



**PUBLIC SERVICES PLAN &  
FISCAL IMPACT ANALYSIS**

**SALINAS  
AG-INDUSTRIAL CENTER**

**JULY 8, 2009**

Prepared for  
**City of Salinas**

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# EXECUTIVE SUMMARY OF PROJECT IMPACTS AND MITIGATIONS

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This report analyzes and describes the public services and facilities impacts of the proposed annexation and development of 257.3 acres with agricultural-industrial and agricultural support uses as proposed in the Salinas Ag-Industrial Center Specific Plan (Specific Plan). The project will generate about 4,100 jobs when fully developed. Currently, with the exception of one parcel totaling approximately 17 acres located within the City of Salinas' jurisdictional boundaries, the entire site is located within the County of Monterey's boundaries. Under the Specific Plan, it is anticipated that the site will be developed for the following uses: approximately 90 acres to be used for Major Agricultural Processing, and approximately 145 acres to be used for Minor Agricultural Processing and all other ancillary retail and office uses. Although these are the probable development levels, actual development could vary from these estimates.

This report analyzes the ongoing municipal services needs and costs, the fiscal impact of development, the need for project mitigations, and the capital facilities financing necessary to support infrastructure required of the development under the Salinas Ag-Industrial Center Specific Plan. The report discusses potential funding sources, including regular tax revenues and City charges related to ongoing service provision, and development impact fees and potential funding sources required to mitigate infrastructure costs associated with the project. Below is a summary of the findings contained in this analysis.

## Municipal Service Requirements

Based on current City service standards, most of the increased service demands as a result of anticipated development under the Salinas Ag-Industrial Center Specific Plan could be handled by existing City staff, although calls for service and some City costs will increase. The Police Department will see the greatest increase in service demands, including offsite traffic enforcement. **As noted in the analysis, all City costs would be covered by tax revenues generated by the development, and no unfunded City costs have been identified.** The following are the major public service needs and costs.

- Police Department-an additional three Full Time Equivalent (FTE) personnel would be required which would result in an additional total annual cost of about \$504,000, including equipment and supplies. This cost would be covered by tax revenues generated by the project.
- Fire/EMS Department-the development will be served by the existing fire station in South Salinas, but would generate occasional demands for emergency medical services (EMS) and fire inspection activities. The level of demand from the project would not require additional personnel but would generate estimated costs of

about \$27,100 per year on average. This cost would be covered by tax revenues generated by the project, as well as direct charges for the services.

- Engineering and Transportation Department services are estimated to see a cost impact of about \$142,500 per year for planning and engineering services above those directly funded by building permit and plan check fees. It is not anticipated that the Department would need additional staff to absorb this impact. This cost would be covered by tax revenues generated by the project.
- General Government includes many administrative and non-departmental services that provide generalized public services such as City Manager's Office, Human Resources, City Attorney, Finance, and others. It is estimated there would be a cost of about \$119,500 per year spread across these departments, but not necessarily an increased staffing need. This cost would be covered by tax revenues generated by the project.
- There is not anticipated to be a major impact to Maintenance Services; however, the specific plan proposes the creation of a Landscape and Lighting District to handle maintenance costs that do occur, consistent with City policy.

### **Funding for Municipal Services**

In current dollars (\$2008) the cost for providing public services for the Ag-Industrial Center Specific Plan is projected to be about \$793,000 per year, which represents the aggregate of service costs listed under Municipal Service Costs above. The development is projected to generate approximately \$2.1 million annually in tax and fee revenue, not counting entitlement fees and building permits. Measure V funds would increase this amount by approximately \$106,000 for a total revenue projection associated with the project of about \$2.2 million annually. However, Measure V is currently scheduled to sunset in 2016, and the estimated \$106,000 would not be available after that point unless Measure V is renewed by the voters. Thus, the net fiscal impact of the Ag-Industrial Center project would be a net fiscal surplus of about \$1.4 million until 2016 and about \$1.3 million after that.

### **Capital Improvements**

The project developers would fund onsite infrastructure improvements to build the project. In addition, the project would be subject to an estimated \$16.9 million in existing development impact fees, including City fees for traffic, sanitary sewer, storm drainage, street trees and annexation fees. This total also includes estimated sanitary sewer fees for the Monterey Regional Water Pollution Control Agency and regional traffic fees as recommended by TAMC and adopted by the City.

**Jobs/Housing Balance**

The Ag-Industrial project will create an estimated 4,142 jobs. This figure is estimated based on studies conducted for the General Plan Update in 2001 regarding actual employment rates for specific types of non-residential land uses in Salinas. Combining the employment intensive Ag-Industrial Center with existing jobs, the ratio of jobs to housing units in Salinas would improve from 1.15 to 1.25 jobs per housing unit.

