
APPENDIX J

**Fiscal and Economic
Impact Analysis
Of Proposed
Yuba Highlands
Specific Plan**

April 2003

**Prepared for
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1. INTRODUCTION

This purpose of this report is to analyze the potential fiscal and economic impacts associated with the proposed Yuba Highlands Specific Plan. The first part of the analysis (fiscal impact analysis) describes the potential recurring (i.e. annual) fiscal impacts of implementation of the plan, beginning with an overview of the proposed development (the project) and the Yuba County budget. The fiscal analysis then quantifies the impact of the proposed development in terms of direct and indirect revenues and expenses to Yuba County and the other agencies responsible for providing public services to the project, including the River Highlands Community Services District (RHCS D), the Smartsville Fire Protection District (SFPD), and local school districts (Wheatland School District and Wheatland Union High School). Part two of the report provides an analysis of the economic effects of the proposed project, including direct and indirect employment and income generation, as well as multiplier effects that contribute to indirect job creation and local economic activity such as retail spending.

2. SUMMARY OF KEY FINDINGS

Based on the fiscal and economic analysis detailed in this report, implementation of the Yuba Highlands Specific Plan is expected to result in the following:¹

- Positive net effect on Yuba County budget, with over \$200,000 in net annual revenues upon completion of phase 1, increasing to over \$800,000 net annual revenues at buildout;
- Total property tax revenues of \$13.2 million annually, about 80 percent of which will accrue to local schools (after ERAF adjustment);
- Over \$350,000 annually in direct sales tax revenue from commercial development;
- Over \$16 million in school impact fees, \$4 million in Yuba County capital facilities fees, and \$4 million in fire district impact fees from residential development alone;
- Over \$580 million of annual direct economic activity at project buildout, with an additional \$362 million of economic multiplier effects resulting from business supplier purchases and employee spending;
- Between \$65 million and \$86 million in annual economic activity during the construction phase;
- By project buildout, the development will generate about 6,860 new jobs, with economic multiplier effects bringing the total job creation to 9,700 jobs.

As described in the report, there are certain cost impacts of the project that will require additional mitigation measures, including the following:

¹ Figures shown in this report are in current (2003) dollars unless otherwise specified.

- River Highlands Community Services District (RHCS D) – which will provide water, wastewater, street maintenance, and other services to the plan area - will charge residents, businesses, and property owners in the plan area annual assessments to be set at a level sufficient to provide adequate funding for ongoing operation and maintenance costs for its various services.
- Parcel charges for the Smartsville Fire Department must be increased from current levels (approx. \$50 per improved parcel) in order to fully fund the annual costs of providing fire protection services to the plan area. At buildout the average charge will need to be an estimated \$240 per improved parcel.
- The school districts will require additional local “gap” funding to pay for construction of the school facilities required to serve the plan area. The extent of the gap - between the costs of the facilities and the revenue generated by school fees plus allocations received from the State – has not been determined.

3. PROJECT DESCRIPTION

The Yuba Highlands Specific Plan encompasses approximately 2,900 acres of currently vacant land located in unincorporated Yuba County adjacent to the Beale AFB, approximately 20 miles east of Maryville.

The plan provides for the development of a maximum of 5,101 dwelling units. The vast majority (over 90%) are single family (SFR) units with an average density of 2.5 units per acre. The remaining ten percent of the housing units are multi-family (MFR), with an average density of 4.4 units per acre.

Proposed non-residential land uses within the Yuba Foothills Specific Plan include three areas designated for commercial retail and services, and an additional three areas for light industrial and/or office (i.e. business park) development.

The core commercial area consists of 143,000 square feet of retail space, with another 42,000 square feet of neighborhood commercial development (i.e. retail stores and services). The three business park areas will occupy 64 acres, with a total of 836,352 square feet of building space. Lastly, a 36-hole golf complex is proposed on 360 acres.

Finally, the Specific Plan also provides for the requisite public improvements including water and wastewater facilities, parks, a fire station, roads and circulation improvements, and schools.

Absorption of the project is expected to take more than 10 years and will be built over time in phases. Table 1 shows the phasing assumptions have been utilized in this analysis.

**TABLE 1
Phasing Assumptions**

	Phase 1		Phase 2		Phase 3		Phase 4		Total	
	Units/ SF	Pop/ Emp	Units/ SF	Pop/ Emp	Units/ SF	Pop/ Emp	Units/ SF	Pop/ Emp	Units/ SF	Pop/ Emp
Residential (du)	1,323	3,374	939	2,394	1,553	3,960	1,286	3,279	5,101	13,008
Retail (SF)	93,110	235	93,110	235					186,219	470
Bus park (SF)			457,380	1,421	196,020	609	182,952	568	836,352	2,598

Source: Yuba Foothills Associates, LLC and ADE

EMPLOYMENT AND POPULATION

According to the most recent population and household estimates published by the Sacramento Area Council of Governments (SACOG), the six-county region (El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba) has an average household size of 2.55 persons per household.² Based on this ratio, it is estimated that at buildout Yuba Highlands will be home to a maximum population of 13,000 people. This represents an increase of approximately 20 percent over the county's 2000 population of 60,219.³

Based on employment yield factors developed by SACOG, the proposed retail and business park development is expected to generate approximately 3,070 jobs.⁴

² <http://www.sacog.org/demographics/pophsg/radlist.htm>. Population Estimates and Housing Unit Inventory estimates for 2001.

³ The 2000 population within unincorporated Yuba County is 45,676

⁴ Job estimates assume average employment density factors (developed by SACOG) of approx. 25 jobs/acre for core retail, 40 jobs/acre for neighborhood commercial, and 20 jobs/acre for business parks.

4. SETTING

4.1 SERVICE PROVIDERS

The Project will be served by the following public agencies:

- **Yuba County** has primary jurisdiction and will provide a number of essential services such as police protection and general government services.
- **River Highlands Community Services District (RHCS D)** will provide water, wastewater, road maintenance, and parks and recreation services.
- **Smartsville Fire District** will provide fire protection and suppression service.
- **Two school districts - Wheatland School District and Wheatland Union High School** - will operate primary and secondary public schools serving students from the plan area.

4.2 CAPITAL IMPROVEMENTS

The primary focus of this analysis is the ongoing costs and revenues (i.e. annual fiscal impacts) that these agencies will incur as they provide services to Yuba Highlands residents and businesses. However, it is also important to recognize the costs to construct the capital improvements that these agencies will need to serve the development—such as schools, parks, treatment plants, fire station, etc. These facilities and the methods that will be used to provide them are generally described within the Specific Plan and the EIR.

For public facilities that fall under the responsibility of Yuba County, new development within the county is currently charged a countywide *capital facilities fee*, which varies depending on the area of benefit in which the development occurs. However, this existing fee structure, which was adopted in 1992, is outdated and inadequate.⁵ It is the

⁵ The existing capital facilities fee ordinance that was adopted in 1992 was intended to be phased in over a three-year period in one-third increments. However, the phasing was never implemented, so that the current fee of \$852 per unit represents just one-third of the originally intended fee. Source: Pete Calarco, Yuba County Planning Department.

intention of the County Planning Department, therefore, that upon approval of the Specific Plan they will develop a new, unique capital facilities fee for Yuba Highlands that will be sufficient to fully mitigate the cost of adding and improving the public facilities that will be impacted by the project.

