

FISCAL IMPACT ANALYSIS



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**LAND USE &
CIRCULATION
UPDATE**

**LUCE FISCAL
IMPACT
ANALYSIS
AND PUBLIC
FACILITIES
FINANCING
PLAN**

AUGUST 2014



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Introduction

This report evaluates the fiscal impact of proposed land uses in the City of San Luis Obispo Land Use and Circulation Element (LUCE) Update. The report calculates the projected City revenues and costs that would be generated by new development included in the LUCE, as well as new infrastructure and program elements included in the Circulation Element. The first section of the report focuses primarily on the annual operating costs and revenues for the City's General Fund, while the second section discusses capital improvements, such as street improvements and the new fire station that would also be needed to support planned development. Appendix A provides a detailed description of the methodology used in the analysis while Appendix B provides detailed calculations of development impact fees from LUCE development. The LUCE Background Report Chapter 2.2, Fiscal-Financial, provides a context for this analysis in terms of recent trends in City finances and the City's policy framework for budgetary actions. In addition, Chapter 2.3, Economic Development, includes a retail market analysis and a discussion of the tourism market in San Luis Obispo that provides a basis for parts of the fiscal analysis in this report. The DEIR also provides a more detailed description of key City services, such as police and fire protection, than is provided here in the fiscal analysis.

The General Fund collects all general tax revenues and pays for most of the operating expenses to fund City government. The City budget includes other funds besides the General Fund but these represent monies collected from a variety of revenue sources that are limited to specific uses. For example, the City Enterprise Funds are used to operate the water and wastewater systems as well as City-owned parking facilities and transit services. The revenues used to operate these systems are mainly user charges billed to customers for service. The City has the ability to adjust service charges over time to ensure that the revenues meet operating costs. Therefore, it is less likely that new development would create adverse fiscal impacts on the Enterprise Fund provided the City is able to project changes in systems demands and operating costs. However, with the General Fund, the City has less control over its major tax sources such as the property tax, sales tax and transient occupancy tax, because the tax rates are largely constrained by the state constitution and other regulatory limits and the revenues themselves may decline with changes in economic conditions, as happened during the recent recession. Therefore, it is especially important to analyze how the future land use mix will affect General Fund costs and revenues rather than other portions of the City budget.

The fiscal analysis is structured to show the marginal impact of new development included in the LUCE and does not represent a projection of the total City budget at buildout of the General Plan. Other economic and state policy factors may affect the cost of services and the revenues generated by existing land uses in the City, which would change the City's overall budget picture.

Major Findings

- The new development associated with the LUCE would generate a net positive fiscal impact of \$3.1 million per year for the San Luis Obispo General Fund. This result is driven largely by the amount of commercial and hospitality uses included in the LUCE.
- The circulation improvements and transportation programs included in the LUCE, as well as other new facilities such as a fifth fire station, would also benefit existing development in the City. The share of annual operating and maintenance costs allocated to existing development equal about \$2.67 million per year, reducing the overall fiscal benefit of the LUCE program to about \$452,700 per year.
- The costs included in the analysis reflect a higher than current level of City expenditure for facilities maintenance and IT investments, addressing the fact that current expenditure levels have resulted in

deferred maintenance for many City facilities. These higher service standards result in higher costs for LUCE development and lower net revenues. However, despite absorbing these higher maintenance costs, the development would be able to contribute nearly an additional \$3.1 million per year to capital improvement plan projects, including payments for debt service related to these projects

- One source of capital improvements expenditures for the City is Measure Y sales tax receipts (1/2 cent Essential Services Measure). The LUCE development is projected to generate \$2.7 million in Essential Services Measure revenues per year. Measure Y is due to expire in 2014 unless renewed by the voters. If the Measure is not renewed, the City would not receive the projected additional sales tax revenues from LUCE development and related expenditures would need to be reduced accordingly.
- In terms of service costs, one significant service impact is the need for a new fire station in the south part of town, which is estimated to cost \$3 million to build and equip and \$1.8 million per year to operate. Four main projects included in the LUCE would benefit from this facility, including Sunset Drive-in, Avila Ranch and the Airport & Margarita Area Specific Plans. However, some existing residential units as well as a number of businesses located in the southern part of town would also benefit from the new fire station. In the fiscal analysis, the operating costs for the station have been allocated to these projects plus the existing development within the new service area.
- Within the LUCE there are three major project sites plus 28 acres of other vacant land that is currently outside the City boundaries and would have to be annexed in order to develop. The City receives a lower share of property tax on annexed property than it does for properties within the historical core of the City (i.e., within the City prior to 1996 when the City/County tax sharing agreement was adopted). However, due to the planned commercial development in the Dalidio/San Luis Ranch site, the Airport Area and the Madonna site on LOVR, these future annexation areas would generate a net positive fiscal impact of \$1.8 million per year.
- Circulation improvements in the LUCE are estimated to cost \$192.2 million, and in addition circulation improvements from the ancillary Bicycle Transportation Plan are estimated to cost \$48 million. Some funding is included in the City's existing Transportation Impact Fee (TIF) program. LUCE development is projected to pay \$99 million into the existing TIF, but many of these funds are earmarked for other facilities in the Citywide TIF. Overall there is a gap of at least \$40 million between LUCE circulation costs and existing projected TIF revenues, not including the costs in the Bicycle Transportation Plan.
- Other estimated facilities costs associated with the LUCE include a share of both new fire and police stations at \$2.2 million and \$8.1 million, respectively. Also, certain LUCE development would dedicate parkland and others would pay an in-lieu parkland fee, but the City does not have a fee for park development and there is an estimated \$17.3 million gap between the estimated cost of park acquisition and development and the fees and park land dedications that would be provided by the LUCE under existing City programs.
- Altogether, there is an infrastructure funding gap of at least \$71.5 million, and the analysis indicates that new development in the LUCE may be able to absorb some additional fee burden. When the LUCE is adopted, it will be essential for the City to develop a detailed plan for funding critical infrastructure improvements, including a new development impact fee nexus study.

LUCE Projected Development

The proposed Land Use and Circulation Element includes a number of future development projects and sites. Table 1 summarizes housing unit, population, non-residential square footage, and employment capacity in the Planning Subarea. The table is divided into capacity from alternative sites, specific plans, planned projects, and other vacant land. Under the proposed General Plan, San Luis Obispo has a capacity for 4,904 new residential units and 5,168,908 square feet of non-residential floor area.

Alternatives Sites

There are 12 active alternatives sites within the Planning Subarea that were identified through the alternatives process as opportunity areas. Units and non-residential square footage are calculated based on proposed general plan designations and input from the City. Some of these sites have existing development that will likely be adapted to facilitate new development. Alternatives sites are anticipated to result in 2,316 new units and 1,900,443 square feet of new non-residential floor area.

Specific Plans

There are three key specific plans that provide capacity within the Planning Subarea: The Margarita Area Specific Plan (MASP), the Airport Area Specific Plan (AASP), and the Orcutt Area Specific Plan (OASP). After capacity from the Avila Ranch and Broad Street at Tank Farm Road alternatives sites were removed to avoid double counting, the three specific plan areas account for 1,847 units and 3,244,642 square feet of new non-residential floor area.

Planned Projects

Some capacity is determined by sites with projects approved by the City of San Luis Obispo. Planned projects include developments with approved land use entitlements, preparing for building permits, in plan check, or under construction. There are eight planned and approved projects that are outside the alternatives sites, including three residential and five mixed use developments. Together, these on-going projects would result in an estimated 289 new housing units and 126,000 square feet of non-residential floor area.

Other Vacant Land

Other vacant land indicates what could realistically be developed on remaining vacant land in San Luis Obispo based on actual constraints and historical development practice. Table 1 shows the breakdown of vacant land by land use designations in 2013, excluding approved projects, vacant land in specific plan areas, and vacant land within alternatives sites. Excluding these areas, the city has 87 acres of vacant land. Services and Manufacturing and Low Density Residential areas have the greatest number of vacant, developable acres. All vacant land potential is within the Planning Subarea, although 28 acres is outside the current City boundary.

Based on allowed density, anticipated infrastructure, and development history, vacant land in San Luis Obispo can support an additional 452 units. Most of these units would be in low, medium, and high density residential areas. Based on allowed FAR, anticipated infrastructure, and development history, vacant land in San Luis Obispo can support an additional 230,433 square feet of non-residential development.

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Table 1: Total Capacity within Planning Subarea, San Luis Obispo 2014

	Acres	Typical Density ¹		Capacity										
		Residential (Units/Acre)	Non-Residential (FAR)	Units ²			Population ³	Non-Residential Square Footage ⁴					Employment ⁵	
				Single Family	Multi-family	Total		Office	Commercial	Industrial	Hotel	Park (Acres)		Total (includes hotels)
ALTERNATIVES SITES⁶														
Foothill @ Santa Rosa Area				0	80	80	183	0	-1,814	0	0	-	-1,814	-3
Caltrans Site				0	53	53	121	-3,792	-14,265	0	200	3.5	101,943	6
General Hospital Site				9	32	41	94	48,788	0	0	0	-	48,788	163
Broad Street Area				0	589	589	1,349	0	229,068	0	0	-	229,068	416
Sunset Drive-In Site				0	0	0	0	260,706	222,962	0	0	-	483,668	1,274
Dalidio / Madonna Area				320	180	500	1,145	150,000	200,000	0	200	8.3	470,000	968
Pacific Beach Site				0	38	38	87	-94,851	57,499	0	0	-	-37,352	-212
Calle Joaquin Auto Sales Area				0	0	0	0	0	128,066	0	120	-	200,066	295
Madonna Site on LOVR				0	115	115	263	16,770	145,000	0	139	-	336,170	392
LOVR Creekside Area				0	159	159	364	0	0	0	0	2.7	0	0
Broad St. @ Tank Farm Rd. Site				0	41	41	94	73,180	62,726	0	0	-	135,906	358
Avila Ranch				405	295	700	1,603	0	25,000	0	0	-	25,000	45
SUBTOTAL				734	1,582	2,316	5,303	450,801	1,054,242	0	659	14.5	1,900,443	3,762
SPECIFIC PLANS⁷														
Margarita Area Specific Plan				741	127	868	1,988	959,017	10,000	0	0	25.9	969,017	3,215
Airport Area Specific Plan ⁸				0	0	0	0	900,000	616,983	747,642	0	-	2,264,625	6,420
Orcutt Area Specific Plan				540	439	979	2,242	0	11,000	0	0	12.0	11,000	20
SUBTOTAL				1,281	566	1,847	4,230	1,859,017	637,983	747,642	0	37.9	3,244,642	9,475
PLANNED AND APPROVED PROJECTS⁹														
Chinatown Project				0	32	32	73	0	46,000	0	78	-	92,800	124
Pacific Courtyards				0	12	12	27	10,000	0	0	0	-	10,000	33
Mission Estates				10	0	10	23	0	0	0	0	-	0	0
Four Creeks (Creekston and Laurel Creek)				0	166	166	380	0	0	0	0	-	0	0
Garden Street Terrace				0	8	8	18	0	25,000	0	64	-	63,400	83

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	Acres	Typical Density ¹		Capacity										
		Residential (Units/ Acre)	Non-Residential (FAR)	Units ²			Population ³	Non-Residential Square Footage ⁴						Employment ⁵
				Single Family	Multi-family	Total		Office	Commercial	Industrial	Hotel	Park (Acres)	Total (includes hotels)	
313 South Street Apartments				0	43	43	98	0	0	0	0	-	0	0
Marsh Street Commons				0	11	11	25	0	3,000	0	0	-	3,000	5
ICON project (1340 Taft)				0	7	7	16	0	4,000	0	0	-	4,000	7
SUBTOTAL				10	279	289	660	10,000	78,000	-	150	-	126,400	252
OTHER VACANT LAND (BY GENERAL PLAN DESIGNATION)¹⁰														
Suburban Residential ⁴	4.0	1		4		4	9					-	-	-
Low Density Residential	53.4	6		320		320	733					-	-	-
Medium Density Residential	7.1	10		71		71	163					-	-	-
Medium-High Density Residential	0.4	16		-	6	6	14					-	-	-
High Density Residential	2.7	19		-	51	51	117					-	-	-
Neighborhood Commercial ⁵	0.2		0.30	-					2,614			-	-	2,614
Community Commercial ⁵	3.2		0.30	-					41,818			-	-	41,818
Tourist Commercial ⁵	1.0		0.35	-					15,246			-	-	15,246
Office ⁴	1.3		0.35	-				19,820				-	-	19,820
Services and Manufacturing	13.3		0.25	-						144,837		-	-	144,837
Public	0.4		0.35	-				6,098				-	-	6,098
SUBTOTAL	87			395	57	452	1,036	25,918	59,678	144,837	-	-	230,433	388
TOTAL CAPACITY				2,420			11,229	2,345,736	1,829,903	892,479	803	52.4	5,166,908	13,877

¹ Typical density and FAR is based on a net acre assumption accounting for necessary infrastructure and facilities. To get the typical density, the maximum density was recalculated based on a development percent assumption on what is average for new development.

² Unit capacity for other vacant land is calculated by multiplying acres and the typical density.

³ Population based on 2010 Census estimate of 2.29 persons per household.

⁴ Non-residential square footage for specific plan area and planned projects is based on assumptions in specific plans and Community Development Project Status Report (December 31, 2012). Non-residential square footage for vacant land is calculated by multiplying acres and the typical FAR. Hotels were assumed to have 600 square feet per room.

