



# Memorandum

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To: Julie Symons, Enplan  
From: Jeff Kay, Bob Spencer and Jonathan Young, MuniFinancial  
Date: May 14, 2008  
Re: **Panorama Planned Development Fiscal Impact Analysis**

This document provides an analysis of the fiscal impacts of the Panorama Planned Development, a proposed residential subdivision northeast of Cottonwood in unincorporated Shasta County. As detailed below, Panorama would include a total of 429 lots of various sizes.

This analysis pertains only to Shasta County General Fund costs and revenues. The County's other funds provide services that are self-supporting and therefore service levels are not typically affected by development.

For many types of revenue and expenditures, the model assumes that new development will cause impacts equal to the current average revenue or expenditure per capita generated by existing development in Shasta County. However, for certain revenue sources, new development is likely to cause impacts that are not equal to the current countywide per capita average. These revenue sources include property tax, sales and use tax, and property transfer tax. We estimate these tax revenues based on case studies specific to Panorama.

## CONSTANT 2008 DOLLARS

Unless specifically noted otherwise, all dollar values shown in this analysis, including the results, are current 2008 dollars. The analysis assumes that most cost and revenue factors in this analysis will not change in real terms (i.e., other than changes in cost due to general inflation) over the time period considered. One exception to this is the assessed valuation of real property. As a result of Proposition 13, increases in assessed valuation are limited to one percent per year, unless there is a change on ownership. Therefore, this analysis assumes that the assessed valuation of property that does not change ownership will increase at one percent per year. The analysis assumes that the annual increase in the market value of property and the general inflation rate will both be three percent.

## LAND USE SCENARIO

**Table 1** presents model assumptions used to calculate property tax revenue (value per unit and holding period) and service population (population per unit). Property values are based on an analysis of recent home sales in the vicinity of the project conducted by

MuniFinancial. Based on this analysis, we estimate an average price per square foot of \$165 for new units in the Panorama Planned Development. The projected square footage of units in the Panorama Planned Development was not available in the current project planning documents. We estimated average house sizes for each lot size based on the sizes of homes recently built in the vicinity of the project. The number of residents per unit is based on data for Shasta County from the 2000 U.S. Census, updated using 2008 data published by the California Department of Finance.

**Table 1: Land Use Assumptions**

<b>Land Use Type</b>	<b>Estimated Sq. Ft. per Unit</b>	<b>\$/Unit</b>	<b>Residents per Unit</b>	<b>Holding Period (years)</b>
<i>Approximate Lot Size</i>				
45' x 90'	1,500	\$ 247,500	2.35	7
80 x 90'	1,750	288,750	2.35	7
70' x 120'	2,000	330,000	2.35	7
1/4 - 1 acre	2,500	412,500	2.35	7
1/2 - 3 acres	2,800	462,000	2.35	7

Sources: 2000 United States Census; California Department of Finance, 2008; zillow.com; MuniFinancial.

**Table 2** presents the cumulative absorption schedule used for this analysis in five-year snapshots. The project phasing is based on the phasing shown in the Panorama Planned Development Tract Map. While the tract map shows the planned order in which the eight phases of the project will be developed, it does not provide information on the timing of each phase. We assume that development will begin in 2010 and that development of each phase will occur over two years. Buildout of the development would occur in 2025.

Note that this absorption schedule is not based on a market study of the potential for absorption of new residential development in this area. However, it is reasonable based on Shasta County development patterns. Since 2000, approximately 300 new single family homes have been developed annually in unincorporated areas in Shasta County. Absorption of units in the Panorama Planned Development averages approximately 27 units per year, or less than 10 percent of the total annual residential development in unincorporated Shasta County.

**Table 2: Cumulative Absorption (Housing Units)**

Calendar Year	2010	2015	2020	2025	2028
<i>Approximate Lot Size</i>					
45' x 90'	-	186	186	186	186
80 x 90'	18	36	36	36	36
70' x 120'	-	4	21	77	77
1/4 - 1 acre	-	5	66	66	66
1/2 - 3 acres	-	3	64	64	64
Total	18	234	373	429	429

Sources: Panorama Planned Development Tract Map; MuniFinancial.

## PER CAPITA REVENUE AND COST

For most revenue sources and expenditures, the estimated impacts to the General Fund of the Panorama Planned Development are based on the current average revenue or cost per capita. These revenue and cost factors are based on the 2007-2008 Shasta County Budget and the current population of residents and workers in the County.

To estimate the fiscal impact of the Panorama Planned Development, which is a residential development in unincorporated Shasta County, the analysis separates the per capita costs and revenue associated with residential development from the impacts of businesses. The analysis also separates the per capita impacts associated with unincorporated development from the impacts of development in incorporated cities.

The per capita factors were calculated by dividing each revenue or expenditure line item by the appropriate current service population. The model multiplies these per capita revenue and expenditure factors by the projected number of residents in the Panorama Planned Development to calculate total revenues and costs associated with the development.

