

ECONOMIC IMPACT STUDY

**RANCHO CORONADO MU4
SAN MARCOS, CALIFORNIA**

OCTOBER 3, 2017

Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

Newport Beach
Riverside
San Diego
San Francisco
San Jose
Dallas
Houston

ECONOMIC IMPACT STUDY

**RANCHO CORONADO MU4
SAN MARCOS, CALIFORNIA**

Prepared By

David Taussig & Associates, Inc.
5000 Birch Street, Suite 6000
Newport Beach, CA 92660

TABLE OF CONTENTS

SECTION	PAGE
EXECUTIVE SUMMARY	I
SECTION 1. INTRODUCTION.....	1
SECTION 2. ECONOMIC IMPACTS	4

APPENDICES

Appendix A:	Economic Impact Model – Existing Zoning
Appendix B:	Economic Impact Model – Proposed Plan

EXECUTIVE SUMMARY

I. PURPOSE OF STUDY

The objective of this Economic Impact Study (the “Study”) is to evaluate the economic impacts to the City of San Marcos (the “City”) of proposed zoning and land use change to the Rancho Coronado MU4 project (the “Project”). The Project site is currently zoned for Mixed Use (“MU”) and is expected to include approximately 240,000 square feet of Business Park and Retail land uses (the “Existing Zoning”). The Applicant is seeking a Specific Plan Amendment, General Plan Amendment, Revised Tentative Subdivision Map, and Site Development Plan and Zone Change, that would amend the zoning to Low Medium Density Residential (8-12 du/ac). The proposed zoning change would facilitate the development of 220 attached for-sale homes on the Project site (the “Proposed Plan”). Consequently, the Study estimates the one-time (construction) and annual recurring regional economic impacts of the Existing Zoning and the Proposed Plan (collectively, the “Scenarios”), and provides a side-by-side comparison of both Scenarios.

II. TYPES OF ECONOMIC IMPACTS EVALUATED IN THE STUDY

The Study identifies the general economic impacts that would occur due to the Project and quantifies these impacts wherever possible. General economic impacts include additions to employment (number of average annual full- & part-time jobs) and economic output (e.g., gross receipts) in the City and the County.

The Study also distinguishes between one-time impacts and permanent impacts. One-time impacts include benefits that occur on a non-recurring basis as a result of construction activity, while permanent impacts refer to benefits that occur on a continuing basis, year after year. Generally, first, there is a one-time impact from the construction of a facility. Then, after the construction phases are complete, firms have a recurring impact on the economy through their ongoing operations.

Economic impact studies also operate under the basic assumption that any increase in spending has three effects: direct, indirect, and induced. First, there is a direct effect caused by the additional output of goods or services. Second, there is a ripple of indirect effects on all of the industries whose outputs are used by various Project industries and by a firm’s supply chain. Third, there are induced effects that arise when employment increases in the region and stimulates greater household spending.

III. DESCRIPTION OF THE PROJECT

The Project is located on the southwest corner of Village Road and Twin Oaks Valley Road, less than one (1) mile south of SR-78. The Project site encompasses approximately 23 acres in the south portion of the City of San Marcos and is currently entitled with Tract Map TSM 15-006 approved at the San Marcos City Council on December 08, 2015.

IV. ECONOMIC IMPACT CONCLUSIONS

The economic impact of the Existing Zoning and the Proposed Plan are analyzed separately within the Study, and the Study has taken the elements: (i) Permanent Employment – direct-on-site and

indirect/induced (which supplies or supports direct employment), (ii) Permanent Output (Gross Receipts – total direct output *plus* output produced by suppliers and employee spending, and (iii) One-Time Construction Impacts as the major indicators of the economic impact. As reflected in **Tables A-1, A-2, B-1, and B-2** below, the Permanent Employees and Permanent Gross Receipts, as well as its One-Time Construction Employees and Gross Receipts are all substantially higher in the Existing Zoning. Following are the major conclusions related to the economic impacts of the Existing Zoning and the Proposed Plan on the City.

1. PERMANENT (RECURRING) EMPLOYMENT AND GROSS RECEIPTS

TABLE A-1
EXISTING ZONING
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impacts	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	478	130	608
<u>Overall Output</u>			
City of San Marcos	\$33,742,963	\$17,276,748	\$50,657,262

TABLE A-2
PROPOSED PLAN
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impacts	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	0	0	0
<u>Overall Output</u>			
City of San Marcos	\$3,027,702	\$1,336,036	\$4,363,738

2. CONSTRUCTION (ONE-TIME) EMPLOYMENT AND GROSS RECEIPTS

TABLE B-1
EXISTING ZONING
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impacts	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	161	67	228
<u>Overall Output</u>			
City of San Marcos	\$24,480,000	\$9,962,314	\$34,442,314

TABLE B-2
PROPOSED PLAN
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impacts	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	191	125	316
<u>Overall Output</u>			
City of San Marcos	\$34,100,000	\$16,384,443	\$50,484,443

 V. **MARKET CONSIDERATIONS**

Importantly, the results summarized above assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected economic benefits would likely be realized. Notably, based the Price Point Study prepared by Meyers Research, the Existing Zoning Scenario is unlikely to be marketable at the Project site given the scale of retail and office development located north of the site. This conclusion suggests that buildout and full occupancy may never be achieved under the Existing Zoning and consequently, the economic benefits projected for this Scenario may not be realized.

SECTION 1 INTRODUCTION

The objective of this Economic Impact Study (the “Study”) is to evaluate the economic impacts to the City of San Marcos (the “City”) of proposed zoning and land use change to the Rancho Coronado MU4 project (the “Project”). The Project site is currently zoned for Mixed Use (“MU”) and is expected to include approximately 240,000 square feet of Business Park and Retail land uses (the “Existing Zoning”). The Applicant is seeking a Specific Plan Amendment, General Plan Amendment, Revised Tentative Subdivision Map, and Site Development Plan and Zone Change, that would amend the zoning to Low Medium Density Residential (8-12 du/ac). The proposed zoning change would facilitate the development of 220 attached for-sale homes on the Project site (the “Proposed Plan”). Consequently, the Study estimates the one-time (construction) and annual recurring regional economic impacts of the Existing Zoning and the Proposed Plan (collectively, the “Scenarios”), and provides a side-by-side comparison of both Scenarios.

