

bae urban economics

City of Brentwood
Priority Area 1 Specific Plan Preferred Alternative Fiscal Analysis
March 2018



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INTRODUCTION

Introduction

The City of Brentwood commissioned BAE Urban Economics, Inc. (BAE) to prepare a fiscal impact analysis that projects increased General Fund costs and revenues associated with the Priority Area 1 (PA-1) Specific Plan preferred land use alternative. This fiscal impact analysis projects the fiscal impact of the preferred land use alternative at buildout, and assumes a continuation of the City's existing General Fund cost and revenue structure, as reflected in the City's 2016/17-2017/18 Operating Budget for the 2017/18 fiscal year. The analysis focuses on the General Fund, because it represents the portion of the City's budget that finances key public services using general purpose discretionary revenues.

Preferred Alternative

De Novo Planning Group provided development projections for the preferred land use alternative, including zoning, use type square footages, population, and employment densities. The geographic location of the preferred alternative's proposed zoning districts is shown in Figure 1, while Table 1 summarizes the land use program, including non-residential square footage and number of housing units by type, and population and employment yields.

As shown in Table 1, the preferred land use alternative includes 2,041 new housing units. Housing units in the Medium Density Residential (MDR) zone, including a mix of duplexes, triplexes, apartments, townhomes, and small lots single-family detached units, account for 405 (20 percent) of the new housing units. Housing units in the High Density Residential (HDR) zone, primarily characterized by apartments and/or condominiums, account for 1,005 (49 percent) of the new housing units. Housing units in the Transit Village (TV) zone, a residential, commercial, employment, entertainment and hospitality district surrounding the potential future eBART station, account for 631 (31 percent) of all new PA-1 housing units. The preferred land use alternative envisions these units as multifamily housing units above ground floor retail and services. Combined, these new housing units will generate 4,569 new residents.

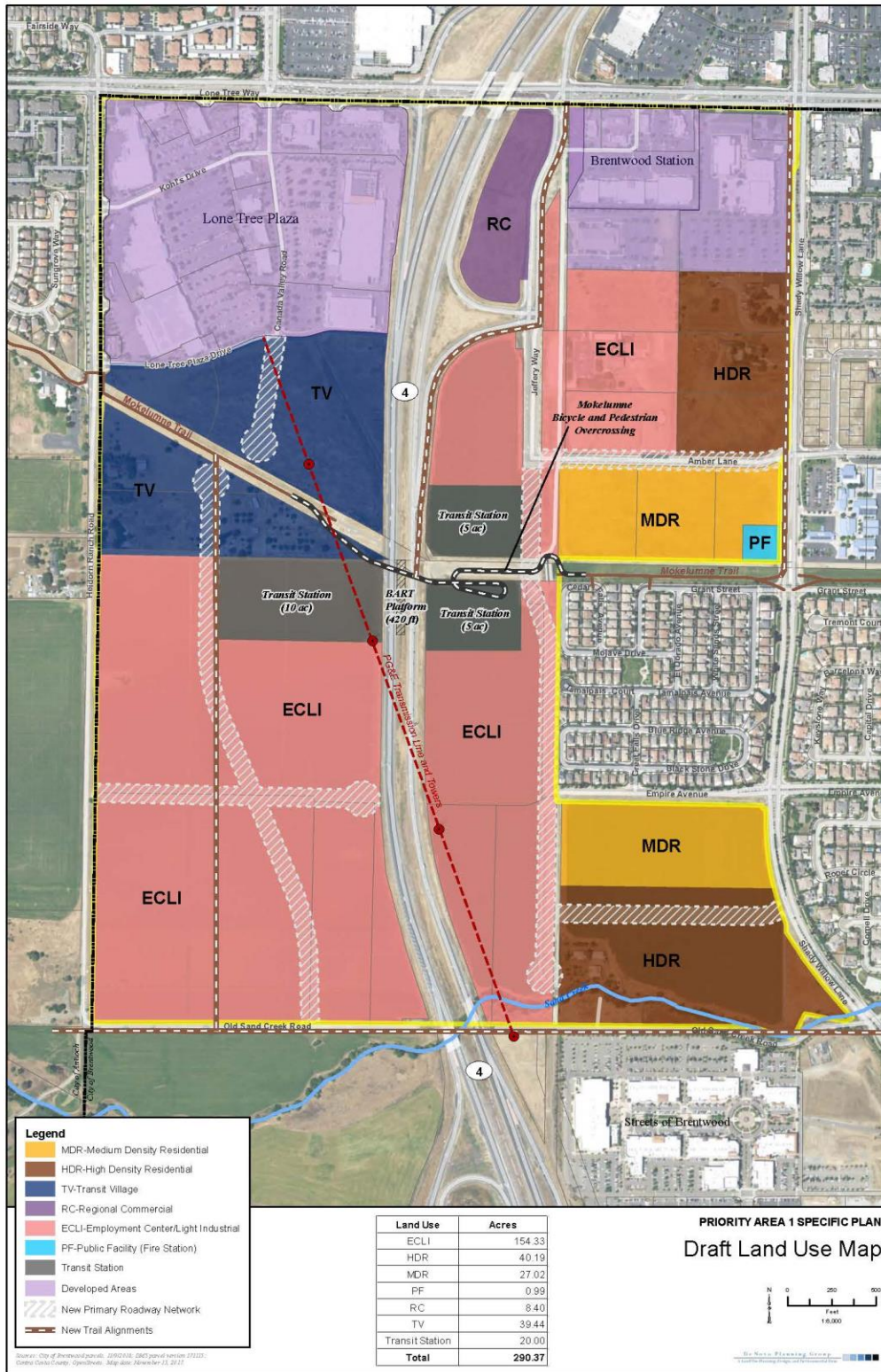
Table 1 also shows that the preferred land use alternative includes approximately 3.8 million square feet of non-residential uses. Business park uses account for 1.8 million square feet (47 percent) of the preferred alternative's non-residential uses, while light industrial uses account for 1.2 million (32 percent) of the preferred alternative's non-residential uses. Business park and light industrial uses will be permitted in the Employment Center Light Industrial (ECLI) zone, which is intended to accommodate a wide range of office and light industrial uses such as research and development (R&D), STEM (science, technology, engineering, and math), tech/biotech manufacturing, and high-tech services that involve a combination of assembly, warehousing, and/or sales. Office and neighborhood retail commercial uses account for 322,126 square feet (eight percent) of non-residential uses, and

will be permitted in the TV zone. Regional Commercial uses account for 164,657 square feet (four percent) of non-residential uses within PA-1. Combined, the anticipated non-residential uses will generate an estimated 8,383 new employees. While not included in the square footage total and the population and employment projections, the preferred land use alternative also includes a new 0.99-acre fire station at the corner of Shady Willow Lane and Makeline Trail, shown as PF (public facility) in Figure 1.

In total, the preferred land use alternative could result in a new service population of 8,760. Service population is a metric commonly employed for fiscal impact analyses as an indicator of public service demand, and is defined as the resident population plus one-half of the number of local employees.

Although this analysis assumes that the PA-1 area will fully build out as envisioned by the preferred land use alternative, real estate development is subject to market conditions which may fluctuate during the PA-1 Specific Plan absorption horizon, which may extend several decades. For example, it is possible that development may take longer to occur and stabilize than this analysis anticipates, and/or, that the number of years required for full absorption may vary among land uses.

Figure 1: PA-1 Preferred Land Use Alternative



Source: DeNovo Planning Group, 2017.

