3** show the growth in assessed valuation over the current-year base amount (land-only) on an annual basis. In each scenario, additional AV is added annually as development occurs and is added to the tax roll. This analysis assumes the Project's prior years' AV increases by the legislated 2.0-percent increase. Therefore, the total AV for each year is the value of the current year's development plus all prior years' AV increased by 2.0 percent.

As shown in **Table C-2**, the Proposed Project increases the City's AV by approximately \$700 million. Please note, the hospital is expected to be operated as non-profit; therefore, for property tax purposes, this analysis assumes it is exempt from property taxes and assigns an AV of \$0.

Over the 12-year period, the Approved Project will develop approximately half of its planned development and increase the City's AV by \$306 million, as shown in **Table C-3**.

For both scenarios, this analysis assumes the AV of new development increases 2.0 percent annually in subsequent years. The analysis further assumes conservative values as follows:

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<sup>3</sup> Please note that this analysis does not account for municipal service expenditures. While this analysis recognizes there would be additional municipal service expenditures associated with the Project, estimation of such expenditures is beyond the scope of this analysis. In any case, municipal service expenditures are likely to be comparable for the two scenarios.

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Land Use	Assessed Value	
Multifamily	\$185,000	per unit
Retail	\$230	per square foot
Hotel	\$15,000	per room
Office	\$235	per square foot
Medical Office	\$400	per square foot
Hospital (Tax Exempt)	\$0	per square foot

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In California, Proposition XIII limits total property tax to 1.00 percent of total AV. This analysis compares only those revenues that flow to the City. Therefore, after estimating the total property tax generated by each development scenario, the portion allocated to the City, currently 34.7 percent, is used for comparison. Shown in **Table C-4**, property tax generated by the Proposed Project is \$2.4 million in Year 12, while the Approved Project generates \$1.1 million.

### ***Sales-Related Tax Revenues***

#### Taxable Sales

Estimated sales tax revenue is based entirely on taxable sales generated by retail land uses in the Project. It is possible that some percentage of taxable sales from existing retail establishments in the City will be displaced by the Project's new retail development. However, this analysis assumes that total retail demand in the City is sufficient to accommodate new retail supply from the Project without adversely affecting sales in existing retail establishments.

Additional taxable sales outside the Project's retail that may be generated by residents in the Proposed Project are considered negligible and are not estimated in this analysis. To count residential spending as additional taxable sales, the following conditions have to be satisfied:

- Only spending by Project residents who relocate from outside the City is new spending in the City.
- Of the total retail spending by out-of-City residents, the portion of their spending at Project retail stores and restaurants cannot be counted to avoid double-counting.

As such, only the portion of spending by out-of-City residents in retail establishments outside the Project's retail can be considered net new spending. Given that the Project is expected to have no more than 500 residents at 100-percent occupancy,<sup>4</sup> net new spending is expected to be negligible.

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<sup>4</sup> Based on an average household size of 2.6 persons for the City (Department of Finance, 2008), the Project's 180 multifamily units would house approximately 470 residents at buildout and full occupancy.

Retail sales per square foot differ by type of retail, that is, neighborhood-serving, community-serving, or regional retail. Because the precise mix of these retail types is not known for the Project at this time, this analysis uses overall average sales per square foot. This analysis assumes an annual average of \$227 in taxable sales per square foot, as shown in **Table C-5**, based on the Dollars and Cents of Shopping Centers Handbook (Urban Land Institute, 2008) and taxable sales data from the California Board of Equalization.

#### Estimated Sales Tax Revenues

Sales tax revenues were estimated for the following sales-related tax revenue sources:

- Local Sales Tax
- Public Safety Sales Tax
- Measure A Sales Tax

Local sales tax revenues are based on the Bradley Burns Sales Tax rate of 1.0 percent.<sup>5</sup> In addition, Sacramento County (County) assesses a half-cent Public Safety Tax on all taxable sales. Of this amount, the City is allocated approximately 8.0 percent of the total Public Safety Tax generated. **Table C-6** compares the sales tax and public safety tax generated by each Project scenario.

The Sacramento Transportation Authority (STA) currently administers Measure A, a countywide sales-based tax to fund transportation improvements. Measure A was passed by voters and applies an additional 0.5-percent sales tax. Of the Measure A funding generated countywide, 30 percent is allocated to cities to fund local road maintenance. The remaining funds are distributed based on STA needs and projects.

The local maintenance portion of Measure A revenue is allocated to the cities in the County based on a 2-part allocation methodology. The allocation is based 75 percent on the City's share of total countywide population and 25 percent on the City's share of total countywide street miles. This analysis assumes that the number of street miles is proportional to the population. Therefore, approximately 33 percent of total local funding flows to the City as shown in **Table C-7**. The amount of Measure A sales tax revenue to the City is estimated in **Table C-8** for each Project scenario.

#### ***Utility User Tax***

A Utility User Tax (UUT) is imposed by the City on consumers of utilities, such as electricity, gas, telephone, and cable services. The City imposes a rate of 7.5 percent on total utility charges and 7.0 percent on communication-related utility charges. The actual amount of UUT revenue generated depends on the level of usage. However, the City provided general estimates of total UUT revenue generated per residential unit or nonresidential building square foot. The assumptions shown in **Table C-9** were applied to the development planned for Years 1-12 for

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<sup>5</sup> Annual sales tax revenue estimate includes property tax in-lieu of sales tax revenue. Proposition 57 replaced 0.25 percent of local sales tax revenue with property tax revenue. This analysis assumes the swap is revenue neutral and that the local jurisdiction receives revenue totaling 1 percent of taxable sales in the jurisdiction.

each scenario. As shown, the Proposed Project generates approximately \$333,000 annually in Year 12, while the Approved Project generates \$70,000.

### **TOT**

Hotels in each scenario are planned to add 250 new hotel rooms to the City's hotel inventory. Alleghany Properties provided assumptions on average daily rates (ADR) and occupancy rates used in this analysis. This analysis assumes an ADR of \$145 per room (based on a range of \$135-\$150) and an average occupancy rate of 68 percent for the Project, as shown in **Table C-10**. These assumptions are based on data for similar hotels in the Project area based on a 2008 study prepared by PFK Consulting and Project break-even assumptions. Based on total annual hotel lodging sales of approximately \$9.0 million in Year 12, hotels in the Project would generate approximately \$1.1 million annually in TOT revenue for the City under each scenario.

### **North Natomas Development Impact Fee Revenue**

The Project is subject to various impact fees charged by City, County, School, and other special districts. This analysis estimated only those fees included in the North Natomas Community Plan Financing Plan. The impact fee revenue generated by each scenario included these fees:

- North Natomas PFF
- North Natomas Transit Fee
- North Natomas PFLAF
- North Natomas RPLAF

North Natomas PFF is undergoing a periodic update. This analysis calculates total fee revenue using updated but preliminary PFF as of November 2008. It is anticipated that the final fees adopted by the City will vary from those included in this analysis; however, the estimates shown in this report are considered sufficient to provide a strong basis of comparison for the two development scenarios. The other North Natomas fees are based on the current fees charged by the City.

The North Natomas Financing Plan incorporates a target revenue minimum for each acre in the community plan. In this manner, the City charges development fees based on the underlying plan designations. Any proposed changes to the existing approved designations will require a fee adjustment that ensures parity with the target revenues. For instance, if a developer proposes development that is less intensive than the land designation (e.g., construct residential development on community retail-designated land), a fee surcharge equal to the difference from the target revenue is charged.

Because of the target revenue feature, the total fee revenue generated by either Project will be similar. However, the Proposed Project will develop quicker than the Approved Project and would generate total fee revenue much quicker. This analysis examined the difference between each Project scenario after the first 12 years of development and at buildout (Year 12 for the Proposed Project; Year 28 for the Approved Project).

North Natomas fees are assessed per unit for residential land uses and per net acre for nonresidential land uses. For purposes of the comparison, the following land uses and fee rates were assumed for each land use included in the Project:

	<b>Public Facility Fee [1]</b>	<b>Transit Fee</b>	<b>Public Land Acquisition Fee</b>	<b>Park Land Acquisition Fee</b>
	<u>per Unit</u>	<u>per Unit</u>	<u>per Unit</u>	<u>per Unit</u>
Multifamily	\$4,098	\$277	\$1,514	\$536
	<u>per Acre</u>	<u>per Acre</u>	<u>per Acre</u>	<u>per Acre</u>
Retail	\$140,978	\$14,954	\$34,360	\$11,899
Hotel	\$140,978	\$14,954	\$34,360	\$11,899
Office	\$115,457	\$9,675	\$34,360	\$11,899
Medical Office	\$77,563	\$5,717	\$34,360	\$11,899

[1] Proposed fees as of November 2008.

**Table C-11** shows the calculation of fee revenue for each scenario for Years 1 through 12. As noted, ultimate fee revenue generated by each scenario will be similar at buildout. **Table C-12** estimates the Fee Revenue generated by each scenario.

## Appendices

The technical assumptions and calculations used in this Analysis are shown in **Appendices A, B, and C** of this memorandum and are summarized below:

- **Appendix A** summarizes the estimated development absorption tables for the two Project scenarios.
- **Appendix B** details the estimated potential **economic impacts** resulting from Project construction and business operations of employment uses under each development scenario.
- **Appendix C** details the estimated potential **City revenue impacts** resulting from each development scenario, including select tax revenues and North Natomas development impact fees.