I. SCOPE AND METHODOLOGY

A. APPROACH

The Study identifies the general economic impacts that would occur due to the Existing Zoning and the Proposed Plan individually, and quantifies these impacts wherever possible. General economic impacts include additions to the employment (number of average annual full- & part-time jobs), and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year. Additionally, for purposes of the Study, all economic impacts are stated in constant (un-inflated) 2017 dollars, based on the assumption that the relative impacts of inflation in future years may be difficult to gauge.

In evaluating economic impacts, the Study quantifies both direct and indirect/induced economic impacts on the City. Direct economic impacts reflect the initial or first-round increases in jobs and output, all of which occur directly on-site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct impacts, and can occur elsewhere within the City. The **indirect** impacts represent the economic activity – buying and selling of goods and services – of suppliers to the land use types analyzed. In this Study, suppliers to the Proposed Plan consist primarily of maintenance and repair professionals, utilities’ providers, wholesale trade companies, and business support services; while suppliers to the Existing Zoning consist mainly of real estate firms, computer and other technology firms, accounting and bookkeeping professionals, and utilities’ providers. Furthermore, the suppliers representing the indirect one-time impacts are mainly heavy industrial and construction suppliers for the actual development of buildings and facilities. The **induced** impacts represent the economic activity that results from household spending by employees of all companies directly and indirectly affected by the construction and operation of the land uses analyzed in this Study.

B. NORTH AMERICAN INDUSTRY CLASSIFICATION

Indirect and induced impacts can occur throughout all industries of the economy, and have been categorized using the North American Industry Classification System (“NAICS”). Adopted by the Office of Management and Budget (“OMB”) in 1997 to replace the Standard Industrial Classification System (“SIC”), NAICS is a widely-used system to classify business establishments for the collection, analysis, and publication of statistical data in Canada, Mexico, and the United States. NAICS industries are identified using a six-digit coding system to classify all economic activity into twenty broad sectors, five of which are mainly goods-producing sectors and fifteen of which are services-producing sectors. This six-digit hierarchical structure allows for the identification of nearly 1,170 industries. The broad NAICS sectors include the Retail/Commercial, Business Park, Industrial/Warehousing, and Construction classifications, which are the focal NAICS categories analyzed within this Study to determine the indirect and induced economic impacts generated under the analysis.

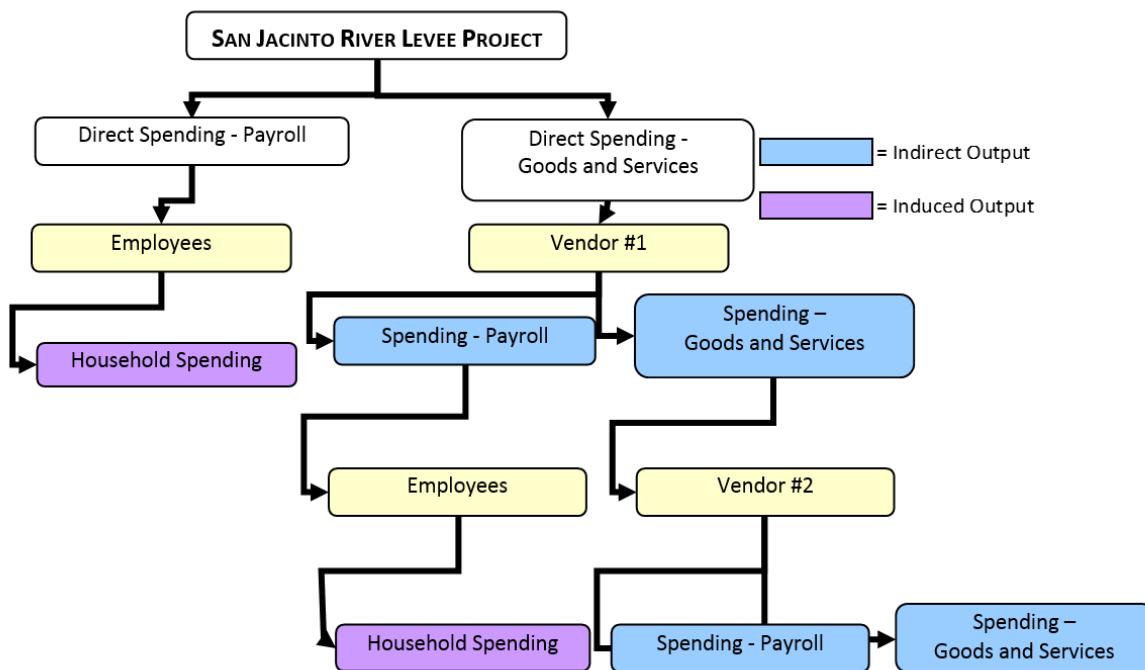
C. IMPLAN MULTIPLIER METHOD

Although most economists agree that indirect and induced, or “multiplier” effects exist, most economists also agree that such effects are difficult to measure. Patterns on spending and employment among suppliers and employee households often vary over time and from one region to another. Nevertheless, there are certain input-output models that can be used to estimate indirect and induced effects.

In quantifying the indirect and induced economic impacts for the Study, DTA utilized the Impact Analysis for Planning (“IMPLAN”) Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the “multiplier effect” of a firm’s spending on payroll and the purchasing of goods and services. DTA used Version 3 of the IMPLAN economic modeling system.

Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. The IMPLAN model can be envisioned simply as a large spreadsheet with hundreds of industries (plus the household sector) arrayed across the top as producers, and the same industries and households listed down the side as consumers. Each million dollars (output) in spending by any one consumer (i.e. the Existing Zoning or the Proposed Plan) is allocated across the producing industries from which it buys goods and services. These producing industries, in turn, spend money buying goods and services from their own distinct sets of suppliers. Thus, the IMPLAN multiplier model allows one to gauge the effect on each dollar an industry spends as it diffuses through a regional economy. Furthermore, it allows one to translate the overall regional impact of spending into jobs and employee compensation. Please refer to **Figure A** for a graphical representation of the multiplier effect.