Table 1: PA-1 Land Use Summary, Preferred Alternative

Land Use, Units/Sq.Ft.	Preferred Alternative
Housing Units (a)	2,041
<i>Medium Density Units</i>	405
<i>High Density Units</i>	1,005
<i>Transit Village Units</i>	631
Non-Residential Use	3,834,086
<i>Office</i>	322,126
<i>Neighborhood Retail Commercial</i>	322,126
<i>Regional Commercial</i>	164,657
<i>Business Park</i>	1,815,106
<i>Live/Work Units</i>	0
<i>Light Industrial</i>	1,210,071
New Population (b)	
Medium Density Units	1,297
High Density Units	2,010
Transit Village Units	1,262
Total	4,569
New Employment (c)	
Office	1,289
Neighborhood Retail Commercial	644
Regional Commercial	299
Business Park	4,538
Live/Work Units	0
Light Industrial	1,613
Total	8,383
Net New Service Population (d)	8,760

Notes:

(a) Residential Density Factors:

Land Use	Acres	Du./Ac.
Medium Density	27.02	15
High Density	40.19	25
Transit Village	19.72	32

(b) Average Residents per Unit:

	Residents
Medium Density	3.2
High Density	2.0
Transit Village	2.0

(c) Commercial Employment Densities (Sq.Ft. per worker)

	Sq.Ft.
Office	250
Neighborhood Retail Commercial	500
Regional Commercial	550
Business Park	400
Live/Work Units	0
Light Industrial	750

(d) Service population equals the resident population plus 1/2 employment.

Sources: De Novo Planning Group, 2017; BAE, 2018.

Methodology

This fiscal impact analysis employs a number of case study and average cost and revenue multiplier techniques to project the changes in revenue that could be expected to accrue to the City of Brentwood as a result of PA-1's preferred land use alternative buildout. The cost and revenue projections are based on the City Operating Budget for the 2017/18 fiscal year. The case study technique involves analyzing specific attributes of the project and identifying specific changes in costs and/or revenues. BAE projected Code Enforcement costs and, property tax, property tax in-lieu of vehicle license fees (ILVLF), Community Facilities District revenues, and administrative overhead reimbursements using the case study approach.

BAE utilized the average cost multiplier technique to project service costs, and sales tax, transient occupancy tax (TOT), and miscellaneous revenues. This technique involves calculating the current average revenues generated per capita, or per service population, and applying the resulting revenue multiplier to the anticipated increase in the population or service population, whichever is most applicable. This approach assumes that new development will generate increased costs or revenues that are equal to the current average per capita or per service population cost or revenue generation. BAE based Brentwood's existing service population calculation on the State Department of Finance's population estimates for January 2017, and derived 2017 employment figures used in the analysis from estimates published by the Association of Bay Area Governments (ABAG).

BAE, in consultation with City of Brentwood Finance and Information Systems staff, conservatively identified the variability of department costs and revenues in response to changes in service population resulting from the buildout of PA-1 according to the preferred land use alternative. Each City department's costs are categorized as either Personnel, Supplies and Services, Internal Services, or Capital Outlay costs. The variability factors used in this analysis are based on variability factors for new development calculated by Finance and Information Systems staff as part of the 2013 General Plan Update Fiscal Impact Analysis and updated for this analysis. All cost and revenue projections are expressed in constant dollars. Additional methodological details and assumptions are provided in the discussions of individual revenue and cost projections in the sections that follow.

PROJECTED SERVICE COSTS

This section of the report discusses the increased service costs projected for each General Fund service.

Legislative Costs

Legislative functions account for the costs associated with the City Council, as well as the City's Commissions and Committees, such as the Brentwood Advisory Neighborhood Committee (BANC); Planning Commission, Parks and Recreation Commission; Youth Commission; and Arts Commission. Typically, most legislative costs are fixed, as the City Council, Committees, and Commissions are unlikely to grow or take on new responsibilities as a result of new development. Table 2 shows that, based on consultation with the City of Brentwood Finance and Information Systems staff, this fiscal analysis assumes 12 percent of Legislative costs are variable with new development, with Supplies and Services and Internal Services being the only cost categories impacted. The Legislative function is not associated with any transfers in to the General Fund, or program revenues, resulting in additional average General Fund costs of \$0.76 per service population, or an additional \$6,648 per year at PA-1 buildout.

Table 2: Legislative Costs

Departmental Expenditures	2017-2018 Expenditures	% Variable	Variable Expenditures
Personnel	(\$216,666)	0%	\$0
Supplies and Services	(\$53,450)	50%	(\$26,725)
Internal Services	(\$155,274)	15%	(\$23,291)
Capital Outlay	\$0	0%	\$0
<i>Subtotal Expenditures</i>	<i>(\$425,390)</i>	<i>12%</i>	<i>(\$50,016)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
TOTAL OUTLAY			(\$50,016)
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
None	\$0	0%	\$0
<i>Subtotal Program Revenues</i>	<i>\$0</i>		<i>\$0</i>
TOTAL OFFSETTING REVENUES			\$0
Net Variable General Fund Revenue/(Costs)			(\$50,016)
Average Revenue/(Cost) Per Service Population (a)			(\$0.76)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$6,648)

Note:

(a) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

City Manager Costs

The City Manager's Office includes costs associated with the City Manager, the City Clerk, and Economic Development Division. Table 3 shows the City Manager's Office expenditures currently total \$2.7 million annually, which is assumed to be 32 percent variable as PA-1 builds out. The City Manager's Office is not associated with any other variable program revenue or transfers into the General Fund. Overall the existing net variable General Fund cost for the City Manager's Office is approximately \$861,625. This translates to \$13.07 per new service population, totaling \$114,519 in new expenditures associated with PA-1 buildout.

Table 3: City Manager Costs

Departmental Expenditures	2017-2018 Expenditures	% Variable	Variable Expenditures
Personnel	(\$1,487,603)	25%	(\$371,901)
Supplies and Services	(\$877,807)	29%	(\$258,062)
Internal Services	(\$345,177)	20%	(\$69,035)
Capital Outlay	\$0	0%	\$0
<i>Subtotal Departmental Expenditures</i>	<i>(\$2,710,587)</i>	<i>32%</i>	<i>(\$861,625)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
TOTAL OUTLAY			(\$861,625)
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
Successor Agency Administration Fee	\$25,000	0%	\$0
<i>Subtotal Program Revenues</i>	<i>\$25,000</i>		<i>\$0</i>
TOTAL OFFSETTING REVENUES			\$0
Net Variable General Fund Revenue/(Costs)			(\$861,625)
Average Revenue/(Cost) Per Service Population (a)			(\$13.07)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$114,519)

Notes:

(a) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

City Attorney Costs

City Attorney costs are associated with providing legal counsel to the City government under the direction of the City Council. Table 4 shows that City Attorney costs are currently \$1.27 million, 24 percent of which is assumed to be variable in response to new development. This equates to a current net variable General Fund cost of \$300,641 per year, or \$4.56 per service population. This translates to an additional cost of \$39,958 per year at PA-1 buildout.