## APPENDICES:

Appendix A: Development Schedules  
Year 1-12

Appendix B: Economic Impacts

Appendix C: City Revenues



**APPENDIX A:**  
**Development Schedules**  
**Year 1-12**

Table A-1	Proposed Project Development Schedule .....	A-1
Table A-2	Approved Project Development Schedule .....	A-2
Table A-3	Estimated Nonresidential Acreage Absorption by Development Scenario .....	A-3

**Table A-1  
Natomas Crossing Economic Analysis  
Proposed Project Development Schedule**

<b>Proposed Development Scenario</b>
--

Land Use	Units/ Rooms	Sq. Ft.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>NEW DEVELOPMENT</b>														
<b>Residential</b>														
		<u>Units</u>												
Multifamily	180	-	-	-	180	-	-	-	-	-	-	-	-	-
<b>Subtotal Residential</b>	<b>180</b>	-	-	-	<b>180</b>	-	-	-	-	-	-	-	-	-
<b>Nonresidential</b>														
		<u>Sq. Ft.</u>												
Retail		857,114	-	350,000	25,000	225,000	200,000	25,000	25,000	-	-	-	-	7,114
Hotel	250	150,000	-	-	-	75,000	-	75,000	-	-	-	-	-	-
Office		440,000	-	-	75,000	-	-	-	75,000	-	-	100,000	100,000	90,000
Medical Office		600,000	100,000	100,000	-	-	100,000	0	100,000	100,000	100,000	-	-	-
Hospital		600,000	-	-	-	-	-	-	600,000	-	-	-	-	-
<b>Subtotal Nonresidential</b>		<b>2,647,114</b>	<b>100,000</b>	<b>450,000</b>	<b>100,000</b>	<b>300,000</b>	<b>300,000</b>	<b>100,000</b>	<b>800,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>97,114</b>
<b>CUMULATIVE DEVELOPMENT</b>														
<b>Residential</b>														
Multifamily			-	-	180	180	180	180	180	180	180	180	180	180
<b>Subtotal Residential</b>			-	-	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>	<b>180</b>
<b>Nonresidential</b>														
Retail			-	350,000	375,000	600,000	800,000	825,000	850,000	850,000	850,000	850,000	850,000	857,114
Hotel			-	-	-	75,000	75,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Office			-	-	75,000	75,000	75,000	75,000	150,000	150,000	150,000	250,000	350,000	440,000
Medical Office			100,000	200,000	200,000	200,000	300,000	300,000	400,000	500,000	600,000	600,000	600,000	600,000
Hospital			-	-	-	-	-	-	600,000	600,000	600,000	600,000	600,000	600,000
<b>Subtotal Nonresidential</b>			<b>100,000</b>	<b>550,000</b>	<b>650,000</b>	<b>950,000</b>	<b>1,250,000</b>	<b>1,350,000</b>	<b>2,150,000</b>	<b>2,250,000</b>	<b>2,350,000</b>	<b>2,450,000</b>	<b>2,550,000</b>	<b>2,647,114</b>

Source: Alleghany Properties, LLC; and EPS.

"dev\_sched"

A-1

**Table A-2  
Natomas Crossing Economic Analysis  
Approved Project Development Schedule [1]**

<b>Approved Development Scenario</b>
--

Land Use	Rooms	Total Sq. Ft. (Years 1-12)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>NEW DEVELOPMENT</b>														
<b>Residential</b>														
		<u>Units</u>												
Multifamily	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Residential</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Nonresidential</b>														
		<u>Sq. Ft.</u>												
Retail		122,500	50,000	-	72,500	-	-	-	-	-	-	-	-	-
Hotel	250	189,000	-	-	-	94,500	-	94,500	-	-	-	-	-	-
Office		672,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Medical Office		-	-	-	-	-	-	-	-	-	-	-	-	-
Hospital		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Nonresidential</b>		<b>983,500</b>	<b>106,000</b>	<b>56,000</b>	<b>128,500</b>	<b>150,500</b>	<b>56,000</b>	<b>150,500</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>	<b>56,000</b>
<b>CUMULATIVE DEVELOPMENT</b>														
<b>Residential</b>														
Multifamily			-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Residential</b>			-	-	-	-	-	-	-	-	-	-	-	-
<b>Nonresidential</b>														
Retail			50,000	50,000	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500	122,500
Hotel			-	-	-	94,500	94,500	189,000	189,000	189,000	189,000	189,000	189,000	189,000
Office			56,000	112,000	168,000	224,000	280,000	336,000	392,000	448,000	504,000	560,000	616,000	672,000
Medical Office			-	-	-	-	-	-	-	-	-	-	-	-
Hospital			-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Nonresidential</b>			<b>106,000</b>	<b>162,000</b>	<b>290,500</b>	<b>441,000</b>	<b>497,000</b>	<b>647,500</b>	<b>703,500</b>	<b>759,500</b>	<b>815,500</b>	<b>871,500</b>	<b>927,500</b>	<b>983,500</b>

Source: Alleghany Properties, LLC; Gruen Gruen + Associates, and EPS.

"dev\_sched2"

[1] Based on the Office Demand Potential estimated for the Natomas Crossing Project, 56,000 square feet can be absorbed annually. As a result, full absorption of the approved 1.9 million square feet will occur in Year 28. This analysis models only Years 1-12.

**Table A-3**  
**Natomas Crossing Economic Analysis**  
**Estimated Nonresidential Acreage Absorption by Development Scenario**

Item	Avg. FAR [1]	Total Acres	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>														
Retail	0.26	<b>74.7</b>	0.0	30.5	2.2	19.6	17.4	2.2	2.2	0.0	0.0	0.0	0.0	0.6
Hotel	0.69	<b>5.0</b>	0.0	0.0	0.0	2.5	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Office	0.44	<b>22.7</b>	0.0	0.0	3.9	0.0	0.0	0.0	3.9	0.0	0.0	5.2	5.2	4.6
Medical Office	0.76	<b>18.2</b>	3.0	3.0	0.0	0.0	3.0	0.0	3.0	3.0	3.0	0.0	0.0	0.0
Hospital	0.76	<b>18.2</b>	0.0	0.0	0.0	0.0	0.0	0.0	18.2	0.0	0.0	0.0	0.0	0.0
<b>Total Acres</b>		<b>138.8</b>	<b>3.0</b>	<b>33.5</b>	<b>6.0</b>	<b>22.1</b>	<b>20.5</b>	<b>4.7</b>	<b>27.3</b>	<b>3.0</b>	<b>3.0</b>	<b>5.2</b>	<b>5.2</b>	<b>5.3</b>
<b>APPROVED PROJECT</b>														
Retail	0.17	<b>16.2</b>	6.6	0.0	9.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hotel	0.74	<b>5.9</b>	0.0	0.0	0.0	3.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Office	0.30	<b>51.4</b>	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Medical Office	0.00	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hospital	0.00	<b>0.0</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Acres</b>		<b>73.5</b>	<b>10.9</b>	<b>4.3</b>	<b>13.9</b>	<b>7.2</b>	<b>4.3</b>	<b>7.2</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>	<b>4.3</b>

"Acreage"

Source: Alleghany Properties, LLC; and EPS.

[1] Average Floor Area Ratio (FAR) based on development scenarios shown in Table 1.

A-3



## APPENDIX B: Economic Impacts

Table B-1	Summary of Total Construction Economic Impacts, Year 1-12 .....	B-1
Table B-2	Total Economic Impacts of New Construction, Year 1-12—Proposed Project .....	B-2
Table B-3	Total Economic Impacts of New Construction, Year 1-12—Approved Project .....	B-3
Table B-4	Estimated Construction Cost of Project .....	B-4
Table B-5	Summary of Annual Economic Impacts of Employment Land Uses .....	B-5
Table B-6	Annual Economic Impacts of Business Operations in Year 12—Proposed Project .....	B-6
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**Table B-1  
Natomas Crossing Economic Analysis  
Summary of Total Construction Economic Impacts, Year 1-12 (2009\$) [1]**

<b>One-Time Construction Impacts</b>
--

Impact Category	Proposed Project 100% Buildout	Approved Project 51% Buildout	Increase/ (Decrease)
<b>Source</b>	<i>Table B-2</i>	<i>Table B-3</i>	
<b>Construction Employment (Job Years) [2]</b>			
Direct Employment	8,850	1,300	7,550
Indirect Employment	2,350	340	2,010
<b>Total Employment</b>	<b>11,200</b>	<b>1,640</b>	<b>9,560</b>
<b>Construction Employee Income [3]</b>			
Direct Employee Income	\$458,218,000	\$67,392,000	\$390,826,000
Indirect Employee Income	\$108,419,000	\$15,831,000	\$92,588,000
<b>Total Employee Income</b>	<b>\$566,637,000</b>	<b>\$83,223,000</b>	<b>\$483,414,000</b>
<b>Construction Output</b>			
Direct Output	\$1,171,492,000	\$172,880,000	\$998,612,000
Indirect Output	\$315,370,000	\$46,097,000	\$269,273,000
<b>Total Construction Output</b>	<b>\$1,486,862,000</b>	<b>\$218,977,000</b>	<b>\$1,267,885,000</b>

*"constr\_impact"*

Source: MIG, *IMPLAN 2006*; and EPS.