FIGURE A
EXAMPLE OF THE MULTIPLIER EFFECT (INDIRECT AND INDUCED OUTPUT)



II. LIMITATIONS

A. ACCURACY OF INFORMATION

The economic models in the Study contain analysis of revenues and impacts resulting from the Existing Zoning and the Proposed Plan. This model is based on both (i) information provided to DTA by the City and its consultants, Applicant of the Proposed Plan and (ii) certain DTA assumptions taken from DTA's proprietary databases, as compiled by DTA from previous studies prepared by the firm. The sources of information and basis of the estimates calculated in the Study are stated herein. While DTA is confident that the sources of information are reliable, DTA does not express an opinion or any other form of assurance on the accuracy of such information. The analysis of economic impacts contained in the Study is not considered to be a "financial forecast" or a "financial projection" as technically defined by the American Institute of Certified Public Accountants. The word "projection" used within the Study relates to broad expectations of future events or market conditions. Since the analyses contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from these projections stated throughout the Study.

SECTION 2 ECONOMIC IMPACTS

The Study identifies the general economic impacts that would occur due to the Existing Zoning and the Proposed Plan, and quantifies these impacts wherever possible. General economic impacts include additions to the employment (number of average annual full- & part-time jobs) and economic output (e.g., gross receipts). The Study also distinguishes between one-time economic impacts and permanent economic impacts. One-time impacts include benefits to the community that occur on a non-recurring time basis as a result of construction and development activity, while permanent, recurring impacts refer to benefits that occur on a continuing basis, year after year.

I. RECURRING ECONOMIC IMPACTS

A. ASSUMPTIONS

Information provided to DTA by the City indicates that the Existing Zoning is expected to include approximately 240,000 square feet of Business Park and Retail land uses. The Applicant of the Proposed Plan indicates the proposed zoning change would facilitate the development of 220 attached for-sale homes on the Project site. Please see **Tables 1-1 and 1-2** below for summary of the built out projection on the Existing Zoning and the Proposed Plan, respectively.

TABLE 1-1
EXISTING ZONING
SAN MARCOS RANCHO CORONADO MU4 – ASSUMPTIONS

Residential Land Use Assumptions ^[1]	Units
Low Density Residential	0
Medium Density Residential	0
High Density Residential	0
Total	0
Non-Residential Land Use Assumptions ^[1]	Sq. Ft.
Commercial Retail	24,000
Business Park	216,000
Total	240,000
Employment Assumptions	
Commercial Retail	25
Business Park	453

[1] Source: City of San Marcos; City of San Marcos General Plan; David Taussig & Associates

TABLE 1-2
PROPOSED PLAN
SAN MARCOS RANCHO CORONADO MU4 – ASSUMPTIONS

Residential Land Use Assumptions^[1]	Units
Low Density Residential	0
Medium Density Residential	0
High Density Residential	220
Total	220
Non-Residential Land Use Assumptions^[1]	Sq. Ft.
Commercial Retail	0
Business Park	0
Research & Development	0
Total	0
Residents Assumptions	
Low Density Residential	0
Medium Density Residential	0
High Density Residential	690

[1] Source: Applicant of the Proposed Plan; David Taussig & Associates

B. JOB CREATION

Simply put, development will contribute to the creation of new jobs in the City. As shown below in **Tables 2-1 and 2-2**, development of the Existing Zoning is projected to generate approximately six hundred eight (608) new jobs, both direct employment and indirect/induced employment, in the City. Due to the proposed residential land use of the Proposed Plan, development of the Proposed Plan is projected to generate no new jobs in the City. Since the analysis contained herein are based on estimates and assumptions that are inherently subject to uncertainty and variation depending on evolving events, DTA cannot represent that such estimates will definitely be achieved. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary from these projections stated throughout the Study.

This estimate was derived utilizing the Impact Analysis for Planning (“IMPLAN”) Input/Output Modeling System, a type of quantitative economic model that provides an approximate measure of the “multiplier effect” of a firm’s spending on payroll and the purchasing of goods and services. Like similar econometric models, IMPLAN helps to calculate the flow of payments for goods and services across different industry sectors, and between households and industries. Unlike similar econometric models, e.g., the Regional Input-Output Modeling System (“RIMS II”), IMPLAN is the industry standard. RIMS II and IMPLAN both include induced effects, but RIMS II differs from IMPLAN in two ways: (i) RIMS II uses a single household type for induced personal consumption while IMPLAN uses nine (9) household types, and (ii) RIMS II uses the traditional single row/column Type II formulation whereas IMPLAN uses a more robust mapping of factor income to household consumption using several sub-matrices. RIMS II also uses location quotients to regionalize the national technical coefficients; a method which underestimates inter-regional trade and overestimates regional multipliers when cross-hauling is present.

While the specific location of the additional indirect jobs created cannot be specifically determined, experience and modeling indicate that a large percentage of these jobs will be support service jobs. **Tables 2-1 and 2-2, and Figures B and C**, shown below, as well **Exhibit 1 of Appendices A and B**, summarize the direct and indirect employment impacts of the Existing Zoning and the Proposed Plan.