### ***UNINCORPORATED/COUNTYWIDE ALLOCATION***

While some general government functions serve all areas of the County equally, other functions provide a higher level of service to unincorporated areas. For example, the County Assessor serves all areas equally, but the County Planning Department focuses a greater amount of effort on unincorporated areas because incorporated cities have their own planning departments.

The per capita expenditures and revenues generated by unincorporated development are estimated by allocating each line item between Countywide activities and activities related to unincorporated development only. The allocation factors applied in the per capita revenue and expenditure tables are based on our experience working with Shasta County and other County governments. Many of the cost and revenue items are allocated based on the unincorporated resident and worker service population as a percentage of the total Countywide service population. The unincorporated area has approximately 37 percent of the total County service population.

### ***RESIDENT/EMPLOYEE WEIGHTING***

The service population includes the current residential and employment population, with employment weighted to varying degrees depending on the specific revenue or cost line item. The employee weighting factors represent the relative demand for public services for one worker compared to one resident.

The worker weighting factor for most cost and revenue items is 0.31. This weighting factor is based on the number of hours an employee is at work (40) compared the number of hours a resident is not working (128), assuming a 40-hour workweek ( $40 \text{ hours} / 128 \text{ hours} = 0.31$ ). A worker weighting factor of 3.14 is used for transient occupancy tax (TOT). This reflects the breakdown of hotel visits between those made for pleasure and business reasons found in a recent survey in the City of Roseville.

### ***ITEMS WITH NO PANORAMA FISCAL IMPACT***

It is assumed that the Panorama Planned Development will not have impacts on certain General Fund revenue and expenditure items, as shown in Tables 3 and 4. It is assumed that the Panorama Planned Development will not impact the General Fund expenditure for Fire Zone #1. This is funding for County Service Area #1, which serves areas that are not included in independent fire districts. The Panorama Planned Development is located in the Cottonwood Fire Protection District.

The County collects TOT from people who stay in hotel rooms and campgrounds in unincorporated areas of the County. It is likely that the Panorama Planned Development will generate a very small amount of TOT revenue. In the absence of data upon which to estimate TOT generation, this analysis assumes that TOT revenue will be zero as a conservative assumption. In reality, it is likely that the Panorama Planned Development will generate a small number new hotel and campground nights, both from people coming to visit friends and relatives living in Panorama, and from residents of Panorama staying in campgrounds and hotels for leisure. However, the vast majority of hotel rooms in the County are in Redding and Anderson, so most of the hotel nights generated will be in incorporated cities and not generate TOT revenue for the County. A large amount of the TOT revenue currently generated in the County is not generated by County residents. The existing hotels and campgrounds in the unincorporated area largely serve tourists and travelers on Interstate 5 from outside of the County.

### ***CURRENT SERVICE POPULATION***

**Table 3** shows the current number of residents and workers, both in unincorporated Shasta County and Countywide. These figures, along with the expenditure and revenue amounts in the County budget, are used to estimate the current per capita revenue or expenditure for each budget item. Data for both residential population and employment are from early 2008. Population data are from the California Department of Finance. Employment data was reported by the California Employment Development Department.

**Table 3: Shasta County Current Service Population**

	<b>Residents</b>	<b>Employees</b>	<b>Service Population</b>
Unincorporated	70,900	16,000	75,860
Countywide	182,200	65,100	202,381
Weighting Factor	1.00	0.31	
Unincorporated Percent of Total County	39%	25%	37%

Note: For most revenue and expenditure factors, workers are weighted at 0.31 of residents based on the ratio of a 40-hour work week to 128 non-work hours in a week.

Sources: California Department of Finance (DOF); California Employment Development Department (EDD); MuniFinancial.

**Tables 4 and 5** show the per capita revenue and expenditure factors derived from the Shasta County Budget used in this analysis. Note that in Table 5, a few of the budget units show negative expenditures. For these units, estimated departmental revenues exceed budgeted costs. These budget units provide a net surplus to the General Fund.

