

A5

**Previously Revised Fiscal Impact Analysis
(DEIR Appendix M)**

Appendix M

Knighton and Churn Creek Commons Fiscal Impact Analysis

Overview of Results

At Project buildout, as summarized in **Table 1** below, the Analysis estimates that the General Fund and Public Safety Fund will experience significant annual surpluses of **\$2+ million** and **\$715,000**, respectively. The Road Fund is projected to experience a minimal surplus of **\$2,000** at Project buildout. CSA #1 is projected to break even.²

Table 1
Fiscal Impact Summary (2009\$)

Item	Annual Fiscal Impact
General Fund	
Revenues	\$2,321,000
Expenditures [1]	-\$961,000 \$265,000
Surplus/(Deficit)	-\$1,360,000 \$2,056,000
Public Safety Fund	
Revenues	\$810,000
Expenditures [1]	\$95,000
Surplus/(Deficit)	\$715,000
Road Fund	
Revenues	\$30,000
Expenditures	\$28,000
Surplus/(Deficit)	\$2,000
County Services Area #1 - Fire Protection	
Revenues	-\$913,000 \$217,000
Expenditures [1]	-\$913,000 \$217,000
Surplus/(Deficit)	\$0

"sum_all"

Source: Shasta County Fiscal Year 2008-2009 Budget and EPS.

[1] To avoid double-counting, General Fund transfers to CSA #1 - Fire Protection are included in the General Fund and excluded from the CSA #1.

Overview of Project Land Uses

The Project is proposed for the northeast corner of the intersection of Interstate 5 (I-5) and Knighton Road and is bordered by I-5 to the west, Churn Creek Road to the east, and Knighton Road to the south. **Map 1** identifies the Project's location in its regional context.

² This Analysis assumes that any Project-generated deficit in CSA #1 will be funded through a transfer of funds from the General Fund. This assumption and the impact on both the General Fund and CSA #1 are discussed in greater detail in the "Methodology and Assumptions" section of this Analysis.

Table 2
Knighton & Churn Creek Commons Retail Center
Fiscal Impact Analysis
Estimated Annual Revenue and Expenditure Summary by Fund (2009\$)

Item	Total Annual Fiscal Impact at Buildout
General Fund	
Annual Revenues [1]	
Property Tax	\$354,000
Property Tax In-Lieu of VLF	\$260,000
Property Tax in-Lieu of Sales Tax	\$421,000
Sales & Use Taxes	\$1,262,000
Transient Occupancy Tax	\$7,000
Licenses, Permits & Franchises	\$6,000
Fines, Forfeitures & Penalties	\$11,000
Total Annual Revenues	\$2,321,000
Annual Expenditures [2]	
General Government	
Legislative & Administrative	\$2,000
Elections	\$3,000
Finance	\$8,000
Other General	\$2,000
Reserves for Contingencies	\$9,000
General Government Subtotal	\$24,000
Public Protection	
Police Protection	\$68,000
Detention and Correction	\$53,000
Judicial	\$33,000
Other Protection	\$15,000
Protection Inspection	\$3,000
Public Protection Subtotal	\$172,000
Fire [2]	-\$761,000 \$65,000
Health & Sanitation	\$3,000
Public Ways and Facilities	\$1,000
Total Annual Expenditures	-\$961,000 \$265,000
General Fund Surplus/(Deficit)	-\$1,360,000 \$2,056,000

Table 2
Knighton & Churn Creek Commons Retail Center
Fiscal Impact Analysis
Estimated Annual Revenue and Expenditure Summary by Fund (2009\$)

Item	Total Annual Fiscal Impact at Buildout
Public Safety Fund	
Annual Revenues [1]	
Sales & Use Tax Prop 172	\$810,000
Total Annual Revenues	\$810,000
Annual Expenditures [2]	
Police Protection	\$66,000
Detention and Correction	\$22,000
Judicial	\$5,000
Other Protection	\$2,000
Total Annual Expenditures	\$95,000
Public Safety Fund Surplus/(Deficit)	\$715,000
Road Operations Fund	
Annual Revenues [1]	
Gas Tax Revenues	\$30,000
Total Annual Revenues	\$30,000
Annual Expenditures [2]	
Road Operations Expenditures	\$28,000
Total Annual Expenditures	\$28,000
Road Operations Surplus/(Deficit)	\$2,000
County Services Area #1 - Fire Protection	
Annual Revenues [1]	
Property Tax	\$152,000
Transfer In	-\$761,000 \$65,000
Total Annual Revenues	-\$913,000 \$217,000
Annual Expenditures [2]	
CSA #1 Expenditures	-\$913,000 \$217,000
Total Annual Expenditures	-\$913,000 \$217,000
County Services Area #1 - Fire Protection Surplus/(Deficit)	\$0

"summary"

Source: Shasta County Fiscal Year 2008-2009 Budget and EPS.