For illustrative purposes, Table 2 shows the breakdown of the County's existing capital facilities fee that would apply to Yuba Highlands. At buildout the total fee of \$852 per unit would generate \$4.4 million, or approximately \$1 million per phase of development based on the phasing assumptions presented in Table 1.

TABLE 2
Countywide Capital Facilities Fee

	Cost/du	Phase 1	Phase 2	Phase 3	Phase 4	Total
General Government	\$205	\$270,871	\$192,251	\$317,961	\$263,296	\$1,044,379
Criminal Justice	\$254	\$336,254	\$238,656	\$394,710	\$326,850	\$1,296,470
Social Services	\$71	\$93,404	\$66,293	\$109,642	\$90,792	\$360,131
Library	\$71	\$93,404	\$66,293	\$109,642	\$90,792	\$360,131
Law Enforcement	\$85	\$112,085	\$79,552	\$131,570	\$108,950	\$432,157
Parks	\$21	\$28,021	\$19,388	\$32,893	\$27,237	\$108,039
Traffic	\$146	\$193,158	\$137,094	\$226,738	\$187,756	\$744,746
Total	\$852	\$1,127,196	\$800,028	\$1,323,156	\$1,095,672	\$4,346,052

4.3 COUNTY BUDGET OVERVIEW

REVENUES

According to the current approved budget for the fiscal year ending June 30, 2003 total revenues for the year are expected to be \$103.5 million, which would represent a modest four percent increase from the previous year. Actual FY 2001-02 revenues were 12 percent higher than actual FY 2000-01. Nearly all of this growth is attributable to increased levels of aid from other government agencies, primarily State subventions. A breakdown of budgeted Yuba County revenues for the current budget year is shown in Table 3.

TABLE 3
County of Yuba 2002-03 Budget Revenues

Revenues	Board Approved FY 2002-03	Percent of Total Revenues
Taxes	\$8,787,000	8.5%
Licenses, Permits And Franchises	\$1,448,520	1.4%
Fines, Forfeitures And Penalties	\$473,000	0.5%
Use Of Money (Interest Income)	\$975,700	0.9%
Aid From Other Govt Agencies	\$73,857,263	71.5%
Charges For Current Services	\$9,037,972	8.7%
Operating Transfers	\$8,895,006	8.6%
COUNTY TOTALS	\$103,474,461	100.0%

Source: Final County Budget, County of Yuba, CA for the Fiscal Year
Ending June 30, 2003

Taxes contribute \$8.8 million, or about 9 percent, of all revenues. Of the tax revenues, over two-thirds come from property taxes and 22 percent from the sales tax. A detailed breakdown of tax revenue received by the County is shown in Table 4.

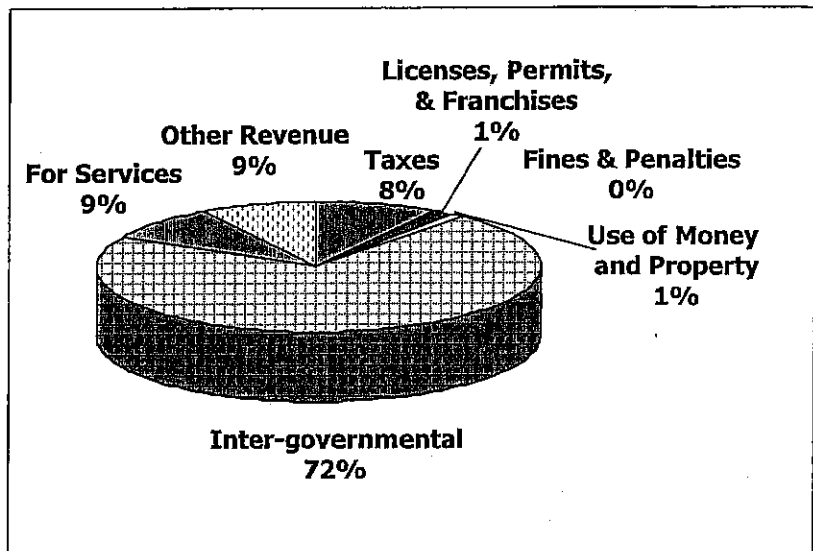
TABLE 4
Distribution of Yuba County Tax Revenues

	Board Approved FY 2002-03	Percent of Total
Property Tax	\$5,955,000	68%
Sales & Use Tax	\$1,950,000	22%
Transportation Sales Tax	\$670,000	7%
Real Property Transfer Tax	\$162,000	2%
Timber Taxes	\$50,000	1%
TOTAL	\$8,787,000	100%

Source: Final County Budget, County of Yuba, CA for the
Fiscal Year Ending June 30, 2003

Although fees for current services that are charged by the various County departments provide less than 10 percent of County revenues and only cover a small fraction of general fund appropriations, these program-specific revenues are a major source of discretionary revenue that helps to offset the cost of providing services. Figure 1 provides a graphic illustration of the County's revenue sources.

FIGURE 1
2002-2203 Yuba
County Budget
Revenues



EXPENDITURES

Essentially, there are two basic types of services that the County provides—those that are available to all County residents (as well as businesses and visitors) regardless of whether they reside in one of the County’s two incorporated cities or within the unincorporated territory of the County; and those that are provided only to unincorporated area residents because there is not a city to do so.⁶ It follows that, from a fiscal perspective, the County incurs two types of costs - *Countywide* costs (e.g. medical and social services, courts, and probation) and *municipal* costs (e.g. police protection through the sheriff patrol, and land use planning). Table 5 shows total expenditures by function.

⁶ The County also provides a number of services through special districts such as county service areas, and Yuba County has about 60 different special districts that are governed by the Board of Supervisors. These districts are primarily funded through property tax overrides, but may also derive funding from enterprise revenues, special assessments, intergovernmental aid, etc.

**TABLE 5
Yuba County Expenses, 2002-2003**

Expenses	Board Approved FY 2002-03	Percent of Total Expenses
General Government	\$16,224,930	15.3%
Public Protection	30,021,718	28.3%
Public Ways And Facilities	5,968,282	5.6%
Health And Sanitation	7,095,443	6.7%
Public Assistance	45,986,406	43.4%
Education	669,682	0.6%
COUNTY TOTALS	\$105,966,461	100.0%

The main expenditures of the County include public assistance and public protection, together totaling over 70 percent of all County expenditures—or \$46 million and \$30 million, respectively. General government functions, which account for 15 percent of county expenditures or \$16.2 million, include a number of tax and finance functions such as the auditor-controller, treasurer/tax collector, and assessor; as well as administrative functions such as personnel, elections, property management and information services. Health and sanitation and public ways and facilities together make up 12 percent of the expenditures, with \$7 million and \$6 million budgeted, respectively. Although relatively little of the County's budget is allocated to support education, local school districts receive a substantial portion of the property tax revenues as discussed in section 5.4.