⁵ Employment is estimated using 300 square feet per employee for office uses, 550 square feet per employee for commercial uses, 750 square feet per employee for industrial uses, and 1,150 square feet per employee for hotels/motels.

⁶*Alternatives Sites estimate the net new residential and non-residential development in opportunity areas identified as a part of the alternatives process. Units and non-residential square footage are calculated based on proposed general plan designations and input from the City. Some of these sites have existing development that will likely be adapted to facilitate new development. As a result, some sites have a negative number for net new non-residential square footage, even though new development is anticipated.*

⁷*Non-Residential square footage includes land designated neighborhood commercial, services commercial, business park, and manufacturing.*

⁸*The Airport Area Specific Plan (AASP) does not include capacity from the Avila Ranch or Broad St. @ Tank Farm Alternatives Sites. These sites are counted in the Alternatives Sites section. Non-residential square footage in the AASP includes 605,293 square feet from underutilized land that is likely to redevelop. Remaining capacity in the AASP based on analysis conducted by the City of San Luis Obispo Planning and GIS staff.*

⁹*Does not include projects that fall within the boundaries of the Specific Plan Areas or the Alternatives Sites. Only those projects that provided specific unit/square footage numbers were included.*

¹⁰*Does not include parcels that fall within the boundaries of the Specific Plan Areas, Alternatives Sites, or Planned and Approved Projects. Acreages are taken from the vacant land category in the existing land use inventory.*

Sources: Community Development Department Project Status Report (December 31, 2012), San Luis Obispo General Plan, Land Use Element, 2010; City of San Luis Obispo, 2014; Matrix, 2014; Mintier Harnish, 2014.

Discussion of Fiscal Impacts

Introduction

Overall, the new land use development under the LUCE would result in a net positive fiscal impact of \$3.1 million per year for the San Luis Obispo General Fund (Table 2). However, other costs associated with the new circulation improvements and transportation programs, as well as added fire protection costs to existing development in the south part of the City would reduce the total net revenues to \$452,700 per year (Table 3). The positive fiscal impact is driven largely by a favorable balance of commercial and hospitality uses to residential development. Retail development would create a net positive revenue balance of \$6.4 million per year and the added hotel development would increase net revenues by \$2.6 million per year. Residential development, on the other hand, would require an estimated \$4.0 million more per year in service costs than it would generate in City revenues. Office and industrial development also would have more minor negative fiscal impacts on the City General Fund.

Table 2 shows the detailed impacts of LUCE development on City revenue categories and service departments. Most of the property tax is generated by residential development while most of the sales tax is generated by commercial development, although household spending from residential units has been credited to the new single family and multi-family units. The transient occupancy tax is a major source of revenue from the hospitality sector.

The Net Revenue shown in Table 2 represents about 15.5 percent of the total projected revenues of nearly \$20.0 million. The City has a fiscal policy to maintain a 20 percent reserve and the LUCE land use mix would allow the City to maintain its reserves over time. As discussed in the analysis below, the fiscal analysis uses a higher service standard for infrastructure and facilities maintenance than the City currently is able to budget, addressing the fact that current expenditure levels have resulted in deferred maintenance for many City facilities. These higher service standards result in higher costs for LUCE development and lower net revenues in the bottom line in Table 2. However, despite absorbing these higher maintenance costs, the development would be able to contribute nearly an additional \$3.0 million per year to capital improvement plan projects, including payments for debt service related to these projects (shown in Table 2 as Transfers Out). This allocation reflects the current General Fund budget for capital expenditures. In the future, the City Council may choose to allocate these funds differently to augment other service departments as needed.

Much of the General Fund contribution to capital expenditures is currently funded by Measure Y sales tax revenues (1/2 cent Essential Services Sales Tax), the renewal of which is due to be voted on in November 2014. The LUCE development is projected to generate nearly \$2.7 million per year in Essential Services sales tax revenues. If the measure is not renewed, the City would not gain the revenues shown for the LUCE development and would also likely have to reduce expenditures by a commensurate amount.

City Services

The following sections discuss the projected impacts to each governmental function funded by the General Fund.

General Government. The General Government function includes a number of City Departments that provide management and support services, including the Administration Department, City Attorney, Human Resources, Finance and Information Technology, Public Works Administration, and Building and Fleet Maintenance (City Council costs are not projected to increase as a result of the LUCE). These costs total \$10.3 million in the General Fund Budget, but some of the costs would not reasonably be expected to increase as

the City grows. For example, the City would not have two City Managers or two Finance Directors, but rather would hire additional support personnel to meet additional workloads. Therefore, some of the General Government costs have been excluded from the analysis (see Table A-6 in Appendix A). In contrast, the City also estimates that it is not currently spending enough to maintain important infrastructure and systems. In terms of General Government functions, the City estimates it should be allocating an additional \$160,000 per year to maintain and expand information technology systems, as well as an additional \$867,000 per year for building maintenance.¹ These amounts have been added to the General Government expenditures to reflect the service level the City projects for future growth. The adjustments to General Government expenditures results in a total cost basis for the fiscal analysis of \$8.8 million, which represents 18.2 percent of the total service cost basis in the fiscal analysis. The General Government service costs are allocated to each land use using this percentage of the other line department costs discussed above.

Police Department. In terms of service costs, the largest impact is for additional police officers, at nearly \$4.1 million per year. As of 2014, the City has 59 sworn officers, a ratio of about 1.24 officers per 1,000 population. Residential development envisioned in the LUCE will add about 11,200 residents, creating a need for 14 new sworn officers in order to maintain the same per capita ratio. The City currently spends about \$101,800 plus \$1,500 in equipment for new police officer hires. However, as the police department expands, additional non-sworn support personnel are also needed as well as additional operating and management expenditures. The financial impact of the LUCE on a residential population basis would be about \$2.5 million per year. However, the LUCE also includes a substantial increase in commercial and hospitality uses, which have significant fiscal benefits but also require added police protection services. This added service demand is estimated to cost an additional \$1.6 million per year.

Fire Department. For fire protection, there is a need for a new fire station in the south part of town. The annual cost of operating the fire station is estimated to be \$1.8 million, derived from figures in the Fire Master Plan, escalated to 2014 dollars.² Based on the DEIR analysis, it is anticipated that four new projects would benefit from this facility: Sunset Drive-in, Avila Ranch and the Airport & Margarita Area Specific Plans in addition to certain existing development in the City. The three new projects include 1,568 dwelling units and an estimated 10,754 new jobs when fully built out. The existing developed areas in San Luis Obispo that would also be served by the new fire station include an estimated 2,200 dwelling units and businesses with about 4,000 jobs.

The fiscal analysis estimates that approximately \$1,121,700 of the operating cost for the station (62 percent of the total \$1.8 million) would be due to the new development projects, based on a combination of population, employment and projected assessed value, which is an indicator of the level of fire protection they would require. These projects would cover this cost, and other City service costs, through payment of property taxes and sales taxes, along with other General Fund revenues shown in Table 2. The remaining \$678,300 would be a cost to the City to meet its service standards for the existing development in the south part of the City.

For LUCE development projects in other parts of the City within adequate response times of current stations, no additional fire protection costs are included in the analysis. However, all projects would generate increased costs for emergency medical response on a per capita basis, which accounts for about two-thirds of

¹ IT costs provided by Wayne Padilla, Finance/IT Director; Building maintenance costs provided by Daryl Grigsby, Public Works Director, in a memorandum to the Local Revenue Measure Advisory Committee, January 13, 2014. The stated cost reflects the alternative investment level.

² This estimate also accounts for projected reductions in PERS costs for new firefighters, based on information provided by Wayne Padilla, Finance/IT Director, August 14, 2014.

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the Fire Department Budget. The projected additional cost for fire services from existing stations is estimated at 759,250 per year.

Transportation. The LUCE proposes a number of new street and highway improvements, as well as a significant expansion of the City's Transportation Planning and Engineering program to increase bicycle, pedestrian, and transit mode share. Also the City recently adopted an ancillary document, the Bicycle Transportation Plan, which includes a number of bicycle specific improvements. Over 25 new transportation policies and programs are proposed which include new monitoring programs, new budgeting and prioritization processes, development of new plans such as the downtown pedestrian plan and access management standards, expansion of existing programs such as the Neighborhood Traffic Calming and Traffic Operations Programs, and new Multimodal Service Standards. It's estimated that the proposed expansion of the City's Transportation Planning & Engineering program represents an additional 5,000 to 8,000 annual staff hours & approximately \$200,000 in annual consultant services depending on the implementation schedule for these projects and programs and the level of the development applicants in a given year.

The City currently averages about \$15,000 in maintenance costs per mile of roadway, including sidewalks, bike paths, and related storm drain facilities. The LUCE includes approximately 13 miles of new road surfaces, which would increase current maintenance costs about \$195,000 on an annual average basis. Also the Bicycle Transportation Plan includes new bike paths, boulevards, and lanes which would increase current maintenance cost by another \$1.06 million on an annual average basis. However, the City has determined that current expenditures levels fail to meet City Council goals regarding optimal maintenance and replacement schedules and the City is accumulating a significant deferred maintenance need. Maintenance levels would need to increase between 3 and 5 times current levels to avoid this deferred maintenance.³ At even the lower level, this would increase the LUCE street/storm maintenance costs to about \$585,000 per year.

The combination of an expanded Transportation Planning & Engineering program and additional street maintenance on new roads and bikeways, adds a total of \$2,213,500 to the fiscal costs for the LUCE. In addition, the analysis estimates that the increased use of existing City transportation facilities and programs by the new population and employment would increase City Transportation function costs by another \$1,586,600.

Leisure, Cultural and Social Services. A number of the LUCE development projects include new parks, adding 52.4 acres to the City's inventory in aggregate. While this is a benefit to residents of the City, the additional parks will increase maintenance costs for the parks and recreation department. In addition, the new residential population will use existing parks and the increased wear and tear will add maintenance costs for those parks as well. The total impacts to park maintenance cost is estimated at about \$578,400 and is allocated to the new residential units in the LUCE.

In addition to parks and landscape maintenance, new development associated with the LUCE would increase demand for recreation programs and other City leisure, cultural and social services, including potentially the City-County Library, the Swim Center, Youth and general Community Services. It is estimated that the total cost of such services would increase \$1.2 million at full buildout of the LUCE. Portions of these costs would be offset by recreation program fees and general tax revenues generated by the LUCE development.

Community Development. The Community Development function for the City includes a wide range of services, from long range planning to development review and entitlements, carried out by the Community Development Department. It also includes economic development, community promotions, tourism and

³ Grigsby, Daryl, Public Works Director, memorandum to the Local Revenue Measure Advisory Committee, January 13, 2014.

natural resource protection through the City Administration Department, neighborhood services and code enforcement through the Building and Safety Division, as well as engineering review and CIP engineering from the Public Works Department. In the fiscal analysis, we have not included the portions of the development review process for which the City charges fees directly to development. Fees for plan review, plan check, building permits and the like are paid during the entitlement and project approval phase but then are not paid by development on an ongoing basis except for occasional remodels or building expansions. Much like the Enterprise Funds, the City has the ability to set fees for entitlement services to cover City costs; however, other community development functions are supported by general tax revenues and are included in the fiscal cost analysis for the LUCE, estimated at \$719,170 per year at full buildout.

Enterprise Funds. Parking and transit services which are part of the transportation function are funded by separate enterprise funds and are not included in Table 2. Similarly, utilities such as water and sewer service are funded by enterprise funds rather than through general tax revenues in the General Fund. For water, sewer and parking services, user fees and service charges fund 97-99 percent of the costs for these functions. Therefore, as demand for the services increases from LUCE development, the City will receive increased service charge revenues to cover those costs. In addition, the City has the authority to increase service charge rates if necessary to maintain pace with cost escalations.

For transit, however, only 20 percent of operating costs are covered by user revenues and 80 percent are covered from subventions and grants that are based on population, ridership and other factors. The LUCE would increase the City's population by about 25 percent, potentially increasing transit costs by as much as \$800,000 if existing system capacity cannot handle the increase. If such cost increases do occur, the City would need to obtain additional grant funds to operate the expanded services.

Impacts by LUCE Development Area

The fiscal analysis evaluates each development project/area and land use type individually. Table 4 shows the bottom-line fiscal impact of each individual project site or area, grouped by LUCE category. Due to the balance of commercial and residential development, each category of LUCE project has a positive fiscal impact.

Several of the projects would involve redeveloping existing non-residential uses and the fiscal impact analysis accounts for the loss of these uses. For example, the site at Foothill and Santa Rosa would demolish an 1,800 sq.ft. commercial building while the Caltrans site would lose 18,000 sq.ft. of office and commercial uses. In addition, the Pacific Beach site would replace 94,951 sq.ft. of office space with 57,499 sq.ft. of retail space plus 38 multi-family units. The analysis assumes the existing uses are functioning as new and shows a negative impact from replacing retail uses but a positive impact from replacing the office uses. In reality the fiscal effect of the existing uses is likely lower due to obsolescence of the existing buildings. In any case, both Caltrans site and the Pacific Beach site have net positive fiscal impacts due to the planned mix of uses in each project.