[1] Note that economic impacts generated by project construction are expected to be distributed countywide. It is not possible to estimate the share of impacts retained in the City. Certain value-added components of total output such as employee compensation, indirect business taxes (federal & state), and corporate profits are likely to leak out of the local economy and not all employees will be City residents.

[2] Job years is a measure of cumulative annual employment over the course of the construction period. Average annual employment generated by construction is determined by dividing job years by the number of years of project construction.

[3] Total employee income (compensation) includes wages and benefits paid to employees. Compensation is part of total output.

B-1

**Table B-2  
Natomas Crossing Economic Analysis  
Total Economic Impacts of New Construction, Year 1-12 (2009\$)**

<b>Proposed Project</b>
-----------------------------

Land Use	Proposed Project (9/08)				
	Industry Output	Output per Employee [1]	Employees (Job Years) [2]	Compensation Per Employee [1]	Total Employee Compensation [3]
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a / b</i>	<i>e</i>	<i>f = c * e</i>
<b>Residential</b>					
Multifamily	\$25,200,000	\$151,040	167	\$50,720	\$8,462,000
<b>Nonresidential</b>					
Retail	\$115,710,000	\$131,600	879	\$51,780	\$45,528,000
Hotel	\$33,000,000	\$131,600	251	\$51,780	\$12,984,000
Office	\$66,000,000	\$131,600	502	\$51,780	\$25,969,000
Medical Office	\$183,000,000	\$131,600	1,391	\$51,780	\$72,004,000
Hospital	\$720,000,000	\$131,600	5,471	\$51,780	\$283,295,000
<b>Subtotal Nonresidential</b>	<b>\$1,117,710,000</b>		<b>8,493</b>		<b>\$439,780,000</b>
<b>Infrastructure/Public Facilities</b>					
Backbone Infrastructure	\$20,832,000	\$152,700	136	\$53,190	\$7,256,000
In-tract Infrastructure	\$7,440,000	\$152,700	49	\$53,190	\$2,592,000
Urban Park	\$310,000	\$126,760	2	\$52,390	\$128,000
<b>Subtotal Infrastr. &amp; Facilities</b>	<b>\$28,582,000</b>		<b>188</b>		<b>\$9,976,000</b>
<b>Subtotal Direct Impacts</b>	<b>\$1,171,492,000</b>	-	<b>8,848</b>	-	<b>\$458,218,000</b>
Indirect Impacts	\$315,370,000	-	2,347	-	\$108,419,000
<b>TOTAL IMPACTS</b>	<b>\$1,486,862,000</b>	-	<b>11,194</b>	-	<b>\$566,637,000</b>

"sum\_constr"

Source: MIG Inc., IMPLAN 2006; and EPS.

[1] Average output and compensation per employee based on IMPLAN data for Sacramento County, escalated to 2009\$ using the ENR construction cost index.  
 [2] Job years is a measure of cumulative annual employment over the course of the construction period. Annual average employment created by construction is estimated by dividing job years by the number of years of project construction.  
 [3] Total employee compensation includes wages and benefits paid to employees.

B-2

**Table B-3  
Natomas Crossing Economic Analysis  
Total Economic Impacts of New Construction, Year 1-12 (2009\$)**

**Approved  
Project**

Land Use	Approved Project (2/97)				
	Industry Output	Output per Employee [1]	Employees (Job Years) [1]	Compensation Per Employee [2]	Total Employee Compensation [3]
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a / b</i>	<i>e</i>	<i>f = c * e</i>
<b>Residential</b>					
Multifamily	-	\$151,040	-	\$50,720	-
<b>Nonresidential</b>					
Retail	\$16,538,000	\$131,600	126	\$51,780	\$6,507,000
Hotel	\$41,580,000	\$131,600	316	\$51,780	\$16,360,000
Office	\$100,800,000	\$131,600	766	\$51,780	\$39,661,000
Medical Office	-	\$131,600	-	\$51,780	-
Hospital	-	\$131,600	-	\$51,780	-
<b>Subtotal Nonresidential</b>	<b>\$158,918,000</b>		<b>1,208</b>		<b>\$62,528,000</b>
<b>Infrastructure/Facilities</b>					
Backbone Infrastructure	\$10,288,000	\$152,700	67	\$53,190	\$3,584,000
In-tract Infrastructure	\$3,674,000	\$152,700	24	\$53,190	\$1,280,000
Urban Park	-	\$126,760	-	\$52,390	-
<b>Subtotal Infrastr. &amp; Facilities</b>	<b>\$13,962,000</b>		<b>91</b>		<b>\$4,864,000</b>
<b>Subtotal Direct Impacts</b>	<b>\$172,880,000</b>	-	<b>1,299</b>	-	<b>\$67,392,000</b>
Indirect Impacts	\$46,097,000	-	342	-	\$15,831,000
<b>TOTAL IMPACTS</b>	<b>\$218,977,000</b>	-	<b>1,641</b>	-	<b>\$83,223,000</b>

"sum\_constr2"

Source: MIG Inc., IMPLAN 2006; and EPS.

- [1] Average output and compensation per employee based on IMPLAN data for Sacramento County, escalated to 2009\$ using the ENR construction cost index.  
 [2] Job years is a measure of cumulative annual employment over the course of the construction period. Annual average employment created by construction is estimated by dividing job years by the number of years of project construction.  
 [3] Total employee compensation includes wages and benefits paid to employees.

**Table B-4**  
**Natomas Crossing Economic Analysis**  
**Estimated Construction Cost of Project (2009\$)**

Land Uses	Average Unit Cost	Proposed Project (9/08)		Approved Project (2/97)		Increase/ (Decrease)
		Units/ Sq. Ft.	Construction Cost	Units/ Sq. Ft.	Construction Cost	Construction Spending
<b>Residential</b>						
Multifamily	\$140,000	180	\$25,200,000	-	-	\$25,200,000
<b>Nonresidential</b>						
Retail	\$135	857,114	\$115,710,000	122,500	\$16,538,000	\$99,172,000
Hotel	\$220	150,000	\$33,000,000	189,000	\$41,580,000	(\$8,580,000)
Office	\$150	440,000	\$66,000,000	672,000	\$100,800,000	(\$34,800,000)
Medical Office	\$305	600,000	\$183,000,000	-	-	\$183,000,000
Hospital	\$1,200	600,000	\$720,000,000	-	-	\$720,000,000
<b>Subtotal Nonresidential</b>		<b>2,647,114</b>	<b>\$1,117,710,000</b>	<b>983,500</b>	<b>\$158,918,000</b>	<b>\$958,792,000</b>
<b>Infrastructure/Facilities</b>		<u>Acres</u>		<u>Acres</u>		
Backbone Infrastructure	\$140,000	148.8	\$20,832,000	73.5	\$10,288,000	\$10,544,000
In-tract Infrastructure	\$50,000	148.8	\$7,440,000	73.5	\$3,674,000	\$3,766,000
Urban Park	\$310,000	1.0	\$310,000	-	-	\$310,000
<b>Subtotal Infrastr. &amp; Facilities</b>			<b>\$28,582,000</b>		<b>\$13,962,000</b>	<b>\$14,620,000</b>
<b>Total Estimated Construction Costs</b>			<b>\$1,171,492,000</b>		<b>\$172,880,000</b>	<b>\$998,612,000</b>

"constr\_costs"

Source: Alleghany Properties, LLC; and EPS.

**Table B-5**  
**Natomas Crossing Economic Analysis**  
**Summary of Annual Economic Impacts of Employment Land Uses (2009\$)**