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## PROJECT DESCRIPTION

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The proposed Salinas Ag-Industrial Center (Ag-Industrial Center) is located on approximately 257 acres of undeveloped land. Approximately 16.8<sup>1</sup> acres of the proposed Ag-Industrial site is incorporated and lies within the current Salinas City limits. According to the 2006 *Greater Salinas Area Memorandum of Understanding* and current City policies, development of the property will require amendment of the City's adopted *Sphere of Influence* and annexation to the City of Salinas, and will be the subject of a specific plan that defines the allowable ag-industrial uses.<sup>2</sup>

This report analyzes and describes the public services, public facilities, and fiscal impacts of the proposed annexation and development of the 257 Ag-Industrial Center in the City of Salinas. The analysis is predicated on review of the specific service expansions needed to serve the project area. The report also documents the extent to which existing facilities and staffing levels are sufficient to extend service to the area, and itemizes the additional facilities and service capacities needed to provide services to the full development. This report also analyzes whether the revenues from the potential development would exceed the costs for additional personnel and facilities needed to service the growth in ag-industrial facilities.

This report reflects a fiscal analysis of City costs and revenues associated with the new development in order that the City can demonstrate it has the resources to support the completed project for the *Monterey County Local Agency Formation Commission* (LAFCO) *Annexation* application process. The report also begins the preliminary discussion of the financing plan for ongoing municipal services operation and maintenance costs as well as the construction or enhancement of infrastructure and facilities to support the Ag-Industrial Center development.

The *Specific Plan* identifies two main land use types within the project area: Major Agricultural Processing and Minor Agricultural Processing.

- **Major Agricultural Processing** – approximately 90 net acres and includes but is not limited to, vegetable packing plants, industrial rendering facilities, canneries, meat packing plants, and cooling facilities.
- **Minor Agricultural Processing** – approximately 145 net acres including the Abbott Street frontage area. This designation includes all facilities specializing in the design, manufacture, fabrication, assembly, maintenance and repair of tools, equipment, and vehicles used in growing, cultivating, harvesting, processing, packaging and transporting of agricultural commodities and products.

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<sup>1</sup> Allowable uses under the Specific Plan are limited to agriculture related uses, but also allow for commercial, retail, and office use in the 16.8 acres within the incorporated City limits.

<sup>2</sup> EMC Planning.

- Abbott Street Frontage Zone-approximately 17 acres of the plan area are currently within the City’s jurisdiction and would not require annexation. This area would be zoned as General Industrial and would be the only area where non-agriculture related uses will be allowed, although both Major and Minor Agricultural Processing would also be allowed in this area. Up to 326,700 square feet of total building space would be allowed, and it is anticipated this area would see agricultural support and ancillary retail and office uses, such as equipment sales and service and other product and supplier sales offices.

The analysis is based on the probable development scenario in the specific plan, which would include about 4.33 million sq.ft. of building space, and generate approximately 4,142 jobs (Table1). For purposes of calculating service demands and tax revenues, ADE has estimated real estate and land use characteristics for the project, including a total assessed value at buildout of approximately \$458 million. This is based on a review of prevailing real estate prices for agriculture related properties and land uses in the area, from which we determined an estimated ag-industrial space assessed value of approximately \$100 per square foot. Assessed values for office and retail uses are estimated at \$200 and \$150 per sq.ft., respectively.

**TABLE 1  
PROJECT CHARACTERISTICS**

LAND USE	Acres	Sq. Ft.	Employment	Assessed Value		Taxable Sales
				Per Sq. Ft	Total	Per Sq. Ft.
<b>Major Ag. Proc.</b>						
Ag-Industrial	90.0	1,176,120	1,350	\$100	\$117,612,000	
<b>Minor Ag. Proc.</b>						
Ag-Industrial	130.0	2,831,400	1,950	\$100	\$283,140,000	
Ancillary Office	7.5	163,350	545	\$200	\$32,670,000	\$30
Ancillary Retail	7.5	163,350	297	\$150	\$24,502,500	\$100
<b>Street ROW</b>	22.0					
<b>Total</b>	<b>257</b>	<b>4,334,220</b>	<b>4,142</b>		<b>\$457,924,500</b>	

Source: ADE, Inc. Employment numbers are based on the Salinas General Plan analysis of actual employment densities in Salinas: ADE, *Salinas General Plan Update Background Economic Report*, June 25, 2001. p.11.

In terms of taxable sales, we estimate the ancillary retail development would generate about \$100 per sq.ft. in taxable sales per year, mostly for sales of equipment and supplies. The office space would generate much less at about \$30 per sq.ft. It is possible the ag-industrial could also generate some sales taxes, also through sales of farm equipment or other machinery. However, we did not attempt to project potential tax revenues from this.

# FISCAL SETTING

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The City General Fund operating revenues for the FY 08-09 are estimated at \$77.7 million (Table 2). The City has also budgeted the use of more than \$4 million in reserves for General Fund expenditures. A further shortfall of \$10.45 million would be realized if the City did not have Measure V<sup>3</sup> funds available, which in FY 08-09 is budgeted at \$10.45 million. Anticipating the long-term effect of dramatically reducing public service programs and expenditures, Measure V was drafted as a 10 year limited duration sales and use tax increase with strict oversight and a sunset date of 2016.