In most cases, projects that have a mix of both residential and commercial uses show a positive fiscal benefit, depending on the amount of retail uses in each case. There are a number of positive attributes associated with mixed use development in terms of creating vibrant neighborhood environments, allowing more pedestrian oriented shopping and entertainment activities and reducing vehicle miles traveled to more centralized commercial centers. The fiscal analysis does not explicitly value these benefits in terms of increased revenues or reduced service costs, but it does make the assumption that commercial spaces in neighborhood locations will be fully patronized by local residents and therefore contribute positively to City revenues, mainly through the sales tax. Some neighborhood sales dollars will likely come from existing

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residents and not just residents in the new housing. This would represent shifts in sales away from existing, more centralized retail centers in the City and a more detailed market analysis of each individual project would be needed to calculate the true net effect of this shopping activity. However, the fiscal success of the City is largely dependent on its ability to continue to attract regional retail spending from residents throughout the County and from business and tourist visitors. This may occur both through sales expansion of existing retail and hospitality businesses (increased sales capture) and also through the development of new retail and hotels that attract future county and outside visitor shoppers as the regional population continues to grow. The LUCE includes potential expansion of regional retail centers in the Madonna Rd. and LOVR areas, and therefore would help to maintain a solid tax base for the City as older retail centers transition to new mixed use developments.

Tables 5 to 8 show detailed costs and revenues for each LUCE category plus the annexation areas. The Alternatives Sites include a substantial portion of the new commercial development included in the LUCE but less than half of the new housing units. This group of sites provides the largest net revenue gain for the City. Among the Specific Plans, the residential development in the Margarita and Orcutt areas is balanced by the commercial in the Airport Area to create a net positive fiscal impact overall. The other planned and approved projects, as well as the remaining vacant land with development potential, have mixed fiscal impacts depending on the nature of the proposed project, but as a group result in a net positive fiscal benefit for the City.

Within the LUCE there are three major project sites plus 28 acres of other vacant land that are currently outside the City boundaries and would have to be annexed in order to develop. These sites include Dalidio/San Luis Ranch, portions of the Airport Area Specific Plan and the Madonna site on LOVR. They are spread among the various LUCE project categories but are extracted for separate analysis in Table 3 and 7. The City receives a lower share of property tax on annexed property than it does for properties within the historical core of the City (i.e., within the City prior to 1996 when the City/County tax sharing agreement was adopted). However, due to the planned commercial development in the Dalidio/San Luis Ranch site, the Airport Area and the Madonna site on LOVR, these future annexation areas would generate a net positive fiscal impact of \$1.8 million per year.

Table 2: Detailed Fiscal Impacts of Total New LUCE Development

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$2,310,082	\$1,088,465	\$713,256	\$91,634	\$309,921	\$22,587	\$84,219
Property Tax in lieu of VLF	\$1,781,322	\$795,457	\$384,503	\$248,092	\$246,538	\$54,253	\$52,479
Sales Tax: General	\$6,150,569	\$512,576	\$396,753	\$77,364	\$4,473,247	\$61,871	\$628,760
Sales Tax: ½ cent Essential Services Measure	\$2,666,431	\$222,215	\$172,002	\$33,539	\$1,939,268	\$26,823	\$272,584
Sales Tax: Public Safety	\$135,399	\$11,284	\$8,734	\$1,703	\$98,474	\$1,362	\$13,842
Transient Occupancy Tax	\$2,283,266	\$0	\$0	\$0	\$0	\$0	\$2,280,447
Utility Users Tax	\$1,521,497	\$454,799	\$466,827	\$320,846	\$136,523	\$48,829	\$93,673
Franchise Fees	\$717,541	\$214,484	\$220,157	\$151,312	\$64,384	\$23,028	\$44,177
Business Tax Certificates	\$1,011,023	\$0	\$0	\$619,825	\$263,740	\$94,330	\$33,128
Real Property Transfer Tax	\$52,735	\$24,848	\$16,282	\$2,092	\$7,075	\$516	\$1,923
Service Charges							
Recreation Fees	\$389,560	\$192,238	\$197,322	\$0	\$0	\$0	\$0
Other Charges for Services	\$466,264	\$139,374	\$143,059	\$98,324	\$41,837	\$14,964	\$28,706
Other Revenue							
Fines and Forfeitures	\$44,315	\$13,247	\$13,597	\$9,345	\$3,976	\$1,422	\$2,728
Interest Earnings and Rents	\$65,346	\$12,616	\$9,554	\$5,457	\$24,934	\$1,153	\$11,623
Other Revenues	\$27,441	\$8,109	\$8,324	\$6,748	\$2,872	\$1,027	\$361
Transfers in							
Gas Tax/TDA	\$328,782	\$162,246	\$166,536	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$19,951,573	\$3,851,957	\$2,916,906	\$1,666,281	\$7,612,789	\$352,164	\$3,548,648
EXPENDITURES							
General Government							
Police	\$2,549,489	\$813,329	\$821,112	\$454,429	\$239,595	\$69,596	\$151,427
Fire	\$4,188,315	\$1,218,254	\$1,250,472	\$689,699	\$548,547	\$104,964	\$376,379
Transportation	\$1,880,919	\$595,480	\$534,342	\$406,239	\$176,733	\$64,274	\$103,850
Leisure, Cultural and Social Services	\$2,544,883	\$760,705	\$780,823	\$536,653	\$228,350	\$81,672	\$156,680
Park and Landscape Maintenance	\$1,232,271	\$551,991	\$566,589	\$0	\$0	\$0	\$113,692
Community Development	\$578,381	\$285,416	\$292,964	\$0	\$0	\$0	\$0
Economic Health	\$178,344	\$0	\$0	\$105,868	\$45,047	\$16,112	\$11,317
Development Review	\$183,061	\$56,942	\$58,448	\$40,171	\$17,093	\$6,113	\$4,294
Other Community Development	\$399,943	\$124,404	\$127,694	\$87,763	\$37,344	\$13,356	\$9,381
Transfers Out	\$3,093,957	\$962,390	\$987,841	\$678,935	\$288,892	\$103,325	\$72,575
TOTAL EXPENDITURES	\$16,829,562	\$5,326,048	\$5,366,799	\$2,368,925	\$1,715,467	\$483,965	\$981,685
TOTAL BUDGET NET (DEFICIT)/SURPLUS	\$3,122,011	(\$1,567,568)	(\$2,449,893)	(\$1,012,593)	\$6,372,458	(\$131,801)	\$2,566,964

Source: ADE, Inc.

Table 3: Detailed Fiscal Impacts of Total New LUCE Development Plus Costs Allocated to Existing Development

FISCAL IMPACT ANALYSIS

San Luis Obispo General Plan Update

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$2,310,082	\$1,088,465	\$713,256	\$91,634	\$309,921	\$22,587	\$84,219
Property Tax in lieu of VLF	\$1,781,322	\$795,457	\$384,503	\$248,092	\$246,538	\$54,253	\$52,479
Sales Tax: General	\$6,150,569	\$512,576	\$396,753	\$77,364	\$4,473,247	\$61,871	\$628,760
Sales Tax: ½ cent Essential Services Measure	\$2,666,431	\$222,215	\$172,002	\$33,539	\$1,939,268	\$26,823	\$272,584
Sales Tax: Public Safety	\$135,399	\$11,284	\$8,734	\$1,703	\$98,474	\$1,362	\$13,842
Transient Occupancy Tax	\$2,283,266	\$0	\$0	\$0	\$0	\$0	\$2,280,447
Utility Users Tax	\$1,521,497	\$454,799	\$466,827	\$320,846	\$136,523	\$48,829	\$93,673
Franchise Fees	\$717,541	\$214,484	\$220,157	\$151,312	\$64,384	\$23,028	\$44,177
Business Tax Certificates	\$1,011,023	\$0	\$0	\$619,825	\$263,740	\$94,330	\$33,128
Real Property Transfer Tax	\$52,735	\$24,848	\$16,282	\$2,092	\$7,075	\$516	\$1,923
Service Charges							
Recreation Fees	\$389,560	\$192,238	\$197,322	\$0	\$0	\$0	\$0
Other Charges for Services	\$466,264	\$139,374	\$143,059	\$98,324	\$41,837	\$14,964	\$28,706
Other Revenue							
Fines and Forfeitures	\$44,315	\$13,247	\$13,597	\$9,345	\$3,976	\$1,422	\$2,728
Interest Earnings and Rents	\$65,346	\$12,616	\$9,554	\$5,457	\$24,934	\$1,153	\$11,623
Other Revenues	\$27,441	\$8,109	\$8,324	\$6,748	\$2,872	\$1,027	\$361
Transfers in							
Gas Tax/TDA	\$328,782	\$162,246	\$166,536	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$19,951,573	\$3,851,957	\$2,916,906	\$1,666,281	\$7,612,789	\$352,164	\$3,548,648
EXPENDITURES							
General Government ¹	\$2,953,854	\$813,329	\$821,112	\$454,429	\$239,595	\$69,596	\$151,427
Police	\$4,188,315	\$1,218,254	\$1,250,472	\$689,699	\$548,547	\$104,964	\$376,379
Fire ¹	\$2,559,250	\$595,480	\$534,342	\$406,239	\$176,733	\$64,274	\$103,850
Transportation ¹	\$4,131,467	\$760,705	\$780,823	\$536,653	\$228,350	\$81,672	\$156,680
Leisure, Cultural and Social Services	\$1,232,271	\$551,991	\$566,589	\$0	\$0	\$0	\$113,692
Park and Landscape Maintenance	\$578,381	\$285,416	\$292,964	\$0	\$0	\$0	\$0
Community Development							
Economic Health	\$178,344	\$0	\$0	\$105,868	\$45,047	\$16,112	\$11,317
Development Review	\$183,061	\$56,942	\$58,448	\$40,171	\$17,093	\$6,113	\$4,294
Other Community Development	\$399,943	\$124,404	\$127,694	\$87,763	\$37,344	\$13,356	\$9,381
Transfers Out	\$3,093,957	\$962,390	\$987,841	\$678,935	\$288,892	\$103,325	\$72,575
TOTAL EXPENDITURES	\$19,498,843	\$5,326,048	\$5,366,799	\$2,368,925	\$1,715,467	\$483,965	\$981,685
TOTAL BUDGET NET (DEFICIT)/SURPLUS	\$452,730	(\$1,567,568)	(\$2,449,893)	(\$1,012,593)	\$6,372,458	(\$131,801)	\$2,566,964

¹ The total expenditures for General Government, Fire Protection and Transportation include costs allocated to existing development as well as LUCE development.

Table 4: Summary of Impacts by Area

Area	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
ALTERNATIVES SITES	\$4,555,809	(\$469,983)	(\$1,538,826)	(\$182,496)	\$4,649,900	\$0	\$2,094,888
Foothill @ Santa Rosa	(\$98,887)	\$0	(\$90,617)	\$0	(\$8,271)	\$0	\$0
Caltrans Site	\$545,236	\$0	(\$43,761)	\$1,016	(\$65,038)	\$0	\$652,313
General Hospital Site	(\$42,182)	(\$1,568)	(\$27,545)	(\$13,068)	\$0	\$0	\$0
Broad St. Area	\$483,000	\$0	(\$542,623)	\$0	\$1,025,623	\$0	\$0
Sunset Drive In	\$923,109	\$0	\$0	(\$81,191)	\$1,004,300	\$0	\$0
Dalidio/Madonna	\$954,666	(\$207,497)	(\$196,154)	(\$87,126)	\$830,384	\$0	\$614,352
Pacific Beach Site	\$256,186	\$0	(\$31,376)	\$25,406	\$262,155	\$0	\$0
Calle Joaquin Auto Sales	\$966,657	\$0	\$0	\$0	\$579,369	\$0	\$386,865
Madonna Site on LOVR	\$948,649	\$0	(\$119,457)	(\$6,905)	\$633,163	\$0	\$441,358
LOVR Creekside	(\$131,282)	\$0	(\$131,282)	\$0	\$0	\$0	\$0
Broad St. @ Tank Farm Rd.	\$229,450	\$0	(\$34,880)	(\$20,629)	\$284,959	\$0	\$0
Avila Ranch	(\$478,793)	(\$260,918)	(\$321,131)	\$0	\$103,256	\$0	\$0
SPECIFIC PLANS	(\$2,030,280)	(\$904,027)	(\$641,827)	(\$1,139,335)	\$766,706	(\$111,797)	\$0
Margarita Area	(\$1,177,349)	(\$498,548)	(\$140,701)	(\$579,402)	\$41,302	\$0	\$0
Airport Area	\$8,214	\$0	\$0	(\$559,933)	\$679,944	(\$111,797)	\$0
Orcutt Area	(\$861,145)	(\$405,478)	(\$501,126)	\$0	\$45,460	\$0	\$0
PLANNED/APPROVED PROJ.	\$517,762	(\$4,280)	(\$273,895)	(\$3,732)	\$345,002	\$0	\$454,166
Chinatown	\$421,795	\$0	(\$31,415)	\$0	\$203,463	\$0	\$249,471
Pacific Courtyards	(\$15,513)	\$0	(\$11,780)	(\$3,732)	\$0	\$0	\$0
Mission Estates	(\$4,280)	(\$4,280)	\$0	\$0	\$0	\$0	\$0
Four Creeks	(\$162,963)	\$0	(\$162,963)	\$0	\$0	\$0	\$0
Garden St. Terrace	\$307,645	\$0	(\$7,854)	\$0	\$110,578	\$0	\$204,694
313 South St Apts.	(\$42,213)	\$0	(\$42,213)	\$0	\$0	\$0	\$0
Marsh St. Commons	\$2,471	\$0	(\$10,799)	\$0	\$13,269	\$0	\$0
ICON (1340 Taft)	\$10,821	\$0	(\$6,872)	\$0	\$17,692	\$0	\$0
OTHER VACANT LAND	\$78,720	(\$138,665)	(\$48,832)	(\$7,912)	\$269,580	\$4,548	\$0
GRAND TOTAL¹	\$3,122,011	(\$1,516,954)	(\$2,503,380)	(\$1,333,475)	\$6,031,188	(\$107,249)	\$2,549,053
ANNEXATION AREAS	\$1,819,280	(\$299,746)	(\$315,611)	(\$653,963)	\$2,143,492	(\$111,797)	\$1,055,709

¹Grand Total does not include \$2.67 million in costs allocated to existing development. Source: ADE, Inc.

