

Financial Impact Analysis Proposed Annexation to the City of Fontana

Annexation Area: I-15 Logistics Center

Assumptions

1. Projections are based on fiscal years ending June 30.
2. Revenues and costs are using fiscal year 19/20 budgeted figures, assuming no annual Consumer Price Index (CPI) adjustment as it is presumed that future costs increases will be offset against future revenue growth for the exception of known cost increases that were determined by the originating department.
3. No assumptions were made concerning new development in the area or the future of new development except what has been documented in the Environmental Impact Report.
4. No revenue projections were made for future Sales Tax for the Logistics Center or for existing commercial businesses. The proposed annexation will include three gas station and four restaurant properties. Anticipated sales tax revenue increases expected for existing businesses as the result of the buildout of the Logistics Center is difficult to project considering that the impact of the Logistics Center on the businesses is unknown. Nevertheless, it is estimated that an additional 500-1,000 employees will frequent the area once the buildout is complete.
5. Population of residents at the time of buildout is expected to be zero as reflected in this analysis as any existing residents identified in the General Plan portion of the Environmental Impact Report are expected to be relocated.
6. Factors concerning land use for the area were obtained through physical observation, reference to maps supplied by the City's Planning Department, and information supplied by the planner and builder.
7. Capital and other infrastructure impact has not been included in this analysis except for anticipated increases in street maintenance costs from trucks utilizing City maintained streets.
8. Planning, Building and Engineering Services and Fees that are non-recurring are excluded in this analysis.
9. Valuation of the existing properties are from the County Tax records, GIS, Realtor input, data provided by Realtor.com, and the local Multiple Listing Service. Assessed values for the land and estimate for the proposed Logistics Center were taken directly from the San Bernardino County Assessor tax rolls.
10. Fiscal model factors used in this analysis are based upon the 2019/2020 Adopted Operating Budget, with the following exceptions:
 - A. Business License Fees – estimate based on a logistics center located in the City with slightly smaller square footage and similar building use to the Logistic Center's plans. Business License Fees are highly variable and dependent on a number of factors including planned building use, business type, and gross receipts. The estimate is conservative considering the Environmental Impact Report's expected use and size of the property.
 - B. Property Taxes - based upon the City receiving \$.324 per \$1,000 of assessed value agreed upon by the San Bernardino County Board of Supervisors, and conservatively not assuming any future increase in property tax rates.
 - C. Police Services - based on analysis of costs estimated for code enforcement, animal control and general Police services provided by the City's Police Department for planned use and size of the property. Costs include existing and future anticipated police personnel hours and equipment.

**Annexation
I-15 Logistics Center**

Recurring Municipal Revenues and Costs

	Fiscal Year Ending June 30,											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Project Year 1	Project Year 2	Project Year 3	Project Year 4	Project Year 5	Project Year 6	Project Year 7	Project Year 8	Project Year 9	Project Year 10	Project Year 11	Project Year 12
Recurring Revenues												
Business License Fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Property Tax	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676
Property Transfer Tax	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064
Total Recurring Revenues	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739
Recurring Costs												
General Government	11,785	8,963	9,117	9,274	9,435	9,598	9,765	9,935	10,108	10,286	10,466	10,651
Police Services w/ Code	51,731	37,258	36,003	36,763	39,599	40,330	41,136	41,959	42,796	43,654	44,527	45,418
Animal Control	8,711	6,226	6,350	6,477	6,607	6,739	6,874	7,011	7,151	7,294	7,440	7,589
Street Maintenance	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103
Street Sweeping	1,474	737	737	737	737	737	737	737	737	737	737	737
Signalized Intersections	4,500	4,590	4,682	4,775	4,871	4,968	5,068	5,169	5,272	5,378	5,485	5,595
Total Recurring Costs	\$85,304	\$64,877	\$65,993	\$67,131	\$68,291	\$69,475	\$70,683	\$71,914	\$73,171	\$74,452	\$75,759	\$77,093
Recurring Surplus/(Deficit) Per Year	\$37,435	\$57,862	\$56,747	\$55,609	\$54,448	\$63,264	\$52,057	\$50,825	\$49,569	\$48,287	\$46,980	\$45,647
Cumulative Surplus/(Deficit)	\$37,435	\$95,298	\$152,044	\$207,653	\$262,101	\$315,365	\$367,422	\$418,247	\$467,815	\$516,102	\$563,082	\$608,729
Recurring Revenue/Cost Ratio	1.44	1.89	1.96	1.83	1.80	1.77	1.74	1.71	1.68	1.65	1.62	1.59