Table 4: City Attorney Costs

<u>Departmental Expenditures</u>	<u>2017-2018 Expenditures</u>	<u>% Variable</u>	<u>Variable Expenditures</u>
Personnel	(\$853,006)	25%	(\$213,252)
Supplies and Services	(\$238,800)	25%	(\$59,700)
Internal Services	(\$184,598)	15%	(\$27,690)
Capital Outlay	(\$200)	0%	\$0
<i>Subtotal Departmental Expenditures</i>	<i>(\$1,276,604)</i>	<i>24%</i>	<i>(\$300,641)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
None	\$0	0%	\$0
<i>Subtotal Program Revenues</i>	<i>\$0</i>		<i>\$0</i>
Net Variable General Fund Revenue/(Costs)			(\$300,641)
Average Revenue/(Cost) Per Service Population (a)			(\$4.56)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$39,958)

Notes:

(a) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

Administrative Services Costs

The Administrative Services Department budget includes the Human Resources, Finance, and Business Services divisions. It is worth noting that subsequent the adoption of the 2016/17-2017/18 Operating Budget, the City restructured the Administrative Services Department, with Human Resources becoming its own department. For the purposes of this analysis, BAE uses the department organization reflected in the operating budget. Table 5 shows roughly 27 percent, or \$1.25 million, of the department's \$4.6 million expenditures, are considered variable. Supplies and services account for the majority of the department's variable expenditures due to the inclusion of non-departmental costs, such as library and animal services, which directly correlate to an increase in service population. While the Administrative Services Department receives approximately \$728,170 in program revenues from various sources, staff indicate these revenue sources are not variable. Considering this, the current net variable General Fund cost is \$18.96 per service population, or an additional \$166,086 per year at PA-1 buildout.

Table 5: Administrative Service Costs

<u>Departmental Expenditures (a)</u>	<u>2017-2018 Expenditures</u>	<u>% Variable</u>	<u>Variable Expenditures</u>
Personnel	(\$2,086,116)	15%	(\$312,917)
Supplies and Services (b)	(\$1,872,150)	44%	(\$818,094)
Internal Services	(\$626,746)	19%	(\$118,593)
Capital Outlay	\$0	0%	\$0
<i>Subtotal Departmental Expenditures</i>	<i>(\$4,585,012)</i>	<i>27%</i>	<i>(\$1,249,605)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
TOTAL OUTLAY			(\$1,249,605)
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
Fire IT Support Services	\$50,980	0%	\$0
Fire Admin/Financial Support	\$220,565	0%	\$0
Project Admin Reimbursement	\$14,700	0%	\$0
Successor Agency Administration Fee	\$225,000	0%	\$0
Successor Agency Administration Bond	\$1,455	0%	\$0
Bond Debt Services Administration	\$203,591	0%	\$0
Agriculture Administration	\$6,379	0%	\$0
Fire Administration	\$5,500	0%	\$0
<i>Subtotal Program Revenues</i>	<i>\$728,170</i>		<i>\$0</i>
TOTAL OFFSETTING REVENUES			\$0
Net Variable General Fund Revenue/(Costs)			(\$1,249,605)
Average Revenue/(Cost) Per Service Population (c)			(\$18.96)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$166,086)

Notes:

- (a) Does not include Information Services, which is funded by sources outside the General Fund.
- (b) Includes non-departmental and community service costs, such as costs associated with library operations and animal services.
- (c) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

Community Development Costs

The Community Development Department is responsible for implementing City Council policies related to planning, zoning, code enforcement, building, and housing. Table 6 shows that 18 percent of the department's \$4.6 million expenditures, or \$831,278, are considered variable. Charges for planning and building services are anticipated to increase in line with the 18 percent variability in departmental functions, while revenues from passports, passport photos, and agriculture administration are anticipated to increase in line with the service population. This results in a net variable General Fund cost of \$286,935, or \$4.24 per existing service population. The City regularly updates building and planning fee rates to make planning and building functions cost neutral; therefore, BAE does not project a net increase in annual planning and building costs as a result of PA-1 development. However, planning and building fees do not cover increased code enforcement costs. The City anticipates additional code enforcement costs will total \$75,000 per year, which is equivalent to one additional part-time code enforcement officer.

Table 6: Community Development Costs

Departmental Expenditures	2017-2018 Expenditures	% Variable	Variable Expenditures
Personnel	(\$2,932,038)	15%	(\$439,806)
Supplies and Services	(\$956,702)	25%	(\$239,176)
Internal Services	(\$745,876)	20%	(\$149,175)
Capital Outlay	(\$3,122)	100%	(\$3,122)
<i>Subtotal Departmental Expenditures</i>	<i>(\$4,637,738)</i>	<i>18%</i>	<i>(\$831,278)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
TOTAL OUTLAY			(\$831,278)
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
Planning Services	\$295,850	18%	\$53,029
Building Services	\$2,318,217	18%	\$415,522
Passport Revenues	\$38,147	100%	\$38,147
Passport Photo Revenues	\$12,128	100%	\$12,128
Agriculture Administration	\$25,517	100%	\$25,517
<i>Subtotal Program Revenues</i>	<i>\$2,689,859</i>		<i>\$544,343</i>
TOTAL REVENUES			\$544,343
Net Variable General Fund Revenue/(Costs)			(\$286,935)
Average Revenue/(Cost) Per Service Population (a)			(\$4.35)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Planning and Building Revenue/(Cost)			\$0 (b)
Code Enforcement Costs (c)			
	FTE Cost	# FTEs	Revenue/(Cost)
Code Enforcement Officer	(\$150,000)	0.5	(\$75,000)

Notes:

(a) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

(b) The City anticipates updating building and planning fee schedules to make planning and building functions cost neutral.

(c) Code Enforcement costs are not covered by building and planning fees. This represents costs for additional code enforcement in PA-1.

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

Parks and Recreation Costs

According to City staff, 45 percent of the City's \$6.36 million Parks and Recreation costs are variable. Table 7 shows that after accounting for transfers out of the General Fund for park maintenance and replacement, the City's total variable outlay for providing Parks and Recreation services equals \$4.3 million per year. The City collects a variety of user fees to offset the cost of providing parks and recreation programs, with revenues anticipated to increase 50 percent as a result of the development of PA-1. Because residents are the primary users of Parks and Recreation services, this analysis considers the net variable General Fund cost of \$3.3 million on a per capita (resident only) basis. With an average net variable cost of \$54.24 per capita, development of PA-1 according to the preferred land use alternative could generate \$475,150 per year in increased Parks and Recreation costs.

In addition to user and facility fees, the City of Brentwood also receives a dedicated share of the ad-valorem property taxes to support Parks and Recreation functions. Rather than showing this an offsetting cost in Table 7, the increased property taxes are calculated as a distinct revenue source in the Projected Revenues section.

Table 7: Parks and Recreation Costs

Departmental Expenditures	2017-2018 Expenditures	% Variable	Variable Expenditures
Personnel	(\$3,149,272)	40%	(\$1,259,709)
Supplies and Services	(\$1,793,407)	78%	(\$1,398,857)
Internal Services	(\$1,374,418)	15%	(\$206,163)
Capital Outlay and Transfers Out	(\$43,050)	0%	\$0
<i>Subtotal Departmental Expenditures</i>	<i>(\$6,360,147)</i>	<i>45%</i>	<i>(\$2,864,729)</i>
Transfers Out			
Parks Maintenance	(\$843,573)	100%	(\$843,573)
Parks Replacement	(\$600,000)	100%	(\$600,000)
<i>Subtotal Transfers Out</i>	<i>(\$1,443,573)</i>		<i>(\$1,443,573)</i>
TOTAL OUTLAY			(\$4,308,302)
Offsetting Revenues			
Transfers In			
None	\$0	0%	\$0
<i>Subtotal Transfers In</i>	<i>\$0</i>		<i>\$0</i>
Program Revenues/Charges for Services			
Administration (b)	\$132,679	50%	\$66,340
City Pool	\$352,050	50%	\$176,025
Community Center	\$137,900	50%	\$68,950
Senior Program	\$43,100	50%	\$21,550
Senior Activity Center	\$89,100	50%	\$44,550
Sports and Programs	\$761,435	50%	\$380,718
Maintenance Assessment District Admin. Reimbursement	\$477,134	50%	\$238,567
<i>Subtotal Program Revenues</i>	<i>\$1,993,398</i>		<i>\$996,699</i>
TOTAL OFFSETTING REVENUES			\$996,699
Net Variable General Fund Revenue/(Costs)			(\$3,311,603)
Average Revenue/(Cost) Per Population (a)			(\$54.24)
Projected General Fund Revenue/(Cost)			Net Change
Increased Population			8,760
Increased Annual Revenue/(Cost)			(\$475,150)

Notes:

(a) Includes existing Brentwood residents.