FISCAL IMPACT ANALYSIS

San Luis Obispo General Plan Update

Table 5: Detailed Fiscal Impacts for Alternatives Sites

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$1,230,863	\$317,140	\$498,541	\$82,551	\$267,066	\$0	\$65,566
Property Tax in lieu of VLF	\$756,877	\$251,066	\$256,372	\$51,542	\$153,179	\$0	\$44,717
Sales Tax: General	\$4,247,481	\$155,467	\$252,682	\$14,868	\$3,307,170	\$0	\$517,294
Sales Tax: ½ cent Essential Services Measure	\$1,841,393	\$67,399	\$109,544	\$6,446	\$1,433,743	\$0	\$224,260
Sales Tax: Public Safety	\$93,504	\$3,422	\$5,563	\$327	\$72,804	\$0	\$11,388
Transient Occupancy Tax	\$1,878,492	\$0	\$0	\$0	\$0	\$0	\$1,876,173
Utility Users Tax	\$652,634	\$137,943	\$297,311	\$61,660	\$78,653	\$0	\$77,067
Franchise Fees	\$307,784	\$65,054	\$140,212	\$29,079	\$37,093	\$0	\$36,345
Business Tax Certificates	\$298,318	\$0	\$0	\$119,117	\$151,946	\$0	\$27,255
Real Property Transfer Tax	\$28,098	\$7,240	\$11,381	\$1,884	\$6,097	\$0	\$1,497
Service Charges							
Recreation Fees	\$183,976	\$58,307	\$125,670	\$0	\$0	\$0	\$0
Other Charges for Services	\$200,000	\$42,273	\$91,111	\$18,896	\$24,103	\$0	\$23,617
Other Revenue							
Fines and Forfeitures	\$19,009	\$4,018	\$8,660	\$1,796	\$2,291	\$0	\$2,245
Interest Earnings and Rents	\$39,119	\$3,815	\$6,271	\$1,280	\$18,191	\$0	\$9,555
Other Revenues	\$11,009	\$2,460	\$5,301	\$1,297	\$1,654	\$0	\$297
Transfers in							
Gas Tax/TDA	\$155,273	\$49,210	\$106,063	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$11,943,832	\$1,164,815	\$1,914,682	\$390,743	\$5,553,990	\$0	\$2,917,276
EXPENDITURES							
General Government	\$1,119,202	\$247,653	\$523,167	\$86,839	\$136,959	\$0	\$124,583
Police	\$1,924,128	\$369,503	\$796,396	\$132,546	\$316,028	\$0	\$309,655
Fire	\$784,115	\$186,023	\$341,546	\$75,312	\$95,795	\$0	\$85,440
Transportation	\$1,091,608	\$230,726	\$497,288	\$103,133	\$131,557	\$0	\$128,904
Leisure, Cultural and Social Services	\$621,805	\$167,422	\$360,847	\$0	\$0	\$0	\$93,537
Park and Landscape Maintenance	\$273,150	\$86,568	\$186,582	\$0	\$0	\$0	\$0
Community Development							
Economic Health	\$55,609	\$0	\$0	\$20,346	\$25,953	\$0	\$9,311
Development Review	\$75,595	\$17,271	\$37,224	\$7,720	\$9,848	\$0	\$3,533
Other Community Development	\$165,157	\$37,732	\$81,325	\$16,866	\$21,515	\$0	\$7,718
Transfers Out	\$1,277,653	\$291,898	\$629,132	\$130,477	\$166,436	\$0	\$59,709
TOTAL EXPENDITURES	\$7,388,023	\$1,634,798	\$3,453,507	\$573,239	\$904,090	\$0	\$822,388
TOTAL BUDGET NET (DEFICIT)/SURPLUS	\$4,555,809	(\$469,983)	(\$1,538,826)	(\$182,496)	\$4,649,900	\$0	\$2,094,888

Source: ADE, Inc.

Table 6: Detailed Fiscal Impacts for Specific Plan Areas

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$606,038	\$505,201	\$100,838	\$0	\$0	\$0	\$0
Property Tax in lieu of VLF	\$798,420	\$404,527	\$80,743	\$192,770	\$75,526	\$44,854	\$0
Sales Tax: General	\$1,209,051	\$271,326	\$90,403	\$61,311	\$734,180	\$51,830	\$0
Sales Tax: ½ cent Essential Services Measure	\$524,155	\$117,627	\$39,192	\$26,580	\$318,286	\$22,470	\$0
Sales Tax: Public Safety	\$26,616	\$5,973	\$1,990	\$1,350	\$16,162	\$1,141	\$0
Transient Occupancy Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Users Tax	\$689,889	\$240,743	\$106,370	\$254,273	\$47,598	\$40,905	\$0
Franchise Fees	\$325,353	\$113,535	\$50,164	\$119,916	\$22,447	\$19,291	\$0
Business Tax Certificates	\$662,189	\$0	\$0	\$491,217	\$91,951	\$79,021	\$0
Real Property Transfer Tax	\$13,835	\$11,533	\$2,302	\$0	\$0	\$0	\$0
Service Charges							
Recreation Fees	\$146,720	\$101,759	\$44,961	\$0	\$0	\$0	\$0
Other Charges for Services	\$211,417	\$73,776	\$32,597	\$77,922	\$14,586	\$12,535	\$0
Other Revenue							
Fines and Forfeitures	\$20,094	\$7,012	\$3,098	\$7,406	\$1,386	\$1,191	\$0
Interest Earnings and Rents	\$17,649	\$6,385	\$1,947	\$4,068	\$4,348	\$901	\$0
Other Revenues	\$13,399	\$4,293	\$1,897	\$5,348	\$1,001	\$860	\$0
Transfers in							
Gas Tax/TDA	\$123,830	\$85,883	\$37,947	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$5,388,655	\$1,949,572	\$594,451	\$1,242,162	\$1,327,471	\$274,999	\$0
EXPENDITURES							
General Government	\$1,123,885	\$432,288	\$187,282	\$360,770	\$84,950	\$58,595	\$0
Police	\$1,755,569	\$644,869	\$284,930	\$546,593	\$191,247	\$87,929	\$0
Fire	\$898,386	\$325,075	\$122,790	\$325,480	\$69,551	\$55,489	\$0
Transportation	\$1,153,921	\$402,671	\$177,917	\$425,302	\$79,613	\$68,418	\$0
Leisure, Cultural and Social Services	\$421,292	\$292,190	\$129,102	\$0	\$0	\$0	\$0
Park and Landscape Maintenance	\$217,836	\$151,082	\$66,754	\$0	\$0	\$0	\$0
Community Development							
Economic Health	\$113,104	\$0	\$0	\$83,901	\$15,705	\$13,497	\$0
Development Review	\$86,376	\$30,142	\$13,318	\$31,836	\$5,959	\$5,121	\$0
Other Community Development	\$188,710	\$65,852	\$29,096	\$69,553	\$13,020	\$11,189	\$0
Transfers Out	\$1,459,857	\$509,430	\$225,088	\$538,062	\$100,720	\$86,557	\$0
TOTAL EXPENDITURES	\$7,418,935	\$2,853,599	\$1,236,278	\$2,381,497	\$560,765	\$386,796	\$0
TOTAL BUDGET NET (DEFICIT)/SURPLUS	(\$2,030,280)	(\$904,027)	(\$641,827)	(\$1,139,335)	\$766,706	(\$111,797)	\$0

Source: ADE, Inc.

FISCAL IMPACT ANALYSIS

San Luis Obispo General Plan Update

Table 7: Detailed Fiscal Impacts for Planned/Approved Projects and Other Vacant Land

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$473,181	\$266,124	\$113,878	\$9,083	\$42,855	\$22,587	\$18,653
Property Tax in lieu of VLF	\$226,025	\$139,863	\$47,387	\$3,780	\$17,833	\$9,399	\$7,762
Sales Tax: General	\$694,038	\$85,782	\$53,667	\$1,185	\$431,898	\$10,041	\$111,466
Sales Tax: ½ cent Essential Services Measure	\$300,883	\$37,189	\$23,266	\$514	\$187,239	\$4,353	\$48,323
Sales Tax: Public Safety	\$15,279	\$1,888	\$1,181	\$26	\$9,508	\$221	\$2,454
Transient Occupancy Tax	\$404,774	\$0	\$0	\$0	\$0	\$0	\$404,274
Utility Users Tax	\$178,974	\$76,113	\$63,146	\$4,913	\$10,272	\$7,924	\$16,606
Franchise Fees	\$84,404	\$35,895	\$29,780	\$2,317	\$4,844	\$3,737	\$7,832
Business Tax Certificates	\$50,515	\$0	\$0	\$9,491	\$19,843	\$15,308	\$5,873
Real Property Transfer Tax	\$10,802	\$6,075	\$2,600	\$207	\$978	\$516	\$426
Service Charges							
Recreation Fees	\$58,863	\$32,172	\$26,691	\$0	\$0	\$0	\$0
Other Charges for Services	\$54,847	\$23,325	\$19,351	\$1,506	\$3,148	\$2,428	\$5,089
Other Revenue							
Fines and Forfeitures	\$5,213	\$2,217	\$1,839	\$143	\$299	\$231	\$484
Interest Earnings and Rents	\$8,578	\$2,416	\$1,336	\$109	\$2,395	\$253	\$2,068
Other Revenues	\$3,033	\$1,357	\$1,126	\$103	\$216	\$167	\$64
Transfers in							
Gas Tax/TDA	\$49,679	\$27,153	\$22,527	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$2,619,087	\$737,570	\$407,773	\$33,376	\$731,328	\$77,165	\$631,372
EXPENDITURES							
General Government	\$306,402	\$133,388	\$110,663	\$6,820	\$17,686	\$11,001	\$26,845
Police	\$508,618	\$203,881	\$169,146	\$10,561	\$41,271	\$17,034	\$66,724
Fire	\$198,417	\$84,382	\$70,006	\$5,447	\$11,388	\$8,785	\$18,410
Transportation	\$299,355	\$127,308	\$105,619	\$8,217	\$17,181	\$13,254	\$27,776
Leisure, Cultural and Social Services	\$189,174	\$92,379	\$76,640	\$0	\$0	\$0	\$20,155
Park and Landscape Maintenance	\$87,394	\$47,766	\$39,628	\$0	\$0	\$0	\$0
Community Development							
Economic Health	\$9,631	\$0	\$0	\$1,621	\$3,389	\$2,615	\$2,006
Development Review	\$21,090	\$9,530	\$7,906	\$615	\$1,286	\$992	\$761
Other Community Development	\$46,077	\$20,820	\$17,273	\$1,344	\$2,810	\$2,168	\$1,663
Transfers Out	\$356,448	\$161,061	\$133,621	\$10,396	\$21,736	\$16,768	\$12,866
TOTAL EXPENDITURES	\$2,022,605	\$880,514	\$730,501	\$45,020	\$116,746	\$72,617	\$177,207
TOTAL BUDGET NET (DEFICIT)/SURPLUS	\$596,482	(\$142,944)	(\$322,727)	(\$11,644)	\$614,582	\$4,548	\$454,166

Source: ADE, Inc.