NET COUNTY COST

Aid from other government agencies is the County's largest source of revenue, contributing over 70 percent of the County's total budget. A detailed breakdown of the County's intergovernmental revenue is provided in Table 6.

TABLE 6
Aid From Other Government Agencies

	Board Approved FY 2002-02	Percent of Total
Social Services Admin.	\$39,840,149	54%
Motor Vehicle-In-Lieu	\$3,800,000	5%
Other State Subventions*	\$22,856,844	31%
Federal Subventions	\$4,906,743	7%
Other Agencies	\$2,453,527	3%
TOTAL	\$73,857,263	100%

Source: Final County Budget, County of Yuba, CA for the Fiscal Year Ending June 30, 2003

* Includes Gas Tax revenue—which is used for maintenance of county roads—of nearly \$6 million.

A significant portion of the County budget is concerned with state mandated activities, and the State directly provides the County with \$66 million in aid to pay for such activities. The County also receives about \$5 million in federal funds and \$2.5 million from other governmental agencies. Table 7 shows how the total of approximately \$74 million in outside funding is distributed, and the resulting net County cost of services. A total of about \$32 million (30 percent of all county expenditures) are funded locally.

TABLE 7
Distribution of Government Aid and Net County Costs

Expenses	Board Approved 7/1/02 – 6/30/03	Aid from Other Govt Agencies	Net County Cost	% Funded by Outside Revenue	% Funded by County
General Government	\$16,224,930	\$9,202,964	\$7,021,966	57%	43%
Public Protection	30,021,718	11,717,997	18,303,721	39%	61%
Public Ways and Facilities	5,968,282	5,687,113	281,169	95%	5%
Health and Sanitation	7,095,443	2,599,053	4,496,390	37%	63%
Public Assistance	45,986,406	44,112,289	1,874,117	96%	4%
Education	669,682	537,847	131,835	80%	20%
COUNTY TOTALS	\$105,966,461	\$73,857,263	\$32,109,198	70%	30%

4.4 EXISTING SITE CONDITIONS

The 2,900-acre site currently includes 15 parcels with a combined assessed value of \$3,823,167.⁷ Table 8 identifies the specific parcels, associated land values, and their respective tax rate areas.

TABLE 8
2002 Project Site Assessed Values

Parcel Number	Assessed Value	Acres	Tax Rate Area	1% TAX
019-020-018	153,000	40	077-028	\$1,530.00
019-020-020	200,000	160	077-028	\$2,000.00
019-030-016	456,831	247	077-027	\$4,568.31
019-030-029	9,337	20	077-027	\$93.37
019-030-030	745	1	077-027	\$7.45
019-030-031	8,680	19	077-027	\$86.80
019-040-016	611,450	489	077-027	\$6,114.50
019-040-018	398,887	319	077-027	\$3,988.87
019-040-021	348,387	279	077-027	\$3,483.87
019-130-029	117,500	94	077-027	\$1,175.00
019-130-031	380,260	304	077-027	\$3,802.60
019-130-032	282,500	226	077-027	\$2,825.00
019-140-030	400,000	320	077-028	\$4,000.00
019-140-031	400,000	320	077-028	\$4,000.00
019-140-033	55,590	45	077-028	\$555.90
	3,823,167	2,883		\$38,232

There are currently no dwelling units on any of the parcels, nor are there any other kind of structural improvements. Consequently, there are no costs to provide public services to the site at present. Table 8 provides a breakdown on current revenues generated by the 15 parcels. The site presently contributes \$38,232 in property tax revenues and an additional \$1,678 levy for the Wheatland School District Building Fund. The property owners also currently pay parcel charges totaling \$872 annually to the Smartsville Fire District.

⁷ Source: Yuba County Assessor's Office

5. PROJECT IMPACTS

This section provides an overview of how implementation of the Specific Plan will impact the aforementioned public agencies that will serve the development.

5.1 YUBA COUNTY

Table 9 shows the detailed analysis, by phase, of the estimated fiscal impacts that the County would incur as a result of implementation of the Yuba Highlands Specific Plan. The analysis indicates that the project will have a positive impact on the Yuba County budget. Upon completion of phase one, the project will generate annual net revenues of \$235,000. These net revenues will gradually increase as the project is built out. Upon completion of the project, the plan area will generate \$9.9 million in annual revenues against \$9.1 million in annual costs, for a positive net impact of \$827,000 annually.

TABLE 9
Estimated Fiscal Impacts on Yuba County
(in thousands)

REVENUES	PHASE 1	PHASE 2	PHASE 3	PHASE 4 (BUILDOUT)
Property Tax	\$639	\$1,197	\$1,966	\$2,607
Sales & Use Tax	\$184	\$369	\$369	\$369
Real Property Transfer Tax	\$23	\$43	\$70	\$93
Motor Vehicle-In-Lieu	\$281	\$480	\$809	\$1,082
Licenses, Permits And Franchises	\$107	\$183	\$309	\$413
Fines And Forfeitures	\$35	\$60	\$101	\$135
Use Of Money	\$15	\$28	\$47	\$64
Charges For Current Services	\$668	\$1,141	\$1,925	\$2,574
Other Revenue	\$670	\$1,145	\$1,931	\$2,581
Total	\$2,621	\$4,646	\$7,527	\$9,917
EXPENSES				
General Government	\$744	\$1,272	\$2,145	\$2,868
Public Protection	\$1,258	\$2,151	\$3,628	\$4,851
Public Ways And Facilities	\$43	\$47	\$52	\$56
Health And Sanitation	\$234	\$401	\$676	\$904
Public Assistance	\$98	\$167	\$282	\$377
Education	\$9	\$15	\$26	\$35
Total	\$2,386	\$4,053	\$6,808	\$9,091
NET ANNUAL REVENUE	\$235	\$592	\$718	\$827

REVENUES

The project would generate a number of revenues for the County of Yuba including property taxes, sales taxes, and a variety of other taxes and fees. When completed, the project would generate about \$10 million in annual revenue for Yuba County's General Fund. The major sources of revenue generation are discussed below.

Property Tax

Yuba County is highly dependent on its property tax base for its discretionary revenues. Aside from intergovernmental revenues, which are essentially non-discretionary in nature since they primarily fund State-mandated costs and/or are beyond the County's control, the property tax is the largest single revenue source, and provides five times as much revenue as the sales tax. However, the property tax has a number of limitations that affect the amount of revenue the County receives to pay for local services. Under the rules established by Proposition 13, assessed values for property can only rise two percent per year unless the property is resold or otherwise improved. This means that much of the property tax base is held to a rate of increase well below the typical annual increase in the cost of providing services.

Due to the Prop 13 limitation, the property tax is much more effective as a funding source in areas that experience significant real estate and development activity. The proposed Yuba Highlands Project, therefore, will provide a significant boost in the County's discretionary revenues, as discussed in the impacts section below.

