



KEYSER MARSTON ASSOCIATES™  
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

MEMORANDUM

ADVISORS IN:  
REAL ESTATE  
AFFORDABLE HOUSING  
ECONOMIC DEVELOPMENT

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**To:** Rick Barrett, LEED AP  
Principal and Director of San Diego Operations  
MIG, Inc.

**From:** KEYSER MARSTON ASSOCIATES, INC.

**Date:** September 15, 2016

**Subject:** Poway Road Corridor Study  
Potential Economic Benefits

**I. INTRODUCTION**

In accordance with our contract dated November 11, 2015, Keyser Marston Associates, Inc. (KMA) has undertaken an assessment of potential economic benefits resulting from potential new development in the Poway Road Corridor.

As background, the City of Poway (City) initiated a Specific Plan Update for the Poway Road Corridor (Corridor) in 2014. The Corridor stretches 2.65 miles from the intersection of Oak Knoll Road on the west to Garden Road on the east. The total Specific Plan area encompasses approximately 235 acres. Although much of the Plan area is built out, numerous opportunities exist for public and privately owned land to be redeveloped with new buildings and uses that are better suited for current and future market conditions. Working with the City and stakeholders, MIG, Inc. (MIG) formulated a preferred land use plan, or Preferred Scenario, for the Corridor in May 2016.

Pursuant to Task 3.4 of the KMA subcontract with MIG, Inc. (MIG), KMA has prepared a projection of potential economic benefits resulting from build-out of the Preferred Scenario land use plan under consideration for the Corridor.

## II. PREFERRED LAND USE PLAN

The Preferred Scenario identifies a total of eight (8) opportunity areas, comprising approximately 174.7 acres of land area, along the length of the Corridor. The following chart summarizes the existing land use mix, projections of potential removal of existing buildings and replacement with new development, and build-out of the Plan.

Total, Opportunity Areas #1 - #8	Existing Conditions	Square Feet or Units Removed	Gross New Square Feet or Units	Build-out of Preferred Scenario
Non-Residential SF	1,749,909	(1,087,122)	1,347,713	2,010,500
Residential Units	251	(117)	1,264	1,399

As shown in the chart, there are approximately 1,749,909 square feet (SF) of existing non-residential buildings and 251 residential units within the eight Opportunity Areas in the Corridor. Build-out of the Preferred Scenario would result in a total of 2,010,500 SF of non-residential buildings and 1,399 residential units. More detailed tabulations by Opportunity Area are presented in Exhibit A.

For each Opportunity Area, KMA assumed differing rates of removal of existing buildings and replacement with new uses/buildings. The KMA projections assume that new development will occur solely as a result of private market initiative, rather than any intervention by the City. In other words, property owners and future developers will remove existing buildings and replace them with new development. The KMA estimates of rates of removal are based on a survey of existing conditions, including type of use, building age and configuration, and parcelization patterns, as well as a generalized assessment of new development potential. Based on these factors, KMA assumed a rate of removal of existing non-residential buildings ranging from “low” (40%) to “mid” (60%) to “high” (80%). For residential uses, KMA assumed 40% removal in Opportunity Area #2, and 100% removal in Opportunity Areas #3, #4, and #8. (Opportunity Areas #3 and #8 contain only one existing residential unit apiece.) These assumptions result in the projected removal of 1,087,122 SF of non-residential buildings and 117 residential units, and new development of 1,347,713 SF of non-residential buildings and 1,264 residential units.

Using these removal and development assumptions, KMA prepared projections of economic benefits to the City, including: (1) net new tax revenues; (2) construction economic impacts; and (3) recurring annual economic impacts. All figures are expressed in 2016 dollars, and reflect total build-out and stabilization of the Preferred Scenario for the Corridor. It is important to

note that the KMA projections of economic benefits do not include: (1) the current level of tax revenues and economic benefits generated by existing built development in the Corridor; (2) potential increases in tax revenues generated by value appreciation of existing buildings in the Corridor; and (3) one-time revenues such as Development Impact Fees (DIFs) and other charges that are used to cover the costs of City facilities and/or services.