[1] See **Table B-1** for detail on revenue estimating procedures.

[2] See **Table C-1** for detail on expenditure estimating procedures.

As previously discussed, this Analysis assumes that any Project-related deficit in CSA #1 will be offset by a transfer in from the General Fund. Therefore, CSA #1 is projected to break even.

General Fund

Based on this Analysis, the Project is anticipated to generate an annual fiscal surplus of ~~\$1.4~~**\$2+ million** ~~million~~ for the General Fund at buildout. Total annual General Fund revenues at buildout are estimated at **\$2.3 million**. Total annual General Fund expenditures at buildout are estimated at ~~\$265,000~~ ~~\$960,000~~. Because the Project is primarily a retail development, and the types of proposed retail typically include a high percentage of taxable sales,⁷ sales and use taxes represent the largest share of General Fund revenues that will be produced by the Project. Property tax-based revenues also represent a significant source of revenue. The amounts and percentage share of Project-related General Fund revenues are shown in **Figure 1** below.

Figure 1
Annual Project-Generated General Fund Revenues

General Fund Revenue Source	Annual Fiscal Revenues	% of Annual Revenues
Property Tax	\$353,916	15.3%
Property Tax In-Lieu of VLF	\$260,206	11.2%
Property Tax in-Lieu of Sales Tax [2]	\$420,750	18.1%
Sales & Use Taxes	\$1,262,250	54.4%
Transient Occupancy Tax [3]	\$7,245	0.3%
Licenses, Permits & Franchises	\$5,697	0.2%
Fines, Forfeitures & Penalties	\$10,571	0.5%
Total General Fund Revenues	\$2,320,635	100.0%

The Project will have a minimal impact on most General Fund expenditures. Nearly ~~80 percent~~ ^{7 percent} ~~(\$65,000)~~ ~~(\$760,000)~~ of the Project's annual expenditures are for transfers from the General Fund to CSA #1 for fire protection services. Transfers from the General Fund are necessary to offset the operating deficit in CSA #1 that would result from providing fire protection to the Project. This impact is described in more detail under the CSA #1 section below.

⁷ As is detailed on **Table B-4A**, 65 percent of Community Commercial Retail sales per square foot and 96 percent of Regional Retail sales per square foot result in taxable transactions. The Project does not include any Neighborhood Commercial Retail land uses. Neighborhood Commercial Retail typically includes grocery stores and local services where more than 50 percent of the sales per square foot are non-taxable.

Public Safety Fund

The Public Safety Fund is projected to experience an annual fiscal surplus of **\$715,000**. This sizable surplus is attributed to the Proposition 172 Public Safety Sales Tax revenues that the Project will generate, which are estimated to be **\$800,000** annually at buildout. Annual expenditures, resulting primarily from Police Protection-related services, are expected to increase by approximately **\$95,000**. This surplus could lessen the need for the County to transfer General Fund monies to the Public Safety Fund, thereby increasing the annual Project-related General Fund surplus noted above.

Road Fund

For the Road Fund, the Project is estimated to produce a minimal annual surplus at buildout of **\$2,000**. The Project is anticipated to generate **\$30,000** in Gas Tax revenues and nearly **\$28,000** in expenditures per year at buildout.

CSA #1

7 percent (**\$65,000**)

CSA #1 is anticipated to break even at buildout. Transfers in from the General Fund represent almost ~~85 percent (\$760,000)~~ of CSA #1 revenues. The Project is estimated to generate an additional **\$150,000** annually in property tax revenue for CSA #1. As previously discussed, this Analysis assumes the County would offset any Project-related deficit in CSA #1 with a transfer of funds from the General Fund. CSA #1 transfer-in revenue is equal to the estimated annual operating deficit resulting from the Project. This transfer of funds is also included in this Analysis as an expense of the General Fund.

\$217,000

Annual Project-related expenditures in CSA #1 of **\$913,000** are based on an estimate provided by the County Fire Warden to add the necessary staff and equipment to ensure fire protection and suppression to the proposed Project.