The property tax is based on the assessed valuation of real property such as land, buildings, and certain types of fixtures. Yuba County's current total assessed valuation is approximately \$2.5 billion.⁸

Based on pricing information provided by the project sponsors, Table 10 provides valuation estimates for residential and commercial/industrial development. Overall, the proposed residential units will have an estimated market value of nearly \$2 billion, with a per unit value of about

⁸ Final County Budget, County of Yuba, CA for the Fiscal Year Ending June 30, 2003, p. 13

\$235,000 on average, and an average value per acre of \$577,000 (Table 10A).

**TABLE 10A
VALUATION ESTIMATES
Residential Summary**

Unit Types	Acres	Dwelling Units	Avg. Density (du/acre)	Estimated Value	Value/du (weighted Avg.)	Avg. Value/ac.
Single Family	1,985	4,681	2.4	\$1,444,626,000	\$244,526	\$576,638
Multi Family	94.5	420	4.4	\$55,000,000	\$130,952	\$582,011
Residential Subtotal	2,079	5,101	2.5	\$1,199,626,000	\$235,175	\$576,882

**TABLE 10B
Non-Residential Summary**

Unit Types	Acres	Building Area (sq. ft.)	Avg. value / sq. ft.	Estimated Value	Avg. Value/ac
Core Retail	16.5	143,748	\$150	\$21,562,200	\$1,306,800
Neighborhood Commercial	3.9	42,471	\$150	\$6,370,650	\$1,633,500
Business Park	64.0	836,352	\$100	\$83,635,200	\$1,306,800
Golf Course	360			\$12,500,000	\$34,722
Subtotal Comm. / Ind.	444	1,022,571	\$109.11	\$124,068,050	\$279,181

Source: Yuba Foothills Associates, LLC and Applied Development Economics

Additionally, the proposed non-residential development is estimated to contribute approximately \$124 million in total assessed valuation as shown in Table 10B.⁹

With a total estimated valuation of \$1.32 billion at buildout, the completed project will generate over \$13 million in total property tax revenues per annum. Of this amount, Yuba County will receive an estimated \$2.6 million annually (after accounting for ERAF adjustments), while the remainder will be distributed to schools (and a very small portion to the

⁹ Assessed valuation estimates are based on the average values of comparable business park facilities in more established areas of the region, such as Lincoln and Roseville.

Yuba County Water Agency). Table 11 provides a detailed breakdown of how the property taxes from the Yuba Highlands project would be distributed.

TABLE 11
Distribution of Estimated Property Tax Revenue

Agency	Before ERAF Adjsmt	After ERAF Adjsmt	Difference	Est. Prop Tax at Buildout
Yuba County	0.590066	0.199004	(0.391062)	\$2,634,204
Wheatland HS	0.137803	0.274302	0.136499	\$3,630,917
Wheatland Elementary	0.104769	0.208546	0.103777	\$2,760,517
Yuba Community College	0.093366	0.185848	0.092482	\$2,460,064
County School Services Agency	0.062513	0.124434	0.061921	\$1,647,130
Yuba County Water Agency	0.011771	0.008153	(0.003618)	\$107,921
Total	100%	100%	0.39468	\$13,240,753

Source: Office of Yuba County Auditor, and ADE.

Note: Increment factors before ERAF are for Tax Rate Area (TRA) 077-028. Increment factor after subtracting for ERAF represent an average across all county TRAs.

Sales and Use Tax

Sales tax receipts are another important source of discretionary revenue. The County expects to receive a total of \$2.62 million in sales tax revenue in the current fiscal year, which corresponds to an estimated \$262 million in taxable sales within county jurisdiction.

The Yuba Highlands plan includes approximately 185,000 square feet of commercial space. Assuming that businesses occupying this space are able to capture an average of two hundred dollars of gross taxable sales per square foot (i.e. sales tax revenue of \$2 psf), the project will generate approximately \$370,000 per year in direct sales tax revenue for Yuba County.¹⁰ In addition, the project will generate household retail spending that will be captured by businesses outside of the plan area. This indirect sales tax revenue is discussed in the economic impacts section of this report.

Other Taxes and Fees

Other anticipated revenues generated by the project on an annual basis include those that can be categorized under *current services*, (\$2.6 million at buildout) - such as document reproduction, sales charges, and special police and fire

¹⁰ In California, municipalities receive one percent of gross taxable sales receipts for transactions that occur within their jurisdiction.

services; *licenses, permits & franchises* (\$413,000 at buildout) and *finer and forfeitures* (\$135,000 at buildout).

The revenues calculations presented in Table 9 exclude items such as building permit and plan check fees paid to the Planning Department by developers and/or property owners, as these fees are paid on one-time basis to fund the cost of providing specific services, as opposed to annually such as when paying a property tax. Nonetheless, the project will generate a significant amount of such one-time revenues.¹¹

The project would also bring revenues into the county budget from outside sources. For example, at full build-out the new population would generate an estimated \$1.1 million in motor vehicle-in-lieu fees, which are paid and distributed from the State on the basis of a population-driven formula.¹²

EXPENSES

Buildout of the specific plan will result in substantial costs for the provision of essential public services including water, sewer, street maintenance, education, fire and police protection, etc. The majority of direct services to the plan area will be provided through the River Highlands Community Services District, as well as the Smartsville Fire District and the school districts. These agencies' roles are described in more detail below. Of course, the County will also provide services to and be impacted by the project. As shown in the bottom portion of Table 9 above, the County will incur an estimated \$2.4 million in annual (direct and indirect) expenses upon completion of the initial phase of project; this figure will increase as the project is developed over time, to just over \$9 million at buildout.¹³

¹¹ As a rough estimate, the permitting process will generate approximately \$12,000 per unit in fee revenue, which will support about \$60 million of county services by the time the project is fully developed.

¹² With the exception of motor-vehicle-in-lieu fees, all intergovernmental revenues (including gas taxes) are also excluded from the revenue analysis and treated instead as offsets to county expenditures in the calculation of net county costs (Table 7).

¹³ County expenses estimated using per capita multipliers developed through an analysis of the County budget, which is presented in the section above titled 'County Budget Overview.' The multipliers are based on the net county costs shown in Table 7.

5.2 RIVER HIGHLANDS COMMUNITY SERVICES DISTRICT

Community Service Districts (CSDs) are a type of independent special district that may be used to pay for a wide variety of public facilities and services that may be required by residents and property owners within the district, such as fire protection, garbage collection, sewage treatment, street lighting, etc.

POWERS

Government Code section 61600 provides that a CSD may exercise the following powers:

- Supplying domestic, irrigation, sanitation, industrial, fire protection, and recreational water;
- Collection, treatment, and disposal of sewage and storm water;
- Garbage collection and disposal;
- Fire protection;
- Public recreation, including aquatic parks and recreational harbors, playgrounds, golf courses, swimming pools or recreation buildings;
- Street lighting;
- Equipment and maintenance of a police department or police protection;
- Acquisition, construction and maintenance of library buildings and providing library service (in cooperation with other agencies);
- Construction, surfacing, and maintenance of streets (subject to the consent of the affected city or county);
- Construction and improvement of bridges, culverts, drains, and curbs incidental to roads (subject to the consent of the affected city or county).