A summary of the KMA projections of economic benefits for the Preferred Scenario is presented in Exhibit B. The KMA detailed calculations are presented in Appendix A for new development and Appendix B for removal of existing improvements.

**III. TAX REVENUES TO CITY**

New development in the eight Opportunity Areas in the Corridor will generate increased tax revenues to the City, including: (1) property tax and property tax in lieu of vehicle license fee; and (2) retail sales tax from new retail/restaurant uses and additional spending by the residents of new residential units in the Corridor captured elsewhere in the City. These anticipated new tax revenues must be adjusted to reflect the loss of tax revenues from existing buildings, both non-residential and residential, that are projected to be removed to accommodate the new development. As shown in the following chart, KMA estimates total net new tax revenues to the City at build-out and stabilization of the Preferred Scenario of \$3,178,000 (2016 dollars). For purposes of comparison, KMA notes that the City’s Fiscal Year 2017 budget totals approximately \$83 million.

	Stabilized Annual Revenues to City
Net New Property Tax to City	\$1,396,000
Net New Property Tax in Lieu of VLF	\$394,000
Net New Direct Sales Tax from Retail Space	\$1,263,000
Sales Tax from New Resident Spending outside Corridor	\$125,000
<b>Total, Net New Tax Revenues to City</b>	<b>\$3,178,000</b>

The estimates above are based on a series of assumptions related to assessed value of new development, retail sales productivity for new retail space, and household income and retail spending for new residents. The KMA detailed calculations are presented in the Appendices.

#### **IV. CONSTRUCTION ECONOMIC IMPACTS**

Construction of new buildings throughout the eight Opportunity Areas in the Corridor will generate one-time economic benefits to the City and County. These benefits include economic output, payroll, and employment. “Economic output” represents the gross receipts or revenues for businesses located in the City or County, as applicable. “Payroll” refers to total gross wage and salary income, including the value of benefits and bonuses, and before taxes. “Employment” is the total number of full- and part-time jobs generated by construction and related activity. Economic impacts presented herein include the direct as well as indirect and induced, or “multiplier effect,” of construction and development spending. The KMA economic impact analysis utilizes the IMPLAN model, an economic analysis software package now commercially available through the IMPLAN Group, LLC. IMPLAN has been in use since 1979, refined over time, and now widely used by both the private sector and public agencies to measure economic impacts. IMPLAN is based on an input-output accounting of commodity flows within an economy from producers to intermediate and final consumers. The model establishes a matrix of supply chain relationships between industries and between households and the producers of household goods and services. Assumptions about the portion of inputs or supplies for a given industry likely to be met by local suppliers, and the portion supplied from outside the region or study area, are derived internally within the model using data on the industrial structure of the region. In this way, the IMPLAN model identifies how a change in demand for one industry will affect a list of over 500 other industry sectors. The projected response of an economy to a change in final demand can be viewed in terms of economic output, employment, or income. KMA utilized IMPLAN’s 2014 data set for San Diego County, so that the model is tailored to the specific economic conditions of the local region.

As shown in the chart below, KMA estimates that build-out of the Preferred Scenario will generate an increase in economic output of \$104.1 million in the City, and \$746.9 million in the County (the City figure is included within the County total). These figures reflect direct, indirect, and induced impacts (i.e., inclusive of spending by construction businesses and workers), in combination with assumptions regarding potential capture within the City and County economies. As a means of comparison, current total economic output in the County is estimated at \$213.2 billion (National University System Institute for Policy Research, 2015 estimate).