Table 8: Detailed Fiscal Impacts for Annexation Areas

	Total	Single Family	Multi-Family	Office	Commercial	Industrial	Hotel
REVENUES							
Tax Revenues							
Property Tax	\$306,945	\$202,583	\$61,260	\$2,544	\$27,906	\$0	\$12,652
Property Tax in lieu of VLF	\$501,454	\$162,213	\$49,052	\$100,242	\$122,393	\$44,854	\$22,699
Sales Tax: General	\$2,254,169	\$103,362	\$47,118	\$35,183	\$1,750,572	\$51,830	\$266,104
Sales Tax: ½ cent Essential Services Measure	\$977,241	\$44,810	\$20,427	\$15,253	\$758,918	\$22,470	\$115,363
Sales Tax: Public Safety	\$49,623	\$2,275	\$1,037	\$775	\$38,537	\$1,141	\$5,858
Transient Occupancy Tax	\$966,326	\$0	\$0	\$0	\$0	\$0	\$965,133
Utility Users Tax	\$445,382	\$91,712	\$55,440	\$145,911	\$71,770	\$40,905	\$39,645
Franchise Fees	\$210,043	\$43,251	\$26,146	\$68,812	\$33,847	\$19,291	\$18,696
Business Tax Certificates	\$513,568	\$0	\$0	\$281,878	\$138,649	\$79,021	\$14,021
Real Property Transfer Tax	\$7,007	\$4,625	\$1,398	\$58	\$637	\$0	\$289
Service Charges							
Recreation Fees	\$62,199	\$38,765	\$23,434	\$0	\$0	\$0	\$0
Other Charges for Services	\$136,488	\$28,105	\$16,990	\$44,715	\$21,994	\$12,535	\$12,149
Other Revenue							
Fines and Forfeitures	\$12,972	\$2,671	\$1,615	\$4,250	\$2,090	\$1,191	\$1,155
Interest Earnings and Rents	\$21,373	\$2,493	\$1,067	\$2,309	\$9,756	\$901	\$4,843
Other Revenues	\$8,215	\$1,635	\$989	\$3,069	\$1,510	\$860	\$153
Transfers in							
Gas Tax/TDA	\$52,495	\$32,717	\$19,778	\$0	\$0	\$0	\$0
TOTAL REVENUES	\$6,525,501	\$761,219	\$325,751	\$704,997	\$2,978,579	\$274,999	\$1,478,759
EXPENDITURES							
General Government	\$712,939	\$160,724	\$97,159	\$205,867	\$126,506	\$58,595	\$64,087
Police	\$1,243,418	\$245,664	\$148,506	\$313,655	\$288,372	\$87,929	\$159,292
Fire	\$538,874	\$101,675	\$61,463	\$180,300	\$95,995	\$55,489	\$43,951
Transportation	\$744,954	\$153,398	\$92,731	\$244,054	\$120,044	\$68,418	\$66,310
Leisure, Cultural and Social Services	\$226,715	\$111,311	\$67,288	\$0	\$0	\$0	\$48,117
Park and Landscape Maintenance	\$92,347	\$57,555	\$34,792	\$0	\$0	\$0	\$0
Community Development							
Economic Health	\$90,113	\$0	\$0	\$48,145	\$23,682	\$13,497	\$4,789
Development Review	\$52,617	\$11,483	\$6,941	\$18,268	\$8,986	\$5,121	\$1,817
Other Community Development	\$114,954	\$25,086	\$15,165	\$39,912	\$19,632	\$11,189	\$3,970
Transfers Out	\$889,287	\$194,069	\$117,316	\$308,759	\$151,871	\$86,557	\$30,715
TOTAL EXPENDITURES	\$4,706,220	\$1,060,965	\$641,362	\$1,358,960	\$835,087	\$386,796	\$423,050
TOTAL BUDGET NET (DEFICIT)/SURPLUS	\$1,819,280	(\$299,746)	(\$315,611)	(\$653,963)	\$2,143,492	(\$111,797)	\$1,055,709

Source: ADE, Inc.

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Public Facilities Financing

The LUCE includes a number of circulation improvements and would require expansion of other City facilities to accommodate planned growth. This section addresses options to finance the construction of these facilities, which include road, bikeways and highway improvements, a new fire station, expanded police facilities, new parks and water and sewer facility expansions.

Facilities Costs

Transportation. The City has a Transportation Impact Fee (TIF) program, which was updated most recently in 2006. The existing TIF includes \$51.5 million (\$2006) in improvements plus \$24.6 million in financing costs for a total of \$76.1 million. Major projects in the existing citywide TIF include the Prado Rd./Hwy 101 interchange, the Orcutt Rd./UPRR Grade separation and the Hwy 101/LOVR interchange improvements among others.

In addition, the major specific plan areas included in the LUCE have project specific transportation improvement obligations that are funded through separate impact fees or developer exactions.

Margarita Area Specific Plan (in addition to a share of the Prado Rd. Interchange)

- Prado Road Extension - \$18,967,700
- Prado & Higuera Intersection - \$1,600,000

Orcutt Area Specific Plan (OASP Share): Total equals \$4.2 million, selected projects include:

- Orcutt Road/Tank Farm Road - \$927,978
- Broad Street/South St-Santa Barbara Road - \$381,000
- Broad Street/Tank Farm Road - \$222,404
- Orcutt Rd/Johnson Avenue - \$300,004
- Orcutt Road Widening - \$310,685
- Bridges - \$1,610,000

Airport Area Specific Plan (AASP Share): Total equals \$19.3 million, selected projects include:

- Tank Farm Rd./Higuera Intersection Improvements - \$1,310,000
- Tank Farm Rd. Widening - \$5,641,557
- Prado Rd./Higuera Intersection Improvements - \$1,640,000

Table 8 lists the some of the major circulation improvements included in the LUCE, with planning level cost estimates and notes regarding additional analysis needed in some case to further define the projects. In addition to these projects, the Bicycle Transportation Plan adopted in 2013 includes an estimated \$48 million in facilities costs.

The Prado Rd. interchange is partially included in the TIF (\$6,587,000), with a total cost in 2006 dollars of \$22 million plus \$9.3 million in bond financing costs. Part of the Prado Interchange is also contained in the MASP

financing program. A full project funding plan for the remainder of costs for the interchange will be needed as major projects move forward – such as the San Luis Ranch project. The current cost estimate is a minimum of \$29 million or more, due to higher construction and right of way (ROW) acquisition costs. This project has been tied in part to the development of the Dalidio project and also benefits the Margarita Area Specific Plan, both of which have been assigned specific funding responsibility for the Prado Rd. Interchange. The Citywide TIF includes 29.9 percent of the cost of this project, plus financing costs.

Table 8: LUCE Circulation Projects

Projects	Cost (\$mil)	Notes
Prado Road Interchange	\$29.0	Included partially in existing TIF, needs full funding plan.
Orcutt Overpass	\$26.0	Partially included in TIF/PUC funding potential
Tank Farm to Buckley Connector	\$6.7	Will be built by development as they occur.
Victoria Connection	\$2.5	Would require new localized fee
Broad St. Consolidated Access	\$1.7	Would require new localized fee
Marsh/Higuera 2-way	\$3.5	Not in TIF. Potential General Fund Project
HWY 1/Hwy 101 (Santa Rosa) & Boysen & Santa Rosa	\$43.0	Not in TIF. Statewide/Regional Project
DT Transit Center	NA	
Mission Plaza Expansion	\$3.5	Grants/General Fund (Not transportation)
Projects to Include in New/Expanded Citywide TIF		
Bishop Extension	\$29.0	Requires further study/ Previously excluded from TIF
LOVR By-pass	\$15.0	Explore options with property redevelopment
Bianchi/Pismo/Higuera Realignment	\$2.7	Explore options with property redevelopment
Madonna/Higuera Realignment	\$7.5	Explore options with property redevelopment
Chorro & Broad Realignment	\$8.8	Explore options with property redevelopment
Subtotal	\$63.0	
GRAND TOTAL	\$192.2	

Source: Kittleson & Associates, using the planning level costing procedure developed and approved by Caltrans as part of the SLOCOG US 101 Mobility Master Plan. Not for Programming Purposes.

The Orcutt Overpass and the Bishop Extension were also included in the 2006 TIF analysis. It is anticipated that 80 percent of the Orcutt Overpass would be funded from grants and 65 percent of the Bishop St. Extension would be funded by other sources.

It is estimated that LUCE development would generate \$97.6 million under the existing TIF fee structure (see Appendix Table B-1). However, the lower portion of Table 8 indicates that as much as \$63 million in additional projects may need to be included in the TIF, or other financing sources found, in order to fully implement the LUCE Circulation Plan.

The City has yet to determine how best to fund all projects necessary to serve new development and will be conducting a fee study once the LUCE project is complete to determine how best to fund needed infrastructure projects. The City has already begun considering how to complete this impact fee update and a number of recommendations have been developed, which are presented below at the conclusion of this section of the Fiscal Report, that are based on these early discussions. It is critical once the LUCE is approved,

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the City that the City move forward with the updated financing program in order to implement the needed transportation improvements.

Police. The current police station is at capacity and the City has identified \$42.5 million in the CIP as the potential cost to build a new police station. The LUCE development would add the need for 14 sworn officers to the existing complement of 59 sworn officers. If the City builds a single new expanded police station to serve the entire City, rather than a police substation to serve the expansion areas, the LUCE development would generate a service burden equal to about 19 percent of this facility, or \$8.1 million.

Fire. The City has budgeted \$3.5 million for the new Station 5 plus a pumper truck, not including land cost for the Station. Based on the analysis of operating cost impacts in the previous section of the fiscal analysis, the LUCE development would represent 62 percent of the service area for the new station. Pending a formal nexus study for this facility, we estimate the LUCE share of the fire station cost at \$2.2 million, plus a similar share of the eventual land cost for the facility.

Water and Wastewater. The City updated its water and wastewater master plans in 2013 and adopted new impact fees to fund water supply and system capacity expansions. The cost allocations between future and existing development are shown in Table 9. LUCE development would be expected to fund the Future Development components of these costs through payment of development impact fees. It should be noted that Cal Poly has an MOU with the City for capacity in both the water and wastewater systems and has made payments to the City to maintain its capacity allocations.

Table 9: Water and Wastewater Facilities Costs (\$millions)

Projects	Cost Responsibility		
	Existing Development	Future Development	Total
Water Supply	\$98.2	\$63.2	\$161.4
Water Facilities	\$45.2	\$11.4	\$56.7
Total Water	\$143.4	\$74.6	\$218.1
Water Reclamation Facility	\$100.4	\$25.8	\$126.2
Catchment Areas			
Margarita	\$0.5	\$0.5	\$1.0
Calle Joaquin	\$1.1	\$0.4	\$1.5
Silver City	\$0.7	\$0.3	\$1.0
Laguna	\$2.4	\$0.7	\$3.1
Tank Farm	\$8.0	\$11.1	\$19.1
Subtotal	\$12.8	\$12.9	\$25.7
Total Wastewater	\$113.2	\$38.7	\$151.9

Source: City of San Luis Obispo Utilities Department, 2013 Water and Wastewater Development Impact Fees.

Parks. The City has a park standard of 10 acres per 1,000 population, which would equate to 113.4 acres for the LUCE development. Several of the projects in the LUCE are planned to provide park land within the development. The Caltrans site and the MASP would provide more park land that is warranted by their own population, while the Dalidio and LOVR Creekside projects would meet only part of their own park needs. The

Orcutt area (OASP) would meet its own parkland requirements through a combination of active and passive park space plus anticipated joint use of a new elementary school planned for the area.⁴

In order to meet the standard for park space, the City would need to obtain another 49.2 acres. If this land were to be purchased at a cost of \$300,000 per acre, the total cost would be \$14.8 million. Development cost are estimated at about \$235,000 per acre, based on similar costs for the MASP.⁵ This cost would potentially apply to 91 acres of new parkland outside the OASP, for a total development cost of \$21.4 million. Thus, the combined cost of acquisition and development of parks for the LUCE would be \$36.2 million.

Financing Sources

The City relies on a variety of funding sources for capital improvements, including development impact fees, utility and other enterprise user charges, state and federal grants, regional transportation funds, debt financing and general fund revenues. In general, though, the City expects new development to pay for facilities it needs through development impact fees or direct developer exactions.

Development Impact Fees. ADE estimates that the LUCE development would pay about \$279 million in existing development impact fees to the City of San Luis Obispo (Table 10 and Appendix B). For water, wastewater, affordable housing and public art, these fees appear to cover the identified impacts.⁶ For affordable housing and public art, it is assumed the level of impact is defined by the fees paid. There are a number of ways for developers to comply with the inclusionary housing ordinance without necessarily paying a fee. The analysis in Table 10 assumes no residential developers will pay a fee while all non-residential developers will pay the fee. In reality, this may be different for both types of developers, particularly for smaller residential subdivisions or for mixed use projects. For transportation and parks, the fees do not cover the full cost of LUCE improvements. In addition, additional facilities costs have been identified for police and fire facilities for which the City does not have development impact fees.

Table 10: Estimated Existing Development Impact Fees to be Paid by LUCE Development and Corresponding Facilities Costs (\$millions)

Land Use	Transportation	Water	Waste-water	Parks/ Open Space	Affordable Housing [a]	Public Art	Total
Single Family	\$22.8	\$26.1	\$14.7	\$11.2			\$74.8
Multi-Family	\$14.1	\$18.7	\$10.7	\$7.1			\$50.7
Office	\$37.7	\$7.6	\$4.6	\$0.2	\$17.9	\$1.7	\$69.9
Retail	\$20.0	\$8.3	\$4.5	\$0.3	\$20.7	\$2.2	\$56.4
Industrial	\$2.6	\$3.5	\$2.2	\$0.4	\$3.8	\$0.4	\$13.0
Hotels	\$2.1	\$5.2	\$2.2		\$4.0	\$0.4	\$14.0
TOTAL	\$99.3	\$69.5	\$39.0	\$19.3	\$46.4	\$4.8	\$279.0
Facilities Costs	\$139.1	\$74.6	\$38.7	\$36.6	\$46.4	\$4.8	\$340.2

Source: ADE and City staff, based on City fee schedules. See Appendix B for additional detail. Transportation Facilities costs include only existing TIF projects plus \$63 million in LUCE project that may be included in a future TIF update.

⁴ Walter Kieser, Economic and Planning Systems, Memorandum to Michael Codron and Lee Johnson regarding Review of City's Current Development Impact Fee Programs, January 6, 2014, pp. 27-28.

⁵ Kieser, *ibid.*

⁶ For the water facilities costs, the minor discrepancies from the projected fee revenues are likely due to incidental variations in fee revenue estimates.

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The City has recently reviewed its development impact fee program and considered other infrastructure financing mechanisms that might be available. Considerations with impact fees include not only their ability to fund needed infrastructure but also their effect on the feasibility of development in the City. This latter concern, expressed in the City's Economic Development Strategic Plan, has prompted closer consideration of the City's impact fee program and its potential effects on commercial and job generating land uses.