TABLE 2-1
EXISTING ZONING
RECURRING EMPLOYMENT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	478	130	608

TABLE 2-2
PROPOSED PLAN
RECURRING EMPLOYMENT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/ Induced	Total
<u>Employees</u>			
City of San Marcos	0	0	0

FIGURE B
EXISTING ZONING
RECURRING JOBS IN CITY OF SAN MARCOS

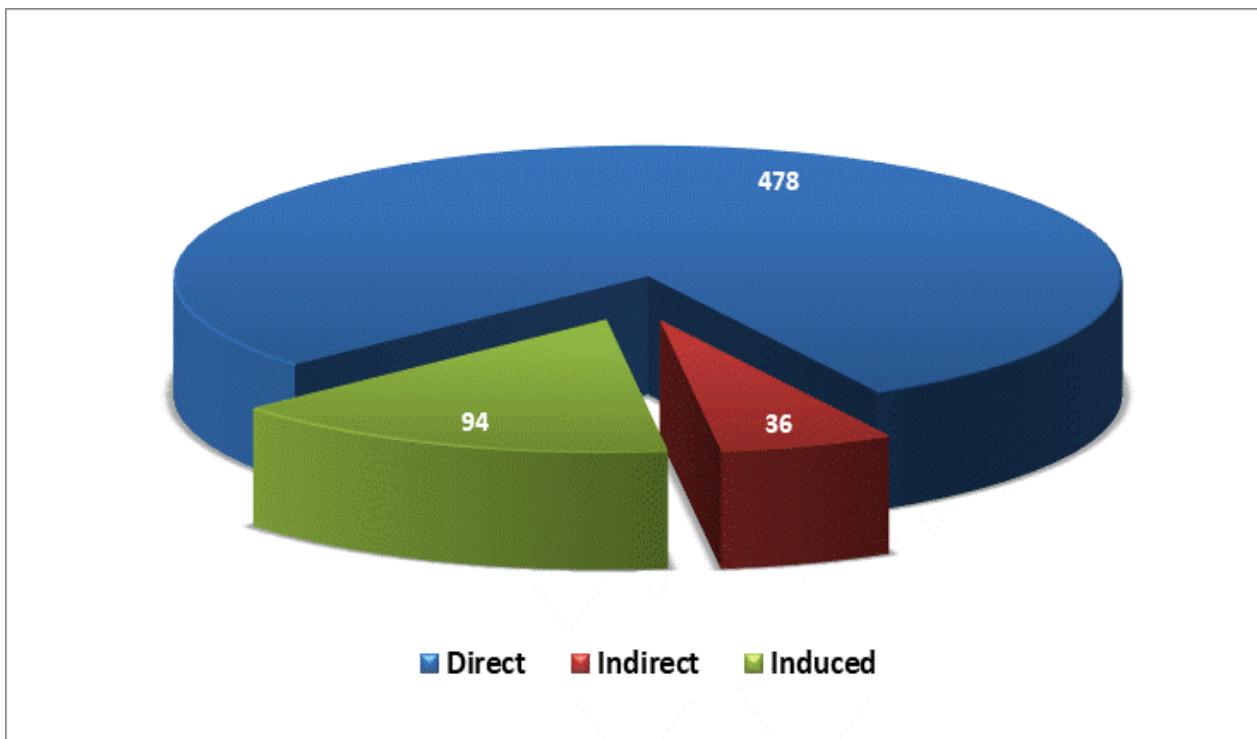
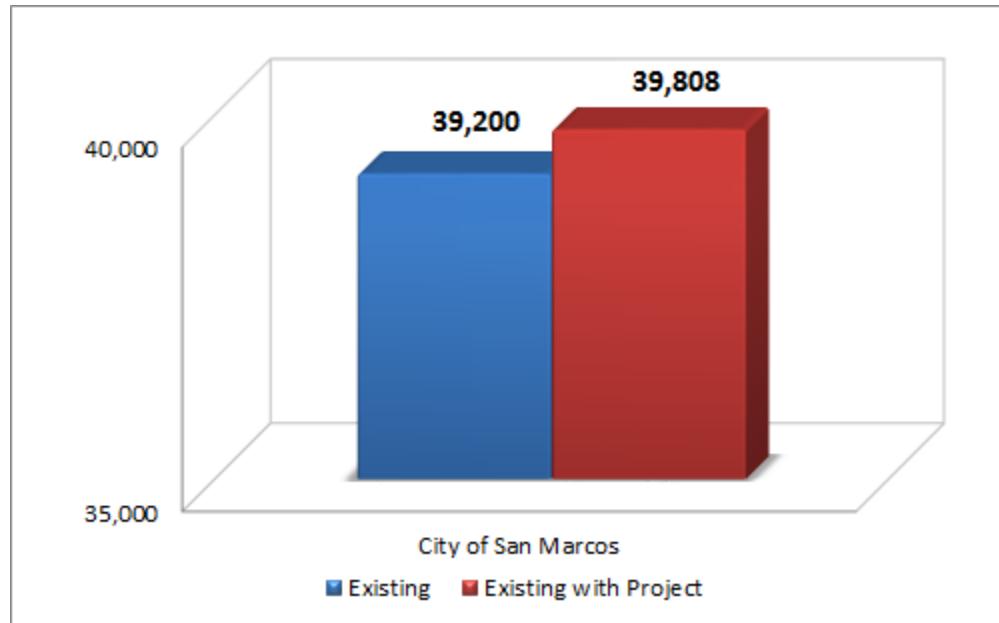


FIGURE C
EXISTING ZONING
TOTAL RECURRING JOBS IN CITY OF SAN MARCOS WITH AND WITHOUT PROJECT



Overall, the creation of new jobs will provide many benefits to the City. More jobs will lead to more consumer spending by employees in existing retail establishments as well as new retail development that will be attracted as a result of this spending. Job creation also results in increased tax revenues through increased property taxes and sales taxes related to this new development.

However, because of potential differences in timing of the buildout of the either the Existing Zoning or the Proposed Plan, the number of employees summarized above will not be realized at the same time. Notably, it is estimated the buildout of the Project will occur over several years, as many individual elements of the Project have not yet begun and the demand for such elements may fluctuate.