Construction Economic Impacts	County	City
Economic Output	\$746,900,000	\$104,100,000
Payroll	\$258,800,000	\$36,500,000
Average Annual Employment	3,290	450

The above economic output projections in turn are expected to generate \$258.8 million in payroll in the County, and \$36.5 million in payroll in the City (also included within the County figure). These projections represent cumulative totals for all construction through build-out of the Corridor, expressed in 2016 dollars. A total of 3,290 construction jobs (expressed in terms of cumulative average annual employment over the course of build-out) are anticipated for the County, of which 450 are projected to be captured within Poway.

**V. RECURRING ANNUAL ECONOMIC IMPACTS**

As new development in the eight Opportunity Areas within the Corridor is completed and stabilized, it will generate recurring annual economic impacts within the San Diego region in the form of economic output, payroll, and employment. These anticipated new economic benefits must be adjusted to reflect the loss of economic activity from existing buildings that are projected to be removed to accommodate the new development. The following chart summarizes net new economic benefits to the County on a recurring annual basis at build-out of the Preferred Scenario (2016 dollars). As with the construction economic benefits discussed above, these projections are based on the 2014 IMPLAN model for San Diego County; include direct, indirect, and induced impacts; and are expressed in 2016 dollars. As shown, KMA estimates that build-out of the Preferred Scenario will generate increased economic activity in the City, on a recurring annual basis, of \$32.6 million in economic output, \$14.5 million in payroll, and 360 full-time equivalent jobs.

Permanent Recurring Annual Economic Impacts	City
Economic Output	\$32,562,000
Payroll	\$14,500,000
Full-Time Equivalent Employment	360

## **VI. LIMITING CONDITIONS**

1. The analysis contained in this document is based, in part, on data provided by secondary sources such as state and local governments, planning agencies, real estate brokers, and other third parties. While KMA believes that these sources are reliable, we cannot guarantee their accuracy.
2. A projection of economic impacts is inherently based on judgement. The projections contained herein are based on the best information available at the time that this document was prepared. However, the actual impacts may vary.
3. The analysis assumes that the economy will continue to grow at a moderate rate.
4. Any estimates of revenue or cost projections are based on the best project-specific and fiscal data available at this time as well as experience with comparable projects. They are not intended to be projections of actual future performance of any specific project. Any changes to costs, development program, or project performance may render the conclusions contained herein invalid.
5. Revenue estimates are based on the assumption that sufficient market support exists for the proposed uses and that the project will achieve industry standard productivity levels.
6. KMA assumes that all applicable laws and governmental regulations in place as of the date of this document will remain unchanged throughout the projection period of our analysis. In the event that this does not hold true, i.e., if any tax rates change, the analysis would need to be revised.

attachments

EXHIBIT A

**BUILD-OUT OF PREFERRED SCENARIO  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY**

	A	B	C	D
Location	Existing Conditions	SF or Units Removed (1)	Gross New SF / Units	Build-out of Preferred Scenario
<b>Opportunity Area #1</b> Non-Residential Residential	162,054 SF 0 Units	40% (64,822) SF 0% 0 Units	170,368 SF 0 Units	267,600 SF 0 Units
<b>Opportunity Area #2</b> Non-Residential Residential	196,250 SF 224 Units	60% (117,750) SF 40% (90) Units	4,000 SF 407 Units	82,500 SF 541 Units
<b>Opportunity Area #3</b> Non-Residential Residential	239,914 SF 1 Units	60% (143,948) SF 100% (1) Units	235,434 SF 0 Units	331,400 SF 0 Units
<b>Opportunity Area #4</b> Non-Residential Residential	491,991 SF 25 Units	80% (393,593) SF 100% (25) Units	451,002 SF 737 Units	549,400 SF 737 Units
<b>Opportunity Area #5</b> Non-Residential Residential	117,480 SF 0 Units	60% (70,488) SF 0% 0 Units	83,208 SF 0 Units	130,200 SF 0 Units
<b>Opportunity Area #6</b> Non-Residential Residential	130,948 SF 0 Units	60% (78,569) SF 0% 0 Units	84,221 SF 96 Units	136,600 SF 96 Units
<b>Opportunity Area #7</b> Non-Residential Residential	144,056 SF 0 Units	40% (57,622) SF 0% 0 Units	64,866 SF 24 Units	151,300 SF 24 Units
<b>Opportunity Area #8</b> Non-Residential Residential	267,216 SF 1 Units	60% (160,330) SF 100% (1) Units	254,614 SF 0 Units	361,500 SF 0 Units
<b>Total, Opportunity Areas</b> <b>Non-Residential</b> <b>Residential</b>	<b>1,749,909 SF</b> <b>251 Units</b>	<b>(1,087,122) SF</b> <b>(117) Units</b>	<b>1,347,713 SF</b> <b>1,264 Units</b>	<b>2,010,500 SF</b> <b>1,399 Units</b>