FUNDING

CSDs are empowered to levy ad valorem property taxes, general taxes, special taxes, special assessments (upon formation of an improvement district within the CSD), water standby and delivery charges, and "rates and other charges." Like Mello-Roos special taxes, fees assessed against real property in a CSD must directly relate to the benefit being received. A CSD may be broken into zones for the purpose of financing capital improvements or services that will benefit

only limited areas of the CSD. Within each such zone, bonds may be issued, special rates or charges may be collected, or special taxes levied to pay for the improvements or services being provided.

The River Highlands Community Services District (RHCS D) was formed 20 years ago to assist in the development of and providing public services to the River Highlands Community Plan. The RHCS D currently serves one active development known as Gold Village, which is very small (about 100 lots) compared to the proposed Yuba Highlands project. All of the RHCS D's costs for providing services to Gold Village are paid by the residents who benefit from those services through service charges and fees.

Upon adoption and implementation of the Yuba Highlands Specific Plan, the CSD will provide the following services to residents and businesses within the Plan Area:

- **Water and wastewater** – The plan anticipates that public water (supply, treatment, distribution) and wastewater (treatment, collection, storage) systems serving the development will be constructed, owned, and operated by the RHCS D, which will charge user fees at a rate sufficient to cover ongoing operational costs and establish a healthy reserve fund.
- **Street maintenance and lighting** – Yuba County generally requires the formation of a County Service Area (CSA) to provide funding of local roads in newly developed areas. In this case, it is expected that maintenance of internal roads within Yuba Highlands will be funded through an assessment charged by the RHCS D. The alternative would be to form a CSA to act as a pass-through agent to the CSD.
- **Parks** – RHCS D will charge residents an annual assessment to fund the maintenance and operation of parks, trails and any other recreational facilities within the plan area.

Due to the large scale of the proposed development, provision of these services will require that the CSD have permanent staff and facilities onsite. With a projected population of 13,000 residents at buildout, the CSD will essentially function as the public works department of a

small- to mid-size city. As a result, the CSD will need to develop and file an annual budget according to State guidelines.

At this stage, however, no cost and revenue estimates have been developed by the CSD. The cost/revenue analysis will be highly dependent on the phasing of construction of public facilities and the rate of buildout (i.e. absorption) of the project. The key point for this report, therefore, is that one hundred percent of the costs to provide the aforementioned services to the Yuba Highlands Specific Plan will be paid by the residents, businesses, and landowners within the plan area (i.e. those who receive benefit from the services).

5.3 SMARTSVILLE FIRE DISTRICT

The Smartsville Fire District (SFD) will provide fire protection and suppression services as well as respond to calls for emergency medical assistance. To do so, the District will require a fully equipped and staffed fire station. Table 12 shows the breakdown of estimated capital costs for fire protection facilities.¹⁴

TABLE 12
Cost Estimates for Fire Protection
Facilities

Item	Est. Cost
Station	\$1,500,000
Truck	\$700,000
Engine	\$250,000
Utility Vehicle	\$30,000
Apparatus Equipment	\$296,000
Station Equipment/Furnishings	\$328,000
Total	\$3,104,000

Source: Rob Paulus, Battalion Chief, Smartsville Fire District

¹⁴ Cost estimates provided by Rob Paulus, Battalion Chief for the Smartsville Fire District

To pay for these facilities, the District will receive development impact fees. The current impact fee of \$0.53/sf of building will eventually provide a sufficient level of funding to pay for the fire facilities.¹⁵ However, because the impact fees will be collected over time as the project is built out and the facilities will have to be constructed in advance of much of the development, some type of private or public financing will likely be required. For example, the project sponsors could use private funds to construct the necessary facilities pursuant to a development agreement in which their costs to do so are reimbursed with future impact fee revenue.

The staffing level of the facility will be phased in over time as the project is built and occupied. At buildout, the annual cost to operate the facility (assuming a staff of six on-duty personnel) is approximately \$1.3 million. Because the SFD receives no property tax, it will need to charge an assessment to pay for its operating expenses. The SFD's current charge of approximately \$50 per improved parcel would only fund about 20 percent of the estimated costs. In order to fully fund the SFD operating budget, they will have to charge an annual fee of approximately \$240 per unit at buildout. However, this charge may need to be higher in the early phases of development, but will decline and level off as the project is built out and the cost can be spread across a greater number of units.

5.4 SCHOOLS

According to the Specific Plan, the project is expected to result in the need for four elementary schools, one middle school, and one high school. These estimates are based on the 1991 Wheatland School District Ten Year Facilities Master Plan, and will need to be revised to reflect the more most recent (2001) Master Plan. In addition, the need for school facilities must account for the mix of housing product types and the resulting student yields, as the project sponsors anticipate that more than one-quarter of the homes within Yuba Highlands will be senior housing.

¹⁵ Assuming an average dwelling unit size of 1,500 sq. ft., the residential component of the proposed project will generate in excess of \$4 million in fire facilities mitigation funds based on the current fee.

Joint planning between the project sponsor and the school districts is ongoing at this time. Currently, the Specific Plan includes three designated school sites (two elementary schools and one middle school) on approximately 45 acres. The plan also states that a high school site is expected to be located within the Community Plan Area but outside of the Specific Plan.¹⁶ These designations are subject to the discretion of the school districts, and changes to the plan with respect to school facilities will be made to reflect the districts' most recent position.

Funding for school facilities will come from a combination of state and local sources. In general, approximately one-third of the funding for school facilities is derived from school fees, one-third from state allocations, and one-third (or whatever is left over) from local assessments.

The current fee of \$2.14 per square foot of residential development will generate approximately \$3 – \$5 million in each phase of development, for a total of \$16.4 million at buildout for each of the two districts.¹⁷ To the extent that school facilities must be constructed in advance of fee revenue (which accumulates over time as development occurs) becoming available, some type of local financing mechanism will be an important component of the schools financing program.

As noted previously, the schools will receive a significant portion of the property tax revenue to fund operating costs. Table 13 shows the amount of estimated property tax revenue that will accrue to the school districts annually, by phase. After the initial phase, the project will generate an estimated \$1.8 million annually for Wheatland Elementary and Wheatland HS combined. This revenue will increase steadily as development occurs, reaching an estimated \$7 million per year at buildout. The project will generate an additional \$2.3 million in property tax revenue for Yuba Community College, bringing to \$9.3 million the total amount

¹⁶ Yuba Highlands Specific Plan, September 2002 Draft, p. 82.