C. OVERALL ECONOMIC OUTPUT

Total Output (i.e., total expenditures including sales or gross receipts, or other operating income) within the City will also increase substantially with development. Total output is estimated based on the different types of development projected to occur. As stated in Section I, this Study analyzes direct and indirect/induced impacts. Regarding gross receipts, the direct impact reflects the initial or first-round increases in output (total spending/gross receipts, including payroll), all of which occur directly on the either the Existing Zoning site or the Proposed Plan site. Indirect/induced economic impacts are the secondary and other additional rounds of economic activity that occur as a consequence of the direct output impacts, and can occur outside of the Existing Zoning and the Proposed Plan. The indirect impacts represent the economic activity – buying and selling of goods and services – of suppliers and/or supporting businesses. The induced impacts represent the economic activity that results from household spending by employees of all companies directly

and indirectly affected by the Project (please see **Figure A on Page 3** for a graphical representation of the indirect and induced effects). **Tables 3-1** and **3-2** shown below, as well as **Exhibit 2** of **Appendices A** and **B**, summarize the Total Output projections of the Existing Zoning and Proposed Plan.

Based again on IMPLAN Version 3 multipliers and other assumptions utilized in the Study, DTA has estimated that the direct and indirect/induced effects on the City total \$50.7 million for the Existing Zoning and \$4.4 million for the Proposed Plan.

TABLE 3-1
EXISTING ZONING
RECURRING TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/Induced	Total
Overall Output			
City of San Marcos	\$33,380,514	\$17,276,748	\$50,657,262

TABLE 3-2
PROPOSED PLAN
RECURRING TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

Recurring Impact	Direct	Indirect/Induced	Total
Overall Output			
City of San Marcos	\$3,027,702	\$1,336,036	\$4,363,738

II. ONE-TIME EMPLOYMENT AND OUTPUT IMPACTS (CONSTRUCTION)

According to IMPLAN, development of the Existing Zoning is also projected to create two hundred twenty-eight (228) One-Time construction jobs in the City. For the Proposed Plan, three hundred sixteen (316) One-Time construction jobs would be created in the City. One-time construction and development costs will also have multiplier effects on the economy, generating one-time increases in output from construction of the non-residential buildings and all related site improvements.

As with recurring economic impacts, experience and modeling indicate that a large percentage of these jobs will be support service jobs, and are likely to be located close to the either the Existing Zoning or the Proposed Plan. **Tables 4-1, 4-2, 5-1, 5-2**, and **Figures D-1 and D-2** below, as well as **Exhibit 3** and **Exhibit 4** of Appendices A and B, summarize the projected increases in employment and output that are generated directly from construction of the Project land uses, based on DTA construction cost assumptions.

TABLE 4-1
EXISTING ZONING
ONE-TIME INCREASES IN EMPLOYMENT
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect/ Induced	Total
Construction Employees			
City of San Marcos	161	67	228

TABLE 4-2
PROPOSED PLAN
ONE-TIME INCREASES IN EMPLOYMENT
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect/ Induced	Total
Construction Employees			
City of San Marcos	191	125	316