**Table 4: Shasta County General Fund Recurring Revenue per Capita**

Revenues	Allocation by Service Area		Allocation By Service Population		Revenue per Capita Countywide		Revenue per Capita Unincorporated		
	County-wide	Unincorp.	Resident	Employee	Resident	Employee	Resident	Employee	
<b><u>Taxes</u></b>									
Current Secured Taxes	\$ 19,000,000				--- See Case Study Analysis ---				
Current Secured Tax Del Adv Teeter	275,000				--- See Case Study Analysis ---				
Current Supplemental Taxes	1,200,000				--- See Case Study Analysis ---				
Current Supplemental Taxes Teeter	130,000				--- See Case Study Analysis ---				
Current Unsecured Taxes	900,000				--- See Case Study Analysis ---				
Prior Supplemental Taxes	4,500				--- See Case Study Analysis ---				
Prior Year Unsecured Taxes	25,000				--- See Case Study Analysis ---				
Sales and Use Tax	2,600,000				--- See Case Study Analysis ---				
Documentary Transfer Tax	800,000				--- See Case Study Analysis ---				
Transient Occupancy Tax	800,000				--- Minimal Fiscal Impact ---				
Timber Yield Taxes	300,000				--- No Fiscal Impact ---				
Property Tax In Lieu of VLF	17,000,000				--- See Case Study Analysis ---				
<b>Taxes - Total</b>	<b>\$ 43,034,500</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b><u>Licenses, Permits &amp; Franchises</u></b>									
Franchises	\$ 563,950	0%	100%	1.00	0.31	\$ -	\$ -	\$ 7.43	\$ 2.30
<b>Licenses, Permits &amp; Franchises - Total</b>	<b>\$ 563,950</b>					<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7.43</b>	<b>\$ 2.30</b>
<b><u>Fines, Forfeitures &amp; Penalties</u></b>									
Tax Delinquent Penalties	\$ 312,086	100%	0%	1.00	0.31	\$ 1.54	\$ 0.48	\$ -	\$ -
Teeter Delinquent Penalty and Interest	800,000	100%	0%	1.00	0.31	3.95	1.23	-	-
Penalties Failure to File CIO	3,000	100%	0%	1.00	0.31	0.01	0.00	-	-
Teeter Redemption Fees	20,000	100%	0%	1.00	0.31	0.10	0.03	-	-
<b>Use of Money &amp; Property - Total</b>	<b>\$ 1,135,086</b>					<b>\$ 5.61</b>	<b>\$ 1.74</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Revenue from Money &amp; Property</u></b>									
Interest <sup>1</sup>	\$ 1,500,000	63%	37%	1.00	0.31	\$ 4.63	\$ 1.44	\$ 7.41	\$ 2.30
Land Rent	700	100%	0%	1.00	0.31	0.00	0.00	-	-
Rent/Leases of Buildings	14,200	100%	0%	1.00	0.31	0.07	0.02	-	-
<b>Use of Money &amp; Property - Total</b>	<b>\$ 1,514,900</b>					<b>\$ 4.71</b>	<b>\$ 1.46</b>	<b>\$ 7.41</b>	<b>\$ 2.30</b>
<b><u>Intergovernmental Revenues</u></b>									
State In-Lieu Local Sales/Use Tax	\$ 650,000					--- See Case Study Analysis ---			
State Homeowners Exemption <sup>2</sup>	350,000					--- See Case Study Analysis ---			
State Stabilization	337,000	100%	0%	1.00	0.31	\$ 1.67	\$ 0.52	-	-
State Open Space Assessments	220,000					--- No Fiscal Impact ---			
Federal Land In-Lieu Taxes	190,000					--- No Fiscal Impact ---			
Anderson RDA Pass Thru	9,000					--- No Fiscal Impact ---			
<b>Other Revenues - Total</b>	<b>\$ 1,756,000</b>					<b>\$ 1.67</b>	<b>\$ 0.52</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Indirect Cost Reimbursement</u></b>									
Cent. Services A-87 <sup>1</sup>	\$ 1,722,732	63%	37%	1.00	0.31	\$ 5.32	\$ 1.65	\$ 8.51	\$ 2.64
<b>Indirect Cost Reimbursement - Total</b>	<b>\$ 1,722,732</b>					<b>\$ 5.32</b>	<b>\$ 1.65</b>	<b>\$ 8.51</b>	<b>\$ 2.64</b>
<b><u>Charges for Services</u></b>									
Property Tax Admin Fee	\$ 2,000	100%	0%	1.00	0.31	\$ 0.01	\$ 0.00	\$ -	\$ -
Employee Retire Admin Fee	500,000	100%	0%	1.00	0.31	2.47	0.77	-	-
<b>Charges for Services - Total</b>	<b>\$ 502,000</b>					<b>\$ 2.48</b>	<b>\$ 0.77</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Revenues</b>	<b>\$ 50,229,168</b>					<b>\$ 19.78</b>	<b>\$ 6.13</b>	<b>\$ 23.36</b>	<b>\$ 7.24</b>

<sup>1</sup> Allocation of revenue between Countywide and unincorporated based on unincorporated percentage of total current County service population, using 0.31 weighting factor for workers.

<sup>2</sup> Homeowner property tax exemption revenue included in forecast of property tax revenue.