<b>Ongoing Operations Annual Impacts</b>
--

Impacts	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>													
<b>Annual Employment</b>													
Direct Jobs	8,123	500	1,278	356	563	944	118	2,189	500	500	400	400	376
Indirect & Induced	4,242	261	667	186	294	493	62	1,143	261	261	209	209	196
<b>Total New Jobs</b>	<b>12,365</b>	<b>761</b>	<b>1,945</b>	<b>541</b>	<b>856</b>	<b>1,438</b>	<b>180</b>	<b>3,332</b>	<b>761</b>	<b>761</b>	<b>609</b>	<b>609</b>	<b>572</b>
<b>Cumulative Jobs</b> (rounded)		<b>760</b>	<b>2,700</b>	<b>3,240</b>	<b>4,100</b>	<b>5,540</b>	<b>5,720</b>	<b>9,050</b>	<b>9,810</b>	<b>10,570</b>	<b>11,180</b>	<b>11,790</b>	<b>12,360</b>
<b>Annual Output</b>													
								(\$' billion)					
Direct Output	\$0.94	\$0.06	\$0.12	\$0.04	\$0.04	\$0.09	\$0.01	\$0.31	\$0.06	\$0.06	\$0.04	\$0.04	\$0.04
Indirect & Induced	\$0.54	\$0.04	\$0.07	\$0.02	\$0.02	\$0.05	\$0.01	\$0.18	\$0.04	\$0.04	\$0.03	\$0.03	\$0.02
<b>Total New Output</b>	<b>\$1.47</b>	<b>\$0.10</b>	<b>\$0.18</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.15</b>	<b>\$0.01</b>	<b>\$0.49</b>	<b>\$0.10</b>	<b>\$0.10</b>	<b>\$0.07</b>	<b>\$0.07</b>	<b>\$0.07</b>
<b>Cumulative Output</b>		<b>\$0.10</b>	<b>\$0.29</b>	<b>\$0.34</b>	<b>\$0.41</b>	<b>\$0.55</b>	<b>\$0.57</b>	<b>\$1.06</b>	<b>\$1.17</b>	<b>\$1.27</b>	<b>\$1.34</b>	<b>\$1.41</b>	<b>\$1.47</b>
<b>Annual Employee Income</b>													
Direct Income	\$0.44	\$0.03	\$0.05	\$0.02	\$0.01	\$0.04	\$0.00	\$0.16	\$0.03	\$0.03	\$0.02	\$0.02	\$0.02
Indirect & Induced	\$0.00	\$0.02	\$0.03	\$0.01	\$0.01	\$0.03	\$0.00	\$0.10	\$0.02	\$0.02	\$0.01	\$0.01	\$0.01
<b>Total New Income</b>	<b>\$0.44</b>	<b>\$0.05</b>	<b>\$0.08</b>	<b>\$0.03</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.01</b>	<b>\$0.26</b>	<b>\$0.05</b>	<b>\$0.05</b>	<b>\$0.03</b>	<b>\$0.03</b>	<b>\$0.03</b>
<b>Cumulative Income</b>		<b>\$0.05</b>	<b>\$0.13</b>	<b>\$0.16</b>	<b>\$0.18</b>	<b>\$0.25</b>	<b>\$0.25</b>	<b>\$0.51</b>	<b>\$0.56</b>	<b>\$0.61</b>	<b>\$0.65</b>	<b>\$0.68</b>	<b>\$0.71</b>
<b>APPROVED PROJECT</b>													
<b>Annual Employment</b>													
Direct Jobs	3,090	340	380	390	220	220	220	220	220	220	220	220	220
Indirect & Induced	1,476	162	181	186	105	105	105	105	105	105	105	105	105
<b>Total New Jobs</b>	<b>4,566</b>	<b>502</b>	<b>561</b>	<b>576</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>	<b>325</b>
<b>Cumulative Jobs</b> (rounded)		<b>500</b>	<b>1,060</b>	<b>1,640</b>	<b>1,970</b>	<b>2,300</b>	<b>2,630</b>	<b>2,960</b>	<b>3,290</b>	<b>3,620</b>	<b>3,950</b>	<b>4,280</b>	<b>4,610</b>
<b>Annual Output</b>													
Direct Output	\$0.33	\$0.03	\$0.04	\$0.04	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03
Indirect & Induced	\$0.18	\$0.02	\$0.02	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
<b>Total New Output</b>	<b>\$0.51</b>	<b>\$0.05</b>	<b>\$0.06</b>	<b>\$0.06</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>	<b>\$0.04</b>
<b>Cumulative Output</b>		<b>\$0.05</b>	<b>\$0.11</b>	<b>\$0.17</b>	<b>\$0.20</b>	<b>\$0.24</b>	<b>\$0.28</b>	<b>\$0.32</b>	<b>\$0.36</b>	<b>\$0.40</b>	<b>\$0.44</b>	<b>\$0.48</b>	<b>\$0.51</b>
<b>Annual Employee Income</b>													
Direct Income	\$0.14	\$0.01	\$0.02	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
Indirect & Induced	\$0.07	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01	\$0.01
<b>Total New Income</b>	<b>\$0.22</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>	<b>\$0.02</b>
<b>Cumulative Income</b>		<b>\$0.02</b>	<b>\$0.04</b>	<b>\$0.07</b>	<b>\$0.08</b>	<b>\$0.10</b>	<b>\$0.12</b>	<b>\$0.13</b>	<b>\$0.15</b>	<b>\$0.17</b>	<b>\$0.18</b>	<b>\$0.20</b>	<b>\$0.22</b>

Source: MIG, IMPLAN 2006; and EPS.

"ops\_impact"

**Table B-6  
Natomas Crossing Economic Analysis  
Annual Economic Impacts of Business Operations in Year 12 (2009\$)**

<b>Proposed Project</b>
-----------------------------

<b>Proposed Project at Buildout</b>							
<b>Land Use</b>	<b>Building Sq. Ft.</b>	<b>Sq. Ft. Per Employee [1]</b>	<b>Estimated Employees [2]</b>	<b>Compensation/ Employee [3]</b>	<b>Total Employee Compensation [4]</b>	<b>Output/ Employee [3]</b>	<b>Total Output [5]</b>
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a / b</i>	<i>d</i>	<i>e = c * d</i>	<i>f</i>	<i>g = c * f</i>
<b>Nonresidential</b>							
Retail	857,114	450	1,900	\$24,600	\$46,740,000	\$66,600	\$126,540,000
Hotel	150,000	1,200	130	\$31,500	\$4,095,000	\$92,100	\$11,973,000
Office [6]	440,000	250	1,760	\$49,200	\$86,592,000	\$111,800	\$196,768,000
Medical Office	600,000	200	3,000	\$63,200	\$189,600,000	\$129,700	\$389,100,000
Hospital	600,000	450	1,330	\$87,800	\$116,774,000	\$158,600	\$210,938,000
<b>Subtotal Direct Impacts</b>	<b>2,647,114</b>		<b>8,120</b>	<b>\$54,655</b>	<b>\$443,801,000</b>	<b>\$115,200</b>	<b>\$935,319,000</b>
Indirect & Induced Impacts	-	-	4,240	-	\$261,980,000	-	\$537,523,000
<b>TOTAL IMPACTS</b>	<b>2,647,114</b>	-	<b>12,360</b>	-	<b>\$705,781,000</b>	-	<b>\$1,472,842,000</b>

*"sum\_ops"*

Source: MIG Inc., *IMPLAN 2006*; Alleghany Properties, LLC; and EPS.

[1] Assumptions based on data from various sources including, the ULI Business & Industrial Handbook, 2003 Commercial Buildings Energy Consumption Survey, and Alleghany Properties.

[2] Annual average employees.

[3] Average output and compensation per employee based on 2006 IMPLAN data for Sacramento County. See Table B-8.

[4] Total employee compensation includes wages and benefits paid to employees and is included in total output.

[5] Total output includes total employee compensation.

[6] Output and compensation per employee averages were based on industry sectors with mainly office-based employment.

**Table B-7  
Natomas Crossing Economic Analysis  
Annual Economic Impacts of Business Operations in Year 12 (2009\$)**

<b>Approved Project</b>
-----------------------------

<b>Approved Project at 51% Buildout</b>							
<b>Land Use</b>	<b>Building Sq. Ft.</b>	<b>Sq. Ft. Per Employee [1]</b>	<b>Estimated Employees [2]</b>	<b>Compensation/ Employee [3]</b>	<b>Total Employee Compensation [4]</b>	<b>Output/ Employee [3]</b>	<b>Total Output [5]</b>
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c = a / b</i>	<i>d</i>	<i>e = c * d</i>	<i>f</i>	<i>g = c * f</i>
<b>Nonresidential</b>							
Retail	122,500	450	270	\$24,600	\$6,642,000	\$66,600	\$17,982,000
Hotel	189,000	1,200	160	\$31,500	\$5,040,000	\$92,100	\$14,736,000
Office [6]	672,000	250	2,690	\$49,200	\$132,348,000	\$111,800	\$300,742,000
Medical Office	-	200	-	\$63,200	-	\$129,700	-
Hospital	-	450	-	\$87,800	-	\$158,600	-
<b>Subtotal Direct Impacts</b>	<b>983,500</b>		<b>3,120</b>	<b>\$46,163</b>	<b>\$144,030,000</b>	<b>\$106,900</b>	<b>\$333,460,000</b>
Indirect & Induced Impacts	-	-	1,490	-	\$71,159,700	-	\$181,209,560
<b>TOTAL IMPACTS</b>	<b>983,500</b>	-	<b>4,610</b>	-	<b>\$215,189,700</b>	-	<b>\$514,669,560</b>

*"sum\_ops2"*

Source: MIG Inc., IMPLAN 2006; Alleghany Properties, LLC; and EPS.

[1] Assumptions based on data from various sources including, the ULI Business & Industrial Handbook, 2003 Commercial Buildings Energy Consumption Survey, and Alleghany Properties.

[2] Annual average employees.

[3] Average output and compensation per employee based on 2006 IMPLAN data for Sacramento County. See Table B-8.

[4] Total employee compensation includes wages and benefits paid to employees and is included in total output.

[5] Total output includes total employee compensation.

[6] Output and compensation per employee averages were based on industry sectors with mainly office-based employment.