FIGURE D-1
EXISTING ZONING
ADDITIONAL ONE TIME JOBS IN CITY OF SAN MARCOS WITHOUT PROJECT

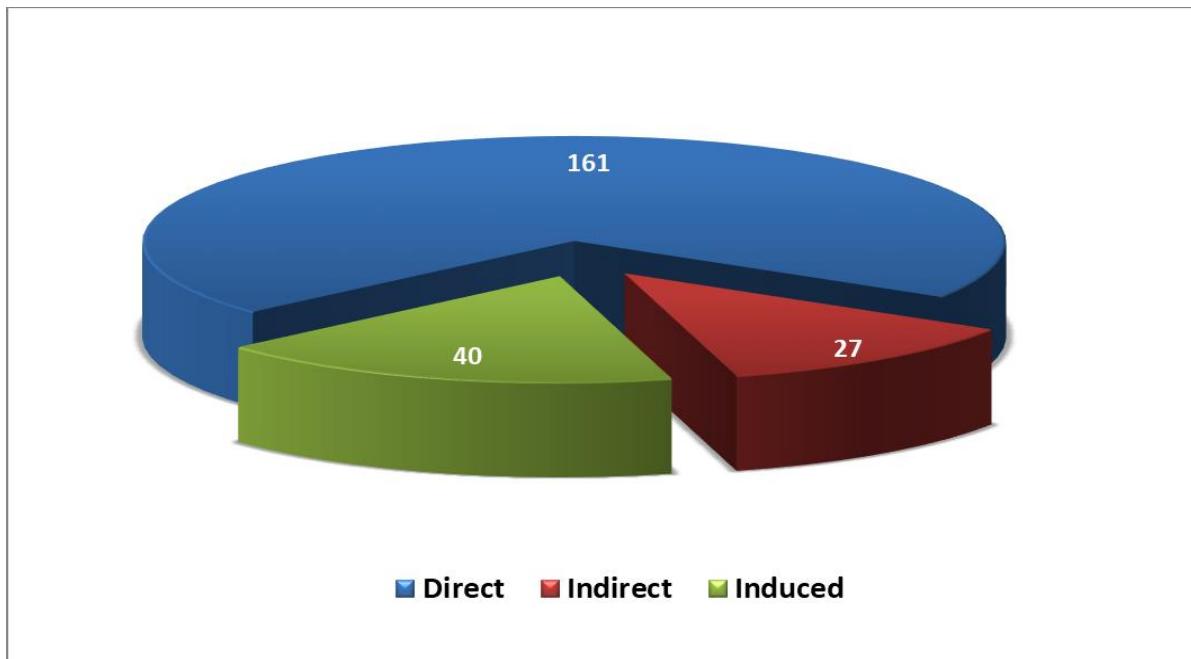


FIGURE D-2
PROPOSED PLAN
ADDITIONAL ONE TIME JOBS IN CITY OF SAN MARCOS WITH PROJECT

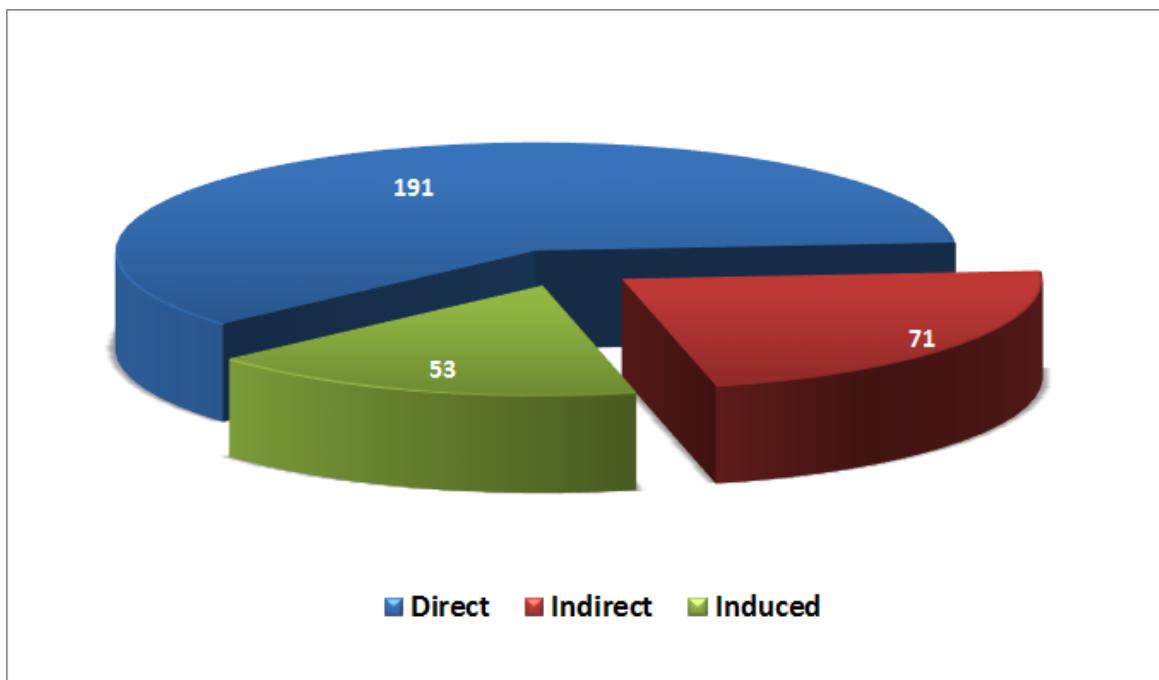


TABLE 5-1
EXISTING ZONING
ONE-TIME TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect/Induced	Total
Construction Output			
City of San Marcos	\$24,480,000	\$9,962,314	\$34,442,314

TABLE 5-2
PROPOSED PLAN
ONE-TIME TOTAL OUTPUT
(ALL NUMBERS SUBJECT TO ROUNDING)

One-Time Impact	Direct	Indirect/Induced	Total
Construction Output			
City of San Marcos	\$34,100,000	\$16,384,443	\$50,484,443

III. MARKET CONSIDERATIONS

Importantly, the results discussed in the Study assume buildout and full occupancy for each Scenario. Prior to buildout and full occupancy, only a portion of the projected economic benefits would likely be realized. Notably, based the Price Point Study prepared by Meyers Research, the Existing Zoning Scenario is unlikely to be marketable at the Project site given the scale of retail and office development located north of the site. This conclusion suggests that buildout and full occupancy may never be achieved under the Existing Zoning and consequently, the economic benefits projected for this Scenario may not be realized.

http://localhost:9010/resources/Clients/San Marcos/EIS/San Marcos Rancho Coronado MU4/EIS Report_v4.docx

APPENDIX A

RANCHO CORONADO MU4 ECONOMIC IMPACT MODEL – EXISTING ZONING

CITY OF SAN MARCOS
RANCHO CORONADO MU4
ECONOMIC IMPACT ANALYSIS - DRAFT (EXISTING ZONING)

RECURRING JOBS

EXHIBIT B-1

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (EXISTING ZONING)

RECURRING EMPLOYMENT

ASSUMPTIONS

<u>I. Residential Land Use Assumptions</u>		<u>Units¹</u>
Low Density Residential		0
Medium Density Residential		0
High Density Residential		0
<u>II. Non-Residential Land Use Assumptions</u>		
<u>Retail</u>		<u>Employees/KSF²</u>
Commercial Retail		1.05
<u>Other Non-Residential</u>		<u>Sq. Ft.¹</u>
Business Park		24,000
		2.10
		216,000

RECURRING EMPLOYMENT

<u>III CITY</u>	<u>Direct Employees³</u>	<u>Indirect Employees⁴</u>	<u>Induced Employees⁵</u>	<u>Total Employees</u>
<u>Retail</u>				
Commercial Retail	25	2	4	32
<u>Other Non-Residential</u>				
Business Park	453	34	90	577
TOTAL RECURRING EMPLOYMENT	478	36	94	608

NOTES:

- [1] Source: City of Marcos. Density and FAR assumptions derived from the General Plan.
- [2] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG, and NAIOP, "How Office, Industrial, and Retail Development and Construction Contributed to the U.S. Economy" (both 2010 and 2011 reports).
- [3] Based on multiplying Category SF by Employees/1,000 SF metric.
- [4] Source: San Marcos City IMPLAN multipliers.
- [5] Source: San Marcos City IMPLAN multipliers.

* *All figures subject to rounding*

RECURRING IMPACTS

EXHIBIT B-2

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (EXISTING ZONING)

RECURRING ECONOMIC IMPACTS

ASSUMPTIONS

		<u>Household Income</u> ¹	<u>% Income Spent in City</u> ²	<u>Total Resident Spending / Yr.</u>
I. Residential Spending Assumptions	Low Density Residential	\$112,543	24%	\$0
	Medium Density Residential	\$112,543	24%	\$0
	High Density Residential	\$112,543	24%	\$0
II. Non-Residential Sales Assumptions		<u>Sales / Sq. Ft.</u> ³	<u>Retail Margin</u> ⁴	<u>Retail Output / Yr.</u>
Retail	Commercial Retail	\$273	28%	\$1,449,796
Other Non-Residential	Business Park		<u>Average Output / Employee</u> ⁵	<u>Non-Retail Output / Yr.</u>
			\$70,487	\$31,930,718