¹⁷ Assumes an average unit size of 1,500 sq. ft.

of property tax revenue that will accrue to local schools annually at buildout.¹⁸

TABLE 13
Property Tax Revenue to School Districts by Phase

Property Tax Revenue	Rate	Phase 1	Phase 2	Phase 3	Phase 4	Totals
Wheatland Unified High School	0.274302	\$880,657	\$633,127	\$1,059,687	\$883,669	\$3,457,140
Wheatland School District	0.278546	\$905,338	\$642,923	\$1,076,082	\$897,341	\$3,521,684
Yuba Community College	0.185781	\$603,831	\$428,808	\$717,711	\$598,497	\$2,348,847
Annual Total		\$2,389,827	\$1,704,859	\$2,853,480	\$2,379,506	\$9,327,672
Cumulative Total		\$2,389,827	\$4,094,685	\$6,948,166	\$9,327,672	

Source: Office of Yuba County Auditor, and ADE

¹⁸ The County School Services Agency will also receive an estimated \$1.6 million in annual property tax revenue at project buildout.

6. ECONOMIC EFFECTS

This section discusses the non-fiscal economic effects resulting from the Yuba Highlands project. The impacts are divided into two major groupings—those economic effects generated during the construction phase and recurring effects that ongoing activities at the project site will generate as new businesses open and residents move into the new housing units.

These economic effects will occur in a number of ways. First, the construction phase of the project will create construction jobs and generate demand for material and services. Once completed, the project will generate economic effects in two ways – the new jobs provided through the retail, industrial, and office space, and the spending activity that new homeowners and residents will generate. The jobs, business revenue, and personal income generated during these phases are known as the *direct effects*.

In addition to direct effects, the project will also generate *multiplier benefits*. These multipliers are defined as *indirect* and *induced* effects. Using an input-output model and other data sources, this section identifies these multiplier effects. These multipliers represent ancillary economic activity generated by the new households and new businesses.

The indirect effects result from supplier purchases made by businesses. For example, indirect effects created by a manufacturing facility would include machinery, raw materials, transportation services, business services, and building maintenance. Basically, the indirect effects account for all of the commodities and services that a business needs to purchase in order to operate. The induced effects are generated by the employees and their purchases of local services and retail goods.

6.1 ANNUAL ECONOMIC EFFECTS

The economic effects for the Yuba Highlands project will occur both on an ongoing basis as the land uses phase in, and for the duration of the project's construction. These economic effects will occur in a variety of areas. For this

analysis, the economic effects being analyzed include employment, economic output (business revenue), and labor income.

EMPLOYMENT EFFECTS

Employment simply refers to the new jobs that the various activities in the Yuba Highlands project will generate. Direct jobs include the construction employment, the jobs generated by the retail and business park uses as they come on line, and the jobs that will be created due to household spending by new residents. The indirect jobs result from supplier purchases, while the induced jobs come from household spending by employees.

Based on the phasing assumptions for the project, the total annual jobs created by the project are shown in Table 14. The construction employment is based on a 12-year buildout period, and shows that the construction employment will peak during the third phase of the project with 513 direct and 1,071 total jobs created.

The total economic impact from the non-residential uses will come from a combination of business activity generated by industrial and office-related businesses, and local serving businesses such as retail stores and personal services. With the business park and retail uses, the employment generated by those businesses will gradually phase in as construction progresses. This means that the number of jobs created by these uses will accrue with as each phase is completed. By the end of Phase 4, the Yuba Highlands project will generate a total of 3,069 jobs resulting directly from the operations of new businesses in the business park and the retail commercial centers (see Table 14). About 471 jobs will derive from retail uses, while business park uses will produce about 2,598 jobs.¹⁹

By the end of Phase 4, the direct jobs generated by the business park and retail uses will reach 3,069, with a total job count of 4,608 after accounting for the indirect and induced

¹⁹ Retail commercial jobs include retail stores, as well as personal services. The business park uses include manufacturing, professional services, and finance, insurance, and real estate (FIRE) industries. In the input-output model, these uses were grouped together into separate retail and business park aggregations.

jobs. After the buildout of the project, it is expected that this employment level will continue.²⁰

TABLE 14
Annual Employment And Multiplier Effects By Project Phase And Land Use/Activity

Annual Employment Effects by Phase and Land Use	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
PHASE 1				
Construction Generated Employment	453	280	191	905
Business Park Employment	10	10	0	20
Retail Employment	236	25	39	287
Household Spending Generated Employment	983	144	232	1,391
Total Annual Employment Effects	1,652	407	464	2,523
PHASE 2				
Construction Generated Employment	391	253	172	815
Business Park Employment	1,421	323	462	2,206
Retail Employment	471	25	79	575
Household Spending Generated Employment	1,681	196	400	2,276
Total Annual Employment Effects	3,963	796	1,113	5,872
PHASE 3				
Construction Generated Employment	512	327	226	1,071
Business Park Employment	2,030	461	660	3,191
Retail Employment	471	25	79	575
Household Spending Generated Employment	2,835	330	671	3,889
Total Annual Employment Effects	5,848	1,143	1,639	8,635
PHASE 4				
Construction Generated Employment	427	277	189	893
Business Park Employment	2,598	590	845	4,033
Retail Employment	471	25	79	575
Household Spending Generated Employment	3,791	441	902	5,133
Total Annual Employment Effects	7,287	1,333	2,013	10,633
ONGOING AFTER BUILDOUT				
Construction Generated Employment	0	0	0	0
Business Park Employment	2,598	590	845	4,033
Retail Employment	471	25	79	575
Household Spending Generated Employment	3,791	441	902	5,133
Total Annual Employment Effects	6,860	1,056	1,826	9,742

Source: ADE, multiplier data from IMPLAN Impro Professional input-output model

Notes: The employment described in the table includes the jobs that will be created at the conclusion of each phase. The construction generated effects described in this table only include jobs generated during construction of the Yuba Foothills Project. The calculations assume a 12- year buildout.

Direct impacts result from the activities in the proposed project, household spending, and construction activities. Indirect impacts result from supplier purchases made by construction and business activities. Induced impacts result from increased demand for local-serving retail and services by the new employees.

²⁰ The employment assumes that all available space will be occupied by businesses. It does not account for vacancies. Any major renovations that add or eliminate usable building square footage will also affect the job count.

In addition, the annual employment generated by household spending will gradually increase from 1,331 jobs at the end of Phase 1 to 5,133 when the housing units are built out. In making these calculations, we have assumed the 471 on-site retail jobs fulfill part of the project's multiplier effect. To avoid double-counting the employment benefits of the project, these on-site retail jobs have been subtracted from the total multiplier effect of the project to get the 3,791 figure shown in Table 14.

INDUSTRY OUTPUT EFFECTS

Economic *output* represents the value of all the overall economic activity that a land use or industry activity generates on an annual basis. This total output value includes the value of all supplier purchases and business costs (inputs); and labor income, property income, and other components that add value to a commodity or service and generate revenue as a result (outputs).

The value of the construction output represents the total value of the improvements on the property that will occur as construction of buildings and facilities progresses. The impacts shown in Table 15 assume that these construction impacts will be phased in over a 12-year period.²¹ On an annual basis, the construction output will range between \$65 million and \$86 million, with the peak annual construction output occurring during Phase 3. With the multiplier effects accounted for, the total economic activity generated through building and facility construction will range from \$101 million to \$133 million annually.