One set of guidelines suggests that impact fees should not exceed 15 percent of the value of residential development or 10 percent of the value of non-residential development.⁷ Table 11 provides a measure of the City's impact fees as calculated in aggregate for the LUCE land use categories. The first column shows the impact fees calculated in Table 10, followed by the estimated market value from the fiscal analysis. The estimated fees range from 5.0 percent of value for single family development to 15.3 percent for office development. It is clear that the fees for non-residential development exceed the optimal thresholds shown in the next column. However, the EPS analysis indicates that this feasibility issue is not a citywide concern but rather is focused in the special fee areas, primarily for the TIF, such as the MASP, the LOVR area and the triple fee zone. In addition, for non-residential development 5 percent of value is included for the inclusionary housing program. Retail projects in mixed use developments that meet the affordable housing requirements directly rather than through the fee, would see their total fee burden fall below the 10 percent threshold. Moreover, the thresholds themselves are guidelines and actual feasibility levels for specific projects may be different. The Public Facilities Financing Plan for the Airport Area Specific Plan shows comprehensive cost burdens ranging from 10.1 percent for business park uses to 11.2 percent for service commercial and 16.1 percent for manufacturing. The plan also notes that these burdens could be reduced through the use of Community Facilities District Financing.

Table 11: LUCE Impact Fee Funding Capacity

Land Use	Calculated Impact Fees (\$mil.) [b]	Market Value (\$mil.) [a]	Impact Fees as Percent of Value	Optimal Impact Fee Burden Ratios	Impact Fee Thresholds Based on Optimal Burden Ratios (\$mil.)	Potential Additional Gross Fee Capacity
Single Family	\$74.8	\$1,484.4	5.0%	15.0%	\$222.7	\$147.8
Multi-Family	\$50.7	\$754.1	6.7%	15.0%	\$113.1	\$62.4
Office	\$70.3	\$460.6	15.3%	10.0%	\$46.1	(\$24.3)
Retail	\$56.2	\$457.7	12.3%	10.0%	\$45.8	(\$10.4)
Industrial	\$13.0	\$120.5	10.8%	10.0%	\$12.0	(\$1.0)
Hotels	\$14.0	\$98.5	14.2%	10.0%	\$9.8	(\$4.1)
TOTAL	\$279.1	\$3,375.8	8.3%	13.3%	\$449.5	\$170.4

Source: ADE. Totals may not add due to rounding.

[a] ADE projections of initial assessed value.

[b] From Table 10. Does not include school fees.

However, in general, Table 11 indicates that residential uses could probably absorb higher impact fees but non-residential uses have a lower capacity for additional fee burdens. Through a nexus analysis for the additional LUCE circulation improvements, the City could determine how much of the estimated \$40 million shortfall in the TIF could be ascribed to new residential development. In addition, other impact fees could be

⁷ Walter Kieser, Economic and Planning Systems, Infrastructure Financing Analysis Session #3, presentation to the San Luis Obispo City Council, March 18, 2014. Slides 9-11.

developed to help fund the police and fire facilities as well as the park development costs identified above. The estimated shortfall in fees for all LUCE facilities is about \$71.5 million, not including bikeway facilities that may be funded with impact fees.

In its March 2014 workshop on Infrastructure Financing related to the Economic Development Strategic Plan, the City reviewed a number of findings from the analysis of the existing development impact fee program.

1. Incremental evolution in the City's existing development impact fee programs have resulted in a complex system of base fees, sub area fees, and geographic fee variation that warrants re-consideration in the next fee update process.
2. There are geographic "overlaps" in the City's fees that cause significant difference in fee levels in various parts of the City.
3. At the Citywide level, aggregate fee levels are consistent with fees levied by other cities, though some specific fees appear to be high by industry standards.
4. There is an inconsistency between land use categories used to compute fees between fee programs.
5. Fees do not contain a cost component for administration and updating.
6. The fees are currently escalated using the Consumer Price Index (CPI), but the Engineering News Record (ENR) may be a more appropriate index to track changes in construction costs.
7. The City does not charge fee for all municipal infrastructure categories, though this may be appropriately considered in the context of other concerns about the overall fee program.
8. The various fee programs should be integrated into the City's overall capital Improvement Plan (CIP)

Addressing these concerns would help the City close the gap in funding for LUCE related facilities costs.

Other Funding Sources and Financing Mechanisms

Under the current development impact fee program, new development would not pay for all of the infrastructure and facilities needed to support implementation of the LUCE. Part of the issue is that City does not have development impact for all the types of facilities that are needed, but part of the issue is that some of the facilities are needed to correct existing service deficiencies, such as the fire station in the south part of town. Similarly, the City may not be able to simply expand the police station to accommodate future growth, but would need to build a new facility, which could only partially be funded by an impact fee if it were adopted.

The City may be able to secure other funding sources for certain costs and would have the option of establishing other kinds of financing mechanisms besides impact fees to facilitate private development paying a greater share of the costs. For example, some of the transportation costs may be funded with regional transportation funds or state and federal grants. Several of the LUCE improvements are under consideration in the US 101 Mobility Study underway by SLOCOG and may eventually qualify for some regional funding. A number of the facilities may qualify for other state or federal grant funding.

The City can also using bond financing to acquire the capital needed to build facilities, which can then be paid off over a longer period of time. The City has used this approach for utility infrastructure projects and anticipates that some of the major transportation projects will need bond financing in order to be completed. This approach makes funding large projects more manageable by reducing initial cash requirements, but it

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does increase the overall cost of the project by adding financing costs to the actual construction cost of the facilities. In addition, the City must have a revenue source, such as utility service charges, to service the debt or use General Fund revenues for this purpose.

The City may also consider land based financing to facilitate developers and land owners paying a greater share of the cost of new facilities. There are a number of types of land based financing mechanisms including Community Facilities Districts and other forms of assessment districts. Such financing mechanisms also provide the opportunity to use bond financing, which not only allows the needed facilities to be built in a timely manner but also can reduce cash requirements for new development and improve the feasibility of desired economic development projects. Land based financing programs can be used within defined development areas, such as specific plans, with landowner/developer approval, or they can be set up on a citywide basis with voter approval. However, they are best used as part of a comprehensive capital improvements program strategy that includes a variety of funding source options.

Appendix A: Methodology for the Fiscal Analysis

The analysis addresses the impact of each type of land use on the City General Fund, both in terms of annual revenues generated and the demand for increased public services. The present report uses the current Fiscal Year 2013-2014 City budget as a basis for the cost of revenue analysis, which is updated from the Background Report Chapter 2.2.

General Fund Budget

The City's General Fund Budget for Fiscal Year (FY) 2013-2014 includes \$60.8 million in revenue and about \$65.5 million in current expenditures (Table A-1). The budget anticipates additional expense reductions of about \$914,000 based on actual payouts of salaries and benefits. The additional net costs of \$3.6 million are covered through prior year encumbrances and reimbursements from other funds.

The general sales tax is the single largest revenue source, at \$15.4 million. The City voters have also approved an additional sales tax measure called Measure Y, which supplements the general sales tax with another 50% of local sales tax revenues. Measure Y was approved in 2006 but will need to be re-approved by the voters by 2014. State Proposition 174 created the Public Safety sales tax, which is allocated to local jurisdictions by the state and is projected to yield \$338,900 for San Luis Obispo in the current year.

The general property tax is the second largest revenue source, at about \$8.8 million per year. The City's total assessed value is \$6.3 billion and the base property tax rate of one percent produces a total tax from properties within the City of \$63.3 million. However, the City receives only about 14 percent of this total and the remainder is distributed to local school districts and other taxing agencies. The City also receives another form of property tax from the state to replace vehicle license fees formerly allocated to the City, which adds \$3.6 million to the City General Fund.

The transient occupancy tax (TOT) is charged at the rate of ten percent on room revenues for all lodging in the City. This is a relatively large revenue, at \$5.9 million, and reflects San Luis Obispo's strong position as a visitor attraction in the region.

The utility users tax and the franchise fees are the next two largest General Fund revenues, at \$5.3 and \$2.5 million, respectively. Both revenues are generated by residential and business use of the various private utilities operating in the City, including electric and gas service, telephone, and cable TV.

The City also charges businesses for annual business licenses and a gross receipts tax, which together generate about \$2.1 million per year.

Most of the other revenues in the General Fund are direct charges for services, the largest of which is development related fees such as building permits, planning entitlement fees or plan check fees (\$3.6 million total, of which \$300,000 is carried over from the prior year). Also, fees for recreation programs generate \$1.6 million per year, which defrays about 40 percent of the cost for recreation programs.

Several revenue sources are transferred into the General Fund from other Budget Funds. The Gas Tax revenues are allocated to the City by the state based on a formula that includes miles of roadway in the City as well as the City's population. These funds can only be used for street maintenance. The other revenue source in this category includes Transportation Development Act (TDA) funds, which may be used only for alternative transportation modes and not for street maintenance under City policy.

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Table A-1: San Luis Obispo General Fund Budget, 2013-2014

Budget Category	Annual Budget
REVENUES	
Taxes	
Property Tax	\$8,761,100
Property Tax in lieu of VLF	\$3,645,700
Sales Tax: General	\$15,394,700
Sales Tax: Measure Y	\$6,674,000
Sales Tax: Public Safety	\$338,900
Transient Occupancy Tax	\$5,990,300
Utility Users Tax	\$5,356,000
Franchise Fees	\$2,525,900
Business Tax Certificates	\$2,116,600
Real Property Transfer Tax	\$200,000
Subventions and Grants	\$1,200,600
Service Charges	
Development Review Fees	\$3,571,600
Recreation Fees	\$1,577,400
Other Charges for Services	\$1,641,300
Other Revenue	
Fines and Forfeitures	\$156,000
Interest Earnings and Rents	\$179,000
Other Revenues	\$95,500
Transfers In	
Gas Tax/TDA	\$1,331,300
Transfers, Other	\$49,000
TOTAL REVENUES	\$60,804,950
EXPENDITURES	
General Government	\$10,314,900
Police	\$14,977,313
Fire	\$9,884,758
Transportation	\$3,363,700
Leisure, Cultural and Social Services	\$5,085,830
Parks and Landscape Maintenance	\$2,341,970
Budget Category	Annual Budget
Community Development	\$7,988,300
Economic Health	\$691,944
Development Review	\$1,471,666
Construction Regulation	\$3,443,119
Other Community Development	\$2,381,571
Transfers Out	\$11,333,700
TOTAL EXPENDITURES	65,467,941
Other Expenditure Savings	(914,700)
TOTAL NET REVENUES OVER EXPENDITURES	(\$3,570,821)

Source: City of San Luis Obispo 2013-2015 Financial Plan and 2013-14 Mid-Year Budget Review. February 2014.

On the expenditure side, police services has the largest budget at \$15.0 million. The public safety function which includes the Fire Department is the largest function provided by the City General Fund with a budget of \$25.0 million.

The general government function shown in Table 2.3-2 represents a number of City programs combined, including⁸:

- City Council
- General Administration
- City Attorney
- Human Resources
- Finance and Information Technology
- Public Works Administration
- Building and Fleet Maintenance

The Transportation function includes planning, engineering, & street and storm drain maintenance. As discussed in the fiscal analysis, costs for these services will increase not only indirectly due to population and non-residential development, but also directly due to additional transportation management programs and new road facilities in the LUCE. Other transportation related services such as parking and transit are discussed in the analysis under Enterprise Funds.

Parks and recreation, cultural services and social services are all grouped under the Leisure, Cultural and Social Services Function, with a total budget of \$7.4 million, of which \$2.3 million is for park and landscape maintenance.

The Community Development Function includes planning and development review, as well as economic development activities that are located in the City's Administration Department. In addition, the Building and Safety Division provides code enforcement and neighborhood services.

The expenditures figures under the heading Transfers Out in Table 2.3-2 also include contributions by the General Fund to the Capital Improvement Program (CIP) and to the Debt Service Fund. For the current fiscal year, the General Fund is projected to make \$7.1 million in CIP expenditures, most of which is funded by Measure Y sales tax revenues. In addition, the General Fund will contribute \$2.76 million to debt service for bonds to pay for a variety of public safety, transportation, leisure services and general City building capital projects as well as \$935,000 to pay down the City's PERS liability.

Fiscal Impact Calculations

This section discusses in more detail how the major revenues and costs have been calculated for the future growth included in LUCE.

Property Tax

The base property tax is one percent of the assessed value for real property. In order to estimate assessed values for projected development in the LUCE, ADE compiled data on recent property transactions in San Luis

⁸ The General Fund expenditures shown in Table 2.3-1 are organized by functional category, as presented in the City budget. This is different than the City's departmental organization, but provides a clearer picture of the service activities provided by City government.

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Obispo. Typically, the initial assessed value for new homes is set at the market value, or the sales price of the home when it is first sold. Table 13 shows data for 500 residential transactions and 31 non-residential transactions since January 2013. Since there has been very little new construction through the recession, most of these transactions are for existing properties. The non-residential transactions in particular are not comprehensive enough to represent all of the types of future development included in the LUCE, so we have supplemented the property sale data with other typical market factors to fill out estimates of average property values to use in the fiscal analysis (Table A-3). Most of these values are close to the averages for the properties shown in Table A-2, except for office and hotel uses, which we believe will be higher for new construction than is reflected in the recent property sales data.