**Table B-8**  
**Natomas Crossing Economic Analysis**  
**Industry and Economic Multiplier Assumptions**

IMPLAN Sector and Industry Assumption	Industry Output Per Employee	Compensation Per Employee	Multiplier [1]		
			Output	Employment	Emp. Income
<b>Regional Retail Sectors</b>					
402 Furniture and home furnishings stores	\$108,410	\$37,508	0.47	0.38	0.41
403 Electronics and appliance stores	\$75,559	\$47,374	0.45	0.26	0.22
404 Building material and garden supply stores	\$105,314	\$39,418	0.48	0.38	0.40
406 Health and personal care stores	\$87,090	\$38,867	0.50	0.33	0.34
408 Clothing and clothing accessories stores	\$79,006	\$23,025	0.43	0.25	0.46
409 Sporting goods- hobby- book and music stores	\$51,332	\$19,625	0.50	0.19	0.40
410 General merchandise stores	\$62,540	\$26,369	0.52	0.24	0.38
481 Food services and drinking places	\$55,667	\$18,092	0.44	0.17	0.38
<b>Weighted Average: Retail Sectors</b>	<b>\$66,600</b>	<b>\$24,600</b>	<b>0.46</b>	<b>0.23</b>	<b>0.37</b>
<b>Office Sectors [2]</b>					
428 Insurance agencies, brokerages, and related	\$178,024	\$74,832	0.31	0.41	0.23
437 Legal services	\$145,114	\$60,124	0.54	0.61	0.39
438 Accounting and bookkeeping services	\$101,167	\$39,626	0.61	0.49	0.47
439 Architectural and engineering services	\$140,349	\$60,939	0.66	0.76	0.49
441 Custom computer programming services	\$81,105	\$54,386	0.58	0.38	0.26
442 Computer systems design services	\$89,447	\$56,401	0.55	1.05	0.27
444 Management consulting services	\$133,907	\$50,263	0.63	0.73	0.53
445 Environmental & other technical consulting services	\$174,234	\$50,902	0.61	0.93	0.68
447 Advertising and related services	\$147,941	\$50,453	0.61	0.75	0.54
451 Management of companies and enterprises	\$193,204	\$84,989	0.57	0.76	0.38
452 Office administrative services	\$187,925	\$52,898	0.54	0.89	0.63
454 Employment services	\$33,854	\$25,136	0.53	0.14	0.22
455 Business support services	\$71,729	\$29,312	0.50	0.29	0.38
<b>Weighted Average: Office Sectors</b>	<b>\$111,800</b>	<b>\$49,200</b>	<b>0.55</b>	<b>0.51</b>	<b>0.39</b>
<b>Medical Office</b>					
465 Offices of physicians, dentists, & other health pract.	\$129,700	\$63,200	0.61	0.62	0.38
<b>Hospital</b>					
467 Hospitals	\$158,600	\$87,800	0.60	0.75	0.33
<b>Hotels</b>					
479 Hotels and motels	\$92,100	\$31,500	0.46	0.31	0.40

"avg\_mult"

Source: MIG, Inc., *IMPLAN 2006*; and EPS.

[1] Sum of indirect and induced multipliers. Induced multiplier adjusted to account for employees who are not County residents.

[2] Sectors represent industries that typically use office space for the majority of their business operations.



## APPENDIX C: City Revenues

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**Table C-1**  
**Natomas Crossing Economic Analysis**  
**Summary of Select City Revenues, Years 1-12 (2009\$)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>												
Property Tax Revenue City's General Fund	\$138,831	\$559,835	\$767,738	\$1,027,782	\$1,346,824	\$1,458,794	\$1,707,930	\$1,880,920	\$2,057,369	\$2,180,080	\$2,305,244	\$2,430,435
Sales Tax Revenue												
Local Sales Tax	\$0	\$794,500	\$851,250	\$1,362,000	\$1,816,000	\$1,872,750	\$1,929,500	\$1,929,500	\$1,929,500	\$1,929,500	\$1,929,500	\$1,945,649
Local Public Safety	\$0	\$31,780	\$34,050	\$54,480	\$72,640	\$74,910	\$77,180	\$77,180	\$77,180	\$77,180	\$77,180	\$77,826
Measure A Taxes	\$0	\$39,803	\$42,647	\$68,235	\$90,979	\$93,822	\$96,666	\$96,666	\$96,666	\$96,666	\$96,666	\$97,475
Utility Tax Revenue	\$10,000	\$51,500	\$91,520	\$121,820	\$149,820	\$162,120	\$298,120	\$308,120	\$318,120	\$323,120	\$328,120	\$333,260
Transient Occupancy Tax	\$0	\$0	\$0	\$539,840	\$539,840	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670
<b>TOTAL SELECT REVENUES</b>	<b>\$148,831</b>	<b>\$1,477,419</b>	<b>\$1,787,205</b>	<b>\$3,174,157</b>	<b>\$4,016,103</b>	<b>\$4,742,067</b>	<b>\$5,189,066</b>	<b>\$5,372,055</b>	<b>\$5,558,505</b>	<b>\$5,686,215</b>	<b>\$5,816,380</b>	<b>\$5,964,315</b>
<i>ROUNDED</i>	<i>\$150,000</i>	<i>\$1,480,000</i>	<i>\$1,790,000</i>	<i>\$3,170,000</i>	<i>\$4,020,000</i>	<i>\$4,740,000</i>	<i>\$5,190,000</i>	<i>\$5,370,000</i>	<i>\$5,560,000</i>	<i>\$5,690,000</i>	<i>\$5,820,000</i>	<i>\$5,960,000</i>
<b>APPROVED PROJECT</b>												
Property Tax Revenue City's General Fund	\$85,589	\$263,130	\$371,943	\$500,495	\$556,180	\$688,416	\$747,860	\$808,492	\$870,338	\$933,420	\$997,763	\$1,063,394
Sales Tax Revenue												
Local Sales Tax	\$113,500	\$113,500	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075
Local Public Safety	\$4,540	\$4,540	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123	\$11,123
Measure A Taxes	\$5,686	\$5,686	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931	\$13,931
Utility Tax Revenue	\$7,300	\$10,100	\$19,425	\$34,888	\$37,688	\$53,151	\$55,951	\$58,751	\$61,551	\$64,351	\$67,151	\$69,951
Transient Occupancy Tax	\$0	\$0	\$0	\$539,840	\$539,840	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670
<b>TOTAL SELECT REVENUES</b>	<b>\$216,615</b>	<b>\$396,956</b>	<b>\$694,498</b>	<b>\$1,378,352</b>	<b>\$1,436,837</b>	<b>\$2,124,366</b>	<b>\$2,186,610</b>	<b>\$2,250,043</b>	<b>\$2,314,688</b>	<b>\$2,380,570</b>	<b>\$2,447,714</b>	<b>\$2,516,144</b>
<i>ROUNDED</i>	<i>\$220,000</i>	<i>\$400,000</i>	<i>\$690,000</i>	<i>\$1,380,000</i>	<i>\$1,440,000</i>	<i>\$2,120,000</i>	<i>\$2,190,000</i>	<i>\$2,250,000</i>	<i>\$2,310,000</i>	<i>\$2,380,000</i>	<i>\$2,450,000</i>	<i>\$2,520,000</i>
<b>Change From Approved Project Select Revenues</b>	<b>(\$70,000)</b>	<b>\$1,080,000</b>	<b>\$1,100,000</b>	<b>\$1,790,000</b>	<b>\$2,580,000</b>	<b>\$2,620,000</b>	<b>\$3,000,000</b>	<b>\$3,120,000</b>	<b>\$3,250,000</b>	<b>\$3,310,000</b>	<b>\$3,370,000</b>	<b>\$3,440,000</b>

"Rev\_summ"

C-1

**Table C-2**  
**Natomas Crossing Economic Analysis**  
**Estimate of Assessed Valuation (in 2009\$ and in \$1,000s) - Proposed**

<b>Proposed Development Scenario</b>
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Item	Total AV (\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>New Assessed Valuation Added (x \$1,000) [1]</b>													
<b>Residential</b>													
Multifamily	\$33,300	\$0	\$0	\$33,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Residential</b>	<b>\$33,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Nonresidential (x \$1,000)</b>													
Retail	\$197,136	\$0	\$80,500	\$5,750	\$51,750	\$46,000	\$5,750	\$5,750	\$0	\$0	\$0	\$0	\$1,636
Hotel	\$37,500	\$0	\$0	\$0	\$18,750	\$0	\$18,750	\$0	\$0	\$0	\$0	\$0	\$0
Office	\$103,400	\$0	\$0	\$17,625	\$0	\$0	\$0	\$17,625	\$0	\$0	\$23,500	\$23,500	\$21,150
Medical Office	\$240,000	\$40,000	\$40,000	\$0	\$0	\$40,000	\$0	\$40,000	\$40,000	\$40,000	\$0	\$0	\$0
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Nonresidential</b>	<b>\$578,036</b>	<b>\$40,000</b>	<b>\$120,500</b>	<b>\$23,375</b>	<b>\$70,500</b>	<b>\$86,000</b>	<b>\$24,500</b>	<b>\$63,375</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$22,786</b>
<b>Total New Assessed Valuation</b>	<b>\$611,336</b>	<b>\$40,000</b>	<b>\$120,500</b>	<b>\$56,675</b>	<b>\$70,500</b>	<b>\$86,000</b>	<b>\$24,500</b>	<b>\$63,375</b>	<b>\$40,000</b>	<b>\$40,000</b>	<b>\$23,500</b>	<b>\$23,500</b>	<b>\$22,786</b>
Prior Year Assessed Valuation [2]	\$4,535,008	\$0	\$40,800	\$164,526	\$225,625	\$302,048	\$395,808	\$428,715	\$501,931	\$552,770	\$604,625	\$640,688	\$677,472
<b>Cumulative AV (x \$1,000)</b>	<b>\$5,146,345</b>	<b>\$40,000</b>	<b>\$161,300</b>	<b>\$221,201</b>	<b>\$296,125</b>	<b>\$388,048</b>	<b>\$420,308</b>	<b>\$492,090</b>	<b>\$541,931</b>	<b>\$592,770</b>	<b>\$628,125</b>	<b>\$664,188</b>	<b>\$700,258</b>

"AV\_prop"

Source: Alleghany Properties, LLC; and EPS.