Total General Fund expenditures are budgeted at \$92.7 million, including use of reserves and accumulated capital projects funds for a variety of capital improvement projects as well as operating expenses. About \$11.5 million of the difference between revenues and expenditures reflect capital expenditures using funds previously accumulated for specific projects.

**TABLE 2**  
**SALINAS GENERAL FUND AND MEASURE V BUDGETS, FY 2008-2009**

GENERAL FUND	BUDGET
<b>REVENUES</b>	
Property Taxes	\$14,720,000
Motor Vehicle In-Lieu	\$12,450,000
Sales Tax	\$24,100,000
Utility Users Tax	\$8,900,000
Hotel - Motel Tax	\$1,600,000
Property Transfer Tax	\$250,000
Business License Tax	\$4,300,000
Franchise Fees	\$3,610,000
Licenses & Permits	\$1,108,500
Fines & Penalties	\$112,500
Investment Earnings	\$661,000
Other Agencies	\$1,583,500
Fees for Services	\$4,161,700
Other Revenue	\$120,000
<b>SUBTOTAL GENERAL FUND</b>	<b>\$77,676,700</b>
<b>MEASURE V FUND REVENUE</b>	<b>\$10,450,000</b>
<b>RESERVES</b>	<b>\$4,602,100</b>
<b>TOTAL REVENUES</b>	<b>\$92,728,800</b>
<b>EXPENDITURES</b>	
General Government	\$12,484,200
Police	\$38,749,900
Fire and EMS	\$16,105,700
Development and Engineering	\$6,453,600
Maintenance Services	\$10,217,200
Recreation and Parks	\$3,987,700
Library	\$4,502,000
Housing	\$228,500
<b>SUBTOTAL GENERAL &amp; MV FUND EXPENDITURES</b>	<b>\$92,728,800</b>

Source: City of Salinas Adopted Operating Budget 2008-2009.

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<sup>3</sup> Measure V was approved by Salinas voters in November 8, 2005 in response to concern over the declining economic conditions and the City's fiscal stability. The measure was put before Salinas voters as a result of the reduction in City General Fund funded programs and services from 2003 to 2006.

Despite Measure V, the City anticipates needing to allocate reserves over the next three fiscal years to maintain existing service levels, address rising personnel and service costs, and maintain fiscal stability in the coming years of economic decline or the City will continue to show a General Fund deficit.

# **PUBLIC SERVICE COSTS AND REVENUES**

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The City has established service level standards in its General Plan which were used in conjunction with the City's FY 08-09 budget to estimate the costs associated with municipal service provision (See Appendix A). With the passage of Measure V, the City has been increasing City personnel and upgrading equipment and facilities to better meet these standards. The service analysis in this report is based on a review of current departmental levels expressed in the 2008-09 City budget analysis. In summary, we estimate the City may need to add three additional police personnel, and would experience an additional total cost of about \$793,000 across all City Departments. The tax revenue generated by the project would cover these costs, and no unfunded City costs have been identified.

In calculating the service costs, as well as some of the incidental revenues generated by the project, ADE has used a service population approach that allocates half as much of the service activity to the business sector as to the residential population. This follows the assumption that service demands for the residential population generally occur during non-working hours (16 hours per day) while the employment base occupies an eight-hour shift. The City's population is about 150,900 and jobs in the City total 49,141<sup>4</sup>. The City's service population is therefore about 175,500 (population plus 50 percent of the jobs). The job base represents about 14 percent of the service population, and the per capita costs and revenues are allocated to the business sector on this basis and estimated for the proposed project based on the number of jobs it will create.

## **MUNICIPAL SERVICES REQUIREMENTS**

### **General Government**

This category includes the City Manager's Office, City Clerk, Human Resources, Community Safety and Neighborhood Services, Finance/Information Systems, and the City Attorney as well as Non-Departmental services. Total General Fund expenditures for General Government functions are approximately \$13.3 million, which represents approximately 15 percent of the General Fund budget. The potential increase in personnel and expenditures as a result of the increased service level demands under the Ag-Industrial Center Specific Plan is an estimated General Fund cost of approximately \$119,500, calculated as a 15 percent overhead rate on the other City service costs included in the analysis. This cost would be covered by tax revenues generated by the project and is not anticipated to increase City staffing levels.

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<sup>4</sup> Population obtained from State Department of Finance and employment figure from AMBAG.

## **Police**

Police Services represents the greatest portion of General Fund expenditures. Total General Fund expenditures for Police Department services are approximately \$39 million, which represents approximately 43 percent of the General Fund budget. Although no residential population growth is associated with the Salinas Ag-Industrial Center, there will be an estimated 4,142 workers occupying approximately 4.3 million square feet of business space. This will put additional demand on police services, mainly during the weekday business hours but also during off hours for burglaries and vandalism among other potential types of incidents. Moreover, traffic generated by the project will result in traffic enforcement incidents and the need for EMS service on occasion. Based on a per capita analysis of the project needs for police protection, an estimated three FTE's would be required to service the additional ag-industrial and commercial development. The estimated personnel and related equipment costs would be about \$504,000. This cost would be covered by tax revenues generated by the project.