Population (2017) 61,055

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

Police Costs

Law enforcement services within the City of Brentwood are provided by the Brentwood Police Department (BPD). The BPD represents the largest component of General Fund expenditures, at \$24.5 million in FY 2017/18. BPD is a full-service police department, operating four beats with a minimum service level of one officer on duty per beat, though the Department usually operates each shift with one or two additional officers spread across the whole city, to provide greater flexibility. The majority of the PA-1 area falls within a single existing beat that also covers the commercial areas of Lone Tree Plaza and Streets of Brentwood.

This analysis conservatively assumes that 96 percent of Police Department expenditures are variable, although staff indicate the impact to service provision may be less. The department may be able to absorb the increased calls for service resulting from the newly developed area by reallocating staff and resources, without necessarily hiring additional personnel. To the extent that this analysis over-estimates future net Police cost increases due to development of the PA-1 Specific Plan area, this analysis provides a fiscally conservative assessment of General Fund impacts. Table 8 shows that the Police Department's current net variable General Fund cost is \$22.78 million, or \$345.58 per service population, which translates to an annual increase of approximately \$3.0 million per year associated with development of PA-1 according to the preferred land use alternative.

Table 8: Police Costs

	2017-2018		Variable
<u>Departmental Expenditures</u>	<u>Expenditures</u>	<u>% Variable</u>	<u>Expenditures</u>
Personnel	(\$17,811,797)	100%	(\$17,811,797)
Supplies and Services	(\$2,327,891)	100%	(\$2,327,891)
Internal Services	(\$4,358,584)	75%	(\$3,268,938)
Capital Outlay	(\$10,200)	0%	\$0
<i>Subtotal Departmental Expenditures</i>	<i>(\$24,508,472)</i>	<i>96%</i>	<i>(\$23,408,626)</i>
Transfers Out			
None	\$0	0%	\$0
<i>Subtotal Transfers Out</i>	<i>\$0</i>		<i>\$0</i>
Offsetting Revenues			
Transfers In (a)			
Post Reimbursement	\$22,000	100%	\$22,000
Abandoned Vehicle	\$120,000	100%	\$120,000
<i>Subtotal Transfers In</i>	<i>\$142,000</i>		<i>\$142,000</i>
Program Revenues/Charges for Services			
Current Services - Police	\$179,647	100%	\$179,647
Prop 172 Sales Tax (b)	\$137,273	100%	\$137,273
Post Reimbursement	\$22,000	100%	\$22,000
Filing Fees	\$40,793	100%	\$40,793
ABC Permit	\$3,401	100%	\$3,401
Record Review	\$501	100%	\$501
Visa Clearance	\$732	100%	\$732
Police and Accident Reports	\$3,383	100%	\$3,383
VIN Verification	\$1,566	100%	\$1,566
Citation Sign Off	\$1,284	100%	\$1,284
Repossession Filing Fee	\$891	100%	\$891
Stored Vehicle	\$43,544	100%	\$43,544
Special Event Permit	\$1,750	100%	\$1,750
Block Party Permit	\$369	100%	\$369
Background Investigation	\$1,314	100%	\$1,314
Photos	\$106	100%	\$106
Audio/Video Tapes	\$374	100%	\$374
Civil Subpoena	\$3,630	100%	\$3,630
Finger Prints	\$16,810	100%	\$16,810
DOJ	\$11,722	100%	\$11,722
Massage Establishment Permits Application	\$257	100%	\$257
Massage Establishment Permits Renewal	\$470	100%	\$470
Peddler/Solicitor Permit	\$413	100%	\$413
Computer Aided Dispatch Report	\$1,591	100%	\$1,591
Reimbursements for Services	\$15,687	100%	\$15,687
<i>Subtotal Program Revenues</i>	<i>\$489,508</i>		<i>\$489,508</i>
Net Variable General Fund Revenue/(Costs)			(\$22,777,118)
Average Revenue/(Cost) Per Service Population (c)			(\$345.58)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$3,027,318)

Notes:

(a) Does not include approximately \$300,000 in offsetting revenues transferred from CFD #5, for public safety services. Offset is not shown in order to project full costs of police services. New CFD revenues are shown in Table 19.

(b) Statewide half-cent sales tax dedicated to funding public safety activities.

(c) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Police Department, 2018; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2017; California Department of Finance, 2017; BAE, 2018.

Public Works Costs

The Public Works Department oversees all aspects of the City's infrastructure and facilities and, with a budget of \$7.4 million for fiscal year 2017/18, represents the second largest General Fund Expenditure behind the BPD. Roughly \$4.95 million, or 67 percent, of Public Works' costs are considered variable. Table 9 shows that current total net variable General Fund costs equal \$2.25 million, or \$34.22 per service population, after accounting for, Gas Tax, CIP reimbursements, and other offsetting program revenue. This results in an increased annual cost of \$299,815 at PA-1 buildout.

Table 9: Public Works Costs

Departmental Expenditures	2017-2018 Expenditures	% Variable	Variable Expenditures
Personnel	(\$4,441,785)	35%	(\$1,554,625)
Supplies and Services	(\$1,479,982)	56%	(\$835,412)
Internal Services	(\$1,474,215)	59%	(\$863,364)
Capital Outlay	(\$5,646)	0%	\$0
Subtotal Departmental Expenditures	(\$7,401,628)	67%	(\$4,952,176)
Transfers Out			
Transfers to CIP Project	(\$200,000)	0%	\$0
Subtotal Transfers Out	(\$200,000)		\$0
TOTAL OUTLAY			(\$4,952,176)
Offsetting Revenues			
Transfers In			
Gas Tax	\$1,331,805	100%	\$1,331,805
CIP Personnel Reimbursement	\$49,613	100%	\$49,613
Subtotal Transfers In	\$1,381,418		\$1,381,418
Program Revenues/Charges for Services			
Engineering Fees	\$1,965,412	67%	\$1,314,990
Subtotal Program Revenues	\$1,965,412		\$1,314,990
TOTAL OFFSETTING REVENUES			\$2,696,408
Net Variable General Fund Revenue/(Costs)			(\$2,255,768)
Average Revenue/(Cost) Per Service Population (b)			(\$34.22)
Projected General Fund Revenue/(Cost)			Net Change
Increased Service Population			8,760
Increased Annual Revenue/(Cost)			(\$299,815)

Notes:

(a) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

PROJECTED REVENUES

This section of the report presents the projected General Fund revenues associated with development of the PA-1 Specific Plan consistent with the preferred land use alternative, and the assumptions by which they were derived.