[1] Annual additional assessed value based on the development schedule shown in Table A-1.

[2] Assumes 2.0% escalation of the prior year's assessed valuation.

<b>Assessed Value Assumptions</b>		
Multifamily	<u>per Unit</u>	\$185,000
Retail	<u>per Sq. Ft.</u>	\$230
Hotel	<u>per Room</u>	\$150,000
Office		\$235
Medical Office		\$400
Hospital (Tax Exempt)		\$0

**Table C-3**  
**Natomas Crossing Economic Analysis**  
**Estimate of Assessed Valuation (in 2009\$ and in \$1,000s) - Approved**

<b>Approved Development Scenario</b>
--

Item	Total AV (\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>New Assessed Valuation Added (x \$1,000) [1]</b>													
<b>Residential</b>													
Multifamily	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Residential</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Nonresidential (x \$1,000)</b>													
Retail	\$28,175	\$11,500	\$0	\$16,675	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel	\$80,970	\$0	\$37,500	\$0	\$21,735	\$0	\$21,735	\$0	\$0	\$0	\$0	\$0	\$0
Office	\$157,920	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160	\$13,160
Medical Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Nonresidential</b>	<b>\$267,065</b>	<b>\$24,660</b>	<b>\$50,660</b>	<b>\$29,835</b>	<b>\$34,895</b>	<b>\$13,160</b>	<b>\$34,895</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>
<b>Total New Assessed Valuation</b>	<b>\$267,065</b>	<b>\$24,660</b>	<b>\$50,660</b>	<b>\$29,835</b>	<b>\$34,895</b>	<b>\$13,160</b>	<b>\$34,895</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>	<b>\$13,160</b>
Prior Year Assessed Valuation [2]	\$2,005,347	\$0	\$25,153	\$77,329	\$109,308	\$147,087	\$163,452	\$202,314	\$219,783	\$237,602	\$255,777	\$274,316	\$293,226
<b>Cumulative AV (x \$1,000)</b>	<b>\$2,272,412</b>	<b>\$24,660</b>	<b>\$75,813</b>	<b>\$107,164</b>	<b>\$144,203</b>	<b>\$160,247</b>	<b>\$198,347</b>	<b>\$215,474</b>	<b>\$232,943</b>	<b>\$250,762</b>	<b>\$268,937</b>	<b>\$287,476</b>	<b>\$306,386</b>

Source: Alleghany Properties, LLC; and EPS.

"AV\_prop2"

[1] Annual additional assessed value based on the development schedule shown in Table A-2.

[2] Assumes 2.0% escalation of the existing base assessed valuation.

<b>Assessed Value Assumptions</b>		
Multifamily	<i>per Unit</i>	
	\$185,000	
	<i>per Sq. Ft.</i> <i>per Room</i>	
Retail	\$230	
Hotel	\$198	\$150,000
Office	\$235	
Medical Office	\$400	
Hospital (Tax Exempt)	\$0	

**Table C-4**  
**Natomas Crossing Economic Analysis**  
**Estimated Property Tax Revenue (2009\$)**

Item	Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>													
Total Assessed Valuation [1]	(x \$1,000)	\$40,000	\$161,300	\$221,201	\$296,125	\$388,048	\$420,308	\$492,090	\$541,931	\$592,770	\$628,125	\$664,188	\$700,258
Total Property Tax Revenue	<u>Tax Rate</u> 1.0%	\$400,000	\$1,613,000	\$2,212,010	\$2,961,250	\$3,880,475	\$4,203,085	\$4,920,896	\$5,419,314	\$5,927,701	\$6,281,255	\$6,641,880	\$7,002,580
City's General Fund	<u>Allocation</u> 34.7%	\$138,831	\$559,835	\$767,738	\$1,027,782	\$1,346,824	\$1,458,794	\$1,707,930	\$1,880,920	\$2,057,369	\$2,180,080	\$2,305,244	\$2,430,435
Other Local Agencies	65.3%	\$261,169	\$1,053,165	\$1,444,272	\$1,933,468	\$2,533,651	\$2,744,290	\$3,212,966	\$3,538,394	\$3,870,331	\$4,101,175	\$4,336,635	\$4,572,145
<b>APPROVED PROJECT</b>													
Total Assessed Valuation [2]	(x \$1,000)	\$24,660	\$75,813	\$107,164	\$144,203	\$160,247	\$198,347	\$215,474	\$232,943	\$250,762	\$268,937	\$287,476	\$306,386
Total Property Tax Revenue	<u>Tax Rate</u> 1.0%	\$246,600	\$758,132	\$1,071,645	\$1,442,028	\$1,602,468	\$1,983,467	\$2,154,737	\$2,329,432	\$2,507,620	\$2,689,373	\$2,874,760	\$3,063,855
City's General Fund	<u>Allocation</u> 34.7%	\$85,589	\$263,130	\$371,943	\$500,495	\$556,180	\$688,416	\$747,860	\$808,492	\$870,338	\$933,420	\$997,763	\$1,063,394
Other Local Agencies	65.3%	\$161,011	\$495,002	\$699,701	\$941,533	\$1,046,288	\$1,295,051	\$1,406,877	\$1,520,939	\$1,637,283	\$1,755,953	\$1,876,997	\$2,000,461

Source: County of Sacramento, Tax Rate Area Revenue Report, Nov 4, 2008; and EPS.

"prop\_tax"

[1] Calculated in Table C-2.

[2] Calculated in Table C-3.

**Table C-5  
Natomas Crossing Economic Analysis  
Estimate of Annual Taxable Sales Generated (2009\$) [1]**

Land Use	Total (\$'000)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>													
<b>Taxable Sales (x \$1,000)</b>													
Retail	\$1,828,965	\$0	\$79,450	\$85,125	\$136,200	\$181,600	\$187,275	\$192,950	\$192,950	\$192,950	\$192,950	\$192,950	\$194,565
<b>Total Annual Taxable Sales</b>	<b>\$1,828,965</b>	<b>\$0</b>	<b>\$79,450</b>	<b>\$85,125</b>	<b>\$136,200</b>	<b>\$181,600</b>	<b>\$187,275</b>	<b>\$192,950</b>	<b>\$192,950</b>	<b>\$192,950</b>	<b>\$192,950</b>	<b>\$192,950</b>	<b>\$194,565</b>
<b>APPROVED PROJECT</b>													
<b>Taxable Sales (x \$1,000)</b>													
Retail	\$300,775	\$11,350	\$11,350	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808
<b>Total Annual Taxable Sales</b>	<b>\$300,775</b>	<b>\$11,350</b>	<b>\$11,350</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>	<b>\$27,808</b>

"tax\_sales"

**Source:** "Dollars & Cents of Shopping Centers: 2008," Urban Land Institute (Tables 4-17 [p. 127], 5-22 [p. 195], and 6-20 [p. 275]); State of CA Board of Equalization, and EPS.

[1] The project's residential units (180 units) will house in the range of 300 to 400 residents at buildout. This analysis assumes that any net new spending generated by these residents outside the project's retail will be negligible; therefore, this analysis estimates taxable sales based on the project's nonresidential land uses only as shown above.

<b>Taxable Sales Assumptions</b>	
Retail	<u>per Sq. Ft.</u> \$227

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**Table C-6**  
**Natomas Crossing Economic Analysis**  
**Estimated Annual Sales Tax and Public Safety Tax Revenue to City Funds (2009\$)**

Land Use	Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>													
Total Annual Taxable Sales	(x \$1,000)	\$0	\$79,450	\$85,125	\$136,200	\$181,600	\$187,275	\$192,950	\$192,950	\$192,950	\$192,950	\$192,950	\$194,565
<b>Local Sales Tax Revenue [1]</b>	1.00%	\$0	\$794,500	\$851,250	\$1,362,000	\$1,816,000	\$1,872,750	\$1,929,500	\$1,929,500	\$1,929,500	\$1,929,500	\$1,929,500	\$1,945,649
<b>Public Safety Tax Revenue</b>													
Public Safety Tax Generated	0.50%	\$0	\$397,250	\$425,625	\$681,000	\$908,000	\$936,375	\$964,750	\$964,750	\$964,750	\$964,750	\$964,750	\$972,824
<b>Public Safety Tax - City Share [2]</b>	<b>8.00%</b>	<b>\$0</b>	<b>\$31,780</b>	<b>\$34,050</b>	<b>\$54,480</b>	<b>\$72,640</b>	<b>\$74,910</b>	<b>\$77,180</b>	<b>\$77,180</b>	<b>\$77,180</b>	<b>\$77,180</b>	<b>\$77,180</b>	<b>\$77,826</b>
<b>APPROVED PROJECT</b>													
Total Annual Taxable Sales (\$1,000's)	(x \$1,000)	\$11,350	\$11,350	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808
<b>Local Sales Tax Revenue [1]</b>	1.00%	\$113,500	\$113,500	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075	\$278,075
<b>Public Safety Tax Revenue</b>													
Public Safety Tax Generated	0.50%	\$56,750	\$56,750	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038
<b>Local City Share [2]</b>	<b>8.00%</b>	<b>\$4,540</b>	<b>\$4,540</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>	<b>\$11,123</b>

"sales\_tax"

Source: Alleghany Properties, LLC; City of Sacramento; and EPS.