## **Fire and EMS**

Fire services costs of approximately \$16 million represent approximately 17 percent of the City's General Fund expenditures. Salinas Fire Department staff has indicated that the project could be served by the existing local fire station until such time as a new fire station is constructed in the southern portion of the City. The industrial nature of the project, however, will increase calls for service for possible hazard materials inspections, regular inspections for fire safety as well as EMS calls. Given the size of the project, we estimate the costs of such activity to be about \$27,100 per year, which would be covered by tax revenues generated by the project as well as direct charges for some of the services.

## **Development, Engineering and Permit Services**

These Departments include the City's planning, building, engineering, permitting, and code enforcement activities. Total General Fund expenditures for these functions total \$5.8 million. The Ag-Industrial Center project has paid for a number of these services to date through a funding agreement with the City and will continue to pay for such services through additional payments and through regular planning, entitlement, and inspection fees and permits levied by the City. However, as a whole, only one-third of the Department's activities are directly funded by fees and permits and it is anticipated that the project will indirectly impact City planning and engineering efforts that are funded through the General Fund. It is estimated that these indirect costs would total about \$142,500 per year, but would likely diminish over time once the project is built and operating and would not require additions to City staffing levels. In any case, these costs would be covered by tax revenues generated by the project.

## **Maintenance Services**

Maintenance Services includes the City's solid waste service, facilities maintenance, and maintenance of parks, street landscaping, fleet vehicles, streets, street lights, and traffic signals. Total General Fund expenditures for these functions are about \$10 million, but the City also has enterprise funds for Industrial Waste, Sanitary Sewer, NPDES Storm Sewer Maintenance, and NPDES Street Sweeping with total expenditures of \$4.9 million. The enterprise funds have dedicated revenues and it is City policy to establish Landscape and Lighting Districts (LLD) or Benefit Assessment Districts to fund other onsite maintenance costs. The specific plan proposes the creation of an LLD for the project. Specific costs for these services have not been determined at this time but we do not anticipate a significant General Fund impact from these activities.

## **FUNDING FOR MUNICIPAL SERVICES**

The cost of services to fund the plan outlined in the Public Services Plan above is projected to be approximately \$793,000 at the time of project completion, with the greatest portion of the cost for providing police services. As will be discussed in the section below, the development is projected to generate approximately \$2.1 million in tax revenue and various municipal charges for services. Measure V funds would increase this amount by about \$0.1 million, for a total revenue impact of \$2.2 million (Measure V is currently scheduled to sunset on April 1, 2016). Therefore, the net fiscal impact of development completed under the Ag-Industrial Center Specific Plan development would be an estimated surplus of \$1.4 million. If Measure V is allowed to sunset without renewal, the surplus would be reduced to \$1.3 million.

Annexation and development of the Ag-Industrial Center will generate a number of revenues for the City of Salinas, including property taxes, sales taxes, and a variety of other taxes and fees. Property and sales tax revenues included in the analysis have been projected using specific tax rates or methodologies that mirror the actual revenues to be generated by the proposed project. The projections are based on assumed assessed valuations for the properties and the estimated taxable sales coming from the proposed industrial and ancillary uses under the Ag-Industrial Center Specific Plan. Similarly, revenues from the utility users tax and the business license tax are estimated based on records of existing revenues provided by the City.

Other revenues in the analysis have been projected on a per employee basis under the assumption that future businesses will generate these revenues at about the same rate as the existing similar businesses in Salinas. The methodology for this approach is explained in the introductory section of this chapter above.

## **Property Tax**

The base property tax paid by property owners, equal to one percent of assessed value under Proposition 13, is allocated to a wide range of local taxing agencies, including County government, special service districts, local school districts and other agencies. The City of Salinas does not currently receive any tax from most of the project

property, except for the 17 acres currently within the City limit along Abbott Street. When the property is annexed to the City, however, a portion of the tax that is currently allocated to some of the existing taxing agencies will shift to the City.

The City’s share of the property tax would be subject in part to the tax sharing agreement between the City of Salinas and the County of Monterey.<sup>5</sup> With adjustments for the State ERAF revenue shift, the County Auditor estimates that, upon annexation, the City will receive 36.64 percent of the County’s property tax share from the area. In addition, the City would receive the future property tax share that would otherwise go to the County Library and the Salinas Rural Fire Protection District, since the City would commence providing these services when annexation occurs. The calculations of the property tax share for the City are shown in Table 3.