Property Tax Revenues

Property tax revenues that accrue to the City are a function of the assessed value of real property located within the City, multiplied by the basic ad-valorem property tax rate (one percent of assessed value), times the City property tax increment allocation factor applicable within the affected Tax Rate Area (TRA). Appendix A contains a list of the five TRAs located within PA-1, as well as the post ERAF¹ share of the one percent County property tax that is remitted to the City of Brentwood. Appendix A also lists the increment allocation factors for the Parks and Recreation Property Tax, which is addressed separately in the Parks and Recreation Property Tax section.

To project property tax revenues associated with new PA-1 development, this analysis uses current market data to estimate the net new assessed value of development, and then uses parcel level GIS mapping to apply the new assessed value to the specific TRAs where development is proposed.²

Assessed Values

BAE determined the assessed value of new residential and commercial development using market data from LoopNet, Zillow, the Bay East Association of Realtors, the CoStar real estate database, marketing material for local residential projects under construction or recently completed, as well as BAE's knowledge of local market conditions. Table 10 summarizes the assessed value assumptions broken down by land use type.

¹ ERAF is the Educational Revenue Augmentation Fund, which was established by the State legislature and requires diversion of a portion of local property tax revenues to help fund public K-12 school systems.

² Parcel level GIS data provided by De Novo Panning Group.

Table 10: Assessed Value Assumptions

Land Use	Value Per Units/Sq.Ft
Housing Units	
<i>Medium Density Units</i>	\$539,000 per unit
<i>High Density Units</i>	\$289,440 per unit
<i>Transit Village Units</i>	\$289,440 per unit
Office	\$316.67 per Sq.Ft.
Neighborhood Retail Commercial	\$346.12 per Sq.Ft.
Regional Commercial	\$346.12 per Sq.Ft.
Business Park	\$260.57 per Sq.Ft.
Light Industrial	\$162.86 per Sq.Ft.

Sources: CoStar, 2018; LoopNet, 2018; Zillow, 2018; BAE, 2018.

Residential Units

This analysis assumes that housing units in the MDR zone will take the form of for-sale units, while residential development in the HDR and TV zones will primarily involve rental units. Values for housing units in the MDR zone could average approximately \$539,000 per unit, based on the average lower-end base price of recently constructed or currently under construction townhomes, condominiums, and small-lot single-family homes. Assessed value for rental housing units in the HDR and TV zones could average around \$289,440 per unit, based on a gross rent multiplier applied to annualized asking rents for market rate apartments built in Brentwood since the year 2000. To provide a fiscally conservative assessment, the asking rents considered for this analysis represent the lower-end of the range of current asking rents.

Non-Residential Development

Assessed values of non-residential development are based on estimated the capitalized value of existing triple net (NNN) asking rents for comparable office, neighborhood commercial, regional commercial, business park, and light industrial properties built in Brentwood since the year 2000. As shown in Table 10, estimated non-residential assessed values range from a high of \$346.12 per square foot for neighborhood retail commercial and regional commercial properties, to a low of \$162.86 per square foot for light industrial properties.

Projected Property Tax Revenues

Table 11 shows that PA-1 currently generates around \$116,471 in General Fund property tax revenues per year based on an existing assessed valuation of \$119.5 million. Building out all land uses according to the preferred land use alternative could see PA-1's assessed value increase to approximately \$1.6 billion at buildout, which would generate an additional \$1.6 million in net new General Fund property tax revenues per year. This analysis conservatively assumes commercial land will not change hands prior to development, and therefore may underestimate increases in land values that could occur if land values rise in response to new zoning established with adoption of the PA-1 Specific Plan and current landowners sell their

properties to developers and builders. To the extent that this occurs, this analysis provides a fiscally conservative assessment of potential impacts to the General Fund.

Table 11: Property Tax Revenues

Existing Assessed Value	\$119,501,978
Existing Property Tax Revenues	\$116,471
New Assessed Values	
<u>New Residential Assessed Value (a)</u>	<u>PA-1</u> \$691,919,758
<u>New Non-Residential Assessed Value (b)</u>	<u>\$940,523,753</u>
Total New Assessed Value	\$1,632,443,510
New Property Tax Revenues (c)	
<u>New Residential Property Tax Revenues</u>	<u>\$771,244</u>
<u>New Non-Residential Property Tax Revenues</u>	<u>\$923,084</u>
Total New Property Tax Revenue	\$1,694,328
Net New Property Tax Revenues	\$1,577,857

Notes:

- (a) Assumes medium density units are for sale and high-density and transit village units are for rent.
- (b) Assumes land will not change hands before development and therefore excludes increased land values.
- (c) Based on proposed development locations by parcel and TRA. See Appendix A for list of TRAs and their General Fund tax allocation factors.

Sources: Contra Costa County, Assessor, 2016/2017; DeNovo Planning Group, 2017; BAE, 2018.

Property Transfer Tax Revenues

Property transfer tax is collected when real property is sold, with revenues split between the City and the County. The City's current share of property transfer tax is \$0.55 for every \$1,000 in valuation, less encumbrances. Assuming residential properties in PA-1 change hands approximately once every seven years, and commercial properties change hands once every 20 years, Table 12 shows that PA-1's average annual property transfer tax revenue increase would be approximately \$56,049 at buildout, based on net new assessed values listed in Table 11.

Table 12: Property Transfer Tax Revenues

Assumptions	2017-2018 Budget
Transfer Tax Rate per \$1 of Assessed Value	\$0.00055
Holding Period for Residential Units, Years	7
Holding Period for Commercial Development, Years	20
New Property Transfer Tax Revenues	PA-1
Assessed Value For-Sale Residential	\$218,456,700
Transfer Tax Revenue, Residential	\$17,164
Assessed Value MF and Non-Residential (a)	\$1,413,986,810
Transfer Tax Revenue, MF and Non-Residential	\$38,885
Total New Property Transfer Tax Revenues	\$56,049

Note:

(a) High Density and Transit Village units are considered commercial since residential rental properties do not turn over with the same frequency as owner occupied residential units.

Sources: Contra Costa County, Assessor, 2016/2017; DeNovo Planning Group, 2017; BAE, 2018.

Property Tax In-Lieu of Vehicle License Fees Revenues

Property taxes in-lieu of vehicle license fees (ILVLF) were instituted as a revenue source for cities and counties in the mid-2000s when the State legislature acted to divert motor vehicle license fee revenues, which were previously subvented to local governments. In exchange, the state established ILVLF as a mechanism to replace the lost vehicle license fees. Local jurisdictions' annual ILVLF revenues increase in proportion to their increase in assessed valuation.

Table 13 shows the City of Brentwood currently receives ILVLF revenues of approximately \$3.9 million per year based on a 2017/18 fiscal year citywide valuation of \$9.2 billion. Based on PA-1's estimated new assessed value of \$1.6 billion, developing PA-1 according to the preferred land use alternative could increase ILVLF revenue an additional 18 percent above the existing base, for an additional \$700,709 per year by buildout of PA-1.

Table 13: ILVFL Revenues

	2017-2018 Revenues
Base Citywide Assessed Value	\$9,218,639,956
Property Tax In Lieu of VLF Revenues	\$3,957,001
New ILVLF Revenue	PA-1
New PA-1 Assessed Value	\$1,632,443,510
Percentage Increase from Base	18%
Increased Annual Revenue	\$700,709

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; Contra Costa County, Assessor, 2016/2017; BAE, 2018.