(1) KMA assumption.

EXHIBIT B

SUMMARY OF ECONOMIC BENEFITS (1)  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

I. Net New Tax Revenues		
		<u>Stabilized Annual Revenues</u>
<b>A. Property Tax to the City</b>		
Property Tax from New Development		\$1,868,000
(Less) Property Tax Lost to Removal of Existing Improvements		<u>(\$472,000)</u>
Net New Property Tax to the City		\$1,396,000
<b>B. Property Tax in Lieu of Vehicle License Fee (VLF)</b>		
Property Tax in Lieu of VLF from New Development		\$528,000
(Less) Property Tax in Lieu of VLF Lost to Removal of Existing Improvements		<u>(\$134,000)</u>
Net New Property Tax in Lieu of VLF		\$394,000
<b>C. Direct Sales Tax - Retail Space</b>		
Sales Tax - Retail Space		\$2,180,000
(Less) Sales Tax Lost to Removal of Existing Improvements		<u>(\$917,000)</u>
Net New Direct Sales Tax - Retail Space		\$1,263,000
<b>D. Indirect Sales Tax - Resident Spending</b>		
Sales Tax - Resident Spending from New Residential Development		<u>\$125,000</u>
<b>E. Total, Net New Tax Revenues to the City</b>		<b>\$3,178,000</b>
II. Construction Economic Impacts		
	<u>County</u>	<u>City</u>
<b>A. Economic Output</b>	\$746,900,000	\$104,100,000
<b>B. Payroll</b>	\$258,800,000	\$36,500,000
<b>C. Employment - Average Annual</b>	3,290	450
III. Permanent Recurring Annual Economic Impacts		
		<u>City</u>
<b>A. Economic Output</b>		
New Development		\$54,826,000
Removal of Existing Improvements		<u>(\$22,264,000)</u>
Net New Economic Output		\$32,562,000
<b>B. Payroll</b>		
New Development		\$24,500,000
Removal of Existing Improvements		<u>(\$10,000,000)</u>
Net New Payroll		\$14,500,000
<b>C. Employment - Full-time Equivalent</b>		
New Development		605
Removal of Existing Improvements		<u>(245)</u>
Net New Employment - Full-time Equivalent		360

(1) 2016 dollars at build-out.

## **APPENDIX A**

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### **ECONOMIC BENEFITS ANALYSIS POWAY ROAD CORRIDOR STUDY**

#### **Buildout of Preferred Scenario New Development**

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TABLE A-1

ESTIMATE OF ASSESSED VALUE - NEW DEVELOPMENT  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

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	Gross New Development <u>Units / SF</u>	Assesed Value <u>Per Unit / SF</u>	<u>Total Assessed Value</u>
<b>I. Total Assessed Value</b>			
A. Residential	1,264 Units	\$350,000	\$442,477,000
B. Non-Residential	1,347,713 SF	\$350	<u>\$471,699,000</u>
<b>C. Total Assessed Value</b>			\$914,176,000

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(1) Reflects values at build-out in constant 2016 dollars.