[1] Proposition 57 replaced 0.25% of local sales tax revenue with property tax revenue. This analysis assumes the swap is revenue neutral and that the local jurisdiction receives revenue totaling 1% of taxable sales in the jurisdiction.

[2] The City share is \$0.08 of every \$1.00 of Proposition 172 Public Safety Tax revenue generated within the County.

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**Table C-7**  
**Natomas Crossing Economic Analysis**  
**Estimate of Measure A Local Tax Allocation Factor [1]**

Item	Formula	Total
<b>I. Factor Component 1: Population Allocation</b>		
Allocation Percentage	A	75%
Total County Population (1/1/08)	B	1,424,415
City of Sacramento Population (1/1/08)	C	475,743
Percent Share	$D = C / B$	33%
<b>Part I. Component</b>	<b><math>E = A \times D</math></b>	<b>25%</b>
<b>II. Factor Component 2: Street Mileage Allocation</b>		
Allocation Percentage	F	25%
Assumed To Be Proportionate with Population	G	33%
<b>Part II. Component</b>	<b><math>H = F \times G</math></b>	<b>8%</b>
<b>III. Total Estimated Local Tax Allocation</b>		
Part I. Component	$I = E$	25%
Part II. Component	$J = H$	8%
<b>Estimated Local Tax Allocation</b>	<b><math>K = I + J</math></b>	<b>33%</b>

"measureA\_share"

Source: California Department of Finance, "City/County Population and Housing Estimates, 1/1/2008" and EPS.

[1] The local maintenance portion of Measure A revenue is allocated to the Cities in the region based on a 2-part allocation methodology. The allocation is based 75% on the City's share of total Countywide population, and 25% on the City's share of total Countywide street miles. This analysis assumes that the number of street miles are proportional to the population data.

**Table C-8**  
**Natomas Crossing Economic Analysis**  
**Estimated City of Sacramento Share of Measure A Funding**

Item	Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT</b>													
Total Taxable Sales	(x \$1,000)	\$0	\$79,450	\$85,125	\$136,200	\$181,600	\$187,275	\$192,950	\$192,950	\$192,950	\$192,950	\$192,950	\$194,565
<b>Measure A Taxes</b>													
Total Measure A Taxes	0.50%	\$0	\$397,250	\$425,625	\$681,000	\$908,000	\$936,375	\$964,750	\$964,750	\$964,750	\$964,750	\$964,750	\$972,824
Local Maintenance Allocation Available [1]	30%	\$0	\$119,175	\$127,688	\$204,300	\$272,400	\$280,913	\$289,425	\$289,425	\$289,425	\$289,425	\$289,425	\$291,847
<b>Est. City Share of Measure A Funding [2]</b>	<b>33%</b>	<b>\$0</b>	<b>\$39,803</b>	<b>\$42,647</b>	<b>\$68,235</b>	<b>\$90,979</b>	<b>\$93,822</b>	<b>\$96,666</b>	<b>\$96,666</b>	<b>\$96,666</b>	<b>\$96,666</b>	<b>\$96,666</b>	<b>\$97,475</b>
<b>APPROVED PROJECT</b>													
Total Taxable Sales	(x \$1,000)	\$11,350	\$11,350	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808	\$27,808
<b>Measure A Taxes</b>													
Total Measure A Taxes	0.50%	\$56,750	\$56,750	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038	\$139,038
Local Maintenance Allocation Available [1]	30%	\$17,025	\$17,025	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711	\$41,711
<b>Est. City Share of Measure A Funding [2]</b>	<b>33%</b>	<b>\$5,686</b>	<b>\$5,686</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>	<b>\$13,931</b>

"transp"

Source: Alleghany Properties, LLC; Sacramento Transportation Authority; and EPS.

[1] Measure A tax is allocated to various programs. The "Local Road Maintenance, Safety and Congestion Relief Program" represents funds allocated to cities and unincorporated areas of the County.  
[2] From Table C-7.

**Table C-9  
Natomas Crossing Economic Analysis  
Estimated Utility Tax Revenue (2009\$)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT [1]</b>												
<b>Residential</b>												
Multifamily	\$0	\$0	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020	\$34,020
<b>Subtotal Residential</b>	<b>\$0</b>	<b>\$0</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>	<b>\$34,020</b>
<b>Nonresidential</b>												
Retail	\$0	\$31,500	\$33,750	\$54,000	\$72,000	\$74,250	\$76,500	\$76,500	\$76,500	\$76,500	\$76,500	\$77,140
Hotel	\$0	\$0	\$0	\$10,050	\$10,050	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100	\$20,100
Office	\$0	\$0	\$3,750	\$3,750	\$3,750	\$3,750	\$7,500	\$7,500	\$7,500	\$12,500	\$17,500	\$22,000
Medical Office	\$10,000	\$20,000	\$20,000	\$20,000	\$30,000	\$30,000	\$40,000	\$50,000	\$60,000	\$60,000	\$60,000	\$60,000
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000	\$120,000
<b>Subtotal Nonresidential</b>	<b>\$10,000</b>	<b>\$51,500</b>	<b>\$57,500</b>	<b>\$87,800</b>	<b>\$115,800</b>	<b>\$128,100</b>	<b>\$264,100</b>	<b>\$274,100</b>	<b>\$284,100</b>	<b>\$289,100</b>	<b>\$294,100</b>	<b>\$299,240</b>
<b>Total Utility Tax Revenue</b>	<b>\$10,000</b>	<b>\$51,500</b>	<b>\$91,520</b>	<b>\$121,820</b>	<b>\$149,820</b>	<b>\$162,120</b>	<b>\$298,120</b>	<b>\$308,120</b>	<b>\$318,120</b>	<b>\$323,120</b>	<b>\$328,120</b>	<b>\$333,260</b>
<b>APPROVED PROJECT [2]</b>												
<b>Residential</b>												
Multifamily	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Residential</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Nonresidential</b>												
Retail	\$4,500	\$4,500	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025
Hotel	\$0	\$0	\$0	\$12,663	\$12,663	\$25,326	\$25,326	\$25,326	\$25,326	\$25,326	\$25,326	\$25,326
Office	\$2,800	\$5,600	\$8,400	\$11,200	\$14,000	\$16,800	\$19,600	\$22,400	\$25,200	\$28,000	\$30,800	\$33,600
Medical Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Nonresidential</b>	<b>\$7,300</b>	<b>\$10,100</b>	<b>\$19,425</b>	<b>\$34,888</b>	<b>\$37,688</b>	<b>\$53,151</b>	<b>\$55,951</b>	<b>\$58,751</b>	<b>\$61,551</b>	<b>\$64,351</b>	<b>\$67,151</b>	<b>\$69,951</b>
<b>Total Utility Tax Revenue</b>	<b>\$7,300</b>	<b>\$10,100</b>	<b>\$19,425</b>	<b>\$34,888</b>	<b>\$37,688</b>	<b>\$53,151</b>	<b>\$55,951</b>	<b>\$58,751</b>	<b>\$61,551</b>	<b>\$64,351</b>	<b>\$67,151</b>	<b>\$69,951</b>

"util\_tax"

Source: Alleghany Properties, LLC; City Economic Development Department; and EPS.

[1] Based on the cumulative development shown in Table A-1.

[2] Based on the cumulative development shown in Table A-2.

**Annual Utility Tax Assumptions**

	<i>per Unit</i>	
Multifamily	\$189	
	<i>per Sq. Ft.</i>	
Retail	\$0.09	<i>PLEASE NOTE: Assumptions shown were provided by the City and should be considered very general estimates. Actual utility tax generated will vary based on the specific types and energy usage patterns.</i>
Hotel	\$0.13	
Office	\$0.05	
Medical Office	\$0.10	
Hospital	\$0.20	

**Table C-10**  
**Natomas Crossing Economic Analysis**  
**Estimated Transient Occupancy Tax Revenue (2009\$)**

Item	Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>Assumptions</b>													
Average Room Rate [1]	\$145.00												
Occupancy Percent [1]	68.0%												
City TOT Rate	12.0%												
<b>PROPOSED PROJECT</b>													
Hotel Rooms		0	0	0	125	125	250	250	250	250	250	250	250
Est. Annual Hotel Lodging Sales		\$0	\$0	\$0	\$4,498,625	\$4,498,625	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250
<b>Est. Annual TOT Revenue</b> (rounded)		\$0	\$0	\$0	\$539,840	\$539,840	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670
<b>APPROVED PROJECT</b>													
Hotel Rooms		0	0	0	125	125	250	250	250	250	250	250	250
Est. Annual Hotel Lodging Sales		\$0	\$0	\$0	\$4,498,625	\$4,498,625	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250	\$8,997,250
<b>Est. Annual TOT Revenue</b> (rounded)		\$0	\$0	\$0	\$539,840	\$539,840	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670	\$1,079,670

"tot"

Source: Alleghany Properties; PKF Consulting; and EPS.

[1] Estimates based on 2008 hotel study of similar hotels in the project area prepared by PKF Consulting.