**Table 5: Shasta County General Fund Expenditure Per Capita**

Expenditures	Allocation by Service Area		Allocation By Service Population		Cost per Capita - Countywide		Cost per Capita - Unincorporated			
	County-wide	Unincorp.	Resident	Employee	Resident	Employee	Resident	Employee		
<b><u>General Government</u></b>										
Board of Supervisors <sup>1</sup>	\$ 548,859	63%	37%	1.00	0.31	\$ 1.70	\$ 0.53	\$ 2.71	\$ 0.84	
County Administrator's Office <sup>1,2</sup>	(23,519)	63%	37%	1.00	0.31	(0.07)	(0.02)	(0.12)	(0.04)	
Clerk of the Board <sup>1</sup>	416,503	63%	37%	1.00	0.31	1.29	0.40	2.06	0.64	
Auditor/Controller	1,196,518	100%	0%	1.00	0.31	5.91	1.83	-	-	
Treasurer/Tax Collector	534,986	100%	0%	1.00	0.31	2.64	0.82	-	-	
Assessor	3,403,864	100%	0%	1.00	0.31	16.82	5.21	-	-	
Purchasing <sup>1,2</sup>	(17,294)	63%	37%	1.00	0.31	(0.05)	(0.02)	(0.09)	(0.03)	
County Counsel <sup>1</sup>	18,402	63%	37%	1.00	0.31	0.06	0.02	0.09	0.03	
Personnel <sup>1</sup>	276,943	63%	37%	1.00	0.31	0.86	0.27	1.37	0.42	
Elections	3,497,463	100%	0%	1.00	0.31	17.28	5.36	-	-	
Economic Development <sup>1</sup>	83,697	63%	37%	1.00	0.31	0.26	0.08	0.41	0.13	
Surveyor <sup>1</sup>	16,799	63%	37%	1.00	0.31	0.05	0.02	0.08	0.03	
Misc. General <sup>1</sup>	911,498	63%	37%	1.00	0.31	2.82	0.87	4.50	1.40	
Tobacco Settlement Grants	1,740,012	--- No Fiscal Impact ---								
Subtotal	\$ 12,604,731					\$ 49.55	\$ 15.36	\$ 11.03	\$ 3.42	
<b><u>Public Protection</u></b>										
Trial Courts <sup>3</sup>	\$ (942,774)	100%	0%	1.00	0.31	\$ (4.66)	\$ (1.44)	\$ -	\$ -	
Conflict Public Defender	2,205,812	100%	0%	1.00	0.31	10.90	3.38	-	-	
Public Defender	2,879,612	100%	0%	1.00	0.31	14.23	4.41	-	-	
Grand Jury	94,053	100%	0%	1.00	0.31	0.46	0.14	-	-	
County Clerk	81,873	100%	0%	1.00	0.31	0.40	0.13	-	-	
Sheriff's Civil Unit	482,373	100%	0%	1.00	0.31	2.38	0.74	-	-	
Victim/Witness	157,832	100%	0%	1.00	0.31	0.78	0.24	-	-	
Ag. Comm.	704,117	100%	0%	1.00	0.31	3.48	1.08	-	-	
Recorder	448,933	100%	0%	1.00	0.31	2.22	0.69	-	-	
Public Guardian	308,294	100%	0%	1.00	0.31	1.52	0.47	-	-	
LAFCo	64,000	100%	0%	1.00	0.31	0.32	0.10	-	-	
Animal Shelter	662,322	0%	100%	1.00	-	-	-	9.34	-	
Public Administrator	84,977	100%	0%	1.00	0.31	0.42	0.13	-	-	
Subtotal	\$ 7,231,424					\$ 32.46	\$ 10.06	\$ 9.34	\$ -	
<b><u>Public Ways and Facilities</u></b>										
Shingletown Airport	\$ 77,957	0%	100%	1.00	0.31	\$ -	\$ -	\$ 1.03	\$ 0.32	
Subtotal	\$ 77,957					\$ -	\$ -	\$ 1.03	\$ 0.32	
<b><u>Public Assistance</u></b>										
Housing Authority	\$ 67,621	0%	100%	1.00	-	\$ -	\$ -	\$ 0.95	\$ -	
Veterans Services	246,793	100%	0%	1.00	-	1.35	-	-	-	
Community Action Agency	155,245	100%	0%	1.00	-	0.85	-	-	-	
Subtotal	\$ 469,659					\$ 2.21	\$ -	\$ 0.95	\$ -	
<b><u>Education</u></b>										
FA-Ag. Extention	\$ 176,890	100%	0%	1.00	0.31	\$ 0.87	\$ 0.27	\$ -	\$ -	
FA-Jt. Lassen Shasta	25,399	100%	0%	1.00	0.31	0.13	0.04	-	-	
Subtotal	\$ 202,289					\$ 1.00	\$ 0.31	\$ -	\$ -	
<b><u>Recreation</u></b>										
Rec. & Park Dev.	\$ 55,057	0%	100%	1.00	-	\$ -	\$ -	\$ 0.78	\$ -	
Vets Halls	363,997	100%	0%	1.00	0.31	1.80	0.56	-	-	
Subtotal	\$ 419,054					\$ 1.80	\$ 0.56	\$ 0.78	\$ -	
<b><u>Services and Supplies</u></b>										
Maintenance Str ADA	\$ 416,677	100%	0%	1.00	0.31	\$ 2.06	\$ 0.64	\$ -	\$ -	
Miscellaneous Expense	500,000	100%	0%	1.00	0.31	2.47	0.77	-	-	
Subtotal	\$ 916,677					\$ 4.53	\$ 1.40	\$ -	\$ -	
<b><u>Other Charges</u></b>										
Contribution to IHSS	\$ 121,610	100%	0%	1.00	-	\$ 0.67	\$ -	\$ -	\$ -	
Subtotal	\$ 121,610					\$ 0.67	\$ -	\$ -	\$ -	

Table 5 continues on the following page.