**TABLE 3  
SALINAS AG-INDUSTRIAL SPECIFIC PLAN  
PROPERTY TAX RATES AND ALLOCATION METHODOLOGY**

	<b>TRA 057-030</b>
Monterey County-Wide Rate	0.293289
City Share [a]	36.64%
City Share	0.107461
<b>Remaining County Share</b>	<b>0.185828</b>
<b>Special District Tax Rates to City</b>	
County Library (Service provided by City)	0.027064
Rural Fire District (Service provided by City)	0.130903
City Tax Rate	0.265428
Less: 19% City ERAF Loss	-0.050431
<b>City Net Property Tax Rate</b>	<b>0.214996</b>

Source: Julie Aguero, Property Tax Manager, County of Monterey.

[a] The City share is a function of the existing tax sharing agreement which allocates the City 43.84 percent and adjustments to account for the ERAF shift.

The assessed value of the project parcels is projected to increase to a total of approximately \$457.9 million at buildout, and as a result would generate approximately \$973,500 in property tax revenue to the City of Salinas (see Table 4). The County of Monterey would continue to receive property taxes at full buildout of the new project (approximately 11.5 percent of the one percent base tax after the ERAF shift), which would help to fund County services to the site.

### **Motor-Vehicle-in Lieu**

This is a state subvention of vehicle registration fees to local government. However, the State now pays this subvention (at a two-thirds level) in the form of added property tax revenues. Future increases in the revenues to local government are based on annual changes to assessed value. The ag-industrial development would increase the

<sup>5</sup> Master Tax Agreement Between the City of Salinas and the County of Monterey, adopted by the City on April 8, 2008.



City's assessed value substantially, and future increases in Motor-vehicle-in-lieu revenues for the City have been projected as a function of this increase in assessed value.

### **Sales Tax and Measure V Funds**

Salinas receives base sales tax at the rate of one percent of taxable sales within the City jurisdiction. In addition, through Measure V the City generates an additional 0.05 percent sales and use tax for every taxable purchase. For purposes of this analysis, we anticipate that the Abbott Street Frontage would be developed in support uses including ancillary retail and office space. The businesses in this space may include equipment and supplies vendors, and sales offices for a variety of agricultural industry types of businesses. Some of this business activity would generate transactions subject to sales or use tax. We estimate the commercial space would generate an average of about \$100 per sq.ft. in taxable sales per year. The office space would generate much less at about \$30 per sq.ft. Together, these portions of the project should generate about \$212,000 in regular sales taxes, plus as much as \$106,000 in Measure V funds. It is possible the ag-industrial businesses could also generate some sales taxes through sale of farm equipment or other machinery. However, we did not attempt to project potential tax revenues from this.

### **Utility Users Tax**

The City receives revenue from a six percent tax placed on public utilities usage. The tax on electric power usage is capped at \$2,000 per year, which affects some of the larger industrial users such as those planned for the Ag-Industrial Center. ADE reviewed tax collection records from Salinas during the past year and developed estimates of average utility tax payments for the type of businesses planned for the Center. Based on the assumption that there would be about six major industrial users in the ag-processing sites, and a variety of smaller operations in the commercial and office areas, we estimate the total utility taxes from the project would be about \$100,600 per year.

### **Business License Tax**

These fees are paid annually by the companies that would occupy the commercial and industrial space developed under the Ag-Industrial Center Specific Plan, so the revenues would occur annually. For retail businesses, the tax is based on the businesses' gross receipts, while for most other types of businesses it is a function of the employment in each businesses. An estimated \$184,500 would be paid in business license taxes by the companies doing business at the site.

## **Franchise Fees**

Franchise fees are paid by utility franchises for the right to operate within the City. Salinas generates franchise fees for gas and electric, garbage, cable television, and towing services, generally based on a rate established by the City. An estimated \$40,800 in franchise fee revenue will be generated by the additional businesses generated under the Ag-Industrial Center Specific Plan.

## **Licenses and Permits**

Animal, bicycle, building, development, and transportation permit fee revenues fall under this category. The first two categories are not pertinent to the proposed project. Building and development related fees are paid only once when each commercial building is built, so the revenues would occur only during the build-out phase of the project and they would help support the city staff in the Planning and Building Division needed to process the development within the Plan Area, as discussed earlier in regards to the Engineering and Transportation Department costs. (Separate development impact fees are paid and fund capital improvements necessary to provide infrastructure related services to the project, and will be discussed later in this report.) Therefore, other future incidental license and permit fees paid by businesses under the Ag-Industrial Center Specific Plan beyond the initial development phase are estimated to be a negligible \$561 annually.

## **Charges for Service**

City departments charge user fees for a number of special services provided to residents and businesses in Salinas. A portion of these are development related, such as plan check fees, permit fees and inspection fees. As explained above under permit revenues, these kinds of fees that are paid only once during the development process are not included in the analysis. However, other fees are charged on an ongoing basis, particularly for fire and police department services, which may pertain to the ag-industry development. It is estimated the businesses in the Plan Area would pay about \$38,700 annually in charges for services.

## **Investment Earnings**

The City receives a small amount of interest on its bank accounts. This revenue is estimated in this analysis to be approximately 1.4 percent of total revenues.