Table A-2: Recent Property Transactions in San Luis Obispo

Property Type	Aggregate Sales Amounts	Number of Units/ Square Footage	Sales/Units/SF	No. of Transactions
RESIDENTIAL				
Single Family Residence	\$192,601,700	314	\$613,381	314
Condominium, PUD	\$39,909,484	110	\$362,813	110
Duplex	\$2,210,500	8	\$276,313	4
Triplex	\$1,420,000	6	\$236,667	2
Quadruplex	\$2,749,000	16	\$171,813	4
Mobile Home Parks, Trailer Parks	\$3,945,000	24	\$164,375	24
Multi-Family Dwelling (2-4 Unit)	\$18,654,000	53	\$351,962	32
Multi-Family Res (5+ Units)	\$2,787,500	30	\$92,917	4
Residential Miscellaneous	\$4,460,500	6	\$743,417	6
NON-RESIDENTIAL				
Food Store, Market	\$650,000	4,053	\$160	2
Hotel/Motel	\$1,982,000	15,639	\$127	1
Medical/Dental/Professional Bldg	\$1,445,000	7,045	\$205	3
Office Building	\$6,578,500	33,015	\$199	11
Store/Office Combo	\$4,525,000	22,132	\$204	5
Stores, Retail Outlet	\$4,636,000	13,863	\$334	4
Warehouse, Storage	\$3,868,500	35,272	\$110	4
Industrial	\$2,495,000	12,585	\$198	1

Source: ADE based on Dataquick, Zillow and Loopnet.

Table A-3: Assessed Value Factors Used in the Fiscal Analysis

	Value per Unit
RESIDENTIAL	
Single Family	\$613,400
Multi-Family	\$303,600
NON-RESIDENTIAL	
Office	\$205
Retail	\$265
Industrial	\$135
Hotel	\$205

Source: ADE based on Dataquick, Zillow and Loopnet.

Property Tax Allocation

As mentioned, the property tax paid by property owners is distributed to a wide range of local taxing agencies including not only the City of San Luis Obispo, but also the County, the school districts and other special taxing districts. On average, the City gets about 14 percent of the one percent tax for parcels within the historic City boundaries. The County of San Luis Obispo receives an average of about 22 percent of the tax and school district and other educational agencies, receive the majority of property tax revenues.

In 1996, San Luis Obispo and the other cities in the County executed a property tax sharing agreement with the County for properties that would annex into the cities after that time. For those properties, the cities get a lower share of property tax from residential development, calculated as one-third of the share that would otherwise go to the County General Fund. That share is about 22 percent, so the cities' share of residential property tax in annexation areas is about 7.4 percent, rather than the 14 percent that San Luis Obispo otherwise gets. In addition, the County continues to get the existing property tax generated by the properties in their undeveloped state at the time of annexation. For properties that develop into non-residential uses, such as retail, office or industrial business, the cities do not get any property tax. The City does collect any sales taxes or other revenues generated by these properties, which help pay for City services that are required to support these developments.

The property tax estimates shown in the fiscal analysis reflect these tax allocation factors, depending on whether the property is within the historic City boundaries or would have been annexed after 1996. The analysis also deducts the existing assessed value of each property, where available, to limit the analysis to future new revenues that would be generated by the LUCE development.

Sales Tax Calculations

As part of the description of local economic conditions for the LUCE, ADE conducted a retail market analysis, which is included in Chapter 2.3 of the LUCE Background Report. In general, commercial businesses in San Luis Obispo capture more retail sales than is generated by the residents of the City alone. San Luis Obispo is a regional retail hub that attracts shoppers from around the County. In addition, commuters who drive into the City to work and tourists also make taxable retail purchases. Finally, business-to-business transactions generate a certain amount of sales taxes when the items purchased are not for resale to customers.

Based on the retail market analysis and reviewing sales tax records for non-residential types of businesses, ADE estimated the sales tax generation factors by land use shown in Table A-4. The City receives one percent of taxable sales in the form of general sales taxes. The \$92.00 in sales taxes per single family resident represents taxable purchases of \$9,200 per year, which does not include groceries, pharmaceuticals or other non-taxable items. The dollar amounts shown for non-residential uses are presented in terms of revenues generated per job for each land use type. These are not employee expenditures but are taxable business transactions. They are expressed per job rather than per square foot of building space simply because our data on existing jobs is more reliable than the building space data and provide a more accurate factor to calculate potential future revenues from new development.

The factor for commercial uses reflects sales in retail businesses and is roughly equivalent to taxable sales of \$314 per square foot of retail space. Retail businesses serve as the point of sale for purchases from residents, visitors and other businesses, so most of the sales tax collected by the City comes through accounts of retail businesses. That means for the residential uses in particular we would be double counting revenues if we use raw sales tax generation factors simultaneously for both residential and retail uses. Therefore, this factor for commercial businesses has been lowered to net out sales from the other land uses.

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Table A-4: Per Capita Sales Tax Factors

Land Use	General Sales Per Resident or Per Job
Single Family	\$92.00
Multi-Family	\$70.00
Office	\$10.00
Commercial	\$1,725.00
Industrial	\$52.00
Hotel Visitors	\$1.50

Source: ADE with data from MuniServices.

The City's existing 2,120 hotel rooms attract some 1,100,000 visitors to San Luis Obispo. Each visitor spends an estimated \$150 on taxable restaurant and retail purchases, which generates \$1.50 in sales taxes. The LUCE includes plans for 803 additional hotel rooms (See Table 1), which would attract an average of nearly 416,700 new visitors to the City and generate about \$628,800 in additional general sales taxes per year.

Transient Occupancy Tax (TOT)

The hotel rooms would also generate new TOT taxes. For this analysis, we have assumed an average room rate of \$120.00 per night and a 65 percent occupancy rate. These factors are comparable to recent experience in San Luis Obispo. If economic conditions improve substantially, the City could expect to see even higher revenues in the future.

Per Capita Revenues and Costs

Most other City revenues and costs are calculated on a per capita formula method based on employment and population in each land use category. Generally, jobs in the City are assumed to exert one-half the service demand as residential population. This is a standard assumption in fiscal impact analysis and reflects the fact that employees working in the City occupy their positions 8 hours per day while residents are there a minimum of 16 hours per day and more if they are not employed. In San Luis Obispo, there are 45,473 residents and 32,560 jobs. We also estimate there are the equivalent of 3,014 daily hotel visitors (1,100,000 total visitors/365 days), which are counted in this analysis the same as the residential population. With the jobs counting 50% of the population impact, it works out that the residential population requires 70 percent of the services that are allocated under this formula, while non-residential uses require 25 percent and hotel uses 5 percent.

A similar logic is used to estimate revenues such as the utility users tax, franchise fees and miscellaneous service charges, fines and forfeitures collected by the City (Table A-5). Other revenues are more clearly associated with one type of land use or another, such as the business license taxes which are paid only by non-residential land uses and recreation program fees which tend to be mostly paid by local residents. Also, the gas tax revenues, which are shown as a transfer into the General Fund from the Gas Tax fund, are allocated to residential uses since the state formula for allocating these revenues to cities is based mainly on a per capita formula.

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Table A-5: Per Capita Revenue and Cost Factors

	Residential		Business		Visitors	
	Proportion	Per Capita	Proportion	Per Employee	Proportion	Per Visitor
REVENUES						
Utility Users Tax	70%	\$82.07	25%	\$ 41.03	5%	\$82.07
Franchise Fees	70%	\$38.70	25%	\$19.35	5%	\$38.70
Business Tax Certificates	0%	\$0.00	100%	\$79.27		
Service Charges						
Recreation Fees	100%	\$34.69	0%	\$0.00		
Other Charges for Services	70%	\$25.15	25%	\$12.57	5%	\$25.15
Other Revenues						
Fines and Forfeitures	70%	\$2.39	25%	\$1.20	5%	\$2.39
Other Revenues	70%	\$1.46	30%	\$0.86		
Transfers in						
Gas Tax/TDA	100%	\$29.28	0%	\$0.00		
EXPENDITURES						
Police	70%	\$219.83	25%	\$109.91	5%	\$219.83
Fire	70%	\$90.98	25%	\$45.49	5%	\$90.98
Transportation	70%	\$59.04	25%	\$29.52	5%	\$59.04
Leisure, Cultural and Social Services	94%	\$99.60	0%	\$0.00	6%	\$99.60
Park and Landscape Maintenance	100%	\$51.50	0%	\$0.00	0%	\$51.50
Community Development						
Economic Health	0%	\$0.00	85%	\$13.54	15%	\$0.00
Development Review	70%	\$10.28	25%	\$5.14		\$10.28
Other Community Dev.	70%	\$22.45	25%	\$11.22	5%	\$22.45
Transfers Out	70%	\$173.66	25%	\$86.83	5%	\$173.66

Service Cost Analysis

The fiscal impact analysis is intended to show the increased public service costs for the City as new development occurs. This portion of the analysis focuses on annual recurring costs and revenues and therefore excludes capital improvement projects needed to support the LUCE. The Public Facilities Financing section addresses the infrastructure and facilities costs and funding programs needed to support future growth. Other costs that are unlikely to be repeated or expanded due to future growth have also been excluded. Mainly, these are costs for management functions such as the City Council and City Department Heads. While future growth will increase the demand for services, these service expansions will most likely occur through increases in service delivery staff. Table A-6 lists the costs removed from the fiscal impact analysis.

In addition, the fiscal analysis deducts development and construction related fees that are paid once during the entitlement or construction process, but not paid on an annual basis by the eventual property owners. An

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amount equal to these revenues, shown as \$3,291,600 in Table A-6, is deducted from the costs for the Community Development Department. These adjustments have the effect of focusing the fiscal analysis on the ongoing revenues and costs associated with new development rather than the onetime cost of processing the development applications.

Subventions an grant have been removed from the analysis since they cannot be projected into the future associated with new development.

As noted earlier in the analysis, increased costs for IT, building maintenance and street maintenance have been added to the cost basis for the fiscal analysis.

Table A-6: Fiscal Model Revenue and Expenditure Adjustments [a]

Function	Amount	Item
General Government	(\$138,900)	City Council
General Government	(\$139,061)	IT/Finance Dir
General Government	(\$96,538)	City Clerk
General Government	(\$221,520)	City Manager
General Government	(\$125,554)	Human Res Dir
General Government	\$160,000	Additional IT capital expenditures
General Government	\$867,000	Additional building maintenance expenditures
Public Safety	(\$144,352)	Police Chief
Public Safety	(\$139,061)	Fire Chief
Public Safety	(\$280,000)	Fire Plan Check Fees
Transportation	(\$123,578)	Public Works Dir
Transportation	\$3,625,000	Additional street maintenance expenditures
Leisure	(\$111,592)	Parks & Rec Dir
Community Development	(\$96,538)	ED Mgr
Community Development	(\$139,061)	CD Director
Community Development	(\$85,826)	Chief Building Official
Community Development	(\$3,291,600)	Development Review Fees
Various	(\$914,700)	Mid-Year Expenditure Savings
Various	(\$1,200,600)	Subventions and Grants
Benefits	49%	Added to salaries

[a] Note: Salary figures generally reflect the average of the salary scale for each position as published by the San Luis Obispo Human Resources Departments. The figures do not necessarily represent the actual salaries of the individuals who occupy these positions. The additional benefits factor of 49% of base compensation is derived from the City of San Luis Obispo 2013-2015 Financial Plan, page D-19.

Municipal service costs for services provided directly to the population or businesses were generally allocated based on the per capita method explained above. First, however, certain services were allocated to residential or non-residential land uses based on their function. Recreation, cultural services and social services were allocated 100% to residential land uses. Economic Health was allocated 100% to non-residential land uses.

Police services costs are estimated using the per capita methodology as shown in Table A-5. However, within the non-residential land uses, commercial and hospitality land uses were weighted roughly twice as much as

other business types, based on data from other cities that indicate calls for service related to shoplifting, burglary, parking lot incidences and disturbing the peace are higher for retail, restaurant and night club uses.

For Fire Department services, one-third of the costs are allocated based on assessed value for each land use, which represents the portion of fire department services related to fire suppression. The other two-thirds represents medical emergency responses, which are allocated based on the per capita formula explained above. This overall split of services is based on a general discussion with the City Fire Marshall.

The Transfers Out are mainly for capital improvement projects and debt service, which is for long term capital projects financing. In particular, nearly \$5 million of the total sales tax revenue received by the City from Measure Y is programmed for capital improvements projects. If Measure Y is not renewed by the voters, these expenditures and General Fund contributions will likely need to be reduced. Other recipients of General Fund support are the Community Development Block Grant program, the Open Space Protection Fund, the Fleet Replacement Fund, Information Technology Fund and the Major Facility Replacement Fund.