**Table 5: Shasta County General Fund Expenditure Per Capita (continued)**

Expenditures		Allocation by Service Area		Allocation By Service Population		Cost per Capita - Countywide		Cost per Capita - Unincorporated	
		County-wide	Unincorp.	Resident	Employee	Resident	Employee	Resident	Employee
<i>Transfers Out</i>									
General Reserve <sup>1</sup>	\$ 1,000,000	63%	37%	1.00	0.31	\$ 3.09	\$ 0.96	\$ 4.94	\$ 1.53
Capital Projects <sup>1</sup>	222,529	63%	37%	1.00	0.31	0.69	0.21	1.10	0.34
District Attorney	3,095,074	100%	0%	1.00	0.31	15.29	4.74	-	-
Sheriff	5,840,877	0%	100%	1.00	0.31	-	-	77.00	23.87
Boating Safety	85,899	100%	0%	1.00	-	0.47	-	-	-
Detention Annex	38,587	100%	0%	1.00	0.31	0.19	0.06	-	-
Jail	6,893,096	100%	0%	1.00	0.31	34.06	10.56	-	-
Burney Substation	1,467,352	0%	100%	1.00	0.31	-	-	19.34	6.00
Juvenile Hall	1,950,844	100%	0%	1.00	0.31	9.64	2.99	-	-
Probation	1,857,581	100%	0%	1.00	0.31	9.18	2.85	-	-
Crystal Creek Boys Camp	615,749	100%	0%	1.00	0.31	3.04	0.94	-	-
Building Inspection	137,427	0%	100%	1.00	0.31	-	-	1.81	0.56
Planning <sup>4</sup>	647,872	10%	90%	1.00	0.31	0.32	0.10	7.69	2.38
Coroner	727,755	100%	0%	1.00	0.31	3.60	1.11	-	-
Central Dispatch	850,727	100%	0%	1.00	0.31	4.20	1.30	-	-
Fire Zone #1	2,181,762	--- No Fiscal Impact ---				-	-	-	-
Environmental Health	109,354	100%	0%	1.00	-	0.60	-	-	-
Mental Health	666,696	100%	0%	1.00	-	3.66	-	-	-
Public Health	50,105	100%	0%	1.00	-	0.28	-	-	-
SCHC CMSP	294,369	100%	0%	1.00	-	1.62	-	-	-
CA Child Services	168,075	100%	0%	1.00	-	0.92	-	-	-
Substance Abuse	23,149	100%	0%	1.00	-	0.13	-	-	-
MH Perinatal	17,563	100%	0%	1.00	-	0.10	-	-	-
Social Services	1,190,265	100%	0%	1.00	-	6.53	-	-	-
County Indigents	737,266	100%	0%	1.00	-	4.05	-	-	-
Cash Aid Grants	2,300,108	100%	0%	1.00	0.31	11.37	3.52	-	-
Library	1,386,753	100%	0%	1.00	-	7.61	-	-	-
Shasta County Health Care	133,944	100%	0%	1.00	-	0.74	-	-	-
Information Technology <sup>1</sup>	39,254	63%	37%	1.00	0.31	0.12	0.04	0.19	0.06
Subtotal	\$ 34,730,032					\$121.48	\$ 29.38	\$112.07	\$ 34.74
<b>Total Expenditures</b>	<b>\$ 56,773,433</b>					<b>\$213.69</b>	<b>\$ 57.08</b>	<b>\$135.20</b>	<b>\$ 38.48</b>

<sup>1</sup> Allocation of expenditure between Countywide and unincorporated based on unincorporated percentage of total current County service population, using 0.31 weighting factor for workers.

<sup>2</sup> Negative expenditure figure because budgeted intrafund transfers, intergovernmental revenues, and miscellaneous revenues are greater than General Fund expenditures for this budget unit. Budget unit provides a net surplus to the General Fund.

<sup>3</sup> Negative expenditure figure because estimated departmental revenues from fines, forfeitures and penalties and charges for services are greater than budgeted General Fund costs. Budget unit provides a net surplus to the General Fund.

<sup>4</sup> Planning allocation between Countywide and unincorporated based on estimated County Planning Department resources devoted to Countywide planning activities.

Sources: Shasta County FY2007-2008 Budget; MuniFinancial.

## PROPERTY TAX AND DOCUMENTARY TRANSFER TAX

The base property tax of one percent of assessed value is allocated among several different agencies and funds. The allocation factors to each fund vary across different areas of the County. The County General Fund receives 31.27 percent of the property tax within most of the Panorama Planned Development. Forty-two lots in the south end of the development are in a tax rate area in which the County General Fund receives 30.37 percent of the property tax. The average General Fund property tax allocation factor, weighted by the number of lots, is 31.18 percent. This factor is used to estimate property tax generation from new development in the Panorama Planned Development in this analysis. In Shasta County, approximately 52 percent of property tax allocated to the General Fund is shifted to the State Education Revenue Augmentation Fund (ERAF). After the ERAF shift, approximately 15 percent of the one percent property tax remains for the County General Fund.