## **Other Revenues**

Other revenue categories such as fines and penalties, miscellaneous revenues, and traffic safety fund revenues are also projected on a per employee basis.

## CONCLUSION

Table 4 below breaks out the fiscal impacts by the component land uses – agricultural industry, retail, and office - as indicated in the Specific Plan. The agriculture related industry will generate a net fiscal surplus of approximately \$1.0 million due mainly to the regular and motor vehicle related property tax, as well as anticipated revenues for the utility users' tax and the business license tax. The ancillary retail portion of the proposed development is projected to result in a net fiscal surplus of approximately \$261,000, due mainly to anticipated taxable sales activity. The ancillary office portion of the proposed development is projected to contribute a net fiscal surplus of approximately \$141,000, which is dependent in part on those businesses generating some taxable sales from sales offices associated with ag-related businesses.

The net benefits of the retail and office space include about \$106,000 in sales tax revenues generated by Measure V, which is currently scheduled to sunset in 2016. If this measure, or a similar one, is not renewed after that date, the sales tax from the proposed project will be reduced. However, the project would still generate a net benefit of \$1.3 million per year for the City.

In conclusion, the project would generate sufficient revenue to cover General Fund service impacts. In addition, the Specific Plan will establish a Landscape and Lighting District to fund maintenance services, which are not estimated in this analysis. Therefore, no additional financial mitigation is needed to implement the public services plan in terms of funding annual operations and maintenance services. Funding for capital facilities related to the project is addressed in the next chapter, and is planned to be completed primarily through payment of development impact fees.

It is important to recognize that this analysis addresses the direct costs and revenues of the project only. A job creation project such as the Salinas Ag-Industrial Center will also create indirect benefits for other businesses in Salinas and in the region, and help to create other jobs and income through economic multiplier effects. These economic benefits would also carry additional fiscal benefit for Salinas and surrounding communities, which are not quantified in this report.

**TABLE 4**  
**NET FISCAL IMPACT OF THE PROPOSED DEVELOPMENT**

<b>REVENUES</b>	<b>Ag-Industrial</b>	<b>Ancillary Commercial</b>	<b>Ancillary Office</b>	<b>Total All Land Uses</b>
Property Tax	\$851,994	\$52,092	\$69,456	\$973,542
Vehicle Lic. In-lieu Prop. Tax	\$461,151	\$28,195	\$37,594	\$526,940
Total Sales Tax	\$0	\$163,350	\$49,005	\$212,355
Utility Users Tax	\$70,164	\$10,758	\$19,723	\$100,645
Business License Tax	\$144,380	\$16,335	\$23,823	\$184,538
Franchise Fees (incl Royalty)	\$32,536	\$2,928	\$5,368	\$40,832
Licenses & Permits	\$447	\$40	\$74	\$561
Fines & Penalties	\$1,058	\$95	\$175	\$1,328
Investment Earnings	\$13,552	\$2,353	\$1,790	\$17,695
Fees for Services	\$30,820	\$2,774	\$5,085	\$38,679
<b>General Fund Subtotal</b>	<b>\$1,606,101</b>	<b>\$278,921</b>	<b>\$212,092</b>	<b>\$2,097,115</b>
Measure V	\$0	\$81,675	\$24,503	\$106,178
<b>TOTAL REVENUES</b>	<b>\$1,606,101</b>	<b>\$360,596</b>	<b>\$236,595</b>	<b>\$2,203,292</b>
<b>EXPENSES</b>				
General Government	\$90,073	\$15,025	\$14,392	\$119,490
Police	\$411,713	\$32,554	\$59,683	\$503,950
Fire/EMS	\$21,598	\$1,944	\$3,564	\$27,106
Development & Engineering	\$74,456	\$50,202	\$17,888	\$142,546
<b>TOTAL EXPENSES</b>	<b>\$597,841</b>	<b>\$99,725</b>	<b>\$95,527</b>	<b>\$793,093</b>
<b>NET (COST)/REVENUE</b>	<b>\$1,008,260</b>	<b>\$260,872</b>	<b>\$141,068</b>	<b>\$1,410,199</b>

Source: ADE, Inc.

# CAPITAL FACILITIES FINANCING

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The previous discussion addressed ongoing revenues to fund operation and maintenance costs for public services and facilities. This chapter describes the facilities and services that will be financed through impacts fees or special assessments, especially focusing on the ability to fund the off-site infrastructure capital facilities necessary to service the ag-industrial project site.

The Specific Plan (RJA, July 2009, p. 9-12) indicates “site-development improvements will be financed and constructed by the Individual Developers, since most of the required improvements are associated with specific parcels and are not shared by other parcel/users. Some infrastructure costs may be reimbursable by the City through the use of impact fees, reimbursements for infrastructure over-sizing, area of benefit fees, area specific fees, dedications, or exactions. Other financing options include special assessment districts, and landscape and lighting maintenance districts (LLMD).”