As with the other economic measures, the value of the overall economic contribution made by the business park and retail uses, and new Yuba Highlands households will increase as the buildings are completed and new businesses and residents move in. As shown in Table 15, once completed the economic output of the Yuba Highlands project will total about \$581 million annually, and generate multiplier effects worth over \$260 million to the Yuba County economy.

²¹ Over a 12-year period, the total construction phase value will come out to about \$882 million.

TABLE 15
Annual Industry Output And Multiplier Effects By Project Phase And Land Use/Activity

Annual Economic Output Effects by Phase and Land Use	Direct Impact	Indirect Impact	Induced Impact	Total
PHASE 1				
Construction Generated Economic Output	\$72,245,016	\$24,575,758	\$15,365,076	\$112,185,850
Business Park Economic Output	\$0	\$0	\$0	\$0
Retail Economic Output	\$9,995,235	\$242,051	\$6,155,783	\$16,393,069
Household Spending Generated Output	\$78,120,117	\$13,429,464	\$9,250,856	\$100,800,437
Total Annual Economic Output	\$155,360,363	\$39,047,269	\$24,771,715	\$219,179,350
PHASE 2				
Construction Generated Economic Output	\$65,118,551	\$21,971,261	\$13,849,422	\$100,939,235
Business Park Economic Output	\$152,437,443	\$33,153,096	\$37,124,085	\$222,714,626
Retail Economic Output	\$19,990,470	\$2,484,101	\$6,311,566	\$28,786,138
Household Spending Generated Output	\$125,017,162	\$22,961,029	\$32,914,162	\$180,892,352
Total Annual Economic Output	\$362,563,625	\$80,569,487	\$90,199,236	\$533,332,351
PHASE 3				
Construction Generated Economic Output	\$85,517,381	\$28,853,909	\$18,187,848	\$132,559,138
Business Park Economic Output	\$217,767,775	\$47,361,566	\$55,034,408	\$318,163,751
Retail Economic Output	\$19,990,470	\$2,484,101	\$6,311,566	\$28,786,138
Household Spending Generated Output	\$210,849,015	\$38,725,166	\$55,511,779	\$305,085,960
Total Annual Economic Output	\$534,124,631	\$117,424,741	\$135,045,599	\$786,594,971
PHASE 4				
Construction Generated Economic Output	\$71,273,286	\$24,047,894	\$15,158,412	\$110,479,592
Business Park Economic Output	\$278,742,752	\$60,622,804	\$67,884,042	\$407,249,601
Retail Economic Output	\$19,990,470	\$2,484,101	\$6,311,566	\$28,786,138
Household Spending Generated Output	\$281,924,200	\$51,779,049	\$74,224,200	\$407,927,449
Total Annual Economic Output	\$651,930,708	\$138,933,847	\$163,578,220	\$954,442,780
ONGOING AT BUILDOUT				
Construction Generated Economic Output	\$0	\$0	\$0	\$0
Business Park Economic Output	\$278,742,752	\$60,622,804	\$67,884,042	\$407,249,601
Retail Economic Output	\$19,990,470	\$2,484,101	\$6,311,566	\$28,786,138
Household Spending Generated Output	\$281,924,200	\$51,779,049	\$74,224,200	\$407,927,449
Total Annual Economic Output	\$580,657,422	\$114,885,954	\$148,419,808	\$843,963,188

Source: ADE, multiplier data from IMPLAN Impro Professional input-output model

Notes: The employment described in the table includes the jobs that will be created at the conclusion of each phase. The construction generated effects described in this table only include jobs generated during construction of the Yuba Foothills Project. The calculations assume a 12- year buildout.

Direct impacts result from the activities in the proposed project, household spending, and construction activities. Indirect impacts result from supplier purchases made by construction and business activities. Induced impacts result from increased demand for local-serving retail and services by the new employees.

The industry output reflects the sum of the estimated commodity inputs that the proposed project would require and the value added (includes labor income, property income, and indirect business taxes).

INCOME EFFECTS

One of the significant economic effects generated by the Yuba Highlands project is *labor income*. The labor income derives from all construction and operational phases of the project. For purposes of this analysis, labor income is defined as a combination of employee wage and salary compensation and proprietor income, which includes self-employment income. It should be noted that labor income is one component of industry output.

The total direct labor income that results from construction activity comes out to about \$205 million over a 12-year period. With multiplier effects, this economic benefit totals about \$376 million.

6.2 THE OVERALL CONTRIBUTION TO THE YUBA COUNTY ECONOMY

In order to assess how significant an economic effect the Yuba Highlands project will have on the Yuba County economy, this section compares the annual economic contribution from the Yuba Highlands project with the existing economic base for the County. As shown in Table 17, the economy of Yuba County had a total industry output of \$2.1 billion with an employment base of 26,214 jobs in 2000. The direct effect of the Yuba Highlands project at buildout would increase the overall economic activity by more than 25 percent over the industry output in 2000. After accounting for the multiplier effects, the total industry output increase over 2000 levels is about 40 percent. Similar increases would occur with employment and labor income.

Clearly, the Yuba Highlands project has the potential to make a significant contribution to the Yuba County economy once the project is completed. But, even during the construction phase, the economic contribution is significant.

TABLE 16
Annual Labor Income And Multiplier Effects By Project Phase And Land Use/Activity

Annual Labor Income by Phase and Land Use	Direct Impact	Indirect Impact	Induced Impact	Total
PHASE 1				
Construction Generated Labor Income	\$16,747,466	\$8,457,874	\$5,605,922	\$30,811,258
Business Park Labor Income	\$0	\$0	\$0	\$0
Retail Labor Income	\$4,759,960	\$416,883	\$1,151,382	\$6,328,224
Household Spending Generated Income	\$26,967,980	\$4,022,073	\$6,892,505	\$37,882,559
Total Annual Labor Income	\$48,475,406	\$12,896,827	\$13,649,809	\$75,022,041
PHASE 2				
Annual Construction Labor Income Effects	\$15,095,447	\$7,623,562	\$5,052,937	\$27,771,945
Annual Business Park Labor Income Effects	\$49,834,527	\$11,064,915	\$13,544,655	\$74,444,099
Annual Retail Labor Income Effects	\$9,519,919	\$833,765	\$2,302,764	\$12,656,447
Annual Household Labor Income Effects	\$46,108,520	\$6,876,742	\$11,784,465	\$64,769,727
Total Annual Labor Income	\$120,558,412	\$26,398,984	\$32,684,821	\$179,642,218
PHASE 3				
Annual Construction Labor Income Effects	\$19,824,199	\$10,011,694	\$6,635,804	\$36,471,697
Annual Business Park Labor Income Effects	\$71,192,181	\$15,807,021	\$19,349,508	\$106,348,713
Annual Retail Labor Income Effects	\$9,519,919	\$833,765	\$2,302,764	\$12,656,447
Annual Household Labor Income Effects	\$77,764,811	\$11,598,042	\$19,875,214	\$109,238,067
Total Annual Labor Income	\$178,301,110	\$38,250,523	\$48,163,289	\$264,714,923
PHASE 4				
Annual Construction Labor Income Effects	\$16,522,206	\$8,344,109	\$5,530,520	\$30,396,834
Annual Business Park Labor Income Effects	\$91,125,992	\$20,232,987	\$24,767,370	\$136,126,352
Annual Retail Labor Income Effects	\$9,519,919	\$833,765	\$2,302,764	\$12,656,447
Annual Household Labor Income Effects	\$103,978,585	\$15,507,631	\$26,574,958	\$146,061,174
Total Annual Labor Income	\$221,146,702	\$44,918,492	\$59,175,612	\$325,240,807
ONGOING AT BUILDOUT				
Annual Construction Labor Income Effects	\$0	\$0	\$0	\$0
Annual Business Park Labor Income Effects	\$91,125,992	\$20,232,987	\$24,767,370	\$136,126,352
Annual Retail Labor Income Effects	\$9,519,919	\$833,765	\$2,302,764	\$12,656,447
Annual Household Labor Income Effects	\$103,978,585	\$15,507,631	\$26,574,958	\$146,061,174
Total Annual Labor Income	\$204,624,496	\$36,574,383	\$53,645,092	\$294,843,973