The County also levies a documentary transfer tax in the amount of 0.11 percent of the sales price when property is sold. **Table 6** shows the property tax and documentary transfer tax rates used in this analysis.

**Table 6: Property-Related Tax Rates**

	<b>Tax Increment</b>
<u><i>Property Tax (Share of 1% Property Tax)</i></u>	
County General Fund	31.18%
ERAF Shift	<u>52.03%</u>
Net	14.96%
<u><i>Documentary Transfer Tax (Share of Sales Price)</i></u>	
County General Fund	0.1100%

Sources: Shasta County Auditor-Controller; MuniFinancial.

Property taxes are levied based on assessed valuation. When property is sold the assessed valuation is set to equal the sales price. Otherwise, increases in assessed valuation are limited to one percent per year. If market prices increase more than one percent per year, the assessed valuation will not equal the market price. This model assumes that market prices increase, on average, three percent per year. It also assumes that the average holding period for a house is seven years, so in any given year one seventh of the existing homes are sold and the assessed valuation resets to the market valuation. In addition, it is assumed that one seventh of the homes are sold and generate documentary transfer tax revenue each year. **Table 7** shows the estimated market valuation of new property sales, the total market value of developed property in the Panorama Planned Development, and the assessed valuation of developed property in five-year snapshots. These figures are shown in nominal dollars, not 2008 dollars.

**Table 7: Property Value (nominal \$)**

	FY Ending June 30	2010	2015	2020	2025	2028
<b><u>New Property Sales (market value)</u></b>						
<b><u>Approximate Lot Size</u></b>						
45' x 90'	\$	-	\$ 20,089,990	\$ -	\$ -	\$ -
80 x 90'		5,514,028	-	-	-	-
70' x 120'		-	811,717	3,764,009	8,727,035	-
1/4 - 1 acre		-	-	-	-	-
1/2 - 3 acres		-	1,136,403	-	-	-
Total	\$	5,514,028	\$ 22,038,110	\$ 3,764,009	\$ 8,727,035	\$ -
<b><u>Total Property Value (market value)</u></b>						
<b><u>Approximate Lot Size</u></b>						
45' x 90'	\$	-	\$ 56,617,243	\$ 65,634,902	\$ 76,088,841	\$ 83,144,331
80 x 90'		5,514,028	12,784,539	14,820,784	17,181,351	18,774,526
70' x 120'		-	1,623,434	9,880,523	41,998,858	45,893,286
1/4 - 1 acre		-	2,536,615	38,816,340	44,998,777	49,171,378
1/2 - 3 acres		-	1,704,605	42,156,898	48,871,399	53,403,097
Total	\$	5,514,028	\$ 75,266,436	\$ 171,309,448	\$ 229,139,226	\$ 250,386,619
<b><u>Total Assessed Value</u></b>						
<b><u>Approximate Lot Size</u></b>						
45' x 90'	\$	-	\$ 56,147,887	\$ 63,374,206	\$ 72,591,211	\$ 79,029,192
80 x 90'		5,514,028	12,418,509	14,177,468	16,323,708	17,799,955
70' x 120'		-	1,616,679	9,719,007	41,211,255	44,385,687
1/4 - 1 acre		-	2,491,504	38,279,573	43,339,045	47,010,861
1/2 - 3 acres		-	1,699,877	41,206,167	46,880,966	50,931,099
Total	\$	5,514,028	\$ 74,374,455	\$ 166,756,421	\$ 220,346,185	\$ 239,156,794

Source: Tables 1 and 2; MuniFinancial.

## SALES TAX

**Table 8** shows the estimated sales tax generation for the County General Fund per household in the Panorama Planned Development. In California, local governments receive a sales tax of one percent. For sales made within incorporated cities, the city government receives the local government sales tax share. The County General Fund receives the local government sales tax on sales in the unincorporated area. Thus, the amount of sales tax revenue generated by new development to the County General Fund depends on the amount of taxable spending the new households generate in *unincorporated* Shasta County.

The estimated total taxable spending by households in the Panorama Planned Development is based on the statewide average taxable sales per household, based on 2006 data from the State Board of Equalization. The 2006 data were the most current data available at the time this analysis was conducted. The 2006 statewide average taxable sales per household is adjusted to 2008 dollars and adjusted for the specific spending patterns of Panorama households based on the estimated average income of Panorama households, in 2008 dollars.

Average household income in Panorama is estimated based on the projected prices of the homes in the Panorama Planned Development. It is assumed that the buyers of homes in

Panorama will spend approximately 30 percent of their household income on mortgage payments. In addition, it is assumed that the homes will be financed with 30-year mortgages with 20 percent down payments at a 6.5 percent interest rate. Based on these financing assumptions and the estimated home values shown in Table 1, the average household income in the Panorama Planned Development would be approximately \$66,000. The average income in Panorama is estimated to be approximately 16 percent greater than the statewide median household income in 2006. Thus, the same 16 percent increase is applied to the 2006 statewide taxable retail sales per household to estimate the average taxable retail sales generation of Panorama households.