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Appendix B: Development Impact Fee Estimates

Table B-1: Estimated Traffic Impact Fees From LUCE Development

Project/Development Areas	Traffic Impact Fees					
	Single Family	Multifamily	Office	Commercial	Industrial	Hotel
Citywide Base TIF	\$3,516	\$3,120	\$7,051	\$7,406	\$2,036	\$1,632
Foothill @ Santa Rosa Area		\$249,600				
Caltrans Site		\$165,360	-\$26,737	-\$105,647		\$326,400
General Hospital Site	\$31,644	\$99,840	\$344,004			
Broad Street Area		\$1,837,680		\$1,696,478		
Sunset Drive-In Site		\$0	\$1,838,238	\$1,651,257		
Dalidio / Madonna Area	\$1,125,120	\$561,600	\$1,057,650	\$1,481,200		\$326,400
Pacific Beach Site	\$0	\$97,736		\$350,744		\$0
Calle Joaquin Auto Sales Area				\$781,203		\$161,520
Madonna Site on LOVR		\$295,780	\$97,484	\$884,500		\$187,094
LOVR Creekside Area		\$408,948				
Broad St. @ Tank Farm Rd. Site	\$0	\$127,920	\$515,992	\$464,549		\$0
Avila Ranch	\$1,174,095	\$758,740		\$152,500		
Chinatown Project	\$0	\$99,840	\$0	\$340,676		\$127,000
Pacific Courtyards	\$0	\$37,440	\$70,510	\$0		\$0
Mission Estates	\$35,160	\$0	\$0	\$0		\$0
Four Creeks (Creekston and Laurel Creek)	\$0	\$517,920	\$0	\$0		\$0
Garden Street Terrace	\$0	\$24,960	\$0	\$185,150		\$104,000
313 South Street Apartments	\$0	\$134,160	\$0	\$0		
Marsh Street Commons	\$0	\$34,320	\$0	\$22,218		
ICON project (1340 Taft)	\$0	\$21,840	\$0	\$29,624		
Margarita Area Specific Plan	\$1,919,931	\$291,846	\$5,219,930	\$51,950		
Airport Area Specific Plan			\$6,345,900	\$2,359,343	\$1,522,199	
Orcutt Area Specific Plan	\$1,898,640	\$1,369,680		\$81,466		
Suburban Residential ⁴	\$14,064	\$0	\$0	\$0		
Low Density Residential	\$1,125,120	\$0	\$0	\$0		
Medium Density Residential	\$249,636	\$0	\$0	\$0		
Medium-High Density Residential		\$18,720	\$0	\$0		
High Density Residential		\$159,120	\$0	\$0		
Neighborhood Commercial ⁵		\$0	\$0	\$19,359		
Community Commercial ⁵		\$0	\$0	\$309,704		
Tourist Commercial ⁵		\$0	\$0	\$112,912		
Office ⁴		\$0	\$139,751			
Services and Manufacturing		\$0	\$0		\$294,888	
Public		\$0	\$0			

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Project/Development Areas	Traffic Impact Fees					
	Single Family	Multifamily	Office	Commercial	Industrial	Hotel
LOVR Sub Area	\$8,878	\$6,506	\$13.402	\$20.556		\$4,611
Pacific Beach Site		\$149,492		\$831,206		
Madonna Site on LOVR		\$452,410		\$2,096,120		\$453,835
LOVR Creekside Area		\$1,034,454	\$0	\$0		\$0
Calle Joaquin Auto Sales Area		\$0	\$0	\$1,851,322		\$391,800
Avila Ranch	\$2,425,545	\$1,160,530		\$361,400		
MASP Sub Area	\$12,320	\$8,306	\$23.746	\$49.406		
Margarita Area Specific Plan	\$7,197,333	\$761,111	\$17,621,937	\$437,870		
AASP Sub Area	\$3,516	\$3,120	\$11.745	\$7.424	\$2.850	
Broad St@Tank Farm Rd.		\$94,721	\$334,213	\$754,427		
Avila Ranch	\$1,339,474	\$681,531		\$300,683		
Airport Area Specific Plan ⁸			\$4,110,300	\$2,205,097	\$796,986	
OASP Sub Area	\$12,171	\$8,912	\$7.051	\$31.100		
Orcutt Area Specific Plan	\$4,250,340	\$2,413,622		\$342,104		
TOTAL BY LAND USE	\$22,786,102	\$14,060,921	\$37,669,172	\$20,049,414	\$2,614,073	\$2,078,049
GRAND TOTAL	\$99,257,732					

Source: San Luis Obispo City Staff

Note: Impact fees shown for Special Planning areas such as Dalidio/San Luis Ranch (SP-3), Avilla Ranch (SP-4), and Madonna property on LOVR (SP-2) are illustrative only and will need finalization/amendment when specific projects are submitted and development agreements, if necessary, are negotiated.

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Table B-2: Estimated Water Impact Fees from LUCE Development

Project/Development Areas	Water Impact Fees					
	Single Family	Multifamily	Office	Commercial	Industrial	Hotel
Citywide Base TIF	\$10,775	\$7,542	\$3,879	\$4,310	\$3,879	\$10,775
Foothill @ Santa Rosa Area		\$603,360				
Caltrans Site		\$399,726				\$1,293,000
General Hospital Site	\$96,975	\$241,344	\$189,249			
Broad Street Area		\$4,442,238		\$987,283		
Sunset Drive-In Site		\$0	\$1,011,279	\$960,966		
Dalidio / Madonna Area	\$3,448,000	\$1,357,560	\$581,850	\$862,000		\$1,293,000
Pacific Beach Site	\$0	\$286,596		\$247,821		\$0
Broad St. @ Tank Farm Rd. Site	\$0	\$309,222	\$283,865	\$270,349		\$0
Chinatown Project	\$0	\$241,344	\$0	\$198,260		\$504,270
Pacific Courtyards	\$0	\$90,504	\$38,790	\$0		\$0
Mission Estates	\$107,750	\$0	\$0	\$0		\$0
Four Creeks (Creekston & Laurel Creek)	\$0	\$1,251,972	\$0	\$0		\$0
Garden Street Terrace	\$0	\$60,336	\$0	\$107,750		\$465,480
313 South Street Apartments	\$0	\$324,306	\$0	\$0		
Marsh Street Commons	\$0	\$82,962	\$0	\$12,930		
ICON project (1340 Taft)	\$0	\$52,794	\$0	\$17,240		
Suburban Residential	\$43,100	\$0	\$0	\$0		
Low Density Residential	\$3,448,000	\$0	\$0	\$0		
Medium Density Residential	\$765,025	\$0	\$0	\$0		
Medium-High Density Residential		\$45,252	\$0	\$0		
High Density Residential		\$384,642	\$0	\$0		
Neighborhood Commercial		\$0	\$0	\$11,266		
Community Commercial		\$0	\$0	\$180,236		
Tourist Commercial		\$0	\$0	\$65,710		
Office		\$0	\$76,882			
Services and Manufacturing		\$0	\$0		\$561,823	
Public		\$0	\$23,654			
Madonna Site on LOVR	\$0	\$867,330	\$65,051	\$1,017,160	\$0	\$898,635
LOVR Creekside Area	\$0	\$1,199,178	\$0	\$0	\$0	\$0
Calle Joaquin Auto Sales Area	\$0	\$0	\$0	\$551,964	\$0	\$775,800
Avila Ranch	\$4,363,875	\$2,224,890	\$0	\$107,750	\$0	\$0
Margarita Area Specific Plan	\$7,984,275	\$957,834	\$3,720,027	\$43,100	\$0	\$0
Airport Area Specific Plan	\$0	\$0	\$1,657,074	\$2,659,197	\$2,900,103	\$0
Orcutt Area Specific Plan	\$5,818,500	\$3,310,938	\$0	\$47,410	\$0	\$0
TOTAL BY LAND USE	\$26,075,500	\$18,734,328	\$7,647,720	\$8,348,392	\$3,461,926	\$5,230,185
GRAND TOTAL	\$69,498,051					

Source: ADE, based on City of San Luis Obispo Fee Structure.

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Table B-3: Estimated Wastewater Impact Fees from LUCE Development

Project/Development Areas	Wastewater Impact Fees					
	Single Family	Multifamily	Office	Commercial	Industrial	Hotel
Citywide Fee	\$3,729	\$2,610	\$1.342	\$1.492	\$1.342	\$3.729
Foothill @ Santa Rosa Area		\$208,800				
Caltrans Site		\$138,330				\$447,480
General Hospital Site	\$33,561	\$83,520	\$65,495			
Broad Street Area		\$769,645		\$170,839		
Sunset Drive-In Site		\$0	\$349,982	\$332,570		
Pacific Beach Site	\$0	\$99,180		\$85,766	\$0	\$0
Chinatown Project	\$0	\$83,520	\$0	\$68,614		\$174,517
Avila Ranch	\$3,761,235	\$1,917,500	\$0	\$92,870	\$0	\$0
Pacific Courtyards	\$0	\$31,320	\$13,424	\$0		\$0
Mission Estates	\$37,290	\$0	\$0	\$0		\$0
Four Creeks (Creekston & Laurel Creek)	\$0	\$433,260	\$0	\$0		\$0
Garden Street Terrace	\$0	\$20,880	\$0	\$37,290		\$161,093
313 South Street Apartments	\$0	\$112,230	\$0	\$0		
Marsh Street Commons	\$0	\$28,710	\$0	\$4,475		
ICON project (1340 Taft)	\$0	\$18,270	\$0	\$5,966		
Suburban Residential	\$14,916	\$0	\$0	\$0		
Low Density Residential	\$1,193,280	\$0	\$0	\$0		
Medium Density Residential	\$264,759	\$0	\$0	\$0		
Medium-High Density Residential		\$15,660	\$0	\$0		
High Density Residential		\$133,110	\$0	\$0		
Neighborhood Commercial		\$0	\$0	\$3,899		
Community Commercial		\$0	\$0	\$62,376		
Tourist Commercial		\$0	\$0	\$22,741		
Office		\$0	\$26,607			
Services and Manufacturing		\$0	\$0		\$194,435	
Public		\$0	\$8,186			
Laguna Catchment Area	\$4,219	\$2,953	\$1.519	\$1.688	\$1.519	\$4.219
Dalidio / Madonna Area	\$1,350,080	\$531,540	\$227,826	\$337,520	\$0	\$506,280
Calle Joaquin Catchment Area	\$5,558	\$3,890	\$2.001	\$2.223	\$2.001	\$5.558
Madonna Site on LOVR		\$447,350	\$33,555	\$524,675	\$0	\$463,537
LOVR Creekside Area		\$618,510	\$0	\$0	\$0	\$0
Calle Joaquin Auto Sales Area		\$0	\$0	\$284,716	\$0	\$400,176
Silver City Catchment Area	\$1,356	\$1,280	\$0.488	\$0.542	\$0.488	\$1.356
Margarita Area Specific Plan	\$251,199	\$40,640	\$0	\$0		
Margarita Catchment Area	\$6,474	\$4,532	\$2.331	\$2.590	\$2.331	\$6.474
Margarita Area Specific Plan	\$1,679,032	\$431,673	\$0	\$0	\$0	\$0
Tank Farm Catchment Area	\$7,359	\$5,151	\$2.649	\$2.944	\$2.649	\$7.359
Broad Street Area		\$1,516,970		\$337,142		

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Project/Development Areas	Wastewater Impact Fees					
	Single Family	Multifamily	Office	Commercial	Industrial	Hotel
Margarita Area Specific Plan	\$2,181,208	\$654,177	\$2,540,666	\$29,436	\$0	\$0
Airport Area Specific Plan	\$0	\$0	\$1,131,731	\$1,816,151	\$1,980,683	\$0
Broad St. @ Tank Farm Rd. Site	\$0	\$211,191	\$193,871	\$184,640	\$0	\$0
Orcutt Area Specific Plan	\$3,973,860	\$2,261,289	\$0	\$32,380	\$0	\$0
TOTAL BY LAND USE	\$14,740,420	\$10,806,275	\$4,591,345	\$4,434,066	\$2,175,118	\$2,153,083
GRAND TOTAL	\$38,900,306					

Source: ADE, based on City of San Luis Obispo Fee Structure.

FISCAL IMPACT ANALYSIS

San Luis Obispo General Plan Update

Table B-4: Parks and Open Space Fees

Project/Development Areas	Water Impact Fees				
	Single Family	Multifamily	Office	Commercial	Industrial
Citywide Base TIF	\$5,668	\$4,494			
Foothill @ Santa Rosa Area	\$0	\$359,520			
Caltrans Site	\$0	(\$15,728)			
General Hospital Site	\$51,012	\$143,808			
Broad Street Area	\$0	\$2,646,966			
Dalidio / Madonna Area	\$498,982	\$222,541			
Pacific Beach Site	\$0	\$170,772			
Broad St. @ Tank Farm Rd. Site	\$0	\$184,254			
Chinatown Project	\$0	\$143,808			
Pacific Courtyards	\$0	\$53,928			
Mission Estates	\$56,680	\$0			
Four Creeks (Creekston & Laurel Creek)	\$0	\$746,004			
Garden Street Terrace	\$0	\$35,952			
313 South Street Apartments	\$0	\$193,242			
Marsh Street Commons	\$0	\$49,434			
ICON project (1340 Taft)	\$0	\$31,458			
Suburban Residential4	\$22,672	\$0			
Low Density Residential	\$1,813,760	\$0			
Medium Density Residential	\$402,428	\$0			
Medium-High Density Residential	\$0	\$26,964			
High Density Residential	\$0	\$229,194			
Madonna Site on LOVR	\$0	\$516,810			
LOVR Creekside Area	\$0	\$184,526			
Avila Ranch	\$2,295,540	\$1,325,730			
MASP Sub Area	\$8,247	\$6,945			
Margarita Area Specific Plan	\$6,111,027	(\$116,375)			
AASP Open Space Fee			\$166,604	\$354,148	\$390,269
TOTAL BY LAND USE	\$11,257,769	\$7,137,302	\$166,604	\$354,148	\$390,269
GRAND TOTAL	\$19,306,093				

Source: ADE, based on City of San Luis Obispo Fee Structure.



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