**Annexation
I-15 Logistics Center**

Recurring Municipal Revenues and Costs Cont'd

	Fiscal Year Ending June 30											Totals		
	2032 Project Year 13	2033 Project Year 14	2034 Project Year 15	2035 Project Year 16	2036 Project Year 17	2037 Project Year 18	2038 Project Year 19	2039 Project Year 20						
Recurring Revenues														
Business License Fees	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	2,000,000
Property Tax	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	21,676	433,513
Property Transfer Tax	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	1,064	21,272
Total Recurring Revenues	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$122,739	\$2,454,785
Recurring Costs														
General Government	10,839	11,030	11,226	11,425	11,628	11,836	12,047	12,263	12,479	12,698	12,917	13,137	13,357	211,879
Police Services w/ Code	46,326	47,252	48,198	49,161	50,145	51,148	52,171	53,214	54,277	55,349	56,431	57,523	58,625	902,730
Animal Control	7,741	7,896	8,054	8,215	8,379	8,547	8,717	8,892	9,069	9,249	9,431	9,615	9,801	150,909
Street Maintenance	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	7,103	142,061
Street Sweeping	737	737	737	737	737	737	737	737	737	737	737	737	737	15,478
Signalized Intersections	5,707	5,821	5,938	6,058	6,178	6,301	6,427	6,556	6,687	6,819	6,954	7,091	7,230	109,338
Total Recurring Costs	\$78,452	\$79,840	\$81,254	\$82,698	\$84,170	\$85,671	\$87,203	\$88,765	\$90,357	\$91,988	\$93,657	\$95,365	\$97,113	\$1,532,194
Recurring Surplus/(Deficit) Per Year	\$44,287	\$42,900	\$41,485	\$40,042	\$38,570	\$36,068	\$33,537	\$31,000	\$28,440	\$25,861	\$23,272	\$20,672	\$18,066	\$922,591
Cumulative Surplus/(Deficit) Recurring Revenue/Cost Ratio	\$653,016	\$695,916	\$737,400	\$777,442	\$816,012	\$853,080	\$888,617	\$922,591	\$955,931	\$988,742	\$1,021,024	\$1,052,796	\$1,084,130	\$1,115,138

Fiscal Model Factors...Summary: Fiscal Year 2019/2020

Category	Factor	Description and Method
Local Taxes		
	\$0.55	Property transfer tax per \$1,000 AV
Licenses, Permits and Fees		
		See Indust-Dist, Comm Com'l, Local Com'l Sheets
Property Taxes		
	\$0.324	Property Tax Received per \$1,000 of Assessed Valuation
	0%	Percent of Maximum property tax increase per year
General Government		
	16.03%	Citywide overhead as percent of Direct Service costs
Police Services		
	\$37,258	Annual Police Costs (incl Code Enforcement)
	\$14,472	Initial Police Costs (incl Code Enforcement)
	\$6,226	Annual Animal Control Costs
	\$2,485	Initial Animal Control Costs
	2%	Annual Increase in Police Service and Signal Maintenance Costs
Public Services		
	\$3,200	Road operation and maintenance cost per lane mile
	\$604	Street sweeping cost per Sweep Mile/year (lane miles)
	\$4,500	Operations & maintenance cost per signalized intersection per Traffic Eng.

Municipal Services Fiscal Impact Analysis
City of Fontana

I-15 Logistics Center

<u>Residential Land</u>	<u>Parcel Number</u>	<u>Parcel Size</u>	<u>Proposed Use</u>	<u>Assessed Valuation</u>
	0239-081-01	0.95	Residential	29,189
	0239-081-39	0.07	Residential	10,612
	0239-071-18	5.51	Residential	382,034
	0239-071-05	3.7	Residential	648,182
	0239-071-31	14.48	Residential	3,183,624
	0239-041-15	0.23	Residential	3,386
	0239-091-14	2.67	Residential	643,209
	0239-041-02	1.24	Residential	0 Gov Land
		<u>28.85 Acres</u>		<u>4,900,226</u>
		<u>1,256,706 Square Feet</u>		

<u>Proposed Warehouse</u>	<u>Parcel Number</u>	<u>Parcel Size</u>	<u>Proposed Use</u>	<u>Estimated Valuation *</u>	<u>Estimated Business License</u>
	Future Logistics Center	75.48	Light Industrial/Mixed Use	62,000,000	\$ 100,000
		<u>75.48 Acres</u>			
		<u>1,175,720 Square Feet</u>			

Totals

	4,900,226	Residential
	62,000,000	Estimated Logistics Center
\$	66,900,226	Total Assessed Value Estimate
\$	0.324	Property Tax Revenue Share (per \$1,000 AV)
\$	21,675.67	Estimated Annual Property Tax Revenue


* - Estimated valuation based on San Bernardino County Tax Assessor's valuation of nearby Fontana located distribution center with similar lot size totaling 74.36 acres.

The remaining 45.67 acres in the overall 150 acres Annexation Area comprises public utility corridor, roadway ROW for Lytle Creek Road, Sierra Avenue, and I-15.

I-15 Logistics Center
 Estimated Street Miles
 Based on Map provided

Street type	Street Name	Estimated Feet (')	Estimated Lane Mile
Major		-	-
Primary		-	-
Secondary		-	-
Local	Lytle Creek Rd	1,998	0.38
	Lytle Creek Rd	2,362	0.45
	Old Lytle Creek Rd	1,500	0.28
		<u>5,860</u>	<u>1.11</u>

REPORT APPROVED FOR DISTRIBUTION



LISA STRONG, MANAGEMENT SERVICES DIRECTOR

CERTIFICATION

I hereby certify that this document presents the data and information required for this initial evaluation to the best of my ability and that the facts and information presented herein are true and correct to the best of my knowledge and belief.



Chuck Hayes
Deputy City Manager