**Table C-11**  
**Natomas Crossing Economic Analysis**  
**Development Impact Fee Revenues, Years 1-12 (2009\$)**

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>PROPOSED PROJECT [1]</b>												
<b>Residential</b>												
Multifamily	\$0	\$0	\$1,156,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Residential</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,156,500</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Nonresidential</b>												
Retail	\$0	\$6,167,539	\$440,538	\$3,964,846	\$3,524,308	\$440,538	\$440,538	\$0	\$0	\$0	\$0	\$125,360
Hotel	\$0	\$0	\$0	\$505,478	\$0	\$505,478	\$0	\$0	\$0	\$0	\$0	\$0
Office	\$0	\$0	\$663,166	\$0	\$0	\$0	\$663,166	\$0	\$0	\$884,222	\$884,222	\$795,800
Medical Office	\$392,935	\$392,935	\$0	\$0	\$392,935	\$0	\$392,935	\$392,935	\$392,935	\$0	\$0	\$0
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$3,119,316	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Nonresidential</b>	<b>\$392,935</b>	<b>\$6,560,474</b>	<b>\$1,103,705</b>	<b>\$4,470,324</b>	<b>\$3,917,243</b>	<b>\$946,016</b>	<b>\$4,615,956</b>	<b>\$392,935</b>	<b>\$392,935</b>	<b>\$884,222</b>	<b>\$884,222</b>	<b>\$921,159</b>
<b>Total Fee Revenue</b>	<b>\$392,935</b>	<b>\$6,560,474</b>	<b>\$2,260,205</b>	<b>\$4,470,324</b>	<b>\$3,917,243</b>	<b>\$946,016</b>	<b>\$4,615,956</b>	<b>\$392,935</b>	<b>\$392,935</b>	<b>\$884,222</b>	<b>\$884,222</b>	<b>\$921,159</b>
Cumulative Fee Revenue	\$392,935	\$6,953,409	\$9,213,613	\$13,683,937	\$17,601,180	\$18,547,196	\$23,163,152	\$23,556,087	\$23,949,022	\$24,833,243	\$25,717,465	\$26,638,624
<i>ROUNDED</i>	<i>\$390,000</i>	<i>\$6,950,000</i>	<i>\$9,210,000</i>	<i>\$13,680,000</i>	<i>\$17,600,000</i>	<i>\$18,550,000</i>	<i>\$23,160,000</i>	<i>\$23,560,000</i>	<i>\$23,950,000</i>	<i>\$24,830,000</i>	<i>\$25,720,000</i>	<i>\$26,640,000</i>
<b>APPROVED PROJECT [1]</b>												
<b>Residential</b>												
Multifamily	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Residential</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Nonresidential</b>												
Retail	\$1,336,936	\$0	\$1,938,558	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hotel	\$0	\$0	\$0	\$596,463	\$0	\$596,463	\$0	\$0	\$0	\$0	\$0	\$0
Office	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886	\$733,886
Medical Office	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hospital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal Nonresidential</b>	<b>\$2,070,822</b>	<b>\$733,886</b>	<b>\$2,672,443</b>	<b>\$1,330,349</b>	<b>\$733,886</b>	<b>\$1,330,349</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>
<b>Total Fee Revenue</b>	<b>\$2,070,822</b>	<b>\$733,886</b>	<b>\$2,672,443</b>	<b>\$1,330,349</b>	<b>\$733,886</b>	<b>\$1,330,349</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>	<b>\$733,886</b>
Cumulative Fee Revenue	\$2,070,822	\$2,804,708	\$5,477,151	\$6,807,500	\$7,541,386	\$8,871,735	\$9,605,621	\$10,339,507	\$11,073,392	\$11,807,278	\$12,541,164	\$13,275,049
<i>ROUNDED</i>	<i>\$2,070,000</i>	<i>\$2,800,000</i>	<i>\$5,480,000</i>	<i>\$6,810,000</i>	<i>\$7,540,000</i>	<i>\$8,870,000</i>	<i>\$9,610,000</i>	<i>\$10,340,000</i>	<i>\$11,070,000</i>	<i>\$11,810,000</i>	<i>\$12,540,000</i>	<i>\$13,280,000</i>

"fees1"

Source: Alleghany Properties, LLC; City of Sacramento Development Services Department; and EPS.

[1] Based on the annual absorption shown in Table A-3 and fee rates shown in Table C-12.

**Table C-12**  
**Natomas Crossing Economic Analysis**  
**Total North Natomas Development Impact Fee Revenue at Buildout (2009\$) [1]**

Land Use [3]	Acres [4]	Units	Sq. Ft.	NN Public Facility Fee [2]		NN Transit Facility Fee		NN Land Acq. Fee		NN Park Land Acq. Fee		Total NN Fees	
				Fee	Revenue	Fee	Revenue	Fee	Revenue	Fee	Revenue	Fee	Revenue
<b>PROPOSED PROJECT</b>				<i>As of Nov. 2008</i>									
<b>Residential</b>				<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>	
Multifamily	9.0	180		\$4,098	\$737,640	\$277	\$49,860	\$1,514	\$272,520	\$536	\$96,480	\$6,425	\$1,156,500
<b>Subtotal Residential</b>	<b>9.0</b>	<b>180</b>			<b>\$737,640</b>		<b>\$49,860</b>		<b>\$272,520</b>		<b>\$96,480</b>		<b>\$1,156,500</b>
<b>Nonresidential</b>				<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>	
Retail	74.7		857,114	\$140,978	\$10,531,057	\$14,954	\$1,117,064	\$34,360	\$2,566,692	\$11,899	\$888,855	\$202,191	\$15,103,668
Hotel	5.0		150,000	\$140,978	\$704,890	\$14,954	\$74,770	\$34,360	\$171,800	\$11,899	\$59,495	\$202,191	\$1,010,955
Office	22.7		440,000	\$115,457	\$2,620,874	\$9,675	\$219,623	\$34,360	\$779,972	\$11,899	\$270,107	\$171,391	\$3,890,576
Medical Office	18.2		600,000	\$77,563	\$1,411,647	\$5,717	\$104,049	\$34,360	\$625,352	\$11,899	\$216,562	\$129,539	\$2,357,610
Hospital	18.2		600,000	\$115,457	\$2,101,317	\$9,675	\$176,085	\$34,360	\$625,352	\$11,899	\$216,562	\$171,391	\$3,119,316
Urban Park	1.0		-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Nonresidential</b>	<b>139.8</b>		<b>2,647,114</b>		<b>\$17,369,785</b>		<b>\$1,691,591</b>		<b>\$4,769,168</b>		<b>\$1,651,581</b>		<b>\$25,482,124</b>
<b>Total</b>	<b>148.8</b>	<b>180</b>	<b>2,647,114</b>		<b>\$18,107,425</b>		<b>\$1,741,451</b>		<b>\$5,041,688</b>		<b>\$1,748,061</b>		<b>\$26,638,624</b>
<b>APPROVED PROJECT</b>													
<b>Residential</b>				<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>		<i>per Unit</i>	
Multifamily	0.0	0		\$4,098	\$0	\$277	\$0	\$1,514	\$0	\$536	\$0	\$6,425	\$0
<b>Subtotal Residential</b>	<b>0.0</b>	<b>0</b>			<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>		<b>\$0</b>
<b>Nonresidential</b>				<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>		<i>per Acre</i>	
Retail	16.2		122,500	\$140,978	\$2,283,844	\$14,954	\$242,255	\$34,360	\$556,632	\$11,899	\$192,764	\$202,191	\$3,275,494
Hotel	5.9		189,000	\$140,978	\$831,770	\$14,954	\$88,229	\$34,360	\$202,724	\$11,899	\$70,204	\$202,191	\$1,192,927
Office	121.5		1,589,000	\$115,457	\$14,028,026	\$9,675	\$1,175,513	\$34,360	\$4,174,740	\$11,899	\$1,445,729	\$171,391	\$20,824,007
Medical Office	0.0		-	\$77,563	\$0	\$5,717	\$0	\$34,360	\$0	\$11,899	\$0	\$129,539	\$0
Hospital	0.0		-	\$115,457	\$0	\$9,675	\$0	\$34,360	\$0	\$11,899	\$0	\$171,391	\$0
Urban Park	0.0		-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Nonresidential</b>	<b>143.6</b>		<b>1,900,500</b>		<b>\$17,143,639</b>		<b>\$1,505,996</b>		<b>\$4,934,096</b>		<b>\$1,708,696</b>		<b>\$25,292,428</b>
<b>Total</b>	<b>143.6</b>	<b>0</b>	<b>1,900,500</b>		<b>\$17,143,639</b>		<b>\$1,505,996</b>		<b>\$4,934,096</b>		<b>\$1,708,696</b>		<b>\$25,292,428</b>

\*fees"

- [1] Buildout expected to occur as follows: **Proposed Project** in Year 12; **Approved Project** in Year 28.  
 [2] NN Public Facilities Fees shown are based on the proposed fees shown in the Nexus Study Update 2008 as of November 2008. The actual fees adopted for 2009 may differ from those shown.  
 [3] Land Use Assumptions as follows:

	<u>North Natomas Plan Designation</u>
Multifamily	Multifamily (>18 du/acre)
Retail	Community Commercial
Hotel	EC-Commercial
Office	EC-50
Medical Office	EC-30
Hospital	EC-50

- [4] There's a difference of 5.2 acres in developable acres between the Proposed and Approved Projects. These acres are designated for office in the Proposed Project while currently designated for roadways in the Approved Project.