Parks and Recreation Property Tax Revenues

In addition to the General Fund’s share of the one percent ad-valorem property tax, the City of Brentwood also collects an additional share for Parks and Recreation administration. As with the General Fund property tax, the exact share of the one percent ad-valorem tax the City collects is determined by the TRA in which the property is located. Appendix A lists PA-1’s five TRAs and associated Parks and Recreation Property Tax increment allocation factors.

Table 14 shows that PA-1 currently generates \$11,925 in Parks and Recreation Property Tax revenues. Based on the estimated new assessed value of PA-1 under the preferred land use alternative, the City could anticipate receiving around \$223,377 per year in additional Parks and Recreation Property Tax Revenues.

Table 14: Parks and Recreation Property Tax Revenues

Existing Assessed Value	\$119,501,978
Existing P&R Property Tax Revenues	\$11,925
New Assessed Values	PA-1
New Residential Assessed Value (a)	\$691,919,758
New Non-Residential Assessed Value (b)	\$940,523,753
Total New Assessed Value	\$1,632,443,510
New Property Tax Revenues (c)	
New Residential Property Tax Revenues	\$131,760
New Non-Residential Property Tax Revenues	\$103,542
Total New Property Tax Revenue	\$235,302
Net New Property Tax Revenues	\$223,377

Notes:

- (a) Assumes medium density units are for sale and high-density and transit village units are for rent.
- (b) Assumes land will not change hands before development and therefore excludes increased land values.
- (c) Based on proposed development locations by parcel and TRA. See Appendix A for list of TRAs and their General Fund tax allocation factors.

Sources: Contra Costa County, Assessor, 2016/2017; DeNovo Planning Group, 2017; BAE, 2018.

Sales Tax Revenues

Sales tax revenues represent the General Fund’s second largest individual revenue source. The City of Brentwood receives sales tax allocations of one percent of all taxable sales generated within its’ border, which includes final sales to consumers as well as business-to-business sales. The City also receives an additional share of the 0.5 percent Public Safety Sales Tax collected pursuant to Proposition 172. Because Proposition 172 proceeds are dedicated to public safety, they are shown as a BPD program revenue that reduces the City’s net General Fund expenditures for law enforcement.

This analysis uses existing citywide taxable retail sales per resident to conservatively calculate new sales tax revenue that could be generated by PA-1’s increased resident population, assuming that new PA-1 residents will make taxable retail expenditures at establishments located throughout Brentwood, including in new retail facilities developed within PA-1 itself. As

shown in Table 15, PA-1's new resident population could generate an additional \$43.5 million in taxable retail sales, based on the existing citywide per capita taxable retail expenditures of \$9,529. To estimate new non-retail sales tax revenues (i.e., from business-to-business taxable sales) that PA-1's increased employment could generate, BAE calculated the average per employee non-retail taxable sales figure for the City of Brentwood in 2017, and multiplied it by number of new employees anticipated as a result of development of PA-1 under the preferred land use alternative. Table 15 shows that based on the City's existing average per employee non-retail expenditure of \$9,126, the City could anticipate an additional \$76 million in taxable non-retail sales associated with the projected employment growth within PA-1. Combined, the projected expenditure increases translate to an additional \$120 million in taxable retail and non-retail sales, which would generate an additional \$1.4 million in General Fund sales tax revenue annually, after accounting for the increased distribution of pooled county sales tax the City could expect to receive.³

Table 15: Sales Tax Revenues

	2017
New Resident Population	4,569
<i>New Retail Taxable Sales (a) (b)</i>	<i>\$43,531,482.33</i>
New Employment	8,383
<i>New Non-Retail Taxable Sales (a) (c)</i>	<i>\$76,504,532</i>
Subtotal New Taxable Sales	\$120,036,014
City Share of Bradley-Burns Sales Tax	1%
Increased Local Sales Tax Revenues	\$1,200,360
Increased Pooled Revenues (d)	\$178,652
Total Increased Sales Tax Revenues	\$1,379,012

Notes:

(a) Based on 2015 taxable sales, increased to 2017 dollars using the CPI.

(b) Assumes that new PA-1 population growth will generate retail sales at a rate equal to the current annual average rate per capita.

Brentwood per capita retail taxable sales \$9,529

(c) Assumes that new PA-1 population growth will generate non-retail sales (e.g. business to business sales) at a rate equal to the current annual rate per employee

Brentwood per employee non-retail sales \$9,126

(d) Existing pooled sales tax revenue allocation as a % of local sales tax revenues: 15%

Sources: California State Board of Equalization, 2015; Department of Finance, 2017; Bureau of Labor Statistics, 2017; ABAG, 2013; BAE, 2018.

Transient Occupancy Tax

The City of Brentwood collects a transient occupancy tax (TOT) of ten percent of gross room revenue from lodging establishments within the city limits. The City of Brentwood currently has

³³ As of fiscal year 2017/18, the City of Brentwood's allocation of the countywide pool equaled 15 percent of the City's total sales tax revenues. This analysis assumes this relationship will remain consistent as the City increases its local sales tax revenue generation.

three hotels within the City limits, which the City anticipates will generate \$550,000 in TOT revenue in fiscal year 2017/18. While the preferred land use alternative does not specifically identify new hotel developments, hospitality uses are allowed in the TV zone, and increased resident and employment populations could increase demand for overnight accommodations from visiting friends, family, and business people.

To calculate the potential TOT revenue generated from buildout of PA-1 according to the preferred land use alternative, BAE applied the City's current annual TOT revenue per existing service population of \$8.34 to the anticipated increased service population under the preferred land use alternative. This generates an estimated annual TOT revenue increase of \$73,101 at PA-1 buildout.

Table 16: Transient Occupancy Tax Revenues

	<u>2017-2018</u>
Budgeted TOT Revenues (a)	\$550,000
Existing TOT Revenue Per Service Population (b)	\$8.34
Projected General Fund Revenues	
Increased Service Population	8,760
Increased Annual Revenue	\$73,101

Note:

(a) Represents an update to the published budget figure to account for TOT revenue from an additional hotel that opened following the release of the budget document.

(b) Includes existing Brentwood residents, plus one half of the existing employment base.

Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; ABAG, 2013; California Department of Finance, 2017BAE, 2018.

Community Facilities District Revenue

The City of Brentwood requires all new developments to participate in a Community Facilities District (CFD), which is a special tax on property owners to generate revenues to pay for certain facilities and services including police service, joint use school facilities, and the construction, acquisition, and maintenance of open spaces, flood drains, and storm drains. The special taxes vary by type of use, as well as by district.

Based on City policy, any new development in PA-1 would annex to the most recently formed CFD, which is currently CFD 5, to help generate revenues to offset public service costs. Table 17 summarizes CFD 5's special tax rates by land use type, as reported in the City of Brentwood's FY 2016/17 Combined Community Facilities District (CFD) Report for Special Taxes Levied. According to the report, single-family homes generated \$776 per unit in fiscal year 2016/17, while condominiums generated \$582 per unit, and multifamily complexes generated \$388 per unit. Commercial, industrial, or institutional properties generated \$5,094 per acre. CFD revenues are not General Fund revenues, but portions of CFD revenues are transferred to the General Fund every year to offset specified operations and maintenance

costs. In fiscal year 2016/2017, 47 percent of CFD 5's funds were transferred to the General Fund; however, going forward the City plans to transfer 100 percent of CFD 5 revenue to reimburse the General Fund for eligible expenses.

