

E1 Fiscal Sustainability



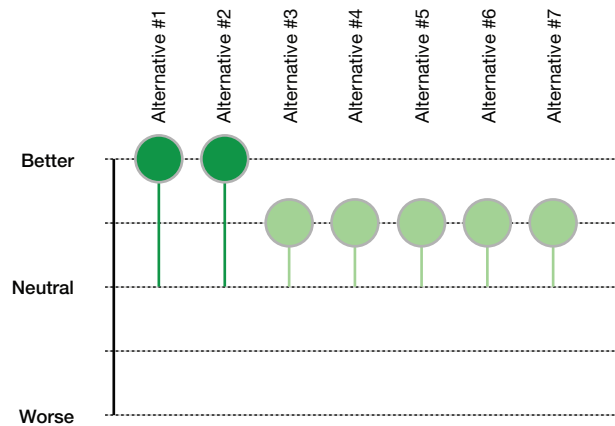
Does the alternative have a positive fiscal impact on the City of Concord's General Fund?

Key Assumptions

- The analysis was conducted as if each alternative was built out and operational today, in today's dollars.
- The fiscal impact analysis examines the impact on the City of Concord's General Fund, through which ongoing and routine operations and maintenance are funded.
- Services will be provided to the new development consistent with the City's existing level of services.
- The fiscal impact results are assumed at build out, and do not reflect interim shifts during construction and absorption.
- The existing municipal cost and revenue structure will prevail through the analysis period.
- Inclusion of alternatives in a redevelopment area is not used as an evaluation consideration.

All seven alternatives are anticipated to generate net fiscal revenues for the City of Concord's General Fund, which means that anticipated revenues exceed costs. Total General Fund revenues irrespective of service costs range from a high of \$33.7 million for Alternative 2 to a low of \$18.5 million for Alternative 7. However, the alternatives vary in their level of net fiscal revenues and other relevant indicators. Alternatives 1, 2, 3, 5, and 6 are all estimated to generate net fiscal revenues in excess of \$10.0 million annually. Alternatives 4 and 7 are less favorable, with net annual fiscal revenues below this threshold.

Because each alternative has a different mix of land uses, they vary relative to the margin by which revenues exceed costs. Relative to this index, Alternatives 1 and 2 are most favorable, with revenues exceeding costs by a



Scoring Guide

- Neutral: General Fund revenues and service costs in relative balance.
- Better: General Fund revenues exceed service costs.
- Worse: General Fund revenues less than service costs.

factor of 2.0. All other alternatives have revenues exceeding costs by a factor of 1.5.

The City's greatest vulnerability is relative to rising service costs. Thus, the alternatives with the greatest level of service costs will be most at risk of jeopardizing their favorable fiscal results. In this regard, Alternatives 2, 3, and 4 are most at risk, with total costs exceeding \$15.0 million annually.

Alternatives 1, 5, and 6 are all relatively comparable, with General Fund costs averaging \$12.3 million annually. Least subject to the impacts of rising costs is Alternative 7, with estimated annual General Fund service costs less than \$10.0 million.

Taking into consideration all fiscal criteria and ascribing the greatest weight to the margin by which revenues exceed costs and the estimated level of net fiscal revenues, Alternatives 1 and 2 are assigned the best ratings. The remaining alternatives are all assigned the next highest rating, as they are all anticipated to generate net fiscal revenues to the City of Concord's General Fund.

E2 Financial Feasibility



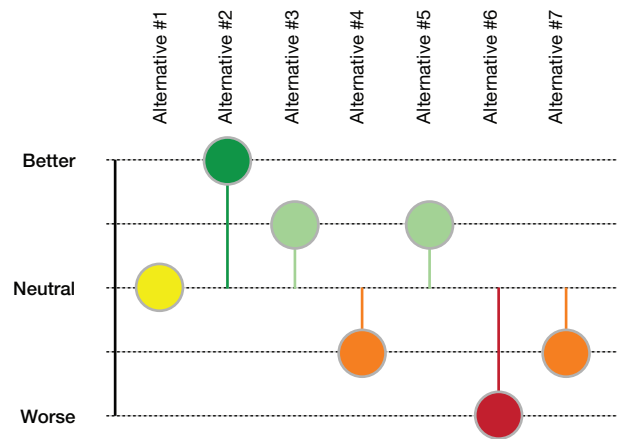
How successfully does the alternative achieve financial feasibility in terms of:

- (A) Providing a sufficient amount of development of land uses that drive value?
- (B) Providing sufficient development to support the cost of infrastructure?

Key Assumptions

- All on- and off-site infrastructure, schools, parks, community facilities, and environmental remediation costs are paid by developer (total range \$1.5 to \$2.5B).
- A portion of the infrastructure is financed by a community facilities district.
- A credit against infrastructure is made for existing City developer impact fees (schools, parks, and traffic).
- An industry standard developer profit of 20% of infrastructure costs is assumed.
- The City's Inclusionary Housing Ordinance is reflected in the model for all alternatives.
- Given the level of infrastructure costs, a net development revenue/infrastructure cost margin of approximately 5% is required to achieve a "better" rating.

For all of the alternatives, it is assumed that the developer uses a Community Facilities District to finance a portion of the infrastructure costs and receives a credit against the infrastructure costs for some of the developer fees typically paid for schools, parks, and traffic impacts. Additionally, an industry-standard 20 percent developer profit on costs is included. The amount of developable land for residential and commercial uses and the burden of infrastructure costs, including remediation costs and community facilities and parks, dictate



Scoring Guide

- Neutral: Development revenue equals infrastructure costs.
- Better: Development revenue exceeds infrastructure costs by at least \$100 million.
- Worse: Development revenue is less than infrastructure costs.

the results of the financial analysis. Given the level of infrastructure costs, net development revenue/infrastructure cost margin of approximately 5% is required to achieve a "better" rating. Alternative 2 receives the highest rating, with the highest indicated residual land value of \$379 million. Alternatives 5 and 3 receive the next highest rating, with estimated development revenues net of costs in excess of \$100 million (\$134 and \$108 million, respectively). Alternative 1 is rated as neutral, as its indication of \$77 million is not sufficiently positive - although this alternative had the most development land, it was skewed towards single-family housing product, which has a lower per-acre revenue than more dense residential product. The remaining alternatives all indicate costs exceeding development revenues, with Alternatives 4 and 7 more modestly negative (about \$150 million each), and Alternative 6 the most severely negative (\$364 million).

Summary Evaluation - Economics