TABLE A-2

ESTIMATE OF ANNUAL RECURRING REVENUES - PROPERTY TAX AND PROPERTY TAX IN-LIEU OF VLF - NEW DEVELOPMENT  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY

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Annual Recurring Revenues

I. Property Tax

Estimated Value		\$914,176,000
Property Tax Levy	1.0%	\$9,141,760
City Portion (1)	20.4%	\$1,868,000

<b>Total Property Tax to City</b>	<b>\$1,868,000</b>
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II. Property Tax in-lieu of VLF

Estimated Value	\$914,176,000
License Fee (per \$1,000 in AV growth)	\$0.5781 (2)

<b>Total Property Tax in-lieu of VLF</b>	<b>\$528,000</b>
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(1) Source: City of Poway, September 8, 2016.  
(2) Source: California State Controller's Office.

TABLE A-3

**TOTAL RETAIL SPENDING FROM NEW RESIDENTS - NEW DEVELOPMENT  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY**

		<b>Multi-Family For-Sale</b>	<b>Multi-Family Rental</b>
<b>I. Estimate of Household Income</b>			
Market Value / Rent		\$350,000	\$1,600
Down Payment	10%	<u>\$35,000</u>	
Loan Amount		\$315,000	
Interest Rate		6.0%	
Term (Years)		30	
Annual Mortgage Payment / Rent		\$22,663	\$19,200
HOA Dues	\$150 /Month	\$1,800	\$0
Maintenance / Insurance	\$50 /Month	\$600	\$0
Property Taxes	1.0%	<u>\$3,500</u>	<u>\$0</u>
Total Annual Costs		\$28,563	\$19,200
% of Income Spent on Housing		35%	30%
Annual Income Required		\$82,000	\$64,000
<b>II. Number of Households</b>			
Total Number of Residential Units		632	632
Occupancy Rate		95%	95%
Total Number of Full-Time Equivalent Households		601	601
<b>III. Aggregate Household Income</b>		<b>\$49,241,000</b>	<b>\$38,432,000</b>
<b>IV. Annual Spending by Households</b>			
	<b>Allocation of Household Income to Spending (1)</b>	<b>Estimated Annual Spending</b>	
A. General Merchandise (2)	15.0%	\$7,386,000	\$5,765,000
Convenience Goods (3)	10.0%	\$4,924,000	\$3,843,000
Eating and Drinking	3.0%	\$1,477,000	\$1,153,000
Automotive Outlets	5.0%	\$2,462,000	\$1,922,000
Other Retail Stores (4)	<u>0.5%</u>	<u>\$246,000</u>	<u>\$192,000</u>
B. Total Spending	33.5%	\$16,495,000	\$12,875,000
C. Grand Total Spending			\$29,370,000
<b>D. Spending Captured in City @</b>		<b>50.0%</b>	<b>\$14,685,000</b>
E. Taxable Sales @	85.0%		\$12,482,250
<b>F. Annual Sales Tax to the City @</b>		<b>1.0%</b>	<b>\$125,000</b>

(1) KMA assumption, based on review of spending ratios in Southern California counties.

(2) Includes Other Comparison Goods and Home Improvement.

(3) Includes food and drug stores.

(4) Includes second-hand merchandise; farm implement dealers; farm and garden supply stores; fuel and ice dealers; mobile homes; trailers and campers; and boat, motorcycle, and plane dealers.