RECURRING OUTPUT

III CITY

	<u>Direct Output</u>	<u>Indirect Output</u> ⁵	<u>Induced Output</u> ⁵	<u>Total Output</u>
Low Density Residential	\$0	\$0	\$0	\$0
Medium Density Residential	\$0	\$0	\$0	\$0
High Density Residential	\$0	\$0	\$0	\$0
Retail				
Commercial Retail	\$1,449,796	\$255,644	\$384,108	\$2,089,548
Other Non-Residential				
Business Park	\$31,930,718	\$4,549,710	\$12,087,286	\$48,567,714
TOTAL RECURRING OUTPUT	\$33,380,514	\$4,805,354	\$12,471,394	\$50,657,262

NOTES:

- [1] Source: DTA estimates. Subject to change.
- [2] Source: Bureau of Labor Statistics. *Consumer Expenditure Survey* (2015).
- [3] Source: Urban Land Institute. *Dollars & Cents of Shopping Centers®/The SCORE® 2008 (Dollars and Cents of Shopping Centers)*.
- [4] Source: IMPLAN Model V3.0 - Margining is the "industry practice" to allocate the demand for a retail purchase to the actual producers involved in delivering the product.
- [5] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

ONE-TIME JOBS

EXHIBIT B-3**CITY OF SAN MARCOS - RANCHO CORONADO MU4 (EXISTING ZONING)****ONE-TIME EMPLOYMENT****ASSUMPTIONS**

I. Residential Land Use Assumptions		Units
Low Density Residential		0
Medium Density Residential		0
High Density Residential		0
II. Non-Residential Land Use Assumptions		Sq. Ft.
Retail		
Commercial Retail		24,000
Other Non-Residential		
Business Park		216,000

ONE-TIME EMPLOYMENT

III CITY	Direct Employees¹	Indirect Employees¹	Induced Employees¹	Total Employees
Low Density Residential	0	0	0	0
Medium Density Residential	0	0	0	0
High Density Residential	0	0	0	0
Retail				
Commercial Retail	19	3	5	27
Other Non-Residential				
Business Park	142	24	35	201
TOTAL ONE-TIME EMPLOYEES	161	27	40	228

NOTES:

[1] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

ONE TIME IMPACTS

EXHIBIT B-4

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (EXISTING ZONING)

ONE-TIME IMPACTS

ASSUMPTIONS

			Estimated	
		<u>Units</u>	<u>Sq. Ft. per DU</u>	<u>Per Unit¹</u>
I. Residential Construction Cost Assumptions				
Low Density Residential		0	2,500	\$255,000
Medium Density Residential		0	1,500	\$200,000
High Density Residential		0	1,000	\$155,000
II. Non-Residential Construction Cost Assumptions			<u>Sq. Ft.</u>	<u>Per Sq. Ft.¹</u>
Retail				
Commercial Retail			24,000	\$120
Other Non-Residential				
Business Park			216,000	\$100

ONE-TIME OUTPUT

III CITY

	<u>Direct Output</u>	<u>Indirect Output²</u>	<u>Induced Output²</u>	<u>Total Output</u>
Low Density Residential	\$0	\$0	\$0	\$0
Medium Density Residential	\$0	\$0	\$0	\$0
High Density Residential	\$0	\$0	\$0	\$0
Retail				
Commercial Retail	\$2,880,000	\$540,102	\$631,935	\$4,052,037
Other Non-Residential				
Business Park	\$21,600,000	\$4,050,765	\$4,739,512	\$30,390,277
TOTAL ONE-TIME OUTPUT	\$24,480,000	\$4,590,867	\$5,371,447	\$34,442,314

NOTES:

[1] Source: Reed Construction Data Inc. (2013).

[2] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

SUMMARY

EXHIBIT B-5**CITY OF SAN MARCOS - RANCHO CORONADO MU4 (EXISTING ZONING)
SUMMARY****ASSUMPTIONS**

I. Residential Land Use Assumptions		Units
Low Density Residential		0
Medium Density Residential		0
High Density Residential		0
II. Non-Residential Land Use Assumptions		Employees/KSF
Retail		Sq. Ft.
Commercial Retail	1.05	24,000
Other Non-Residential		
Business Park	2.10	216,000

ECONOMIC IMPACTS CONCLUSIONS**RECURRING IMPACTS**

III. Job Creation	Direct	Indirect/Induced	Total
Citywide	478	130	608
IV. Total Output	Direct	Indirect/Induced	Total
Citywide	\$33,380,514	\$17,276,748	\$50,657,262

ONE-TIME IMPACTS

V. Construction Jobs	Direct	Indirect/Induced	Total
Citywide	161	67	228
VI. Construction Output	Direct	Indirect/Induced	Total
Citywide	\$24,480,000	\$9,962,314	\$34,442,314

APPENDIX B

RANCHO CORONADO MU4 ECONOMIC IMPACT MODEL – PROPOSED PLAN

**CITY OF SAN MARCOS
RANCHO CORONADO MU4
ECONOMIC IMPACT ANALYSIS - DRAFT (PROPOSED PLAN)**

RECURRING JOBS

EXHIBIT B-1

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (PROPOSED PLAN)

RECURRING EMPLOYMENT

ASSUMPTIONS

I. <u>Residential Land Use Assumptions</u>	Units ¹	
Low Density Residential	0	
Medium Density Residential	0	
High Density Residential	220	
II. <u>Non-Residential Land Use Assumptions</u>	<u>Employees/KSF²</u>	
Retail	<u>Sq. Ft.¹</u>	
Commercial Retail	1.05	0
Other Non-Residential		
Business Park	2.10	0

RECURRING EMPLOYMENT

III CITY	Direct Employees ³	Indirect Employees ⁴	Induced Employees ⁵	Total Employees
Retail				
Commercial Retail	0	0	0	0
Other Non-Residential				
Business Park	0	0	0	0
TOTAL RECURRING EMPLOYMENT	0	0	0	0

NOTES:

- [1] Source: Project Proponent.
- [2] Source: DTA Public Works Database; confirmed by "Employment Density Study," SCAG, and NAIOP, "How Office, Industrial, and Retail Development and Construction Contributed to the U.S. Economy" (both 2010 and 2011 reports).
- [3] Based on multiplying Category SF by Employees/1,000 SF metric.
- [4] Source: San Marcos City IMPLAN multipliers.
- [5] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