Most retail development in Shasta County is in Redding. Although there are a small number of retail outlets in Cottonwood, it is assumed that most convenience, grocery, apparel, and general merchandise spending by households in the Panorama Planned Development will occur in Anderson or Redding. Anderson has retail outlets including the Wal-Mart Supercenter and the Prime Outlets. Statewide, the largest share of taxable retail spending is automotive purchases. There are few auto dealers in unincorporated Shasta County, and most auto sales in the County occur in Redding.

While most retail activity in Shasta County occurs in the incorporated cities, there is still a significant amount, approximately 12 percent of taxable retail sales, that occurs in unincorporated areas. Residents of unincorporated areas generate some of this spending; however, much of it is generated by travelers passing through the County along Interstate 5 and by visitors coming to the County for recreation. Approximately 30 percent of taxable retail spending in unincorporated areas occurs at service stations. Considering the large amount of retail spending by Panorama households outside of unincorporated Shasta County and the large percentage of capture by establishments in unincorporated Shasta County of spending by residents of other areas, it is estimated that ten percent of the taxable retail sales per household will occur in unincorporated Shasta County.

With a ten percent rate of retail spending in unincorporated Shasta County, unincorporated County residents would contribute a roughly one third of the 12 percent unincorporated area share of total County taxable retail sales. Unincorporated residents make up 39 percent of the total Shasta County population. Assuming that overall per capita spending is equal countywide, spending in the unincorporated area by unincorporated residents would make up approximately four percent of total spending by County residents (39% of County residents \* 10% of spending per resident in unincorporated areas = 3.9% of Countywide spending in unincorporated areas).

With the estimated ten percent capture rate of taxable retail spending by households in the Panorama Planned Development in unincorporated Shasta County, those households would generate approximately \$3,700 per dwelling unit in taxable sales in the unincorporated area annually. This spending would generate \$37 per household in County General Fund sales tax revenue.

**Table 8: Per Capita Sales Tax Generation**

Median Household Income - Statewide (2006\$)	\$	56,645
Average Household Income - Panorama (2008\$) <sup>1</sup>		65,990
% Difference		16%
Taxable Retail Sales per Household - Statewide (2006\$)	\$	31,450
Panorama % Difference		16%
Taxable Retail Sales per Household - Panorama (2008\$)	\$	36,639
Unincorporated Shasta County Retail Sales Capture Rate		10%
Unincorporated Shasta County Retail Sales per Household (2008\$)	\$	3,664
Local Government Sales Tax Rate		1%
Sales Tax Revenue per Household (2008\$)	\$	37

<sup>1</sup> Average household income in Panorama Planned Development based on unit prices shown in Table 2 and the following assumptions: 30 percent of household income is used for mortgage payments, homes are financed with 30 year mortgages with 20 percent down payments at 6.5 percent interest rate.

Sources: Table 1; Taxable Sales in California During 2006, State Board of Equalization; Table E-5, California Department of Finance; MuniFinancial.

## MODEL RESULTS

**Table 9** shows the results of the fiscal impact analysis year-by-year from the beginning of the development period, 2010, through 2028. In the development scenario used for this analysis, buildout would occur in 2025. The table expresses results of the analysis in the form of estimated total General Fund revenue, total General Fund costs, net revenue, and net revenue as a percentage of total cost. A fiscal impact within the plus or minus ten percent range is generally considered to indicate a neutral fiscal impact when the uncertainties inherent in long-range forecasts are considered. The actual impacts of this development may vary from those estimated here if market conditions and/or County revenue and expenditure patterns vary from the assumptions used in this analysis.

As shown, the Panorama Planned Development is estimated to have a generally positive impact on the County General Fund over the period of time considered. During the middle of the development period, from 2012 through 2016, the net revenues are less than ten percent of the total costs generated by the development, and the fiscal impact is considered to be neutral. From 2017 through the end of the period of time considered in this study, the estimated net fiscal impacts of Panorama are positive. At the estimated buildout date of 2025, the project is estimated to generate a net General Fund surplus of approximately \$73,000, or approximately 21 percent of total costs.

The fiscal impacts of the project vary over the development period based on the proportion of each lot size that will have been developed at a given time. Larger lots are estimated to have a higher assessed value and generate more property tax and property transfer tax

revenue than smaller lots, while all households are estimated to generate the same expenditures regardless of size.

While the fiscal impacts of the project are found to be positive in this analysis, the magnitude of the impacts are small as a portion of the entire County General Fund. The estimated net revenues upon buildout of \$73,000 are only 0.15% of the total current General Fund revenue of \$50.2 million.