TABLE A-4

**ESTIMATE OF RETAIL SALES FROM NON-RESIDENTIAL USES - NEW DEVELOPMENT  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY**

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**I. Non-Residential**

A. Retail

Gross New Non-Residential SF		1,347,713 SF
(Less) Office SF @	20%	(269,543) SF
(Less ) Other (Public/Institutional) SF @	10%	<u>(134,771) SF</u>
Retail/Restaurant SF	70%	943,399 SF
Building Efficiency	90%	849,059 SF
Vacancy	10%	764,153 SF
Gross Sales per SF		\$350 /SF
Total Gross Retail/Restaurant Sales		\$267,454,000

B. (Less) Spending from New Residents within the Corridor @ 75% (\$11,014,000)

<b>C. Net New Non-Residential Sales</b>		<b>\$256,440,000</b>
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D. Taxable Sales @ 85.0% \$217,974,000

<b>E. Annual Sales Tax to the City @</b>	<b>1.0%</b>	<b>\$2,180,000</b>
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TABLE A-5

ESTIMATED PORTION OF WORK BY LOCAL CONTRACTORS - GROSS NEW DEVELOPMENT  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

Estimated Portion of Construction Work by Local Contractors	Total Cost	Contractors Local to San Diego County	Contractors Local to City of Poway
<b>I. Residential</b>			
Direct Costs                      \$171,500 /Unit	100%    \$216,814,000	85%      \$184,292,000	15%      \$32,522,000
Indirect Costs                    5.0% of Directs	100%    \$10,841,000	95%      \$10,299,000	5%        \$542,000
Financing Costs	0%        \$0	0%        \$0	0%        \$0
Total	\$227,655,000	\$194,591,000	\$33,064,000
<b>II. Non-Residential</b>			
Direct Costs                      \$200 /SF	100%    \$269,543,000	85%      \$229,112,000	15%      \$40,431,000
Indirect Costs                    5.0% of Directs	100%    \$13,477,000	95%      \$12,803,000	5%        \$674,000
Financing Costs	0%        \$0	0%        \$0	0%        \$0
Total	\$283,020,000	\$241,915,000	\$41,105,000
<b>III. Total</b>	<b>100%    \$510,675,000</b>	<b>85%      \$436,506,000</b>	<b>15%      \$74,169,000</b>

TABLE A-6

ECONOMIC IMPACTS OF CONSTRUCTION, COUNTY OF SAN DIEGO - NEW DEVELOPMENT  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

County of San Diego							
	<b>Direct Local Construction Expenditure</b>	<i>Output Multiplier</i>	<b>Total Output</b>	<i>Personal Income Multiplier</i>	<b>Total Personal Income</b>	<i>Employment Multiplier</i>	<b>Total Employment</b>
<b>I. Residential</b> <sup>(1)</sup>	\$194,591,000	1.83	\$355,500,000	0.60	\$116,900,000	11.96	2,327
<b>II. Non-Residential</b> <sup>(2)</sup>	\$241,915,000	1.62	\$391,400,000	0.59	\$141,900,000	10.77	2,605
<b>III. Total</b>	<b>\$436,506,000</b>		<b>\$746,900,000</b>		<b>\$258,800,000</b>		<b>4,931</b>
					<b>Average employment level over 18-month construction period</b>		<b>3,290</b>

(1) Estimates utilize IMPLAN Sector 60 (construction of new multi-family residential structures).

(2) Estimates utilize IMPLAN Sector 58 (construction of new nonresidential structures).

TABLE A-7

ECONOMIC IMPACTS OF CONSTRUCTION, CITY OF POWAY - NEW DEVELOPMENT  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

City of Poway							
	Direct Local Construction Expenditure	Output Multiplier	Total Output	Personal Income Multiplier	Total Personal Income	Employment Multiplier	Total Employment
I. Residential <sup>(1)</sup>	\$33,064,000	1.46	\$48,100,000	0.47	\$15,600,000	9.11	301
II. Non-Residential <sup>(2)</sup>	\$41,105,000	1.36	\$56,000,000	0.51	\$20,900,000	9.07	373
III. Total	<b>\$74,169,000</b>		<b>\$104,100,000</b>		<b>\$36,500,000</b>		<b>674</b>
					<b>Average employment level over 18-month construction period</b>		<b>450</b>

(1) Estimates utilize IMPLAN Sector 60 (construction of new multi-family residential structures) in 92064.  
 (2) Estimates utilize IMPLAN Sector 58 (construction of new nonresidential structures) in 92064.