RECURRING IMPACTS

EXHIBIT B-2

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (PROPOSED PLAN)

RECURRING ECONOMIC IMPACTS

ASSUMPTIONS

		<u>Household Income</u> ¹	<u>% Income Spent in City</u> ²	<u>Total Resident Spending / Yr.</u>
I. Residential Spending Assumptions				
Low Density Residential		\$112,543	24%	\$0
Medium Density Residential		\$112,543	24%	\$0
High Density Residential		\$112,543	24%	\$3,027,702
II. Non-Residential Sales Assumptions		<u>Sales / Sq. Ft.</u> ³	<u>Retail Margin</u> ⁴	<u>Retail Output / Yr.</u>
Retail				
Commercial Retail		\$273	28%	\$0
Other Non-Residential			<u>Average Output / Employee</u> ⁵	<u>Non-Retail Output / Yr.</u>
Business Park			0	\$0

RECURRING OUTPUT

III CITY

	<u>Direct Output</u>	<u>Indirect Output</u> ⁵	<u>Induced Output</u> ⁵	<u>Total Output</u>
Low Density Residential	\$0	\$0	\$0	\$0
Medium Density Residential	\$0	\$0	\$0	\$0
High Density Residential	\$3,027,702	\$533,878	\$802,157	\$4,363,738
Retail				
Commercial Retail	\$0	\$0	\$0	\$0
Other Non-Residential				
Business Park	\$0	\$0	\$0	\$0
TOTAL RECURRING OUTPUT	\$3,027,702	\$533,878	\$802,157	\$4,363,738

NOTES:

- [1] Source: U.S. DTA estimates. Subject to change.
- [2] Source: Bureau of Labor Statistics. *Consumer Expenditure Survey* (2015).
- [3] Source: Urban Land Institute. *Dollars & Cents of Shopping Centers®/The SCORE® 2008 (Dollars and Cents of Shopping Centers)*.
- [4] Source: IMPLAN Model V3.0 - Margining is the "industry practice" to allocate the demand for a retail purchase to the actual producers involved in delivering the product.
- [5] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

ONE-TIME JOBS

EXHIBIT B-3**CITY OF SAN MARCOS - RANCHO CORONADO MU4 (PROPOSED PLAN)
ONE-TIME EMPLOYMENT****ASSUMPTIONS**

I. Residential Land Use Assumptions	Units
Low Density Residential	0
Medium Density Residential	0
High Density Residential	220
II. Non-Residential Land Use Assumptions	Sq. Ft.
Retail	
Commercial Retail	0
Other Non-Residential	
Business Park	0

ONE-TIME EMPLOYMENT**III CITY**

	Direct Employees¹	Indirect Employees¹	Induced Employees¹	Total Employees
Low Density Residential	0	0	0	0
Medium Density Residential	0	0	0	0
High Density Residential	191	71	53	316
Retail				
Commercial Retail	0	0	0	0
Other Non-Residential				
Business Park	0	0	0	0
TOTAL ONE-TIME EMPLOYEES	191	71	53	316

NOTES:

[1] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

ONE TIME IMPACTS

EXHIBIT B-4

CITY OF SAN MARCOS - RANCHO CORONADO MU4 (PROPOSED PLAN)

ONE-TIME IMPACTS

ASSUMPTIONS

			Estimated	
		<u>Units</u>	<u>Sq. Ft. per DU</u>	<u>Per Unit¹</u>
I. Residential Construction Cost Assumptions				
Low Density Residential		0	2,500	\$255,000
Medium Density Residential		0	1,500	\$200,000
High Density Residential		220	1,000	\$155,000
II. Non-Residential Construction Cost Assumptions			<u>Sq. Ft.</u>	<u>Per Sq. Ft.¹</u>
Retail				
Commercial Retail			0	\$120
Other Non-Residential				
Business Park			0	\$100

ONE-TIME OUTPUT

III CITY

	<u>Direct Output</u>	<u>Indirect Output²</u>	<u>Induced Output²</u>	<u>Total Output</u>
Low Density Residential	\$0	\$0	\$0	\$0
Medium Density Residential	\$0	\$0	\$0	\$0
High Density Residential	\$34,100,000	\$9,177,542	\$7,206,901	\$50,484,443
Retail				
Commercial Retail	\$0	\$0	\$0	\$0
Other Non-Residential				
Business Park	\$0	\$0	\$0	\$0
TOTAL ONE-TIME OUTPUT	\$34,100,000	\$9,177,542	\$7,206,901	\$50,484,443

NOTES:

[1] Source: Reed Construction Data Inc. (2013).

[2] Source: San Marcos City IMPLAN multipliers.

* All figures subject to rounding

SUMMARY

EXHIBIT B-5**CITY OF SAN MARCOS - RANCHO CORONADO MU4 (PROPOSED PLAN)
SUMMARY****ASSUMPTIONS**

I. Residential Land Use Assumptions		Units
Low Density Residential		0
Medium Density Residential		0
High Density Residential		220
II. Non-Residential Land Use Assumptions		
Retail		
Commercial Retail	1.05	0
Other Non-Residential		
Business Park	2.10	0

ECONOMIC IMPACTS CONCLUSIONS**RECURRING IMPACTS**

III. Job Creation	Direct	Indirect/Induced	Total
Citywide	0	0	0
IV. Total Output	Direct	Indirect/Induced	Total
Citywide	\$3,027,702	\$1,336,036	\$4,363,738

ONE-TIME IMPACTS

V. Construction Jobs	Direct	Indirect/Induced	Total
Citywide	191	125	316
VI. Construction Output	Direct	Indirect/Induced	Total
Citywide	\$34,100,000	\$16,384,443	\$50,484,443



Public Finance
Public Private Partnerships
Urban Economics
Clean Energy Bonds

5000 Birch Street, Suite 6000
Newport Beach, CA 92660
Phone (800) 969-4382