**Table 9: Comprehensive Revenue and Expenditure Detail**

<b>FY Ending</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Revenue</b>						
General Fund						
Property Tax	\$ 7,800	\$ 15,500	\$ 26,600	\$ 38,200	\$ 64,100	\$ 90,500
Sales Tax	700	1,300	2,400	3,500	6,000	8,600
Property Transfer Tax	800	1,600	2,800	4,100	6,800	9,600
Vehicle License Fee	5,600	11,200	19,200	27,600	46,300	65,300
Per Capita Revenue	1,800	3,600	6,600	9,600	16,600	23,600
Total	\$ 16,700	\$ 33,200	\$ 57,600	\$ 83,000	\$ 139,800	\$ 197,600
<b>Costs</b>						
General Fund						
Per Capita Cost	\$ 14,700	\$ 29,300	\$ 53,000	\$ 77,800	\$ 134,300	\$ 191,200
Subtotal	\$ 14,700	\$ 29,300	\$ 53,000	\$ 77,800	\$ 134,300	\$ 191,200
Total Costs	\$ 14,700	\$ 29,300	\$ 53,000	\$ 77,800	\$ 134,300	\$ 191,200
<b>Net Revenue</b>	<b>\$ 2,000</b>	<b>\$ 3,900</b>	<b>\$ 4,600</b>	<b>\$ 5,200</b>	<b>\$ 5,500</b>	<b>\$ 6,400</b>
Net Rev. as % of Total Cost	13.6%	13.3%	8.7%	6.7%	4.1%	3.3%

Sources: Tables 2-8; MuniFinancial.

**Table 9: Comprehensive Revenue and Expenditure Detail (continued)**

<b>FY Ending</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Revenue</b>						
General Fund						
Property Tax	\$ 109,800	\$ 129,600	\$ 150,100	\$ 171,900	\$ 175,000	\$ 178,100
Sales Tax	9,700	10,800	12,100	13,400	13,700	14,000
Property Transfer Tax	11,700	13,900	16,100	18,500	18,900	19,300
Vehicle License Fee	79,300	93,500	108,400	124,100	126,300	128,600
Per Capita Revenue	26,700	29,800	33,200	36,900	37,700	38,500
Total	\$ 237,200	\$ 277,600	\$ 319,900	\$ 364,800	\$ 371,600	\$ 378,500
<b>Costs</b>						
General Fund						
Per Capita Cost	\$ 216,000	\$ 241,100	\$ 268,600	\$ 298,300	\$ 304,900	\$ 311,600
Subtotal	\$ 216,000	\$ 241,100	\$ 268,600	\$ 298,300	\$ 304,900	\$ 311,600
Total Costs	\$ 216,000	\$ 241,100	\$ 268,600	\$ 298,300	\$ 304,900	\$ 311,600
<b>Net Revenue</b>	<b>\$ 21,200</b>	<b>\$ 36,500</b>	<b>\$ 51,300</b>	<b>\$ 66,500</b>	<b>\$ 66,700</b>	<b>\$ 66,900</b>
Net Rev. as % of Total Cost	9.8%	15.1%	19.1%	22.3%	21.9%	21.5%

Sources: Tables 2-8; MuniFinancial.

**Table 9: Comprehensive Revenue and Expenditure Detail (continued)**

<b>FY Ending</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Revenue</b>							
General Fund							
Property Tax	\$ 181,400	\$ 185,200	\$ 192,100	\$ 199,400	\$ 198,900	\$ 198,500	\$ 198,100
Sales Tax	14,300	14,600	15,100	15,700	15,700	15,700	15,700
Property Transfer Tax	19,700	20,200	21,000	21,800	21,800	21,800	21,800
Vehicle License Fee	131,000	133,700	138,700	144,000	143,600	143,300	143,000
Per Capita Revenue	<u>39,300</u>	<u>40,300</u>	<u>41,800</u>	<u>43,400</u>	<u>43,400</u>	<u>43,400</u>	<u>43,400</u>
Total	\$ 385,700	\$ 394,000	\$ 408,700	\$ 424,300	\$ 423,400	\$ 422,700	\$ 422,000
<b>Costs</b>							
General Fund							
Per Capita Cost	\$ 318,200	\$ 325,500	\$ 337,700	\$ 351,000	\$ 351,000	\$ 351,000	\$ 351,000
Subtotal	\$ 318,200	\$ 325,500	\$ 337,700	\$ 351,000	\$ 351,000	\$ 351,000	\$ 351,000
Total Costs	\$ 318,200	\$ 325,500	\$ 337,700	\$ 351,000	\$ 351,000	\$ 351,000	\$ 351,000
<b>Net Revenue</b>	<b>\$ 67,500</b>	<b>\$ 68,500</b>	<b>\$ 71,000</b>	<b>\$ 73,300</b>	<b>\$ 72,400</b>	<b>\$ 71,700</b>	<b>\$ 71,000</b>
Net Rev. as % of Total Cost	21.2%	21.0%	21.0%	20.9%	20.6%	20.4%	20.2%

Sources: Tables 2-8; MuniFinancial.