Source: ADE, multiplier data from IMPLAN Impro Professional input-output model

Notes: The employment described in the table includes the jobs that will be created at the conclusion of each phase. The construction generated effects described in this table only include jobs generated during construction of the Yuba Foothills Project. The calculations assume a 12- year buildout.

Direct impacts result from the activities in the proposed project, household spending, and construction activities. Indirect impacts result from supplier purchases made by construction and business activities. Induced impacts result from increased demand for local-serving retail and services by the new employees. Labor income includes both employee compensation and proprietor income.

TABLE 17
Comparison Of Current Yuba County Economic Base With Direct And Multiplier Effects Of Yuba Highlands Project At Buildout

Economic Measure	Yuba County (2000)	Yuba Highlands Direct Effects (Buildout)	Yuba Highlands Multiplied Effects (Buildout)
Total Employment	26,214	6,860	9,741
Total Industry Output	\$2,104,529,000	\$580,657,422	\$843,963,188
Total Labor Income	\$973,644,000	\$204,624,496	\$294,843,973

Source: ADE, multiplier data from IMPLAN Impro Professional input-output model.

7. METHODOLOGY

7.1 FISCAL IMPACTS

As noted throughout the report, a number of information sources were consulted in developing the methodology and assumptions employed in the fiscal analysis, including:

- Yuba Highlands Draft Specific Plan, September 2002
- County of Yuba Final Budget, Fiscal Year Ending June 30, 2003
- Office of the Yuba County Assessor
- Office of the Yuba County Auditor
- Pete Calarco, Yuba County Planning Department
- Marty Griffin, Yuba County Building Department
- Kevin Mallon, Yuba County Public Works Department
- Ken Anderson, KD Anderson Transportation Engineers
- Terry Lowell, District Engineer, River Highlands Community Services District
- Rob Paulus, Battalion Chief, Smartville Fire District
- Ms. Debra Pearson, Superintendent, Wheatland School District

For most revenue and cost categories, the recurring fiscal impacts are estimated based on per capita multipliers developed using the current year (FY 2002-03) budget. Revenue categories that were estimated in this way include *motor vehicle in-lieu, licenses, permits, franchises, fines and forfeitures, charges for current services, and other revenue.*

As described in the report text, the property tax was estimated on the basis of the estimated assessed valuation calculations. For residential development, these estimates were calculated based on the pricing information provided by the project sponsors. The commercial/industrial development values were estimated based primarily on assessed valuation data for existing commercial buildings in the City of Lincoln in Placer County.

Sales tax revenues resulting from the proposed 185,000 square feet of commercial development were estimated using

an average taxable sales factor of \$200 per square foot, based on data from the Urban Land Institute (ULI).

All Yuba County expenses were estimated based on per capita multipliers, with the exception of Public Ways and Facilities (i.e. roads). The impact to the County's road fund was based on discussions with Kevin Mallen, Director of the Yuba County Public Works Department. According to the model that the County is currently using to estimate road maintenance costs for another development proposal, the County should spend an average of \$2,400 per lane mile to maintain its roads, assuming they are in good shape to begin with. The Yuba Highlands plan has identified a total of 12 miles of *external* roads (i.e. responsibility of County to maintain, as opposed to the RHCSD) that will be impacted by the proposed project and will, therefore, be upgraded as part of the development. Using these figures and the additional assumption that the project will be responsible for 75% of the street maintenance costs on these roadways, an annual cost of \$43,000 was calculated. This cost is assumed to begin at phase one, and increase with each phase as the project develops over time.

7.2 ECONOMIC IMPACTS

To estimate the multiplier effects resulting from the Yuba Foothills Project, ADE used the IMPLAN input-output model. This model can estimate economic impacts resulting from changes in industrial output, employment, income, and value added.

The economic impacts from the construction phase were calculated from the value of improvements for both the residential and non-residential buildings. The analysis assumed that two-thirds of the total valuation would be reflected as improvements, and that the economic activity of improvements would be part of the construction sectors. Commodity demand would be reflected as indirect effects. The value of the land was not part of the impact calculations.

The economic impacts for the non-residential uses were based on the employment estimates for the retail and business park uses. The analysis calculated the impacts resulting from each of these industry groups separately.

The residential impacts used the default commodity demand in the input-output model, which is segmented into eight income groups. The analysis estimated a distribution of income for the 5,101 proposed housing units by calculating a minimum qualifying income for purchasing these homes, based on the proposed selling prices for these units. This calculation assumed a down payment of 10 percent, with a 30-year term at 8 percent interest.²² The mortgage term assumed that the monthly payment would amount to 30 percent of gross annual household income. The commodity demand was stratified based on the income groups in the model and the incomes assumed for the housing units, and aggregated. Once aggregated, the commodity demand was translated into employment and income impacts based on the relationships between industry output, employment, and labor income identified in the input-output model.

The application used to interpret the data and generate the impact calculations is IMPLAN Impro Professional 2.0. This input-output model calculates impacts and buyer-supplier relationships for 528 individual industry and commodity categories. The industry classification system used in the IMPLAN model roughly approximates, but still differs significantly from, the commonly used Standard Industry Classification (SIC) and North American Industry Classification System (NAICS). The input-output matrices that form the main database come from the 2000 Bureau of Labor Statistics dataset, and the analysis used an individual county-specific dataset for Yuba County.

The economic impacts estimated by the model fall into one of three categories—direct, indirect, and induced. These impacts are calculated on the basis of annual impacts. In this analysis, direct impacts represent the estimated jobs, labor income, and industry output that result directly from construction activity, retail and business park business activity, and household commodity demand. Indirect impacts represent the estimated effects that result from demand for commodities and services provided by suppliers. Examples of supplier industries include business services, industrial machinery, and other equipment. Induced impacts represent

²² While mortgage interest rates are currently lower, this represents a long-term average.

the potential effects resulting from household spending at local businesses by the workers. These impacts generally affect retail businesses, health services, and personal services providers.