Funding and Mitigation of Potential Fiscal Deficits

The results of this Analysis estimate surpluses in the General Fund, Public Safety Fund, and Road Fund and a break-even impact on CSA #1. The surpluses identified in the General Fund and Public Safety Fund are significant and, therefore, it is unlikely that the Project will produce any deficits to the County's budget. However, while not probable, it is possible that as a result of changes in proposed land uses, mix of retail tenants, the County's revenues and/or expenditures in future budgets, or other currently unforeseen circumstances that materially impact key assumptions used in this Analysis, the Project could result in a short term or structural deficit in one or more County funds.

If future changes were to result in a fiscal deficit the County may consider one or a combination of the following Project-specific mitigation measures:

- **Special Taxes and Assessments:**

- **Community Facilities District for Services (Services CFD).** If funding mitigation were necessary, the County could form a new Services CFD to fund road maintenance services over the Project area and establish special tax rates at levels that would fully or

**Table B-2
 Knighton & Churn Creek Commons Retail Center
 Fiscal Impact Analysis
 Estimated Annual Project Revenues By Fund (2009\$)**

Revenues [1]	Annual Fiscal Revenues	% of Annual Revenues
General Fund Revenues		
Property Tax	\$353,916	15.3%
Property Tax In-Lieu of VLF	\$260,206	11.2%
Property Tax in-Lieu of Sales Tax [2]	\$420,750	18.1%
Sales & Use Taxes	\$1,262,250	54.4%
Transient Occupancy Tax [3]	\$7,245	0.3%
Licenses, Permits & Franchises	\$5,697	0.2%
Fines, Forfeitures & Penalties	\$10,571	0.5%
Total General Fund Revenues	\$2,320,635	100.0%
Public Safety Fund		
Sales & Use Tax Prop 172	\$809,913	100.0%
Total Public Safety Fund Revenues	\$809,913	100.0%
Road Operations Fund		
Gas Tax	\$29,884	100.0%
Total Road Operations Fund Revenues	\$29,884	100.0%
County Services Area #1 - Fire Protection		
Property Tax	\$151,629	16.6%
Other Financing Sources Transfer In	\$761,371 \$65,000	83.4%
Total Fire Protection Fund Revenues	\$913,000 \$217,000	100.0%

"revenues"

Source: Shasta County Fiscal Year 2008-2009 Budget and EPS.

- [1] Includes only those revenues affected by development. See Table B-1 for revenue-estimating assumptions.
- [2] Property Tax In-Lieu of Sales Tax revenues are included in the County's Budget under Intergovernmental Revenues.
- [3] A hotel/motel is being considered for this project, however, at this time the actual mix of land uses has not yet been determined. Thus, to provide a conservative estimate Transient Occupancy Tax revenues are estimated using the average revenue multiplier approach. If a hotel/motel is included in the project, TOT revenue would be significantly greater than estimated.

**Table C-2
 Knighton & Churn Creek Commons Retail Center
 Fiscal Impact Analysis
 Estimated Annual Expenditures By Fund (2009\$)**

Expense Category	Annual Fiscal Expenditures [1]	% of Annual Expenditures
General Fund		
General Government		
Legislative & Administrative	\$1,980	0.2%
Elections	\$3,078	0.3%
Finance	\$7,774	0.8%
Other General	\$2,259	0.2%
Reserves for Contingencies	\$8,882	0.9%
General Government Subtotal	\$23,973	2.5%
Public Protection		
Police Protection	\$68,414	7.1%
Detention and Correction	\$52,879	5.5%
Judicial	\$33,167	3.4%
Other Protection	\$15,440	1.6%
Protection Inspection	\$2,918	0.3%
Public Protection Subtotal	\$172,817	18.0%
Fire [2]	-\$761,374 \$65,000	79.1%
Health & Sanitation	\$3,431	0.4%
Public Ways and Facilities	\$797	0.1%
General Fund Total	\$962,387	100.0%
Public Safety Fund		
Police Protection	\$65,601	69.2%
Detention and Correction	\$22,321	23.6%
Judicial	\$4,859	5.1%
Other Protection	\$1,952	2.1%
Public Safety Fund Total	\$94,733	100.0%
Road Operations Fund [6]	\$27,678	100.0%
CSA #1 - Fire Protection	-\$913,000 \$217,000	100.0%

"expenditures"

Source: Shasta County Fiscal Year 2008-2009 Budget and EPS.

[1] See Table C-1 for expenditure estimating procedures.

[2] Fire protection costs in the General Fund represents the transfer of funds to CSA #1 necessary to mitigate the project-related deficit in CSA #1. This transfer from the General Fund is included as a revenue source in CSA #1 as noted on Table B-2.