## DEVELOPMENT IMPACT FEES

The development will be subject to a number of development impact fees to pay for infrastructure and improvements needed to mitigate project impacts on public services and facilities. This section outlines the current fees that pertain to the project.

As shown in Table 5, the Ag-Industrial project would pay existing development impact fees totaling an estimated \$16.9 million to the City and to the Monterey Regional Water Pollution Control Agency (MRWPCA). The specific calculations for these fees are shown in Tables 6 - 10.

**TABLE 5  
ESTIMATES OF APPLICABLE DEVELOPMENT FEES  
FOR THE AG-INDUSTRIAL CENTER**

City Traffic Impact Fees	\$6,197,620
Regional Traffic Impact Fees	\$3,935,388
Sanitary Sewer Fees*	\$5,091,827
Storm Drain Fees	\$1,267,500
Street Tree Fees	\$126,208
City Annexation	\$282,000
<b>Total Development Fees</b>	<b>\$16,900,948</b>

Source: ADE, Inc.

\* Additional capacity charges for the Industrial Wastewater System may be required but are currently undetermined.

**TABLE 6  
CITY TRAFFIC IMPACT FEES**

Total Non Residential Sq. Ft.	4,334,220
Divided by 1000	4,334
Trip Rate 5/1000	21,670
Per Trip Fee	\$286
<b>Total Traffic Impact Fees</b>	<b>\$6,197,620</b>

Source: ADE, Inc.

**TABLE 7  
REGIONAL TRAFFIC FEES**

<b>Land Use</b>	<b>Fee</b>	<b>Sq. Ft.</b>	<b>Total</b>
Industrial/Ag	\$0.92	4,007,520	\$3,666,881
Office-General	\$1.43	163,350	\$233,100
Retail	\$5.82	163,350	\$951,335
<b>Subtotal</b>			<b>\$4,851,317</b>
City Discount			-\$915,928
<b>Total</b>			<b>\$3,935,388</b>

Source: ADE Inc., based on the Regional Development Impact Fee Worksheet provided by the Transportation Agency for Monterey County.

**TABLE 8  
SANITARY SEWER FEES**

Total Sanitary Sewer Projected Flow (MGD)	0.50
MRWPCA Sanitary Sewer Fee	\$9.88
<b>Total MRWPCA Sanitary Sewer Fees</b>	<b>\$4,940,000</b>
City Fee per initial 4,000 sq.ft.	\$1,311
6 development phases - initial 4,000 sq.ft.	\$7,866
City Fee per add'l 100 sq.ft.	\$3.34
Additional Total Sq.ft.	4,310,220
Fees for Additional/100 sq.ft.	\$143,961
<b>Total City Fees</b>	<b>\$151,827</b>
<b>Total Non-res Sanitary Sewer Fees</b>	<b>\$5,091,827</b>

Source: ADE, Inc.

**TABLE 9  
STORM DRAIN FEES**

Total Non Residential Acreage	235
Fee per Acre	\$5,394
<b>Total Non Residential Storm Drain Fees</b>	<b>\$1,267,590</b>

Source: ADE, Inc.

**TABLE 10  
STREET TREE FEES**

Lineal Footage Frontage	29,600
Lineal Footage Frontage/ 60'	493
Fee per Lineal Feet	\$256
<b>Total</b>	<b>\$126,208</b>

Source: ADE, Inc.

## **INDUSTRIAL WASTEWATER TREATMENT SYSTEM**

The City of Salinas owns and maintains an industrial wastewater treatment system, which processes effluent from food processors and other industrial uses in the City. The City's industrial wastewater master plan consultant, CDM, has determined that the wastewater treatment plant will require expansion in order to serve the full development of the Ag-Industrial Specific Plan and future anticipated projects to be developed. The City has developed an interim solution to handle additional capacity and has committed to accommodate all future projects (including the Ag-Industrial Center) while improvements to its treatment plant are completed. As part of the interim solution, the City is negotiating the use of a shunt that will connect additional

capacity industrial wastewater flows to the MRWPCA sanitary sewer treatment plant. The cost of this system is estimated at about \$229,000; however, the means of funding this cost has not been determined at this time. The Ag-Industrial Specific Plan would need to participate in funding measures ultimately determined by the City to finance the expansion of the treatment plant. Such measures may include increased user fees, increased connection charges, or other public financing mechanisms.

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## **JOBS TO HOUSING BALANCE**

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A continued jobs to housing balance is essential to a socially, economically, and environmentally healthy community. Achieving a better balance of incomes and home ownership opportunities is an important goal in the City of Salinas General Plan.

The State of California's goal is for every community to achieve a 1.5 jobs to housing ratio relationship, which is based on the estimate that there are 1.5 workers in every household within a given community. Theoretically, this ratio means that each resident in a community should be able to find a job in the community in which they reside, thereby reducing commuting and air quality impacts and other environmental degradation as a result of residential and commercial sprawl. It is implied that communities with a jobs to housing ratio of less than 1.5 should try to attract more jobs, and communities with a jobs to housing ratio of greater than 1.5 should be developing more housing units. At this time the State's jobs to housing ratio goals are not mandates. Obvious distinctions between California communities indicates that the state jobs to housing ratio of 1.5 may or may not be attainable, and therefore should be viewed primarily as a benchmark for comparison.