TABLE A-8

ESTIMATE OF ANNUAL RECURRING ECONOMIC IMPACTS OF OPERATIONS, CITY OF POWAY - NEW DEVELOPMENT  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

City of Poway									
	<u>Direct Spending in City</u>	<u>Margin</u>	<u>Adjusted Direct Output in City</u>	<u>Output Multiplier</u>	<u>Total Output</u>	<u>Personal Income Multiplier</u>	<u>Total Personal Income</u>	<u>Employment Multiplier</u>	<u>Total Employment</u>
I. Residential (1)	\$14,685,000	9.6%	\$1,411,000	1.35	\$1,900,000	0.55	\$800,000	15.38	22
II. Non-Residential (2)	\$256,440,000	16.1%	\$41,333,000	1.28	\$52,926,000	0.57	\$23,700,000	14.11	583
III. Total	<b>\$271,125,000</b>				<b>\$54,826,000</b>		<b>\$24,500,000</b>		<b>605</b>

(1) Estimates utilize a mix of IMPLAN Sectors 400 (food and beverage), 401 (health and personal care), 402 (gasoline), 403 (retail-clothing), , 404 (sporting goods/hobby), 405 (general merchandise, 406 (miscellaneous stores), 501 (full-service restaurants), 502 (limited-service restaurants), and 503 (all other food and drinking places).

(2) Estimates utilize a mix of IMPLAN Sectors 396 - 407 (Retail Categories) and 436 - 526 (Office Categories).

## **APPENDIX B**

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### **ECONOMIC BENEFITS ANALYSIS POWAY ROAD CORRIDOR STUDY**

#### **Buildout of Preferred Scenario Removal of Existing Improvements**

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TABLE B-1

ESTIMATE OF ASSESSED VALUE - REMOVAL OF EXISTING IMPROVEMENTS  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

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	Improvements Removed <u>Units / SF</u>	Assessed Value <u>Per Unit / SF</u>	<u>Total Assessed Value</u>
<b>I. Total Assessed Value</b>			
A. Residential	(117) Units	\$350,000	(\$40,810,000)
B. Non-Residential	(1,087,122) SF	\$175	<u>(\$190,246,000)</u>
<b>C. Total Assessed Value</b>			<b>(\$231,056,000)</b>

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(1) Reflects values at build-out in constant 2016 dollars.

TABLE B-2

ESTIMATE OF ANNUAL RECURRING REVENUES - PROPERTY TAX AND PROPERTY TAX IN-LIEU OF VLF - REMOVAL OF EXISTING IMPROVEMENTS  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY

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Annual Recurring Revenues

**I. Property Tax**

Estimated Value		(\$231,056,000)
Property Tax Levy	1.0%	(\$2,310,560)
City Portion (1)	20.4%	(\$472,000)

<b>Total Property Tax to City</b>	<b>(\$472,000)</b>
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**II. Property Tax in-lieu of VLF**

Estimated Value	(\$231,056,000)
License Fee (per \$1,000 in AV growth)	\$0.5781 (2)

<b>Total Property Tax in-lieu of VLF</b>	<b>(\$134,000)</b>
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(1) Source: City of Poway, September 8, 2016.  
(2) Source: California State Controller's Office.