Table 17: Community Facilities District # 5 Structure

CFD no. 5	Per Single-Family Home or	Per Condominium	Per Multifamily Unit	Per Commercial, Industrial, or Institutional Acre
FY 2016/17 Levied Rate	\$776	\$582	\$388	\$5,094

Note:

(a) The City of Brentwood intends to transfer 100 percent of CFD #5 revenues to the General Fund.

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood FY 2016/17 Report for Special Taxes Levied; BAE, 2018.

Multiplying the FY 2016/17 General Fund levy rate per land use type by the number of new residential units and non-residential acres, assuming 0.75 percent of non-residential acreage, excluding public facilities, will be undedicated, provides the new CFD revenue projections attributable the development of PA-1 according to the preferred land use alternative. As shown in Table 18, this analysis assumes all 405 housing units in the MDU zone will be single-family units, while all 1,636 units in the HDU and TV zones will be multifamily rental units. While this may overestimate the proportion of new multifamily rental units, and underestimate the proportion of potential new condominium units, it provides a conservative estimate of the potential overall CFD revenue. Table 18 shows that in total, the City could expect an additional \$1.7 million in annual CFD revenue upon full buildout of PA-1 according to the preferred land use alternative.

Table 18: Community Facility District Revenues

Projected General Fund Revenues from New Development	PA-1
Number of Single-Family Units	405
Number of Condominium Units	0
Number of Multifamily Units	1,636
Commercial, Industrial or Institutional Acres (a)	156
New Single Family Revenue	\$314,513
New Condominium Revenue	\$0
New Multifamily Revenue	\$634,687
New Commercial, Industrial or Institutional Revenue	\$794,296
Total CFD Revenues to the General Fund	\$1,743,495

Note:

(a) Based on 0.75 percent of total commercial acreage as undedicated. Does not include public facilities space.

Source: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood FY 2016/17 Report for Special Taxes Levied; BAE, 2018.

Administrative Overhead Reimbursements

The City provides a full range of services which are funded outside of the General Fund. These include services such as water, sewer, solid waste, housing, new development, assessment districts, internal services, successor agency and bond/debt

administration. Staff funded by the General Fund provide administrative and direct support (e.g. right of way maintenance) to these operations and are reimbursed through administrative cost reimbursements.

With the development of PA-1, the General Fund will incur additional administrative and direct costs relating to growth in the City’s operations. These reimbursements will primarily be limited to water, sewer, solid waste, internal services and assessment districts. Because the General Fund is reimbursed for actual costs incurred, BAE estimated the variability of the overhead reimbursements to match the variability of expenditures in the City Manager, City Attorney and Administrative Services Departments at 28 percent. As shown in Table 19, this results in current variable revenues of \$1.6 million, or \$24.63 per service population. With an estimated 8,760 increase in new service population, the General Fund is anticipated to receive new cost reimbursements of \$215,762 at build out of PA1.

Table 19: Administrative Overhead Reimbursement Revenues

Overhead Reimbursements	2017-2018 Revenues	% Variable (a)	Variable Revenues
Overhead reimbursements (b)	\$5,769,722	28%	\$1,623,366
Subtotal Overhead Reimbursements	\$5,769,722		\$1,623,366
Average Revenues Per Service Population (c)			\$24.63
Projected Revenues			Net Change
Increased Service Population			8,760
Increased Annual Revenues			\$215,762

Note:

- (a) Represents the weighted average variability of the City Manager, City Attorney, and Administrative Services costs.
- (b) Overhead reimbursements include administration fees for the following services: water, sewer, solid waste, internal service administration, and assessment district administration.
- (c) Includes existing Brentwood household population plus one half of the existing employment base.

Household Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

Other Revenues

In addition to the assorted sources of revenues discussed above, the City of Brentwood also receives General Fund revenues from a range of sources listed in Table 20. This fiscal analysis assumes that these revenues will increase at the current average rate of revenue generation per service population. Thus, total revenues from Other Revenues that are assumed to increase as the local service population increases are currently approximately \$2.45 million per year, or \$37.19 per existing service population. Applied to PA-1’s increased service population, the growth in General Fund revenue from Other Revenues will be \$325,817 per year.

Table 20: Other Revenues

<u>General Fund Revenues</u>	<u>2017-2018 Revenues</u>	<u>Varies with New Development</u>	<u>Variable Revenues</u>
Franchise Fees	\$1,590,349	Yes	\$1,590,349
Business License Fees	\$678,183	Yes	\$678,183
Fines	\$150,000	Yes	\$150,000
Late Charges	\$32,866	Yes	\$32,866
Subtotal Other Revenues	\$2,451,398		\$2,451,398
Average Revenues Per Service Population (a)			\$37.19
<u>Projected Revenues</u>			<u>Net Change</u>
Increased Service Population			8,760
Increased Annual Revenues			\$325,817

Note:

(a) Includes existing Brentwood household population plus one half of the existing employment base.

Household Population (2017)	61,055
Jobs (2017)	9,711
Service Population (Residents +1/2 Jobs)	65,911

Sources: City of Brentwood, 2016/17-2017/18 Operating Budget; City of Brentwood, Finance and Information Systems, 2018; ABAG, 2013; California Department of Finance, 2017; BAE, 2018.

NET FISCAL IMPACTS

Table 21 summarizes the projected General Fund net fiscal impacts (projected revenue increases less projected service cost increases) from buildout of PA-1 under the preferred land use alternative. As shown in the table, the total estimated General Fund revenue increase is projected at \$6.3 million per year, with 25 percent of this attributable to increased property tax revenues, and another 22 percent attributable to increased sales tax revenues. This represents 150 percent of the total estimated net General Fund expenditure increase of \$4.2 million per year, indicating that the preferred land use alternative could be expected to generate an annual fiscal surplus for the City of Brentwood General Fund of approximately \$2 million. As discussed previously, in the Methodology section, this analysis has utilized reasonably conservative assumptions about cost increases (i.e., erring on the side of higher costs) and revenue increases (i.e., erring on the side of lower revenues). To the extent this is the case, the projected fiscal surplus would be understated. One reason for the significant projected General Fund surplus is the fact that the analysis does not account for the potential need for the City to contribute General Fund monies to assist the fire district in expanding and enhancing fire and emergency medical services for the PA-1 Specific Plan area.

Table 21: Net Fiscal Impact, City of Brentwood General Fund

<u>Net Departmental Costs</u>	<u>Net Change</u>
Legislative	(\$6,648)
City Manager	(\$114,519)
City Attorney	(\$39,958)
Administrative Services	(\$166,086)
Community Development	(\$75,000) (a)
Parks and Recreation	(\$475,150)
Police	(\$3,027,318)
Public Works	(\$299,815)
Sub-Total Costs	(\$4,204,494)
<u>Other General Fund Revenue</u>	<u>Net Change</u>
Property Tax	\$1,577,857
Property Transfer Tax	\$56,049
ILVLF	\$700,709
Parks and Recreation Property Tax	\$223,377
Sales Tax	\$1,379,012
Transient Occupancy Tax	\$73,101
CFD	\$1,743,495
Charges for Service	\$215,762
Other Revenues	\$325,817
Sub-Total Revenues	\$6,295,178
NET FISCAL IMPACT	\$2,090,684

Note:

(a) Represents costs incurred to the Community Development Department related to the Code Enforcement Division, which are not offset by planning and building permit fees.

Source: BAE, 2018.