There are approximately 49,580<sup>6</sup> jobs in Salinas, which represents 25 percent of Monterey County's total of 195,102<sup>7</sup> jobs. An estimated 43,138 residential dwelling units exist in Salinas, which represents 30 percent of Monterey County's total 143,268 housing units. Currently, Salinas provides 1.15 jobs per housing unit compared to a 1.36 jobs to housing ratio for Monterey County as a whole.

When evaluating the effect of the proposed project on the jobs/housing balance, it is important to consider the underlying goal of providing employment opportunities for the local labor force. The Ag-Industrial project will create an estimated 4,142 jobs. Combining the employment intensive Ag-Industrial Park with existing jobs, the ratio of jobs to housing units in Salinas would improve to 1.25 jobs per housing unit.

The City is also anticipating significant growth under the proposed Salinas Future Growth Area (FGA) where approximately 11,609 new residential units and 4,049 jobs are projected to be developed. With this level of development, the FGA project would have an internal jobs to housing ratio of 0.35. Assuming growth under both the FGA and the Ag-Industrial Specific Plan, the City's jobs to housing ratio decreases from the existing 1.15 ratio to 1.06, mainly as a result of the housing intensive land uses under the FGA buildout.

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<sup>6</sup>Based on AMBAG's Monterey Bay Area 2008 Regional Forecast using 2005 baseline data.

<sup>7</sup>Based on AMBAG's Monterey Bay Area 2008 Regional Forecast using 2005 baseline data.

Table 11 below indicates the jobs to housing ratio under four circumstances: the City of Salinas existing land uses; the City of Salinas existing land uses and the assumed buildout of the Ag-Industrial Specific Plan; the City of Salinas existing land uses and the assumed buildout of the FGA; and finally the existing land uses, the assumed buildout of the FGA and the development of the Ag-Industrial Park together.

**TABLE 11**  
**SALINAS JOBS TO HOUSING BALANCE RATIO**

	Employment <sup>1</sup>	Housing Units <sup>1</sup>	Ratio
Existing Ratio	49,580	43,138	1.15
Projected Under the Ag-Industrial Park	4,142	0	
<i>Subtotal-Existing and Ag-Industrial Park</i>	53,722	43,138	1.25
Projected Under the Salinas FGA	4,049	11,609	
<i>Subtotal-Existing and Salinas FGA</i>	53,629	54,747	0.98
<b>Total-Existing, Ag-Industrial, and FGA</b>	<b>57,771</b>	<b>54,747</b>	<b>1.06</b>

Source: ADE and AMBAG Monterey Bay Area 2008 Regional Forecast.

<sup>1</sup>Employment and housing data shown represents an extrapolation based on AMBAG's 2008 regional forecast data using the 2005 baseline.

The Ag-Industrial project would significantly improve the existing jobs/housing balance of the City and would provide a job base to help support the additional labor force from the FGA as well.

# APPENDIX A: PROVISION OF PUBLIC SERVICES AND INFRASTRUCTURE

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The information in Table A-1 below provides the service standards adopted in the City of Salinas General Plan. The Salinas Ag-Industrial Center Specific Plan is subject to these standards.

**TABLE A-1  
PUBLIC SERVICES AND FACILITIES SERVICE STANDARDS**

<b>Public Service/Facility</b>	<b>Service Standard</b>
Fire Protection and Emergency Services	Fire protection facilities necessary to provide a 6-minute response from receipt of 911 call for arrival of first company 90 percent of the time.
Police Protection	Police facilities to provide an adequate level of service as determined by the City
Water Supply, Treatment, and Distribution	New development to provide its fair share of water improvements consistent with the adopted Water Master Plan and Urban Water Management Plan. If proposed development is not consistent with the Water Master Plan and/or Urban Water Management Plan, or if the Plans are out of date, the Plans will need to be updated to reflect the proposed project and identify necessary improvements. Project proponents will be responsible for paying their proportional cost of updating the Plan.
Landfill	Ten (10) years of capacity for any landfill(s) serving a proposed project.
Sewer Treatment and Distribution	New development to provide its fair share of sewer improvements consistent with the adopted Sewer and Drainage Master Plan. If proposed development is not consistent with the Sewer and Drainage Master Plan, or if the Plan is out of date, the Plan will need to be updated at the project proponent's expense to reflect the proposed project and identify necessary improvements.
Flood Control/Stormwater Drainage	New development to meet the City's Stormwater Development Standards which incorporate both Federal NPDES requirements and Flood Control requirements of the City.
Circulation	Level of Service (LOS) D or better for all roadways and intersections determined by Vehicle Delay calculations in accordance with the latest version of the Highway Capacity Manual, Transportation Research Board.

Source: City of Salinas General Plan