TABLE B-3

**ESTIMATE OF ANNUAL RECURRING REVENUES - RETAIL SALES FROM NON-RESIDENTIAL USES - REMOVAL OF EXISTING IMPROVEMENTS  
POWAY ROAD CORRIDOR STUDY  
CITY OF POWAY**

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**I. Non-Residential**

A. Retail

Removal of Non-Residential SF		(1,087,122) SF
(Less) Office SF @	20%	217,424 SF
(Less) Other SF @	10%	<u>108,712</u>
Retail/Restaurant SF Removed	70%	(760,985) SF
Building Efficiency	90%	(684,887) SF
Vacancy	10%	(616,398) SF
Gross Sales per SF		\$175 /SF

<b>B. Total Gross Retail/Restaurant Sales</b>		<b>(\$107,870,000)</b>
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C. Taxable Sales @	85%	(\$91,690,000)
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<b>D. Annual Sales Tax to the City @</b>	<b>1.0%</b>	<b>(\$917,000)</b>
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TABLE B-4

ESTIMATE OF ANNUAL RECURRING ECONOMIC IMPACTS OF OPERATIONS, CITY OF POWAY- REMOVAL OF EXISTING IMPROVEMENTS  
 POWAY ROAD CORRIDOR STUDY  
 CITY OF POWAY

City of Poway									
	Direct Spending in City	Margin	Adjusted Direct Output in City	Output Multiplier	Total Output	Personal Income Multiplier	Total Personal Income	Employment Multiplier	Total Employment
I. Residential (1)	\$0	9.6%	\$0	1.35	\$0	0.55	\$0	15.38	0
II. Non-Residential (2)	(\$107,870,000)	16.1%	(\$17,387,000)	1.28	(\$22,264,000)	0.57	(\$10,000,000)	14.11	(245)
III. Total	(\$107,870,000)				(\$22,264,000)		(\$10,000,000)		(245)

(1) Estimates utilize a mix of IMPLAN Sectors 400 (food and beverage), 401 (health and personal care), 402 (gasoline), 403 (retail-clothing), , 404 (sporting goods/hobby), 405 (general merchandise), 406 (miscellaneous stores), 501 (full-service restaurants), 502 (limited-service restaurants), and 503 (all other food and drinking places).

(2) Estimates utilize a mix of IMPLAN Sectors 396 - 407 (Retail Categories) and 436 - 526 (Office Categories).



## LAND USE

- Town Center
- Retail/Office
- Retail/Auto
- Residential/Retail
- Retail

## BASE MAP FEATURES

- Corridor Study Area Boundary
- Opportunity Area Boundary
- Proposed Urban Trail
- Creeks
- Parks



# DRAFT PREFERRED SCENARIO

CITY OF POWAY

POWAY ROAD CORRIDOR STUDY BUILDOUT ANALYSIS 5/2/2016

EXISTING CONDITIONS				POTENTIAL BUILDOUT			
	Existing Improvements Summary				Potential Buildout Summary		
	Land Area Acres	Non Residential Square Footage	Units		Acres	Non Residential Square Footage	Units
Opportunity Area 1	17.6	162,054	—	Opportunity Area 1	17.6	267,600	—
Opportunity Area 2	27.1	196,250	224	Opportunity Area 2	27.1	82,500	541
Opportunity Area 3	21.7	239,914	1	Opportunity Area 3	21.7	331,400	—
Opportunity Area 4	53.6	491,991	25	Opportunity Area 4	53.6	549,400	737
Opportunity Area 5	8.5	117,480	—	Opportunity Area 5	8.5	130,200	—
Opportunity Area 6	12.8	130,948	—	Opportunity Area 6	12.8	136,600	96
Opportunity Area 7	9.7	144,056	—	Opportunity Area 7	9.7	151,300	24
Opportunity Area 8	23.7	267,216	1	Opportunity Area 8	23.7	361,500	—
<b>Subtotal Opportunity Area</b>	<b>174.7</b>	<b>1,749,909</b>	<b>251</b>	<b>Subtotal Opportunity Area</b>	<b>174.7</b>	<b>2,010,500</b>	<b>1,399</b>
No Change Area	60.27	681,900	—	No Change Area	60.27	681,900	—
<b>Grand Total</b>	<b>235</b>	<b>2,432,000</b>	<b>251</b>	<b>Grand Total</b>	<b>235</b>	<b>2,692,000</b>	<b>1,399</b>