Sensitivity Analysis

BAE ran sensitivity analyses to determine the net fiscal impact under three different alternative scenarios. The first scenario analyzes the net fiscal impact to the City of Brentwood's General Fund if assumed assessed values for each land use listed in Table 10 decreased ten percent. The purpose of this scenario is to test the sensitivity of the projected fiscal surplus to potential fluctuations in the value of property developed in the PA-1 Specific Plan area. Under this scenario, medium density residential units would be valued at \$485,100 per unit, and high density and transit village units would be \$260,496 per unit. Light industrial space would be valued at \$146.57 per square foot, business park space for \$234.51 per square foot, office space for \$285.00 per square foot, and neighborhood retail and commercial and regional commercial space for \$311.51 per square foot. Assuming all other factors remained constant, Table 22 shows projected General Fund revenues would decrease by approximately \$268,639 annually, for a net General Fund surplus of \$1.8 million annually. This indicates that the fiscal results are sensitive to variations in the property valuation assumptions; however, it would require a fairly substantial decrease in property values to jeopardize the fiscal sustainability of the proposed Specific Plan development.

Table 22: Net Fiscal Impact with 10 Percent Decrease in Assessed Values, City of Brentwood General Fund

<u>Net Departmental Costs</u>	<u>Net Change</u>
Legislative	(\$6,648)
City Manager	(\$114,519)
City Attorney	(\$39,958)
Administrative Services	(\$166,086)
Community Development	(\$75,000) (a)
Parks and Recreation	(\$475,150)
Police	(\$3,027,318)
Public Works	(\$299,815)
Sub-Total Costs	(\$4,204,494)
<u>Other General Fund Revenue</u>	<u>Net Change</u>
Property Tax	\$1,408,424
Property Transfer Tax	\$50,444
ILVLF	\$630,638
Parks and Recreation Property Tax	\$199,846
Sales Tax	\$1,379,012
Transient Occupancy Tax	\$73,101
CFD	\$1,743,495
Charges for Service	\$215,762
Other Revenues	\$325,817
Sub-Total Revenues	\$6,026,539
NET FISCAL IMPACT	\$1,822,045

Note:

(a) Represents costs incurred to the Community Development Department related to the Code Enforcement Division, which are not offset by planning and building permit fees.

Source: BAE, 2018.

The second scenario BAE analyzed assumes assessed values for each land uses listed in Table 10 increases ten percent. Under this scenario, medium density residential units would

be assessed for property tax purposes at \$592,900 per unit, and high density and transit village units would be assessed at \$318,384 per unit. Light industrial space would be assessed at \$179.14 per square foot, business park space for \$286.63 per square foot, office space at \$348.33 per square foot, and neighborhood retail and commercial and regional commercial space for \$380.73 per square foot. Assuming all other factors remained constant, Table 23 shows projected General Fund revenues would increase to \$6.56 million annually, or 156 percent of net new departmental costs. The resulting net annual General Fund surplus would be approximately \$2.36 million.

Table 23: Net Fiscal Impact with 10 Percent Increase in Assessed Values, City of Brentwood General Fund

<u>Net Departmental Costs</u>	<u>Net Change</u>
Legislative	(\$6,648)
City Manager	(\$114,519)
City Attorney	(\$39,958)
Administrative Services	(\$166,086)
Community Development	(\$75,000) (a)
Parks and Recreation	(\$475,150)
Police	(\$3,027,318)
Public Works	(\$299,815)
Sub-Total Costs	(\$4,204,494)
<u>Other General Fund Revenue</u>	<u>Net Change</u>
Property Tax	\$1,747,289
Property Transfer Tax	\$61,654
ILVLF	\$770,779
Parks and Recreation Property Tax	\$246,907
Sales Tax	\$1,379,012
Transient Occupancy Tax	\$73,101
CFD	\$1,743,495
Charges for Service	\$215,762
Other Revenues	\$325,817
Sub-Total Revenues	\$6,563,817
NET FISCAL IMPACT	\$2,359,322

Note:

(a) Represents costs incurred to the Community Development Department related to the Code Enforcement Division, which are not offset by planning and building permit fees.

Source: BAE, 2018.

The third scenario analyzes the impacts to the General Fund if all residential units envisioned in the preferred alternative are developed, but only 25 percent of the non-residential development. The purpose of this scenario is to test the sensitivity of the results to the possibility that residential development could outpace non-residential development. As shown in Table 24, projected overall cost and revenue increases would be reduced significantly, due to reductions in non-residential development. The projected net General Fund fiscal surplus would decline to approximately \$1 million annually, with total projected revenues falling to 137 percent of total increased costs. This substantial reduction in the projected net fiscal surplus indicates that development of the PA-1 Specific Plan area can still be fiscally sustainable with substantially reduced non-residential development, but that the non-

residential component of the preferred land use alternative is critical to generating the potential for the PA-1 Specific Plan area to generate fiscal surpluses that could benefit the rest of the city.

Table 24: Net Fiscal Impact with 25 Percent of Non-Residential Development, City of Brentwood General Fund

<u>Net Departmental Costs</u>	<u>Net Change</u>
Legislative	(\$4,262)
City Manager	(\$73,422)
City Attorney	(\$25,619)
Administrative Services	(\$106,483)
Community Development	(\$75,000) (a)
Parks and Recreation	(\$304,635)
Police	(\$1,940,914)
Public Works	(\$192,221)
Sub-Total Costs	(\$2,722,555)
<u>Other General Fund Revenue</u>	<u>Net Change</u>
Property Tax	\$885,544
Property Transfer Tax	\$36,651
LVLF	\$397,926
Parks and Recreation Property Tax	\$145,720
Sales Tax	\$719,831
Transient Occupancy Tax	\$46,867
CFD	\$1,147,773
Charges for Service	\$138,332
Other Revenues	\$208,892
Sub-Total Revenues	\$3,727,536
NET FISCAL IMPACT	\$1,004,981

Note:

(a) Represents costs incurred to the Community Development Department related to the Code Enforcement Division, which are not offset by planning and building permit fees.

Source: BAE, 2018.

Although not considered as part of this analysis, the City could incur additional costs associated with operation of the new Shady Willow Lane fire station that will service the PA-1 area. While monies to construct the new fire station have already been collected through impact fees, initial estimates from representatives of the East Contra Costa Fire Protection District (ECCFPD), which provides firefighting and emergency medical services to the City of Brentwood, indicate the increased cost to operate an additional fire station could total around \$4.1 million annually, after accounting for the ECCFPD's increased share of ad-valorem property taxes resulting from development of PA-1 according to the preferred land use alternative. The ECCFPD and the City of Brentwood will likely share the ongoing costs to operate the Shady Willow fire station, though an exact cost share agreement has yet to be reached. Some portion of the net General Fund surpluses projected in this analysis may potentially be available for the City to contribute towards operation of the new fire station.

APPENDIX A: PA-1 TAX RATE AREA AND INCREMENT FACTORS

Tax Rate Area (TRA) Within the SP-1 Area	Increment Factors (a)	
	Property Tax	Parks and Recreation
10001	13.38022%	3.10942%
10088	9.88416%	1.15917%
10091	9.69992%	1.04147%
10093	9.65094%	1.20796%
10094	9.84149%	0.69231%

Note:

(a) The increment factor determines the City of Brentwood's portion of property taxes collected within a particular TRA. For example, in TRA 10001, 13.38 percent of one percent County property taxes collected are remitted to the City of Brentwood, while an additional voter approved 3.11 percent of the one percent County property taxes collected are remitted to the City of Brentwood specifically for Parks and Recreation development and maintenance.

Source: Contra Costa County, Assessor, 2017; BAE, 2017.